

# HOUSING AFFORDABILITY FOR AMERICA ACT OF 2002

SEPTEMBER 17, 2002.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. OXLEY, from the Committee on Financial Services,  
submitted the following

## R E P O R T

together with

## DISSENTING VIEWS

[To accompany H.R. 3995]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 3995) to amend and extend certain laws relating to housing and community opportunity, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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## AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

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

(a) SHORT TITLE.—This Act may be cited as the “Housing Affordability for America Act of 2002”.

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

Sec. 1. Short title and table of contents.

## TITLE I—HOME INVESTMENT PARTNERSHIPS PROGRAM

Sec. 101. Matching grants for State and local affordable housing trust funds.  
 Sec. 102. 3-year on-site inspection cycle for tax credit projects.  
 Sec. 103. Repeal of limitations on program assistance as percentage of operating budget.  
 Sec. 104. Eligibility of room additions for use for grandparents and grandchildren.  
 Sec. 105. Program year for matching contributions.  
 Sec. 106. Membership of boards of eligible community housing development organizations.  
 Sec. 107. Monitoring of compliance.  
 Sec. 108. Downpayment assistance initiative.  
 Sec. 109. Homeownership for municipal employees.

## TITLE II—FHA MORTGAGE INSURANCE

## Subtitle A—Multifamily Housing and Health Care Facilities

Sec. 201. Indexing of multifamily mortgage limits.  
 Sec. 202. High-cost areas.  
 Sec. 203. Standards and need for health care facility mortgage insurance.  
 Sec. 204. Hospital mortgage insurance loss mitigation demonstration program.

## Subtitle B—Single Family Housing

Sec. 221. Downpayment simplification.  
 Sec. 222. Reduced downpayment requirements for loans for teachers and public safety officers.  
 Sec. 223. Community partners next door program.  
 Sec. 224. Public safety officer home ownership in at-risk areas.  
 Sec. 225. Hybrid adjustable rate mortgages.  
 Sec. 226. Uniform national loan limit for home equity conversion mortgages.  
 Sec. 227. Prohibition of investor and nonprofit owners under rehabilitation loan program.  
 Sec. 228. Rehabilitation loan advances.  
 Sec. 229. Nonprofit purchasers under property disposition.  
 Sec. 230. Extension of holding period.  
 Sec. 231. Pilot program for mandatory first-time homebuyer counseling for properties in high foreclosure neighborhoods.  
 Sec. 232. Disposition of assets in revitalization areas.

## TITLE III—SUPPORTIVE HOUSING FOR ELDERLY AND DISABLED FAMILIES

Sec. 301. Authorization of appropriations for grants for repairs to federally assisted housing for the elderly.  
 Sec. 302. Service coordinators for supportive housing for persons with disabilities.  
 Sec. 303. Demonstration program for elderly housing for intergenerational families.  
 Sec. 304. Treatment of projects subject to foreclosure.

## TITLE IV—SECTION 8 RENTAL HOUSING ASSISTANCE PROGRAM

Sec. 401. Housing voucher demonstration.  
 Sec. 402. Flexibility to assist hard-to-house families.  
 Sec. 403. Clarification on prohibition of re-screening of tenants.  
 Sec. 404. PHA administrative fees.  
 Sec. 405. Ensuring ability to use enhanced vouchers.  
 Sec. 406. Treatment of overhoused assisted families.  
 Sec. 407. Extension of manufactured housing demonstration program.  
 Sec. 408. Extension of project-based section 8 contract renewals.  
 Sec. 409. Inspection of units.  
 Sec. 410. Escrow of tenant rent in cases of owner failure to maintain unit.  
 Sec. 411. Project-based vouchers modifications.  
 Sec. 412. Expanded use of enhanced vouchers.  
 Sec. 413. Demonstration program for rental assistance for grandparent-headed or relative-headed families.  
 Sec. 414. Eligibility of grandparent-headed and relative-headed families for family unification assistance.  
 Sec. 415. Increased payment standard.  
 Sec. 416. Protection of innocent tenants.

## TITLE V—PUBLIC HOUSING

## Subtitle A—General Provisions

Sec. 501. PHA joint ventures.  
 Sec. 502. Third-party public housing assessment system.  
 Sec. 503. Public housing agency plans for certain small public housing agencies.  
 Sec. 504. Affordable assisted living facilities demonstration program.  
 Sec. 505. Protection of innocent tenants.

## Subtitle B—HOPE VI Revitalization Program

Sec. 521. Selection criteria.  
 Sec. 522. Authorization of appropriations.  
 Sec. 523. Extension of program.  
 Sec. 524. HOPE VI grants for assisting affordable housing through Main Street projects.

## TITLE VI—HOMELESS HOUSING PROGRAMS

Sec. 601. United States Interagency Council on Homelessness.  
 Sec. 602. Federal Emergency Management Agency food and shelter program.  
 Sec. 603. Emergency shelter grants program.  
 Sec. 604. Supportive housing program.  
 Sec. 605. Section 8 assistance for single room occupancy dwellings.  
 Sec. 606. Shelter plus care.  
 Sec. 607. Housing for domestic violence and sexual assault victims.  
 Sec. 608. National goal of ending homelessness.  
 Sec. 609. Clerical amendments.

## TITLE VII—NATIVE AMERICAN HOUSING

Sec. 701. Reauthorization of Native American Housing and Self-Determination Act of 1996.  
 Sec. 702. Comprehensive planning under Native American housing block grant program.  
 Sec. 703. Lands Title Report Commission.

## TITLE VIII—HOUSING IMPACT ANALYSIS

Sec. 801. Applicability.  
 Sec. 802. Exception for certain banking rules.  
 Sec. 803. Statement of proposed rulemaking.  
 Sec. 804. Initial housing impact analysis.  
 Sec. 805. Final housing impact analysis.  
 Sec. 806. Avoidance of duplicative or unnecessary analyses.  
 Sec. 807. Preparation of analyses.  
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 Sec. 809. Procedure for waiver or delay of completion.  
 Sec. 810. Definitions.  
 Sec. 811. Development.  
 Sec. 812. Judicial review.

## TITLE IX—OTHER HOUSING PROGRAMS

Sec. 901. GNMA guarantee fee.  
 Sec. 902. Housing counseling programs.  
 Sec. 903. Assistance for self-help housing providers.  
 Sec. 904. Housing opportunities for persons with AIDS.  
 Sec. 905. Use of CDBG amounts for construction of tornado-safe shelter for manufactured housing parks.  
 Sec. 906. Use of CDBG amounts to administer renewal communities.  
 Sec. 907. Subsidy layering review.  
 Sec. 908. Study of community renewal program.  
 Sec. 909. Correction of inequities in the second round of empowerment zones.  
 Sec. 910. Employment opportunities in public and Indian housing agencies.  
 Sec. 911. Assistance for nonprofit purchasers preserving affordable housing.  
 Sec. 912. Homeownership for municipal employees.  
 Sec. 913. Sense of Congress regarding HUD Office of Disability Policy.  
 Sec. 914. Transfer of rural multifamily rental housing projects to nonprofits and local housing authorities.  
 Sec. 915. Sense of Congress regarding consumer protection and home warranties.  
 Sec. 916. Demonstration program for affordable housing database.  
 Sec. 917. HUD study regarding Main Street partnership.  
 Sec. 918. Contractual commitments for rural multifamily rental housing.

## TITLE I—HOME INVESTMENT PARTNERSHIPS PROGRAM

## SEC. 101. MATCHING GRANTS FOR STATE AND LOCAL AFFORDABLE HOUSING TRUST FUNDS.

(a) IN GENERAL.—Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended by adding at the end the following new subtitle:

### “Subtitle G—Matching Grants for State and Local Affordable Housing Trust Funds

## “SEC. 292. MATCHING GRANT PROGRAM.

“(a) FINDINGS.—The Congress finds the following:

“(1) There are more than 280 housing trust funds in the United States. 36 States have created housing trust funds and the remainder were created by cities and counties.

“(2) More than \$500,000,000 is spent for affordable housing through these trust funds every year and this amount is increasing. On average, for every dollar committed to a housing project by a housing trust fund, another \$5 to \$10 is leveraged in other public and private resources.

“(3) Hundreds of thousands of housing units have been supported through housing trust funds.

“(4) Housing trust funds support a variety of housing activities for low- and very low-income households, including new construction, preservation of existing housing, emergency repairs, homeless shelters, housing-related services, and capacity building for nonprofit organizations.

“(5) At any given time, as many as 50 additional jurisdictions are considering the creation of a housing trust fund.

“(6) These unique funds are a fundamental aspect of emerging housing policy in the United States.

“(7) Housing trust funds have demonstrated that when government makes a commitment to address critical housing needs, the on-going dedicated source of revenue allows for more intelligent planning to address housing needs and for improved proposals submitted by the housing industry in an effort to effectively use existing resources.

“(8) Housing trust funds enable jurisdictions to elevate funding for their critical housing needs by committing resources to a process that treats affordable housing as an essential component of maintaining healthy communities.

“(9) Jurisdictions have documented increased jobs, growing sales taxes, higher property tax revenues, and many other economic benefits from the operation of their housing trust funds.

“(10) Providing federal incentives to encourage the establishment of more State and local housing trust funds, and providing Federal funds for the more than 280 existing housing trust funds, would be a positive action in addressing the affordable housing crisis.

“(b) IN GENERAL.—The Secretary of Housing and Urban Development may make grants under this section to affordable housing trust funds that are distinct funds, established by States and units of general local government, that use public revenue to support the production, preservation, and rehabilitation of affordable housing, as determined by the Secretary.

“(c) ALLOCATIONS FOR STATES AND UNITS OF GENERAL LOCAL GOVERNMENT.—The Secretary shall use the total amount made available for grants under this section for each fiscal year to provide such grants to affordable housing trust funds of States and units of general local government. Of such total amount, the Secretary shall allocate 40 percent for grants for affordable housing trust funds of States and 60 percent for grants for affordable housing trust funds of units of general local government. Each State affordable housing trust fund shall receive at least 1 percent of the amount allocated for the States.

“(d) MATCHING REQUIREMENT.—The Secretary may not make a grant under this section for any fiscal year to any affordable housing trust fund in an amount in excess of the amount that the State or local government administering the trust fund certifies, as the Secretary shall require, that will be contributed from non-Federal sources during such fiscal year to the trust fund for use only for production, preservation, and rehabilitation of affordable housing.

“(e) USE REQUIREMENTS.—Amounts provided from a grant under this section shall be subject to the following requirements:

“(1) DISTRIBUTION TO ELIGIBLE ENTITIES.—Grant amounts under this section (excluding any amounts used under paragraph (2)) shall be distributed to eligible entities for use by such entities only for eligible activities in the jurisdiction served by the affordable housing trust fund, as follows:

“(A) USE FOR RENTAL HOUSING FOR EXTREMELY LOW-INCOME FAMILIES.—75 percent of such amounts shall be distributed for use only for eligible activities relating to qualified affordable housing that is available for rental by extremely low-income families in the jurisdiction served by the affordable housing trust fund. Such rental housing shall include limited equity cooperative housing, as such term is defined in section 143(k) of the Internal Revenue Code of 1986 (26 U.S.C 143(k)).

“(B) USE FOR RENTAL HOUSING OR HOMEOWNERSHIP FOR LOW-INCOME FAMILIES.—25 percent of such amounts shall be distributed for use only for eligible activities relating to qualified affordable housing that is available for rental by low-income families in the jurisdiction served by the affordable housing trust fund, or for homeownership assistance for low-income families in such jurisdiction. Such rental housing and homes for homeownership shall include housing of a cooperative housing corporation, as such term as defined in section 216(b) of the Internal Revenue Code of 1986 (26 U.S.C. 216(b)).

“(2) OPERATING ASSISTANCE FOR NONPROFIT HOUSING DEVELOPMENT ORGANIZATIONS.—An affordable housing trust fund that receives a grant under this section may use not more than 5 percent of such grant amounts to provide assistance to nonprofit organizations involved in the development, rehabilitation, or preservation of affordable rental housing for payment of operating costs of such organizations. Such nonprofit organizations shall include community housing development organizations (as such term is defined in section 104 of this Act, community development financial institutions (as such term is defined in section 103 of the Community Development Banking and Financial Institutions

Act of 1994 (12 U.S.C. 4702)), community development corporations (as such term is defined in section 31131 of the National Community Economic Partnership Act of 1994 (42 U.S.C. 13851)), and community-based development organizations.

“(3) COST LIMITS.—The Secretary shall establish limitations on the amount of grant amounts that may be used, on a per unit basis, for eligible activities. Such limitations shall be the same as the per unit cost limits established pursuant to section 212(e), as adjusted annually, and established by number of bedrooms, market area, and eligible activity.

“(f) ALLOCATION PLAN.—

“(1) REQUIREMENT.—With respect to a fiscal year, an affordable housing trust fund shall be eligible to receive a grant under this section for such fiscal year only if the trust fund has established an allocation plan that has been submitted to the Secretary and reviewed and approved by the Secretary as in accordance with this subsection. The Secretary may disapprove an allocation plan only if the plan fails to comply with requirements set forth in this section.

“(2) ESTABLISHMENT.—An allocation plan in accordance with this subsection is a plan, established by an affordable housing trust fund for a fiscal year, for the distribution of grant amounts provided under this section to the trust fund for such fiscal year.

“(3) NOTICE.—In establishing an allocation plan, the affordable housing trust fund shall notify the public of the establishment of the plan, provide an opportunity for public comments regarding the plan, consider any public comments received, and make the completed plan available to the public.

“(4) CONTENTS.—An allocation plan of an affordable housing trust fund shall include the following information:

“(A) APPLICATION REQUIREMENTS FOR ELIGIBLE ENTITIES AND SUBRECIPIENTS.—The allocation plan shall set forth the requirements for eligible entities and eligible subrecipients to apply to receive assistance from grant amounts under this section, including a requirement that each such application include—

“(i) a description of the eligible activities to be conducted using such assistance; and

“(ii) a certification by the applicant that any housing units assisted with such assistance will comply with the requirements under—

“(I) subsection (k)(9)(A) (relating to rents charged);

“(II) subsection (k)(9)(B) (relating to tenant rent contribution);

“(III) subsection (k)(9)(C) (relating to availability of units for voucher holders); and

“(IV) subsection (k)(9)(E) (relating to use as qualified affordable housing for 40 years).

“(B) SELECTION AND PREFERENCE CRITERIA FOR ELIGIBLE ENTITIES AND SUBRECIPIENTS.—The allocation plan shall set forth the factors for consideration in selecting among applicants that meet the application requirements set forth pursuant to subparagraph (A), which shall give preference to applicants based on—

“(i) the amount of assistance leveraged by the applicant from private and other non-Federal sources for carrying out the eligible activities to be funded with assistance from grant amounts under this section, including assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) that is devoted to the project that contains the qualified affordable housing to be assisted with such assistance;

“(ii) the extent of local assistance that will be provided in carrying out the eligible activities, including—

“(I) financial assistance;

“(II) the extent to which the applicant has worked to address issues of siting and exclusionary zoning or other policies that are barriers to affordable housing with the unit of general local government in which the housing to be assisted with such assistance will be located; and

“(III) the extent to which the applicant has worked with the unit of general local government to reduce the barriers to affordable housing;

“(iii) the degree to which the project in which the qualified affordable housing will be located will have residents of various incomes;

“(iv) the extent of employment and other economic opportunities for low-income families in the area in which the housing will be located;

“(v) the extent to which the applicant demonstrates the ability to maintain dwelling units as qualified affordable housing through the use of assistance made available under this section, assistance leveraged from non-Federal sources, assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), State or local assistance, programs to increase tenant income, cross-subsidization, and any other resources;

“(vi) the extent to which the applicant demonstrates that the county in which the housing is to be located is experiencing an extremely low vacancy rate;

“(vii) the extent to which the percentage of the housing located in such county that is extremely old housing exceeds 35 percent;

“(viii) whether the applicant has provided that—

“(I) 75 percent of the grant amounts will be used for eligible activities relating to housing located in census tracts in which the number of families having incomes less than the poverty line is less than 20 percent or in communities undergoing revitalization; and

“(II) 25 percent of the grant amounts will be used for eligible activities relating to housing that is located in census tracts in which the number of families having incomes less than the poverty line is greater than 20 percent and is not located in a community undergoing revitalization; and

“(ix) whether the applicant has provided that—

“(I) not less than 45 percent of the grant amounts will be used for eligible activities relating to housing that is affordable to families having incomes less than 30 percent of the greater of (aa) the median income for the area in which the housing is located, or (bb) the median income for the State in which the housing is located;

“(II) not less than 30 percent of the grant amounts will be used for eligible activities relating to housing that is affordable to families having incomes not exceeding the amount earned by a family having one individual (or 1.5 individuals in the case of a family consisting of 3 or more individuals), who is employed on a full-time basis in a position paying the higher of (aa) the Federal minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)), or (bb) the minimum wage under State law of the State in which the housing is located; and

“(III) not more than 25 percent of the grant amounts will be used for eligible activities relating to housing for families having incomes that (aa) are greater than the incomes referred to in subclauses (I) and (II) of this clause, but (bb) do not exceed the higher of the median income for the State in which the housing is located or 80 percent of the median income for the area in which the housing is located.

“(5) CONSOLIDATED PLAN.—The Secretary shall provide that a State or unit of general local government administering an affordable housing trust fund may comply with the requirements under this subsection for submission of an allocation plan through the inclusion of any appropriate information in a single consolidated submission used for purposes of applying for other community planning and development and housing assistance programs administered by the Secretary.

“(g) FORMS OF ASSISTANCE.—

“(1) IN GENERAL.—Assistance from grant amounts under this section may be distributed in the form of capital grants, noninterest bearing or low-interest loans or advances, deferred payment loans, guarantees, and any other forms of assistance approved by the Secretary.

“(2) REPAYMENTS.—If an affordable housing trust fund awards assistance from grant amounts under this section in the form of a loan or other mechanism by which funds are later repaid to the trust fund, any repayments received by the trust fund shall be distributed by the trust fund in accordance with the allocation plan under subsection (f) for the trust fund for the fiscal year in which such repayments are made.

“(h) COORDINATION WITH OTHER ASSISTANCE.—In distributing assistance from grant amounts under this section, each affordable housing trust fund shall, to the maximum extent practicable, coordinate such distribution with the provision of other affordable housing assistance by the trust fund, including—

“(1) in the case of any State, housing credit dollar amounts allocated by the State under section 42(h) of the Internal Revenue Code of 1986;

“(2) assistance otherwise made available under this title or the community development block grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.); and

“(3) private activity bonds.

“(i) ADMINISTRATION OF PROGRAM BY SUBRECIPIENT.—At the discretion of the affordable housing trust fund, the trust fund may select an eligible subrecipient to carry out all or a portion of the trust fund’s responsibilities under this section, in accordance with this section.

“(j) LABOR STANDARDS.—Each affordable housing trust fund receiving grant amounts under this section shall ensure that contracts for eligible activities assisted with such amounts comply with the same requirements under section 286 that are applicable to contracts for construction of affordable housing assisted under such Act.

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

“(1) ELIGIBLE ACTIVITIES.—The term ‘eligible activities’ means activities relating to the providing qualified affordable housing, including—

“(A) the construction of new housing;

“(B) the acquisition of real property;

“(C) site preparation and improvement, including demolition;

“(D) rehabilitation of existing housing; and

“(E) providing incentives to maintain existing housing as qualified affordable housing and to establish or extend any low-income affordability restrictions for such housing, including covering capital expenditures and operating costs.

“(2) ELIGIBLE ENTITY.—The term ‘eligible entity’ includes any public or private nonprofit or for-profit entity, unit of general local government, regional planning entity, and any other entity engaged in the development, rehabilitation, or preservation of qualified affordable housing, as determined by the Secretary.

“(3) ELIGIBLE SUBRECIPIENT.—The term ‘eligible subrecipient’ means a public agency or a nonprofit organization, including a community development corporation, a community development financial institution, a State or local housing trust fund, and any other intermediary selected by an affordable housing trust fund to administer all or a portion of the trust fund’s responsibilities under this section. The term does not include any public agency or nonprofit organization that receives money from an affordable housing trust fund solely as a developer or owner of housing.

“(4) EXTREMELY LOW-INCOME FAMILIES.—The term ‘extremely low-income families’ means families (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))) whose incomes do not exceed 30 percent of the median family income for the 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 30 percent of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes.

“(5) EXTREMELY LOW VACANCY RATE.—The term ‘extremely low vacancy rate’ means a housing or rental vacancy rate of 2 percent or less.

“(6) EXTREMELY OLD HOUSING.—The term ‘extremely old housing’ means housing that is 45 years old or older.

“(7) LOW-INCOME FAMILIES.—The term ‘low-income families’ has the meaning given such term in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

“(8) POVERTY LINE.—The term ‘poverty line’ has the meaning given such term in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section.

“(9) QUALIFIED AFFORDABLE HOUSING.—The term ‘qualified affordable housing’ means a rental dwelling unit that is subject to legally binding commitments that ensure that the dwelling unit meets all of the following requirements:

“(A) RENTS.—The dwelling unit bears a rent not greater than the lesser of—

“(i) the existing fair market rental established by the Secretary under section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)) for a dwelling unit of the same size in the same market area; and

“(ii) a rent that does not exceed 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, as determined by the Secretary, with adjustment for number of bedrooms in the unit, except that the Secretary may establish income ceilings higher or lower than 65 percent of the median for the area on

the basis of the findings of the Secretary that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

“(B) TENANT RENT CONTRIBUTION.—The contribution toward rent by the family residing in the dwelling unit will not exceed 30 percent of the adjusted income of such family.

“(C) AVAILABILITY OF UNITS FOR VOUCHER HOLDERS.—The dwelling unit—

“(i) is located in a project within which a percentage of units are made available only for occupancy by families assisted under the voucher program under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) (including project-based assistance under section 8(o)(13)) on the same basis as other families eligible for occupancy of the project (except that only the voucher holder’s expected share of rent shall be considered), which percentage shall not be less than the percentage of the total cost of developing, rehabilitating, or preserving the project that is funded with assistance under this section; and

“(ii) is one of the units that is subject to such occupancy requirements.

“(D) NON-DISCRIMINATION AGAINST VOUCHER HOLDERS.—The dwelling unit is located in a project in which all dwelling units are subject to enforceable restrictions that provide that a unit may not be refused for leasing to a holder of a voucher of eligibility under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) because of the status of the prospective tenant as a holder of such voucher.

“(E) DURATION OF USE.—The dwelling unit will continue to be subject to the requirements under this paragraph for not less than 40 years.

“(10) SECRETARY.—The term ‘Secretary’ means the Secretary of Housing and Urban Development.

“(1) AUTHORIZATIONS OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for fiscal year 2003 and each fiscal year thereafter for grants under this section. Amounts made available for the HOME Investment Partnerships Act shall not be available for assistance under this subtitle.

“(m) INAPPLICABILITY OF HOME PROVISIONS.—Except as specifically provided in this subtitle, no requirement under, or provision of, title I or subtitles A through F of this title shall apply to assistance provided under this subtitle.”.

(b) CONFORMING AMENDMENT.—Section 201 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 note) is amended by striking “This title” and inserting “Subtitles A through F of this title”.

#### SEC. 102. 3-YEAR ON-SITE INSPECTION CYCLE FOR TAX CREDIT PROJECTS.

Subsection (b) of section 226 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12756) is amended to read as follows:

“(b) PERIODIC MONITORING.—

“(1) REQUIREMENT.—Each participating jurisdiction shall review the activities of owners of affordable housing for rental that is assisted under this title to assess compliance with the requirements of this title. Such review shall be conducted in compliance with the provisions of paragraph (2) (relating to frequency) and shall include on-site inspection to determine compliance with housing codes and other applicable regulations.

“(2) FREQUENCY.—The review required by paragraph (1) shall be conducted not less frequently than annually, except that, in the case of affordable housing for rental that has been allocated a low-income housing tax credit by a housing credit agency pursuant to section 42 of the Internal Revenue Code 1986 and is not considered (under such regulations as the Secretary shall prescribe) to be high-risk housing, the on-site inspection referred to in paragraph (1) shall be conducted once every 3 years, or more often as may be required under the regulations issued pursuant to such section 42.

“(3) INCLUSION IN PERFORMANCE REPORT.—The results of each review of a participating jurisdiction shall be included in the performance report of the jurisdiction that is submitted under section 108(a) for the year in which the review is conducted and shall be made available to the public.”.

#### SEC. 103. REPEAL OF LIMITATIONS ON PROGRAM ASSISTANCE AS PERCENTAGE OF OPERATING BUDGET.

(a) HOUSING EDUCATION AND ORGANIZATIONAL SUPPORT.—Section 233(d) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12773(d)) is amended—

(1) by striking “may not—” and all that follows through “(1)” and inserting “may not”; and



(2) by striking “; or” at the end of paragraph (1) and all that follows through the end of paragraph (2) and inserting a period.

(b) **OTHER SUPPORT FOR STATE AND LOCAL HOUSING STRATEGIES.**—The first sentence of section 243(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12783(b)) is amended by striking “and shall provide not more than 20 percent of the operating budget of the contracting organization in any one year”.

**SEC. 104. ELIGIBILITY OF ROOM ADDITIONS FOR USE FOR GRANDPARENTS AND GRAND-CHILDREN.**

Section 104(8) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(8)) is amended by adding at the end the following new sentence: “Such term also includes an additional room in, or a cottage housing opportunity unit installed adjacent to, an existing 1- to 4-family dwelling, that is necessary to permit the habitation, with the low-income family occupying the dwelling, of an elderly person who is a relative of the family and to avoid placement of such relative in an institutionalized setting, foster care, or other out-of-home setting.”.

**SEC. 105. PROGRAM YEAR FOR MATCHING CONTRIBUTIONS.**

Section 220 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12750) is amended—

(1) in subsection (a)—

(A) by striking “a fiscal year” and inserting “a program year of the jurisdiction”; and

(B) by striking “such fiscal year” and inserting “such program year”; and

(2) in subsection (d)—

(A) in paragraph (1), by striking “fiscal year” and inserting “program year of the jurisdiction”; and

(B) in paragraph (3), by striking “fiscal year” each place such term appears and inserting “program year”; and

(C) in paragraph (5), by striking “fiscal year” and inserting “program year of the jurisdiction”.

**SEC. 106. MEMBERSHIP OF BOARDS OF ELIGIBLE COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS.**

Section 104(6) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(6)) is amended by adding at the end the following: “In establishing requirements for an organization to be considered a community housing development organization for purposes of this Act, the Secretary may not prohibit, limit, or restrict membership on the board by public employees who are not elected or appointed or who do not exercise policy-making or policy-determining functions.”.

**SEC. 107. MONITORING OF COMPLIANCE.**

(a) **AUTHORITY AND AGREEMENTS.**—Section 226 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12756) is amended—

(1) in the second sentence of subsection (a)—

(A) by striking “and”; and

(B) by inserting before the period at the end the following: “, and (3) such fees as may be established by the participating jurisdiction pursuant to subsection (c)”;

(2) by redesignating subsection (c) as subsection (d); and

(3) by inserting after subsection (b) the following new subsection:

“(c) **MONITORING FEES.**—A participating jurisdiction may establish and charge reasonable fees to affordable housing projects assisted under this title for costs of monitoring compliance with the provisions of this title.”.

(b) **USE OF INVESTMENT.**—Section 212 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(h) **MONITORING FEES.**—Monitoring fees under section 226(c) for an affordable housing project may be paid for from amounts made available under this subtitle to the project, in accordance with an agreement pursuant to section 226(a).”.

**SEC. 108. DOWNPAYMENT ASSISTANCE INITIATIVE.**

(a) **DOWNPAYMENT ASSISTANCE INITIATIVE.**—Subtitle E of title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12821) is amended to read as follows:

## “Subtitle E—Other Assistance

### “SEC. 271. DOWNPAYMENT ASSISTANCE INITIATIVE.

“(a) GRANT AUTHORITY.—The Secretary may make grants to participating jurisdictions to assist low-income families to achieve homeownership, in accordance with this section.

“(b) ELIGIBLE ACTIVITIES.—Amounts made available under this section may be used only for downpayment assistance toward the purchase of single family housing by low-income families who are first-time homebuyers. For purposes of this title, the term ‘downpayment assistance’ means assistance to help a family acquire a principal residence.

“(c) HOUSING STRATEGY.—To be eligible to receive a grant under this section for a fiscal year, a participating jurisdiction shall include in its comprehensive housing affordability strategy under section 105 for such year a description of the use of the grant amounts.

“(d) FORMULA ALLOCATION.—For each fiscal year, the Secretary shall allocate any amounts made available for assistance under this section for the fiscal year in accordance with a formula, which shall be established by the Secretary, that considers a participating jurisdiction’s need for and prior commitment to assistance to homebuyers. The formula may include minimum and maximum allocation amounts.

“(e) REALLOCATION.—If any amounts allocated to a participating jurisdiction under this section become available for reallocation, the amounts shall be reallocated to other participating jurisdictions in accordance with the formula established pursuant to subsection (c), except that if a local participating jurisdiction failed to receive amounts allocated under this section and is located in a State that is a participating jurisdiction, the funds shall be reallocated to the State.

“(f) APPLICABILITY OF OTHER PROVISIONS.—

“(1) IN GENERAL.—Except as otherwise provided in this section, grants under this section shall not be subject to the provisions of this title.

“(2) APPLICABLE PROVISIONS.—In addition to the requirements of this section, grants under this section shall be subject to the provisions of title I, sections 215(b), 218, 219, 221, 223, 224, and 226(a) of subtitle A of this title, and subtitle F of this title.

“(3) REFERENCES.—In applying the requirements of subtitle A referred to in paragraph (2)—

“(A) any references to funds under subtitle A shall be considered to refer to amounts made available for assistance under this section; and

“(B) any references to funds allocated or reallocated under section 217 or 217(d) shall be considered to refer to amounts allocated or reallocated under subsection (d) or (e) of this section, respectively.

“(g) ADMINISTRATIVE COSTS.—Notwithstanding section 212(c), a participating jurisdiction may use funds under subtitle A for administrative and planning costs of the jurisdiction in carrying out this section, and the limitation in section 212(c) shall be based on the total amount of funds available under subtitle A and this section.

“(h) FUNDING.—There are authorized to be appropriated such sums as may be necessary to carry out this section for each of fiscal years 2003 and 2004.”

(b) RELOCATION ASSISTANCE AND DOWNPAYMENT ASSISTANCE.—Subtitle F of title II of the Cranston-Gonzalez National Affordable Housing Act is amended by inserting after section 290 (42 U.S.C. 12840) the following new section:

### “SEC. 291. RELOCATION ASSISTANCE AND DOWNPAYMENT ASSISTANCE.

“The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 shall not apply to downpayment assistance under this title.”

### SEC. 109. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.

(a) ELIGIBLE ACTIVITIES.—Paragraph (2) of section 215(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(b)(2)) is amended to read as follows:

“(2) is the principal residence of an owner who—

“(A) is a member of a family that qualifies as a low-income family—

“(i) in the case of a contract to purchase existing housing, at the time of purchase;

“(ii) in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or

“(iii) in the case of a contract to purchase housing to be constructed, at the time the contract is signed; or

“(B)(i) is a uniformed employee (which shall include policemen, firemen, and sanitation and other maintenance workers) or a teacher who is an em-

ployee, of the participating jurisdiction (or an agency or school district serving such jurisdiction) that is investing funds made available under this subtitle to support homeownership of the residence; and

“(ii) is a member of a family whose income, at the time referred to in clause (i), (ii), or (iii) of subparagraph (A), as appropriate, and as determined by the Secretary with adjustments for smaller and larger families, does not exceed 115 percent of the median income of the area, except that, with respect only to such areas that the Secretary determines have high housing costs, taking into consideration median house prices and median family incomes for the area, such income limitation shall be 150 percent of the median income of the area, as determined by the Secretary with adjustments for smaller and larger families;”.

(b) **INCOME TARGETING.**—Section 214(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12744(2)) is amended by inserting before the semicolon the following: “or families described in section 215(b)(2)(B)”.

(c) **ELIGIBLE INVESTMENTS.**—Section 212(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(b)) is amended by adding at the end the following new sentence: “Notwithstanding the preceding sentence, in the case of homeownership assistance for residences of owners described in section 215(b)(2)(B), funds made available under this subtitle may only be invested (1) to provide amounts for downpayments on mortgages, (2) to pay reasonable closing costs normally associated with the purchase of a residence, (3) to obtain pre- or post-purchase counseling relating to the financial and other obligations of homeownership, or (4) to subsidize mortgage interest rates.”.

## **TITLE II—FHA MORTGAGE INSURANCE**

### **Subtitle A—Multifamily Housing and Health Care Facilities**

#### **SEC. 201. INDEXING OF MULTIFAMILY MORTGAGE LIMITS.**

(a) **SECTION 207 LIMITS.**—Section 207(c)(3) of the National Housing Act (12 U.S.C. 1713(c)(3)) is amended—

(1) by striking “\$11,250” and inserting “\$17,460”;

(2) by inserting before “; and except that” the following: “; except that the Secretary shall adjust each such dollar amount limitation set forth in this paragraph (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce”; and

(3) by inserting after “foregoing dollar amount limitations contained in this paragraph” the following: “(as such limitations may have been previously adjusted pursuant to this paragraph)”.

(b) **SECTION 213 LIMITS.**—Section 213(b)(2) of the National Housing Act (12 U.S.C. 1715e(b)(2)) is amended—

(1) by striking “\$38,025”, “\$42,120”, “\$50,310”, “\$62,010”, and “\$70,200”, and inserting “\$41,207”, “\$47,511”, “\$57,300”, “\$73,343”, and “\$81,708”, respectively;

(2) by striking “\$49,140”, “\$60,255”, “\$75,465”, and “\$85,328”, and inserting “\$49,710”, “\$60,446”, “\$78,197”, and “\$85,836”, respectively;

(3) by inserting after the colon at the end of the first proviso the following: “*Provided further*, That the Secretary shall adjust each such dollar amount limitation set forth in this paragraph (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce.”; and

(4) by inserting after “foregoing dollar amount limitations contained in this paragraph” the following: “(as such limitations may have been previously adjusted pursuant to this paragraph)”.

(c) **SECTION 220 LIMITS.**—Section 220(d)(3)(B)(iii) of the National Housing Act (12 U.S.C. 1715k(d)(3)(B)(iii)) is amended—

(1) by inserting after “foregoing dollar amount limitations contained in this clause”, the first place such phrase appears, the following: “(as such limitations may have been previously adjusted pursuant to this clause)”.

(2) by inserting after “*Provided*,” the following: “That the Secretary shall adjust each such dollar amount limitation set forth in this clause (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce: *Provided further*,”; and

(3) by striking “(as determined after the application of the preceding proviso)” and inserting “(as such limitations may have been previously adjusted pursuant to the preceding proviso and as determined after application of any percentage increase authorized in this clause relating to units with two, three, or four or more bedrooms)”.

(d) SECTION 221(d)(3) LIMITS.—Section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 1715l(d)(3)(ii)) is amended—

(1) by inserting before “; and except that” the following: “; except that the Secretary shall adjust each such dollar amount limitation set forth in this clause (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce”; and

(2) by inserting after “foregoing dollar amount limitations contained in this clause” the following: “(as such limitations may have been previously adjusted pursuant to this clause)”.

(e) SECTION 221(d)(4) LIMITS.—Section 221(d)(4)(ii) of the National Housing Act (12 U.S.C. 1715l(d)(4)(ii)) is amended—

(1) by inserting before “; and except that” the following: “; except that the Secretary shall adjust each such dollar amount limitation set forth in this clause (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce”; and

(2) by inserting after “foregoing dollar amount limitations contained in this clause” the following: “(as such limitations may have been previously adjusted pursuant to this clause)”.

(f) SECTION 231 LIMITS.—Section 231(c)(2) of the National Housing Act (12 U.S.C. 1715v(c)(2)) is amended—

(1) by inserting before “; and except that” the following: “; except that the Secretary shall adjust each such dollar amount limitation set forth in this paragraph (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce”; and

(2) by inserting after “foregoing dollar amount limitations contained in this paragraph” the following: “(as such limitations may have been previously adjusted pursuant to this paragraph)”.

(g) SECTION 234 LIMITS.—Section 234(e)(3) of the National Housing Act (12 U.S.C. 1715y(e)(3)) is amended—

(1) by inserting before “; except that” the second place such phrase appears the following: “; except that the Secretary shall adjust each such dollar amount limitation set forth in this paragraph (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce”;

(2) by inserting after “each of the foregoing dollar amounts” the following: “(as such amounts may have been previously adjusted pursuant to this paragraph”); and

(3) by inserting after “foregoing dollar amount limitations contained in this paragraph” the following: “(as such limitations may have been previously adjusted pursuant to this paragraph and increased pursuant to the preceding clause)”.

## SEC. 202. HIGH-COST AREAS.

In the National Housing Act, sections 207(c)(3), 213(b)(2), 220(d)(3)(B)(iii), 221(d)(3)(ii), 221(d)(4)(ii), 231(c)(2), and 234(e)(3) (12 U.S.C. 1713(c)(3), 1715e(b)(2),

1715k(d)(3)(B)(iii), 1715l(d)(3)(ii), 1715l(d)(4)(ii), 1715v(c)(2)), and 1715y(e)(3)) are each amended—

- (1) by striking “140 percent” and inserting “170 percent”; and
- (2) by striking “110 percent” and inserting “140 percent”.

**SEC. 203. STANDARDS AND NEED FOR HEALTH CARE FACILITY MORTGAGE INSURANCE.**

(a) HOSPITALS.—Paragraph (4) of section 242(d) of the National Housing Act (12 U.S.C. 1715z–7) is amended to read as follows:

“(4)(A) The Secretary shall require satisfactory evidence that the hospital will be located in a State or political subdivision of a State with reasonable minimum standards of licensure and methods of operation for hospitals and satisfactory assurance that such standards will be applied and enforced with respect to the hospital.

“(B) The Secretary shall establish the means for determining need and feasibility for the hospital. If the State has an official procedure for determining need for hospitals, the Secretary shall also require that such procedure be followed before the application for insurance is submitted, and the application shall document that need has also been established under that procedure.”.

(b) NURSING HOMES, INTERMEDIATE CARE FACILITIES, AND COMBINED FACILITIES.—Section 232(d)(4) of the National Housing Act (12 U.S.C. 1715w(d)(4)) is amended by striking the paragraph designation and all that follows through the end of subparagraph (A) and inserting the following:

“(4)(A)(i) The Secretary shall require satisfactory evidence that a nursing home, intermediate care facility, or combined nursing home and intermediate care facility will be located in a State or political subdivision of a State with reasonable minimum standards of licensure and methods of operation for such homes, facilities, or combined homes and facilities. The Secretary shall also require satisfactory assurance that such standards will be applied and enforced with respect to the home, facility, or combined home or facility.

“(ii) The Secretary shall establish the means for determining need and feasibility for the home, facility, or combined home and facility. If the State has an official procedure for determining need for such homes, facilities, or combined homes and facilities, the Secretary shall also require that such procedure be followed before the application for insurance is submitted, and the application shall document that need has also been established under that procedure.”.

**SEC. 204. HOSPITAL MORTGAGE INSURANCE LOSS MITIGATION DEMONSTRATION PROGRAM.**

(a) IN GENERAL.—Section 242 of the National Housing Act (12 U.S.C. 1715z–7) is amended by adding at the end the following new subsection:

“(i) LOSS MITIGATION DEMONSTRATION PROGRAM.—

“(1) IN GENERAL.—Only to the extent or in such amounts as are provided in advance in appropriation Acts to carry out this subsection, the Secretary may carry out a program to demonstrate the effectiveness of taking loss mitigation actions for hospitals with mortgages that are insured under this section to reduce the risk of, prevent, or cure defaults of financially troubled hospitals, to reduce claim or holding costs of loans that are assigned to the Secretary, or to maximize the recovery on loan assets. The demonstration program may be carried out only with respect to not more than 3 such hospitals.

“(2) LOSS MITIGATION ACTIONS.—Loss mitigation actions taken under the demonstration program under this subsection may include the following actions:

“(A) Partial payment of a claim under the contract for mortgage insurance under this section.

“(B) Temporary provision of operating assistance funds, including debt service.

“(C) Provision of financial assistance for maintenance, repair, alterations, or the cost of other capital improvements, including for conversion of excess capacity of hospitals to facilities providing health care and supportive housing for elderly persons and families, including assisted living facilities, nursing homes, and supportive housing for the elderly.

“(3) REQUIREMENTS FOR ASSISTANCE.—A hospital may be provided financial assistance under the demonstration program only if—

“(A) the hospital has secured binding commitments for matching funds of not less than 10 percent of the cost of such assistance; and

“(B) the hospital has met the requirements of any applicable State certificate of need or other licensing requirement.

“(4) LIMITATIONS ON ASSISTANCE.—Any payments or financial assistance or relief under this subsection shall be made at the sole discretion of the Secretary and on terms acceptable to the Secretary except that—

“(A) the total amount of payments and financial assistance and relief shall not exceed 30 percent of the outstanding project indebtedness insured by the Secretary; and

“(B) the mortgagor shall agree to repay such total amount to the Secretary upon terms and conditions acceptable to the Secretary.

“(5) FINAL DECISION.—A decision by the Secretary to exercise or forgo exercising any authority under this subsection shall not be subject to judicial review.

“(6) APPLICATIONS.—The Secretary shall provide for hospitals to submit applications for participation in the demonstration program under this subsection, which shall include information sufficient to determine compliance with the requirements under paragraph (3).

“(7) TERMINATION.—The demonstration program under this subsection shall terminate on December 31, 2004.”

(b) REPORT.—Not later than September 30, 2005, the Secretary shall submit a report to the Congress analyzing the demonstration program under the amendment made by subsection (a) and the extent to which, if any, the assistance provided under such program reduced the net cost to the General Insurance Fund as calculated on a net present value basis.

## Subtitle B—Single Family Housing

### SEC. 221. DOWNPAYMENT SIMPLIFICATION.

(a) IN GENERAL.—Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A), by realigning the matter that precedes clause (ii) an additional 2 ems from the left margin;

(B) in the matter that follows subparagraph (B)(iii)—

(i) by striking the seventh sentence of such matter (relating to the maximum amount of a principal obligation of a mortgage) and all that follows through the end of the penultimate undesignated paragraph; and

(ii) by striking the second, third, and fifth sentences of such matter; and

(C) by striking subparagraph (B);

(2) by transferring and inserting subparagraph (A) of paragraph (10) after subparagraph (A) of paragraph (2) and amending such transferred subparagraph—

(A) by striking all of the matter that precedes clause (i) and inserting the following:

“(B) not to exceed an amount equal to the sum of—”; and

(B) in clause (ii)(IV), by striking “an area of the” and inserting “a”;

(3) by transferring and inserting the last undesignated paragraph of paragraph (2) (relating to disclosure notice) after subsection (e), realigning such transferred paragraph so as to be flush with the left margin, and amending such transferred paragraph by inserting “(f) DISCLOSURE OF OTHER MORTGAGE PRODUCTS.—” before “In conjunction”;

(4) by transferring and inserting the sentence that constitutes the text of paragraph (10)(B) after the period at the end of the first sentence that follows subparagraph (B) (relating to the definition of “area”) and amending such transferred sentence by inserting “(2)” after “this paragraph”; and

(5) by striking paragraph (10) (as amended by the preceding provisions this section).

(b) CONFORMING AMENDMENTS.—Section 245 of the National Housing Act (12 U.S.C. 1715z–10) is amended—

(1) in subsection (a), by striking “, or if the mortgagor” and all that follows through “case of veterans”; and

(2) in subsection (b)(3), by striking “, or, if the” and all that follows through “for veterans”.

### SEC. 222. REDUCED DOWNPAYMENT REQUIREMENTS FOR LOANS FOR TEACHERS AND PUBLIC SAFETY OFFICERS.

(a) IN GENERAL.—Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

“(10) REDUCED DOWNPAYMENT REQUIREMENTS FOR TEACHERS AND PUBLIC SAFETY OFFICERS.—

“(A) IN GENERAL.—Notwithstanding paragraph (2), in the case of a mortgage described in subparagraph (B)—

“(i) the mortgage shall involve a principal obligation in an amount that does not exceed the sum of 99 percent of the appraised value of the property and the total amount of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) paid in connection with the mortgage;

“(ii) no other provision of this subsection limiting the principal obligation of the mortgage based upon a percentage of the appraised value of the property subject to the mortgage shall apply; and

“(iii) the matter in paragraph (9) that precedes the first proviso shall not apply and the mortgage shall be executed by a mortgagor who shall have paid on account of the property at least 1 percent of the cost of acquisition (as determined by the Secretary) in cash or its equivalent.

“(B) MORTGAGES COVERED.—A mortgage described in this subparagraph is a mortgage—

“(i) under which the mortgagor is an individual who—

“(I) is (aa) a teacher, or (bb) a public safety officer; and

“(II) has not, during the 12-month period ending upon the insurance of the mortgage, had any present ownership interest in a principal residence located in the jurisdiction described in clause (ii); and

“(ii) made for a property that is located within the jurisdiction of—

“(I) in the case of a mortgage of a mortgagor described in clause (i)(I)(aa), the local educational agency for the school in which the mortgagor is employed (or, in the case of a mortgagor employed in a private school, the local educational agency having jurisdiction for the area in which the private school is located); or

“(II) in the case of a mortgage of a mortgagor described in clause (i)(I)(bb), the jurisdiction served by the public law enforcement agency, firefighting agency, or rescue or ambulance agency that employs the mortgagor.

“(C) PROGRAM INTEGRITY.—Notwithstanding any other provision of this paragraph and section 203(c)(3), the Secretary may suspend the applicability of this paragraph and such section for such period as the Secretary considers appropriate if the Secretary determines such suspension is necessary because of fraud or other issues regarding program integrity.”.

(b) DEFERRAL AND REDUCTION OF UP-FRONT PREMIUM.—Section 203(c) of the National Housing Act (12 U.S.C. 1709(c)) is amended—

(1) in paragraph (2), in the matter preceding subparagraph (A), by striking “Notwithstanding” and inserting “Except as provided in paragraph (3) and notwithstanding”; and

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

“(3) DEFERRAL AND REDUCTION OF UP-FRONT PREMIUM.—In the case of any mortgage described in subsection (b)(10)(B):

“(A) Paragraph (2)(A) of this subsection (relating to collection of up-front premium payments) shall not apply.

“(B) If, at any time during the 5-year period beginning on the date of the insurance of the mortgage, the mortgagor ceases to be a teacher or public safety officer (as such terms are defined in section 201) or pays the principal obligation of the mortgage in full, the Secretary shall at such time collect a single premium payment in an amount equal to the amount of the single premium payment that, but for this paragraph, would have been required under paragraph (2)(A) of this subsection with respect to the mortgage, as reduced by 20 percent of such amount for each successive 12-month period completed during such 5-year period before such cessation or prepayment occurs.”.

(c) DEFINITIONS.—Section 201 of the National Housing Act (12 U.S.C. 1707) is amended—

(1) in subsection (a), by redesignating clauses (1) and (2) as clauses (A) and (B), respectively;

(2) by redesignating subsections (a) through (f) as paragraphs (1) through (6), respectively;

(3) by realigning each paragraph 2 ems from the left margin; and

(4) by adding at the end the following new paragraphs:

“(7) The term ‘public safety officer’ has the meaning given such term in section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b).

“(8) The term ‘teacher’ means an individual who is employed on a part- or full-time basis as a teacher, teacher assistant, or administrator in a public or

private school that provides elementary or secondary education, as determined under State law, except that elementary education shall include pre-Kindergarten education, and except that secondary education shall not include any education beyond grade 12.

“(9) The term ‘local educational agency’ has the meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).”.

(d) REGULATIONS.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall issue regulations to implement the amendments made by this section.

#### SEC. 223. COMMUNITY PARTNERS NEXT DOOR PROGRAM.

(a) DISCOUNT AND DOWNPAYMENT ASSISTANCE FOR TEACHERS AND PUBLIC SAFETY OFFICERS.—Section 204(h) of the National Housing Act (12 U.S.C. 1710(h)) is amended—

(1) by redesignating paragraphs (7) through (10) as paragraphs (8) through (11), respectively; and

(2) by inserting after paragraph (6) the following new paragraph:

“(7) 50 PERCENT DISCOUNT FOR TEACHERS AND PUBLIC SAFETY OFFICERS PURCHASING PROPERTIES THAT ARE ELIGIBLE ASSETS.—

“(A) DISCOUNT.—A property that is an eligible asset and is sold, during fiscal years 2002 through 2006, to a teacher or public safety officer for use in accordance with subparagraph (B) shall be sold at a price that is equal to 50 percent of the appraised value of the eligible property (as determined in accordance with paragraph (6)(B)). In the case of a property eligible for both a discount under this paragraph and a discount under paragraph (6), the discount under paragraph (6) shall not apply.

“(B) PRIMARY RESIDENCE.—An eligible property sold pursuant to a discount under this paragraph shall be used, for not less than the 3-year period beginning upon such sale, as the primary residence of a teacher or public safety officer.

“(C) SALE METHODS.—The Secretary may sell an eligible property pursuant to a discount under this paragraph—

“(i) to a unit of general local government or nonprofit organization (pursuant to paragraph (4) or otherwise), for resale or transfer to a teacher or public safety officer; or

“(ii) directly to a purchaser who is a teacher or public safety officer.

“(D) RESALE.—In the case of any purchase by a unit of general local government or nonprofit organization of an eligible property sold at a discounted price under this paragraph, the sale agreement under paragraph (8) shall—

“(i) require the purchasing unit of general local government or nonprofit organization to provide the full benefit of the discount to the teacher or public safety officer obtaining the property; and

“(ii) in the case of a purchase involving multiple eligible assets, any of which is such an eligible property, designate the specific eligible property or properties to be subject to the requirements of subparagraph (B).

“(E) MORTGAGE DOWNPAYMENT ASSISTANCE.—If a teacher or public safety officer purchases an eligible property pursuant to a discounted sale price under this paragraph and finances such purchase through a mortgage insured under this title, notwithstanding any provision of section 203 the downpayment on such mortgage shall be \$100.

“(F) PREVENTION OF UNDUE PROFIT.—The Secretary shall issue regulations to prevent undue profit from the resale of eligible properties in violation of the requirement under subparagraph (B).

“(G) DEFINITIONS.—For the purposes of this paragraph, the following definitions shall apply:

“(i) The term ‘eligible property’ means an eligible asset described in paragraph (2)(A) of this subsection.

“(ii) The terms ‘teacher’ and ‘public safety officer’ have the meanings given such terms in section 201.

“(H) PROGRAM INTEGRITY.—Notwithstanding any other provision of this paragraph, the Secretary may suspend the applicability of this paragraph for such period as the Secretary considers appropriate if the Secretary determines such suspension is necessary because of fraud or other issues regarding program integrity.”.

(b) CONFORMING AMENDMENTS.—Section 204(h) of the National Housing Act (12 U.S.C. 1710(h)) is amended—



(1) in paragraph (4)(B)(ii), by striking “paragraph (7)” and inserting “paragraph (8)”;

(2) in paragraph (5)(B)(i), by striking “paragraph (7)” and inserting “paragraph (8)”;

(3) in paragraph (6)(A), by striking “paragraph (8)” and inserting “paragraph (9)”.

(c) REGULATIONS.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall issue regulations to implement the amendments made by this section.

**SEC. 224. PUBLIC SAFETY OFFICER HOME OWNERSHIP IN AT-RISK AREAS.**

(a) PROGRAM AUTHORITY.—The Secretary of Housing and Urban Development shall carry out a pilot program in accordance with this section to assist Federal, State, and local public safety officers purchasing homes in locally-designated at-risk areas.

(b) ELIGIBILITY.—To be eligible for assistance under this section, a public safety officer shall agree, in writing, to use the residence purchased with such assistance as the primary residence of the public safety officer for not less than 3 years after the date of purchase.

(c) MORTGAGE ASSISTANCE.—If a public safety officer purchases a home in locally-designated at-risk area and finances such purchase through a mortgage insured under title II of the National Housing Act (12 U.S.C. 1707 et seq.), notwithstanding any provision of section 203 or any other provision of the National Housing Act, the following shall apply:

(1) DOWNPAYMENT.—

(A) IN GENERAL.—There shall be no downpayment required if the purchase price of the property is not more than the reasonable value of the property, as determined by the Secretary.

(B) PURCHASE PRICE EXCEEDS VALUE.—If the purchase price of the property exceeds the reasonable value of the property, as determined by the Secretary, the required downpayment shall be the difference between such reasonable value and the purchase price.

(2) CLOSING COSTS.—The closing costs and origination fee for such mortgage may be included in the loan amount.

(3) INSURANCE PREMIUM PAYMENT.—There shall be one insurance premium payment due on the mortgage. Such insurance premium payment—

(A) shall be equal to 1 percent of the loan amount;

(B) shall be due and considered earned by the Secretary at the time of the loan closing; and

(C) may be included in the loan amount and paid from the loan proceeds.

(d) LOCAL DESIGNATION OF AT-RISK AREAS.—

(1) CRITERIA.—Any unit of local government may request that the Secretary designate any area within the jurisdiction of that unit of local government as a locally-designated at-risk area for purposes of this section if the proposed area—

(A) has a crime rate that is significantly higher than the crime rate of the non-designated area that is within the jurisdiction of the unit of local government; and

(B) has a population that is not more than 25 percent of the total population of area within the jurisdiction of the unit of local government.

(2) DEADLINE FOR CONSIDERATION OF REQUEST.—Not later than 60 days after receiving a request under paragraph (1), the Secretary shall approve or disapprove the request.

(e) PUBLIC SAFETY OFFICER.—For purposes of this section, the term “public safety officer” has the meaning given such term in section 201 of the National Housing Act (12 U.S.C. 1707) (as amended by section 222(c) of this Act).

(f) PROGRAM INTEGRITY.—Notwithstanding any other provision of this section, the Secretary may suspend the applicability of this section for such period as the Secretary considers appropriate if the Secretary determines such suspension is necessary because of fraud or other issues regarding program integrity.

(g) REGULATIONS.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall issue regulations to implement the provisions of this section.

(h) SUNSET.—The Secretary shall not approve any application for assistance under this section that is received by the Secretary after the expiration of the 3-year period beginning on the date that the Secretary first makes available assistance under the pilot program under this section.

**SEC. 225. HYBRID ADJUSTABLE RATE MORTGAGES.**

Section 251(d)(1)(C) of the National Housing Act (12 U.S.C. 1715z–16(d)(1)(C)) is amended by striking “five or fewer years” and inserting “three or fewer years”.

**SEC. 226. UNIFORM NATIONAL LOAN LIMIT FOR HOME EQUITY CONVERSION MORTGAGES.**

Section 255(g) of the National Housing Act (12 U.S.C. 1715z–20(g)) is amended by striking “1-family residences in the area in which the dwelling subject to the mortgage under this section is located” and inserting “a 1-family residence”.

**SEC. 227. PROHIBITION OF INVESTOR AND NONPROFIT OWNERS UNDER REHABILITATION LOAN PROGRAM.**

Section 203(g)(2) of the National Housing Act (12 U.S.C. 1709(g)(2)) is amended—

- (1) by striking subparagraph (E);
- (2) in subparagraph (D), by inserting “or” after the semicolon; and
- (3) by redesignating subparagraph (F) as subparagraph (E).

**SEC. 228. REHABILITATION LOAN ADVANCES.**

Section 203(k)(3) of the National Housing Act (12 U.S.C. 1709(k)(3)) is amended—

- (1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively; and
- (2) by inserting after subparagraph (B) the following new subparagraph:
  - “(C) involve a loan agreement containing such terms and conditions as the Secretary shall provide, including terms and conditions that provide that the mortgagee shall be responsible for—
    - “(i) choosing an inspector or consultant who shall—
      - “(I) meet the standards as the Secretary shall establish; and
      - “(II) be an agent of the mortgagee; and
    - “(ii) approving advances under the loan;”.

**SEC. 229. NONPROFIT PURCHASERS UNDER PROPERTY DISPOSITION.**

(a) **IN GENERAL.**—Section 204(g) of the National Housing Act (12 U.S.C. 1710(g)) is amended—

- (1) by inserting “(1)” after “(g)”; and
- (2) by adding at the end the following new paragraph:
  - “(2) The Secretary shall require, as a condition of eligibility of any nonprofit organization for participation in any program of the Secretary for disposition of 1- to 4-family properties acquired by the Secretary pursuant to this Act, the Secretary shall require that such organization—
    - “(A) has nonprofit status as demonstrated by approval under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)) or demonstrates that an application for such status is currently pending approval; and
    - “(B) provide the Secretary with a copy of the application for such status;
    - “(C) certify, on an annual basis, that the organization has been apprised of the applicable rules and guidelines of the Department of Housing and Urban Development and understands such rules and guidelines; and
    - “(D) comply with such other requirements as the Secretary may establish.”.

(b) **ASSETS IN REVITALIZATION AREAS.**—Paragraph (9)(D) of section 204(h) of the National Housing Act (12 U.S.C. 1710(h)(9)(D)), as so redesignated by the preceding provisions of this Act, is amended—

- (1) by striking clause (ii) and inserting the following new clause:
  - “(ii)(I) has nonprofit status as demonstrated by approval under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)) or demonstrates that an application for such status is currently pending approval; and
  - “(II) provides the Secretary with a copy of the application for such status;”.
- (2) in clause (iii), by striking the period at the end and inserting “; and”; and
- (3) by adding at the end the following new clause:
  - “(iv) certifies, on an annual basis, that the organization has been apprised of the applicable rules and guidelines of the Department of Housing and Urban Development and understands such rules and guidelines.”.

**SEC. 230. EXTENSION OF HOLDING PERIOD.**

(a) **IN GENERAL.**—Section 912(1) of the Housing and Urban Development Act of 1970 (12 U.S.C. 1709–2(1)) is amended by striking “one year” and inserting “18 months”.

(b) **APPLICABILITY.**—The amendment made by subsection (a) shall apply only to defaults described in section 912(1) of the Housing and Urban Development Act of 1970 that occur after the date of the enactment of this Act.

**SEC. 231. PILOT PROGRAM FOR MANDATORY FIRST-TIME HOMEBUYER COUNSELING FOR PROPERTIES IN HIGH FORECLOSURE NEIGHBORHOODS.**

(a) **IN GENERAL.**—The Secretary shall carry out a pilot program under this section to determine whether, and the extent to which, requiring completion of a program (that is approved by the Secretary) of counseling with respect to the responsibilities and financial management involved in homeownership by any first-time homebuyers purchasing properties located in high foreclosure neighborhoods with mortgages insured under section 203 of the National Housing Act (12 U.S.C. 1709) will help to prevent defaults and foreclosures on such mortgages.

(b) **REQUIREMENT.**—Notwithstanding any provision of paragraph (2) of section 203(b) of the National Housing Act (12 U.S.C. 1709(b)(2)), under the pilot program, during the 1-year period beginning not later than 6 months after the date of the enactment of this Act, as selected by the Secretary, the Secretary may not insure, or enter into a commitment to insure, a mortgage under such section 203 that is executed by a first-time homebuyer for a property that is located in the pilot program area unless the mortgagor has completed a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary.

(c) **PILOT PROGRAM AREA.**—The Secretary shall select a pilot program area for purposes of this section, which shall be a single limited area, within the jurisdiction of a single unit of general local government, for which the rate of foreclosure on residences subject to mortgages insured under such section 203 exceeds the lesser of—

(1) 150 percent of the national early default claim rate for such residences; and

(2) the national early default claim rate for such residences located within the area served by a field office of the Department of Housing and Urban Development in whose area the pilot program area is located.

(d) **REPORT.**—Not later than 30 months after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit a report describing the effect of the requirement under subsection (b) on mortgage defaults and foreclosures and any other effects of such requirement, and making any recommendations regarding implementation of the requirement on a nationwide basis.

**SEC. 232. DISPOSITION OF ASSETS IN REVITALIZATION AREAS.**

The Secretary of Housing and Urban Development shall continue to administer the Disposition of Assets in Revitalization Areas program as provided in section 602 of Public Law 105–276 and the Secretary shall renew all contracts and enter into new contracts with eligible participants in a manner consistent with the requirements of such section.

## **TITLE III—SUPPORTIVE HOUSING FOR ELDERLY AND DISABLED FAMILIES**

**SEC. 301. AUTHORIZATION OF APPROPRIATIONS FOR GRANTS FOR REPAIRS TO FEDERALLY ASSISTED HOUSING FOR THE ELDERLY.**

Section 202b of the Housing Act of 1959 (12 U.S.C. 1701q–2) is amended by striking subsection (h) and inserting the following new subsection:

“(h) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated for grants for capital repair activities under subsection (a)(1) and for grants for conversion activities under subsection (a)(2) such sums as may be necessary for each of fiscal years 2003 and 2004.”.

**SEC. 302. SERVICE COORDINATORS FOR SUPPORTIVE HOUSING FOR PERSONS WITH DISABILITIES.**

Section 683(2) of the Housing and Community Development Act of 1992 (42 U.S.C. 13641(2)) is amended—

(1) in subparagraph (F), by striking “and” at the end;

(2) in subparagraph (G), by striking the period at the end and inserting “; and”; and

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

“(H) housing that is assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013).”.

**SEC. 303. DEMONSTRATION PROGRAM FOR ELDERLY HOUSING FOR INTERGENERATIONAL FAMILIES.**

(a) **IN GENERAL.**—The Secretary of Housing and Urban Development shall carry out a demonstration program to determine the feasibility of providing intergenerational dwelling units for intergenerational families in connection with

the supportive housing program under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q).

(b) **INTERGENERATIONAL DWELLING UNITS.**—Under the demonstration program, the Secretary shall provide assistance under this section to private nonprofit organizations (as such term is defined in section 202(k) of the Housing Act of 1959 (12 U.S.C. 1701q(k))) for use only for expanding the supply of intergenerational dwelling units, which units shall be provided—

(1) by designating and retrofitting, for use as intergenerational dwelling units, existing dwelling units that are located within a project assisted under such section 202;

(2) through development of buildings or projects comprised solely of intergenerational dwelling units; or

(3) through the development of an annex or addition to such an existing project assisted under such section 202, which contains intergenerational dwelling units, including through the development of elder cottage housing opportunity units that are small, freestanding, barrier-free, energy-efficient, removable dwelling units located adjacent to a larger project or dwelling.

(c) **PROGRAM TERMS.**—Assistance provided pursuant to this section shall be subject to the provisions of section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), except that—

(1) notwithstanding subsection (d)(1) of such section or any provision of such section restricting occupancy to elderly persons, any intergenerational dwelling unit assisted under the demonstration program may be occupied as provided in subsection (e)(2) of this section;

(2) subsections (e) and (f) of such section 202 (relating to applications and selection criteria) shall not apply;

(3) in addition to the requirements under subsection (g) of such section 202, the Secretary of Housing and Urban Development shall ensure that occupants of dwelling units assisted under the demonstration program are provided a range of services tailored to the needs of elderly persons, children, and intergenerational families and shall coordinate with the heads of other Federal agencies as may be appropriate to ensure the provision of such services; and

(4) the Secretary may waive or alter any other provision of such section 202 necessary to provide for assistance under the demonstration program under this section.

(d) **SELECTION.**—The Secretary of Housing and Urban Development shall provide for private nonprofit organizations to submit applications for assistance under this section and, during the period consisting of fiscal years 2003 through 2006 shall, to the extent amounts are available pursuant to subsection (g), select not less than 2 and not more than 4 projects assisted under section 202 of the Housing Act of 1959 for such assistance based on the ability of the applicant to develop and operate intergenerational dwelling units and national geographical diversity among projects funded.

(e) **DEFINITIONS.**—For purposes of this section:

(1) **ELDERLY PERSON.**—The term “elderly person” has the meaning given such term in section 202(k) of the Housing Act of 1959 (12 U.S.C. 1701q(k)).

(2) **INTERGENERATIONAL DWELLING UNIT.**—The term “intergenerational dwelling unit” means a qualified dwelling unit (as such term is defined in section 8(x)(4) of the United States Housing Act of 1937 (42 U.S.C. 1437f(x)(4))) that is reserved for occupancy only by an intergenerational family.

(3) **INTERGENERATIONAL FAMILY.**—The term “intergenerational family” means a covered family (as such term is defined in section 8(x)(4) of the United States Housing Act of 1937 (42 U.S.C. 1437f(x)(4))) that has a head of household who is an elderly person.

(f) **REPORT.**—Not later than 36 months after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit a report to the Congress describing the demonstration program under this section and analyzing the effectiveness of the program.

(g) **FUNDING.**—Of any amounts made available for assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) for each of fiscal years 2003 through 2006, the Secretary of Housing and Urban Development shall reserve amounts in such fiscal years as may be necessary to fund the demonstration projects selected under subsection (d). Such amounts shall be available for use only for providing assistance under this section.

#### **SEC. 304. TREATMENT OF PROJECTS SUBJECT TO FORECLOSURE.**

(a) **IN GENERAL.**—In the case of any project assisted with a loan under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act, notwithstanding any fore-

closure on the loan, any use restrictions applicable to the project regarding occupancy by elderly or handicapped families or the maximum income of families occupying dwelling units in the project shall continue to apply after such foreclosure until the expiration of the original term of such loan.

(b) **INCOME LIMITS.**—Notwithstanding subsection (a), in the case of a project assisted with a loan described in such subsection, after foreclosure on such loan any maximum income limit for a families occupying dwelling units in the project may be increased to not more than 80 percent of the median income for the area if such action is necessary to ensure the financial soundness of the project.

(c) **TRANSFER TO QUALIFIED NON-PROFIT ORGANIZATIONS.**—In the case of the sale or other disposition of a project assisted with a loan described in subsection (a) pursuant to foreclosure on such loan, the Secretary of Housing and Urban Development shall provide a reasonable period during which only qualified nonprofit organizations (as such term is defined by the Secretary) shall have a right of first refusal to purchase the property.

(d) **REGULATIONS.**—The Secretary of Housing and Urban Development shall issue any regulations necessary to carry out this section.

## **TITLE IV—SECTION 8 RENTAL HOUSING ASSISTANCE PROGRAM**

### **SEC. 401. HOUSING VOUCHER DEMONSTRATION.**

(a) **IN GENERAL.**—For fiscal years 2003 and 2004, there is authorized to be appropriated to provide incremental assistance for project-based vouchers under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) the amount necessary to provide a total of 5,000 such incremental vouchers. Vouchers provided pursuant to this section shall be used exclusively for extremely low-income families in connection with dwelling units in newly constructed or substantially rehabilitated housing.

(b) **EXTREMELY LOW-INCOME FAMILIES.**—For purposes of this section, the term “extremely low-income families” means families (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))) whose incomes do not exceed the higher of—

- (1) 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families and for unusually high or low family incomes; or
- (2) 30 percent of the national non-metropolitan median income.

### **SEC. 402. FLEXIBILITY TO ASSIST HARD-TO-HOUSE FAMILIES.**

(a) **IN GENERAL.**—Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended by adding at the end the following new paragraph:

“(19) **FLEXIBILITY TO ASSIST HARD-TO-HOUSE FAMILIES.**—In any program year, a public housing agency that is not designated as troubled pursuant to the section 8 management assessment program, or under such other program as may be used by the Secretary to evaluate performance of public housing agencies in administering rental assistance under this section, may use up to 2 percent of any amounts allocated to the agency for such year for purposes that directly support the agency’s housing choice voucher program, including housing counseling, downpayment assistance under subsection (y), rental security deposits for families receiving voucher assistance, and other activities that directly assist eligible families in gaining and maintaining occupancy in suitable dwelling units.”.

(b) **APPLICABILITY.**—The amendment made by subsection (a) shall apply only with respect to amounts appropriated for fiscal year 2003 or any fiscal year thereafter.

### **SEC. 403. CLARIFICATION ON PROHIBITION OF RE-SCREENING OF TENANTS.**

Section 8(t)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)(1)) is amended—

- (1) in subparagraph (C), by striking “and” at the end;
- (2) in subparagraph (D), by striking the period and inserting “; and”; and
- (3) by adding at the end the following new subparagraph:

“(E) a family’s eligibility to receive such assistance shall be determined pursuant to the provisions of law authorizing or requiring the provision of enhanced voucher assistance pursuant to the eligibility event that affected such family and a family may not be required, as a condition of receiving such assistance, to qualify under the selection standards of a public housing agency for voucher assistance under this section.”.

**SEC. 404. PHA ADMINISTRATIVE FEES.**

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

(1) by redesignating paragraph (4) as paragraph (5); and

(2) by inserting after paragraph (3) the following new paragraph:

“(4) PERFORMANCE INCENTIVE.—For fiscal year 2003 and fiscal years thereafter, the Secretary may pay an additional fee to any public housing agency that succeeds in achieving high or substantially improved performance on specified program requirements or program goals, as established under the management assessment program for the rental assistance program under this section, or any successor assessment program for such assistance, or by regulation issued by the Secretary after notice and opportunity for public comment pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section). The Secretary shall establish limitations on the total amount of any such additional fees paid to agencies for a fiscal year and on the amount of any such fee paid to any single agency for a fiscal year.”.

**SEC. 405. ENSURING ABILITY TO USE ENHANCED VOUCHERS.**

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

(1) by redesignating paragraph (4) as paragraph (6); and

(2) by inserting after paragraph (3) the following new paragraph:

“(5) RIGHT TO USE.—The owner of a multifamily housing project for which an eligibility event (as such term is defined in paragraph (2)) has occurred may not refuse—

“(A) to accept enhanced voucher assistance for lease of a dwelling unit in the same project on behalf of a family who was residing in the project upon the occurrence of such eligibility event; or

“(B) to enter into a housing assistance payments contract for such a unit.”.

**SEC. 406. TREATMENT OF OVERHOUSED ASSISTED FAMILIES.**

Paragraph (6) of section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(6)) is amended by adding at the end the following new subparagraph:

“(D) RESIDENCY IN INAPPROPRIATELY SIZED UNITS.—

“(i) IN GENERAL.—If a public housing agency determines that a family assisted under this subsection is residing in a dwelling unit that, because of a reduction in family size after such assistance was initially provided for such family, has more bedrooms than is appropriate for a family of such size, the agency may not terminate the assistance for the family or require the family to move to another dwelling unit unless—

“(I) the agency provides the family with a dwelling unit that is located in the same building or project as the inappropriately sized dwelling unit and is available for occupancy; or

“(II) in the case of a family residing in a dwelling unit in a building or project that does not contain any available dwelling unit having a number of bedrooms that is appropriate for size of such family, the agency provides the family with a dwelling unit that is located within the same neighborhood as the building containing the inappropriately sized dwelling unit.

“(ii) DETERMINATION OF NEIGHBORHOOD.—For purposes of clause (i)(II), the term ‘neighborhood’ means the immediate geographic area in which a building is located, which—

“(I) is characterized by all locations within the area having a similar proximity to major roadways, mass transit facilities, and other means of transportation, schools, child care facilities, workplace centers, and grocery stores and other retail and commercial facilities; and

“(II) shall be determined by the public housing agency involved, in consultation with the appropriate resident advisory board established pursuant to section 5A(e).

“(iii) TREATMENT OF STUDENTS.—For purposes of clause (i), the absence of a child or adult from a dwelling because of temporary residence in another location for the purpose of attending school on a full- or part-time basis shall not be considered in determining family size.”.

**SEC. 407. EXTENSION OF MANUFACTURED HOUSING DEMONSTRATION PROGRAM.**

Section 557 of the Quality Housing and Work Responsibility Act of 1998 (Public Law 105–276; 112 Stat. 2613) is amended—

- (1) in subsection (a), by striking “1999, 2000, and 2001” and inserting “2002, 2003, and 2004”; and
- (2) in subsection (c)—
  - (A) by striking “REPORT” and inserting “REPORTS”;
  - (B) by striking “a report” and inserting “an interim report”;
  - (C) by striking “and evaluating” and inserting “the implementation and operation of”; and
  - (D) by adding at the end the following new sentence: “Not later than March 31, 2005, the Secretary shall submit a report to the Congress describing and evaluating the demonstration program under this section.”.

**SEC. 408. EXTENSION OF PROJECT-BASED SECTION 8 CONTRACT RENEWALS.**

(a) RENEWAL OF EXPIRING PROJECT-BASED SECTION 8 CONTRACTS.—Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended—

- (1) in subsection (a)(4)(A)(iv)—
  - (A) in subclause (I), by inserting “or” after the semicolon;
  - (B) by striking subclause (II); and
  - (C) by redesignating subclause (III) as subclause (II); and
- (2) by striking paragraph (3) of subsection (b).

(b) ADJUSTMENTS FOR COVERED PROJECTS.—

(1) RENT DETERMINATION AT INITIAL RENEWAL AFTER ENACTMENT.—Upon the first request for renewal of project-based assistance pursuant to section 524 after the date of enactment of this Act by an owner of a covered housing project—

(A) the rent levels at which assistance will be provided pursuant to such renewal will be determined as if such renewal were the initial renewal of a contract for assistance under section 524, as amended by subsection (a) of this section; and

(B) solely for purposes of determining the rent levels at which assistance will be provided pursuant to such first renewal after the date of enactment of this Act, in the case of a project for which contract rents were reduced on a prior renewal of an expiring contract pursuant to subsection (b)(3) of section 524, as in effect on the day before the date of enactment of this Act, the contract rent levels in effect immediately prior to such first renewal after the date of enactment of this Act shall be considered to be the deemed rent levels described in paragraph (3)(C).

(2) RENT ADJUSTMENTS AFTER INITIAL RENEWAL AFTER ENACTMENT.—After the first renewal of a contract for assistance of a covered project after the date of enactment of this Act in accordance with paragraph (1) of this subsection, the Secretary shall adjust rents in accordance with section 524(c).

(3) DEFINITIONS.—In this subsection—

(A) references to “section 524” or any subdivision thereof are references to section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note);

(B) the term “covered housing project” means a project that receives project-based assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) which was renewed prior to the date of enactment of this Act pursuant to subsection (b)(3) of section 524, as in effect on the day before the date of enactment of this Act;

(C) the term “deemed rent levels” means the contract rent levels in effect immediately prior to the first renewal of assistance pursuant to subsection (b)(3) of section 524, as in effect on the day before the date of enactment of this Act, upon which contract rent levels were reduced, as adjusted by the applicable operating cost adjustment factor established by the Secretary at the date of such renewal and at the date of any subsequent renewal pursuant to subsection (b)(3) of section 524 occurring before the date of enactment of this Act; and

(D) the term “Secretary” means the Secretary of Housing and Urban Development.

**SEC. 409. INSPECTION OF UNITS.**

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

(1) in subparagraph (A)—

(A) by striking “(A) IN GENERAL.—Except as provided in paragraph (11),” and inserting the following:

“(A) GENERAL RULE.—

“(i) IN GENERAL.—Except as provided in clause (ii) and paragraph (11),”;

and

(B) by inserting at the end the following:

“(ii) EXCEPTION.—A public housing agency may commence payments to an owner, if the public housing agency—

“(I) has conducted an inspection of the building, which includes an inspection of a reasonable number of units in the 6 months prior to the date on which payment is made to the owner, and that inspection and any subsequent unit inspections have not turned up major deficiencies;

“(II) conducts an inspection of the unit for which the payment is being made not later than 30 days after the date for which payment is made to the owner; and

“(III) has an agreement with the owner to correct any deficiencies and make any repairs in the unit not later than 30 days after the date on which the inspection was made under subclause (II).”; and

(2) in subparagraph (D)—

(A) by striking “(D) ANNUAL INSPECTIONS.—Each” and inserting the following:

“(D) ANNUAL INSPECTIONS.—

“(i) IN GENERAL.—Except as provided in clause (ii), each”; and

(B) by adding at the end the following:

“(ii) EXCEPTION.—If a public housing agency has a large jurisdiction and is conducting inspections on a geographical basis, the public housing agency may comply with the annual inspection requirement by inspecting the unit within 9 to 15 months of the previous inspection.”.

#### **SEC. 410. ESCROW OF TENANT RENT IN CASES OF OWNER FAILURE TO MAINTAIN UNIT.**

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

“(F) ESCROW OF TENANT RENT IN CASES OF OWNER FAILURE TO MAINTAIN UNIT.—Each housing assistance payment contract under this subsection shall provide as follows:

“(i) REQUIREMENT.—In any case in which a public housing agency suspends assistance payments under this subsection with respect to a dwelling unit because of a failure on the part of the owner of the unit to maintain the unit in compliance with the housing quality standards established pursuant to this paragraph, the agency shall—

“(I) require the tenant to suspend payment to the owner of the tenant’s monthly contribution toward rent and require the tenant to pay such amount into an escrow account established by the agency; and

“(II) notify the tenant and the owner of the failure to maintain the unit in compliance with such housing quality standards and of the actions required under this subparagraph.

“(ii) CORRECTION OF NONCOMPLIANCE.—If the owner corrects the noncompliance within the period of time established by the agency for such purpose, the public housing agency shall release to the owner any tenant payments toward rent deposited in the escrow account.

“(iii) FAILURE TO CORRECT NONCOMPLIANCE.—If the owner fails to correct the noncompliance within the period of time established by the agency and the tenant moves from the dwelling unit because of such noncompliance, the public housing agency shall make the any tenant payments toward rent that are deposited in the escrow account available on behalf of the tenant upon such move for costs of the move and for rental of a new dwelling unit.”.

#### **SEC. 411. PROJECT-BASED VOUCHERS MODIFICATIONS.**

(a) IN GENERAL.—Section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) is amended—

(1) in subparagraph (C)(ii), by inserting before the period at the end the following: “, revitalizing a low-income community, or preventing the displacement of extremely low-income families”;

(2) in subparagraph (D)(ii), by striking “apply in the case of” and all that follows through the period and inserting the following: “apply—

“(I) in the case of assistance under a contract for housing consisting of single family properties (buildings with 1 to 4 units);

“(II) for dwelling units that are specifically made available for households comprised of elderly families or disabled families; or



“(III) outside of a qualified census tract, for buildings with 5 to 25 units or with dwelling units that are specifically made available for families receiving supportive services.

For purposes of this clause, the term ‘qualified census tract’ has the same meaning given that term in section 42(d) of the Internal Revenue Code of 1986 (26 U.S.C. 42(d)). The Secretary may waive the limitations of this clause, consistent with the obligation to affirmatively further fair housing practices.”;

(3) in subparagraph (F), by striking “10 years” and inserting “15 years”;

(4) in subparagraph (J)—

(A) in the first sentence, by inserting before the period the following: “, or from 1 or more separate project-based waiting lists established and maintained in accordance with subparagraph (K). A public housing agency may permit an owner to select families from a waiting list for units assisted under this paragraph maintained by the owner in accordance with subparagraph (L). Regardless of whether a waiting list is maintained under this subparagraph or under subparagraph (K) or (L), families shall initially be selected from the public housing agency’s waiting list for assistance under this subsection for at least ½ of the vacant units in a building made available with assistance under this paragraph, unless the units are restricted, under the tenant selection preferences adopted under the annual plan submitted by the public housing agency to the Secretary pursuant to section 5A(b), to occupancy by persons who are receiving intensive publicly funded services and who have a disability, as defined in section 3 of this Act or section 422 of the McKinney-Vento Homeless Assistance Act”;

(B) in the fifth sentence, by inserting before the period the following: “, unless the owner maintains a waiting list under subparagraph (L)”;

(C) in the last sentence, by striking “and may maintain” and all that follows through “on the separate list”;

(5) by redesignating subparagraph (K) as subparagraph (M); and

(6) by inserting after subparagraph (J) the following:

“(K) PUBLIC HOUSING AGENCY WAITING LIST.—

“(i) IN GENERAL.—A public housing agency may select families for assistance—

“(I) under subparagraph (J);

“(II) under this subparagraph for each property that receives assistance under this paragraph; or

“(III) under this subparagraph for similar properties that receive assistance under this paragraph.

“(ii) REQUIREMENTS.—A public housing agency that maintains a separate waiting list under this subparagraph—

“(I) shall provide notice of the opening of the waiting list in the same manner required by the Secretary for the provision of notice of the opening of the waiting list for tenant-based assistance under this subsection, except that this subclause shall not apply to units assisted under this paragraph that are restricted, under tenant selection preferences adopted under the annual plan submitted by the public housing agency to the Secretary pursuant to section 5A(b) to occupancy by persons who are receiving intensive publicly funded services and who have a disability, as defined in section 3 of this Act or section 422 of the McKinney-Vento Homeless Assistance Act;

“(II) shall give preference to families on its tenant-based waiting list, if families are applying at the equivalent time and date with otherwise equivalent preference under the annual plan submitted by the public housing agency to the Secretary pursuant to section 5A(b); and

“(III) shall notify families that are applying for tenant-based assistance of the opportunity to be listed on the waiting list maintained under this subparagraph.

“(L) OWNER WAITING LIST.—

“(i) IN GENERAL.—A public housing agency may allow an owner of a structure with a contract for assistance under this paragraph to maintain a waiting list for units assisted under this paragraph.

“(ii) AGENCY PLAN.—The policy for a waiting list maintained under this subparagraph and any applicable preferences or selection criteria shall be included in the annual plan submitted by the public housing agency to the Secretary in accordance with section 5A(b).

“(iii) AGENCY RESPONSIBILITIES.—If a waiting list is maintained under this subparagraph, the public housing agency shall—

“(I) provide notice of the opening of the waiting list in the same manner and to the same extent as is required of the agency under subparagraph (K)(ii)(I);

“(II) notify families that apply for tenant-based assistance of the opportunity to be listed on that waiting list;

“(III) establish a mechanism to transmit applications submitted at its office to the owner for placement on that waiting list; and

“(IV) monitor, at reasonable intervals, the compliance by the owner with laws applicable to tenant selection and waiting lists, including civil rights laws, regulations, and certifications.

“(iv) OWNER RESPONSIBILITIES.—If a waiting list is maintained under this subparagraph, the owner of the structure shall—

“(I) provide notice of the opening of the waiting list (unless the public housing agency agrees to provide such notice for the owner, or notice is not required pursuant to clause (iii)(I)) and provide preference to families on the tenant-based waiting list of the public housing agency in the same manner as is required under subparagraph (K);

“(II) place on its waiting list, families that apply at an office of the agency that accepts applications for tenant-based assistance;

“(III) cooperate with requests of the public housing agency for information concerning the waiting list and the tenant selection decisions of the owner; and

“(IV) submit written tenant selection policies and criteria to the public housing agency for approval, and make those policies and criteria available to the public.

“(v) RIGHT TO INFORMAL REVIEW.—A family that is denied a unit by an owner that maintains a waiting list under this subparagraph shall have the same rights to informal review by a public housing agency as a family that is denied tenant-based assistance by a public housing agency, and such review shall be performed expeditiously so as not to impede the timely rental of units. The public housing agency’s review at the informal hearing shall be limited to determining if the owner, if denying admission, followed applicable law and the procedures and criteria adopted by the owner and approved by the public housing agency for determining the eligibility of applicants for admission.

“(vi) APPLICABILITY.—Except as provided in this subparagraph, a waiting list maintained by an owner shall be considered to be a waiting list maintained by a public housing agency for assistance under this subsection.

“(vii) LIMITATION OF LIABILITY.—No right of action shall exist against a public housing agency with respect to an owner’s violation of any applicable law, unless the agency has actual knowledge that such violation has occurred or is occurring and—

“(I) the agency has failed to take action to cause the owner to cease such violation; or

“(II) the public housing agency has failed to comply with its responsibilities under clause (iii).”; and

(7) by adding at the end the following:

“(N) FAIR HOUSING, SUBSIDY LAYERING, AND COMPETITIVE SELECTION REQUIREMENTS.—A public housing agency may attach assistance under this paragraph to units without specific approval by the Secretary of compliance with fair housing, subsidy layering, or competitive selection requirements, if—

“(i) for fair housing compliance, the units proposed to receive assistance under this paragraph receive a grant or a loan under a Federal program pursuant to which the Secretary, or a designee of the Secretary, has determined in accordance with regulations that the site location would meet applicable civil rights and fair housing requirements;

“(ii) for compliance with subsidy layering requirements, consistent with the written policy of the Secretary, the public housing agency or another public agency has determined that addition of subsidies under this paragraph would not duplicate other public funding; or

“(iii) for compliance with competitive selection requirements, an advertisement for capital funds announced the potential for availability of assistance under this paragraph.

“(O) USE OF ASSISTANCE IN CONJUNCTION WITH PUBLIC HOUSING CAPITAL FUNDS.—

“(i) CAPITAL FUND AND HOPE VI.—Notwithstanding any provision to the contrary in this Act, a public housing agency may attach assistance under this paragraph to a structure or unit that receives assistance allocated to the public housing agency under the Capital Fund, established by section 9(d), or under section 24.

“(ii) OPERATING FUND.—A unit that receives assistance under this paragraph shall not be eligible for assistance under the Operating Fund established by section 9(e).”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—This section and the amendments made by this section shall take effect upon the date of enactment of this Act (with such minor exceptions as the Secretary may specify).

(2) RULES.—The Secretary shall promulgate rules, as may be necessary, to carry out section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)), as amended by this Act, and shall publish—

(A) proposed rules not later than 6 months after the date of enactment of this Act; and

(B) final rules not later than 1 year after the date of enactment of this Act.

**SEC. 412. EXPANDED USE OF ENHANCED VOUCHERS.**

(a) IN GENERAL.—Section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)), as amended by the preceding provisions of this title, is further amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by striking “Enhanced” and inserting “Except as provided in paragraph (2), enhanced”; and

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

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

“(2) ENHANCED VOUCHERS FOR RESIDENTS OF UNITS NOT AVAILABLE FOR CONTINUED RENTAL.—

“(A) VOUCHER ASSISTANCE.—In the case of a family who is eligible for enhanced voucher assistance under this subsection and who, on the date of the eligibility event resulting in such family’s eligibility, is residing in a dwelling unit that is unavailable for continued rental as provided in subparagraph (B) as a result of such event, enhanced voucher assistance under this subsection for the family shall be voucher assistance under subsection (o), except that under such enhanced voucher assistance—

“(i) subject only to clause (iv), the assisted family shall pay as rent no less than the amount the family was paying on the date of the eligibility event for the project;

“(ii) the assisted family may elect to reside in any other dwelling unit that is located within the zip code in which is located the project in which the family was residing on the date of the eligibility event for the project or within a zip code contiguous to such zip code, and if, during any period after such election that the family continues to reside, the rent for the dwelling unit of the family exceeds the applicable payment standard established pursuant to subsection (o) for the unit, the amount of rental assistance provided on behalf of the family shall be determined using a payment standard that is equal to the rent for the dwelling unit (as such rent may be increased from time-to-time), except that—

“(I) such rent shall be subject to paragraph (10)(A) of subsection (o);

“(II) such payment standard shall not exceed the greater of 150 percent of the applicable fair market rents or 150 percent of the applicable payment standard for the market area; and

“(III) subject only to the limit in subclause (II), such payment standard shall not adversely affect such assisted families;

“(iii) clause (ii) of this subparagraph shall not apply and the payment standard for the dwelling unit occupied by the family shall be determined in accordance with subsection (o) if—

“(I) the assisted family moves, at any time, to a dwelling unit that is not located within (aa) the zip code within which is located the project in which the family was residing on the date of the eligibility event for the project, or (bb) a zip code contiguous to such zip code; or

“(II) the voucher is made available for use by any family other than the original family on behalf of whom the voucher was provided; and

“(iv) if the income of the assisted family declines to a significant extent, the percentage of income paid by the family for rent shall not exceed the greater of 30 percent or the percentage of income paid at the time of the eligibility event for the project.

“(B) UNAVAILABILITY DUE TO CONVERSION.—A dwelling unit shall be considered to be unavailable for continued rental as provided in this subparagraph if the eligibility event for the project occurs in connection with a conversion of the unit to condominium, cooperative, or commercial use, after having obtained all necessary land use approvals.”

(b) APPLICABILITY.—No funds for enhanced vouchers under section 8(t)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)(2)), as added by the amendments made by subsection (a) of this section, shall be provided from amounts appropriated for fiscal years prior to fiscal year 2003.

(c) REGULATIONS.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall issue regulations necessary to carry out the amendment made by subsection (a).

**SEC. 413. DEMONSTRATION PROGRAM FOR RENTAL ASSISTANCE FOR GRANDPARENT-HEADED OR RELATIVE-HEADED FAMILIES.**

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall carry out a demonstration program to determine the feasibility of providing rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) for the rental of suitable dwelling units by covered families.

(b) ELIGIBLE UNITS.—Under the demonstration program, the Secretary shall make rental assistance amounts reserved pursuant to subsection (f) of this section available to public housing agencies selected to participate in the program for use only for assistance on behalf of covered families renting qualified dwelling units. Such a public housing agency may not initially provide voucher assistance under this section for any family after the end of fiscal year 2006.

(c) SERVICES.—The Secretary of Housing and Urban Development shall require any public housing agency participating in the demonstration program under this section to ensure that families receiving rental assistance pursuant to this section are provided with supportive services that are tailored to the needs of children and covered families. The Secretary shall coordinate with the heads of other Federal agencies as may be appropriate to assist in ensuring the provision of such services.

(d) SELECTION.—The Secretary of Housing and Urban Development shall provide for public housing agencies to apply to participate in the demonstration program under this section and, during the period consisting of fiscal years 2003 through 2006 shall, to the extent amounts are available pursuant to subsection (f), select not less than two and not more than four agencies for such participation based on the ability of the applicant to provide assistance and services under the program and national geographical diversity among agencies participating in the program.

(e) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit a report to the Congress describing the demonstration program under this section and analyzing the effectiveness of the program.

(f) FUNDING.—Of any amounts made available for voucher assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) for fiscal year 2003 and fiscal years thereafter, the Secretary of Housing and Urban Development shall reserve such amounts in such fiscal years as may be necessary to provide voucher assistance for the agencies selected under subsection (d) for use only for providing assistance under this section.

**SEC. 414. ELIGIBILITY OF GRANDPARENT-HEADED AND RELATIVE-HEADED FAMILIES FOR FAMILY UNIFICATION ASSISTANCE.**

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

(1) in paragraph (2)—

(A) by striking “section 8” and inserting “this section”;

(B) by striking “and” before “(B)” and inserting a comma; and

(C) by inserting before the period at the end the following: “, or (C) a covered family, who is otherwise eligible for such assistance, for rental of a qualified dwelling unit”;

(2) in the second sentence of paragraph (3)—

(A) by inserting “, as appropriate (A)” after “containing”; and

- (B) by inserting before the period at the end the following: “, or (B) a description of the need for assistance under this subsection for covered families”; and
- (3) in paragraph (4), by adding at the end the following new subparagraphs:
- “(C) CHILD.—The term ‘child’ means an individual who—
- “(i) is not attending school and is not more than 18 years of age; or
- “(ii) is attending school and is not more than 19 years of age.
- “(D) COVERED FAMILY.—The term ‘covered family’ means a family that—
- “(i) includes a child; and
- “(ii) has a head of household who is—
- “(I) a grandparent of the child who is raising the child; or
- “(II) a relative of the child who is raising the child.
- “(E) GRANDPARENT.—The term ‘grandparent’ means, with respect to a child, an individual who is a grandparent or stepgrandparent of the child by blood or marriage, regardless of the age of such individual. In the case of a child who was adopted, the term includes an individual who, by blood or marriage, is a grandparent or stepgrandparent of the child as adopted.
- “(F) QUALIFIED DWELLING UNIT.—The term ‘qualified dwelling unit’ means a dwelling unit that—
- “(i) has at least 2 separate bedrooms;
- “(ii) is equipped with design features appropriate to meet the special physical needs of elderly persons, as needed; and
- “(iii) is equipped with design features appropriate to meet the special physical needs of young children.
- “(G) RAISING A CHILD.—The term ‘raising a child’ means, with respect to an individual, that the individual—
- “(i) resides with the child; and
- “(ii) is the primary caregiver for the child—
- “(I) because the biological or adoptive parents of the child do not reside with the child or are unable or unwilling to serve as the primary caregiver for the child; and
- “(II) regardless of whether the individual has a legal relationship to the child (such as guardianship or legal custody) or is caring for the child informally and has no such legal relationship with the child.
- “(H) RELATIVE.—The term ‘relative’ means, with respect to a child, an individual who—
- “(i) is not a parent of the child by blood or marriage; and
- “(ii) is a relative of the child by blood or marriage, regardless of the age of the individual.
- In the case of a child who was adopted, the term includes an individual who, by blood or marriage, is a relative of the family who adopted the child.”.

#### SEC. 415. INCREASED PAYMENT STANDARD.

Section 8(o)(1)(D) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(1)(D)) is amended—

- (1) by striking “(D) APPROVAL.—The” and inserting the following:
- “(D) EXCEPTION PAYMENT STANDARDS.—
- “(i) APPROVAL.—The”; and
- (2) by adding at the end the following:
- “(ii) INCREASED PAYMENT STANDARD.—A public housing agency may establish a payment standard for the same size dwelling unit in a market area or portion of a market area between 110 and 120 percent of the fair market rent, if the payment standard for the market area or portion of a market area has been set at 110 percent or above for the 6 months prior to the establishment of the new payment standard and the public housing agency determines that it has—
- “(I) a voucher success rate (the proportion of families that are issued a voucher that succeed in leasing a unit within the time-frame provided by the public housing agency to search for housing) of not more than 80 percent or has provided an extended search time of not less than 90 days to a significant number of voucher recipients; or
- “(II) problems with concentration of the voucher holders in high poverty areas.
- “(iii) DISABILITY ACCOMMODATION.—A public housing agency may establish a payment standard of not more than 120 percent of the fair market rent where necessary as a reasonable accommodation for a per-

son with a disability, without approval of the Secretary. A public housing agency may seek approval of the Secretary to use a payment standard greater than 120 percent of the fair market rent as a reasonable accommodation for a person with a disability.

“(iv) SECRETARY APPROVAL.—A public housing agency may establish a payment standard in accordance with clause (ii) without approval of the Secretary, if the public housing agency includes in its annual plan that is submitted to the Secretary pursuant to section 5A(b)—

“(I) the reasons for the increase in the payment standard;

“(II) a description of how and why the public housing agency has determined that it meets the requirements of clause (ii); and

“(III) a description of other steps the public housing agency is taking, in addition to increasing the payment standard, to address the problems of voucher utilization, voucher success rates (the proportion of families that are issued a voucher that succeed in leasing a unit within the timeframe provided by the public housing agency to search for housing), and concentration of voucher holders.

“(v) APPLICABILITY.—Clauses (ii) through (iv) shall apply with respect only to amounts made available for rental assistance under this subsection for fiscal year 2004 and fiscal years thereafter.”.

#### **SEC. 416. PROTECTION OF INNOCENT TENANTS.**

Clause (iii) of section 8(d)(1)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(B)(iii)) is amended by inserting before the semicolon at the end the following: “; except that such criminal activity, engaged in by a member of a tenant’s household or any guest or other person under the tenant’s control, shall not be cause for termination of tenancy of the tenant if the tenant or immediate member of the tenant’s family is a victim of domestic violence or dating violence and, as a result, could not control or prevent the criminal activity relating to domestic violence or dating violence; and except that nothing in this clause may be construed to limit the authority of a public housing agency to evict individuals who engage in criminal acts of physical violence against family members or others, and in all cases, a public housing agency shall consider the safety, security, and continued maintenance of victims of domestic violence to be of paramount importance”.

## **TITLE V—PUBLIC HOUSING**

### **Subtitle A—General Provisions**

#### **SEC. 501. PHA JOINT VENTURES.**

Section 13(b) of the United States Housing Act of 1937 (42 U.S.C. 1437k(b)) is amended by adding at the end the following new paragraph:

“(4) NON-FEDERAL FUNDS AND ACTIVITIES.—This subsection shall not apply to any subsidiary, joint venture, partnership, or business arrangement, or any activity conducted by such an entity, that does not involve holding or expending funds received from the Federal Government or proceeds or income derived from such funds.”.

#### **SEC. 502. THIRD-PARTY PUBLIC HOUSING ASSESSMENT SYSTEM.**

(a) ESTABLISHMENT.—The Secretary of Housing and Urban Development shall provide for the development of a third-party assessment system for evaluating the performance of public housing agencies, in accordance with this section.

(b) PURPOSES.—The assessment system developed under this section shall—

(1) provide an objective assessment of the overall performance of public housing agencies in all major areas of management operations and in discharging their obligations under the United States Housing Act of 1937;

(2) identify quantifiable areas of the management and financial condition of public housing agencies; and

(3) determine the physical condition of public housing dwelling units to ensure that they are maintained in accordance with the requirements pursuant to the United States Housing Act of 1937.

(c) TESTING AND PROTOTYPE.—

(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, to the extent amounts are made available to carry out this section, the Secretary of Housing and Urban Development shall enter into a contract with a public entity or a private for-profit or nonprofit entity to develop a system prototype for the third-party assessment system required under this section and to test such prototype. Such contract shall require such entity to submit the proto-

type assessment system to the Congress not later than the expiration of the 6-month period beginning upon execution of the contract and to complete such testing not later than the expiration of the 12-month period beginning upon execution of the contract.

(2) CONSULTATION.—In carrying out the testing and prototype development under this subsection, the entity selected under this subsection shall consult with individuals and organizations experienced in managing public housing and their representatives, private real estate managers, representatives from State and local governments, residents of public housing, and the Secretary.

(d) REPORT.—Not later than the expiration of the 12-month period beginning upon execution of the contract referred to in subsection (c)(1), the Secretary of Housing and Urban Development shall submit to the Congress a report describing the results and recommendations regarding the testing of the prototype assessment system conducted pursuant to this subsection, which shall include any comments and recommendations of the persons and entities consulted with pursuant to subsection (c)(2) and any recommendations regarding the replacement of the public housing management assessment system established under section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)).

(e) RULE OF CONSTRUCTION.—This section may not be construed to—

(1) provide for or require the implementation of the third-party assessment system developed pursuant to this section; or

(2) alter, affect, suspend, terminate, or delay the effectiveness or applicability of the public housing assessment system under section 6(j) of the United States Housing Act of 1937 (42 U.S.C. 1437d(j)) or any regulations issued, or to be issued, pursuant to such section.

**SEC. 503. PUBLIC HOUSING AGENCY PLANS FOR CERTAIN SMALL PUBLIC HOUSING AGENCIES.**

(a) IN GENERAL.—Section 5A(b) of the United States Housing Act of 1937 (42 U.S.C. 1437c–1(b)) is amended by adding at the end the following new paragraph:

“(3) SUSPENSION OF FILING REQUIREMENT FOR CERTAIN SMALL PHAS.—

“(A) IN GENERAL.—Notwithstanding paragraph (1) or any other provision of this Act—

“(i) the requirement under paragraph (1) shall not apply to any qualified small public housing agency for fiscal years 2003, 2004, or 2005; and

“(ii) any reference in this section or any other provision of law to a ‘public housing agency’ shall not be considered to refer to any qualified small public housing agency for such fiscal years, to the extent such reference applies to the requirement to submit a public housing agency plan under subsection (b).

“(B) DEFINITION.—For purposes of this paragraph, the term ‘qualified small public housing agency’ means a public housing agency that meets all of the following requirements:

“(i) The sum of (I) the number of public housing dwelling units administered by the agency, and (II) the number of vouchers under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) administered by the agency, is 100 or fewer.

“(ii) The agency is not designated pursuant to section 6(j)(2) as a troubled public housing agency.

“(iii) The agency provides assurances satisfactory to the Secretary that, during fiscal years 2003, 2004, and 2005, notwithstanding the inapplicability of the requirements under section 5A relating to resident advisory boards and public hearings and notice, residents of public housing administered by the agency will have an adequate and comparable opportunity for participation and notice regarding establishment of the goals, objectives, and policies of the public housing agency.”

(b) REPORT.—Not later than September 30, 2004, the Comptroller General of the United States shall submit a report to the Congress describing and analyzing the administrative, financial, and other burdens that would be imposed on public housing agencies described in section 5A(b)(3)(B)(i) of the United States Housing Act of 1937 (42 U.S.C. 1437c–1(b)(3)(B)(i)), as amended by subsection (a) of this section, if such agencies were required to comply fully with the requirements under section 5A(b)(1) of such Act.

**SEC. 504. AFFORDABLE ASSISTED LIVING FACILITIES DEMONSTRATION PROGRAM.**

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 new section:

**“SEC. 36. DEMONSTRATION PROGRAM FOR GRANTS FOR CONVERSION OF PUBLIC HOUSING TO ASSISTED LIVING FACILITIES.**

“(a) **GRANT AUTHORITY.**—To the extent only that amounts are appropriated in advance to carry out this section, the Secretary shall carry out a program, in accordance with this section, to demonstrate the effectiveness of making grants to public housing agencies for use for activities designed to convert dwelling units in eligible projects described in subsection (b) to assisted living facilities or other facilities that expand the availability of supportive services, to enhance the ability of elderly persons to maintain independent living.

“(b) **ELIGIBLE PROJECTS.**—An eligible project described in this subsection is a public housing project (or a portion thereof) that is primarily occupied by elderly persons.

“(c) **APPLICATIONS.**—Applications for grants under the demonstration program under this section shall be submitted to the Secretary in accordance with such procedures as the Secretary shall establish. Such applications shall contain—

“(1) a description of the proposed conversion activities for which a grant under the program is requested;

“(2) the amount of the grant requested;

“(3) a description of the resources that are expected to be made available, if any, in conjunction with the grant under the program; and

“(4) such other information or certifications that the Secretary determines to be necessary or appropriate.

“(d) **FUNDING FOR SERVICES.**—The Secretary may not make a grant under the demonstration program under this section unless the application contains sufficient evidence, in the determination of the Secretary, that there will be adequate funding for supportive services for residents of the facility converted with grant amounts.

“(e) **SERVICE COORDINATORS.**—An application for a grant under the demonstration program under this section may include a request for, and the Secretary may provide funds under the grant for, amounts to provide service coordinators to assist in the provision of supportive services for residents of the facilities converted with grant amounts.

“(f) **SCOPE.**—Grants under the demonstration program under this section may be made only with respect to three eligible projects.

“(g) **SELECTION CRITERIA.**—The Secretary shall select applications for grants under the demonstration program under this section based upon selection criteria, which shall be established by the Secretary and shall include—

“(1) the extent to which the conversion is likely to provide assisted living facilities or supportive services that are needed or are expected to be needed by the categories of elderly persons that the assisted living facility is intended to serve;

“(2) the extent of financial need on the part of the applicant for funding to carry out the conversion activities proposed;

“(3) the extent to which the agency has evidenced community support for the conversion, by such indicators as letters of support from the local community for the conversion and financial contributions from public and private sources;

“(4) the extent to which the applicant demonstrates a strong commitment to promoting the autonomy and independence of the elderly persons that the assisted living facility or other supportive services facility is intended to serve;

“(5) the quality, completeness, and managerial capability of providing services to elderly residents, especially in such areas as meals, 24-hour staffing, and on-site health care; and

“(6) such other criteria as the Secretary determines to be appropriate to ensure that funds made available under the demonstration program under this section are used effectively.

“(h) **DEFINITION.**—For the purposes of this section, the term ‘assisted living facility’ has the meaning given such term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)).

“(i) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated for providing grants under the demonstration program under this section such sums as may be necessary for each of fiscal years 2003 and 2004.”.

**SEC. 505. PROTECTION OF INNOCENT TENANTS.**

Paragraph (6) of section 6(l) of the United States Housing Act of 1937 (42 U.S.C. 1437d(l)(6)) is amended by inserting before the semicolon at the end the following: “; except that such criminal activity, engaged in by a member of a tenant’s household or any guest or other person under the tenant’s control, shall not be cause for termination of tenancy of the tenant if the tenant or immediate member of the tenant’s family is a victim of domestic violence or dating violence and, as a result, could not control or prevent the criminal activity relating to domestic violence or dating violence; and except that nothing in this paragraph may be construed to limit the



authority of a public housing agency to evict individuals who engage in criminal acts of physical violence against family members or others, and in all cases, a public housing agency shall consider the safety, security, and continued maintenance of victims of domestic violence to be of paramount importance”.

## Subtitle B—HOPE VI Revitalization Program

### SEC. 521. SELECTION CRITERIA.

Section 24(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437v(e)(2)) is amended—

(1) by striking the matter preceding subparagraph (A) and inserting the following:

“(2) SELECTION CRITERIA.—The Secretary shall establish criteria for the award of grants under this section and shall include among the factors—”;

(2) in subparagraph (B), by striking “large-scale”;

(3) in subparagraph (D), by inserting “and ongoing implementation” after “development”;

(4) in subparagraph (H), by striking “and” at the end;

(5) by redesignating subparagraph (I) as subparagraph (M); and

(6) by inserting after subparagraph (H) the following new subparagraphs:

“(I) the extent to which the applicant can commence and complete the revitalization plan expeditiously;

“(J) the extent to which the plan minimizes temporary or permanent displacement of current residents of the public housing site who wish to remain in or return to the revitalized community;

“(K) the extent to which the plan sustains or creates more project-based housing units available to persons eligible for public housing in markets where there is demand for the maintenance or creation of such units;

“(L) the extent to which the plan gives to existing residents priority for occupancy in dwelling units in the revitalized community; and”.

### SEC. 522. AUTHORIZATION OF APPROPRIATIONS.

Paragraph (1) of section 24(m) of the United States Housing Act of 1937 (42 U.S.C. 1437v(m)(1)) is amended to read as follows:

“(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section such sums as may be necessary for each of fiscal years 2003 and 2004.”.

### SEC. 523. EXTENSION OF PROGRAM.

Section 24(n) of the United States Housing Act of 1937 (42 U.S.C. 1437v(n)) is amended by striking “September 30, 2002” and inserting “September 30, 2004”.

### SEC. 524. HOPE VI GRANTS FOR ASSISTING AFFORDABLE HOUSING THROUGH MAIN STREET PROJECTS.

(a) PURPOSES.—Section 24(a) of the United States Housing Act of 1937 (42 U.S.C. 1437v(a)) is amended by adding after and below paragraph (4) the following:

“It is also the purpose of this section to provide assistance to smaller communities for the purpose of facilitating the development of affordable housing for low-income families that is undertaken in connection with a main street revitalization or redevelopment project in such communities.”.

(b) GRANTS FOR ASSISTING AFFORDABLE HOUSING DEVELOPED THROUGH MAIN STREET PROJECTS IN SMALLER COMMUNITIES.—Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended—

(1) by redesignating subsection (n) as subsection (o); and

(2) by inserting after subsection (m) the following new subsection:

“(n) GRANTS FOR ASSISTING AFFORDABLE HOUSING DEVELOPED THROUGH MAIN STREET PROJECTS IN SMALLER COMMUNITIES.—

“(1) AUTHORITY AND USE OF GRANT AMOUNTS.—The Secretary may make grants under this subsection to smaller communities. Such grant amounts shall be used by smaller communities only to provide assistance to carry out eligible affordable housing activities under paragraph (3) in connection with an eligible project under paragraph (2).

“(2) ELIGIBLE PROJECT.—For purposes of this subsection, the term ‘eligible project’ means a project that—

“(A) the Secretary determines, under the criteria established pursuant to paragraph (3), is a main street project;

“(B) is carried out within the jurisdiction of smaller community receiving the grant; and

- “(C) involves the development of affordable housing that is located in the commercial area that is the subject of the project.
- “(3) MAIN STREET PROJECTS.—The Secretary shall establish requirements for a project to be considered a main street project for purposes of this section, which shall require that the project—
- “(A) has as its purpose the revitalization or redevelopment of a historic or traditional commercial area;
- “(B) involves investment, or other participation, by the government for, and private entities in, the community in which the project is carried out; and
- “(C) complies with such historic preservation guidelines or principles as the Secretary shall identify to preserve significant historic or traditional architectural and design features in the structures or area involved in the project.
- “(4) ELIGIBLE AFFORDABLE HOUSING ACTIVITIES.—For purposes of this subsection, the activities described in subsection (d)(1) shall be considered eligible affordable housing activities, except that—
- “(A) such activities shall be conducted with respect to affordable housing rather than with respect to severely distressed public housing projects; and
- “(B) eligible affordable housing activities under this subsection shall not include the activities described in subparagraphs (B) through (F) or (J) through (L) of subsection (d)(1).
- “(5) MAXIMUM GRANT AMOUNT.—A grant under this subsection for a fiscal year for a single smaller community may not exceed \$1,000,000.
- “(6) CONTRIBUTION REQUIREMENT.—A smaller community applying for a grant under this subsection shall be considered an applicant for purposes of subsection (c) (relating to contributions by applicants), except that—
- “(A) such supplemental amounts shall be used only for carrying out eligible affordable housing activities; and
- “(B) paragraphs (1)(B) and (3) shall not apply to grants under this subsection.
- “(7) APPLICATIONS AND SELECTION.—
- “(A) APPLICATION.—Pursuant to subsection (e)(1), the Secretary shall provide for smaller communities to apply for grants under this subsection, except that the Secretary may establish such separate or additional criteria for applications for such grants as may be appropriate to carry out this subsection.
- “(B) SELECTION CRITERIA.—The Secretary shall establish selection criteria for the award of grants under this subsection, which shall be based on the selection criteria established pursuant to subsection (e)(2), with such changes as may be appropriate to carry out the purposes of this subsection.
- “(8) COST LIMITS.—The cost limits established pursuant to subsection (f) shall apply to eligible affordable housing activities assisted with grant amounts under this subsection.
- “(9) INAPPLICABILITY OF OTHER PROVISIONS.—The provisions of subsections (g) (relating to disposition and replacement of severely distressed public housing), (h) (relating to administration of grants by other entities), and (i) (relating to withdrawal of funding) shall not apply to grants under this subsection.
- “(10) REPORTING.—The Secretary shall require each smaller community receiving a grant under this subsection to submit a report regarding the use of all amounts provided under the grant.
- “(11) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:
- “(A) AFFORDABLE HOUSING.—The term ‘affordable housing’ means rental or homeownership dwelling units that—
- “(i) are made available for initial occupancy subject to the same rules regarding level of income and income mix as dwelling units in public housing projects assisted with a grant under this section; and
- “(ii) are subject to the same rules regarding occupant contribution toward rent or purchase and terms of rental or purchase as dwelling units in public housing projects assisted with a grant under this section.
- “(B) SMALLER COMMUNITY.—The term ‘smaller community’ means a unit of general local government (as such term is defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)) that—
- “(i) has a population of 30,000 or fewer; and
- “(ii)(I) may not be served by a public housing agency; or
- “(II) is served by a single public housing agency, which agency administers 100 or fewer public housing dwelling units.”.

(c) ANNUAL REPORT.—Section 24(l) of the United States Housing Act of 1937 (42 U.S.C. 1437v(l)) is amended—

(1) in paragraph (3), by striking “; and” and inserting “, including a specification of the amount and type of assistance provided under subsection (n);”;

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following new paragraph:

“(4) the types of projects funded, and number of affordable housing dwelling units developed with, grants under subsection (n); and”.

(d) FUNDING.—Section 24(m) of the United States Housing Act of 1937 (42 U.S.C. 1437v(m)) is amended by adding at the end the following new paragraph:

“(3) Of the amount appropriated pursuant to paragraph (1) for any fiscal year, the Secretary shall provide up to 5 percent for use only for grants under subsection (n).”.

## **TITLE VI—HOMELESS HOUSING PROGRAMS**

### **SEC. 601. UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS.**

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 208 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11318) is amended to read as follows:

#### **“SEC. 208. AUTHORIZATION OF APPROPRIATIONS.**

“There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 2003 and 2004.”.

(b) REDESIGNATION OF COUNCIL.—Title II of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11311 et seq.) is amended—

(1) by striking the title designation and heading and inserting the following:

### **“TITLE II—UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS”;**

(2) in section 201, by striking “Interagency Council on the Homeless” and inserting “United States Interagency Council on Homelessness”; and

(3) in section 207(1), by striking “Interagency Council on the Homeless” and inserting “United States Interagency Council on Homelessness”.

(c) CONFORMING AMENDMENTS.—The McKinney-Vento Homeless Assistance Act is amended—

(1) in section 102(b)(1) (42 U.S.C. 11301(b)(1)), by striking “an Interagency Council on the Homeless” and inserting “the United States Interagency Council on Homelessness”;

(2) in section 501 (42 U.S.C. 11411), in subsections (c)(2)(A) and (d)(3), by striking “Interagency Council on the Homeless” each place such term appears and inserting “United States Interagency Council on Homelessness”; and

(3) in the table of contents in section 101(b) (42 U.S.C. 11301 note), by striking the item relating to title II and inserting the following new item:

“TITLE II—UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS”.

### **SEC. 602. FEDERAL EMERGENCY MANAGEMENT AGENCY FOOD AND SHELTER PROGRAM.**

Section 322 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11352) is amended to read as follows:

#### **“SEC. 322. AUTHORIZATION OF APPROPRIATIONS.**

“There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 2003 and 2004.”.

### **SEC. 603. EMERGENCY SHELTER GRANTS PROGRAM.**

Section 417 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11377) is amended to read as follows:

#### **“SEC. 417. AUTHORIZATION OF APPROPRIATIONS.**

“There are authorized to be appropriated to carry out this subtitle such sums as may be necessary for each of fiscal years 2003 and 2004.”.

### **SEC. 604. SUPPORTIVE HOUSING PROGRAM.**

(a) AUTHORIZATION OF APPROPRIATIONS.—Subsection (a) of section 429 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11389(a)) is amended to read as follows:

“(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle (not including activities funded pursuant to subsection (d) of this section) such sums as may be necessary for each of fiscal years 2003 and 2004.”

(b) FUNDING OF RENEWALS THROUGH HOUSING CERTIFICATE FUND.—Section 429 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11389) is amended by adding at the end the following new subsection:

“(d) FUNDING OF RENEWALS.—

“(1) IN GENERAL.—For fiscal year 2003 and fiscal years thereafter, assistance under this subtitle may be funded using amounts appropriated for section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

“(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to any amounts otherwise made available for assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), there are authorized to be appropriated such sums as may be necessary for each of fiscal years 2003 and 2004 for the renewal of contracts for permanent housing activities under this subtitle. Any such renewals shall be made only for a term of one year.”

(c) SET-ASIDE.—Subtitle A of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended by adding at the end the following new section:

**“SEC. 403. SET-ASIDE FOR PERMANENT HOUSING.**

“Notwithstanding any other provision of this title, of the aggregate amount made available for assistance under this title for any fiscal year, not less than 30 percent shall be used only for permanent housing activities for homeless persons. Amounts made available under section 429(d) or 463(c) for renewals of contracts for permanent housing shall be disregarded for purposes of the preceding sentence. For purposes of this section, the term ‘permanent housing activities’ includes permanent housing designed primarily to serve homeless families with children.”

(d) ELIMINATION OF CAP ON CAPITAL EXPENSES.—Section 423(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11383(a)) is amended—

(1) in the first sentence of paragraph (1)—

(A) by striking “, in an amount not to exceed \$200,000,”; and

(B) by striking “, except that” and all that follows through “rehabilitation costs”; and

(2) in paragraph (2), by striking “, in an amount not to exceed \$400,000,”.

**SEC. 605. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCUPANCY DWELLINGS.**

Subsection (a) of section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401(a)) is amended to read as follows:

“(a) INCREASE IN BUDGET AUTHORITY.—The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8(e)(2) of such Act (as in effect pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12839(b)(2))) is authorized to be increased by such sums as may be necessary on or after each of October 1, 2002, and October 1, 2003.”

**SEC. 606. SHELTER PLUS CARE.**

(a) AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 463(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11403h(a)) is amended to read as follows: “For purposes of the housing programs under this subtitle, there are authorized to be appropriated to carry out this subtitle (not including activities funded pursuant to subsection (c) of this section) such sums as may be necessary for each of fiscal years 2003 and 2004.”

(b) FUNDING OF RENEWALS THROUGH HOUSING CERTIFICATE FUND.—Section 463 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11403h) is amended by adding at the end the following new subsection:

“(c) FUNDING OF RENEWALS.—

“(1) IN GENERAL.—For fiscal year 2003 and fiscal years thereafter, assistance under this subtitle may be funded using amounts appropriated for section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

“(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to any amounts otherwise made available for assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), there are authorized to be appropriated such sums as may be necessary for each of fiscal years 2003 and 2004 for the renewal of contracts under this subtitle. Any such renewals shall be made only for a term of one year.”

(c) CONDITIONS OF RENEWAL.—Section 456 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11403e) is amended—

(1) by inserting “(a) APPROVAL OF ASSISTANCE.—” before “The Secretary”; and

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

“(b) **CONDITIONS OF RENEWAL.**—The Secretary may not provide assistance under this subtitle for any housing previously assisted under this subtitle unless the unit of general local government in which such project is located certifies that the housing complies with such housing safety and quality standards, as the Secretary shall establish and the Secretary reviews and approves such certification.”.

**SEC. 607. HOUSING FOR DOMESTIC VIOLENCE AND SEXUAL ASSAULT VICTIMS.**

(a) **FUNDING.**—There are authorized to be appropriated such sums as may be necessary for each of fiscal years 2003 through 2007 for assistance under this section.

(b) **HOUSING ASSISTANCE.**—Any amounts made available pursuant to subsection (a) of this section shall be available to the Secretary only to provide assistance to qualified organizations for the purpose of providing, on behalf only of eligible individuals or families—

(1) supportive housing (as such term is defined in section 422 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11382));

(2) tenant-based rental assistance;

(3) financial assistance for a security deposit, first month’s rent, or ongoing rental assistance; or

(4) project-based transitional housing, except that such assistance may be used only to cover expenses of renovation, repair, conversion and operation of such housing.

(c) **ELIGIBLE INDIVIDUALS AND FAMILIES.**—An eligible individual or family under this paragraph is an individual or family that meets both of the following requirements:

(1) **VICTIMS.**—The individual has been victimized by domestic violence, stalking, or adult or child sexual assault or the family is a victimized family.

(2) **RELOCATION.**—The qualified organization providing the housing assistance pursuant to subsection (b) for which the individual or family is applying has determined that the individual or member of the family who was a victim of the domestic violence, stalking, or adult or child sexual assault reasonably believes that relocation from such residence will assist in avoiding future domestic violence, stalking, or adult or child sexual assault against such individual or another member of the family.

(d) **MATCHING REQUIREMENT.**—Each qualified organization receiving assistance under this section shall supplement such assistance with a 25 percent match of funds for supportive services (as such term is defined in section 422 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11382)) from sources other than this section. Each such organization shall certify to the Secretary its compliance with this section and shall include with the certification a description of the sources and amounts of such supplemental funds.

(e) **ALLOCATION.**—

(1) **COMPETITION.**—Amounts made available pursuant to this section shall be allocated by the Secretary, among qualified organizations that submit applications to the Secretary, under a national competition based on demonstrated need for such assistance, including the extent of service provided to underserved populations (as such term is defined in section 2003 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–2)) and the ability to undertake and carry out a program under this section, as the Secretary shall determine.

(2) **SET ASIDE FOR INDIAN TRIBES.**—Of the total funds made available pursuant to subsection (a) for any fiscal year, at least 10 percent shall be used for grants to Indian tribes or Indian tribal organizations that provide emergency shelter, transitional housing, or permanent housing or supportive services to individuals or families victimized by domestic violence, stalking, or adult or child sexual assault. Indian tribes or Indian tribal organizations that receive such grants may apply for and receive other grants from the total funds appropriated under this section. All other grants awarded shall go to qualified organizations.

(f) **APPLICATIONS.**—The Secretary shall provide for qualified organizations to apply for assistance under this section and shall require that such an application shall—

(1) contain such certifications as the Secretary shall require to ensure that—

(A) the applicant organization, to the extent practicable, has entered into cooperative agreements or memoranda of understanding with homeless coalitions, public housing authorities, and community-based agencies that represent underserved populations to establish procedures for facilitating referrals to transitional housing and for implementing tenant-based housing assistance programs; and

(B) any construction or physical improvements carried out with assistance amounts under this section will comply with any applicable housing,

safety, and licensing codes, laws, or regulations of the State or local government in which the structure is located; and

(2) describe how the services to be provided with assistance under this section will assist victims of domestic violence in obtaining permanent housing.

(g) CONFIDENTIALITY.—A qualified organization may not be provided assistance under this section unless the organization agrees to ensure the confidentiality of—

(1) the names of individuals and their dependents assisted with services or in facilities funded, in whole or in part, with such amounts; and

(2) any other information regarding such individuals and dependents, except to the extent such information is otherwise required by law to be disclosed.

(h) DEFINITIONS.—For purposes of this section:

(1) DOMESTIC VIOLENCE.—The term “domestic violence” includes acts or threats of violence or extreme cruelty (as such term is referred to in section 216 of the Immigration and Nationality Act (8 U.S.C. 1186a)), not including acts of self-defense, committed by a current or former spouse of the victim, by a person with whom the victim has a child in common, by a person who is cohabiting with or has cohabited with the victim, by a person who is or has been in a continuing social relationship of a romantic or intimate nature with the victim, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction, or by any other person against a victim who is protected from that person’s acts under the domestic or family violence laws of the jurisdiction.

(2) VICTIMIZED FAMILY.—

(A) IN GENERAL.—The term “victimized family” means a family or household that includes an individual who has been determined under subparagraph (B) to have been a victim of domestic violence, stalking, or adult or child sexual assault, but does not include any individual who committed the domestic violence, sexual assault, or adult or child sexual assault. The term includes any such family or household in which only a minor or minors are the individual or individuals who was or were a victim of domestic violence, stalking, or sexual assault only if such family or household also includes a parent, stepparent, legal guardian, or other responsible caretaker for the child.

(B) DETERMINATION.—For purposes of subparagraph (A), a determination under this subparagraph is a determination that domestic violence, stalking, or adult or child sexual assault has been committed, which is made by any agency or official of a State, Indian tribe, tribal organization, or unit of general local government based upon any reliable evidence that domestic violence, stalking, or adult or child sexual assault has occurred. A victim’s statement that domestic violence, stalking, or adult or child sexual assault has occurred shall be sufficient unless the agency has an independent, reasonable basis to find the individual not credible.

(3) INDIAN TRIBE.—The term “Indian Tribe” shall have the same meaning given the term in section 2003 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–2).

(4) QUALIFIED ORGANIZATION.—The term “qualified organization” means a private, nongovernmental organization that—

(A) is organized, or has as its primary purposes, to provide emergency shelter, transitional housing, or permanent housing for victims of domestic violence, stalking, or adult or child sexual assault or is a medical, legal, counseling, social, psychological, health, job training, educational, life skills development, or other social services program for victims of domestic violence, stalking, or adult or child sexual assault that undertakes a collaborative project with a qualified, nonprofit, nongovernmental organization that primarily provides emergency shelter, transitional housing, or permanent housing for low-income people;

(B) is organized under State, tribal, or local laws;

(C) has no part of its net earnings inuring to the benefit of any member, shareholder, founder, contributor, or individual; and

(D) is approved by the Secretary as to financial responsibility.

(5) SECRETARY.—The term “Secretary” means the Secretary of Housing and Urban Development.

(6) SEXUAL ASSAULT.—The term “sexual assault” means any conduct proscribed by chapter 109A of title 18, United States Code, whether or not the conduct occurs in the special maritime and territorial jurisdiction of the United States, on an Indian reservation, or in a Federal prison and includes both assaults committed by offenders who are strangers to the victims and assaults committed by offenders who are known to the victims or related by blood or marriage to the victim.

(7) **STALKING.**—The term “stalking” means engaging in a course of conduct directed at a specific person that would cause a reasonable person to fear death, sexual assault, or bodily injury to himself or herself or a member of his or her immediate family, when the person engaging in such conduct has knowledge or should have knowledge that the specific person will be placed in reasonable fear of death, sexual assault, or bodily injury to himself or herself or a member of his or her immediate family and when the conduct induces fear in the specific person of death, sexual assault, or bodily injury to himself or herself or a member of his or her immediate family.

(8) **STATE.**—The term “State” means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

(9) **TRANSITIONAL HOUSING.**—The term “transitional housing” includes short-term housing and has the meaning given such term in section 424(b) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11384(b)).

(10) **TRIBAL ORGANIZATION.**—The term “tribal organization” means a private, nonprofit, nongovernmental, or tribally chartered organization—

(A) whose primary purpose is to provide emergency shelter, transitional housing, or permanent housing or supportive services to individuals or families victimized by domestic violence, stalking, or adult or child sexual assault;

(B) that operates within the exterior boundaries of an Indian reservation; and

(C) whose board of directors reflects the population served.

(11) **UNIT OF GENERAL LOCAL GOVERNMENT.**—The term “unit of general local government” has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)).

#### **SEC. 608. NATIONAL GOAL OF ENDING HOMELESSNESS.**

(a) **IN GENERAL.**—The McKinney-Vento Homeless Assistance Act (42 U.S.C. 11301 et seq.) is amended by inserting before title I the following new section:

##### **“SECTION 1. NATIONAL GOAL OF ENDING HOMELESSNESS.**

“The Congress hereby declares that it is a national goal to end homelessness within 10 years after the enactment of the Housing Affordability for America Act of 2002.”

(b) **AMENDMENT TO TABLE OF CONTENTS.**—The table of contents in section 101(b) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11301 note) is amended by inserting before the item relating to title I the following new item:

“Sec. 1. National goal of ending homelessness.”.

#### **SEC. 609. CLERICAL AMENDMENTS.**

(a) **AMENDMENT TO SUBTITLE HEADING.**—The heading for subtitle A of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended to read as follows:

### **“Subtitle A—General Provisions”.**

(b) **TABLE OF CONTENTS.**—The table of contents in section 101(b) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11301 note) is amended—

(1) by striking the item relating to subtitle A of title IV and inserting the following new item:

“Subtitle A—General Provisions”;

(2) by inserting after the item relating to section 401 the following new items:

“Sec. 402. Discharge coordination policy.

“Sec. 403. Set-aside for permanent housing.”;

and

(3) by striking the item relating to section 443 and inserting the following new item:

“Sec. 443. Environmental review.”.

## TITLE VII—NATIVE AMERICAN HOUSING

### SEC. 701. REAUTHORIZATION OF NATIVE AMERICAN HOUSING AND SELF-DETERMINATION ACT OF 1996.

(a) BLOCK GRANT ASSISTANCE.—Section 108 of the Native American Housing and Self-Determination Act of 1996 (25 U.S.C. 4117) is amended to read as follows:

#### “SEC. 108. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated for grants under this title such sums as may be necessary for each of fiscal years 2003 and 2004.”.

#### (b) GUARANTEES FOR TRIBAL HOUSING ACTIVITIES LOANS.—

(1) AGGREGATE FISCAL YEAR LIMITATION.—Section 605(a) of the Native American Housing and Self-Determination Act of 1996 (25 U.S.C. 4195(a)) is amended by striking “1997, 1998, 1999, 2000, and 2001” and inserting “2003 and 2004”.

(2) AUTHORIZATION OF APPROPRIATIONS FOR CREDIT SUBSIDY.—Section 605(b) of the Native American Housing and Self-Determination Act of 1996 (25 U.S.C. 4195(b)) is amended by striking “1997, 1998, 1999, 2000, and 2001” and inserting “2003 and 2004”.

(c) TRAINING AND TECHNICAL ASSISTANCE.—Section 703 of the Native American Housing and Self-Determination Act of 1996 (25 U.S.C. 4212) is amended by striking “1997, 1998, 1999, 2000, and 2001” and inserting “2003 and 2004”.

### SEC. 702. COMPREHENSIVE PLANNING UNDER NATIVE AMERICAN HOUSING BLOCK GRANT PROGRAM.

Section 101(h) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4111(h)) is amended—

(1) by inserting after “Act” the first place such term appears the following: “for comprehensive housing and community development planning activities and”; and

(2) in the subsection heading, by inserting “AND PLANNING” after “ADMINISTRATIVE”.

### SEC. 703. LANDS TITLE REPORT COMMISSION.

(a) ESTABLISHMENT.—Section 501(a) of the American Homeownership and Economic Opportunity Act of 2000 (25 U.S.C. 4043 note) is amended by striking “Subject to sums being provided in advance in appropriations Acts, there” and inserting “There”.

(b) APPOINTMENT OF MEMBERS.—Section 501(b)(1) of the American Homeownership and Economic Opportunity Act of 2000 (25 U.S.C. 4043 note) is amended by striking “this Act” and inserting “the American Indian Lands Title Report Commission Corrections Act”.

(c) INITIAL MEETING.—Section 501(c) of the American Homeownership and Economic Opportunity Act of 2000 (25 U.S.C. 4043 note) is amended by striking “the Chairperson of the Commission determines that sums sufficient for the Commission to carry out its duties under this Act have been appropriated for such purpose” and inserting “the completion of the appointment of the initial members pursuant to subsection (b)(1)”.

## TITLE VIII—HOUSING IMPACT ANALYSIS

### SEC. 801. APPLICABILITY.

Except as provided in section 802, the requirements of this title shall apply with respect to—

(1) any proposed rule, unless the agency promulgating the rule—

(A) has certified that the proposed rule will not, if given force or effect as a final rule, have a significant deleterious impact on housing affordability; and

(B) has caused such certification to be published in the Federal Register at the time of publication of general notice of proposed rulemaking for the rule, together with a statement providing the factual basis for the certification; and

(2) any final rule, unless the agency promulgating the rule—

(A) has certified that the rule will not, if given force or effect, have a significant deleterious impact on housing affordability; and

(B) has caused such certification to be published in the Federal Register at the time of publication of the final rule, together with a statement providing the factual basis for the certification.



Any agency making a certification under this section shall provide a copy of such certification and the statement providing the factual basis for the certification to the Secretary of Housing and Urban Development.

**SEC. 802. EXCEPTION FOR CERTAIN BANKING RULES.**

The requirements of this title shall not apply to any proposed or final rule relating to—

- (1) the operations, safety, or soundness of—
  - (A) federally insured depository institutions or any affiliate of such an institution (as such term is defined in section 2(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(k)));
  - (B) credit unions;
  - (C) the Federal home loan banks;
  - (D) the enterprises (as such term is defined in section 1303 of the Housing and Community Development Act of 1992 (12 U.S.C. 4502));
  - (E) a Farm Credit System institution; or
  - (F) foreign banks or their branches, agencies, commercial lending companies, or representative offices that operate in the United States, or any affiliate of a foreign bank (as such terms are defined in section 1 of the International Banking Act of 1978 (12 U.S.C. 3101)); or
- (2) the payments system or the protection of deposit insurance funds or the Farm Credit Insurance Fund.

**SEC. 803. STATEMENT OF PROPOSED RULEMAKING.**

Whenever an agency publishes general notice of proposed rulemaking for any proposed rule, unless the agency has made a certification under section 801, the agency shall—

- (1) in the notice of proposed rulemaking—
  - (A) state with particularity the text of the proposed rule; and
  - (B) request any interested persons to submit to the agency any written analyses, data, views, and arguments, and any specific alternatives to the proposed rule;
- (2) provide an opportunity for interested persons to take the actions specified under paragraph (1)(B) before promulgation of the final rule; and
- (3) prepare and make available for public comment an initial housing impact analysis in accordance with the requirements of section 804.

**SEC. 804. INITIAL HOUSING IMPACT ANALYSIS.**

(a) **REQUIREMENTS.**—Each initial housing impact analysis shall describe the impact of the proposed rule on housing affordability. The initial housing impact analysis or a summary shall be published in the Federal Register at the same time as, and together with, the publication of general notice of proposed rulemaking for the rule. The agency shall transmit a copy of the initial housing impact analysis to the Secretary of Housing and Urban Development.

(b) **CONTENTS.**—Each initial housing impact analysis required under this section shall contain—

- (1) a description of the reasons why action by the agency is being considered;
- (2) a succinct statement of the objectives of, and legal basis for, the proposed rule;
- (3) a description of and, where feasible, an estimate of the extent to which the proposed rule would increase the cost or reduce the supply of housing or land for residential development; and
- (4) an identification, to the extent practicable, of all relevant Federal rules which may duplicate, overlap, or conflict with the proposed rule.

**SEC. 805. FINAL HOUSING IMPACT ANALYSIS.**

(a) **REQUIREMENT.**—Whenever an agency promulgates a final rule after publication of a general notice of proposed rulemaking, unless the agency has made the certification under section 801, the agency shall prepare a final housing impact analysis.

(b) **CONTENTS.**—Each final housing impact analysis shall contain—

- (1) a succinct statement of the need for, and objectives of, the rule;
- (2) a summary of the significant issues, analyses, and alternatives to the proposed rule raised during the public comment period in response to the proposed rule and initial housing impact analysis, a summary of the assessment of the agency of such issues, analyses, and alternatives, and a statement of any changes made in the proposed rule as a result of such comments; and
- (3) a description of and an estimate of the extent to which the rule will impact housing affordability or an explanation of why no such estimate is available.

(c) **AVAILABILITY.**—The agency shall make copies of the final housing impact analysis available to members of the public and shall publish in the Federal Register such analysis or a summary thereof.

**SEC. 806. AVOIDANCE OF DUPLICATIVE OR UNNECESSARY ANALYSES.**

(a) **DUPPLICATION.**—Any Federal agency may perform the analyses required by sections 804 and 805 in conjunction with or as a part of any other agenda or analysis required by any other law, executive order, directive, or rule if such other analysis satisfies the provisions of such sections.

(b) **JOINDER.**—In order to avoid duplicative action, an agency may consider a series of closely related rules as one rule for the purposes of sections 804 and 805.

**SEC. 807. PREPARATION OF ANALYSES.**

In complying with the provisions of sections 804 and 805, an agency may provide either a quantifiable or numerical description of the effects of a proposed rule or alternatives to the proposed rule, or more general descriptive statements if quantification is not practicable or reliable.

**SEC. 808. EFFECT ON OTHER LAW.**

The requirements of sections 804 and 805 do not alter in any manner standards otherwise applicable by law to agency action.

**SEC. 809. PROCEDURE FOR WAIVER OR DELAY OF COMPLETION.**

(a) **INITIAL HOUSING IMPACT ANALYSIS.**—An agency head may waive or delay the completion of some or all of the requirements of section 804 by publishing in the Federal Register, not later than the date of publication of the final rule, a written finding, with reasons therefor, that the final rule is being promulgated in response to an emergency that makes compliance or timely compliance with the provisions of section 801 impracticable.

(b) **FINAL HOUSING IMPACT ANALYSIS.**—An agency head may not waive the requirements of section 805. An agency head may delay the completion of the requirements of section 805 for a period of not more than 180 days after the date of publication in the Federal Register of a final rule by publishing in the Federal Register, not later than such date of publication, a written finding, with reasons therefor, that the final rule is being promulgated in response to an emergency that makes timely compliance with the provisions of section 805 impracticable. If the agency has not prepared a final housing impact analysis pursuant to section 805 within 180 days from the date of publication of the final rule, such rule shall lapse and have no force or effect. Such rule shall not be repromulgated until a final housing impact analysis has been completed by the agency.

**SEC. 810. DEFINITIONS.**

For purposes of this title, the following definitions shall apply:

(1) **AGENCY.**—The term “agency” means each authority of the Government of the United States, whether or not it is within or subject to review by another agency, but does not include—

- (A) the Congress;
- (B) the courts of the United States;
- (C) the governments of the territories or possessions of the United States;
- (D) the government of the District of Columbia;
- (E) agencies composed of representatives of the parties or of representatives of organizations of the parties to the disputes determined by them;
- (F) courts-martial and military commissions;
- (G) military authority exercised in the field in time of war or in occupied territory; or
- (H) functions conferred by—
  - (i) sections 1738, 1739, 1743, and 1744 of title 12, United States Code;
  - (ii) chapter 2 of title 41, United States Code;
  - (iii) subchapter II of chapter 471 of title 49, United States Code; or
  - (iv) sections 1884, 1891–1902, and former section 1641(b)(2), of title 50, appendix, United States Code.

(2) **FAMILIES.**—The term “families” has the meaning given such term in section 3 of the United States Housing Act of 1937.

(3) **HOUSING AFFORDABILITY.**—The term “housing affordability” means the quantity of housing that is affordable to families having incomes that do not exceed 150 percent of the median income of families in the area in which the housing is located, with adjustments for smaller and larger families. For purposes of this paragraph, area, median family income for an area, and adjustments for family size shall be determined in the same manner as such factors

are determined for purposes of section 3(b)(2) of the United States Housing Act of 1937.

(4) **RULE.**—The term “rule” means any rule for which the agency publishes a general notice of proposed rulemaking pursuant to section 553(b) of title 5, United States Code, or any other law, including any rule of general applicability governing grants by an agency to State and local governments for which the agency provides an opportunity for notice and public comment; except that such term does not include a rule of particular applicability relating to rates, wages, corporate or financial structures or reorganizations thereof, prices, facilities, appliances, services, or allowances therefor or to valuations, costs or accounting, or practices relating to such rates, wages, structures, prices, appliances, services, or allowances.

(5) **SIGNIFICANT.**—The term “significant” means increasing consumers’ cost of housing by more than \$100,000,000 per year.

#### **SEC. 811. DEVELOPMENT.**

Not later than 1 year after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall develop model initial and final housing impact analyses under this title and shall cause such model analyses to be published in the Federal Register. The model analyses shall define the primary elements of a housing impact analysis to instruct other agencies on how to carry out and develop the analyses required under sections 804 and 805

#### **SEC. 812. JUDICIAL REVIEW.**

(a) **DETERMINATION BY AGENCY.**—Except as otherwise provided in subsection (b), any determination by an agency concerning the applicability of any of the provisions of this title to any action of the agency shall not be subject to judicial review.

(b) **OTHER ACTIONS BY AGENCY.**—Any housing impact analysis prepared under section 804 or 805 and the compliance or noncompliance of the agency with the provisions of this title shall not be subject to judicial review. When an action for judicial review of a rule is instituted, any housing impact analysis for such rule shall constitute part of the whole record of agency action in connection with the review.

(c) **EXCEPTION.**—Nothing in this section bars judicial review of any other impact statement or similar analysis required by any other law if judicial review of such statement or analysis is otherwise provided by law.

## **TITLE IX—OTHER HOUSING PROGRAMS**

#### **SEC. 901. GNMA GUARANTEE FEE.**

Section 972 of the Higher Education Amendments of 1998 (Public Law 105–244; 112 Stat. 1837) is hereby repealed.

#### **SEC. 902. HOUSING COUNSELING PROGRAMS.**

(a) **DESIGNATION OF OFFICE RESPONSIBLE FOR HOUSING COUNSELING FUNCTIONS.**—Section 4 of the Department of Housing and Urban Development Act (42 U.S.C. 3533) is amended by adding at the end the following new subsection:

“(g)(1) The Secretary shall designate a single office of the Department in existence on the date of the enactment of the Housing Affordability for America Act of 2002 to establish, coordinate, and administrate all individual program requirements, standards, and performance measures under programs and laws administered by the Department that relate to housing counseling, homeownership counseling, mortgage-related counseling, and rental housing counseling, including the requirements, standards, and performance measures relating to housing counseling pursuant to the provisions of law specified in paragraph (2). To the extent that the Secretary is authorized by law to provide housing counseling services, the Secretary, in such circumstances or under such programs as the Secretary considers appropriate, may authorize such office to provide such housing counseling services.

“(2) The provisions specified in this paragraph are as follows:

“(A) Section 105(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 42 5305(a)(20)).

“(B) In the United States Housing Act of 1937—

- “(i) section 9(e) (42 U.S.C. 1437g(e));
- “(ii) section 8(y)(1)(D) (42 U.S.C. 1437f(y)(1)(D));
- “(iii) section 18(a)(4)(D) (42 U.S.C. 1437p(a)(4)(D));
- “(iv) section 23(c)(4) (42 U.S.C. 1437u(c)(4));
- “(v) section 32(e)(4) (42 U.S.C. 1437z–4(e)(4));
- “(vi) section 33(d)(2)(B) (42 U.S.C. 1437z–5(d)(2)(B));
- “(vii) sections 302(b)(6) and 303(b)(7) (42 U.S.C. 1437aaa–1(b)(6), 1437aaa–2(b)(7)); and

- “(viii) section 304(c)(4) (42 U.S.C. 1437aaa–3(c)(4)).
- “(C) Section 302(a)(4) of the American Homeownership and Economic Opportunity Act of 2000 (42 U.S.C. 1437f note).
- “(D) Sections 233(b)(2) and 258(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12773(b)(2), 12808(b)).
- “(E) Sections 101(e) and 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701w(e), 1701x).
- “(F) Section 220(d)(2)(G) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4110(d)(2)(G)).
- “(G) Sections 422(b)(6), 423(b)(7), 424(c)(4), 442(b)(6), and 443(b)(6) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12872(b)(6), 12873(b)(7), 12874(c)(4), 12892(b)(6), and 12893(b)(6)).
- “(H) Section 491(b)(1)(F)(iii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11408(b)(1)(F)(iii)).
- “(I) Sections 202(3) and 810(b)(2)(A) of the Native American Housing and Self-Determination Act of 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A)).
- “(J) In the National Housing Act—
  - “(i) in section 203 (12 U.S.C. 1709), the penultimate undesignated paragraph of paragraph (2) of subsection (b), subsection (c)(2)(A), and subsection (r)(4);
  - “(ii) subsections (a) and (c)(3) of section 237 (12 U.S.C. 1715z–2); and
  - “(iii) subsections (d)(2)(B) and (m)(1) of section 255 (12 U.S.C. 1715z–20).
- “(K) Section 502(h)(4)(B) of the Housing Act of 1949 (42 U.S.C. 1472(h)(4)(B)).
- “(L) Section 508 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z–7).”.

(b) REPORT.—Not later than September 30, 2003, the Secretary of Housing and Urban Development shall submit a report to the Congress that—

- (1) identifies the programs administered by the Department of Housing and Urban Development under which housing counseling is required, assisted, or made available;
- (2) describes the counseling offered or provided under each such program, including the provider of such counseling; and
- (3) specifies any amounts made available under law for technical assistance or similar functions which are used to provide housing counseling.

#### SEC. 903. ASSISTANCE FOR SELF-HELP HOUSING PROVIDERS.

(a) LIMITATION ON ELIGIBLE EXPENSES.—Section 11(d) of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note) is amended by adding at the end the following new paragraph:

“(3) LIMITATION ON ELIGIBLE EXPENSES.—The amount from grants under this section that is used for eligible expenses (as such term is defined under paragraph (2)) in connection with developing dwelling units described in paragraph (1) may not exceed an average of \$15,000 per dwelling unit developed by the grantee organization or consortium, except that the Secretary may increase such \$15,000 amount for any particular geographic region that the Secretary determines has elevated costs of land acquisition or infrastructure improvement.”.

(b) EXTENSION OF PERIOD FOR USE OF GRANTS.—Section 11 of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note) is amended—

- (1) in subsection (i)(5), by inserting before the semicolon the following: “, and except that the Secretary may extend such period for any organization or consortia to not more than 48 months in any case in which the Secretary determines, in the sole discretion of the Secretary, that extraordinary circumstances (including a national emergency) warrant such extension”; and
- (2) in subsection (j), by adding at the end the following: “The Secretary may extend the period otherwise applicable under this subsection for any organization or consortia to not more than 48 months in any case in which the Secretary determines, in the sole discretion of the Secretary, that extraordinary circumstances (including a national emergency) warrant such extension.”.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 11(p) of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note) is amended by striking “fiscal year 2001” and inserting “each of fiscal years 2003 and 2004”.

#### SEC. 904. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS.

Section 863 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12912) is amended to read as follows:

##### “SEC. 863. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated for grants under sections 860 and 861 such sums as may be necessary for each of fiscal years 2003 and 2004.”.

**SEC. 905. USE OF CDBG AMOUNTS FOR CONSTRUCTION OF TORNADO-SAFE SHELTER FOR MANUFACTURED HOUSING PARKS.**

(a) IN GENERAL.—Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is amended—

- (1) in paragraph (22), by striking “and” at the end;
- (2) in paragraph (23), by striking the period at the end and inserting a semicolon;
- (3) in paragraph (25), by striking the period at the end and inserting a semicolon; and
- (4) by inserting at the end the following new paragraph:

“(26) the construction or improvement of tornado- or storm-safe shelters for manufactured housing parks and residents of other manufactured housing, the acquisition of real property for sites for such shelters, and the provision of assistance (including loans and grants) to nonprofit or for-profit entities (including owners of such parks) for such construction, improvement, or acquisition, except that a shelter assisted with amounts made available pursuant to this paragraph shall be located in a neighborhood consisting predominantly of persons of low and moderate income, except that a shelter assisted with amounts made available pursuant to this paragraph may not be made available exclusively for use of the residents of a particular manufactured housing park or of other manufactured housing, but shall generally serve the residents of the area in which it is located; and”.

(b) AUTHORIZATION OF APPROPRIATIONS.—In addition to any amounts otherwise made available for grants under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.), there are authorized to be appropriated such sums as may be necessary for each of fiscal years 2003 and 2004 for assistance only for activities pursuant to section 105(a)(24) of such Act.

**SEC. 906. USE OF CDBG AMOUNTS TO ADMINISTER RENEWAL COMMUNITIES.**

Section 105(a)(13) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(13)) is amended by inserting “and renewal communities” after “enterprise zones”.

**SEC. 907. SUBSIDY LAYERING REVIEW.**

Section 911 of the Housing and Community Development Act of 1992 (42 U.S.C. 3545 note) is amended

- (1) in subsection (a)—
  - (A) by striking “may” and inserting “shall”; and
  - (B) by striking “, submitted in accordance with” and all that follows through the end of the subsection and inserting the following: “that it has made the determination required by subsection (m)(2)(A) of such section 42 upon the first occasion that such determination was required and that it will make such determination upon such additional occasions as are required by law or regulation.”;
- (2) by striking subsections (b) and (c); and
- (3) by redesignating subsection (d) as subsection (b).

**SEC. 908. STUDY OF COMMUNITY RENEWAL PROGRAM.**

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall conduct a study to analyze the extent to which use of 1990 census data for purposes of determining eligibility of areas for designation as renewal communities for purposes of the community renewal program under subchapter X of chapter 1 of Internal Revenue Code of 1986 (26 U.S.C. 1400E et seq.), rather than data from the 2000 census, impairs the ability of communities to fully carry out the purposes of such program.

(b) REPORT.—The Secretary of Housing and Urban Development shall submit a report to the Congress, not later September 30, 2004, setting forth the results of the study conducted pursuant to subsection (a).

**SEC. 909. CORRECTION OF INEQUITIES IN THE SECOND ROUND OF EMPOWERMENT ZONES.**

(a) GRANT AUTHORITY.—There are authorized to be appropriated to the Secretary of Housing and Urban Development such sums as may be necessary to make grant awards to each of 15 urban empowerment zones designated pursuant to section 1391(g) of the Internal Revenue Code of 1986, taking into account any amount made available pursuant to any prior appropriation made for such zones.

(b) AUTHORITY TO USE FUNDS TO IMPLEMENT STRATEGIC PLAN.—Funds appropriated under Federal law for an empowerment zone referred to in subsection (a) may be used to implement the strategic plan for the zone, including—

- (1) economic development;
- (2) infrastructure development;
- (3) workforce development; and
- (4) community development activities.

(c) **AUTHORITY TO USE FUNDS TO PAY NON-FEDERAL SHARE OF MATCHING GRANTS.**—Funds appropriated under any Federal law for an empowerment zone referred to in subsection (a) may be used to pay the non-Federal share required in connection with another Federal grant-in-aid program undertaken as part of activities assisted under this section.

**SEC. 910. EMPLOYMENT OPPORTUNITIES IN PUBLIC AND INDIAN HOUSING AGENCIES.**

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) is amended—

(1) by redesignating subsections (e), (f), and (g) as subsections (f), (g) and (h), respectively;

(2) in subsection (f), as so redesignated, by inserting after paragraph (2) the following new paragraph:

“(3) **ONE-STOP DELIVERY SYSTEM.**—The term ‘one-stop delivery system’ has the meaning given that term in section 134(c) of the Workforce Investment Act of 1998 (29 U.S.C. 2864(c)).”; and

(3) by inserting after subsection (d) the following new subsection:

“(e) **REQUIREMENT FOR HIRING OF NEW EMPLOYEES.**—

“(1) **THIRTY PERCENT REQUIREMENT.**—It shall be a condition of any contract awarded by a public or Indian housing agency for work to be performed in connection with development assistance provided from the Capital Fund under section 9(d) of the United States Housing Act of 1937, or from the Operating Fund under section 9(e) of such Act, that, except as provided in paragraph 2(B), a minimum of 30 percent of all new employees hired by a contractor for work in connection with such contract will be low- or very low-income persons.

“(2) **COMPLIANCE.**—As a condition of any contract awarded for the work described in paragraph (1), any contractor awarded such a contract shall—

“(A)(i) immediately before beginning work under such contract, submit evidence to the satisfaction of the public or Indian housing agency showing that a minimum of 30 percent of all new employees hired for work in connection with such contract are low- or very low-income persons; and

“(ii) submit evidence to the satisfaction of the public or Indian housing agency showing that a minimum of 30 percent of all subsequently hired new employees hired for work in connection with such contract are low- or very low-income persons; or

“(B) if such contractor cannot meet the requirement imposed by paragraph (1)—

“(i) submit evidence to the satisfaction of the public or Indian housing agency showing that such contractor has given notice of such contract to the one-stop delivery system for the area which the housing subject to the contract is located, including the particular skills and qualifications needed by potential new employees for work under such contract; and

“(ii) provide to the public or Indian housing agency evidence, as the Secretary shall by regulation require, sufficient to show that no newly hired employees who are not low- or very low-income persons are performing work in place of skilled low- or very low-income persons who were provided by either the public or Indian housing agency or by the one-stop delivery system.

“(3) **TRAINING.**—Any contractor awarded a contract for the work described in paragraph (1) may not provide on-the-job training to any new employee for work under such contract unless such new employee is a low- or very low-income person.”.

**SEC. 911. ASSISTANCE FOR NONPROFIT PURCHASERS PRESERVING AFFORDABLE HOUSING.**

(a) **GRANTS.**—The Secretary of Housing and Urban Development may make grants, to the extent amounts are made available for such grants, to eligible entities under subsection (b) for use only for operational, working capital, and organizational expenses of such entities and activities by such entities to acquire eligible affordable housing for the purpose of ensuring that the housing will remain affordable, as the Secretary considers appropriate, for low-income or very low-income families (including elderly persons).

(b) **ELIGIBLE ENTITIES.**—The Secretary shall establish standards for entities to be considered eligible entities for purposes of this section, which shall include requirements that an entity shall—

(1) be a nonprofit organization (as such term is defined in section 104 of the Cranston-Gonzalez National Affordable Housing Act) that has a regional or national focus and has been in existence at least 3 years;

(2) have among its purposes maintaining the affordability to low-income or very low-income families of multifamily properties that are at risk of loss from

the inventory of housing that is affordable to low-income or very low-income families;

(3) demonstrate need for assistance under this section for the purposes under subsection (a), experience in carrying out activities referred to in such subsection, and capability to carry out such activities; and

(4) demonstrate financial resources, financial capability, and organizational outreach to make best use of scarce Federal resources by—

(A) leveraging effectively any funding under this section with private-sector capital; and

(B) working in effective cooperation with other similar organizations.

(c) **DEFINITIONS.**—For purposes of this section:

(1) **ELIGIBLE AFFORDABLE HOUSING.**—The term “eligible affordable housing” means housing that—

(A) consists of more than 4 dwelling units;

(B) serves exclusively or predominantly a tenancy of low-income families or very low-income families, or is insured or assisted under a program of the Department of Housing and Urban Development, the Department of Agriculture, or applicable State housing finance agency programs under which the property is subject to limitations on tenant rents, rent contributions, or incomes; and

(C) is at risk, as determined by the Secretary, of having loss of affordability because of market rate conversion, deterioration, or demolition.

(2) **LOW-INCOME FAMILIES; VERY LOW-INCOME FAMILIES.**—The terms “low-income families” and “very low-income families” have the meanings given such terms in section 3(b) of the United States Housing Act of 1937.

(d) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as may be necessary for grants under this section.

#### **SEC. 912. HOMEOWNERSHIP FOR MUNICIPAL EMPLOYEES.**

(a) **ELIGIBLE ACTIVITIES.**—Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

“(27) provision of direct assistance to facilitate and expand homeownership among uniformed employees (including policemen, firemen, and sanitation and other maintenance workers) of, and teachers who are employees of, the metropolitan city or urban county (or an agency or school district serving such city or county) receiving grant amounts under this title pursuant to section 106(b) or the unit of general local government (or an agency or school district serving such unit) receiving such grant amounts pursuant to section 106(d), except that—

“(A) such assistance may only be provided on behalf of such employees who are first-time homebuyers under the meaning given such term in section 104(14) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(14)), except that, for purposes of this paragraph, such section shall be applied by substituting ‘section 105(a)(27) of the Housing and Community Development Act of 1974’ for ‘title II’;

“(B) notwithstanding section 102(a)(20)(B) or any other provision of this title, such assistance may be provided on behalf of such employees whose family incomes do not exceed—

“(i) 115 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families; or

“(ii) with respect only to areas that the Secretary determines have high housing costs, taking into consideration median house prices and median family incomes for the area, 150 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families;

“(C) such assistance shall be used only for acquiring principal residences for such employees, in a manner that involves obligating amounts with respect to any particular mortgage over a period of 1 year or less, by—

“(i) providing amounts for downpayments on mortgages;

“(ii) paying reasonable closing costs normally associated with the purchase of a residence;

“(iii) obtaining pre- or post-purchase counseling relating to the financial and other obligations of homeownership; or

“(iv) subsidizing mortgage interest rates; and

“(D) any residence purchased using assistance provided under this paragraph shall be subject to restrictions on resale that are—

“(i) established by the metropolitan city, urban county, or unit of general local government providing such assistance; and

“(ii) determined by the Secretary to be appropriate to comply with subparagraphs (A) and (B) of section 215(b)(3) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(b)(3)), except that, for purposes of this paragraph, such subparagraphs shall be applied by substituting ‘section 105(a)(27) of the Housing and Community Development Act of 1974’ for ‘this title’.”

(b) **PRIMARY OBJECTIVES.**—Section 105(c) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(c)) is amended by adding at the end the following new paragraph:

“(5) **HOMEOWNERSHIP ASSISTANCE FOR MUNICIPAL EMPLOYEES.**—Notwithstanding any other provision of this title, any assisted activity described in subsection (a)(27) of this section shall be considered, for purposes of this title, to benefit persons of low and moderate income and to be directed toward the objective under section 101(c)(3).”

**SEC. 913. SENSE OF CONGRESS REGARDING HUD OFFICE OF DISABILITY POLICY.**

(a) **CONGRESSIONAL FINDINGS.**—The Congress finds that—

- (1) 54,000,000 Americans have disabilities;
- (2) 1,300,000 disabled Americans have worst-case housing needs;
- (3) people with disabilities and their families face unique challenges in securing adequate housing;
- (4) it is the policy of the United States, as enshrined in the Fair Housing Act, the Rehabilitation Act of 1973 and the Americans With Disabilities Act of 1990, and other Federal laws, that the disabled have the same rights to housing as other Americans;
- (5) people with disabilities represent an important constituency of the Department of Housing and Urban Development and rely heavily on many of the Department’s programs for their housing needs;
- (6) people with disabilities need a single, one-stop source for help with their housing needs;
- (7) people with disabilities need an advocate within HUD;
- (8) HUD has designated a Deputy Assistant Secretary for Special Needs whose responsibilities includes many populations with housing challenges, but people with disabilities are not specifically cited as among those responsibilities;
- (9) HUD has, in the past, established special resource offices, such as the Veteran Resource Center (HUDVET), to provide information on HUD’s community-based programs and services to specific HUD constituents and their families;
- (10) people with disabilities are overlooked in much of HUD’s administrative structure and ought to receive as much attention from the Federal Government’s housing agency as other groups with critical housing needs; and
- (11) HUD currently has an Office of Disability Policy, but there has not been a Director of that Office since January 2001.

(b) **SENSE OF CONGRESS.**—It is the sense of the Congress that the Secretary of Housing and Urban Development should—

- (1) immediately appoint a permanent Director of the Office of Disability Policy;
- (2) examine the role of the Department’s Office of Disability Policy, its relationship to the Office of Special Needs, and whether and what changes might be made to increase attention to people with disabilities within the Department’s programs and policies; and
- (3) establish a resource center for people with disabilities and their families within the Office of Disability Policy to serve as a portal into the Department’s community-based programs and services.

**SEC. 914. TRANSFER OF RURAL MULTIFAMILY RENTAL HOUSING PROJECTS TO NONPROFITS AND LOCAL HOUSING AUTHORITIES.**

Section 515(h) of the Housing Act of 1949 (42 U.S.C. 1485(h)) is amended—

(1) by striking “(h) PROJECT TRANSFERS.—After” and inserting the following:

“(h) **PROJECT TRANSFERS.**—

“(1) **LIMITATION.**—After”; and

(2) by inserting at the end the following new paragraph:

“(2) **TRANSFER AND RENOVATION OF EXISTING PROJECTS.**—

“(A) **TRANSFER.**—In carrying out this Act, the Secretary should encourage the transfer of ownership or control of projects for which a loan is made or insured under this section to nonprofit organizations and local housing authorities (including public housing agencies).

“(B) **RENOVATION.**—In carrying out this Act, the Secretary should encourage, and give priority in funding, to the renovation of existing projects for



which a loan is made or insured under this section, subsequent to transfer of such projects to nonprofit organizations and housing authorities.”.

**SEC. 915. SENSE OF CONGRESS REGARDING CONSUMER PROTECTION AND HOME WARRANTIES.**

(a) CONGRESSIONAL FINDINGS.—The Congress finds that—

(1) 30,000 newly constructed homes were insured under the National Housing Act in 2000 and a majority of those homes were purchased by first-time low- and moderate-income homebuyers;

(2) approximately 90 percent of those homes are now protected by private sector insurance-backed warranties against structural damage for ten years, and an estimated 77 percent of structural damage takes place when a home is four years or older, with an average cost of \$30,000 per incident of major structural damage;

(3) Mortgagee Letter 2001-27, issued by the Department of Housing and Urban Development in October 2001 will have the effect of discouraging the use of ten-year insurance-backed warranties, leaving homeowners with a one-year builder warranty to protect the value of the home; and

(4) major structural damage to a home will lead to homeowner defaults and, for homes with mortgages insured under the National Housing Act, the Secretary of Housing and Urban Development is liable for 100 percent of the unpaid balance of a mortgage when a homeowner defaults.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the Secretary of Housing and Urban Development should implement a program to provide incentives to homebuilders to offer ten-year insurance-backed private sector warranties for newly constructed homes purchased with mortgages insured under the National Housing Act.

**SEC. 916. DEMONSTRATION PROGRAM FOR AFFORDABLE HOUSING DATABASE.**

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall carry out a demonstration program to allow the development and creation of an electronic or otherwise readily available database that provides agencies, municipalities, and the general public access to information about available affordable housing and programs that pertain to the affordable housing continuum. The database shall include regularly updated lists of rental units that accept rental assistance vouchers under the program under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) and shall contain information about the location of the rental units, the number of units of each bedroom size, and the accessibility of the units to public transportation.

(b) SELECTION.—The Secretary of Housing and Urban Development shall establish the criteria for participation in the demonstration program under this section and, during the period consisting of fiscal years 2003 through 2004 shall, to the extent amounts are made available under subsection (d), select not more than three applicants for participation in this program.

(c) REPORT.—Not later than February 1, 2005, the Secretary of Housing and Urban Development shall submit a report to the Congress describing the results of the demonstration program under this section, analyzing the effectiveness of the program, and including recommendations, if any, for continuation or replication.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for the demonstration program under this section.

**SEC. 917. HUD STUDY REGARDING MAIN STREET PARTNERSHIP.**

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall conduct a study to determine—

(1) the feasibility and effectiveness of establishing a Federal Main Street Partnership Fund to make grants to local communities to assist in making fast-track changes to zoning and planning regulations that may inhibit the revitalization of downtown commercial areas for mixed-use affordable housing as well as commercial uses;

(2) the extent to which local zoning and planning regulations inhibit the ability of developers to create affordable housing in traditional Main Street commercial districts where commercially zoned buildings have vacant and serviceable housing which cannot be used for housing due to such zoning;

(3) whether fast-tracking zoning modifications and other related incentives would reduce the costs of redeveloping commercial buildings in traditional Main Street commercial districts for mixed-use affordable housing as well as commercial and retail uses; and

(4) what eligible planning activities should receive funding under such a Federal Main Street Partnership Fund, such as salary of staff involved in fast-track re-zoning and surveying and mapping involved in the rezoning.

(b) **WORKING GROUP.**—In conducting the study, the Secretary shall convene a working group and shall solicit views and recommendations from the members of the group. The group shall include representatives of local governments of varying sizes in various regions, developers, realtors, mortgage bankers, community bankers, local non-profit business membership organizations, such as Chambers of Commerce, community-based affordable housing advocacy organizations, and such other parties as the Secretary considers appropriate.

(c) **REPORT.**—Not later than 180 days after the date of the enactment of this Act, the Secretary shall submit a report regarding the findings of the study, which shall include recommendations regarding the establishment of a Federal Main Street Partnership Fund, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

**SEC. 918. CONTRACTUAL COMMITMENTS FOR RURAL MULTIFAMILY RENTAL HOUSING.**

(a) **PREPAYMENT.**—Notwithstanding any other provision of law and subject only to subsection (d) of this section, an owner of eligible low-income rural housing may prepay the loan on such housing made or insured under section 514 or 515 of the Housing Act of 1949 without restrictions at any time after the later of—

(1) 20 years from the date on which the loan was made; and

(2) the date until which the owner has agreed with the Secretary of Agriculture, or the Secretary's delegee, to maintain the low-income use of the housing.

(b) **ELIGIBLE LOW-INCOME RURAL HOUSING.**—For purposes of this section, the term “eligible low-income rural housing” means housing that is financed by a loan made or insured under section 514 or 515 of the Housing Act of 1949 (42 U.S.C. 1484, 1485) pursuant to a contract entered into prior to December 15, 1989.

(c) **TENANT PROTECTION.**—

(1) **PROVISION OF ENHANCED VOUCHER ASSISTANCE.**—To the extent that amounts for assistance pursuant to this subsection are provided in advance in appropriation Acts, upon the prepayment of a loan pursuant to this section, enhanced voucher assistance under section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)) shall be made available on behalf of each low-income family who is residing in the project on the date the loan is prepaid.

(2) **ENSURING ABILITY TO USE ENHANCED VOUCHER ASSISTANCE.**—Each low-income family residing in the project on the date the loan is prepaid may elect to remain in the same project, subject to the terms of the lease for rental of the dwelling unit, and may use such enhanced voucher assistance for lease of such dwelling unit. The owner of the project may not refuse to accept enhanced voucher assistance made available on behalf of any such low-income family for lease of such a dwelling unit or to enter into a housing assistance payments contract for such a unit.

(d) **TENANT PROTECTION AND NOTICE REQUIREMENTS.**—An owner of eligible low-income rural housing may not, pursuant to subsection (a), prepay the loan on such housing made or insured under section 514 or 515 of the Housing Act of 1949 unless—

(1) amounts are provided in advance in appropriation Acts, and are obligated, for assistance pursuant to subsection (c) of this section on behalf of each low-income family who is residing in the project on the date that the loan is prepaid; and

(2) not less than 150 days before such prepayment, the owner of the project provides written notice of intent to prepay, in such form as the Secretary of Agriculture shall prescribe, to each tenant of the housing, the Secretary of Agriculture, the Secretary of Housing and Urban Development, and the chief executive officer of the appropriate State or local government for the jurisdiction within which the housing is located.

(e) **CONFORMING AMENDMENT.**—Section 8(t)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)(2)) is amended—

(1) by inserting “or loan” after “the prepayment of the mortgage”; and

(2) by inserting “section 914 of the Housing Affordability for America Act of 2002,” after “(12 U.S.C. 4113(f)),”.

**PURPOSE AND SUMMARY**

H.R. 3995, the Housing Affordability for America Act, will increase the availability of affordable housing and expand homeownership opportunities across the United States. This legislation reforms current housing programs recognizing the importance of

homeownership as an opportunity to allow families to acquire and build wealth. Concurrently, H.R. 3995 recognizes that affordable rental housing is the first step in a process of moving working families to homeownership, strengthening communities, and improving quality of life.

#### BACKGROUND AND NEED FOR LEGISLATION

Housing is the number one consumer product in America. While the homeownership rate stands at an impressive 68 percent, there are still some that are unable to share in that dream. With this bill, Congress has an opportunity to meet the housing needs of even more Americans.

In addition to addressing this country's critical housing needs, this bill will have the added benefit of providing additional stimulus to a recovering economy. The recession hit almost every industry hard—except for housing. In fact, the robust housing market was more than likely responsible for reducing the impact of the recession.

The Subcommittee on Housing and Community Opportunity held 13 hearings during the 107th Congress to explore housing issues including affordability and availability. In those hearings, the Committee heard from community activists, housing experts, local and Federal government officials and representatives from the home building, real estate and mortgage industries regarding the obstacles to home ownership and affordable rental housing across the country. H.R. 3995 is a product of those hearings.

According to the Joint Center for Housing Studies of Harvard University's 2001 annual report entitled "The State of the Nation's Housing", more than 14 million Americans have critical housing needs, meaning that they spend more than half of their income on housing or live in substandard housing. Moreover, given the law of supply and demand, less supply means higher home sales prices as well as higher rental costs. Therefore, working families, such as public safety officers, tradesmen, or teachers, find it increasingly difficult to purchase or rent housing near the places they work.

In the case of the working poor, elderly and disabled, the existing Federal rental assistance program provides tenant-based vouchers for use in the private sector. Under the best scenario, a voucher recipient could easily use a Federal rental voucher to select housing that best suits their family needs, including proximity to work, child care, educational facilities, and transportation centers. Under the worst scenario, a working family has a voucher they are unable to use because their community is either a high cost area or lacks available rental units. The Housing Subcommittee hearings revealed that the latter was more of the rule than the exception.

In every aspect of housing, whether it be housing for elderly, disabled, low and moderate-income families, one thing was clear: new production of affordable single and multifamily housing is essential. Home ownership and affordable rental opportunities are the primary ingredients to the country's mission of strengthening and building safe communities. Congress must continue to seek ways to remove the barriers that prevent certain segments of the population from realizing the American dream of homeownership. One way to do that is to provide opportunities that allow families to acquire and build wealth toward the goal of homeownership.

There was considerable debate in Committee on how best to address the need for new production of affordable housing. H.R. 3995, as introduced, created a separate production/rehabilitation/preservation program within the existing HOME program targeted toward very low and extremely low income families. An alternative proposal to create a national housing trust fund was at the center of the debate.

In the end, the Committee approved a compromise proposal that would provide matching money for States and localities that already have their own trust funds for affordable housing. Of the total money available for matching funds, 40 percent would go to participating States and 60 percent to participating jurisdictions. These grants would be administered through the HOME investment partnership program. States and localities would be required to use these grants for the production, preservation or rehabilitation of affordable housing for very low and extremely low-income families. This bill does not preclude States and localities from creating new trust funds. In fact, it will act as an incentive for them to create their own trust funds so that they can have access to the funds. This grant program is to be funded through new appropriations and not taken out of the existing HOME appropriations. Rather than creating a new Federal housing trust fund, this money would go directly to State and local jurisdictions with existing trust funds. Clearly, States and localities are better equipped to know how best to meet the housing needs of their communities.

In addition to increasing production, preservation and rehabilitation capabilities, Federal Housing Programs must also provide State and local government, housing authorities and community development organizations with more flexibility to administer the Federal housing programs so they can better meet the needs of their communities. With that in mind, H.R. 3995 makes changes to many of the programs under HUD's jurisdiction.

To improve the efficiency and effectiveness of the HOME program, H.R. 3995 makes changes to the HOME program. HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates more than \$1.5 billion among the States and hundreds of localities nationwide. Through the formation of private public partnerships, HOME is meeting the critical needs of affordable housing. It is estimated that each HOME dollar generates or leverages about \$4 in additional private-sector investment.

H.R. 3995 seeks to provide new and more efficient ways to assist first-time homebuyers. Often the biggest obstacle for first-time homebuyers is the downpayment. This bill includes the President's new initiative, the American Dream Downpayment Fund. This fund is designed to help first-time low-income homebuyers, who often struggle to meet downpayment and closing costs.

The Committee is concerned that, when establishing a downpayment assistance allocation formula pursuant to the American Dream Downpayment program, the HUD Secretary will base a participating jurisdiction's prior commitment to homebuyers solely on that jurisdiction's use of HOME Investment Partnerships program funds for homebuyer activities. HOME program funds committed to homebuyer activities may not accurately reflect a jurisdiction's

total commitment to homebuyer activities, as there are other Federal, State, and local resources that jurisdictions use for such activities.

Further, the Committee believes that a formula based solely on a jurisdiction's use of HOME funds for homebuyer activities is contrary to Congress' intent that participating jurisdictions have discretion in how to use HOME funds to meet locally determined housing needs. To the extent a formula bases future down payment assistance allocations on future HOME spending on homebuyer activities, that formula may unduly interfere with the flexible nature of the HOME program, which has been its greatest strength. The Committee intends to reward jurisdictions that support homeownership.

The Committee will work with the Administration to resolve any issues that may have an unintended impact on cities and State's flexibility to use HOME funds and provide downpayment assistance. Finally, the Committee intends for the American Dream Downpayment Fund to receive new appropriations and not to be funded with appropriations from the existing HOME program.

H.R. 3995 also makes changes to the existing Federal Housing Administration (FHA) program. The FHA is one of the most effective programs in helping low-income buyers purchase their first home. It was originally designed to encourage lenders to make credit more readily available and at lower rates. Through the FHA program, HUD insures mortgages and loans made by HUD-approved lenders for a wide variety of purposes, including new construction, rehabilitation, property improvement, and refinancing in connection with a wide variety of types of property. FHA programs include all types of residential property (multifamily, single family, manufactured homes), nonresidential commercial property, hospitals and certain other healthcare facilities.

In the FHA Multifamily Housing program, H.R. 3995 indexes FHA mortgage limits to the annual construction cost indexes of the Bureau of the Census of the Department of Commerce which reflect building, land, and impact fee cost increases in the future. The FY 2002 HUD-VA Appropriations Act provided for a 25 percent increase of the multifamily loan limits, the first such increase in approximately 8 years. The 25 percent increase in the loan limits reflects the increases in construction costs over the last ten years. The indexing will address future cost increases in a manner that keeps the index current and relevant to existing multi family housing costs. In addition, the bill increases the maximum high-cost percentage from 110 percent to 140 percent and provides discretion to the Secretary of HUD to increase the 140 percent to 170 percent on a case by case basis to allow for production in extremely expensive markets.

This bill includes provisions to modernize the thirty-year old healthcare mortgage insurance programs of sections 232 and 242 of the National Housing Act to make them more consistent with today's method of delivering healthcare and assisted living services for the elderly, sick, injured, and disabled.

In the FHA Single Family Housing program, H.R. 3995 makes permanent the FHA downpayment simplification calculation. Currently, this program is scheduled to terminate on December 31,

2002. This calculation simplifies the process of buying a home by making it easier to understand.

The bill authorizes low down payment FHA mortgages for teachers, police, and firefighters buying a home in their local school district or employing jurisdiction. This will make it easier for these public servants to live in the area in which they serve. The bill also increases the flexibility of the cap on FHA adjustable-rate mortgages and establishes a uniform national loan limit for home equity conversion mortgages (HECM). Currently, HECM loans are subject to the county-by-county FHA loan limits for traditional mortgages. Seniors living in low-cost areas could be subject to disparate treatment. For example, a senior living in Des Moines with a home worth \$175,000 can get an FHA reverse mortgage for only \$144,336, which is the FHA mortgage limit in Des Moines. However, a senior living in Los Angeles with a home worth the same amount can get a reverse mortgage for the full \$175,000 because the FHA mortgage limit in Los Angeles is \$237,500. Setting a uniform loan limit for reverse mortgages will provide seniors a way to stay in their homes but can no longer afford the expenses associated with owning a home. Finally, H.R. 3995 makes changes to the FHA program to tighten requirement and administration of the 203(k) FHA program.

Further compounding the Nation's critical housing needs is the growing numbers of seniors who are suffering from worst case housing needs. There are over 34 million Americans aged 65 years and older. By the year 2025, that number will increase to 62 million, or one in every six Americans. From 1991 to 1997, the number of senior low-income renters paying more than 50 percent of income toward rent rose 8 percent; at the same time, the number of senior low-income households receiving public rental assistance dropped 13 percent. These factors could combine to create a crisis-level lack of affordable housing for senior citizens within the next decade.

On July 17, 2001, the Housing and Community Opportunity Subcommittee heard testimony from a variety of experts regarding the difficult problems that elderly face not only in finding suitable, affordable housing, but also coordinating with the services that are urgently needed by the elderly. It is widely understood that it is more cost effective to provide services such as meals, transportation, personal care and health care to the elderly in their homes rather than moving them into costly nursing facilities. How best to accomplish that goal is unclear. In addition, much of our elderly stock is in need of repair, retrofitting or renovation. H.R. 3995 establishes a demonstration program for elderly housing for multigenerational families and for grandparent-headed households. The bill makes this an eligible activity but does not expect new appropriations specifically for this purpose. It also authorizes grants for the repair of Federally assisted housing for the elderly.

During consideration of H.R. 3995, there was considerable discussion regarding the section 811 disabled housing tenant-based rental assistance program. The Committee recognizes that the program guidance policies for this program have not been fully developed. The Committee, therefore, strongly encourages HUD to develop program guidance and policies for the section 811 tenant-based rental assistance program to ensure that it expands supportive housing for people with severe disabilities most in need,

promotes participation by non-profit disability organizations with the capacity to develop supportive housing, and allows for flexible use of section 811 funds for project-based and sponsor-based rental assistance as well as tenant-based assistance, when appropriate, to meet the supportive housing needs of people with disabilities. Additionally, the Committee plans to work with the Administration to develop a plan for ensuring long-term renewal of Section 811 tenant-based rental assistance where necessary.

To better meet the housing needs of low-income families, States, Public Housing Authorities (PHAs) and tenants need greater flexibility within the section 8 Rental Housing Program and public housing programs. H.R. 3995 includes provisions to increase payment standards and to allow Public Housing Authorities to use up to 2 percent of funds for finding housing for "hard to house" families. In addition, H.R. 3995 includes several administrative changes to the public housing programs designed to improve the efficiency and success of public housing authorities (PHAs).

The committee recognizes that there may be disparities between large and small PHAs. For this reason, the Committee temporarily suspended planning requirements for small PHAs. Small PHAs are defined as those that administer 100 or fewer public housing dwellings. In the Committee hearings, concerns were raised regarding the impact this provision would have on tenant participation. It is not the intention of this Committee to limit tenant participation or interaction between tenant organizations and PHAs. Rather, it is the expectation of the Committee that PHAs will continue the practice of interacting with duly elected tenant and resident organizations and will provide reasonable resources where appropriate. Additionally, under the existing plan requirements, PHAs are required to make available for public review documents that support their policies. This does not mean that PHAs must develop material from scratch just for the purpose of public review. Instead, these are documents that they must develop independent of annual plans to help develop policy. The documents include a PHA's most recently approved operating budget. Having access to this information helps resident groups to make informed decisions about policy ideas.

Through its hearings, the Committee examined many of HUD's programs designed to promote public private partnerships, such as HOPE VI, Community Development Block Grants (CDBG), Empowerment Zones, and Renewal Communities. These programs represent some of the most cost-effective ways to meet our growing housing needs. With that in mind, H.R. 3995 makes changes in each one of these programs to make them more flexible, efficient and cost effective.

The HOPE VI program is a good example of a public private partnership that has done much to revitalize many of the Nation's severely distressed public housing developments. This program provides incentives for PHAs and private entities to form partnerships and create mixed-finance and mixed-income affordable housing. This housing is developed and operated very differently from traditional public housing. The activities permitted under HOPE VI include, but are not limited to: the capital cost of demolition, major reconstruction, rehabilitation and other physical improvements. H.R. 3995 reauthorizes and reforms the HOPE VI program to allow

smaller communities to participate in the program and to make sure that recipients use the money in a timely and cost-effect manner.

Regarding homelessness, H.R. 3995 reauthorizes HUD's homeless programs through FY 2004 and funds renewals of contracts through the Housing Certificate Fund, for one year at a time, through 2004. In addition, the legislation sets a national goal to end homelessness within 10 years which is consistent with the President's statements and goals.

HOPWA (Housing Opportunities for Persons with AIDS) is a housing program designed specifically to assist individuals diagnosed with HIV/AIDS and their families. H.R. 3995 reauthorizes HOPWA through 2004. Pursuant to the debate during consideration of H.R. 3995, the Committee intends to hold additional hearings on HOPWA and may ask General Accounting Office (GAO) to conduct a report.

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) expires on September 30, 2001. NAHASDA authorized Indian Housing Block Grant programs (IHBG), which were established to provide housing assistance under a single block grant to eligible Indian Tribes or their tribally designated housing entities (TDHEs). Eligible tribes include both Federally recognized and, to a limited degree, certain State-recognized Indian tribes formerly eligible under the 1937 Act. The allocation is made under a needs-based formula. The tribe must submit for HUD review and approval both a one-year and a five-year Indian Housing plan containing goals, mission, and methodology by which the recipient will accomplish its objective during the grant period. The Tribal Housing Activities Guarantees can be used to finance eligible affordable housing activities under the IHBG program. H.R. 3995 reauthorizes the IHBG, the Guarantees for Tribal Housing Activities; and Training and Technical Assistance.

Needless regulation adds to the cost of housing. Currently, Federal agencies are required to conduct certain economic analyses when promulgating new rules. However, there is no such requirement that any analysis be done for a rule's impact on housing affordability. Title VIII is designed to heighten public awareness of the costs to housing affordability of certain regulations when there is a significant adverse impact on housing affordability. By reducing the cost of regulation, the cost of homeownership can be lowered. That is why H.R. 3995 requires a housing impact analysis of any new rule of a Federal agency that has an economic impact of \$100,000,000 or more.

It is time for Congress to restore confidence and accountability to our nation's housing programs and policies. This legislation will go a long way toward reaching that goal.

#### HEARINGS

The Subcommittee on Housing and Community Opportunity held a hearing on April 10, 23, and 24, 2002 on H.R. 3995, the Housing Affordability for America Act of 2002. The following witnesses testified on day 1 of the hearing: The Honorable Bernard Sanders, M.C.; The Honorable Barbara Lee, M.C.; Mr. Javier Gonzales, Commissioner, Santa Fe County, New Mexico, appearing on behalf of the National Association of Counties, National Community De-



velopment Association, National Association for County Community and Economic Development, and National Association of Local Housing Finance Agencies; Ms. Mary E. Brooks, Housing Trust Fund Project/Center for Community Change; Mr. William Faith, Coalition on Housing and Homelessness in Ohio, appearing on behalf of the National Low Income Housing Coalition; Ms. Katherine (Kit) G. Hadley, Commissioner, Minnesota Housing Finance Agency, appearing on behalf of National Council of Housing Finance Agencies; Ms. Catherine Racer, Associate Director, Massachusetts Department of Housing and Community Development on behalf of the Council of State Community Development Agencies; Ms. Barbara Sard, Director of Housing Policy, Center on Budget and Policy Priorities; Mr. Benson Roberts, Local Initiatives Support Corporation; Mr. Robert Lawson, appearing on behalf of the National Association of Homebuilders; and Mr. Rodrigo Lopez, President, AmeriSphere Multifamily Finance, L.L.C., Omaha, NE and Vice-Chair of the Legislative Steering Committee of the Mortgage Banking Association.

The following witnesses testified on day 2 of the hearing: Ms. Telissa Dowling, President of the Resident Advisory Board, New Jersey Department of Community Affairs on behalf of the National Low Income Housing Coalition; Ms. Joan Walker Frasier, President of the Atlantic City Residents Advisory Board, Atlantic City, New Jersey on behalf of Ed Williams, President of ENPHRONT (formerly Public Housing Residents National Organizing Campaign); Mr. Kevin E. Marchman, Executive Director, National Organization of African Americans in Housing, Washington, D.C.; Ms. Terri Hamilton Brown, Executive Director, Cuyahoga Metropolitan Housing Authority, Cleveland, Ohio; Mr. Hans Dekker, Baton Rouge Area Foundation, Baton Rouge, Louisiana; Mr. Harry A. Byrd, Jr., Principal, The Harkin Group, LLC, Huntersville, N.C.; Mr. Thomas Slemmer, President and CEO, National Church Residences, Columbus, Ohio on behalf of American Association of Homes and Services for the Aging; Mr. Andrew Sperling, Deputy Executive Director, National Alliance for the Mentally Ill, Arlington, VA and the Consortium for Citizens with Disabilities Housing Task Force; Ms. Maureen Friar, Executive Director, Supportive Housing Network of New York, in her capacity as Advisory Committee Member of the National Alliance to End Homelessness, Washington, D.C.; Mr. Roy Ziegler, former Director of New Jersey Department of Community Affairs, Section 8, on behalf of National Leased Housing Association, Washington, D.C.; and Mr. Gary Eisenman, Executive Vice President of Related Capital Company, on behalf of the National Multi-Housing Council, Washington, D.C.

The following witnesses testified on day 3 of the hearing: The Honorable John C. Weicher, Assistant Secretary for Housing, Federal Housing Commissioner, Department of Housing and Urban Development; The Honorable Roy Bernardi, Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development; The Honorable Michael Liu, Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development; Mr. Thomas J. McCool, Managing Director, Financial Markets and Community Investment, General Accounting Office; Mr. John Courson, President, Central Pacific Mortgage Company on behalf of the Mortgage Bankers Association of

America; Mr. Martin Edwards, Jr., President, National Association of Realtors; Mr. Kevin P. Kelly, Weiner & Associates, Wilmington, Delaware on behalf of the National Association of Home Builders; Mr. Edward L. Shapoff, Vice President, Goldman, Sachs & Co. on behalf of the Healthcare Financing Study Group; and Mr. Louis P. Cannon, President, Fraternal Order of Police, District of Columbia State Lodge.

The Subcommittee also held 13 other oversight hearings used in the development of provisions of this legislation.

#### COMMITTEE CONSIDERATION

The Subcommittee on Housing and Community Opportunity met in open session on June 18, 2002 and approved H.R. 3995 for full Committee consideration, as amended, by a voice vote.

The Committee on Financial Services met in open session on June 20, 26, and July 10, 2002 and ordered H.R. 3995 reported to the House, with an amendment, by a voice vote.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. A motion by Mr. Oxley to report the bill to the House with a favorable recommendation was agreed to by a voice vote.

The following amendments were considered by a record vote:

An amendment offered by Mr. Sanders, No. 9, establishing a National Affordable Housing Trust Fund from FHA surplus, was agreed to by a record vote of 33 yeas and 28 nays (Record vote No. 44).

YEAS	NAYS
Mr. Baker	Mr. Oxley
Mr. LaFalce	Mr. Bereuter
Mr. Frank	Mr. Bachus
Mr. Kanjorski	Mr. Castle
Ms. Waters	Mr. King
Mr. Sanders	Mr. Royce
Mrs. Maloney of New York	Mr. Lucas of Oklahoma
Mr. Gutierrez	Mr. Ney
Ms. Velázquez	Mrs. Kelly
Mr. Watt of North Carolina	Mr. Paul
Mr. Bentsen	Mr. Gillmor
Mr. Maloney of Connecticut	Mr. Cox
Ms. Hooley of Oregon	Mr. Weldon of Florida
Ms. Carson of Indiana	Mr. Ryun of Kansas
Mr. Sherman	Mr. Riley
Mr. Sandlin	Mr. LaTourette
Mr. Meeks of New York	Mr. Jones of North Carolina
Mr. Lee	Mrs. Biggert
Mr. Mascara	Mr. Green of Wisconsin
Mr. Inslee	Mr. Shadegg
Ms. Schakowsky	Mr. Fossella
Mr. Moore	Mr. Gary G. Miller of California
Mr. Gonzalez	Mr. Cantor
Mrs. Jones of Ohio	Mr. Grucci
Mr. Capuano	Ms. Hart
Mr. Ford	Mr. Ferguson
Mr. Hinojosa	Mr. Rogers of Michigan
Mr. Lucas of Kentucky	Mr. Tiberi
Mr. Shows	
Mr. Crowley	
Mr. Clay	
Mr. Israel	
Mr. Ross	

An amendment offered by Ms. Lee, No. 10, providing downpayment assistance and foreclosure prevention assistance the Downpayment Initiative, was not agreed to by a record vote of 29 yeas and 31 nays (Record vote No. 45).

## YEAS

Mr. LaFalce  
 Mr. Frank  
 Mr. Kanjorski  
 Ms. Waters  
 Mr. Sanders  
 Mrs. Maloney of New York  
 Mr. Gutierrez  
 Ms. Velázquez  
 Mr. Watt of North Carolina  
 Mr. Bentsen  
 Mr. Maloney of Connecticut  
 Ms. Hooley of Oregon  
 Ms. Carson of Indiana  
 Mr. Sherman  
 Mr. Sandlin  
 Mr. Meeks of New York  
 Ms. Lee  
 Mr. Mascara  
 Ms. Schakowsky  
 Mr. Moore  
 Mr. Gonzalez  
 Mrs. Jones of Ohio  
 Mr. Capuano  
 Mr. Ford  
 Mr. Hinojosa  
 Mr. Lucas of Kentucky  
 Mr. Shows  
 Mr. Crowley  
 Mr. Clay

## NAYS

Mr. Oxley  
 Mr. Bereuter  
 Mr. Baker  
 Mr. Bachus  
 Mr. Castle  
 Mr. King  
 Mr. Royce  
 Mr. Lucas of Oklahoma  
 Mr. Ney  
 Mrs. Kelly  
 Mr. Gillmor  
 Mr. Cox  
 Mr. Weldon of Florida  
 Mr. Ryun of Kansas  
 Mr. Riley  
 Mr. LaTourette  
 Mr. Jones of North Carolina  
 Mr. Ose  
 Mrs. Biggert  
 Mr. Green of Wisconsin  
 Mr. Toomey  
 Mr. Shadegg  
 Mr. Fossella  
 Mr. Gary G. Miller of California  
 Mr. Cantor  
 Mr. Grucci  
 Ms. Hart  
 Mrs. Capito  
 Mr. Ferguson  
 Mr. Rogers of Michigan  
 Mr. Tiberi

An amendment by Mr. Sanders (as modified by unanimous consent) to the amendment offered by Mrs. Kelly, No. 16a, replacing initial Sanders amendment with language that would provide for a National Housing Trust Fund with funding through the appropriations process rather than FHA surplus, was not agreed to by a record vote of 34 yeas and 35 nays (Record vote No. 52).

YEAS	NAYS
Mr. Shays	Mr. Oxley
Mr. LaFalce	Mr. Leach
Mr. Frank	Mr. Bereuter
Mr. Kanjorski	Mr. Baker
Ms. Waters	Mr. Bachus
Mr. Sanders	Mr. Castle
Mrs. Maloney of New York	Mr. King
Mr. Gutierrez	Mr. Royce
Ms. Velázquez	Mr. Lucas of Oklahoma
Mr. Watt of North Carolina	Mr. Ney
Mr. Ackerman	Mr. Barr of Georgia
Mr. Bentsen	Mrs. Kelly
Mr. Maloney of Connecticut	Mr. Paul
Ms. Hooley of Oregon	Mr. Gillmor
Ms. Carson of Indiana	Mr. Cox
Mr. Sherman	Mr. Weldon of Florida
Mr. Sandlin	Mr. Ryun of Kansas
Mr. Meeks of New York	Mr. Riley
Ms. Lee	Mr. LaTourette
Mr. Mascara	Mr. Manzullo
Mr. Inslee	Mr. Jones of North Carolina
Ms. Schakowsky	Mr. Ose
Mr. Moore	Mrs. Biggert
Mr. Gonzalez	Mr. Green of Wisconsin
Mrs. Jones of Ohio	Mr. Toomey
Mr. Capuano	Mr. Shadegg
Mr. Ford	Mr. Fossella
Mr. Hinojosa	Mr. Gary G. Miller of California
Mr. Lucas of Kentucky	Mr. Cantor
Mr. Shows	Mr. Grucci
Mr. Crowley	Ms. Hart
Mr. Clay	Mrs. Capito
Mr. Israel	Mr. Ferguson
Mr. Ross	Mr. Rogers of Michigan
	Mr. Tiberi

The following other amendments and motions were also considered by the Committee:

An amendment offered by Mr. Oxley, No. 1, requiring HUD to conduct a pilot program to determine the benefits of financial counseling to preventing foreclosures for first time homebuyers buying properties in high foreclosure neighborhoods and providing a transfer of rural multi-family rental housing projects to non-profit and local housing authorities, was agreed to by a voice vote.

An amendment offered by Mr. LaFalce, No. 2, allowing the Secretary of Housing and Urban Development to continue to administer the Disposition of Assets in Revitalization Areas program, was agreed to by a voice vote.

An amendment offered by Mr. Gary G. Miller of California, No. 3, creating a maximum mortgage amendment for California, was withdrawn.

An amendment offered by Mr. Leach (as modified by unanimous consent), No. 4, providing assistance to smaller communities through Hope VI grants for assisting affordable housing through main street projects, was agreed to by a voice vote.

An amendment offered by Mrs. Jones of Ohio, No. 5, requiring that the Secretary of Housing and Urban Development conduct a study to assess the needs of community based economic development organizations, was withdrawn.

An amendment offered by Mr. Tiberi, No. 6, modifying the term "public safety officer" to include Federal police officers, was agreed to, by a voice vote.

An amendment offered by Ms. Hart, No. 7, expressing the Sense of Congress regarding consumer protection and home warranties, was agreed to by a voice vote.

An amendment offered by Mr. Maloney of Connecticut, No. 8, providing HUD foreclosure guidance on section 202 elderly housing developments, was agreed to by a voice vote.

An amendment offered by Mr. Watt, No. 11, requiring the Secretary of Housing and Urban Development to create a national database with information about available affordable housing programs, an amendment offered by Mr. Capuano, No. 12, an amendment offered by Mr. Israel, No. 13, requiring the Department of Housing and Urban Affairs to review the feasibility and effectiveness of establishing a Federal Main Street Partnership Fund to make grants to local communities, were agreed to en bloc by unanimous consent.

An amendment offered by Mr. Ney, No. 14, (as modified by unanimous consent) allowing owners of low-income rural housing to prepay the loan on such housing without penalties, was agreed to by a voice vote.

An amendment by Mr. Bereuter to the amendment offered by Mrs. Kelly, No. 14a, providing that prepayment of low-income rural housing loans would not be allowed unless funds were appropriated for enhanced vouchers to protect tenants, was agreed to by a voice vote.

An amendment offered by Mr. Watt, No. 15, increasing the payment standard to 120 percent of the fair market rent without HUD approval for section 8 rental subsidy, was agreed to by a voice vote.

An amendment offered by Mrs. Kelly, No. 16, striking the Sanders trust fund language and establishing matching grants for states and localities that already have their own affordable housing trust funds, was agreed to, as amended by a voice vote.

An amendment by Mr. Bereuter to the amendment offered by Mrs. Kelly, No. 16b, clarifying that of the total money available for matching funds, 40 percent would go to participating states and 60 percent to participating local jurisdictions, was agreed to by a voice vote.

An amendment by Ms. Lee, No. 17, narrowing the one-strike policy used by the Department of Housing and Urban Development (HUD) to evict low-income tenants for drug-related crimes committed by their relatives or guests, was withdrawn.

An amendment by Ms. Lee, No. 18, providing protection of domestic violence victims under the HUD one-strike policy, was agreed to by voice vote.

An amendment by Ms. Lee, No. 19, reauthorizing the Public Housing Drug Elimination Program, was not agreed to, by a voice vote.

An amendment by Mr. Weldon of Florida, No. 20, adding three requirements to the Housing for People with Aids program, was withdrawn.

An amendment by Mr. Baker, No. 21, placing limitations on certain real estate brokerage and lending activities, was withdrawn.

An amendment offered by Ms. Lee, No. 22, authorizing the transfer of unused section 8 funds to a local community's HOME account or for use in the local public housing Capital Fund, was not agreed to by a voice vote.

#### COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a hearing and made findings that are reflected in this report.

#### PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The Department of Housing and Urban Development will improve the availability of low-income housing and increase opportunities for homeownership through the use of targeted incentives and grants and by increasing flexibility for State and local housing authorities.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX  
EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that this legislation would result in no new budget authority, entitlement authority, or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, September 10, 2002.*

Hon. MICHAEL G. OXLEY,  
*Chairman, Committee on Financial Services,  
House of Representatives, Washington DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3995, the Housing Affordability for America Act of 2002.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Chad Chirico.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

*H.R. 3995—Housing Affordability for America Act of 2002*

Summary: H.R. 3995 would amend and extend certain laws relating to housing opportunity and community development. The bill would seek to increase the availability of affordable housing and expand homeownership opportunities across the country. H.R. 3995 would authorize appropriations to fund both new initiatives and existing housing programs.

CBO estimates that implementing this legislation would cost about \$13.5 billion over the next five years, assuming appropriation of the necessary amounts. CBO estimates that enacting the bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 3995 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3995 is summarized in Table 1. The costs of this legislation would fall within budget functions 370 (mortgage



and housing credit), 450 (community and regional development), and 600 (income security).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 3995

	By fiscal year, in millions of dollars—					
	2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law:						
Estimated Authorization Level <sup>1</sup> .....	17,888	17,826	18,682	19,317	19,917	20,508
Estimated Outlays .....	20,257	20,529	20,858	20,998	21,143	21,239
Proposed Changes:						
Estimated Authorization Level .....	0	5,609	6,017	2,737	3,019	3,260
Estimated Outlays .....	0	625	2,018	3,140	3,764	3,941
Proposed Spending Under H.R. 3995:						
Estimated Authorization Level .....	17,888	23,435	24,699	22,054	22,936	23,768
Estimated Outlays .....	20,257	21,154	22,876	24,138	24,907	25,180

<sup>1</sup> The 2002 level is the amount appropriated for that year for the Certificate Fund, HOME Investment Partnership Program, Housing for Special Populations, HOPE VI, Homeless Assistance Grants, Housing Opportunities for Persons with AIDS, Assistance for Self-Help Housing Providers, Rural Housing Rental Assistance Program, and includes offsetting collections generated by the Federal Housing Administration's single-family program and the Government National Mortgage Association's single-family Mortgage-Backed Security program. The 2003–2007 levels are the 2002 amounts adjusted for inflation except for programs with expiring authorizations.

Basis of estimate: For this estimate, CBO assumes that H.R. 3995 will be enacted near the beginning of the fiscal year 2003 and that the amounts necessary to implement the bill will be appropriated for each fiscal year. The bill's costs by provision are shown in Table 2, which is followed by a description of the estimated costs.

TABLE 2.—ESTIMATED SPENDING SUBJECT TO APPROPRIATION FOR H.R. 3995

	By fiscal year, in millions of dollars—				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Title I					
Matching Grants for State and Local Affordable Housing Trust Funds:					
Estimated Authorization Level .....	590	602	379	387	395
Estimated Outlays .....	12	89	275	391	436
Eligibility of Room Additions for Use for Grandparents and Grandchildren:					
Estimated Authorization Level .....	1,002	1,224	1,436	1,618	1,775
Estimated Outlays .....	100	423	811	1,260	1,461
Down-Payment Assistance Initiative:					
Estimated Authorization Level .....	200	204	0	0	0
Estimated Outlays .....	20	120	182	82	0
Homeownership for Municipal Employees:					
Estimated Authorization Level .....	14	15	15	15	16
Estimated Outlays .....	1	9	15	15	15
Title II					
Loss Mitigation for Hospitals:					
Estimated Authorization Level .....	54	0	0	0	0
Estimated Outlays .....	30	12	12	0	0
Down-Payment Simplification:					
Estimated Authorization Level .....	6	8	8	9	9
Estimated Outlays .....	6	8	8	9	9
Reduced Down-Payment Requirements:					
Estimated Authorization Level .....	–3	–10	–14	–17	–20
Estimated Outlays .....	–3	–10	–14	–17	–20
Title III					
Grants for Repairs to Federally Assisted Housing for the Elderly:					
Estimated Authorization Level .....	200	204	0	0	0
Estimated Outlays .....	3	50	117	108	74

TABLE 2.—ESTIMATED SPENDING SUBJECT TO APPROPRIATION FOR H.R. 3995—Continued

	By fiscal year, in millions of dollars—				
	2003	2004	2005	2006	2007
Service Coordinators for Supportive Housing for Persons with Disabilities:					
Estimated Authorization Level .....	16	16	16	17	17
Estimated Outlays .....	1	10	16	16	17
Demonstration Program for Elderly Housing for Intergenerational Families:					
Estimated Authorization Level .....	3	3	3	3	0
Estimated Outlays .....	*	*	1	2	3
Title IV					
Housing Voucher Demonstration:					
Estimated Authorization Level .....	13	14	0	2	8
Estimated Outlays .....	0	*	2	7	13
Flexibility to Assist Hard-to-House Families:					
Estimated Authorization Level .....	255	266	276	287	297
Estimated Outlays .....	64	226	235	244	253
PHA Administrative Fees:					
Estimated Authorization Level .....	11	12	13	13	14
Estimated Outlays .....	9	12	12	13	14
Extension of Project-Based Section 8 Contract Renewals:					
Estimated Authorization Level .....	9	12	13	13	14
Estimated Outlays .....	5	11	12	13	14
Project-Based Voucher Modifications:					
Estimated Authorization Level .....	0	0	0	0	0
Estimated Outlays .....	0	*	4	16	34
Expanded Use of Enhanced Vouchers:					
Estimated Authorization Level .....	1	2	3	3	3
Estimated Outlays .....	1	2	2	3	3
Demonstration Program for Rental Assistance for Grandparent-Headed Families:					
Estimated Authorization Level .....	6	0	3	6	6
Estimated Outlays .....	0	3	4	4	5
Increased Payment Standard:					
Estimated Authorization Level .....	0	110	114	119	123
Estimated Outlays .....	0	43	104	108	112
Title V					
Third-Party Public Housing Assessment System:					
Estimated Authorization Level .....	1	0	0	0	0
Estimated Outlays .....	1	0	0	0	0
Affordable Assisted Living Facilities Demonstration Program:					
Estimated Authorization Level .....	2	4	0	0	0
Estimated Outlays .....	0	*	*	1	2
HOPE VI Reauthorization:					
Estimated Authorization Level .....	585	597	0	0	0
Estimated Outlays .....	0	12	88	195	236
HOPE VI Grants for Assisting Affordable Housing Through Main Street Projects:					
Estimated Authorization Level .....	29	30	0	0	0
Estimated Outlays .....	0	1	4	10	12
Title VI					
Interagency Council on the Homeless:					
Estimated Authorization Level .....	1	1	0	0	0
Estimated Outlays .....	1	1	*	0	0
Federal Emergency Management Agency Food and Shelter Grant Program:					
Estimated Authorization Level .....	140	143	0	0	0
Estimated Outlays .....	140	143	0	0	0
Emergency Shelter Grants:					
Estimated Authorization Level .....	155	158	0	0	0
Estimated Outlays .....	5	23	46	55	59
Supportive Housing Program:					
Estimated Authorization Level .....	785	801	0	0	0
Estimated Outlays .....	24	118	234	278	297
Section 8 Single-Room Occupancy:					
Estimated Authorization Level .....	16	16	0	0	0
Estimated Outlays .....	*	2	5	5	6

TABLE 2.—ESTIMATED SPENDING SUBJECT TO APPROPRIATION FOR H.R. 3995—Continued

	By fiscal year, in millions of dollars—				
	2003	2004	2005	2006	2007
Shelter Plus Care:					
Estimated Authorization Level .....	180	184	0	0	0
Estimated Outlays .....	13	69	114	72	30
Housing for Domestic Violence and Sexual Assault Victims:					
Estimated Authorization Level .....	199	203	208	212	216
Estimated Outlays .....	20	120	202	206	210
Title VII					
Native American Block Grant Reauthorization:					
Estimated Authorization Level .....	661	675	0	0	0
Estimated Outlays .....	240	380	232	172	146
Title IX					
GNMA Guarantee Fee:					
Estimated Authorization Level .....	0	0	56	58	59
Estimated Outlays .....	0	0	56	58	59
Reauthorization of SHOP:					
Estimated Authorization Level .....	22	23	0	0	0
Estimated Outlays .....	*	8	17	13	5
HOPWA Reauthorization:					
Estimated Authorization Level .....	282	288	0	0	0
Estimated Outlays .....	8	90	165	160	112
Use of CDBG Amounts for Tornado-Safe Shelters:					
Estimated Authorization Level .....	50	50	0	0	0
Estimated Outlays .....	1	17	37	28	12
Correction of Inequities in the Second Round of Empowerment Zones:					
Estimated Authorization Level .....	167	167	167	167	167
Estimated Outlays .....	3	57	127	150	167
Assistance for Nonprofit Purchasers Preserving Affordable Housing:					
Estimated Authorization Level .....	15	15	16	16	16
Estimated Outlays .....	2	9	15	16	16
Demonstration Program for Affordable Housing Database:					
Estimated Authorization Level .....	2	0	0	0	0
Estimated Outlays .....	1	1	0	0	0
Tenant Protection for Section 515 Properties:					
Estimated Authorization Level .....	41	83	127	157	172
Estimated Outlays .....	20	60	102	137	158
Removal of Prepayment Restrictions for Section 515 Properties:					
Estimated Authorization Level .....	–102	–102	–102	–65	–27
Estimated Outlays .....	–102	–102	–102	–65	–27
Total, Changes In Spending Subject to Appropriation:					
Estimated Authorization Level .....	5,609	6,017	2,737	3,019	3,260
Estimated Outlays .....	625	2,018	3,140	3,764	3,941

## Notes:

\* = Less than \$500,000 per year.

Numbers may not add up to totals because of rounding.

PHA = Public Housing Authority; HOPE VI = Home Ownership and Opportunity for People Everywhere; GNMA = Government National Mortgage Association; SHOP = Self-Help Housing Providers; HOPWA = Housing Opportunities for Persons with AIDS; CDBG = Community Development Block Grant.

*Title I: Home Investment Partnerships Program*

CBO estimates that implementing title I would cost \$5.7 billion over the 2003–2007 period, assuming appropriation of the necessary amounts.

Matching Grants for State and Local Affordable Housing Trust Funds. Section 101 would authorize such sums as may be necessary for grants to state and local trust funds to support the production, preservation, and rehabilitation of housing affordable to extremely low and low-income families. Families occupying units produced with this funding would be required to pay not more than 30 percent of their adjusted monthly income toward rent.

CBO assumes that limiting tenant rent contributions to 30 percent of adjusted income would not provide sufficient revenue to cover operating expenses, including an adequate reserve, for the newly constructed or rehabilitated properties. Therefore, the number of new units that could be produced through this program would be limited by the availability of operating subsidies. As discussed later in this cost estimate, CBO estimates that sections 401 and 411 of this bill would provide enough project-based operating subsidy to support approximately 25,000 new or rehabilitated units (5,000 incremental project-based vouchers in 2003 and 2004 and attaching about 4,000 housing choice vouchers to the new units each year through 2007). Based on data provided by the Department of Housing and Urban Development (HUD), CBO assumes that units currently produced through the HOME program cost an average of \$91,000. CBO estimates that implementing this provision would require the appropriation of \$2.4 billion over the 2003–2007 period, with outlays of \$1.2 billion over that period.

**Eligibility of Room Additions for Use for Grandparents and Grandchildren.** Section 104 would allow participating local jurisdictions to provide HOME investment Partnership funds to low-income families to build an additional room or add a cottage to an existing dwelling for an elderly relative if it is necessary to avoid the relative's placement in an institutionalized setting. Based on data published by the Centers for Disease Control and Prevention and the Agency for Healthcare Research and Quality, CBO assumes that nearly a million elderly individuals from families eligible to receive assistance under this provision are admitted into nursing home facilities each year. About one in six of these individuals require help with fewer than three of daily living (ADLs), which would make them suitable candidates for home care.

Results from a 1991 survey conducted by the American Association of Retired Persons indicate that 44 percent of families would prefer to care for frail or disabled family members at home. Assuming appropriation of the necessary amounts, CBO estimates that this provision would allow about 72,000 of these elderly individuals to avoid placement in an institutionalized setting each year at a cost of approximately \$10,000 per grant. CBO notes that this reduction in nursing home placement could result in Medicaid savings if the beds not used by this population are not filled by previously unmet demand. (Any such change in Medicaid spending can not be attributed to H.R. 3995, however, because the grants that might lead to the savings are contingent upon appropriation action.)

In addition, based on data published by the National Alliance for Caregiving, CBO assumes that by 2007 roughly 10 percent of the 1.4 billion low-income households that are involved in caregiving for frail elderly relatives requiring some help (individuals with one or two ADLs) also would receive funding through this provision. This estimate is highly uncertain because the legislative language would provide little guidance to HUD on how to limit eligibility. If HUD were to target funding to families with frail relatives most likely to be admitted to nursing homes, participation would be lower than the CBO estimate. However, given the lack of predictability of nursing home admissions, the regulations might become less restrictive than CBO assumes. In total, CBO estimates that

section 106 would authorize the appropriation of about \$7 billion over the 2003–2007 period, with estimated outlays of about \$4 billion over that period.

**Down-Payment Assistance Initiative.** Section 108 would authorize the appropriation of such sums as may be necessary through 2004 to be used for down-payment assistance toward the purchase of single-family housing by low-income first-time homebuyers. Based on information from HUD, CBO assumes that the program would provide down-payment assistance to about 28,000 families each year. The average amount of down-payment assistance is assumed to be comparable with those currently provided through the HOME program or approximately \$7,200. CBO estimates that implementing section 108 would cost \$404 million over the 2003–2007 period, assuming the appropriation of the necessary amounts.

**Homeownership for Municipal Employees.** Section 109 would allow HOME funds to be used for homeownership assistance for public safety employees and teachers whose income does not exceed 115 percent of median income (this may be increased by HUD to 150 percent of median income if certain conditions are met). CBO estimates that demand for such assistance is somewhat limited because of the already high homeownership rate for this population (almost 10 percentage points higher than the national average) and competition from programs that provide similar assistance on both the federal and local level. CBO assumes that demand would be similar to HUD's Officer/Teacher Next Door program which serves approximately 2,000 buyers each year. The average grant amount is assumed to be about \$7,200, which is similar to the average down-payment assistance currently provided through the HOME program. CBO estimates that implementing section 109 would require the appropriation of \$75 million over the 2003–2007 period, increasing outlays by \$55 million over the same period.

#### *Title II: FHA Mortgage Insurance*

CBO estimates that implementing title II would have a net cost of \$33 million in 2003 and \$30 million over the 2003–2007 period.

**Loss Mitigation Demonstration for Hospitals.** Section 204 would require the Federal Housing administration (FHA) to carryout a demonstration program that would provide various types of mortgage assistance for not more than three hospitals with existing FHA-insured loans. The mortgage assistance could include the payment of a portion of outstanding debt, as well as payment for the repairs and rehabilitation required for the conversion of the hospitals to facilities providing health care and housing to the elderly. Subject to the availability of appropriations, such assistance would be provided as a means to assist financially troubled hospitals, and it would be limited to 30 percent of a hospital's unpaid mortgage balance. (According to FHA, the average unpaid mortgage balance per hospital loan is \$60 million.) Based on information from FHA, CBO assumes that the demonstration would include three hospitals, that the maximum amount of assistance per hospital (i.e., 30 percent of the unpaid balance on a loan) would be provided, and that there would be little likelihood that any assistance provided would be repaid by the borrower. As such, CBO estimates that an appropriation of \$54 million in 2003 would be required to support the demonstration program.

**Simplification of Down Payment.** Section 221 would permanently change the process FHA uses to determine the amount of a down payment that is necessary for mortgages on the single-family homes that it insures. Under current law, the down payment is calculated using a formula established in a 1996 pilot program. Under this formula, the maximum mortgage amount that FHA could insure would be determined as a fixed percentage of the home value. Authority to use this formula is scheduled to terminate on December 31, 2002, but section 221 would make its use permanent.

Based on information from FHA, CBO estimates that continuing the use of the current down-payment formula would slightly increase the cost of guaranteeing FHA loans because it would lead to a small increase in the loan-to-value (LTV) ratios of about 15 percent of the loans guaranteed each year after 2002. The LTV ratio indicates how much equity a borrower initially has in the home, and serves as a good predictor of the likelihood of default. On average, borrowers with less equity (that is, higher LTV ratios) have higher default rates than borrowers with more equity. We estimate that this provision would increase the cost of guaranteeing some loans, resulting in a cost of \$6 million in 2003 and \$40 million over the 2003–2007 period. The estimated changes in FHA’s loan subsidy costs—which are treated as discretionary spending—would be recorded in each year as new loans are disbursed.

**Reduced Down-Payment Requirements.** Section 222 would reduce the down-payment requirements for federally insured mortgages for teachers and public safety officers. Enacting this provision could enable certain teachers and public safety officers to purchase homes within their work regions with an FHA guarantee, by permitting a down payment as low as 1 percent of the mortgage amount instead of the 3 percent minimum down payment that is currently required. In addition, for each year that the loan is held and the borrower continues to work in the designated school district of public safety jurisdiction, FHA would defer 20 percent of the up-front cost of obtaining the loan. Normally, FHA charges a fee of 1.5 percent of the loan amount as the up-front cost of obtaining an FHA loan guarantee.

The budgetary impact of this new loan program would depend on how many households would use this provision to help them become homeowners and how long these homeowners would remain in these homes. Based on information from associations, private investment firms, banks, FHA, and industry experts, CBO expects that about 10,000 loans (with a face value of about \$1 billion) would be guaranteed after the program is fully implemented in 2004. CBO expects that demand for this program would grow to almost 20,000 loans by 2007. CBO expects that this new program would be profitable (and thus generate negative subsidies), though not as profitable as the current single-family program where fees are not waived or reduced and default rates are slightly lower. We estimate that this new program would have a subsidy rate of about negative 0.75 percent, compared to a subsidy rate of negative 2.53 percent for FHA’s single-family program in 2003 and negative 2.4 percent in subsequent years. CBO estimates that implementing the program would result in additional offsetting collections of \$2 million in 2003 and \$41 million over the 2003–2007 period.

In addition, because the majority of FHA-insured loans are eventually included in the Government National Mortgage Association (GNMA) Mortgage-Backed Securities (MBS) program, CBO estimates that implementing this provision would result in additional collections in GNMA of \$1 million in 2003 and \$23 million over the 2003–2007 period.

*Title III: Supportive Housing for Elderly and Disabled Families*

CBO estimates that implementing title III would cost \$418 million over the 2003–2007 period, assuming the appropriation of the necessary amounts.

Authorization of Appropriations for Grants for Repairs to Federally Assisted Housing for the Elderly. Section 301 would authorize the appropriation of such sums as may be necessary through 2004 to be used for grants for substantial capital repairs for elderly multifamily housing. Based on information provided by HUD and industry officials, CBO assumes that funding for approximately 27,000 units per year would be provided in 2003 and 2004 at a cost of about \$7,500 per unit. Thus, CBO estimates that implementing this section would require the appropriation of \$404 million over the next two years, with outlays of \$351 million over the 2003–2007 period.

Service Coordinators for Supportive Housing for Persons with Disabilities. Section 302 would add Section 811 Supportive Housing for the Disabled to the list of federally assisted housing programs that are eligible to receive grants to provide service coordinators. Service coordinators assist residents in obtaining needed supportive services from community agencies. In fiscal year 2002, 6.4 percent of the total allocation for the Section 202 elderly housing program was earmarked for service coordinators. Assuming a similar ratio, CBO estimates that section 302 of H.R. 3995 would authorize \$82 million for the 2003–2007 period, with outlays of \$60 million over that period.

Demonstration Program for Elderly Housing for Intergenerational Families. Section 303 would require HUD to reserve from future appropriations for Section 202 elderly housing amounts necessary to fund a demonstration program to determine the feasibility of providing intergenerational dwelling units for households headed by an elderly person. The bill would require HUD to fund between two and four projects during the demonstration period of 2003–2006.

In 1998, a similar program in Massachusetts developed a 26-unit intergenerational project at a cost of approximately \$4 million. Assuming a comparable cost per project after adjustments for inflation and the regional cost of housing, CBO estimates that a four-project demonstration program would require an appropriation of \$13 million over the 2003–2007 period with resulting outlays of \$7 million over the same period.

*Title IV: Section 8 Rental Housing Assistance Program*

CBO estimates that implementing title IV would cost \$1.6 billion over the 2003–2007 period, assuming appropriation of the necessary amounts.

Housing Voucher Demonstration. Section 401 would authorize the appropriation of the amount necessary to provide a total of

5,000 incremental project-based vouchers for fiscal years 2003 and 2004. CBO assumes that these vouchers would be used in conjunction with the affordable housing production and preservation funding authorized in section 101 and that renewals would begin in the year following initial occupancy. Assuming an average project-based voucher cost of \$5,300, CBO estimates that the issuance and renewal of these vouchers would require an appropriation of \$38 million over the 2003–2007 period, with outlays of \$23 million over the same period.

**Flexibility to Assist Hard-to-House Families.** Section 402 would allow public housing authorities (PHAs) to use up to 2 percent of amounts allocated to the agency each year for purposes that directly support the agency's housing choice voucher program (the program that provides tenant-based vouchers to low-income families). These funds could be used for housing counseling programs, down-payment assistance, rental security deposits, and other activities that assist eligible families in obtaining suitable dwelling units. Currently, many PHAs are not able to utilize their full allotments each year because some tenant-based vouchers cannot be placed. Assuming the appropriation of the necessary amounts, CBO estimates that this authority would cost \$1 billion over the 2003–2007 period.

**PHA Administrative Fees.** Section 404 would authorize the Secretary of HUD to pay incentive fees to public housing agencies that succeed in achieving high or substantially improved performances on specified program requirements. Based on information provided by HUD, CBO assumes that one-third of all units are administered by public housing authorities that have been rated as "high performers" under the Section 8 Management Assessment Program and, therefore, would be likely recipients of the incentive fees. Assuming an administrative fee bonus of 3 percent, CBO estimates that this provision would require the appropriation of \$63 million over the 2003–2007 period, with outlays of \$60 million over that period.

**Extension of Project-Based Section 8 Contract Renewals.** Section 408 would amend the Multifamily Assisted Housing Reform and Affordability Act of 1997 to allow rents for properties subsidized through the moderate rehabilitation program to be renewed at market rates. Under current law, rents are renewed at the lesser of adjusted existing rents, fair market rents, or market rents.

Based on data provided by HUD, state housing agencies, and public housing agencies, CBO estimates that almost half of the 52,000 moderate rehabilitation units subsidized by HUD currently have contract rents that are below market for comparable units. Average monthly rents for such units are estimated to be approximately \$50 below the market rate. CBO estimates that allowing contract rents on these units to be marked up to market upon contract expiration would require the appropriation of \$61 million over the 2003–2007 period, with outlays of \$54 million over that period.

**Project-Based Voucher Modifications.** Section 411 would modify the rules that govern attaching housing choice voucher subsidies to structures rather than to individuals. Currently, no more than 25 percent of the dwelling units in most buildings may be assisted in this manner. The modifications in this section would expand the exceptions to this rule to include properties of one to four units and



buildings outside of qualified census tracts with five to 25 units. Assuming the availability of appropriations, CBO estimates that these modifications, when used in conjunction with the production funding authorized in section 101, would gradually increase voucher utilization by 20,000 units. This increased utilization would cost \$54 million over the 2003–2007 period.

**Expanded Use of Enhanced Vouchers.** Section 412 would allow families who are eligible for enhanced voucher assistance, but live in units that are unavailable for continued rental due to conversion to condominium, cooperative, or commercial use, to transfer the enhanced voucher to another unit within the same or contiguous zip code. The enhanced vouchers provided to these families would have payment standards of up to 150 percent of the applicable fair market rent. Based on information from HUD and industry officials, CBO estimates that such conversions are relatively rare, representing approximately 2 percent of the 28,000 opt-out units each year. This expanded use of enhanced vouchers would add, on average, about 36 percent to the cost of the tenant protection vouchers issued as a result. CBO estimates that this provision would require the appropriation of \$12 million over the 2003–2007 period, with outlays of \$10 million over that period.

**Demonstration Program for Rental Assistance for Grandparent-Headed or Relative-Headed Families.** Section 413 would direct HUD to reserve amounts made available for tenant-based voucher assistance to be used for a demonstration program to determine the feasibility of providing rental assistance to families headed by a grandparent or relative. The section would require the demonstration to be conducted by not less than two and not more than four public housing agencies. CBO assumes that HUD would choose four housing authorities of various sizes for this demonstration and that it could be conducted with 1,000 vouchers (500 vouchers for a large PHA, 225 vouchers for two mid-sized PHAs, and 50 vouchers for a small PHA). Assuming that renewals would begin the year following initial occupancy, the issuance and renewal of these vouchers would require the appropriation of \$21 million over the 2003–2007 period, resulting in outlays of \$17 million over that period.

**Increased Payment Standard.** Section 415 would allow PHAs to use funds appropriated for fiscal year 2004 and future years to establish a payment standard of up to 120 percent of the Fair Market Rent (FMR) for units assisted by tenant-based vouchers without the approval of HUD. A PHA would be able to establish a payment standard at this level if it has had a payment standard of at least 110 percent of the FMR for the previous six months and has a voucher success rate (the proportion of families that are issued a voucher that succeed in leasing a unit) of not more than 80 percent. Prior to increasing the payment standard, PHAs must include the reasons for the increase in their annual plan.

Based on information provided by HUD, CBO estimates that approximately 12 percent of units are managed by PHAs that have set payment standards at or above 110 percent of the FMR and that an additional 13 percent would have payment standards at that level within one year after enactment. In addition, CBO estimates that 70 percent of units are managed by PHAs that meet the success rate requirement. CBO estimates that allowing PHAs to in-

crease payment standards would require the appropriation of \$466 million over the 2003–2007 period, with outlays of \$367 million over that period.

*Title V: Public Housing*

CBO estimates that implementing title V would cost \$562 million over the 2003–2007 period, assuming appropriation of the necessary amounts.

**Third-Party Public Housing Assessment System.** Section 503 would give HUD the authority to develop a prototype of an alternative evaluation system for assessing the overall performance of housing authorities. The bill would require HUD to enter into a contract with an outside entity to develop the prototype assessment system. CBO estimates that this provision would cost approximately \$1 million in fiscal year 2003.

**Affordable Assisted Living Facilities Demonstration Program.** Section 504 would authorize such sums as may be necessary through 2004 to carry out a program to demonstrate the effectiveness of making grants to public housing agencies to convert elderly dwelling units to assisted living facilities. These facilities would be designed for elderly tenants who can live independently but require supportive services. The section would authorize appropriations for the conversion of three eligible properties. A similar conversion program for elderly housing assisted under section 202 of the Housing Act of 1959 has required an average of \$1.8 million per project in 2000 and 2001. Assuming a similar cost per project, CBO estimates that implementing section 504 would require the appropriation of \$6 million over the next two years, with outlays of \$3 million over the 2003–2007 period.

**HOPE VI Authorization of Appropriations.** Section 522 would authorize the appropriation of such sums as necessary for the HOPE VI program through 2004. In 2002, \$574 million was appropriated for this program. CBO estimates that implementing this section would cost \$531 million through 2007, assuming appropriation of the necessary amounts.

**HOPE VI Grants for Assisting Affordable Housing Through Main Street Projects.** Section 524 would authorize HUD to provide up to 5 percent of the amount appropriated for the HOPE VI program for use by smaller communities (population below 30,000) for affordable housing activities in conjunction with the revitalization of a traditional commercial area. Assuming the appropriation of the necessary amounts, CBO estimates that implementing section 524 would cost \$27 million through 2007.

*Title VI: Homeless Housing Programs*

CBO estimates that implementing title VI would cost about \$2.5 billion over the 2003–2007 period, assuming inflation-adjusted appropriations.

**Homeless Assistance Programs.** Title VI would extend the authorizations for the following programs through 2004 for such sums as may be necessary:

- Interagency Council on the Homeless (estimated outlays of \$2 million over the 2003–2007 period);

- Federal Emergency Management Agency food and shelter program (estimated outlays of \$283 million over the 2003–2007 period);
- Emergency shelter grants program (estimated outlays of \$188 million over the 2003–2007 period);
- Supportive housing program (estimated outlays of \$950 million over the 2003–2007 period);
- Section 8 assistance for single room occupancy dwellings (estimated outlays of \$19 million over the 2003–2007 period); and
- Shelter plus care (estimated outlays of \$299 million over the 2003–2007 period).

Housing for Domestic Violence and Sexual Assault Victims. Section 607 would authorize the appropriation of such sums as necessary for fiscal years 2003 through 2007 to carry out a program that provides grants to qualified organizations for providing housing assistance for the victims of domestic violence or sexual assault. Survey data provided by the National Coalition Against Domestic Violence indicate that approximately half of the 83,000 families that were either served by or turned away from domestic violence shelters in 2000 are in need of transitional housing services. Based on information provided by HUD, CBO assumes that the average cost to assist each family would be approximately \$6,000 per year, 25 percent of which would be provided by the qualified organizations receiving assistance. CBO estimates that this section would authorize the appropriation of \$1 billion over the 2003–2007 period, and result in outlays of \$759 million over that period.

*Title VII: Reauthorization of Native American Housing and Self-Determination Act*

Section 701 would authorize the appropriation of such sums as necessary through 2004 for Native American Housing Block Grants, title VI loan guarantees, and training and technical assistance. For 2002, \$649 million was appropriated for these purposes. Assuming continued funding at that level and adjusting for inflation, CBO estimates that implementing this provision would cost \$1.2 billion over the 2003–2007 period.

*Title IX: Other Housing Programs*

CBO estimates that implementing title IX would cost \$1.5 billion over the 2003–2007 period, assuming appropriation of the necessary amounts.

GNMA Guarantee Fee. GNMA is responsible for guaranteeing securities backed by pools of mortgages insured by the federal government. (These securities are known as mortgage-backed securities or MBS). For a fee charged to lenders or issuers of the securities, GNMA guarantees the timely payments of scheduled principal and interest due on the pooled mortgages that back their securities. Under current law, GNMA charges lenders or issuers an annual fee of 6 cents for every \$100 (6 basis points) of guaranteed mortgage-backed securities backed by single-family loans. Furthermore, a fee increase to 9 basis points is scheduled to take effect on October 1, 2004. Section 901 would repeal that fee increase. CBO estimates that eliminating the fee increase would increase the subsidy rate

associated with the single-family MBS program and increase the demand for the program.

Based on information from GNMA, CBO estimates that the collection of lower fees would reduce the subsidy for the single-family MBS program from negative 0.56 percent to negative 0.37 percent. (As with the FHA single-family program, GNMA guarantee fees for the mortgage-backed securities more than offset the costs of expected defaults, resulting in net collections from the MBS program.) CBO expects that by extending the lower fee of 6 basis points, however, GNMA would remain more competitive with other MBS programs and continue to guarantee more than \$100 billion worth of mortgage-backed securities, as it does under the current fee structure. Thus, while repealing the fee increase would result in a less profitable program, this loss would be partially offset by additional receipts stemming from an expected increase in demand for GNMA services of about 25 percent. On balance, CBO estimates that implementing this provision would cost \$56 million in 2005 and \$173 million over the 2005–2007 period.

**Assistance for Self-Help Housing Providers.** Section 903 would authorize the appropriation of \$22 million in 2003 and \$23 million in 2004 for HUD to issue grants to facilitate self-help housing homeownership opportunities. Assuming the appropriation of the necessary amounts, CBO estimates that implementing this provision would cost \$43 million over the 2003–2007 period.

**Housing Opportunities for Persons with AIDS:** Section 904 would authorize the appropriation of such sums as necessary through 2004 for the Housing Opportunities for Persons with Aids program. For 2002, \$277 million was appropriated for this program. Assuming inflation-adjusted appropriations, CBO estimates that the bill would authorize the appropriation of \$570 million for the 2003–2004 period, with outlays of \$535 million over the 2003–2007 period.

**Use of CDBG amounts for construction of tornado-safe shelter for manufactured housing parks.** Section 905 would authorize HUD to make block grants to communities for the construction of storm-safe shelters for manufactured housing parks. Based on information from HUD, CBO estimates that implementing this section would cost \$95 million for land acquisition, construction, and the maintenance cost of such shelters over the 2003–2007 period, assuming the appropriation of the necessary amounts.

**Correction of Inequities in the Second Round of Empowerment Zones.** Section 909 would authorize the appropriation of such sums as are necessary to make grants to the 15 areas designated in the second round of urban empowerment zones. Based on information from HUD and the amount of past appropriations for the first round of urban empowerment zones, CBO estimates that each second round zone would receive \$100 million for various economic development projects. The empowerment zone designation ends in 2009. The 15 empowerment zones have received \$330 million so far, and CBO estimates that this provision would cost \$504 million over the 2003–2007 period.

**Assistance for Nonprofit Purchases Preserving Affordable Housing.** Section 911 would authorize the appropriation of such sums as necessary to make grants to nonprofit organizations with a regional or national focus that work to acquire and preserve affordable

housing. The grants would be intended to support the nonprofits' operating, working capital, and organizational expenses. Based on information from industry representatives, CBO estimates that there are approximately 15 national and 60 regional nonprofit purchasers of affordable housing and that average annual operating expenses for these organizations range from \$500,000 to \$2 million. We estimate that HUD would provide these agencies with grants equal to about 25 percent of their annual operating expenses. CBO estimates that implementing this section would cost \$57 million over the 2003–2007 period.

Demonstration Program for Affordable Housing Database. Section 916 would give HUD the authority to conduct a demonstration program to develop an electronic database that provides agencies, municipalities, and the general public access to information about affordable housing. The provision would limit the demonstration to not more than three sites. CBO estimates that carrying out this provision would cost \$2 million over the 2003–2004 period.

Tenant Protection and Removal of Prepayment Restrictions for Section 515 Properties. Section 918 would remove all restrictions on the prepayment of certain Rural Housing Service (RHS) loans and would provide, subject to the availability of appropriations, enhanced vouchers to each low-income family who would be displaced by the prepayment of these loans.

Beginning in the 1960s, the RHS made direct loans, generally for about 40 years, to builders for the construction of multifamily rental housing units in rural areas. Many of these properties (known as section 515 properties) receive project-based rental assistance, which is a type of housing subsidy that is tied to the unit, and thus the household can only benefit from the subsidy while living in the subsidized unit. Under current law, section 515 loans made before December 14, 1989, may not be prepaid after 20 years from the date of the loan unless certain conditions concerning the maintenance of the property are met.

Based on information from the General Accounting Office and RHS, CBO estimates that this section would allow for the prepayment of mortgages associated with about 4,000 section 515 projects over the next eight years. The budgetary impact of this provision would be twofold. First, CBO estimates that 108,000 units would be eligible for enhanced vouchers and that the rents for these units would increase by approximately 45 percent. Over the 2003–2007 period, we estimate that the funding of such vouchers would cost about \$477 million above the subsidy payments currently provided to the families that live in these properties.

Second, assuming appropriations language would specify the use of enhanced vouchers for this particular population, prepayments of section 515 properties would result in savings of about \$102 million to the federal government in 2003 and \$398 million over the 2003–2007 period. (The average original loan amount for the section 515 projects is \$730,000.) Because the expected prepayments would change the cash flows associated with the section 515 loan program, this provision would be considered to be a modification of existing federal loans. The costs of a loan modification are estimated on a net present value basis in the year in which the modifications take place. CBO estimates that \$398 million in savings from the more rapid repayment of the outstanding principal balance on

about 4,000 section 515 loans would be recorded in the budget over the 2003–2007 period under this provision. Note, however, that those potential savings are contingent upon appropriation of the funds necessary to provide the additional enhanced use vouchers for section 515 properties (as estimated above). That is, the prepayments would not occur in the absence of such appropriations.

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: H.R. 3995 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Any significant costs to state, local, or tribal governments would result from complying with conditions of federal aid.

Previous CBO estimate; On August 21, 2002, CBO transmitted a cost estimate for H.R. 3995 as ordered reported by the House Committee on the Judiciary on July 23, 2002. That version of the bill included many provisions similar to those in this bill and had an estimated cost of about \$12.6 billion over the next five years (\$1.3 billion lower than the Financial Services Committee's version), assuming appropriation of the necessary amounts, as well as a \$34 million increase in direct spending over the 2003–2008 period (in contrast to no direct spending for the version approved by the Financial Services Committee).

The major differences in this version of H.R. 3995 are:

- The creation of a matching grant provision for state and local affordable housing trust funds;
- Modifications to the HOME program including the creation of a down-payment assistance program and a homeownership program for municipal employees;
- The authorization of appropriations for grants to repair federally assisted housing for the elderly;
- Modifications to the rules governing Section 8 housing vouchers;
- The creation of a new transitional housing program for the victims of domestic violence and sexual assault;
- The removal of prepayment restrictions for Section 515 properties; and
- The establishment of various demonstration programs.

Estimate prepared by: Federal Costs: Housing Assistance Programs: Chad Chirico; FHA and GNMA Subsidies: Susanne S. Mehlman; and Community Development Programs: Lanette Walker. Impact on State, Local, and Tribal Governments: Greg Waring. Impact on the Private Sector: Cecil McPherson.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

### CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

### APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

### SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

#### *Section 1. Short Title and Table of Contents*

This section establishes the short title of the bill, the “Housing Affordability for America Act of 2002” and provides a table of contents.

### TITLE I—HOME INVESTMENT PARTNERSHIP PROGRAM

#### *Section 101. Affordable Housing Production and Preservation*

HUD is currently authorized to make housing funds available to participating State and local jurisdictions through a previously established HOME Investment Trust Fund. Appropriated funds must be allocated by a formula based on factors reflecting need, with 1 percent to Indian tribes, the remainder divided 60 percent among local governments and 40 percent to States, with minimums for each participating State and locality. HOME funds may be used for rehabilitation, new construction, or tenant-based assistance. The funds may not be used for administrative expenses, for public housing operating subsidies, for rental assistance for families displaced by demolition of public housing, for extension of section 8 contracts, or for preservation of assisted housing projects. Participating jurisdictions are required to provide matching funds of 25 cents for every dollar of HOME funds received. The matching funds must be from non-Federal sources. The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, families with incomes that do not exceed 50 percent of the HUD-adjusted median income must occupy 20 percent of the units. The incomes of households receiving HUD assistance may not exceed 80 percent of the median income for the area.

H.R. 3995 amends HOME to establish a housing production program to increase the production and preservation of mixed income rental housing affordable to very low and extremely low-income families. The bill amends the HOME Investment Partnership Act to permit HUD to make grants to affordable housing trust funds established by States and localities. The bill requires that matching funds from non-Federal sources and the trust fund be used only for

the production, preservation, or rehabilitation of affordable housing. "Qualified Affordable Housing" is defined as rental housing subject to binding commitments to ensure that all the following requirements are met: (1) the rent not exceed the lesser of the section 8 fair market rent or 30 percent of the adjusted income of a family whose income equals 65 percent of the area median income; (2) the family's contribution towards rent not exceed 30 percent of the family's adjusted income, (3) the housing unit must be one of the units subject to the requirement that a percentage of the units are available only for occupancy by families assisted under the section 8 voucher program; (4) all units in the project must be subject to restrictions providing for non-discrimination against holders of vouchers; (5) the housing must be subject to the above requirements for at least 40 years. A trust fund would be permitted to use up to 5 percent of its grant amount towards payment of the operating costs of nonprofit housing development organizations. Of the remainder, 75 percent would have to be distributed for activities providing rental housing for extremely low-income families, and 25 percent would have to be distributed for activities related to qualified affordable housing which would provide rental housing and homeownership assistance for low-income families.

A trust fund receiving these grants needs a HUD-approved allocation plan describing how the grants would be distributed during the fiscal year. The plan includes a description of eligible activities to be conducted, and certification that any housing assistance would be in compliance with the definition for qualified affordable housing with respect to the rents charged, the tenant's rent contribution, the availability of housing for voucher holders, and use of the property as affordable housing for 40 years. The plan notes the selection criteria for applicants and preference must be based on several criteria: (1) the amount of assistance leveraged from non-Federal sources; (2) the extent of local assistance, including financial, and the extent that zoning issues and other barriers to affordable housing were addressed; (3) the degree to which the project will have residents of varying incomes; (4) the extent of economic opportunity for low-income families in the area; (5) the demonstrated ability of the applicant to maintain the property as qualified affordable housing; (6) the extent to which the county is experiencing a rental vacancy rate of 2 percent or less; (7) the extent to which more than 35 percent of the housing in the county is 45 years old or older; (8) whether the applicant has provided that 75 percent of the grant amounts would be used in communities undergoing revitalization or in census tracts in which less than 20 percent of the families have incomes less than the poverty line, and 25 percent of the grant amounts would be used in communities that are not undergoing revitalization and in census tracts in which more than 20 percent of the families have incomes less than the poverty line; and (9) whether the applicant has provided that at least 45 percent of the grant amounts would be used to assist families having median incomes less than 30 percent of the area or State median, at least 30 percent of the grant amounts would be used to assist families employed full time at the greater of the Federal or State minimum wage, and no more than 25 percent of the grant amounts would be used to assist families having incomes greater than that listed above but which would not exceed the



greater of the median income for the State or 80 percent of the median income for the area. Assistance from grant amounts would be in the form of capital grants, no interest and low-interest loans, deferred payment loans, guarantees, and other assistance as approved by HUD.

Affordable housing trust funds will be directed to coordinate the distribution of these grants funds with the provision of other affordable housing assistance. Contracts involving the construction of 12 or more units must provide for the payment of prevailing wages as determined by the Davis-Bacon Act. Such sums as necessary are authorized to be appropriated in FY 2003 and each fiscal year thereafter for grants under section 291. Amounts available for the HOME Investment Partnerships Act would not be available for section 291 grants. Except as provided in this subtitle, the provisions of the HOME program would not apply to section 291 grants. HUD would be directed to use the total amount made available under section 291 each fiscal year, and to allocate 40 percent of the funds to States, and to allocate 60 percent of the funds to participating local jurisdictions. Each State affordable housing trust fund would receive at least 1 percent of the amount allocated to the State.

*Section 102. 3-Year Inspection Cycle for Tax Credit Projects*

Under current law, participating jurisdictions must inspect rental housing produced under the HOME program to monitor compliance with HOME requirements: once every three years if the property has between one and four units, once every two years if the property has between five and 25 units, and annually if the property has 26 or more units. H.R. 3995 gives participating jurisdictions the ability to synchronize risk management techniques with Low Income Housing Tax Credit projects to determine when and how often they should conduct on-site monitoring of projects, as long as projects are monitored at least once every 3 years. Basing property monitoring on risk management techniques will allow participating jurisdictions to focus on those properties that they believe to be at highest risk.

*Section 103. Repeal of Limitation on Program Assistance as Percentage of Operating Budget*

At present, participating jurisdictions may enter into contracts with organizations that provide education to homeowners and tenants, organizational support, and other technical assistance in furtherance of the jurisdictions' housing strategy. However, the contracts may not provide more than 20 percent of the annual operating budget of the contracting organization. This requirement unfairly penalizes small and local organizations devoted to training and technical assistance because they may not have the resources to raise enough private or philanthropic capital. Section 103 repeals this 20 percent provision.

*Section 104. Eligibility of Room Additions for Use by Grandparents and Grandchildren*

Under current law, the term "housing" (as used in the HOME program) is defined to include Elder Cottage Housing Opportunity (ECHO) units that are small, freestanding, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing

one- to four-family dwellings. Whereas current HOME funds can only be used for the initial purchase and placement costs of ECHO units, H.R. 3995 makes the addition of bedrooms an eligible activity under the ECHO program. This adaptation will enable elderly relatives to reside with their low-income families instead of being placed in nursing homes. In some cases, this will also allow grandparents to stay with their young grandchildren and will eliminate the need for foster care for their grandchildren.

*Section 105. Program Year for Matching Contributions*

Participating jurisdictions are currently required to provide matching funds of 25 cents for every dollar of HOME funds received during a fiscal year, and are required to report to HUD on their performance in meeting the matching contribution during the fiscal year. Some jurisdictions base their plan year on their own fiscal year or some other point in time, not necessarily the Federal fiscal year. Section 105 allows jurisdictions to report on the use of funds based on their program year thereby simplifying program administration.

*Section 106. Membership of Boards of Eligible Community Housing Development Organizations*

This provision prohibits the Secretary from barring any public employee who is in an unelected and non-decision-making role from membership on a local board of a community housing development organization.

*Section 107. Monitoring of Compliance*

This provision allows participating jurisdictions to charge compliance monitoring fees to cover compliance monitoring costs. HOME participating jurisdictions are required to monitor projects and enforce program compliance, but they are not allowed to charge monitoring fees. These jurisdictions can use administrative funds for monitoring, but administrative funds are insufficient to cover the increasing cost of monitoring as participating jurisdictions add more projects to their portfolio and have to monitor them for 15–20 years, or more. States are permitted to charge monitoring fees for Low Income Housing Tax Credit properties.

*Section 108. American Dream Downpayment*

Subtitle E of the HOME legislation required that the General Accounting Office (GAO) carry out a study and report to Congress on the ways that HUD and other agencies could provide mortgage credit enhancement in ways that improve the availability of mortgage financing for affordable housing. The report was completed in October 1993. Under this section of H.R. 3995, subtitle E would be renamed “Other Assistance” and its current language would be replaced with language authorizing a downpayment assistance initiative under the HOME program. This new program within HOME will provide low-income families with downpayment assistance in order to achieve the goal of homeownership. The initiative requires a separate appropriation so that the funding for the downpayment program does not affect existing HOME program funding.

*Section 109. Homeownership for Municipal Employees*

To qualify as affordable homeownership housing under the current HOME program, a property must be the principal residence of an owner whose family qualifies as low income at the time of purchase. The HOME program would here be amended to provide that property qualifies as affordable homeownership housing if (1) the property would be the principal residence of an owner whose family qualifies as low income at the time of purchase of existing housing, at signing of a lease-purchase agreement, or at the time of signing a contract for the construction of a home; or (2) the property is to be occupied by uniformed employees (including policemen, firemen, maintenance workers, and teachers) whose income does not exceed 115 percent (up to 150 percent in high cost areas) of the area median. Municipal employees would be eligible for downpayment assistance, assistance with closing costs, pre- or post-purchase counseling, or payments to subsidize the mortgage interest rate.

TITLE II—FHA MORTGAGE INSURANCE

Subtitle A—Multifamily Housing and Health Care Facilities

*Section 201. Indexing of Multifamily Mortgage Limits*

Specific mortgage limits are currently set for the various multifamily housing programs and the limits only change when the National Housing Act is amended for that purpose. This section amends the National Housing Act and requires the Secretary of HUD to index the multifamily mortgage limits each year to the annual construction cost indexes of the Bureau of the Census of the Department of Commerce. The FY 2002 HUD–VA Appropriations Act provided for a 25 percent increase of the multifamily loan limits. This increase reflects the increases in construction costs over the last ten years. Indexing will address future cost increases.

*Section 202. High-Cost Areas*

By regulation, HUD may currently increase the statutory mortgage limits for multifamily housing loans by 110 percent in any geographic area where HUD finds that costs dictate such an increase. In addition, on a project-by-project basis HUD may increase the mortgage limits by up to 140 percent to account for higher costs. This section amends the National Housing Act to permit HUD to increase the multifamily mortgage limits by 140 percent in a geographic area, and by 170 percent on a project by project basis.

*Section 203. Standards and Need for Health Care Facility Mortgage Insurance*

Under Sections 232 and 242 of the National Housing Act, HUD may not currently insure any nursing home (section 232) or hospital (section 242) mortgage unless HUD has received State certification that (1) there is a need for such nursing home or hospital, and (2) there are reasonable State or local minimum standards of licensing and operating such nursing homes or hospitals. If no State agency exists, or if the State agency exists but is not empowered to provide a certification that there is a need for the nursing home or hospital, then HUD may not insure any mortgage under

these sections unless the State in which the institution is (or will be) located has conducted or commissioned the preparation of an independent study of the market need and feasibility of the proposed institution.

This section updates existing provisions to address the fact that State laws have evolved over time, and assures that no health care facilities in any State will be automatically prevented from applying for FHA mortgage insurance. This section establishes an alternate method for the determination of project need and feasibility for States in which procedures do not exist. In addition, it directs the HUD Secretary, in conjunction with the Secretary of Health and Human Services, to require satisfactory evidence that the nursing home or hospital would be located in an area with reasonable minimum standards of licensure and methods of operation for these institutions, and would have to require satisfactory assurance that such standards would be applied and enforced with respect to the institution. HUD would have to establish the means for determining the need and feasibility for the institution. If the State has an official procedure for determining the need for institutions, then HUD would have to also require that such procedure be followed before the application is submitted, and the application would have to document that need has also been established under that procedure.

*Section 204. Hospital Mortgage Insurance Loss Mitigation Demonstration Program*

This section authorizes HUD to carry out a program to demonstrate the effectiveness of loss mitigation actions for up to 3 hospitals which are insured by FHA. Authorized loss mitigation activities include a partial claim payment, temporary provision of operating funds, and assistance for capital improvements, including conversion of excess hospital capacity to related use. To be eligible for assistance a hospital would have to have secured binding commitments of matching funds of at least 10 percent of the cost of the assistance and have met any applicable State certificate of need or licensing requirement. The total assistance would be limited to no more than 30 percent of a hospital's outstanding indebtedness to HUD. The demonstration would terminate on December 31, 2004. HUD would be required to submit a report to Congress analyzing the program and showing the extent to which the assistance reduced the net cost to the FHA General Insurance Fund.

Subtitle B—Single Family Housing

*Section 221. Downpayment Simplification*

In 1998, Congress enacted legislation that allows HUD to use a simplified formula for calculating the downpayment on FHA-insured one to four family properties.

*Section 222. Reduced Downpayment Requirements for Loans for Teachers and Public Safety Officers*

Currently, a borrower's downpayment may range between 1.25 percent and 2.85 percent of the value of the property. In addition, borrowers are required to pay an up front mortgage insurance premium (the actual amount is determined administratively). This sec-

tion provides the HUD Secretary with authority to reduce downpayment requirements to at least one percent off the loan amount for FHA insured mortgages. Qualified borrowers are teachers or public safety officers.

Teachers, teacher's assistants, and public safety officers would be exempt from payment of the up front mortgage insurance premium. If the borrowers remained as teachers, teacher's assistants, or public safety officers for less than 5 years, the borrowers would have to pay a prorated portion of the insurance premium that would have to be paid in the absence of the exemption.

*Section 223. Community Partners Next Door Program*

Under section 204(h) of the National Housing Act, areas that have very low income (less than 60 percent of median), high concentrations of defaults and foreclosures on FHA-insured single-family homes, or low homeownership rates relative to the metropolitan area, may be designated as revitalization areas. HUD is directed to dispose of HUD-owned foreclosed property in a manner that promotes the revitalization of such areas through expanded homeownership opportunities. Local governments and nonprofit organizations are preferred purchasers under the program and they must sign binding agreements that the homes will be used in conjunction with a home ownership plan for the area. Non-preferred purchasers must sign binding agreements to meet specified homeownership goals and agree to rehabilitate the property to comply with minimum occupancy standards. The foreclosed properties may be sold to preferred purchasers at a discount from the appraised value.

This section provides the HUD Secretary with authority to discount HUD-held single family properties by 50 percent to qualified teachers and public safety officers. For a sale financed through an FHA-insured loan, the downpayment would be \$100. The borrower would have to use the property as a primary residence for 3 years and HUD would have to issue regulations to prevent undue profit from the resale of the property in violation of this provision. HUD would have authority to suspend the program if needed because of fraud and other issues.

*Section 224. Public Safety Officer Home Ownership in High-Crime Areas*

This section authorizes the Secretary to establish a three year pilot program for no-downpayment FHA insured loans to qualified public safety officers who purchase homes in designated areas identified by the local government as high-crime activity areas.

*Section 225. Hybrid Adjustable Rate Mortgages*

Section 251(d) of the National Housing Act provides that, for adjustable rate mortgages under which the interest rate is fixed for the first 3 or more years, the initial interest rate adjustment is limited to 1 percentage point if the interest rate is fixed for the first 5 or fewer years.

This section eliminates the interest rate restrictions on 5/1 Hybrid FHA Adjustable Rate Mortgages (ARMs). Hybrid ARMs are mortgages that have an initial fixed interest rate for a period of three, five, seven, or ten years and then the interest rate adjusts annually thereafter. Congress capped the first interest rate adjust-

ment for 5/1 hybrid ARMS at 1 percent. A maximum 1 percent increase in the interest rate at the time of the first rate adjustment for a 5/1 hybrid ARM does not offer sufficient interest rate flexibility for a lender to offer this type of hybrid ARM at a lower interest rate than a traditional 30-year fixed rate mortgage.

*Section 226. Uniform National Loan Limit For Home Equity Conversion Mortgages*

This section sets uniform national loan limits for reverse mortgages used by senior homeowners. Senior homeowners can convert equity in their home into monthly cash payments or a line of credit through the use of reverse mortgages. Currently home equity conversion mortgage loans are subject to the county-by-county FHA loan limits for traditional mortgages. Seniors living in low-cost areas could be subject to disparate treatment. For example, a senior living in Des Moines with a home worth \$175,000 can get a FHA reverse mortgage for only \$144,336, which is the FHA mortgage limit in Des Moines. However, a senior living in Los Angeles with a home worth the same amount can get a reverse mortgage for the full \$175,000 because the FHA mortgage limit in Los Angeles is \$237,500.

*Section 227. Prohibition of Investor and Nonprofit Owners under Rehabilitation Loan Program*

In general, FHA home loans insured under section 203 of the National Housing Act are currently limited to borrowers who will occupy the property as their principal residences. One of the exceptions to this policy is for borrowers who obtain section 203(k) loans to purchase and rehabilitate homes. As recommended by the HUD Inspector General, this provision would remove mortgagors and co-mortgagors from the exemption list and therefore require owner-occupancy of any FHA insured home under the 203(k) program.

*Section 228. Rehabilitation Loan Advances*

To be eligible for insurance under section 203(k) of the National Housing Act, a rehabilitation loan must meet four conditions: (1) the loan may not exceed the FHA loan limit for the area, (2) the borrower and lender must agree on the loan interest rate, (3) the loan must be an acceptable risk, and (4) the loan must comply with other terms and conditions as prescribed by HUD.

Under this section 203(k) of the National Housing Act, an eligible FHA insured loan would include (1) a principal loan amount equal to the rehabilitated value of the structure, (2) an agreed interest rate, (3) acceptable underwriting risk, and (4) compliance with other departmental terms. During the rehabilitation phase period, a consultant or inspector is responsible for reviewing and approving the work of the mortgagor's contractors before making advance payments to the general contractor or borrower. As recommended by the HUD Inspector General, this provision would also require that the lender incorporate into the loan agreement its responsibility to select an inspector or consultant who would act as an agent for the lender in approving advances under the loan.

*Section 229. Nonprofit Purchasers under Property Disposition*

Sections 204(g) and 204(h) of the National Housing Act authorize HUD to dispose of one- to four-family property that HUD acquires by default of borrowers. This provision would require that nonprofit organizations be approved organizations as required under section 501(c)(3) of the Internal Revenue Code of 1986 and that the nonprofit organization certify annually that it has been appraised and understands the applicable rules and guidelines of HUD.

*Section 230. Extension of Holding Period*

Section 912 of the Housing and Urban Development Act of 1970 was created in the 91st Congress to provide authority to fine or imprison a purchaser of 1 to 4 unit buildings if there was a pattern or practice of purchasing, insuring through FHA and then subjecting the loan to default within the first year of purchase. This provision, as recommended by the HUD Inspector General, would extend that one year period to eighteen months.

*Section 231. Mandatory First-Time Homebuyer Counseling for Properties in High Foreclosure Neighborhoods*

The National Housing Act provides that all lenders must provide notice of the availability of homeownership counseling to certain prospective first-time homebuyers and to certain homebuyers who are delinquent on their mortgage loans. This section amends the National Housing Act to require HUD to carry out a pilot program to determine whether defaults and foreclosures would be prevented in high foreclosure areas if first-time homebuyers were required to complete a homeownership counseling program prior to obtaining an FHA-insured loan. HUD is directed to select a pilot area where the rate of foreclosures on FHA-insured loans exceeds the lesser of 150 percent of the national early default claim rate on such loans or the national early default claim rate on such loans in the area served by the HUD field office where the pilot area is located. During the 1-year period beginning within 6 months of enactment of this bill, a first-time homebuyer will not be able to obtain an FHA-insured loan within the pilot area unless the homebuyer had completed a HUD-approved homeownership counseling class regarding the responsibilities and financial management involved in homeownership. HUD is directed to submit a report describing the effect that the pilot program had on defaults and foreclosures and to make recommendations regarding implementing the program on a nationwide basis.

*Section 232. Disposition of Assets in Revitalization Areas*

Title VI of the FY 1999 HUD Appropriations Act (Public Law 105–276) amended the National Housing Act to provide HUD with additional flexibility in disposing of its inventory of single family homes acquired through foreclosure. Section 602 of the National Housing Act requires HUD to designate certain areas as “revitalization areas” if they meet one of the following conditions: (1) the median household income of the area is less than 60 percent of median household income of the State (or of the metropolitan area if the area is located in a metropolitan area); (2) the area has a disproportionately high concentration of foreclosures on FHA-insured homes; or (3) the homeownership rate in the area is substantially

below the homeownership rate for the metropolitan area. HUD is required to carry out a program under which foreclosed properties in these areas are sold in a manner that expands homeownership opportunities and contributes to revitalization of the areas. Units of local government and nonprofit organizations that agree to use the property in conjunction with homeownership plans are preferred purchasers of the property and may purchase properties in bulk at a discount from market value. This section directs HUD to continue to administer the program, to renew all contracts, and to enter into new contracts.

TITLE III—SUPPORTIVE HOUSING FOR THE ELDERLY AND DISABLED  
FAMILIES

*Section 301. Authorization of Appropriations for Grants for Repairs to Federally Assisted Housing for the Elderly*

Section 301 authorizes appropriations of such sums as may be necessary for FY 2003 and 2004 to make grants to non-profit owners of Federally assisted housing for the elderly which is being converted to assisted living facilities. These grants are to be made for needed capital repairs to rehabilitate, modernize, or retrofit aging structures, common areas, or individual dwelling units.

*Section 302. Service Coordinators for Supportive Housing for Persons with Disabilities*

Current law does not include section 811 projects in the definition of Federally-assisted projects requiring service coordinators. This section expands eligible projects to include section 811 projects.

*Section 303. Demonstration Program for Elderly Housing for Intergenerational Families*

This section authorizes HUD to set up a demonstration program to increase the supply of intergenerational housing, including elder cottage housing opportunity units, in connection with the section 202 supportive housing program for the elderly. Intergenerational is defined as a family that has a head of household who is an elderly person (62 years or older). HUD is to see that families participating in the demonstration program receive needed services, which may be provided by other agencies. Grants are to be made competitively for a total of two to four intergenerational projects. The program is to be funded with section 202 appropriated funds set aside for the program as needed in FY 2003 through FY 2006. Grants are to be made competitively to nonprofits for a total of two to four intergenerational projects.

*Section 304. Treatment of Projects Subject to Foreclosure*

This section requires that occupancy by elderly and handicapped families of maximum set incomes continue in section 202 projects, which have undergone foreclosure. Occupancy is to continue until the expiration date of the original loan term. After foreclosure, the maximum income limit for families occupying units may be increased to 80 percent of area median income if that level is necessary for the financial soundness of the project. If a foreclosed property is to be sold or disposed of, HUD must give right of first



refusal to purchase the property to a qualified nonprofit organization. HUD is to issue regulations for this section.

#### TITLE IV—SECTION 8 RENTAL HOUSING ASSISTANCE PROGRAM

##### *Section 401. Housing Voucher Demonstration*

Authorizes appropriations for a housing voucher demonstration program to provide 5,000 incremental vouchers for FY 2003 and FY 2004. These vouchers are to be used exclusively for extremely low-income families, in newly constructed or substantially rehabilitated housing. Extremely low-income families are defined as those families whose incomes do not exceed 30 percent of the area median income, or 30 percent of the national non-metropolitan median income. This voucher could be combined with any capital subsidy program, such as Low Income Housing Tax Credits, HOME, or CDBG.

##### *Section 402. Flexibility to Assist Hard-to-House Families*

Beginning in 2003, authorizes Public Agencies (PHA's) to use up to 2 percent of funds allocated to them in any given year to directly support their section 8 housing choice voucher program for counseling, downpayment assistance, rental security deposits, and other activities that assist families in finding suitable housing.

##### *Section 403. Clarification on Prohibition on Re-Screening of Tenants*

This section clarifies re-screening provisions for all tenants in Public Housing Authority (PHA) projects facing housing conversion including opt-outs and prepayments. Under this section, PHAs are prohibited from re-screening existing section 8 tenants under different criteria than were used to determine their eligibility for continued occupancy. In 1999, Congress passed unified authority requiring HUD to provide "enhanced vouchers" for all tenants facing housing conversion actions. Congress further clarified that tenants receiving these protections may elect to remain in their units. HUD's section 8 Renewal Policy Guide requires owners to accept these enhanced vouchers. The tenant is provided this protection until the tenant violates his or her lease.

##### *Section 404. PHA Administration Fees*

Beginning in FY 2003, the Secretary of HUD may pay incentive fees to public housing agencies that succeed in achieving high or substantially improved performances on specified program requirements or program goals, as established in the section 8 Management Assessment Program or through any other assessment program or regulation issued by the Secretary. The Secretary may set limitations on the amount of the fees to be paid.

##### *Section 405. Ensuring Ability to Use Enhanced Vouchers*

In the case of an eligibility event such as a prepayment of the mortgage or if an owner opts out of participating in a housing program, that owner of a multifamily housing project is required to lease to a family residing in the project who is provided with an enhanced voucher.

*Section 406. Treatment of Over Housed Assisted Families*

Amends section 8(o) of the United States Housing Act of 1937 to prohibit public housing agencies from moving tenants from a unit where the tenant has faced a significant life event, such as the death of a spouse or a child going to college, and the PHA believes that the unit is inappropriately sized, unless there is a suitable unit in the same building or in the immediate neighborhood. These provisions are designed to preclude causing major personal upheaval, particularly for elderly residents, whose spouse has died and their two-bedroom apartment can not be replaced in the same building or on that block.

*Section 407. Extension of Manufactured Housing Demonstration Program*

This provision extends the 1999 manufactured homes section 8 demonstration program through FY 2004, and requires HUD to submit a report on the program to Congress by March 31, 2005. The program was due to terminate in FY 2001. Section 557 in Public Law No. 105-276 allowed owners of mobile homes who rent spaces in mobile home parks to receive section 8 vouchers directly if their landlord refused to accept section 8.

*Section 408. Extension of Project-Based Section 8 Contract Renewals*

Under current law, rental reimbursement levels for expiring section 8 moderate rehabilitation contracts that are being renewed are based on the lesser of comparable market rents in the area or the level of fair market rents. This section amends the Multifamily Assisted Housing Reform and Affordability Act of 1997 to revise the (rental) reimbursement levels for expiring project-based section 8 contracts. Instead of basing rental levels on the lesser of adjusted existing, fair market rents, which may result in lower rent levels for renewed contracts, the provision would set rents for covered projects undergoing contract renewal at the current rent levels in effect for that project immediately prior to the renewal. After the initial renewal of a contract, the Secretary of HUD would annually adjust rent levels based on operating cost adjustment factors.

*Section 409. Inspection of Units*

This section permits a PHA to make assistance payments for a dwelling unit without first inspecting it, if a reasonable number of units in that building had been inspected within 6 months prior to the date on which payment is made, and no major deficiencies were found, and if the unit itself is inspected no later than 30 days after payment is made. This section would also permit a PHA with a large jurisdiction to conduct unit inspections on a geographical basis, nine to fifteen months after the previous inspection rather than annually.

*Section 410. Escrow of Tenant Rent in Cases of Owner Failure to Maintain Unit*

Section 410 permits section 8 tenants to suspend their rental payments to a landlord whose rental payments from a PHA have been suspended because of failure to maintain a property in compliance with section 8 standards. The tenant's share is to be placed

in an escrow account to be released to the owner if he complies with standards within a given period of time. If the owner does not comply with standards, the escrow account would be released to the tenant to be used to move and for a rental deposit in another unit.

*Section 411. Project-Based Vouchers Modifications*

This section permits PHAs to expand the number of project-based units that can occupy a building in a non-impacted area, and it allows them to increase the number of project-based section 8 units in a project occupied primarily by elderly or disabled persons, projects with no more than 25 dwelling units, or assisted housing consisting of single-family properties. This provision also permits PHAs to use section 8 project-based vouchers for assistance in HOPE VI projects or projects assisted with public housing capital funds. A waiting list may be maintained by PHAs which includes families that are applying for tenant-based assistance in the same waiting lists as those for project-based housing. Preference may be given for occupancy in half of the vacant units in a building to those applying for tenant-based assistance unless preferences for occupancy were designated for persons with disabilities under the PHAs annual housing plan.

*Section 412. Expanded Use of Enhanced Vouchers*

Current law provides enhanced vouchers so tenants can remain in a building that has opted out of the section 8 program. This section provides enhanced section 8 vouchers (up to 150 percent of the Fair Market Rent (FMR) for tenants who are forced to move because their unit is no longer available for rental use due to condo or coop conversions. The resident would be able to use the enhanced voucher in the same or neighboring zip code.

*Section 413. Demonstration Program for Rental Assistance for Grandparent-Headed or Relative-Headed Families*

This section authorizes HUD to conduct a demonstration program to determine the feasibility of setting aside section 8 assistance to eligible families and supportive services tailored to their needs. The demonstration program is to provide voucher assistance to participating families under this program for FY 2003 through FY 2006. The program calls for two to four agencies to participate in the program, and they are to be selected based on their ability to provide services to the families as well as national geographical diversity. The demonstration program is to be funded by funds made available for voucher assistance in FY 2003 through FY 2006, through amounts reserved from the funding by HUD for this purpose.

*Section 414. Eligibility of Grandparent-Headed and Relative-Headed Families for Family Unification Assistance*

Under the family unification program, HUD is authorized to provide tenant-based assistance to a family when it is certified that lack of adequate housing is the primary factor in the placement of the family's child or children in out-of-home care or is the primary factor in the delayed discharge from such care. The law would be

amended to define “covered family” to include a child or a grandparent or relative who is raising the child.

*Section 415. Increased Payment Standard*

Under current law, PHAs may increase payment standards up to 110 percent of Fair Market Rent (FMR) without HUD approval. This section permits PHAs that have extended search times for voucher recipients for an additional 90 days and still have a voucher success rate under 80 percent, and PHAs that have concentrations of voucher holders in poverty areas, to increase the voucher standards for units in a market area to between 110 and 120 percent of the FMR for the area without first obtaining approval by HUD. To qualify for this increase in payment standards, the voucher payment standards must have already been set at 110 percent or higher for the units in the area for six months prior to setting the new standard. Also, a PHA may establish a payment standard of 120 percent of FMR for a unit to be occupied by a disabled person without first receiving approval by HUD. Finally, payment standards for the disabled could be increased to 150 percent with the approval of HUD.

*Section 416. Protection of Innocent Tenants*

Section 6(l)(c) of the United States Housing Act of 1937, known as “one strike and out,” calls for the eviction of any tenant in assisted housing if a tenant, member of the tenant’s household, guest of the tenant, or person in the tenant’s control engages in drug-related activity or criminal activity that threatens the health, safety, or right of peaceful enjoyment of the premise by other tenants. This section amends the “one strike and out” provision by including protections against eviction for tenants or members of tenants’ family who are victims of domestic violence or dating violence. This section does not prevent PHAs from evicting those who engage in acts of physical violence against family or household members.

TITLE V—PUBLIC HOUSING

Subtitle A—General Provisions

*Section 501. Joint Ventures*

This section clarifies that the Federal government’s role in review and approval of Public Housing Agency activities does not extend to joint ventures, partnerships, or business arrangements of a PHA or its subsidiary if Federal funds or income derived from Federal funds are not used in these ventures. This provision would allow greater flexibility to the PHA to engage in revenue enhancement sources of income without undue regulation.

*Section 502. Third-Party Public Housing Assessment System*

This section grants HUD the authority to develop a prototype of an alternative evaluation system that assesses the overall performance of PHAs in all major areas of management operations and in meeting their obligations. If funds are available, HUD is to enter into contract with a public, private, or nonprofit entity to perform this assessment in consultation with public housing residents, organizations and individuals who are experienced in managing public housing, real estate managers, and State and local governments.

HUD is required to submit a report one year after the contract is made detailing their findings and recommendations. The third-party system would not replace, alter, or terminate the applicability of the public housing assessment system currently in operation.

*Section 503. Public Housing Agency Plans for Certain Small Public Housing Agencies*

PHAs receiving assistance under section 8 or Public Housing programs are required to submit annual agency plans to HUD each fiscal year. This section would exempt small Public Housing Authorities from submitting annual agency plans for FY 2003 through FY 2005 provided they have not been designated as troubled authorities, and the agency can assure HUD the resident advisory boards and tenants would be given ample opportunities to express their thoughts and be notified of goals, policies, and objectives of the agency between FY 2003 and FY 2005. Small PHAs are defined as those that administer 100 or fewer public housing dwellings. This section also requires a report by the Comptroller General by September 30, 2004 describing and analyzing the administration, financial, and other burdens to small housing agencies.

*Section 504. Affordable Assisted Living Facilities Demonstration Program*

This provision authorizes HUD to carry out a demonstration program to make grants to public housing authorities for the capital cost of converting public housing to assisted living facilities, and to provide service coordinators for these facilities. The program is limited to three demonstration projects. Applicants must provide sufficient evidence that there will be adequate funding for services to be provided to tenants in the converted project.

*Section 505. Protection of innocent tenants*

Section 6(l)(1) of the United States Housing Act of 1937, known as “one strike and out,” calls for the eviction of any tenant in public housing if a tenant, member of the tenant’s household, guest of the tenant, or person in the tenant’s control engages in drug-related activity or criminal activity that threatens the health, safety, or right of peaceful enjoyment of the premise by other tenants. This section amends that section by including protections against eviction for tenants or members of tenants’ family who are victims of domestic violence or dating violence. This section does not prevent PHAs from evicting those who engage in acts of physical violence against family or household members.

Subtitle B—Hope VI Revitalization Program

*Section 521. Selection Criteria*

This section expands the selection criteria for HOPE VI awards to ensure that smaller public housing agencies are eligible for large-scale rehabilitation awards by striking “large-scale developments” and adding additional criteria for selection including the ability to commence and complete a revitalization plan expeditiously; minimize temporary and permanent displacement of cur-

rent residents, and create more project-based units available to persons eligible for public housing in markets where it is needed.

*Section 522. Authorization of Appropriations*

This section authorizes appropriations for the HOPE VI program through 2004.

*Section 523. Extension of Program*

HOPE VI is scheduled to sunset at the end of FY 2002. This section authorizes appropriations for the program through September 30, 2004.

*Section 524. HOPE VI Grants for Assisting Affordable Housing through Main Street Projects*

This section amends current law by permitting PHAs to use HOPE VI grants to provide assistance to smaller communities in developing affordable rental and homeownership housing for occupancy by low-income families in connection with a Main Street revitalization or redevelopment project. Smaller communities are defined as communities with populations of 30,000 or less, or communities served by PHAs administering 100 or fewer units of assisted housing. Grants can only be made for assisting affordable housing located in a Main Street project or commercial area. Any redevelopment or revitalization must comply with historic preservation guidelines for the area. HUD is authorized to provide up to 5 percent of HOPE VI appropriations in any given fiscal year for grants under this section. The Secretary is to establish criteria for the awarding of grants, and cost limits for projects. However, maximum grants for the purpose expressed in this section in any given fiscal year may not exceed \$1 million for any smaller community.

TITLE VI—HOMELESS HOUSING PROGRAMS

*Section 601. Interagency Council on the Homeless*

This provision extends the authorization for the Interagency Council on the Homeless through FY 2004, which coordinates work on homelessness among Federal agencies. The title designation is changed to “United States Interagency Council on Homelessness”.

*Section 602. Federal Emergency Management Agency Food and Shelter Program*

This section extends the authorization for FEMA’s Emergency Food and Shelter Program through FY 2004, which functions as a homeless prevention program by quickly providing assistance to families in crisis.

*Section 603. Emergency Shelter Grants Program*

This section extends the authorization for HUD’s Emergency Shelter Grants Program through FY 2004, providing capital and operating expenses for emergency shelter.

*Section 604. Supportive Housing Program*

This provision extends the authorization for HUD’s Supportive Housing Program through FY 2004, providing flexible grants to State and local governments and faith-based and community orga-

nizations for temporary and permanent housing and support services for homeless people. It also funds renewals of contracts for permanent housing through the Housing Certificate Fund, for one year at a time, through FY 2004. Current law requires applications for renewal funding to compete with other homelessness programs, continually putting housing stability at risk for extremely vulnerable tenants. It also adds a set-aside for permanent housing by requiring that not less than 30 percent of funds for homeless assistance (except for amounts used for contract renewals) must be used for permanent housing and provides that “permanent housing activities” includes permanent housing designed primarily to serve homeless families with children. Finally, this section eliminates the cap on capital expenses for supportive housing.

*Section 605. Section 8 Assistance for Single Room Occupancy (SRO) Dwellings*

This section extends the authorization for HUD’s section 8 Single Room Occupancy (SRO) Moderate Rehabilitation Program through FY 2004.

*Section 606. Shelter Plus Care*

This section extends the authorization for HUD’s Shelter Plus Care Program through FY 2004. From FY 2003 forward, Shelter Plus Care renewals could be funded through section 8 appropriations. In addition, renewals, for one year terms, would be authorized as necessary, through FY 2004. This section also requires that those renewals meet local housing safety and quality standards as reviewed and approved by HUD.

*Section 607. Housing for Domestic Violence and Sexual Assault Victims*

This section also authorizes the appropriation of such sums as necessary from FY 2003 through 2007 to provide housing assistance to victims of domestic violence, stalking, or sexual assault when it has been determined that relocation would assist in avoiding future incidents. The assistance would include supportive housing under the McKinney-Vento Homeless Assistance Act, tenant-based rental assistance, assistance with the security deposit or first month’s rent, or project-based transitional housing. Organizations receiving assistance would have to provide 25 percent matching funds from other sources. At least 10 percent of the funds available for these uses would be set aside for grants to Indian tribes or Indian tribal organizations.

*Section 608. National Goal of Ending Homelessness*

This section amends the McKinney-Vento Homeless Assistance Act to provide that Congress declares a National goal of ending homelessness within 10 years after enactment of H.R. 3995.

*Section 609. Amendments to Table of Contents*

This section makes clerical amendments to the table of contents of the McKinney-Vento Homeless Assistance Act.

## TITLE VII—NATIVE AMERICAN HOUSING

*Section 701. Reauthorization of Native American Housing and Self Determination Act of 1996*

Section 108 of the Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA) authorizes appropriations for grants through September 30, 2001. Section 605(a) authorizes commitment for loan guarantees through FY 2001, section 605(b) authorizes credit subsidy through FY 2001, and section 703 authorizes appropriations for training and technical assistance through FY 2001. This section amends NAHASDA to authorize appropriations for grants, loan guarantees, credit subsidy, and training and technical assistance for FY 2003 and FY 2004.

*Section 702. Comprehensive Planning Under Native American Housing Block Grant Program*

This section amends NAHASDA to permit recipients to use a percentage of their grant amounts for comprehensive housing and community development planning activities.

*Section 703. Lands Title Report Commission*

This section removes the requirement that establishment of the Lands Title Report Commission be subject to prior appropriation, permitting the Secretary to appoint the commissioners.

## TITLE VIII—HOUSING IMPACT ANALYSIS

*Section 801. Applicability*

Under Executive Order 12866 of September 30, 1993, by the President, Regulatory Planning and Review, section 1, each Federal executive branch agency must submit its “regulatory plan” of the most “significant regulatory actions” it expects to issue in the coming fiscal year to the Office of Management and Budget for review. This section requires Federal agencies, with some exceptions, to certify (with documentation) in the Federal Register and to the HUD Secretary that any proposed or final rule would not have a significant negative impact on housing affordability.

*Section 802. Exception for Certain Banking Rules*

The current Executive Order does not apply to certain rules and regulations, for example, those pertaining to military or foreign affairs functions. This title would not apply to any proposed or final rule relating to the safety and soundness of a Federally insured depository institution, credit union, Federal home loan bank, government sponsored enterprise, a Farm Credit institution or foreign bank or their branches, agencies or their representative offices operating in the United States.

*Section 803. Statement of Proposed Rulemaking*

Currently, the regulatory plans submitted by agencies must show why the proposed actions are needed, provide estimates of the anticipated costs and benefits, and alternatives to be considered. Unless the agency has made certification, the agency shall publish a general notice of proposed rulemaking for any proposed rule. The notice must state the text of the proposed rule and request any in-



interested persons to submit to the agency any written analyses, views and any specific alternatives to the proposed rule. The agency must also provide an opportunity for interested persons to comment prior to promulgation of the final rule. In addition, the agency is required to prepare and make available an initial housing impact analysis in accordance with section 804.

*Section 804. Initial Housing Impact Analysis*

For each proposed rule, the initial housing impact analysis will consist of a description of the reasons an agency is taking that particular action, the objectives and legal basis for such rule, and a description where feasible of the estimate of the extent to which the rule would increase the cost or reduce the supply of housing or land for residential development. The initial analysis must also include a description of the relevant Federal rules, which may be duplicative or conflict with the proposed rule.

*Section 805. Final Housing Impact Analysis*

Whenever an agency promulgates a final rule after publication of a general notice of proposed rulemaking, the agency must prepare a final housing impact analysis. Each final housing impact analysis will contain a statement of the need for and objectives of the rule; a summary of the significant issues, analyses and alternatives to the proposed rule raised during the public comment period in response to the proposed rule and initial housing impact analysis; a description of and an estimate of the extent to which the rule will impact housing affordability or an explanation of why no such estimate is available. The agency is required to make copies of the final housing impact analysis available to members of the public and must publish the analysis in the Federal Register.

*Section 806. Avoidance of Duplicative or Unnecessary Analyses*

An agency may perform the analyses required by sections 804 and 805 in conjunction with any other agenda or analyses required by any other law, executive order, or directive. In order to avoid unnecessary duplication, an agency may consider a series of closely related rules as one rule for purposes of section 804 and 805 requirements.

*Section 807. Preparation of Analyses*

Section 6 of Executive Order 12866 of September 30, 1993, requires "to the extent feasible" a quantification of the costs and benefits of the analysis. In complying with sections 804 and 805, an agency may use either a quantifiable or numerical description of the effects of a proposed rule or alternatives to the proposed rule, or more general descriptive statement if quantification is not practicable or reliable.

*Section 808. Effect on Other Law*

Under section 9 of Executive Order 12866, nothing in the Order is to be construed as displacing the agencies' authority or responsibilities, as authorized by law. The requirements of sections 804 and 805 do not alter in any way otherwise applicable law to agency action.

*Section 809. Procedure for Waiver or Delay of Completion*

In section 8 of Executive Order 12866, an agency is prohibited from publishing or issuing any regulatory action that has not been approved or waived by the Office of Information and Regulatory Affairs of the Office of Management and Budget. Except for emergencies that make compliance with section 805 impractical if any agency has not prepared a final housing impact analysis within 180 days from the date of publication of the final rule, the rule would lapse and have no force or effect.

*Section 810. Definitions*

This section defines certain terms used in this title.

*Section 811. Development*

This section provides that not later than one year after enactment, the Secretary of Housing and Urban Development must develop model initial and final housing impact analyses under this title which will be published in the Federal Register. The model analyses shall define the primary elements of a housing impact analyses and instruct other agencies on how to carry out and develop the analyses required under sections 804 and 805.

*Section 812. Judicial Review*

This section provides that any agency findings under this title would not be subject to judicial review by reason of this title.

TITLE IX—OTHER HOUSING PROGRAMS

*Section 901. GNMA Guarantee Fee*

Currently, Ginnie Mae charges an annual fee of six basis points on each mortgage that it guarantees. In addition, the 1998 Higher Education Act Amendments (Public Law No. 105–244) included a provision which would prospectively increase by 50 percent (to 9 basis points) the annual fee charged beginning in FY 2005. This section repeals the scheduled increase to nine basis points in the GNMA guaranty fee included in Public Law 105–244.

*Section 902. Housing Counseling Programs*

Section 902 designates a single office in the Department of HUD to establish, coordinate, and administer all requirements, standards, and performance measures that relate to housing counseling, homeownership counseling, mortgage-related counseling, and rental housing counseling.

*Section 903. Assistance for Self-Help Housing Providers*

Currently, SHOP grants are made to nonprofits to purchase and improve home sites for sweat equity and volunteer-based homeownership programs such as Habitat for Humanity. There is a limit of \$10,000 in average assistance per home. The grants must be used within 24 months. This section authorizes SHOP through FY 2004. In addition, the allowed average assistance per unit would be increased to \$15,000 to reflect increased land and infrastructure costs since the creation of the program in 1996. The HUD Secretary could extend the time limit for using the funds to 48 months in extraordinary circumstances.

*Section 904. Housing Opportunities for Persons With AIDS*

HOPWA, a housing program designed specifically to assist individuals diagnosed with HIV/AIDS and their families, is authorized under the Cranston-Gonzalez National Affordable Housing Act. The program's authorization expired at the end of FY 1994. This section reauthorizes the program through 2004.

*Section 905. Use of CDBG Amounts for Construction of Tornado-Safe Shelter for Manufactured Housing Parks*

Currently, under section 105(a) of the Housing and Community Development Act of 1974, there is a long list of eligible activities for which CDBG funds can currently be used, but "tornado-safe shelter for manufactured housing parks" is not mentioned specifically. This section makes construction of tornado-safe shelter for manufactured housing parks and eligible activity under CDBG. The parks must be located in a neighborhood consisting predominantly of persons of low and moderate incomes.

*Section 906. Use of CDBG Amounts to Administer Renewal Communities*

Under the Housing and Community Development Act of 1974, CDBG funds can be used to administer Empowerment Zones, but no mention is made of "Renewal Communities." Renewal Communities, as authorized by Public law 106-554, are to benefit solely from tax incentives through their Tax Incentive Utilization Plans. This section amends section 105(a) of the Housing and Community Development Act of 1974 by adding Renewal Communities, created on December 21, 2000 (Public Law 106-554), to empowerment zones to allow community development block grant funds to be used to administer these designated communities. The 2000 law authorized 40 communities throughout the country to be selected in a competition, similar in scope and objectives of the existing Empowerment Zones.

*Section 907. Subsidy Layering Review*

Under current law, government entities are required to review the amount of subsidy an assisted housing property receives. In some cases, there is confusion when a property receives both a government subsidy coupled with a low-income housing tax credit. It can often trigger multiple duplicative reviews that are costly and time consuming. This can lead to delays. This amendment clarifies the responsibility for subsidy layering reviews, by having HUD accept the review and certification required by tax credit agencies for tax credit projects under section 42 of the tax code. This will eliminate the confusion and help smooth the approval process and completion of the project.

*Section 908. Study of Community Renewal Program*

Earlier this year, HUD used 1990 census data to determine the eligibility of census tracts for designation of 40 Renewal Communities. This section authorizes HUD to conduct a study to analyze the extent to which use of 1990 census data, rather than 2000 census data, impairs the ability of the Renewal Community Program to fully carry out the purposes of the program. HUD designated 40

Renewal Communities earlier this year, using eligibility for census tract qualification based on 1990 census data.

*Section 909. Correction of Inequities in the Second Round of Empowerment Zones*

First round Empowerment Zones (EZs) were provided Social Service Block Grant (SSBG) funding as part of the enabling legislation. Round II EZs did not receive SSBG funding. Partial funding for Round II EZs has been provided through annual appropriations bills. This section authorizes appropriations to fund Round II Empowerment Zones, taking into account any amounts made from prior appropriation. Also allows EZs to use CDBG funds as the non-Federal match for EZ activities.

*Section 910. Employment Opportunities in Public and Indian Housing Agencies*

The Housing and Urban Development Act of 1968 requires that public housing agencies “make their best efforts” to provide economic opportunities to low- and very low-income persons when awarding contracts. This section requires that contracts of \$500,000 or more performed in connection with Public Housing Capital or Public Housing Operating programs, have a minimum of 30 percent new employees that are low income or very low income.

*Section 911. Assistance for Nonprofit Purchasers Preserving Affordable Housing*

This section authorizes sums necessary for HUD to provide assistance for operational, working capital, and organizational expenses for non-profit organizations to acquire affordable housing for the purpose of maintaining its affordability.

*Section 912. Homeownership for Municipal Employees*

The Housing and Community Development Act of 1974 has homeownership assistance as an eligible activity for Community Development Block Grants, for households with incomes up to 80 percent of area median income. This section expands income eligibility from 80 percent to 115 percent of the area median income and up to 150 percent in “high cost” markets, for CDBG homeownership programs for uniformed employees, including policemen, firemen, maintenance workers, and teachers.

*Section 913. Sense of Congress Regarding HUD Office Of Disability Policy*

Congress recognizes the importance of addressing the needs of people with disabilities and asks HUD to: Appoint a permanent director to the Office of Disability Policy; examine and recommend potential enhancements to the Office; and establish a one-stop resource center within HUD for people with disabilities.

*Section 914. Transfer of Rural Multifamily Rental Housing Projects to Nonprofits and Local Housing Authorities*

Since August 6, 1996, the Housing Act of 1949, as amended, provides that the ownership or control of rental housing financed under the section 515 program may only be transferred if the Secretary of Agriculture determines that the transfer would further

the provision of housing for low-income families and that the transfer would be in the best interests of the residents and the Federal government. This section would amend section 515 of the Housing Act of 1949 to direct the Secretary to encourage the transfer of ownership or control of section 515 housing to nonprofit organizations and local housing authorities, and to encourage and give priority to the funding of the renovation of existing projects upon their transfer.

*Section 915. Sense of Congress Regarding Consumer Protection and Home Warranties*

The National Housing Act provides that, unless a property is approved for FHA mortgage insurance prior to the beginning of construction, an FHA-insured mortgage on the property may not exceed 90 percent of the property's value unless (1) the property is covered by a warranty plan acceptable to HUD or (2) construction was completed more than one year prior to the application for the FHA-insured loan. In October 2001, HUD issued Mortgagee Letter 2001-27 which expanded the definition of "pre-approval" by noting that it will accept the issuance of a building permit by a local jurisdiction as evidence of pre-approval. In such cases, a HUD-approved 10-year warranty plan will not be required. Based on the findings that 77 percent of structural damage occurs when a home is 4 or more years old, and that major structural damage would lead to defaults on FHA-insured loans which are 100 percent insured by HUD, this section expresses the sense of Congress that HUD implement a program to provide incentives to homebuilders to offer 10-year warranties for new homes purchased with FHA-insured loans.

*Section 916. Demonstration Program for Affordable Housing Database*

The Secretary is directed to create an electronic or otherwise readily available database of available affordable housing and available affordable housing programs. Under the provision, the databases would include regularly updated lists of rental units that accept section 8 vouchers. Information about the location of the rental units, the number of units of each bedroom size, and the accessibility of the units to public transportation are to be provided. The amendment authorizes appropriation of funds for three demonstration projects.

*Section 917. HUD Study Regarding Main Street Partnership*

This section requires that HUD conduct a study to determine the feasibility of establishing a "Federal Main Street Partnership Fund" to make grants to communities to make fast-track changes to zoning and planning regulations that may inhibit the revitalization of downtown commercial areas for mixed-use affordable housing as well as commercial uses.

*Section 918. Contractual Commitments for Rural Multifamily Rental Housing*

The Housing Act of 1949 provides that borrowers who wish to prepay section 514 and 515 loans must apply to USDA for approval of the prepayment. Within 30 days of receiving such an offer,

USDA must notify the tenants, interested nonprofit organizations, and appropriate State and local agencies. USDA is then required to make “reasonable” efforts to encourage the borrowers to agree to keep the property as low-income housing for an additional 20 years. As inducements USDA may use several options: (1) Offer to increase the rate of return on the borrowers’ original investment, (2) offer to reduce the loan interest rate to as low as 1 percent, (3) offer additional rental assistance payments, (4) offer an equity loan for up to 90 percent of the borrowers’ equity in the property, (5) offer additional rental assistance to keep tenants’ rent from increasing if the borrower accepts option two or four, and (6) for projects that are receiving section 8 assistance, to defray the cost of long-term repair or maintenance of the projects USDA may permit the owners to receive rent in excess of the amount determined to be necessary.

If the borrowers still wish to prepay, the property must first be offered for sale to a qualified nonprofit organization or public body. Qualified organizations are defined as those which USDA determines are capable of managing the property for its remaining useful life and who agree to maintain the property as affordable to low- and very-low-income families. If no bona fide purchase offer is received within 180 days, then USDA may accept the offer to prepay the loan. Prepayment will be accepted for no more than 5,000 units of housing in a given fiscal year. This section would provide that, if advance appropriations of enhanced section 8 vouchers are available for all low-income residents of the projects, then owners of projects financed with section 514 and 515 loans may prepay the loans without restrictions after the later of (1) 20 years from the date on which the loan was made, and (2) the date which the owner and USDA have agreed to maintain the low-income use of the housing.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### **CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT**

\* \* \* \* \*

## **TITLE I—GENERAL PROVISIONS AND POLICIES**

\* \* \* \* \*

#### **SEC. 104. DEFINITIONS.**

As used in this title and in title II:

(1) \* \* \*

\* \* \* \* \*

(6) The term “community housing development organization” means a nonprofit organization as defined in paragraph (5), that—

(A) \* \* \*

\* \* \* \*

In the case of an organization serving more than one county, the Secretary may not require that such organization, to be considered a community housing development organization for purposes of this Act, include as members on the organization’s governing board low-income persons residing in each county served. *In establishing requirements for an organization to be considered a community housing development organization for purposes of this Act, the Secretary may not prohibit, limit, or restrict membership on the board by public employees who are not elected or appointed or who do not exercise policy-making or policy-determining functions.*

\* \* \* \*

(8) The term “housing” includes manufactured housing and manufactured housing lots and elder cottage housing opportunity units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing 1- to 4-family dwellings. *Such term also includes an additional room in, or a cottage housing opportunity unit installed adjacent to, an existing 1- to 4-family dwelling, that is necessary to permit the habitation, with the low-income family occupying the dwelling, of an elderly person who is a relative of the family and to avoid placement of such relative in an institutionalized setting, foster care, or other out-of-home setting.*

\* \* \* \*

## TITLE II—INVESTMENT IN AFFORDABLE HOUSING

### SEC. 201. SHORT TITLE.

**[This title]** *Subtitles A through F of this title* may be cited as the “HOME Investment Partnerships Act”.

\* \* \* \*

### Subtitle A—HOME Investment Partnerships

\* \* \* \*

### SEC. 212. ELIGIBLE USES OF INVESTMENT.

(a) \* \* \*

(b) **INVESTMENTS.**—Participating jurisdictions shall have discretion to invest funds made available under this subtitle as equity investments, interest-bearing loans or advances, noninterest-bearing loans or advances, interest subsidies or other forms of assistance that the Secretary has determined to be consistent with the purposes of this title. Each participating jurisdiction shall have the right to establish the terms of assistance. *Notwithstanding the preceding sentence, in the case of homeownership assistance for residences of owners described in section 215(b)(2)(B), funds made*

*available under this subtitle may only be invested (1) to provide amounts for downpayments on mortgages, (2) to pay reasonable closing costs normally associated with the purchase of a residence, (3) to obtain pre- or post-purchase counseling relating to the financial and other obligations of homeownership, or (4) to subsidize mortgage interest rates.*

\* \* \* \* \*

*(h) MONITORING FEES.—Monitoring fees under section 226(c) for an affordable housing project may be paid for from amounts made available under this subtitle to the project, in accordance with an agreement pursuant to section 226(a).*

\* \* \* \* \*

#### **SEC. 214. INCOME TARGETING.**

Each participating jurisdiction shall invest funds made available under this subtitle within each fiscal year so that—

(1) \* \* \*

(2) with respect to homeownership assistance, 100 percent of such funds are invested with respect to dwelling units that are occupied by households that qualify as low-income families or families described in section 215(b)(2)(B); and

\* \* \* \* \*

#### **SEC. 215. QUALIFICATION AS AFFORDABLE HOUSING.**

(a) \* \* \*

(b) HOMEOWNERSHIP.—Housing that is for homeownership shall qualify as affordable housing under this title only if the housing—

(1) \* \* \*

[(2) is the principal residence of an owner whose family qualifies as a low-income family—

[(A) in the case of a contract to purchase existing housing, at the time of purchase;

[(B) in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or

[(C) in the case of a contract to purchase housing to be constructed, at the time the contract is signed;]

(2) is the principal residence of an owner who—

(A) is a member of a family that qualifies as a low-income family—

(i) in the case of a contract to purchase existing housing, at the time of purchase;

(ii) in the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or

(iii) in the case of a contract to purchase housing to be constructed, at the time the contract is signed; or

(B)(i) is a uniformed employee (which shall include policemen, firemen, and sanitation and other maintenance workers) or a teacher who is an employee, of the participating jurisdiction (or an agency or school district serving such jurisdiction) that is investing funds made available under this subtitle to support homeownership of the residence; and



(ii) is a member of a family whose income, at the time referred to in clause (i), (ii), or (iii) of subparagraph (A), as appropriate, and as determined by the Secretary with adjustments for smaller and larger families, does not exceed 115 percent of the median income of the area, except that, with respect only to such areas that the Secretary determines have high housing costs, taking into consideration median house prices and median family incomes for the area, such income limitation shall be 150 percent of the median income of the area, as determined by the Secretary with adjustments for smaller and larger families;

\* \* \* \* \*

#### SEC. 220. MATCHING REQUIREMENTS.

(a) CONTRIBUTION.—Each participating jurisdiction shall make contributions to housing that qualifies as affordable housing under this title that total, throughout [a fiscal year] *a program year of the jurisdiction*, not less than 25 percent of the funds drawn from the jurisdiction's HOME Investment Trust Fund in [such fiscal year] *such program year*. Such contributions shall be in addition to any amounts made available under section 216(3)(A)(ii).

\* \* \* \* \*

#### (d) REDUCTION OF REQUIREMENT.—

(1) IN GENERAL.—The Secretary shall reduce the matching requirement under subsection (a) with respect to any funds drawn from a jurisdiction's HOME Investment Trust Fund Account during a [fiscal year] *program year of the jurisdiction* by—

(A) \* \* \*

\* \* \* \* \*

(3) DISTRESS CRITERIA.—For purposes of a jurisdiction other than a State certifying that it is distressed, the following criteria shall apply:

(A) POVERTY RATE.—The average poverty rate in the jurisdiction for the calendar year immediately preceding the year in which its [fiscal] *program year* begins was equal to or greater than 125 percent of the average national poverty rate during such calendar year (as determined according to information of the Bureau of the Census).

(B) PER CAPITA INCOME.—The average per capita income in the jurisdiction for the calendar year immediately preceding the year in which its [fiscal] *program year* begins was less than 75 percent of the average national per capita income during such calendar year (as determined according to information of the Bureau of the Census).

\* \* \* \* \*

(5) WAIVER IN DISASTER AREAS.—If a participating jurisdiction is located in an area in which a declaration of a disaster pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act is in effect for any part of a [fiscal year] *program year of the jurisdiction*, the Secretary may reduce the matching requirement for that fiscal year under subsection (a) with respect to any funds drawn from a jurisdiction's HOME

Investment Trust Fund Account during that fiscal year by up to 100 percent.

\* \* \* \* \*

**SEC. 226. MONITORING OF COMPLIANCE.**

(a) **ENFORCEABLE AGREEMENTS.**—Each participating jurisdiction, through binding contractual agreements with owners and otherwise, shall ensure long-term compliance with the provisions of this title. Such measures shall provide for (1) enforcement of the provisions of this title by the jurisdiction or by the intended beneficiaries, [and] (2) remedies for the breach of such provisions, and (3) *such fees as may be established by the participating jurisdiction pursuant to subsection (c).*

[(b) **PERIODIC MONITORING.**—Each participating jurisdiction, not less frequently than annually, shall review the activities of owners of affordable housing assisted under this title for rental to assess compliance with the requirements of this title. Such review shall include on-site inspection to determine compliance with housing codes and other applicable regulations. The results of each review shall be included in the jurisdiction's performance report submitted to the Secretary under section 108(a) and made available to the public.]

(b) **PERIODIC MONITORING.**—

(1) **REQUIREMENT.**—*Each participating jurisdiction shall review the activities of owners of affordable housing for rental that is assisted under this title to assess compliance with the requirements of this title. Such review shall be conducted in compliance with the provisions of paragraph (2) (relating to frequency) and shall include on-site inspection to determine compliance with housing codes and other applicable regulations.*

(2) **FREQUENCY.**—*The review required by paragraph (1) shall be conducted not less frequently than annually, except that, in the case of affordable housing for rental that has been allocated a low-income housing tax credit by a housing credit agency pursuant to section 42 of the Internal Revenue Code 1986 and is not considered (under such regulations as the Secretary shall prescribe) to be high-risk housing, the on-site inspection referred to in paragraph (1) shall be conducted once every 3 years, or more often as may be required under the regulations issued pursuant to such section 42.*

(3) **INCLUSION IN PERFORMANCE REPORT.**—*The results of each review of a participating jurisdiction shall be included in the performance report of the jurisdiction that is submitted under section 108(a) for the year in which the review is conducted and shall be made available to the public.*

(c) **MONITORING FEES.**—*A participating jurisdiction may establish and charge reasonable fees to affordable housing projects assisted under this title for costs of monitoring compliance with the provisions of this title.*

[(c)] (d) **SPECIAL PROCEDURES FOR CERTAIN PROJECTS.**—*In the case of small-scale or scattered site housing, the Secretary may provide for such streamlined procedures for achieving the purposes of this section as the Secretary determines to be appropriate.*

\* \* \* \* \*

## Subtitle B—Community Housing Partnership

\* \* \* \* \*

### SEC. 233. HOUSING EDUCATION AND ORGANIZATIONAL SUPPORT.

(a) \* \* \*

\* \* \* \* \*

(d) LIMITATIONS.—Contracts under this section with any one contractor for a fiscal year [may not—

[(1)] *may not* exceed 20 percent of the amount appropriated for this section for such fiscal year[; or

[(2) provide more than 20 percent of the operating budget (which shall not include funds that are passed through to community housing development organizations) of the contracting organization for any one year.].

\* \* \* \* \*

## Subtitle C—Other Support for State and Local Housing Strategies

\* \* \* \* \*

### SEC. 243. CONDITIONS OF CONTRACTS.

(a) \* \* \*

(b) CONTRACT TERMS.—Contracts under this subtitle shall be for not more than 3 years [and shall provide not more than 20 percent of the operating budget of the contracting organization in any one year]. Within any fiscal year, contracts with any one organization may not be entered into for a total of more than 20 percent of the funds appropriated under this subtitle in that fiscal year.

\* \* \* \* \*

## [Subtitle E—Mortgage Credit Enhancement

### [SEC. 271. REPORT ON CREDIT ENHANCEMENT.

[(a) IN GENERAL.—The Comptroller General of the United States shall carry out a study of ways in which financing for affordable housing may be made available to assist in the most efficient implementation of comprehensive housing affordability strategies of participating jurisdictions. In conducting the study, the Comptroller General shall draw upon the expertise of such representatives of State and local government, State and local housing finance agencies, agencies of the United States, government-sponsored mortgage finance corporations, for-profit and nonprofit housing developers, private financial institutions, and sources of long-term mortgage investment, as the Comptroller General determines to be appropriate.

[(b) REPORT.—Not later than one year after the enactment of this Act, the Comptroller General shall submit to the Congress and the Secretary a report containing any recommendations for legislative or administrative actions needed to improve the availability of mortgage finance for affordable housing. The report shall include, but need not be limited to, an assessment of—

[(1) the need for the Department of Housing and Urban Development or other agencies of the United States to provide partial credit enhancement to make financing for affordable housing available efficiently and at the lowest possible cost; and

[(2) alternative ways in which—

[(A) the Department could provide any needed credit enhancement on a one-stop basis for participating jurisdictions, in coordination with other forms of assistance under this subtitle;

[(B) the Department or other agencies of the Federal Government could assist government-sponsored mortgage finance corporations in the financing of mortgages on affordable housing through the development of mortgage-backed securities that are more standardized and readily traded in the capital markets;

[(C) the capacities of existing agencies of the United States could be used to provide mortgage finance more efficiently for affordable housing through government-sponsored mortgage finance corporations; and

[(D) the interests of the Federal Government could be protected and any risks of loss could be minimized through requirements for fees, mortgage insurance, risk-sharing, secure collateral, and guarantees by other parties, and through standards relating to minimum capital and prior experience with underwriting, origination and servicing.]

### ***Subtitle E—Other Assistance***

#### **SEC. 271. DOWNPAYMENT ASSISTANCE INITIATIVE.**

(a) *GRANT AUTHORITY.*—The Secretary may make grants to participating jurisdictions to assist low-income families to achieve homeownership, in accordance with this section.

(b) *ELIGIBLE ACTIVITIES.*—Amounts made available under this section may be used only for downpayment assistance toward the purchase of single family housing by low-income families who are first-time homebuyers. For purposes of this title, the term “downpayment assistance” means assistance to help a family acquire a principal residence.

(c) *HOUSING STRATEGY.*—To be eligible to receive a grant under this section for a fiscal year, a participating jurisdiction shall include in its comprehensive housing affordability strategy under section 105 for such year a description of the use of the grant amounts.

(d) *FORMULA ALLOCATION.*—For each fiscal year, the Secretary shall allocate any amounts made available for assistance under this section for the fiscal year in accordance with a formula, which shall be established by the Secretary, that considers a participating jurisdiction’s need for and prior commitment to assistance to homebuyers. The formula may include minimum and maximum allocation amounts.

(e) *REALLOCATION.*—If any amounts allocated to a participating jurisdiction under this section become available for reallocation, the amounts shall be reallocated to other participating jurisdictions in accordance with the formula established pursuant to subsection (c), except that if a local participating jurisdiction failed to receive

amounts allocated under this section and is located in a State that is a participating jurisdiction, the funds shall be reallocated to the State.

(f) **APPLICABILITY OF OTHER PROVISIONS.**—

(1) **IN GENERAL.**—Except as otherwise provided in this section, grants under this section shall not be subject to the provisions of this title.

(2) **APPLICABLE PROVISIONS.**—In addition to the requirements of this section, grants under this section shall be subject to the provisions of title I, sections 215(b), 218, 219, 221, 223, 224, and 226(a) of subtitle A of this title, and subtitle F of this title.

(3) **REFERENCES.**—In applying the requirements of subtitle A referred to in paragraph (2)—

(A) any references to funds under subtitle A shall be considered to refer to amounts made available for assistance under this section; and

(B) any references to funds allocated or reallocated under section 217 or 217(d) shall be considered to refer to amounts allocated or reallocated under subsection (d) or (e) of this section, respectively.

(g) **ADMINISTRATIVE COSTS.**—Notwithstanding section 212(c), a participating jurisdiction may use funds under subtitle A for administrative and planning costs of the jurisdiction in carrying out this section, and the limitation in section 212(c) shall be based on the total amount of funds available under subtitle A and this section.

(h) **FUNDING.**—There are authorized to be appropriated such sums as may be necessary to carry out this section for each of fiscal years 2003 and 2004.

## Subtitle F—General Provisions

\* \* \* \* \*

### **SEC. 291. RELOCATION ASSISTANCE AND DOWNPAYMENT ASSISTANCE.**

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 shall not apply to downpayment assistance under this title.

## **Subtitle G—Matching Grants for State and Local Affordable Housing Trust Funds**

### **SEC. 292. MATCHING GRANT PROGRAM.**

(a) **FINDINGS.**—The Congress finds the following:

(1) There are more than 280 housing trust funds in the United States. 36 States have created housing trust funds and the remainder were created by cities and counties.

(2) More than \$500,000,000 is spent for affordable housing through these trust funds every year and this amount is increasing. On average, for every dollar committed to a housing project by a housing trust fund, another \$5 to \$10 is leveraged in other public and private resources.

(3) Hundreds of thousands of housing units have been supported through housing trust funds.

(4) *Housing trust funds support a variety of housing activities for low- and very low-income households, including new construction, preservation of existing housing, emergency repairs, homeless shelters, housing-related services, and capacity building for nonprofit organizations.*

(5) *At any given time, as many as 50 additional jurisdictions are considering the creation of a housing trust fund.*

(6) *These unique funds are a fundamental aspect of emerging housing policy in the United States.*

(7) *Housing trust funds have demonstrated that when government makes a commitment to address critical housing needs, the on-going dedicated source of revenue allows for more intelligent planning to address housing needs and for improved proposals submitted by the housing industry in an effort to effectively use existing resources.*

(8) *Housing trust funds enable jurisdictions to elevate funding for their critical housing needs by committing resources to a process that treats affordable housing as an essential component of maintaining healthy communities.*

(9) *Jurisdictions have documented increased jobs, growing sales taxes, higher property tax revenues, and many other economic benefits from the operation of their housing trust funds.*

(10) *Providing federal incentives to encourage the establishment of more State and local housing trust funds, and providing Federal funds for the more than 280 existing housing trust funds, would be a positive action in addressing the affordable housing crisis.*

(b) *IN GENERAL.—The Secretary of Housing and Urban Development may make grants under this section to affordable housing trust funds that are distinct funds, established by States and units of general local government, that use public revenue to support the production, preservation, and rehabilitation of affordable housing, as determined by the Secretary.*

(c) *ALLOCATIONS FOR STATES AND UNITS OF GENERAL LOCAL GOVERNMENT.—The Secretary shall use the total amount made available for grants under this section for each fiscal year to provide such grants to affordable housing trust funds of States and units of general local government. Of such total amount, the Secretary shall allocate 40 percent for grants for affordable housing trust funds of States and 60 percent for grants for affordable housing trust funds of units of general local government. Each State affordable housing trust fund shall receive at least 1 percent of the amount allocated for the States.*

(d) *MATCHING REQUIREMENT.—The Secretary may not make a grant under this section for any fiscal year to any affordable housing trust fund in an amount in excess of the amount that the State or local government administering the trust fund certifies, as the Secretary shall require, that will be contributed from non-Federal sources during such fiscal year to the trust fund for use only for production, preservation, and rehabilitation of affordable housing.*

(e) *USE REQUIREMENTS.—Amounts provided from a grant under this section shall be subject to the following requirements:*

(1) *DISTRIBUTION TO ELIGIBLE ENTITIES.—Grant amounts under this section (excluding any amounts used under paragraph (2)) shall be distributed to eligible entities for use by such*

entities only for eligible activities in the jurisdiction served by the affordable housing trust fund, as follows:

(A) *USE FOR RENTAL HOUSING FOR EXTREMELY LOW-INCOME FAMILIES.*—75 percent of such amounts shall be distributed for use only for eligible activities relating to qualified affordable housing that is available for rental by extremely low-income families in the jurisdiction served by the affordable housing trust fund. Such rental housing shall include limited equity cooperative housing, as such term is defined in section 143(k) of the Internal Revenue Code of 1986 (26 U.S.C. 143(k)).

(B) *USE FOR RENTAL HOUSING OR HOMEOWNERSHIP FOR LOW-INCOME FAMILIES.*—25 percent of such amounts shall be distributed for use only for eligible activities relating to qualified affordable housing that is available for rental by low-income families in the jurisdiction served by the affordable housing trust fund, or for homeownership assistance for low-income families in such jurisdiction. Such rental housing and homes for homeownership shall include housing of a cooperative housing corporation, as such term as defined in section 216(b) of the Internal Revenue Code of 1986 (26 U.S.C. 216(b)).

(2) *OPERATING ASSISTANCE FOR NONPROFIT HOUSING DEVELOPMENT ORGANIZATIONS.*—An affordable housing trust fund that receives a grant under this section may use not more than 5 percent of such grant amounts to provide assistance to nonprofit organizations involved in the development, rehabilitation, or preservation of affordable rental housing for payment of operating costs of such organizations. Such nonprofit organizations shall include community housing development organizations (as such term is defined in section 104 of this Act, community development financial institutions (as such term is defined in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702)), community development corporations (as such term is defined in section 31131 of the National Community Economic Partnership Act of 1994 (42 U.S.C. 13851)), and community-based development organizations.

(3) *COST LIMITS.*—The Secretary shall establish limitations on the amount of grant amounts that may be used, on a per unit basis, for eligible activities. Such limitations shall be the same as the per unit cost limits established pursuant to section 212(e), as adjusted annually, and established by number of bedrooms, market area, and eligible activity.

(f) *ALLOCATION PLAN.*—

(1) *REQUIREMENT.*—With respect to a fiscal year, an affordable housing trust fund shall be eligible to receive a grant under this section for such fiscal year only if the trust fund has established an allocation plan that has been submitted to the Secretary and reviewed and approved by the Secretary as in accordance with this subsection. The Secretary may disapprove an allocation plan only if the plan fails to comply with requirements set forth in this section.

(2) *ESTABLISHMENT.*—An allocation plan in accordance with this subsection is a plan, established by an affordable housing

trust fund for a fiscal year, for the distribution of grant amounts provided under this section to the trust fund for such fiscal year.

(3) *NOTICE.*—In establishing an allocation plan, the affordable housing trust fund shall notify the public of the establishment of the plan, provide an opportunity for public comments regarding the plan, consider any public comments received, and make the completed plan available to the public.

(4) *CONTENTS.*—An allocation plan of an affordable housing trust fund shall include the following information:

(A) *APPLICATION REQUIREMENTS FOR ELIGIBLE ENTITIES AND SUBRECIPIENTS.*—The allocation plan shall set forth the requirements for eligible entities and eligible subrecipients to apply to receive assistance from grant amounts under this section, including a requirement that each such application include—

(i) a description of the eligible activities to be conducted using such assistance; and

(ii) a certification by the applicant that any housing units assisted with such assistance will comply with the requirements under—

(I) subsection (k)(9)(A) (relating to rents charged);

(II) subsection (k)(9)(B) (relating to tenant rent contribution);

(III) subsection (k)(9)(C) (relating to availability of units for voucher holders); and

(IV) subsection (k)(9)(E) (relating to use as qualified affordable housing for 40 years).

(B) *SELECTION AND PREFERENCE CRITERIA FOR ELIGIBLE ENTITIES AND SUBRECIPIENTS.*—The allocation plan shall set forth the factors for consideration in selecting among applicants that meet the application requirements set forth pursuant to subparagraph (A), which shall give preference to applicants based on—

(i) the amount of assistance leveraged by the applicant from private and other non-Federal sources for carrying out the eligible activities to be funded with assistance from grant amounts under this section, including assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) that is devoted to the project that contains the qualified affordable housing to be assisted with such assistance;

(ii) the extent of local assistance that will be provided in carrying out the eligible activities, including—

(I) financial assistance;

(II) the extent to which the applicant has worked to address issues of siting and exclusionary zoning or other policies that are barriers to affordable housing with the unit of general local government in which the housing to be assisted with such assistance will be located; and

(III) the extent to which the applicant has worked with the unit of general local government to reduce the barriers to affordable housing;



(iii) *the degree to which the project in which the qualified affordable housing will be located will have residents of various incomes;*

(iv) *the extent of employment and other economic opportunities for low-income families in the area in which the housing will be located;*

(v) *the extent to which the applicant demonstrates the ability to maintain dwelling units as qualified affordable housing through the use of assistance made available under this section, assistance leveraged from non-Federal sources, assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), State or local assistance, programs to increase tenant income, cross-subsidization, and any other resources;*

(vi) *the extent to which the applicant demonstrates that the county in which the housing is to be located is experiencing an extremely low vacancy rate;*

(vii) *the extent to which the percentage of the housing located in such county that is extremely old housing exceeds 35 percent;*

(viii) *whether the applicant has provided that—*

(I) *75 percent of the grant amounts will be used for eligible activities relating to housing located in census tracts in which the number of families having incomes less than the poverty line is less than 20 percent or in communities undergoing revitalization; and*

(II) *25 percent of the grant amounts will be used for eligible activities relating to housing that is located in census tracts in which the number of families having incomes less than the poverty line is greater than 20 percent and is not located in a community undergoing revitalization; and*

(ix) *whether the applicant has provided that—*

(I) *not less than 45 percent of the grant amounts will be used for eligible activities relating to housing that is affordable to families having incomes less than 30 percent of the greater of (aa) the median income for the area in which the housing is located, or (bb) the median income for the State in which the housing is located;*

(II) *not less than 30 percent of the grant amounts will be used for eligible activities relating to housing that is affordable to families having incomes not exceeding the amount earned by a family having one individual (or 1.5 individuals in the case of a family consisting of 3 or more individuals), who is employed on a full-time basis in a position paying the higher of (aa) the Federal minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)), or (bb) the minimum wage under State law of the State in which the housing is located; and*

(III) not more than 25 percent of the grant amounts will be used for eligible activities relating to housing for families having incomes that (aa) are greater than the incomes referred to in subclauses (I) and (II) of this clause, but (bb) do not exceed the higher of the median income for the State in which the housing is located or 80 percent of the median income for the area in which the housing is located.

(5) *CONSOLIDATED PLAN.*—The Secretary shall provide that a State or unit of general local government administering an affordable housing trust fund may comply with the requirements under this subsection for submission of an allocation plan through the inclusion of any appropriate information in a single consolidated submission used for purposes of applying for other community planning and development and housing assistance programs administered by the Secretary.

(g) *FORMS OF ASSISTANCE.*—

(1) *IN GENERAL.*—Assistance from grant amounts under this section may be distributed in the form of capital grants, non-interest bearing or low-interest loans or advances, deferred payment loans, guarantees, and any other forms of assistance approved by the Secretary.

(2) *REPAYMENTS.*—If an affordable housing trust fund awards assistance from grant amounts under this section in the form of a loan or other mechanism by which funds are later repaid to the trust fund, any repayments received by the trust fund shall be distributed by the trust fund in accordance with the allocation plan under subsection (f) for the trust fund for the fiscal year in which such repayments are made.

(h) *COORDINATION WITH OTHER ASSISTANCE.*—In distributing assistance from grant amounts under this section, each affordable housing trust fund shall, to the maximum extent practicable, coordinate such distribution with the provision of other affordable housing assistance by the trust fund, including—

(1) in the case of any State, housing credit dollar amounts allocated by the State under section 42(h) of the Internal Revenue Code of 1986;

(2) assistance otherwise made available under this title or the community development block grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.); and

(3) private activity bonds.

(i) *ADMINISTRATION OF PROGRAM BY SUBRECIPIENT.*—At the discretion of the affordable housing trust fund, the trust fund may select an eligible subrecipient to carry out all or a portion of the trust fund's responsibilities under this section, in accordance with this section.

(j) *LABOR STANDARDS.*—Each affordable housing trust fund receiving grant amounts under this section shall ensure that contracts for eligible activities assisted with such amounts comply with the same requirements under section 286 that are applicable to contracts for construction of affordable housing assisted under such Act.

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

(1) *ELIGIBLE ACTIVITIES.*—The term “eligible activities” means activities relating to the providing qualified affordable housing, including—

- (A) the construction of new housing;
- (B) the acquisition of real property;
- (C) site preparation and improvement, including demolition;
- (D) rehabilitation of existing housing; and
- (E) providing incentives to maintain existing housing as qualified affordable housing and to establish or extend any low-income affordability restrictions for such housing, including covering capital expenditures and operating costs.

(2) *ELIGIBLE ENTITY.*—The term “eligible entity” includes any public or private nonprofit or for-profit entity, unit of general local government, regional planning entity, and any other entity engaged in the development, rehabilitation, or preservation of qualified affordable housing, as determined by the Secretary.

(3) *ELIGIBLE SUBRECIPIENT.*—The term “eligible subrecipient” means a public agency or a nonprofit organization, including a community development corporation, a community development financial institution, a State or local housing trust fund, and any other intermediary selected by an affordable housing trust fund to administer all or a portion of the trust fund’s responsibilities under this section. The term does not include any public agency or nonprofit organization that receives money from an affordable housing trust fund solely as a developer or owner of housing.

(4) *EXTREMELY LOW-INCOME FAMILIES.*—The term “extremely low-income families” means families (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))) whose incomes do not exceed 30 percent of the median family income for the 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 30 percent of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes.

(5) *EXTREMELY LOW VACANCY RATE.*—The term “extremely low vacancy rate” means a housing or rental vacancy rate of 2 percent or less.

(6) *EXTREMELY OLD HOUSING.*—The term “extremely old housing” means housing that is 45 years old or older.

(7) *LOW-INCOME FAMILIES.*—The term “low-income families” has the meaning given such term in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

(8) *POVERTY LINE.*—The term “poverty line” has the meaning given such term in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section.

(9) *QUALIFIED AFFORDABLE HOUSING.*—The term “qualified affordable housing” means a rental dwelling unit that is subject to legally binding commitments that ensure that the dwelling unit meets all of the following requirements:

(A) *RENTS.*—*The dwelling unit bears a rent not greater than the lesser of—*

(i) *the existing fair market rental established by the Secretary under section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)) for a dwelling unit of the same size in the same market area; and*

(ii) *a rent that does not exceed 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, as determined by the Secretary, with adjustment for number of bedrooms in the unit, except that the Secretary may establish income ceilings higher or lower than 65 percent of the median for the area on the basis of the findings of the Secretary that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.*

(B) *TENANT RENT CONTRIBUTION.*—*The contribution toward rent by the family residing in the dwelling unit will not exceed 30 percent of the adjusted income of such family.*

(C) *AVAILABILITY OF UNITS FOR VOUCHER HOLDERS.*—*The dwelling unit—*

(i) *is located in a project within which a percentage of units are made available only for occupancy by families assisted under the voucher program under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) (including project-based assistance under section 8(o)(13)) on the same basis as other families eligible for occupancy of the project (except that only the voucher holder's expected share of rent shall be considered), which percentage shall not be less than the percentage of the total cost of developing, rehabilitating, or preserving the project that is funded with assistance under this section; and*

(ii) *is one of the units that is subject to such occupancy requirements.*

(D) *NON-DISCRIMINATION AGAINST VOUCHER HOLDERS.*—*The dwelling unit is located in a project in which all dwelling units are subject to enforceable restrictions that provide that a unit may not be refused for leasing to a holder of a voucher of eligibility under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) because of the status of the prospective tenant as a holder of such voucher.*

(E) *DURATION OF USE.*—*The dwelling unit will continue to be subject to the requirements under this paragraph for not less than 40 years.*

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

(l) *AUTHORIZATIONS OF APPROPRIATIONS.*—*There are authorized to be appropriated such sums as may be necessary for fiscal year 2003 and each fiscal year thereafter for grants under this section. Amounts made available for the HOME Investment Partnerships Act shall not be available for assistance under this subtitle.*

(m) *INAPPLICABILITY OF HOME PROVISIONS.*—*Except as specifically provided in this subtitle, no requirement under, or provision*

*of, title I or subtitles A through F of this title shall apply to assistance provided under this subtitle.*

\* \* \* \* \*

## **TITLE VIII—HOUSING FOR PERSONS WITH SPECIAL NEEDS**

\* \* \* \* \*

### **Subtitle D—Housing Opportunities for Persons With AIDS**

\* \* \* \* \*

#### **[SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

**[**There are authorized to be appropriated to carry out this subtitle \$150,000,000 for fiscal year 1993 and \$156,300,000 for fiscal year 1994.**]**

#### **SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

*There are authorized to be appropriated for grants under sections 860 and 861 such sums as may be necessary for each of fiscal years 2003 and 2004.*

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## **NATIONAL HOUSING ACT**

\* \* \* \* \*

## **TITLE II—MORTGAGE INSURANCE**

### **DEFINITIONS**

**SEC. 201.** As used in section 203 of this title—

**[(a)] (1)** The term “mortgage” means a first mortgage on real estate, in fee simple, or on a leasehold **[(1)] (A)** under a lease for not less than ninety-nine years which is renewable or **[(2)] (B)** under a lease having a period of not less than ten years to run beyond the maturity date of the mortgage; and the term “first mortgage” means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of, real estate, under the laws of the State in which the real estate is located, together with the credit instrument, if any, secured thereby.

**[(b)] (2)** The term “mortgagee” includes the original lender under a mortgage, and his successors and assigns approved by the Secretary; and the term “mortgagor” includes the original borrower under a mortgage and his successors and assigns.

**[(c)] (3)** The term “maturity date” means the date on which the mortgage indebtedness would be extinguished if paid in accordance with periodic payments provided for in the mortgage.

**[(d)] (4)** The term “State” includes the several States and Puerto Rico, the District of Columbia, Guam, the Trust Terri-

tory of the Pacific Islands, American Samoa, and the Virgin Islands.

[(e)] (5) The term “family member” means, with respect to a mortgagor under such section, a child, parent, or grandparent of the mortgagor (or the mortgagor’s spouse). In determining whether any of the relationships referred to in the preceding sentence exist, a legally adopted son or daughter of an individual (and a child who is a member of an individual’s household, if placed with such individual by an authorized placement agency for legal adoption by such individual), and a foster child of an individual, shall be treated as a child of such individual by blood.

[(f)] (6) The term “child” means, with respect to a mortgagor under such section, a son, stepson, daughter, or stepdaughter of such mortgagor.

(7) *The term “public safety officer” has the meaning given such term in section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b).*

(8) *The term “teacher” means an individual who is employed on a part- or full-time basis as a teacher, teacher assistant, or administrator in a public or private school that provides elementary or secondary education, as determined under State law, except that elementary education shall include pre-Kindergarten education, and except that secondary education shall not include any education beyond grade 12.*

(9) *The term “local educational agency” has the meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).*

\* \* \* \* \*

#### INSURANCE OF MORTGAGES

SEC. 203. (a) \* \* \*

(b) To be eligible for insurance under this section a mortgage shall—

(1) \* \* \*

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount—

(A) not to exceed the lesser of—

(i) in the case of a 1-family residence, 95 percent of the median 1-family house price in the area, as determined by the Secretary; in the case of a 2-family residence, 107 percent of such median price; in the case of a 3-family residence, 130 percent of such median price; or in the case of a 4-family residence, 150 percent of such median price; or

(ii) 87 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size; except that the dollar amount limitation in effect for any area under this subparagraph may not be less than the greater of the dollar amount limitation in effect under this section for the area on the date of the enactment of the Departments of Vet-

erans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act for Fiscal Year 1999 or 48 percent of the dollar limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size; and

[(B) except as otherwise provided in this paragraph (2), not to exceed an amount equal to the sum of—

[(i) 97 percent of \$25,000 of the appraised value of the property, as of the date the mortgage is accepted for insurance;

[(ii) 95 percent of such value in excess of \$25,000 but not in excess of \$125,000; and

[(iii) 90 percent of such value in excess of \$125,000.]

[(A) IN GENERAL.—Notwithstanding any other provision of this subsection, with respect to a mortgage closed on or before December 31, 2002, involving a principal obligation not in excess of the sum of—] (B) *not to exceed an amount equal to the sum of—*

(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

(ii)(I) \* \* \*

\* \* \* \* \*

(IV) notwithstanding subclauses (II) and (III), in the case of a mortgage for a property with an appraised value in excess of \$50,000 that is located in [an area of the] a State for which the average closing cost exceeds 2.10 percent of the average, for the State, of the sale price of properties located in the State for which mortgages have been executed, 97.75 percent of the appraised value of the property.

For purposes of the preceding sentence, the term “area” means a metropolitan statistical area as established by the Office of Management and Budget; and the median 1-family house price for an area shall be equal to the median 1-family house price of the county within the area that has the highest such median price. [If the mortgage to be insured under this section covers property on which there is located a one- to four-family residence, and the appraised value of the property, as of the date the mortgage is accepted for insurance, does not exceed \$50,000, the principal obligation may be in an amount not to exceed 97 percent of such appraised value. If the mortgagor is a veteran and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 percent of \$25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, and (ii) 95 percent of such value in excess of \$25,000.] For purposes of this paragraph (2), the term “average closing cost” means, with respect to a State, the average, for mortgages executed for properties that are located within the State, of the total amounts (as determined by the Secretary) of initial service charges, appraisal, inspection, and other fees (as the Secretary

shall approve) that are paid in connection with such mortgages. Notwithstanding any other provision of this section, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, such mortgage shall not exceed 90 per centum of the entire appraised value of the property as of the date the mortgage is accepted for insurance, unless (i) the dwelling was completed more than one year prior to the application for mortgage insurance, or (ii) the dwelling was approved for guaranty, insurance, or a direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, or (iii) the dwelling is covered by a consumer protection or warranty plan acceptable to the Secretary and satisfies all requirements which would have been applicable if such dwelling had been approved for mortgage insurance prior to the beginning of construction. [As used herein, the term "veteran" means any person who served on active duty in the armed forces of the United States for a period of not less than 90 days (or as certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable, except that persons enlisting in the armed forces after September 7, 1980, or entering active duty after October 16, 1981, shall have their eligibility determined in accordance with section 3103A(d) of title 38, United States Code.]

Notwithstanding any other provision of this paragraph, the amount which may be insured under this section may be increased by up to 20 percent if such increase is necessary to account for the increased cost of the residence due to the installation of a solar energy system (as defined in subparagraph (3) of the last paragraph of section 2(a) of this Act) therein.

[Except with respect to mortgages executed by mortgagors who are veterans, a mortgage may not involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 98.75 percent of the appraised value of the property (97.75 percent, in the case of a mortgage with an appraised value in excess of \$50,000), plus the amount of the mortgage insurance premium paid at the time the mortgage is insured. For purposes of the preceding sentence, the term "appraised value" means the amount set forth in the written statement required under section 226, or a similar amount determined by the Secretary if section 226 does not apply. Notwithstanding the authority of the Secretary to establish the terms of insurance under this section and approve the initial service charges, appraisal, inspection, and other fees (and subject to any other limitations under this section on the amount of a principal obligation), the Secretary may not (by regulation or otherwise) limit the percentage or amount of any such approved charges and fees that may be included in the principal obligation of a mortgage.

[Notwithstanding any other provision of this paragraph, the Secretary may not insure, or enter into a commitment to insure, a mortgage under this section that is executed by a first-time homebuyer and that involves a principal obligation (in-



cluding such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in excess of 97 percent of the appraised value of the property unless the mortgagor has completed a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary; except that the Secretary may, in the discretion of the Secretary, waive the applicability of this requirement.

【In conjunction with any loan insured under this section, an original lender shall provide to each prospective borrower a disclosure notice that provides a one page analysis of mortgage products offered by that lender and for which the borrower would qualify. This notice shall include: (i) a generic analysis comparing the note rate (and associated interest payments), insurance premiums, and other costs and fees that would be due over the life of the loan for a loan insured by the Secretary under this subsection with the note rates, insurance premiums (if applicable), and other costs and fees that would be expected to be due if the mortgagor obtained instead other mortgage products offered by the lender and for which the borrower would qualify with a similar loan-to-value ratio in connection with a conventional mortgage (as that term is used in section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) or section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)), as applicable), assuming prevailing interest rates; and (ii) a statement regarding when the mortgagor's requirement to pay the mortgage insurance premiums for a mortgage insured under this section would terminate or a statement that the requirement will terminate only if the mortgage is refinanced, paid off, or otherwise terminated.】

\* \* \* \* \*

【(10) CALCULATION OF DOWNPAYMENT.—

【(A) IN GENERAL.—Notwithstanding any other provision of this subsection, with respect to a mortgage closed on or before December 31, 2002, involving a principal obligation not in excess of the sum of—

【(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

【(ii)(I) in the case of a mortgage for a property with an appraised value equal to or less than \$50,000, 98.75 percent of the appraised value of the property;

【(II) in the case of a mortgage for a property with an appraised value in excess of \$50,000 but not in excess of \$125,000, 97.65 percent of the appraised value of the property;

【(III) in the case of a mortgage for a property with an appraised value in excess of \$125,000, 97.15 percent of the appraised value of the property; or

【(IV) notwithstanding subclauses (II) and (III), in the case of a mortgage for a property with an appraised value in excess of \$50,000 that is located in an area of the State for which the average closing cost exceeds 2.10 percent of the average, for the State, of the sale price of properties located in the State for which

mortgages have been executed, 97.75 percent of the appraised value of the property.

[(B) AVERAGE CLOSING COST.—For purposes of this paragraph, the term “average closing cost” means, with respect to a State, the average, for mortgages executed for properties that are located within the State, of the total amounts (as determined by the Secretary) of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) that are paid in connection with such mortgages.]

(10) *REDUCED DOWNPAYMENT REQUIREMENTS FOR TEACHERS AND PUBLIC SAFETY OFFICERS.*—

(A) *IN GENERAL.*—Notwithstanding paragraph (2), in the case of a mortgage described in subparagraph (B)—

(i) the mortgage shall involve a principal obligation in an amount that does not exceed the sum of 99 percent of the appraised value of the property and the total amount of initial service charges, appraisal, inspection, and other fees (as the Secretary shall approve) paid in connection with the mortgage;

(ii) no other provision of this subsection limiting the principal obligation of the mortgage based upon a percentage of the appraised value of the property subject to the mortgage shall apply; and

(iii) the matter in paragraph (9) that precedes the first proviso shall not apply and the mortgage shall be executed by a mortgagor who shall have paid on account of the property at least 1 percent of the cost of acquisition (as determined by the Secretary) in cash or its equivalent.

(B) *MORTGAGES COVERED.*—A mortgage described in this subparagraph is a mortgage—

(i) under which the mortgagor is an individual who—

(I) is (aa) a teacher, or (bb) a public safety officer; and

(II) has not, during the 12-month period ending upon the insurance of the mortgage, had any present ownership interest in a principal residence located in the jurisdiction described in clause (ii); and

(ii) made for a property that is located within the jurisdiction of—

(I) in the case of a mortgage of a mortgagor described in clause (i)(I)(aa), the local educational agency for the school in which the mortgagor is employed (or, in the case of a mortgagor employed in a private school, the local educational agency having jurisdiction for the area in which the private school is located); or

(II) in the case of a mortgage of a mortgagor described in clause (i)(I)(bb), the jurisdiction served by the public law enforcement agency, firefighting agency, or rescue or ambulance agency that employs the mortgagor.

(C) *PROGRAM INTEGRITY.*—Notwithstanding any other provision of this paragraph and section 203(c)(3), the Secretary may suspend the applicability of this paragraph and such section for such period as the Secretary considers appropriate if the Secretary determines such suspension is necessary because of fraud or other issues regarding program integrity.

(c)(1) \* \* \*

(2) **[Notwithstanding]** Except as provided in paragraph (3) and notwithstanding any other provision of this section, each mortgage secured by a 1- to 4-family dwelling that is an obligation of the Mutual Mortgage Insurance Fund or of the General Insurance Fund pursuant to subsection (v) and each mortgage that is insured under subsection (k) or section 234(c),, shall be subject to the following requirements:

(A) \* \* \*

\* \* \* \* \*

(3) *DEFERRAL AND REDUCTION OF UP-FRONT PREMIUM.*—In the case of any mortgage described in subsection (b)(10)(B):

(A) Paragraph (2)(A) of this subsection (relating to collection of up-front premium payments) shall not apply.

(B) If, at any time during the 5-year period beginning on the date of the insurance of the mortgage, the mortgagor ceases to be a teacher or public safety officer (as such terms are defined in section 201) or pays the principal obligation of the mortgage in full, the Secretary shall at such time collect a single premium payment in an amount equal to the amount of the single premium payment that, but for this paragraph, would have been required under paragraph (2)(A) of this subsection with respect to the mortgage, as reduced by 20 percent of such amount for each successive 12-month period completed during such 5-year period before such cessation or prepayment occurs.

\* \* \* \* \*

(f) *DISCLOSURE OF OTHER MORTGAGE PRODUCTS.*—In conjunction with any loan insured under this section, an original lender shall provide to each prospective borrower a disclosure notice that provides a one page analysis of mortgage products offered by that lender and for which the borrower would qualify. This notice shall include: (i) a generic analysis comparing the note rate (and associated interest payments), insurance premiums, and other costs and fees that would be due over the life of the loan for a loan insured by the Secretary under this subsection with the note rates, insurance premiums (if applicable), and other costs and fees that would be expected to be due if the mortgagor obtained instead other mortgage products offered by the lender and for which the borrower would qualify with a similar loan-to-value ratio in connection with a conventional mortgage (as that term is used in section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) or section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)), as applicable), assuming prevailing interest rates; and (ii) a statement regarding when the mortgagor's requirement to pay the mortgage insurance premiums for a mortgage insured under this section would termi-

nate or a statement that the requirement will terminate only if the mortgage is refinanced, paid off, or otherwise terminated.

(g)(1) \* \* \*

(2) The occupancy requirement established in paragraph (1) shall not apply to any mortgagor (or co-mortgagor, as appropriate) that is—

(A) \* \* \*

\* \* \* \* \*

(D) a serviceperson who is unable to meet such requirement because of his or her duty assignment, as provided in section 216 or subsection (b)(4) or (f) of section 222; or

[(E)] a mortgagor or co-mortgagor under subsection (k); or]

[(F)] (E) a mortgagor that, pursuant to section 223(a)(7), is refinancing an existing mortgage insured under this Act for not more than the outstanding balance of the existing mortgage, if the amount of the monthly payment due under the refinancing mortgage is less than the amount due under the existing mortgage for the month in which the refinancing mortgage is executed.

\* \* \* \* \*

(k)(1) \* \* \*

\* \* \* \* \*

(3) To be eligible for insurance under this subsection, a rehabilitation loan shall—

(A) \* \* \*

\* \* \* \* \*

(C) involve a loan agreement containing such terms and conditions as the Secretary shall provide, including terms and conditions that provide that the mortgagee shall be responsible for—

(i) choosing an inspector or consultant who shall—

(I) meet the standards as the Secretary shall establish; and

(II) be an agent of the mortgagee; and

(ii) approving advances under the loan;

[(C)] (D) be an acceptable risk, as determined by the Secretary; and

[(D)] (E) comply with such other terms, conditions, and restrictions as the Secretary may prescribe.

\* \* \* \* \*

#### PAYMENT OF INSURANCE

SEC. 204. (a) \* \* \*

\* \* \* \* \*

(g)(1) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, the Secretary shall have power to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section; and notwithstanding any other provision of law, the Secretary shall also have

power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Secretary as provided in this section: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000. The Secretary shall, by regulation, carry out a program of sales of such properties and shall develop and implement appropriate credit terms and standards to be used in carrying out the program. The power to convey and to execute in the name of the Secretary deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein heretofore or hereafter acquired by the Secretary pursuant to the provisions of this Act, may be exercised by an officer appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Secretary from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint: *And provided further*, That a conveyance or transfer of title to real or personal property or an interest therein to the Secretary of Housing and Urban Development, his successors and assigns, without identifying the Secretary therein, shall be deemed a proper conveyance or transfer to the same extent and of like effect as if the Secretary were personally named in such conveyance or transfer. The Secretary may sell real and personal property acquired by the Secretary pursuant to the provisions of this Act on such terms and conditions as the Secretary may prescribe.

(2) *The Secretary shall require, as a condition of eligibility of any nonprofit organization for participation in any program of the Secretary for disposition of 1- to 4-family properties acquired by the Secretary pursuant to this Act, the Secretary shall require that such organization—*

*(A) has nonprofit status as demonstrated by approval under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)) or demonstrates that an application for such status is currently pending approval; and*

*(B) provide the Secretary with a copy of the application for such status;*

*(C) certify, on an annual basis, that the organization has been apprised of the applicable rules and guidelines of the Department of Housing and Urban Development and understands such rules and guidelines; and*

*(D) comply with such other requirements as the Secretary may establish.*

(h) DISPOSITION OF ASSETS IN REVITALIZATION AREAS.—

(1) \* \* \*

\* \* \* \* \*

(4) PREFERENCE FOR SALE TO PREFERRED PURCHASERS.—The Secretary shall provide a preference, among prospective purchasers of eligible assets, for sale of such assets to any purchaser who—

(A) \* \* \*

(B) in making a purchase under the program under this subsection—

- (i) \* \* \*
- (ii) purchases all interests of the Secretary in all assets of the Secretary that, at any time during the period which shall be set forth in the sale agreement required under paragraph [(7)] (8)—
  - (I) are or become eligible assets; and
  - (II) are located in the asset control area of the purchaser; and

\* \* \* \* \*

(5) AGREEMENTS REQUIRED FOR PURCHASE.—

(A) \* \* \*

(B) NON-PREFERRED PURCHASERS.—Under the program under this subsection, the Secretary may sell an eligible asset to a purchaser who is not a preferred purchaser only pursuant to a binding agreement by the purchaser that complies with the following requirements:

- (i) The purchaser has agreed to meet specific performance goals established by the Secretary for home ownership of the asset properties for the eligible assets purchased by the purchaser, except that the Secretary may, by including a provision in the sale agreement required under paragraph [(7)] (8), provide for a lower rate of home ownership in sales involving exceptional circumstances.

\* \* \* \* \*

(6) DISCOUNT FOR PREFERRED PURCHASERS.—

(A) IN GENERAL.—For the purpose of providing a public purpose discount for the bulk sales of eligible assets made under the program under this subsection by preferred purchasers, each eligible asset sold through the program under this subsection to a preferred purchaser shall be sold at a price that is discounted from the value of the asset, as based on the appraised value of the asset property (as such term is defined in paragraph [(8)] (9)).

\* \* \* \* \*

(7) 50 PERCENT DISCOUNT FOR TEACHERS AND PUBLIC SAFETY OFFICERS PURCHASING PROPERTIES THAT ARE ELIGIBLE ASSETS.—

(A) DISCOUNT.—*A property that is an eligible asset and is sold, during fiscal years 2002 through 2006, to a teacher or public safety officer for use in accordance with subparagraph (B) shall be sold at a price that is equal to 50 percent of the appraised value of the eligible property (as determined in accordance with paragraph (6)(B)). In the case of a property eligible for both a discount under this paragraph and a discount under paragraph (6), the discount under paragraph (6) shall not apply.*

(B) PRIMARY RESIDENCE.—*An eligible property sold pursuant to a discount under this paragraph shall be used, for not less than the 3-year period beginning upon such sale,*

as the primary residence of a teacher or public safety officer.

(C) **SALE METHODS.**—The Secretary may sell an eligible property pursuant to a discount under this paragraph—

(i) to a unit of general local government or nonprofit organization (pursuant to paragraph (4) or otherwise), for resale or transfer to a teacher or public safety officer; or

(ii) directly to a purchaser who is a teacher or public safety officer.

(D) **RESALE.**—In the case of any purchase by a unit of general local government or nonprofit organization of an eligible property sold at a discounted price under this paragraph, the sale agreement under paragraph (8) shall—

(i) require the purchasing unit of general local government or nonprofit organization to provide the full benefit of the discount to the teacher or public safety officer obtaining the property; and

(ii) in the case of a purchase involving multiple eligible assets, any of which is such an eligible property, designate the specific eligible property or properties to be subject to the requirements of subparagraph (B).

(E) **MORTGAGE DOWNPAYMENT ASSISTANCE.**—If a teacher or public safety officer purchases an eligible property pursuant to a discounted sale price under this paragraph and finances such purchase through a mortgage insured under this title, notwithstanding any provision of section 203 the downpayment on such mortgage shall be \$100.

(F) **PREVENTION OF UNDUE PROFIT.**—The Secretary shall issue regulations to prevent undue profit from the resale of eligible properties in violation of the requirement under subparagraph (B).

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

(i) The term “eligible property” means an eligible asset described in paragraph (2)(A) of this subsection.

(ii) The terms “teacher” and “public safety officer” have the meanings given such terms in section 201.

(H) **PROGRAM INTEGRITY.**—Notwithstanding any other provision of this paragraph, the Secretary may suspend the applicability of this paragraph for such period as the Secretary considers appropriate if the Secretary determines such suspension is necessary because of fraud or other issues regarding program integrity.

[(7)] (8) **SALE AGREEMENT.**—The Secretary may sell an eligible asset under this subsection only pursuant to a sale agreement entered into under this paragraph with the purchaser, which shall include the following provisions:

(A) \* \* \*

\* \* \* \* \*

[(8)] (9) **DEFINITIONS.**—For purposes of this subsection, the following definitions shall apply:

(A) \* \* \*

\* \* \* \* \*

(D) NONPROFIT ORGANIZATION.—The term “nonprofit organization” means a private organization that—

- (i) is organized under State or local laws;
- [(ii) has no part of its net earnings inuring to the benefit of any member, shareholder, founder, contributor, or individual; and]
- (ii)(I) *has nonprofit status as demonstrated by approval under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)) or demonstrates that an application for such status is currently pending approval; and*
- (II) *provides the Secretary with a copy of the application for such status;*
- (iii) complies with standards of financial responsibility that the Secretary may require[.]; and
- (iv) *certifies, on an annual basis, that the organization has been apprised of the applicable rules and guidelines of the Department of Housing and Urban Development and understands such rules and guidelines.*

\* \* \* \* \*

[(9)] (10) SECRETARY’S DISCRETION.—The Secretary shall have the authority to implement and administer the program under this subsection in such manner as the Secretary may determine. The Secretary may, in the sole discretion of the Secretary, enter into contracts to provide for the proper administration of the program with such public or nonprofit entities as the Secretary determines are qualified.

[(10)] (11) REGULATIONS.—The Secretary shall issue regulations to implement the program under this subsection through rulemaking in accordance with the procedures established under section 553 of title 5, United States Code, regarding substantive rules. Such regulations shall take effect not later than the expiration of the 2-year period beginning on the date of the enactment of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999.

\* \* \* \* \*

#### RENTAL HOUSING INSURANCE

SEC. 207. (a) \* \* \*

\* \* \* \* \*

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

(2) \* \* \*

(3) not to exceed, for such part of the property or projects as may be attributable to dwelling use (excluding exterior and land improvements as defined by the Secretary), \$38,025 per family unit without bedroom, \$42,120 per family unit with one bedroom, \$50,310 per family unit with two bedrooms, \$62,010 per family unit with three bedrooms, and \$70,200 per family unit with four or more bedrooms, or not to exceed [\$11,250]



\$17,460 per space; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$43,875 per family unit without a bedroom, \$49,140 per family unit with one bedroom, \$60,255 per family unit with two bedrooms, \$75,465 per family unit with three bedrooms, and \$85,328 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design; *except that the Secretary shall adjust each such dollar amount limitation set forth in this paragraph (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce*; and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph *(as such limitations may have been previously adjusted pursuant to this paragraph)* by not to exceed [110] 140 percent in any geographical area where the Secretary finds that cost levels so require and not to exceed [140] 170 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved.

\* \* \* \* \*

#### COOPERATIVE HOUSING INSURANCE

SEC. 213. (a) \* \* \*

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(2) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), [\$38,025] \$41,207 per family unit without a bedroom, [\$42,120] \$47,511 per family unit with one bedroom, [\$50,310] \$57,300 per family unit with two bedrooms, [\$62,010] \$73,343 per family unit with three bedrooms, and [\$70,200] \$81,708 per family unit with four or more bedrooms, and not to exceed 98 per centum of the amount which the Secretary estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$43,875 per family unit without a bedroom, [\$49,140] \$49,710 per family unit with one bedroom, [\$60,255] \$60,446 per family unit with two bedrooms,

~~[\$75,465]~~ \$78,197 per family unit with three bedrooms, and ~~[\$85,328]~~ \$85,836 per family unit with four or more bedrooms, as the case may be, to compensate for the higher cost incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further, That the Secretary shall adjust each such dollar amount limitation set forth in this paragraph (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce: Provided further, That the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph (as such limitations may have been previously adjusted pursuant to this paragraph) by not to exceed [110] 140 percent in any geographical area where the Secretary finds that cost levels so require and not to exceed [140] 170 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved: Provided further, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Secretary estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: And provided further, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a non-profit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso.*

\* \* \* \* \*

#### REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220. (a) \* \* \*

\* \* \* \* \*

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) \* \* \*

\* \* \* \* \*

(3) The mortgage shall—

(A) \* \* \*

(B)(ii) \* \* \*

(iii) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$38,025 per family unit without a bedroom, \$42,120 per family unit with one bedroom, \$50,310 per family unit with two bedrooms, \$62,010 per family unit with three bedrooms, and \$70,200 per family unit with four or more bedrooms, except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit not to exceed \$43,875 per family unit without a bedroom, \$49,140 per family unit with one bedroom, \$60,255 per family unit with two bedrooms, \$75,465 per family unit with three bedrooms, and \$85,328 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and except that with respect to rehabilitation projects involving not more than five family units, the Secretary may by regulation increase by 25 per centum any of the foregoing dollar amount limitations contained in this clause (*as such limitations may have been previously adjusted pursuant to this clause*) which are applicable to units with two, three, or four or more bedrooms: *Provided, That the Secretary shall adjust each such dollar amount limitation set forth in this clause (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce: Provided further, That the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause [(as determined after the application of the preceding proviso)] (as such limitations may have been previously adjusted pursuant to the preceding proviso and as determined after application of any percentage increase authorized in this clause relating to units with two, three, or four or more bedrooms) by not to exceed [110] 140 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed [140] 170 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved: Provided further, That nothing contained in this subparagraph shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section: And provided further, That the Secretary may further increase any of the dollar amount limitations which*

would otherwise apply for the purpose of this clause by not to exceed 20 per centum if such increase is necessary to account for the increased cost of the project due to the installation therein of a solar energy system (as defined in subparagraph (3) of the last paragraph of section 2(a) of this Act) or residential energy conservation measures (as defined in section 210(11)(A) through (G) and (I) of Public Law 95-619) in cases where the Secretary determines that such measures are in addition to those required under the minimum property standards and will be cost-effective over the life of the measure; and

\* \* \* \* \*

#### HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

##### SEC. 221. (a) \* \* \*

\* \* \* \* \*

(d) To be eligible for insurance under this section, a mortgage shall—

(1) \* \* \*

\* \* \* \* \*

(3) if executed by a mortgagor which is a public body or agency (and, except with respect to a project assisted or to be assisted pursuant to section 8 of the United States Housing Act of 1937, which certifies that it is not receiving financial assistance from the United States exclusively pursuant to such Act), a cooperative (including an investor-sponsor who meets such requirements as the Secretary may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Secretary), or a private nonprofit corporation or association, or other mortgagor approved by the Secretary, and regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Secretary under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Secretary will effectuate the purposes of this section—

(ii) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$42,048 per family unit without a bedroom, \$48,481 per family unit with one bedroom, \$58,469 per family unit with two bedrooms, \$74,840 per family unit with three bedrooms, and \$83,375 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$44,250 per family unit without a bedroom, \$50,724 per family unit with one bedroom, \$61,680 per family unit with two bedrooms, \$79,793 per family unit with three bedrooms, and \$87,588 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; *except*

*that the Secretary shall adjust each such dollar amount limitation set forth in this clause (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce; and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause (as such limitations may have been previously adjusted pursuant to this clause) and by not to exceed [110] 140 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed [140] 170 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved; and*

\* \* \* \* \*

(4) if executed by a mortgagor and which is approved by the Secretary—

(ii) not exceed, or such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$37,843 per family unit without a bedroom, \$42,954 per family unit with one bedroom, \$51,920 per family unit with two bedrooms, \$65,169 per family unit with three bedrooms, and \$73,846 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$40,876 per family unit without a bedroom, \$46,859 per family unit with one bedroom, \$56,979 per family unit with two bedrooms, \$73,710 per family unit with three bedrooms, and \$80,913 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; *except that the Secretary shall adjust each such dollar amount limitation set forth in this clause (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce; and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this clause (as such limitations may have been previously adjusted pursuant to this clause) by not to exceed [110] 140 percent in any geographical area where the Secretary finds that cost levels*

so require and by not to exceed [140] 170 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved;

\* \* \* \* \*

#### HOUSING FOR ELDERLY PERSONS

SEC. 231. (a) \* \* \*

\* \* \* \* \*

(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

(2) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvement as defined by the Secretary), \$35,978 per family unit without a bedroom, \$40,220 per family unit with one bedroom, \$48,029 per family unit with two bedrooms, \$57,798 per family unit with three bedrooms, and \$67,950 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$40,876 per family unit without a bedroom, \$46,859 per family unit with one bedroom, \$56,979 per family unit with two bedrooms, \$73,710 per family unit with three bedrooms, and \$80,913 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; *except that the Secretary shall adjust each such dollar amount limitation set forth in this paragraph (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce; and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph (as such limitations may have been previously adjusted pursuant to this paragraph) by not to exceed [110] 140 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed [140] 170 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved: *Provided, That the Secretary may further increase the dollar amount limitations which would otherwise apply for the purpose of this section by**

not to exceed 20 per centum if such increase is necessary to account for the increased cost of the project due to the installation therein of a solar energy system (as defined in subparagraph (3) of the last paragraph of section 2(a) of this Act) or residential energy conservation measures (as defined in section 210(11) (A) through (G) and (I) of Public Law 95-619) in cases where the Secretary determines that such measures are in addition to those required under the minimum property standards and will be cost-effective over the life of the measure;

\* \* \* \* \*

MORTGAGE INSURANCE FOR NURSING HOMES, INTERMEDIATE CARE FACILITIES, AND BOARD AND CARE HOMES

SEC. 232. (a) \* \* \*

\* \* \* \* \*

(d) In order to carry out the purpose of this section, the Secretary is authorized to insure any mortgage which covers a new or rehabilitated nursing home, assisted living facility, or intermediate care facility, including a new addition to an existing nursing home, assisted living facility, or intermediate care facility and regardless of whether the existing home or facility is being rehabilitated, or any combination of nursing home, assisted living facility, and intermediate care facility or a board and care home including equipment to be used in its operation, subject to the following conditions:

(1) \* \* \*

\* \* \* \* \*

[(4)(A) With respect to nursing homes and intermediate care facilities and combined nursing home and intermediate care facilities, the Secretary shall not insure any mortgage under this section unless he has received, from the State agency designated in accordance with section 604(a)(1) or section 1521 of the Public Health Service Act for the State in which is located the nursing home or intermediate care facility or combined nursing home and intermediate care facility covered by the mortgage, a certification that (i) there is a need for such home or facility or combined home and facility, and (ii) there are in force in such State or in the municipality or other political subdivision of the State in which the proposed home or facility or combined home and facility is to be located reasonable minimum standards of licensure and methods of operation governing it. No such mortgage shall be insured under this section unless the Secretary has received such assurance as he may deem satisfactory from the State agency that such standards will be applied and enforced with respect to any home or facility or combined home and facility located in the State for which mortgage insurance is provided under this section. If no such State agency exists, or if the State agency exists but is not empowered to provide a certification that there is a need for the home or facility or combined home and facility as required in clause (i) of the first sentence, the Secretary shall not insure any mortgage under this section unless (i) the State in which the home or facility or combined home and facility is located has conducted or commissioned and paid for the prepara-

tion of an independent study of market need and feasibility that (I) is prepared in accordance with the principles established by the American Institute of Certified Public Accountants; (II) assesses, on a marketwide basis, the impact of the proposed home or facility or combined home and facility on, and its relationship to, other health care facilities and services, the percentage of excess beds, demographic projections, alternative health care delivery systems, and the reimbursement structure of the home, facility, or combined home and facility; (III) is addressed to and is acceptable to the Secretary in form and substance; and (IV) in the event the State does not prepare the study, is prepared by a financial consultant who is selected by the State or the applicant for mortgage insurance and is approved by the Secretary; and (ii) the State complies with the other provisions of this subparagraph that would otherwise be required to be met by a State agency designated in accordance with section 604(a)(1) or section 1521 of the Public Health Service Act. The proposed mortgagor may reimburse the State for the cost of the independent feasibility study required in the preceding sentence. In the case of a small intermediate care facility for the mentally retarded or developmentally disabled, or a board and care home housing less than 10 individuals, the State program agency or agencies responsible for licensing, certifying, financing, or monitoring the facility or home may, in lieu of the requirements of clause (i) of the third sentence, provide the Secretary with written support identifying the need for the facility or home.】

*(4)(A)(i) The Secretary shall require satisfactory evidence that a nursing home, intermediate care facility, or combined nursing home and intermediate care facility will be located in a State or political subdivision of a State with reasonable minimum standards of licensure and methods of operation for such homes, facilities, or combined homes and facilities. The Secretary shall also require satisfactory assurance that such standards will be applied and enforced with respect to the home, facility, or combined home or facility.*

*(ii) The Secretary shall establish the means for determining need and feasibility for the home, facility, or combined home and facility. If the State has an official procedure for determining need for such homes, facilities, or combined homes and facilities, the Secretary shall also require that such procedure be followed before the application for insurance is submitted, and the application shall document that need has also been established under that procedure.*

\* \* \* \* \*

#### MORTGAGE INSURANCE FOR CONDOMINIUMS

SEC. 234. (a) \* \* \*

\* \* \* \* \*

(e) To be eligible for insurance, a blanket mortgage on any multifamily project of a mortgagor of the character described in subsection (d) shall involve a principal obligation in an amount—

(2) \* \* \*



(3) not to exceed, for such part of the project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$38,025 per family unit without a bedroom, \$42,120 per family unit with one bedroom, \$50,310 per family unit with two bedrooms, \$62,010 per family unit with three bedrooms, and \$70,200 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$43,875 per family unit without a bedroom, \$49,140 per family unit with one bedroom, \$60,255 per family unit with two bedrooms, \$75,465 per family unit with three bedrooms, and \$85,328 per family unit with four or more bedrooms, as the case may be, to compensate for higher costs incident to the construction of elevator-type structures of sound standards of construction and design; *except that the Secretary shall adjust each such dollar amount limitation set forth in this paragraph (as such limitation may have been previously adjusted pursuant to this provision) effective January 1 of each year (beginning in 2003) in accordance with the percentage increase, if any, during the 12-month period ending with the preceding October, in the Annual Construction Cost Index of the Bureau of the Census of the Department of Commerce*; except that each of the foregoing dollar amounts *(as such amounts may have been previously adjusted pursuant to this paragraph)* is increased to the amount established for a comparable unit in section 221(d)(3)(ii); and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph *(as such limitations may have been previously adjusted pursuant to this paragraph and increased pursuant to the preceding clause)* and by not to exceed [110] 140 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed [140] 170 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved; and

\* \* \* \* \*

#### MORTGAGE INSURANCE FOR HOSPITALS

SEC. 242. (a) \* \* \*

\* \* \* \* \*

(d) In order to carry out the purpose of this section, the Secretary is authorized to insure any mortgage which covers a new or rehabilitated hospital, including equipment to be used in its operation, subject to the following conditions:

(1) \* \* \*

\* \* \* \* \*

[(4)] The Secretary shall not insure any mortgage under this section unless he has received, from the State agency des-

ignated in accordance with section 604(a)(1) or section 1521 of the Public Health Service Act for the State in which is located the hospital covered by the mortgage, a certification that (A) there is a need for such hospital, and (B) there are in force in such State or the political subdivision of the State in which the proposed hospital would be located reasonable minimum standards of licensure and methods of operation for hospitals. No such mortgage shall be insured under this section unless the Secretary has received such assurance as he may deem satisfactory from the State agency that such standards will be applied and enforced with respect to any hospital located in the State for which mortgage insurance is provided under this section. If no such State agency exists, or if the State agency exists but is not empowered to provide a certification that there is a need for the hospital as set forth in clause (A) of the first sentence, the Secretary shall not insure any mortgage under this section unless (A) the State in which the hospital is located has conducted or commissioned and paid for the preparation of an independent study of market need and feasibility that (i) is prepared in accordance with the principles established by the American Institute of Certified Public Accountants; (ii) assesses, on a marketwide basis, the impact of the proposed hospital on, and its relationship to, other health care facilities and services, the percentage of excess beds, demographic projections, alternative health care delivery systems, and the reimbursement structure of the hospital; (iii) is addressed to and is acceptable to the Secretary in form and substance; and (iv) in the event the State does not prepare the study, is prepared by a financial consultant selected by the State and approved by the Secretary; and (B) the State complies with the other provisions of this paragraph that would otherwise be required to be met by a State agency designated in accordance with section 604(a)(1) or section 1521 of the Public Health Service Act. The proposed mortgagor may reimburse the State for the cost of the independent feasibility study required in the preceding sentence.】

*(4)(A) The Secretary shall require satisfactory evidence that the hospital will be located in a State or political subdivision of a State with reasonable minimum standards of licensure and methods of operation for hospitals and satisfactory assurance that such standards will be applied and enforced with respect to the hospital.*

*(B) The Secretary shall establish the means for determining need and feasibility for the hospital. If the State has an official procedure for determining need for hospitals, the Secretary shall also require that such procedure be followed before the application for insurance is submitted, and the application shall document that need has also been established under that procedure.*

\* \* \* \* \*

(i) **LOSS MITIGATION DEMONSTRATION PROGRAM.**—

*(1) IN GENERAL.*—Only to the extent or in such amounts as are provided in advance in appropriation Acts to carry out this subsection, the Secretary may carry out a program to demonstrate the effectiveness of taking loss mitigation actions for

*hospitals with mortgages that are insured under this section to reduce the risk of, prevent, or cure defaults of financially troubled hospitals, to reduce claim or holding costs of loans that are assigned to the Secretary, or to maximize the recovery on loan assets. The demonstration program may be carried out only with respect to not more than 3 such hospitals.*

(2) *LOSS MITIGATION ACTIONS.*—Loss mitigation actions taken under the demonstration program under this subsection may include the following actions:

(A) *Partial payment of a claim under the contract for mortgage insurance under this section.*

(B) *Temporary provision of operating assistance funds, including debt service.*

(C) *Provision of financial assistance for maintenance, repair, alterations, or the cost of other capital improvements, including for conversion of excess capacity of hospitals to facilities providing health care and supportive housing for elderly persons and families, including assisted living facilities, nursing homes, and supportive housing for the elderly.*

(3) *REQUIREMENTS FOR ASSISTANCE.*—A hospital may be provided financial assistance under the demonstration program only if—

(A) *the hospital has secured binding commitments for matching funds of not less than 10 percent of the cost of such assistance; and*

(B) *the hospital has met the requirements of any applicable State certificate of need or other licensing requirement.*

(4) *LIMITATIONS ON ASSISTANCE.*—Any payments or financial assistance or relief under this subsection shall be made at the sole discretion of the Secretary and on terms acceptable to the Secretary except that—

(A) *the total amount of payments and financial assistance and relief shall not exceed 30 percent of the outstanding project indebtedness insured by the Secretary; and*

(B) *the mortgagor shall agree to repay such total amount to the Secretary upon terms and conditions acceptable to the Secretary.*

(5) *FINAL DECISION.*—A decision by the Secretary to exercise or forgo exercising any authority under this subsection shall not be subject to judicial review.

(6) *APPLICATIONS.*—The Secretary shall provide for hospitals to submit applications for participation in the demonstration program under this subsection, which shall include information sufficient to determine compliance with the requirements under paragraph (3).

(7) *TERMINATION.*—The demonstration program under this subsection shall terminate on December 31, 2004.

\* \* \* \* \*

#### GRADUATED PAYMENT AND INDEXED MORTGAGES

SEC. 245. (a) The Secretary may insure under any provision of this title mortgages and loans with provisions of varying rates of amortization corresponding to anticipated variations in family in-

come or with monthly payments and outstanding balances adjusted by a percentage change in a selected price index to the extent he determines such mortgages or loans (1) have promise for expanding housing opportunities or meet special needs, (2) can be developed to include any safeguards for mortgagors or purchasers that may be necessary to offset special risks of such mortgages, and (3) have a potential for acceptance in the private market. Notwithstanding any other provision of this title, except as provided in subsections (b) and (c) of this section, the principal obligation (including all interest to be deferred and added to principal) of a mortgage insured pursuant to this section may not exceed 97 per centum of the appraised value of the property covered by the mortgage as of the date the mortgage is accepted for insurance[, or if the mortgagor is a veteran and the mortgage is to be insured in accordance with the provisions of section 203 of this title, such higher percentage of appraised value as is provided for purposes of determining the maximum mortgage amount eligible for insurance under section 203(b)(2) in the case of veterans].

(b) Notwithstanding the provisions of subsection (a), the Secretary may insure under any provision of this title a mortgage or loan which meets the requirements of the first sentence of subsection (a) and which has provisions for varying rates of amortization if the Secretary determines—

(1) \* \* \*

\* \* \* \* \*

(3) the principal obligation of the mortgage or loan thereafter (including all interest to be deferred and added to principal) will not at any time be scheduled to exceed 97 per centum[, or, if the mortgagor is a veteran, such higher percentage as is provided under section 203(b)(2) for veterans,] of the projected value of the property; and

\* \* \* \* \*

#### ADJUSTABLE RATE SINGLE FAMILY MORTGAGES

SEC. 251. (a) \* \* \*

\* \* \* \* \*

(d)(1) The Secretary may insure under this subsection a mortgage that meets the requirements of subsection (a), except that the effective rate of interest—

(A) \* \* \*

\* \* \* \* \*

(C) in the case of the initial interest rate adjustment, is subject to the 1 percent limitation only if the interest rate remained fixed for [five or fewer years] *three or fewer years*.

\* \* \* \* \*

#### INSURANCE OF HOME EQUITY CONVERSION MORTGAGES FOR ELDERLY HOMEOWNERS

SEC. 255. (a) \* \* \*

\* \* \* \* \*

(g) LIMITATION ON INSURANCE AUTHORITY.—The aggregate number of mortgages insured under this section may not exceed 150,000. In no case may the benefits of insurance under this section exceed the maximum dollar amount established under section 203(b)(2) for **1-family residences in the area in which the dwelling subject to the mortgage under this section is located** *a 1-family residence.*

\* \* \* \* \*

## SECTION 912 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1970

### EQUITY SKIMMING

SEC. 912. Whoever, with intent to defraud, willfully engages in a pattern or practice of—

(1) purchasing one- to four-family dwellings (including condominiums and cooperatives) which are subject to a loan in default at time of purchase or in default within **one year** *18 months* subsequent to the purchase and the loan is secured by a mortgage or deed of trust insured or held by the Secretary of Housing and Urban Development or guaranteed by the Department of Veterans Affairs, or the loan is made by the Department of Veterans Affairs,

\* \* \* \* \*

## SECTION 202b OF THE HOUSING ACT OF 1959

SEC. 202b. GRANTS FOR CONVERSION OF ELDERLY HOUSING TO ASSISTED LIVING FACILITIES.

(a) \* \* \*

\* \* \* \* \*

**[(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for providing grants under this section such sums as may be necessary for fiscal year 2000.]**

*(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for grants for capital repair activities under subsection (a)(1) and for grants for conversion activities under subsection (a)(2) such sums as may be necessary for each of fiscal years 2003 and 2004.*

## HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992

\* \* \* \* \*

## TITLE VI—HOUSING FOR ELDERLY PERSONS AND PERSONS WITH DISABILITIES

\* \* \* \* \*

## Subtitle F—General Provisions

\* \* \* \* \*

### SEC. 683. DEFINITIONS.

For purposes of this title:

(1) \* \* \*

(2) **FEDERALLY ASSISTED HOUSING.**—The terms “federally assisted housing” and “project” mean—

(A) \* \* \*

\* \* \* \* \*

(F) housing insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act; **[and]**

(G) housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983, that is assisted under a contract for assistance under such section**[.]; and**

(H) *housing that is assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013).*

\* \* \* \* \*

## TITLE IX—REGULATORY AND MISCELLANEOUS PROGRAMS

### Subtitle A—Miscellaneous

\* \* \* \* \*

### SEC. 911. SUBSIDY LAYERING REVIEW.

(a) **CERTIFICATION OF SUBSIDY LAYERING COMPLIANCE.**—The requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 **[may]** *shall* be satisfied in connection with a project receiving assistance under a program that is within the jurisdiction of the Department of Housing and Urban Development and under section 42 of the Internal Revenue Code of 1986 by a certification by a housing credit agency to the Secretary**[,** submitted in accordance with guidelines established by the Secretary, that the combination of assistance within the jurisdiction of the Secretary and other government assistance provided in connection with a property for which assistance is to be provided within the jurisdiction of the Department of Housing and Urban Development and under section 42 of the Internal Revenue Code of 1986 shall not be any greater than is necessary to provide affordable housing.**]** *that it has made the determination required by subsection (m)(2)(A) of such section 42 upon the first occasion that such determination was required and that it will make such determination upon such additional occasions as are required by law or regulation.*

**[(b) IN PARTICULAR.**—The guidelines established pursuant to subsection (a) shall—

[(1) require that the amount of equity capital contributed by investors to a project partnership is not less than the amount generally contributed by investors in current market conditions, as determined by the housing credit agency; and

[(2) require that project costs, including developer fees, are within a reasonable range, taking into account project size, project characteristics, project location and project risk factors, as determined by the housing credit agency.

[(c) REVOCATION BY SECRETARY.—If the Secretary determines that a housing credit agency has failed to comply with the guidelines established under subsection (a), the Secretary—

[(1) may inform the housing credit agency that the agency may no longer submit certification of subsidy layering compliance under this section; and

[(2) shall carry out section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 relating to affected projects allocated a low-income housing tax credit pursuant to section 42 of the Internal Revenue Code of 1986.]

[(d)] (b) APPLICABILITY.—Section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(d)) shall apply only to projects for which an application for assistance or insurance was filed after the date of enactment of the Housing and Urban Development Reform Act.

\* \* \* \* \*

## UNITED STATES HOUSING ACT OF 1937

\* \* \* \* \*

## TITLE I—GENERAL PROGRAM OF ASSISTED HOUSING

\* \* \* \* \*

### SEC. 5A. PUBLIC HOUSING AGENCY PLANS.

(a) \* \* \*

(b) ANNUAL PLAN.—

(1) \* \* \*

\* \* \* \* \*

(3) *SUSPENSION OF FILING REQUIREMENT FOR CERTAIN SMALL PHAS.*—

(A) *IN GENERAL.*—Notwithstanding paragraph (1) or any other provision of this Act—

(i) *the requirement under paragraph (1) shall not apply to any qualified small public housing agency for fiscal years 2003, 2004, or 2005; and*

(ii) *any reference in this section or any other provision of law to a “public housing agency” shall not be considered to refer to any qualified small public housing agency for such fiscal years, to the extent such reference applies to the requirement to submit a public housing agency plan under subsection (b).*

(B) *DEFINITION.*—For purposes of this paragraph, the term “qualified small public housing agency” means a pub-

*lic housing agency that meets all of the following requirements:*

*(i) The sum of (I) the number of public housing dwelling units administered by the agency, and (II) the number of vouchers under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) administered by the agency, is 100 or fewer.*

*(ii) The agency is not designated pursuant to section 6(j)(2) as a troubled public housing agency.*

*(iii) The agency provides assurances satisfactory to the Secretary that, during fiscal years 2003, 2004, and 2005, notwithstanding the inapplicability of the requirements under section 5A relating to resident advisory boards and public hearings and notice, residents of public housing administered by the agency will have an adequate and comparable opportunity for participation and notice regarding establishment of the goals, objectives, and policies of the public housing agency.*

\* \* \* \* \*

#### CONTRACT PROVISIONS AND REQUIREMENTS

SEC. 6. (a) \* \* \*

\* \* \* \* \*

(1) Each public housing agency shall utilize leases which—

(1) \* \* \*

\* \* \* \* \*

(6) provide that any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other tenants or any drug-related criminal activity on or off such premises, engaged in by a public housing tenant, any member of the tenant's household, or any guest or other person under the tenant's control, shall be cause for termination of tenancy; *except that such criminal activity, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of tenancy of the tenant if the tenant or immediate member of the tenant's family is a victim of domestic violence or dating violence and, as a result, could not control or prevent the criminal activity relating to domestic violence or dating violence; and except that nothing in this paragraph may be construed to limit the authority of a public housing agency to evict individuals who engage in criminal acts of physical violence against family members or others, and in all cases, a public housing agency shall consider the safety, security, and continued maintenance of victims of domestic violence to be of paramount importance;*

\* \* \* \* \*

#### LOWER INCOME HOUSING ASSISTANCE

SEC. 8. (a) \* \* \*

\* \* \* \* \*



(d)(1) Contracts to make assistance payments entered into by a public housing agency with an owner of existing housing units shall provide (with respect to any unit) that—

(A) \* \* \*

(B)(i) \* \* \*

\* \* \* \* \*

(iii) during the term of the lease, any criminal activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other tenants, any criminal activity that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises, or any drug-related criminal activity on or near such premises, engaged in by a tenant of any unit, any member of the tenant's household, or any guest or other person under the tenant's control, shall be cause for termination of tenancy; *except that such criminal activity, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of tenancy of the tenant if the tenant or immediate member of the tenant's family is a victim of domestic violence or dating violence and, as a result, could not control or prevent the criminal activity relating to domestic violence or dating violence; and except that nothing in this clause may be construed to limit the authority of a public housing agency to evict individuals who engage in criminal acts of physical violence against family members or others, and in all cases, a public housing agency shall consider the safety, security, and continued maintenance of victims of domestic violence to be of paramount importance;*

\* \* \* \* \*

(o) VOUCHER PROGRAM.—

(1) AUTHORITY.—

(A) \* \* \*

\* \* \* \* \*

[(D) APPROVAL.—The]

(D) EXCEPTION PAYMENT STANDARDS.—

(i) 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 rental or exceeds 110 percent of the fair market rental.*

(ii) INCREASED PAYMENT STANDARD.—*A public housing agency may establish a payment standard for the same size dwelling unit in a market area or portion of a market area between 110 and 120 percent of the fair market rent, if the payment standard for the market area or portion of a market area has been set at 110 percent or above for the 6 months prior to the establishment of the new payment standard and the public housing agency determines that it has—*

*(I) a voucher success rate (the proportion of families that are issued a voucher that succeed in leasing a unit within the timeframe provided by the*

*public housing agency to search for housing) of not more than 80 percent or has provided an extended search time of not less than 90 days to a significant number of voucher recipients; or*

*(II) problems with concentration of the voucher holders in high poverty areas.*

*(iii) DISABILITY ACCOMMODATION.—A public housing agency may establish a payment standard of not more than 120 percent of the fair market rent where necessary as a reasonable accommodation for a person with a disability, without approval of the Secretary. A public housing agency may seek approval of the Secretary to use a payment standard greater than 120 percent of the fair market rent as a reasonable accommodation for a person with a disability.*

*(iv) SECRETARY APPROVAL.—A public housing agency may establish a payment standard in accordance with clause (ii) without approval of the Secretary, if the public housing agency includes in its annual plan that is submitted to the Secretary pursuant to section 5A(b)—*

*(I) the reasons for the increase in the payment standard;*

*(II) a description of how and why the public housing agency has determined that it meets the requirements of clause (ii); and*

*(III) a description of other steps the public housing agency is taking, in addition to increasing the payment standard, to address the problems of voucher utilization, voucher success rates (the proportion of families that are issued a voucher that succeed in leasing a unit within the timeframe provided by the public housing agency to search for housing), and concentration of voucher holders.*

*(v) APPLICABILITY.—Clauses (ii) through (iv) shall apply with respect only to amounts made available for rental assistance under this subsection for fiscal year 2004 and fiscal years thereafter.*

\* \* \* \* \*

(6) SELECTION OF FAMILIES AND DISAPPROVAL OF OWNERS.—  
(A) \* \* \*

\* \* \* \* \*

(D) RESIDENCY IN INAPPROPRIATELY SIZED UNITS.—

*(i) IN GENERAL.—If a public housing agency determines that a family assisted under this subsection is residing in a dwelling unit that, because of a reduction in family size after such assistance was initially provided for such family, has more bedrooms than is appropriate for a family of such size, the agency may not terminate the assistance for the family or require the family to move to another dwelling unit unless—*

*(I) the agency provides the family with a dwelling unit that is located in the same building or*

*project as the inappropriately sized dwelling unit and is available for occupancy; or*

*(II) in the case of a family residing in a dwelling unit in a building or project that does not contain any available dwelling unit having a number of bedrooms that is appropriate for size of such family, the agency provides the family with a dwelling unit that is located within the same neighborhood as the building containing the inappropriately sized dwelling unit.*

*(ii) DETERMINATION OF NEIGHBORHOOD.—For purposes of clause (i)(II), the term “neighborhood” means the immediate geographic area in which a building is located, which—*

*(I) is characterized by all locations within the area having a similar proximity to major roadways, mass transit facilities, and other means of transportation, schools, child care facilities, workplace centers, and grocery stores and other retail and commercial facilities; and*

*(II) shall be determined by the public housing agency involved, in consultation with the appropriate resident advisory board established pursuant to section 5A(e).*

*(iii) TREATMENT OF STUDENTS.—For purposes of clause (i), the absence of a child or adult from a dwelling because of temporary residence in another location for the purpose of attending school on a full- or part-time basis shall not be considered in determining family size.*

\* \* \* \* \*

**(8) INSPECTION OF UNITS BY PHA’S.—**

**[(A) IN GENERAL.—Except as provided in paragraph (11),]**

**(A) GENERAL RULE.—**

*(i) IN GENERAL.—Except as provided in clause (ii) and paragraph (11), for each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency shall inspect the unit before any assistance payment is made to determine whether the dwelling unit meets the housing quality standards under subparagraph (B).*

*(ii) EXCEPTION.—A public housing agency may commence payments to an owner, if the public housing agency—*

*(I) has conducted an inspection of the building, which includes an inspection of a reasonable number of units in the 6 months prior to the date on which payment is made to the owner, and that inspection and any subsequent unit inspections have not turned up major deficiencies;*

*(II) conducts an inspection of the unit for which the payment is being made not later than 30 days*

*after the date for which payment is made to the owner; and*

*(III) has an agreement with the owner to correct any deficiencies and make any repairs in the unit not later than 30 days after the date on which the inspection was made under subclause (II).*

\* \* \* \* \*

**[(D) ANNUAL INSPECTIONS.—Each]**

**(D) ANNUAL INSPECTIONS.—**

*(i) IN GENERAL.—Except as provided in clause (ii), each public housing agency providing assistance under this subsection (or other entity, as provided in paragraph (11)) shall make an annual inspection of each assisted dwelling unit during the term of the housing assistance payments contract for the unit to determine whether the unit is maintained in accordance with the requirements under subparagraph (A). The agency (or other entity) shall retain the records of the inspection for a reasonable time and shall make the records available upon request to the Secretary, the Inspector General for the Department of Housing and Urban Development, and any auditor conducting an audit under section 5(h).*

*(ii) EXCEPTION.—If a public housing agency has a large jurisdiction and is conducting inspections on a geographical basis, the public housing agency may comply with the annual inspection requirement by inspecting the unit within 9 to 15 months of the previous inspection.*

\* \* \* \* \*

**(F) ESCROW OF TENANT RENT IN CASES OF OWNER FAILURE TO MAINTAIN UNIT.—Each housing assistance payment contract under this subsection shall provide as follows:**

*(i) REQUIREMENT.—In any case in which a public housing agency suspends assistance payments under this subsection with respect to a dwelling unit because of a failure on the part of the owner of the unit to maintain the unit in compliance with the housing quality standards established pursuant to this paragraph, the agency shall—*

*(I) require the tenant to suspend payment to the owner of the tenant's monthly contribution toward rent and require the tenant to pay such amount into an escrow account established by the agency; and*

*(II) notify the tenant and the owner of the failure to maintain the unit in compliance with such housing quality standards and of the actions required under this subparagraph.*

*(ii) CORRECTION OF NONCOMPLIANCE.—If the owner corrects the noncompliance within the period of time established by the agency for such purpose, the public housing agency shall release to the owner any tenant payments toward rent deposited in the escrow account.*

(iii) *FAILURE TO CORRECT NONCOMPLIANCE.*—If the owner fails to correct the noncompliance within the period of time established by the agency and the tenant moves from the dwelling unit because of such noncompliance, the public housing agency shall make the any tenant payments toward rent that are deposited in the escrow account available on behalf of the tenant upon such move for costs of the move and for rental of a new dwelling unit.

\* \* \* \* \*

(13) PHA PROJECT-BASED ASSISTANCE.—

(A) \* \* \*

\* \* \* \* \*

(C) *CONSISTENCY WITH PHA PLAN AND OTHER GOALS.*—A public housing agency may approve a housing assistance payment contract pursuant to this paragraph only if the contract is consistent with—

(i) \* \* \*

(ii) the goal of deconcentrating poverty and expanding housing and economic opportunities, *revitalizing a low-income community, or preventing the displacement of extremely low-income families.*

(D) *INCOME MIXING REQUIREMENT.*—

(i) \* \* \*

(ii) *EXCEPTIONS.*—The limitation under clause (i) shall not [apply in the case of assistance under a contract for housing consisting of single family properties or for dwelling units that are specifically made available for households comprised of elderly families, disabled families, and families receiving supportive services.] *apply—*

*(I) in the case of assistance under a contract for housing consisting of single family properties (buildings with 1 to 4 units);*

*(II) for dwelling units that are specifically made available for households comprised of elderly families or disabled families; or*

*(III) outside of a qualified census tract, for buildings with 5 to 25 units or with dwelling units that are specifically made available for families receiving supportive services.*

*For purposes of this clause, the term “qualified census tract” has the same meaning given that term in section 42(d) of the Internal Revenue Code of 1986 (26 U.S.C. 42(d)). The Secretary may waive the limitations of this clause, consistent with the obligation to affirmatively further fair housing practices.*

\* \* \* \* \*

(F) *CONTRACT TERM.*—A housing assistance payment contract pursuant to this paragraph between a public housing agency and the owner of a structure may have a term of up to [10] 15 years, subject to the availability of sufficient appropriated funds for the purpose of renewing

expiring contracts for assistance payments, as provided in appropriations Acts and in the agency's annual contributions contract with the Secretary, and to annual compliance with the inspection requirements under paragraph (8), except that the agency shall not be required to make annual inspections of each assisted unit in the development. The contract may specify additional conditions for its continuation. If the units covered by the contract are owned by the agency, the term of the contract shall be agreed upon by the agency and the unit of general local government or other entity approved by the Secretary in the manner provided under paragraph (11).

\* \* \* \* \*

(J) TENANT SELECTION.—A public housing agency shall select families to receive project-based assistance pursuant to this paragraph from its waiting list for assistance under this subsection, *or from 1 or more separate project-based waiting lists established and maintained in accordance with subparagraph (K).* A public housing agency may permit an owner to select families from a waiting list for units assisted under this paragraph maintained by the owner in accordance with subparagraph (L). *Regardless of whether a waiting list is maintained under this subparagraph or under subparagraph (K) or (L), families shall initially be selected from the public housing agency's waiting list for assistance under this subsection for at least 1/2 of the vacant units in a building made available with assistance under this paragraph, unless the units are restricted, under the tenant selection preferences adopted under the annual plan submitted by the public housing agency to the Secretary pursuant to section 5A(b), to occupancy by persons who are receiving intensive publicly funded services and who have a disability, as defined in section 3 of this Act or section 422 of the McKinney-Vento Homeless Assistance Act.* Eligibility for such project-based assistance shall be subject to the provisions of section 16(b) that apply to tenant-based assistance. The agency may establish preferences or criteria for selection for a unit assisted under this paragraph that are consistent with the public housing agency plan for the agency approved under section 5A. Any family that rejects an offer of project-based assistance under this paragraph or that is rejected for admission to a structure by the owner or manager of a structure assisted under this paragraph shall retain its place on the waiting list as if the offer had not been made. The owner or manager of a structure assisted under this paragraph shall not admit any family to a dwelling unit assisted under a contract pursuant to this paragraph other than a family referred by the public housing agency from its waiting list, *unless the owner maintains a waiting list under subparagraph (L).* Subject to its waiting list policies and selection preferences, a public housing agency may place on its waiting list a family referred by the owner or manager of a structure [and may maintain a separate waiting list for assistance under this paragraph, but only if all

families on the agency's waiting list for assistance under this subsection are permitted to place their names on the separate list.】

**(K) PUBLIC HOUSING AGENCY WAITING LIST.—**

*(i) IN GENERAL.—A public housing agency may select families for assistance—*

*(I) under subparagraph (J);*

*(II) under this subparagraph for each property that receives assistance under this paragraph; or*

*(III) under this subparagraph for similar properties that receive assistance under this paragraph.*

*(ii) REQUIREMENTS.—A public housing agency that maintains a separate waiting list under this subparagraph—*

*(I) shall provide notice of the opening of the waiting list in the same manner required by the Secretary for the provision of notice of the opening of the waiting list for tenant-based assistance under this subsection, except that this subclause shall not apply to units assisted under this paragraph that are restricted, under tenant selection preferences adopted under the annual plan submitted by the public housing agency to the Secretary pursuant to section 5A(b) to occupancy by persons who are receiving intensive publicly funded services and who have a disability, as defined in section 3 of this Act or section 422 of the McKinney-Vento Homeless Assistance Act;*

*(II) shall give preference to families on its tenant-based waiting list, if families are applying at the equivalent time and date with otherwise equivalent preference under the annual plan submitted by the public housing agency to the Secretary pursuant to section 5A(b); and*

*(III) shall notify families that are applying for tenant-based assistance of the opportunity to be listed on the waiting list maintained under this subparagraph.*

**(L) OWNER WAITING LIST.—**

*(i) IN GENERAL.—A public housing agency may allow an owner of a structure with a contract for assistance under this paragraph to maintain a waiting list for units assisted under this paragraph.*

*(ii) AGENCY PLAN.—The policy for a waiting list maintained under this subparagraph and any applicable preferences or selection criteria shall be included in the annual plan submitted by the public housing agency to the Secretary in accordance with section 5A(b).*

*(iii) AGENCY RESPONSIBILITIES.—If a waiting list is maintained under this subparagraph, the public housing agency shall—*

*(I) provide notice of the opening of the waiting list in the same manner and to the same extent as is required of the agency under subparagraph (K)(ii)(I);*

(II) notify families that apply for tenant-based assistance of the opportunity to be listed on that waiting list;

(III) establish a mechanism to transmit applications submitted at its office to the owner for placement on that waiting list; and

(IV) monitor, at reasonable intervals, the compliance by the owner with laws applicable to tenant selection and waiting lists, including civil rights laws, regulations, and certifications.

(iv) **OWNER RESPONSIBILITIES.**—If a waiting list is maintained under this subparagraph, the owner of the structure shall—

(I) provide notice of the opening of the waiting list (unless the public housing agency agrees to provide such notice for the owner, or notice is not required pursuant to clause (iii)(I)) and provide preference to families on the tenant-based waiting list of the public housing agency in the same manner as is required under subparagraph (K);

(II) place on its waiting list, families that apply at an office of the agency that accepts applications for tenant-based assistance;

(III) cooperate with requests of the public housing agency for information concerning the waiting list and the tenant selection decisions of the owner; and

(IV) submit written tenant selection policies and criteria to the public housing agency for approval, and make those policies and criteria available to the public.

(v) **RIGHT TO INFORMAL REVIEW.**—A family that is denied a unit by an owner that maintains a waiting list under this subparagraph shall have the same rights to informal review by a public housing agency as a family that is denied tenant-based assistance by a public housing agency, and such review shall be performed expeditiously so as not to impede the timely rental of units. The public housing agency's review at the informal hearing shall be limited to determining if the owner, if denying admission, followed applicable law and the procedures and criteria adopted by the owner and approved by the public housing agency for determining the eligibility of applicants for admission.

(vi) **APPLICABILITY.**—Except as provided in this subparagraph, a waiting list maintained by an owner shall be considered to be a waiting list maintained by a public housing agency for assistance under this subsection.

(vii) **LIMITATION OF LIABILITY.**—No right of action shall exist against a public housing agency with respect to an owner's violation of any applicable law, unless the agency has actual knowledge that such violation has occurred or is occurring and—



(I) the agency has failed to take action to cause the owner to cease such violation; or

(II) the public housing agency has failed to comply with its responsibilities under clause (iii).

[(K)] (M) VACATED UNITS.—Notwithstanding paragraph (9), a housing assistance payment contract pursuant to this paragraph may provide as follows:

(i) \* \* \*

\* \* \* \* \*

(N) FAIR HOUSING, SUBSIDY LAYERING, AND COMPETITIVE SELECTION REQUIREMENTS.—A public housing agency may attach assistance under this paragraph to units without specific approval by the Secretary of compliance with fair housing, subsidy layering, or competitive selection requirements, if—

(i) for fair housing compliance, the units proposed to receive assistance under this paragraph receive a grant or a loan under a Federal program pursuant to which the Secretary, or a designee of the Secretary, has determined in accordance with regulations that the site location would meet applicable civil rights and fair housing requirements;

(ii) for compliance with subsidy layering requirements, consistent with the written policy of the Secretary, the public housing agency or another public agency has determined that addition of subsidies under this paragraph would not duplicate other public funding; or

(iii) for compliance with competitive selection requirements, an advertisement for capital funds announced the potential for availability of assistance under this paragraph.

(O) USE OF ASSISTANCE IN CONJUNCTION WITH PUBLIC HOUSING CAPITAL FUNDS.—

(i) CAPITAL FUND AND HOPE VI.—Notwithstanding any provision to the contrary in this Act, a public housing agency may attach assistance under this paragraph to a structure or unit that receives assistance allocated to the public housing agency under the Capital Fund, established by section 9(d), or under section 24.

(ii) OPERATING FUND.—A unit that receives assistance under this paragraph shall not be eligible for assistance under the Operating Fund established by section 9(e).

\* \* \* \* \*

(20) FLEXIBILITY TO ASSIST HARD-TO-HOUSE FAMILIES.—In any program year, a public housing agency that is not designated as troubled pursuant to the section 8 management assessment program, or under such other program as may be used by the Secretary to evaluate performance of public housing agencies in administering rental assistance under this section, may use up to 2 percent of any amounts allocated to the agency for such year for purposes that directly support the agency's housing choice voucher program, including housing counseling,

*downpayment assistance under subsection (y), rental security deposits for families receiving voucher assistance, and other activities that directly assist eligible families in gaining and maintaining occupancy in suitable dwelling units.*

\* \* \* \* \*

(q) ADMINISTRATIVE FEES.—

(1) \* \* \*

\* \* \* \* \*

(4) *PERFORMANCE INCENTIVE.*—For fiscal year 2003 and fiscal years thereafter, the Secretary may pay an additional fee to any public housing agency that succeeds in achieving high or substantially improved performance on specified program requirements or program goals, as established under the management assessment program for the rental assistance program under this section, or any successor assessment program for such assistance, or by regulation issued by the Secretary after notice and opportunity for public comment pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section). The Secretary shall establish limitations on the total amount of any such additional fees paid to agencies for a fiscal year and on the amount of any such fee paid to any single agency for a fiscal year.

[(4)] (5) *APPLICABILITY.*—This subsection shall apply to fiscal year 1999 and fiscal years thereafter.

\* \* \* \* \*

(t) ENHANCED VOUCHERS.—

(1) *IN GENERAL.*—[Enhanced] *Except as provided in paragraph (2), enhanced voucher assistance under this subsection for a family shall be voucher assistance under subsection (o), except that under such enhanced voucher assistance—*

(A) \* \* \*

\* \* \* \* \*

(C) subparagraph (B) of this paragraph shall not apply and the payment standard for the dwelling unit occupied by the family shall be determined in accordance with subsection (o) if—

(i) \* \* \*

(ii) the voucher is made available for use by any family other than the original family on behalf of whom the voucher was provided; [and]

(D) if the income of the assisted family declines to a significant extent, the percentage of income paid by the family for rent shall not exceed the greater of 30 percent or the percentage of income paid at the time of the eligibility event for the project[.]; and

(E) a family's eligibility to receive such assistance shall be determined pursuant to the provisions of law authorizing or requiring the provision of enhanced voucher assistance pursuant to the eligibility event that affected such family and a family may not be required, as a condition of receiving such assistance, to qualify under the selection

*standards of a public housing agency for voucher assistance under this section.*

(2) *ENHANCED VOUCHERS FOR RESIDENTS OF UNITS NOT AVAILABLE FOR CONTINUED RENTAL.—*

(A) *VOUCHER ASSISTANCE.—In the case of a family who is eligible for enhanced voucher assistance under this subsection and who, on the date of the eligibility event resulting in such family's eligibility, is residing in a dwelling unit that is unavailable for continued rental as provided in subparagraph (B) as a result of such event, enhanced voucher assistance under this subsection for the family shall be voucher assistance under subsection (o), except that under such enhanced voucher assistance—*

*(i) subject only to clause (iv), the assisted family shall pay as rent no less than the amount the family was paying on the date of the eligibility event for the project;*

*(ii) the assisted family may elect to reside in any other dwelling unit that is located within the zip code in which is located the project in which the family was residing on the date of the eligibility event for the project or within a zip code contiguous to such zip code, and if, during any period after such election that the family continues to reside, the rent for the dwelling unit of the family exceeds the applicable payment standard established pursuant to subsection (o) for the unit, the amount of rental assistance provided on behalf of the family shall be determined using a payment standard that is equal to the rent for the dwelling unit (as such rent may be increased from time-to-time), except that—*

*(I) such rent shall be subject to paragraph (10)(A) of subsection (o);*

*(II) such payment standard shall not exceed the greater of 150 percent of the applicable fair market rents or 150 percent of the applicable payment standard for the market area; and*

*(III) subject only to the limit in subclause (II), such payment standard shall not adversely affect such assisted families;*

*(iii) clause (ii) of this subparagraph shall not apply and the payment standard for the dwelling unit occupied by the family shall be determined in accordance with subsection (o) if—*

*(I) the assisted family moves, at any time, to a dwelling unit that is not located within (aa) the zip code within which is located the project in which the family was residing on the date of the eligibility event for the project, or (bb) a zip code contiguous to such zip code; or*

*(II) the voucher is made available for use by any family other than the original family on behalf of whom the voucher was provided; and*

*(iv) if the income of the assisted family declines to a significant extent, the percentage of income paid by the*

*family for rent shall not exceed the greater of 30 percent or the percentage of income paid at the time of the eligibility event for the project.*

*(B) UNAVAILABILITY DUE TO CONVERSION.—A dwelling unit shall be considered to be unavailable for continued rental as provided in this subparagraph if the eligibility event for the project occurs in connection with a conversion of the unit to condominium, cooperative, or commercial use, after having obtained all necessary land use approvals.*

[(2)] (3) ELIGIBILITY EVENT.—For purposes of this subsection, the term “eligibility event” means, with respect to a multifamily housing project, the prepayment of the mortgage on such housing project, the voluntary termination of the insurance contract for the mortgage for such housing project (including any such mortgage prepayment during fiscal year 1996 or a fiscal year thereafter or any insurance contract voluntary termination during fiscal year 1996 or a fiscal year thereafter), the termination or expiration of the contract for rental assistance under section 8 of the United States Housing Act of 1937 for such housing project (including any such termination or expiration during fiscal years after fiscal year 1994 prior to the effective date of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2001), or the transaction under which the project is preserved as affordable housing, that, under paragraphs (3) and (4) of section 515(c), section 524(d) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note), section 223(f) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4113(f)), or section 201(p) of the Housing and Community Development Amendments of 1978 (12 U.S.C. 1715z-1a(p)), results in tenants in such housing project being eligible for enhanced voucher assistance under this subsection.

[(3)] (4) TREATMENT OF ENHANCED VOUCHERS PROVIDED UNDER OTHER AUTHORITY.—

(A) \* \* \*

\* \* \* \* \*

(5) RIGHT TO USE.—*The owner of a multifamily housing project for which an eligibility event (as such term is defined in paragraph (2)) has occurred may not refuse—*

*(A) to accept enhanced voucher assistance for lease of a dwelling unit in the same project on behalf of a family who was residing in the project upon the occurrence of such eligibility event; or*

*(B) to enter into a housing assistance payments contract for such a unit.*

[(4)] (6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for each of fiscal years 2000, 2001, 2002, 2003, and 2004 such sums as may be necessary for enhanced voucher assistance under this subsection.

\* \* \* \* \*

(x) FAMILY UNIFICATION.—

(1) \* \* \*

(2) **USE OF FUNDS.**—The amounts made available under this subsection shall be used only in connection with tenant-based assistance under **[section 8]** *this section* on behalf of (A) any family (i) who is otherwise eligible for such assistance, and (ii) who the public child welfare agency for the jurisdiction has certified is a family for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child or children in out-of-home care or the delayed discharge of a child or children to the family from out-of-home care **[and]**, (B) for a period not to exceed 18 months, otherwise eligible youths who have attained at least 18 years of age and not more than 21 years of age and who have left foster care at age 16 or older, or (C) *a covered family, who is otherwise eligible for such assistance, for rental of a qualified dwelling unit.*

(3) **ALLOCATION.**—The amounts made available under this subsection shall be allocated by the Secretary through a national competition among applicants based on demonstrated need for assistance under this subsection. To be considered for assistance, an applicant shall submit to the Secretary a written proposal containing, *as appropriate* (A) a report from the public child welfare agency serving the jurisdiction of the applicant that describes how a lack of adequate housing in the jurisdiction is resulting in the initial or prolonged separation of children from their families, and how the applicant will coordinate with the public child welfare agency to identify eligible families and provide the families with assistance under this subsection, or (B) *a description of the need for assistance under this subsection for covered families.*

(4) **DEFINITIONS.**—For purposes of this subsection:

(A) \* \* \*

\* \* \* \* \*

(C) **CHILD.**—*The term “child” means an individual who—*  
*(i) is not attending school and is not more than 18*  
*years of age; or*  
*(ii) is attending school and is not more than 19 years*  
*of age.*

(D) **COVERED FAMILY.**—*The term “covered family” means*  
*a family that—*

*(i) includes a child; and*  
*(ii) has a head of household who is—*  
*(I) a grandparent of the child who is raising the*  
*child; or*  
*(II) a relative of the child who is raising the*  
*child.*

(E) **GRANDPARENT.**—*The term “grandparent” means, with*  
*respect to a child, an individual who is a grandparent or*  
*stepgrandparent of the child by blood or marriage, regard-*  
*less of the age of such individual. In the case of a child who*  
*was adopted, the term includes an individual who, by*  
*blood or marriage, is a grandparent or stepgrandparent of*  
*the child as adopted.*

(F) **QUALIFIED DWELLING UNIT.**—*The term “qualified*  
*dwelling unit” means a dwelling unit that—*

*(i) has at least 2 separate bedrooms;*

(ii) *is equipped with design features appropriate to meet the special physical needs of elderly persons, as needed; and*

(iii) *is equipped with design features appropriate to meet the special physical needs of young children.*

(G) **RAISING A CHILD.**—*The term “raising a child” means, with respect to an individual, that the individual—*

*(i) resides with the child; and*

*(ii) is the primary caregiver for the child—*

*(I) because the biological or adoptive parents of the child do not reside with the child or are unable or unwilling to serve as the primary caregiver for the child; and*

*(II) regardless of whether the individual has a legal relationship to the child (such as guardianship or legal custody) or is caring for the child informally and has no such legal relationship with the child.*

(H) **RELATIVE.**—*The term “relative” means, with respect to a child, an individual who—*

*(i) is not a parent of the child by blood or marriage; and*

*(ii) is a relative of the child by blood or marriage, regardless of the age of the individual.*

*In the case of a child who was adopted, the term includes an individual who, by blood or marriage, is a relative of the family who adopted the child.*

\* \* \* \* \*

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

(a) \* \* \*

(b) **JOINT VENTURES.**—

(1) \* \* \*

\* \* \* \* \*

(4) **NON-FEDERAL FUNDS AND ACTIVITIES.**—*This subsection shall not apply to any subsidiary, joint venture, partnership, or business arrangement, or any activity conducted by such an entity, that does not involve holding or expending funds received from the Federal Government or proceeds or income derived from such funds.*

\* \* \* \* \*

#### **SEC. 24. DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND TENANT-BASED ASSISTANCE GRANTS FOR PROJECTS.**

(a) **PURPOSES.**—*The purpose of this section is to provide assistance to public housing agencies for the purposes of—*

(1)

\* \* \* \* \*

*It is also the purpose of this section to provide assistance to smaller communities for the purpose of facilitating the development of affordable housing for low-income families that is undertaken in con-*

*nection with a main street revitalization or redevelopment project in such communities.*

\* \* \* \* \*

(e) APPLICATION AND SELECTION.—

(1) \* \* \*

[(2) SELECTION CRITERIA.—The Secretary shall establish selection criteria for the award of grants under this section and shall include such factors as—]

(2) *SELECTION CRITERIA.—The Secretary shall establish criteria for the award of grants under this section and shall include among the factors—*

(A) \* \* \*

(B) the capability and record of the applicant public housing agency, or any alternative management entity for the agency, for managing [large-scale] redevelopment or modernization projects, meeting construction timetables, and obligating amounts in a timely manner;

\* \* \* \* \*

(D) the extent of involvement of residents, State and local governments, private service providers, financing entities, and developers, in the development *and ongoing implementation* of a revitalization program for the project;

\* \* \* \* \*

(H) the extent of the need for, and the potential impact of, the revitalization program; [and]

*(I) the extent to which the applicant can commence and complete the revitalization plan expeditiously;*

*(J) the extent to which the plan minimizes temporary or permanent displacement of current residents of the public housing site who wish to remain in or return to the revitalized community;*

*(K) the extent to which the plan sustains or creates more project-based housing units available to persons eligible for public housing in markets where there is demand for the maintenance or creation of such units;*

*(L) the extent to which the plan gives to existing residents priority for occupancy in dwelling units in the revitalized community; and*

[(I)] *(M) such other factors as the Secretary considers appropriate.*

\* \* \* \* \*

(1) ANNUAL REPORT.—The Secretary shall submit to the Congress an annual report setting forth—

(1) \* \* \*

\* \* \* \* \*

(3) the amount and type of financial assistance provided under and in conjunction with this section[; and], *including a specification of the amount and type of assistance provided under subsection (n);*

*(4) the types of projects funded, and number of affordable housing dwelling units developed with, grants under subsection (n); and*

[(4)] (5) the recommendations of the Secretary for statutory and regulatory improvements to the program established by this section.

(m) FUNDING.—

[(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section \$600,000,000 for fiscal year 1999 and such sums as may be necessary for each of fiscal years 2000, 2001, and 2002.]

(1) AUTHORIZATION OF APPROPRIATIONS.—*There are authorized to be appropriated for grants under this section such sums as may be necessary for each of fiscal years 2003 and 2004.*

\* \* \* \* \*

(3) *Of the amount appropriated pursuant to paragraph (1) for any fiscal year, the Secretary shall provide up to 5 percent for use only for grants under subsection (n).*

(n) GRANTS FOR ASSISTING AFFORDABLE HOUSING DEVELOPED THROUGH MAIN STREET PROJECTS IN SMALLER COMMUNITIES.—

(1) AUTHORITY AND USE OF GRANT AMOUNTS.—*The Secretary may make grants under this subsection to smaller communities. Such grant amounts shall be used by smaller communities only to provide assistance to carry out eligible affordable housing activities under paragraph (3) in connection with an eligible project under paragraph (2).*

(2) ELIGIBLE PROJECT.—*For purposes of this subsection, the term “eligible project” means a project that—*

*(A) the Secretary determines, under the criteria established pursuant to paragraph (3), is a main street project;*

*(B) is carried out within the jurisdiction of smaller community receiving the grant; and*

*(C) involves the development of affordable housing that is located in the commercial area that is the subject of the project.*

(3) MAIN STREET PROJECTS.—*The Secretary shall establish requirements for a project to be consider a main street project for purposes of this section, which shall require that the project—*

*(A) has as its purpose the revitalization or redevelopment of a historic or traditional commercial area;*

*(B) involves investment, or other participation, by the government for, and private entities in, the community in which the project is carried out; and*

*(C) complies with such historic preservation guidelines or principles as the Secretary shall identify to preserve significant historic or traditional architectural and design features in the structures or area involved in the project.*

(4) ELIGIBLE AFFORDABLE HOUSING ACTIVITIES.—*For purposes of this subsection, the activities described in subsection (d)(1) shall be considered eligible affordable housing activities, except that—*

*(A) such activities shall be conducted with respect to affordable housing rather than with respect to severely distressed public housing projects; and*

*(B) eligible affordable housing activities under this subsection shall not include the activities described in sub-*



paragraphs (B) through (F) or (J) through (L) of subsection (d)(1).

(5) **MAXIMUM GRANT AMOUNT.**—A grant under this subsection for a fiscal year for a single smaller community may not exceed \$1,000,000.

(6) **CONTRIBUTION REQUIREMENT.**—A smaller community applying for a grant under this subsection shall be considered an applicant for purposes of subsection (c) (relating to contributions by applicants), except that—

(A) such supplemental amounts shall be used only for carrying out eligible affordable housing activities; and

(B) paragraphs (1)(B) and (3) shall not apply to grants under this subsection.

(7) **APPLICATIONS AND SELECTION.**—

(A) **APPLICATION.**—Pursuant to subsection (e)(1), the Secretary shall provide for smaller communities to apply for grants under this subsection, except that the Secretary may establish such separate or additional criteria for applications for such grants as may be appropriate to carry out this subsection.

(B) **SELECTION CRITERIA.**—The Secretary shall establish selection criteria for the award of grants under this subsection, which shall be based on the selection criteria established pursuant to subsection (e)(2), with such changes as may be appropriate to carry out the purposes of this subsection.

(8) **COST LIMITS.**—The cost limits established pursuant to subsection (f) shall apply to eligible affordable housing activities assisted with grant amounts under this subsection.

(9) **INAPPLICABILITY OF OTHER PROVISIONS.**—The provisions of subsections (g) (relating to disposition and replacement of severely distressed public housing), (h) (relating to administration of grants by other entities), and (i) (relating to withdrawal of funding) shall not apply to grants under this subsection.

(10) **REPORTING.**—The Secretary shall require each smaller community receiving a grant under this subsection to submit a report regarding the use of all amounts provided under the grant.

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

(A) **AFFORDABLE HOUSING.**—The term “affordable housing” means rental or homeownership dwelling units that—

(i) are made available for initial occupancy subject to the same rules regarding level of income and income mix as dwelling units in public housing projects assisted with a grant under this section; and

(ii) are subject to the same rules regarding occupant contribution toward rent or purchase and terms of rental or purchase as dwelling units in public housing projects assisted with a grant under this section.

(B) **SMALLER COMMUNITY.**—The term “smaller community” means a unit of general local government (as such term is defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)) that—

(i) has a population of 30,000 or fewer; and

(ii)(I) may not be not served by a public housing agency; or

(II) is served by a single public housing agency, which agency administers 100 or fewer public housing dwelling units.

[(n)] (o) SUNSET.—No assistance may be provided under this section after September 30, [2002] 2004.

\* \* \* \* \*

**SEC. 36. DEMONSTRATION PROGRAM FOR GRANTS FOR CONVERSION OF PUBLIC HOUSING TO ASSISTED LIVING FACILITIES.**

(a) **GRANT AUTHORITY.**—To the extent only that amounts are appropriated in advance to carry out this section, the Secretary shall carry out a program, in accordance with this section, to demonstrate the effectiveness of making grants to public housing agencies for use for activities designed to convert dwelling units in eligible projects described in subsection (b) to assisted living facilities or other facilities that expand the availability of supportive services, to enhance the ability of elderly persons to maintain independent living.

(b) **ELIGIBLE PROJECTS.**—An eligible project described in this subsection is a public housing project (or a portion thereof) that is primarily occupied by elderly persons.

(c) **APPLICATIONS.**—Applications for grants under the demonstration program under this section shall be submitted to the Secretary in accordance with such procedures as the Secretary shall establish. Such applications shall contain—

(1) a description of the proposed conversion activities for which a grant under the program is requested;

(2) the amount of the grant requested;

(3) a description of the resources that are expected to be made available, if any, in conjunction with the grant under the program; and

(4) such other information or certifications that the Secretary determines to be necessary or appropriate.

(d) **FUNDING FOR SERVICES.**—The Secretary may not make a grant under the demonstration program under this section unless the application contains sufficient evidence, in the determination of the Secretary, that there will be adequate funding for supportive services for residents of the facility converted with grant amounts.

(e) **SERVICE COORDINATORS.**—An application for a grant under the demonstration program under this section may include a request for, and the Secretary may provide funds under the grant for, amounts to provide service coordinators to assist in the provision of supportive services for residents of the facilities converted with grant amounts.

(f) **SCOPE.**—Grants under the demonstration program under this section may be made only with respect to three eligible projects.

(g) **SELECTION CRITERIA.**—The Secretary shall select applications for grants under the demonstration program under this section based upon selection criteria, which shall be established by the Secretary and shall include—

(1) the extent to which the conversion is likely to provide assisted living facilities or supportive services that are needed or are expected to be needed by the categories of elderly persons that the assisted living facility is intended to serve;

(2) *the extent of financial need on the part of the applicant for funding to carry out the conversion activities proposed;*

(3) *the extent to which the agency has evidenced community support for the conversion, by such indicators as letters of support from the local community for the conversion and financial contributions from public and private sources;*

(4) *the extent to which the applicant demonstrates a strong commitment to promoting the autonomy and independence of the elderly persons that the assisted living facility or other supportive services facility is intended to serve;*

(5) *the quality, completeness, and managerial capability of providing services to elderly residents, especially in such areas as meals, 24-hour staffing, and on-site health care; and*

(6) *such other criteria as the Secretary determines to be appropriate to ensure that funds made available under the demonstration program under this section are used effectively.*

(h) **DEFINITION.**—*For the purposes of this section, the term “assisted living facility” has the meaning given such term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)).*

(i) **AUTHORIZATION OF APPROPRIATIONS.**—*There is authorized to be appropriated for providing grants under the demonstration program under this section such sums as may be necessary for each of fiscal years 2003 and 2004.*

\* \* \* \* \*

## SECTION 557 OF THE QUALITY HOUSING AND WORK RESPONSIBILITY ACT OF 1998

### SEC. 557. MANUFACTURED HOUSING DEMONSTRATION PROGRAM.

(a) **IN GENERAL.**—The Secretary of Housing and Urban Development shall carry out a program during fiscal years **[1999, 2000, and 2001]** *2002, 2003, and 2004* to demonstrate the effectiveness of providing, directly to eligible families that own manufactured homes and rent real property on which their homes are located, tenant-based assistance for the rental of such property that would otherwise be provided directly to the owners of such real property under section 8(o)(12) of the United States Housing Act of 1937.

\* \* \* \* \*

(c) **[REPORT] REPORTS.**—Not later than March 31, 2002, the Secretary shall submit **[a report]** *an interim report* to the Congress describing **[and evaluating]** *the implementation and operation of* the demonstration program under this section. *Not later than March 31, 2005, the Secretary shall submit a report to the Congress describing and evaluating the demonstration program under this section.*

\* \* \* \* \*

## SECTION 524 OF THE MULTIFAMILY ASSISTED HOUSING REFORM AND AFFORDABILITY ACT OF 1997

### SEC. 524. RENEWAL OF EXPIRING PROJECT-BASED SECTION 8 CONTRACTS.

(a) **IN GENERAL.**—

(1) \* \* \*

\* \* \* \* \*

(4) RENEWAL RENTS.—Except as provided in subsection (b), the contract for assistance shall provide assistance at the following rent levels:

(A) MARKET RENTS.—At the request of the owner of the project, at rent levels equal to the lesser of comparable market rents for the market area or 150 percent of the fair market rents, in the case only of a project that—

(i) \* \* \*

\* \* \* \* \*

(iv) is not—

(I) owned by a nonprofit entity; or

[(II) subject to a contract for moderate rehabilitation assistance under section 8(e)(2) of the United States Housing Act of 1937, as in effect before October 1, 1991; or]

[(III)] (II) a project for which the public housing agency provided voucher assistance to one or more of the tenants after the owner has provided notice of termination of the contract covering the tenant's unit; and

\* \* \* \* \*

(b) EXCEPTION RENTS.—

(1) \* \* \*

\* \* \* \* \*

[(3) MODERATE REHABILITATION PROJECTS.—In the case of a project with a contract under the moderate rehabilitation program, other than a moderate rehabilitation contract under section 441 of the Stewart B. McKinney Homeless Assistance Act, pursuant to the request of the owner of the project, the contract for assistance for the project pursuant to subsection (a) shall provide assistance at the lesser of the following rent levels:

[(A) ADJUSTED EXISTING RENTS.—The existing rents under the expiring contract, as adjusted by an operating cost adjustment factor established by the Secretary (which shall not result in a negative adjustment).

[(B) FAIR MARKET RENTS.—Fair market rents (less any amounts allowed for tenant-purchased utilities).

[(C) MARKET RENTS.—Comparable market rents for the market area.]

\* \* \* \* \*

## McKINNEY-VENTO HOMELESS ASSISTANCE ACT

### SECTION 1. NATIONAL GOAL OF ENDING HOMELESSNESS.

*The Congress hereby declares that it is a national goal to end homelessness within 10 years after the enactment of the Housing Affordability for America Act of 2002.*

## TITLE I—GENERAL PROVISIONS

### SECTION 101. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “McKinney-Vento Homeless Assistance Act”.

(b) TABLE OF CONTENTS.—

*Sec. 1. National goal of ending homelessness.*

#### TITLE I—GENERAL PROVISIONS

Sec. 101. Short title and table of contents.

\* \* \* \* \*

#### [TITLE II—INTERAGENCY COUNCIL ON THE HOMELESS]

#### *TITLE II—UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS*

Sec. 201. Establishment.

\* \* \* \* \*

#### TITLE IV—HOUSING ASSISTANCE

##### [Subtitle A—Comprehensive Homeless Assistance Plan]

##### *Subtitle A—General Provisions*

Sec. 401. Housing affordability strategy.

Sec. 402. Discharge coordination policy.

Sec. 403. Set-aside for permanent housing.

\* \* \* \* \*

##### Subtitle D—Safe Havens for Homeless Individuals Demonstration Program

Sec. 431. Establishment of demonstration.

\* \* \* \* \*

[Sec. 443. Administrative provisions.]

Sec. 443. Environmental review.

\* \* \* \* \*

### SEC. 102. FINDINGS AND PURPOSE.

(a) \* \* \*

(b) PURPOSE.—It is the purpose of this Act—

(1) to establish [an Interagency Council on the Homeless]  
the *United States Interagency Council on Homelessness*;

\* \* \* \* \*

## [TITLE II—INTERAGENCY COUNCIL ON THE HOMELESS]

### *TITLE II—UNITED STATES INTER- AGENCY COUNCIL ON HOMELESSNESS*

#### SEC. 201. ESTABLISHMENT.

There is established in the executive branch an independent establishment to be known as the [Interagency Council on the Homeless] *United States Interagency Council on Homelessness*.

\* \* \* \* \*

#### SEC. 207. DEFINITIONS.

For purposes of this title:

(1) The term “Council” means the **Interagency Council on the Homeless** *United States Interagency Council on Homelessness* established in section 201.

\* \* \* \* \*

**[SEC. 208. AUTHORIZATION OF APPROPRIATIONS.**

**[There are authorized to be appropriated to carry out this title \$1,500,000 for fiscal year 1993 and \$1,563,000 for fiscal year 1994.]**

**SEC. 208. AUTHORIZATION OF APPROPRIATIONS.**

*There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 2003 and 2004.*

\* \* \* \* \*

## **TITLE III—FEDERAL EMERGENCY MANAGEMENT FOOD AND SHELTER PROGRAM**

\* \* \* \* \*

### **Subtitle C—General Provisions**

\* \* \* \* \*

**[SEC. 322. AUTHORIZATION OF APPROPRIATIONS.**

**[There are authorized to be appropriated to carry out this title \$180,000,000 for fiscal year 1993 and \$187,560,000 for fiscal year 1994.]**

**SEC. 322. AUTHORIZATION OF APPROPRIATIONS.**

*There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 2003 and 2004.*

\* \* \* \* \*

## **TITLE IV—HOUSING ASSISTANCE**

### **[Subtitle A—Comprehensive Homeless Assistance Plan]**

#### **Subtitle A—General Provisions**

\* \* \* \* \*

**SEC. 403. SET-ASIDE FOR PERMANENT HOUSING.**

*Notwithstanding any other provision of this title, of the aggregate amount made available for assistance under this title for any fiscal year, not less than 30 percent shall be used only for permanent housing activities for homeless persons. Amounts made available under section 429(d) or 463(c) for renewals of contracts for permanent housing shall be disregarded for purposes of the preceding sentence. For purposes of this section, the term “permanent housing ac-*

*tivities” includes permanent housing designed primarily to serve homeless families with children.*

## Subtitle B—Emergency Shelter Grants Program

\* \* \* \* \*

### SEC. 417. AUTHORIZATION OF APPROPRIATIONS.

【There are authorized to be appropriated to carry out this subtitle \$138,000,000 for fiscal year 1993 and \$143,796,000 for fiscal year 1994.】

### SEC. 417. AUTHORIZATION OF APPROPRIATIONS.

*There are authorized to be appropriated to carry out this subtitle such sums as may be necessary for each of fiscal years 2003 and 2004.*

\* \* \* \* \*

## Subtitle C—Supportive Housing Program

\* \* \* \* \*

### SEC. 423. ELIGIBLE ACTIVITIES.

(a) IN GENERAL.—The Secretary may provide any project with one or more of the following types of assistance under this subtitle:

(1) ACQUISITION AND REHABILITATION.—A grant【, in an amount not to exceed \$200,000,】 for the acquisition, rehabilitation, or acquisition and rehabilitation, of an existing structure (including a small commercial property or office space) to provide supportive housing other than emergency shelter or to provide supportive services【; except that the Secretary may increase the dollar limitation under this sentence to not more than \$400,000 for areas that the Secretary finds have high acquisition and rehabilitation costs】. The repayment of any outstanding debt owed on a loan made to purchase an existing structure shall be considered to be a cost of acquisition eligible for a grant under this paragraph if the structure was not used as supportive housing, or to provide supportive services, before the receipt of assistance.

(2) NEW CONSTRUCTION.—A grant【, in an amount not to exceed \$400,000,】 for new construction of a structure to provide supportive housing.

\* \* \* \* \*

### SEC. 429. AUTHORIZATION OF APPROPRIATIONS.

【(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle \$204,000,000 for fiscal year 1993 and \$212,568,000 for fiscal year 1994.】

*(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle (not including activities funded pursuant to subsection (d) of this section) such sums as may be necessary for each of fiscal years 2003 and 2004.*

\* \* \* \* \*

*(d) FUNDING OF RENEWALS.—*

*(1) IN GENERAL.—For fiscal year 2003 and fiscal years thereafter, assistance under this subtitle may be funded using amounts appropriated for section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).*

*(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to any amounts otherwise made available for assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), there are authorized to be appropriated such sums as may be necessary for each of fiscal years 2003 and 2004 for the renewal of contracts for permanent housing activities under this subtitle. Any such renewals shall be made only for a term of one year.*

\* \* \* \* \*

## Subtitle E—Miscellaneous Provisions

### SEC. 441. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCUPANCY DWELLINGS.

**[(a) INCREASE IN BUDGET AUTHORITY.—**The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8(e)(2) of such Act is authorized to be increased by \$105,000,000 on or after October 1, 1992, and by \$109,410,000 on or after October 1, 1993.]

*(a) INCREASE IN BUDGET AUTHORITY.—The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8(e)(2) of such Act (as in effect pursuant to section 289(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12839(b)(2))) is authorized to be increased by such sums as may be necessary on or after each of October 1, 2002, and October 1, 2003.*

\* \* \* \* \*

## Subtitle F—Shelter Plus Care Program

### PART I—GENERAL REQUIREMENTS

\* \* \* \* \*

#### SEC. 456. REQUIRED AGREEMENTS.

*(a) APPROVAL OF ASSISTANCE.—*The Secretary may not approve assistance under this subtitle unless the applicant agrees—

*(1) \* \* \**

\* \* \* \* \*

*(b) CONDITIONS OF RENEWAL.—The Secretary may not provide assistance under this subtitle for any housing previously assisted under this subtitle unless the unit of general local government in which such project is located certifies that the housing complies with such housing safety and quality standards, as the Secretary shall establish and the Secretary reviews and approves such certification.*

\* \* \* \* \*



**SEC. 463. AUTHORIZATION OF APPROPRIATIONS.**

(a) **IN GENERAL.**—[For purposes of the housing programs under this subtitle, there are authorized to be appropriated \$266,550,000 for fiscal year 1993 and \$277,745,100 for fiscal year 1994.] *For purposes of the housing programs under this subtitle, there are authorized to be appropriated to carry out this subtitle (not including activities funded pursuant to subsection (c) of this section) such sums as may be necessary for each of fiscal years 2003 and 2004. Of any amount appropriated in any fiscal year to carry out this subtitle—*

(1) \* \* \*

\* \* \* \* \*

(c) **FUNDING OF RENEWALS.**—

(1) **IN GENERAL.**—*For fiscal year 2003 and fiscal years thereafter, assistance under this subtitle may be funded using amounts appropriated for section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).*

(2) **AUTHORIZATION OF APPROPRIATIONS.**—*In addition to any amounts otherwise made available for assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), there are authorized to be appropriated such sums as may be necessary for each of fiscal years 2003 and 2004 for the renewal of contracts under this subtitle. Any such renewals shall be made only for a term of one year.*

\* \* \* \* \*

## **TITLE V—IDENTIFICATION AND USE OF SURPLUS FEDERAL PROPERTY**

### **SEC. 501. USE OF UNUTILIZED AND UNDERUTILIZED PUBLIC BUILDINGS AND REAL PROPERTY TO ASSIST THE HOMELESS.**

(a) \* \* \*

\* \* \* \* \*

(c) **PUBLICATION OF PROPERTIES.**—(1) \* \* \*

(2)(A) No later than 15 days after the last day of the 45-day period provided for under subsection (b)(1), the Secretary shall transmit a copy of the list of available properties published under paragraph (1)(A)(ii) to the [Interagency Council on the Homeless] *United States Interagency Council on Homelessness*. The Council shall immediately distribute to all State and regional homeless coordinators area-relevant portions of the list.

\* \* \* \* \*

(d) **HOLDING PERIOD.**—(1) \* \* \*

\* \* \* \* \*

(3) Property that is reviewed by the Secretary under subsection (a) and that is not identified by the Secretary as being suitable for use to assist the homeless may not be made available for any other purpose for 20 days after the determination of unsuitability to allow for review of the determination at the request of the representative of the homeless. The Secretary shall disseminate immediately this information to the regional offices of the Department of Housing and Urban Development and to the [Interagency Coun-

cil on the Homeless] *United States Interagency Council on Homelessness.*

\* \* \* \* \*

## NATIVE AMERICAN HOUSING AND SELF- DETERMINATION ACT OF 1996

\* \* \* \* \*

## TITLE I—BLOCK GRANTS AND GRANT REQUIREMENTS

### SEC. 101. BLOCK GRANTS.

(a) \* \* \*

\* \* \* \* \*

(h) *ADMINISTRATIVE AND PLANNING EXPENSES.*—The Secretary shall, by regulation, authorize each recipient to use a percentage of any grant amounts received under this Act *for comprehensive housing and community development planning activities* and for any reasonable administrative and planning expenses of the recipient relating to carrying out this Act and activities assisted with such amounts, which may include costs for salaries of individuals engaged in administering and managing affordable housing activities assisted with grant amounts provided under this Act and expenses of preparing an Indian housing plan under section 102.

\* \* \* \* \*

### [SEC. 108. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated for grants under this title such sums as may be necessary for each of fiscal years 1998, 1999, 2000, and 2001. This section shall take effect on the date of the enactment of this Act.]

### SEC. 108. AUTHORIZATION OF APPROPRIATIONS.

*There are authorized to be appropriated for grants under this title such sums as may be necessary for each of fiscal years 2003 and 2004.*

\* \* \* \* \*

## TITLE VI—FEDERAL GUARANTEES FOR FINANCING FOR TRIBAL HOUSING ACTIVITIES

\* \* \* \* \*

### SEC. 605. LIMITATIONS ON AMOUNT OF GUARANTEES.

(a) *AGGREGATE FISCAL YEAR LIMITATION.*—Notwithstanding any other provision of law and subject only to the absence of qualified applicants or proposed activities and to the authority provided in this title, to the extent approved or provided in appropriations Acts, the Secretary may enter into commitments to guarantee notes and obligations under this title with an aggregate

principal amount not to exceed \$400,000,000 for each of fiscal years [1997, 1998, 1999, 2000, and 2001] *2003 and 2004*.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CREDIT SUBSIDY.—There are authorized to be appropriated to cover the costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guarantees under this title such sums as may be necessary for each of fiscal years [1997, 1998, 1999, 2000, and 2001] *2003 and 2004*.

\* \* \* \* \*

## TITLE VII—OTHER HOUSING ASSISTANCE FOR NATIVE AMERICANS

\* \* \* \* \*

### SEC. 703. TRAINING AND TECHNICAL ASSISTANCE.

There are authorized to be appropriated for assistance for a national organization representing Native American housing interests for providing training and technical assistance to Indian housing authorities and tribally designated housing entities such sums as may be necessary for each of fiscal years [1997, 1998, 1999, 2000, and 2001] *2003 and 2004*.

\* \* \* \* \*

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## SECTION 501 OF THE AMERICAN HOMEOWNERSHIP AND ECONOMIC OPPORTUNITY ACT OF 2000

### SEC. 501. LANDS TITLE REPORT COMMISSION.

(a) ESTABLISHMENT.—[Subject to sums being provided in advance in appropriations Acts, there] *There* is established a Commission to be known as the Lands Title Report Commission (hereafter in this section referred to as the “Commission”) to facilitate home loan mortgages on Indian trust lands. The Commission will be subject to oversight by the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(b) MEMBERSHIP.—

(1) APPOINTMENT.—The Commission shall be composed of 12 members, appointed not later than 90 days after the date of the enactment of [this Act] *the American Indian Lands Title Report Commission Corrections Act* as follows:

(A) \* \* \*

\* \* \* \* \*

(c) INITIAL MEETING.—The Chairperson of the Commission shall call the initial meeting of the Commission. Such meeting shall be held within 30 days after [the Chairperson of the Commission determines that sums sufficient for the Commission to carry out its duties under this Act have been appropriated for such purpose] *the completion of the appointment of the initial members pursuant to subsection (b)(1)*.

\* \* \* \* \*

## SECTION 972 OF THE HIGHER EDUCATION AMENDMENTS OF 1998

### SEC. 972. GNMA GUARANTEE FEE.

[(a) IN GENERAL.—Section 306(g)(3)(A) of the National Housing Act (12 U.S.C. 1721(g)(3)(A)) is amended by striking “No fee or charge” and all that follows through “States)” and inserting “The Association shall assess and collect a fee in an amount equal to nine basis points”.

[(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2004.]

## SECTION 4 OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ACT

UNDER SECRETARY AND OTHER OFFICERS AND OFFICES

SEC. 4. (a) \* \* \*

\* \* \* \* \*

(g)(1) *The Secretary shall designate a single office of the Department in existence on the date of the enactment of the Housing Affordability for America Act of 2002 to establish, coordinate, and administer all individual program requirements, standards, and performance measures under programs and laws administered by the Department that relate to housing counseling, homeownership counseling, mortgage-related counseling, and rental housing counseling, including the requirements, standards, and performance measures relating to housing counseling pursuant to the provisions of law specified in paragraph (2). To the extent that the Secretary is authorized by law to provide housing counseling services, the Secretary, in such circumstances or under such programs as the Secretary considers appropriate, may authorize such office to provide such housing counseling services.*

(2) *The provisions specified in this paragraph are as follows:*

(A) *Section 105(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 42 5305(a)(20)).*

(B) *In the United States Housing Act of 1937—*

(i) *section 9(e) (42 U.S.C. 1437g(e));*

(ii) *section 8(y)(1)(D) (42 U.S.C. 1437f(y)(1)(D));*

(iii) *section 18(a)(4)(D) (42 U.S.C. 1437p(a)(4)(D));*

(iv) *section 23(c)(4) (42 U.S.C. 1437u(c)(4));*

(v) *section 32(e)(4) (42 U.S.C. 1437z-4(e)(4));*

(vi) *section 33(d)(2)(B) (42 U.S.C. 1437z-5(d)(2)(B));*

(vii) *sections 302(b)(6) and 303(b)(7) (42 U.S.C. 1437aaa-1(b)(6), 1437aaa-2(b)(7)); and*

(viii) *section 304(c)(4) (42 U.S.C. 1437aaa-3(c)(4)).*

(C) *Section 302(a)(4) of the American Homeownership and Economic Opportunity Act of 2000 (42 U.S.C. 1437f note).*

(D) *Sections 233(b)(2) and 258(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12773(b)(2), 12808(b)).*

(E) *Sections 101(e) and 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701w(e), 1701x).*

(F) Section 220(d)(2)(G) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4110(d)(2)(G)).

(G) Sections 422(b)(6), 423(b)(7), 424(c)(4), 442(b)(6), and 443(b)(6) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12872(b)(6), 12873(b)(7), 12874(c)(4), 12892(b)(6), and 12893(b)(6)).

(H) Section 491(b)(1)(F)(iii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11408(b)(1)(F)(iii)).

(I) Sections 202(3) and 810(b)(2)(A) of the Native American Housing and Self-Determination Act of 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A)).

(J) In the National Housing Act—

(i) in section 203 (12 U.S.C. 1709), the penultimate undesignated paragraph of paragraph (2) of subsection (b), subsection (c)(2)(A), and subsection (r)(4);

(ii) subsections (a) and (c)(3) of section 237 (12 U.S.C. 1715z-2); and

(iii) subsections (d)(2)(B) and (m)(1) of section 255 (12 U.S.C. 1715z-20).

(K) Section 502(h)(4)(B) of the Housing Act of 1949 (42 U.S.C. 1472(h)(4)(B)).

(L) Section 508 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-7).

## SECTION 11 OF THE HOUSING OPPORTUNITY PROGRAM EXTENSION ACT OF 1996

### SEC. 11. ASSISTANCE FOR SELF-HELP HOUSING PROVIDERS.

(a) \* \* \*

\* \* \* \* \*

(d) USE.—

(1) \* \* \*

\* \* \* \* \*

(3) *LIMITATION ON ELIGIBLE EXPENSES.*—The amount from grants under this section that is used for eligible expenses (as such term is defined under paragraph (2)) in connection with developing dwelling units described in paragraph (1) may not exceed an average of \$15,000 per dwelling unit developed by the grantee organization or consortium, except that the Secretary may increase such \$15,000 amount for any particular geographic region that the Secretary determines has elevated costs of land acquisition or infrastructure improvement.

\* \* \* \* \*

(i) *GRANT AGREEMENT.*—A grant under this section shall be made only pursuant to a grant agreement entered into by the Secretary and the organization or consortia receiving the grant, which shall—

(1) \* \* \*

\* \* \* \* \*

(5) provide that the Secretary shall recapture any grant amounts provided to the organization or consortia that are not used within 24 months after such amounts are first disbursed to the organization or consortia, except that such period shall

be 36 months in the case of grant amounts from amounts made available for fiscal year 1996 to carry out this section, and in the case of a grant amounts provided to a local affiliate of the organization or consortia that is developing five or more dwellings in connection with such grant amounts, *and except that the Secretary may extend such period for any organization or consortia to not more than 48 months in any case in which the Secretary determines, in the sole discretion of the Secretary, that extraordinary circumstances (including a national emergency) warrant such extension*; and

\* \* \* \* \*

(j) FULFILLMENT OF GRANT AGREEMENT.—If the Secretary determines that an organization or consortia awarded a grant under this section has not, within 24 months after grant amounts are first made available to the organization or consortia (or, in the case of grant amounts from amounts made available for fiscal year 1996 to carry out this section and grant amounts provided to a local affiliate of the organization or consortia that is developing five or more dwellings in connection with such grant amounts, within 36 months), substantially fulfilled the obligations under the grant agreement, including development of the appropriate number of dwellings under the agreement, the Secretary shall use any such undisbursed amounts remaining from such grant for other grants in accordance with this section. *The Secretary may extend the period otherwise applicable under this subsection for any organization or consortia to not more than 48 months in any case in which the Secretary determines, in the sole discretion of the Secretary, that extraordinary circumstances (including a national emergency) warrant such extension.*

\* \* \* \* \*

(p) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for **【fiscal year 2001】** *each of fiscal years 2003 and 2004.*

\* \* \* \* \*

## SECTION 105 OF THE HOUSING COMMUNITY DEVELOPMENT ACT OF 1974

### ELIGIBLE ACTIVITIES

SEC. 105. (a) Activities assisted under this title may include only—

(1) \* \* \*

\* \* \* \* \*

(13) payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones *and renewal communities* and payment of reasonable administrative costs and carrying charges related to (A) administering the HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act; and (B) the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and hous-

ing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in section 701(e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981;

\* \* \* \* \*

(22) provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by—

(A) \* \* \*

\* \* \* \* \*

(C) providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises; **[and]**

(23) activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low- and moderate-income neighborhoods~~[[.]]~~;

(25) lead-based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992~~[[.]]~~;

*(26) the construction or improvement of tornado- or storm-safe shelters for manufactured housing parks and residents of other manufactured housing, the acquisition of real property for sites for such shelters, and the provision of assistance (including loans and grants) to nonprofit or for-profit entities (including owners of such parks) for such construction, improvement, or acquisition, except that a shelter assisted with amounts made available pursuant to this paragraph shall be located in a neighborhood consisting predominantly of persons of low and moderate income, except that a shelter assisted with amounts made available pursuant to this paragraph may not be made available exclusively for use of the residents of a particular manufactured housing park or of other manufactured housing, but shall generally serve the residents of the area in which it is located; and*

*(27) provision of direct assistance to facilitate and expand homeownership among uniformed employees (including policemen, firemen, and sanitation and other maintenance workers) of, and teachers who are employees of, the metropolitan city or urban county (or an agency or school district serving such city or county) receiving grant amounts under this title pursuant to section 106(b) or the unit of general local government (or an agency or school district serving such unit) receiving such grant amounts pursuant to section 106(d), except that—*

*(A) such assistance may only be provided on behalf of such employees who are first-time homebuyers under the meaning given such term in section 104(14) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(14)), except that, for purposes of this paragraph, such section shall be applied by substituting “section*

105(a)(27) of the Housing and Community Development Act of 1974” for “title II”;

(B) notwithstanding section 102(a)(20)(B) or any other provision of this title, such assistance may be provided on behalf of such employees whose family incomes do not exceed—

(i) 115 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families; or

(ii) with respect only to areas that the Secretary determines have high housing costs, taking into consideration median house prices and median family incomes for the area, 150 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families;

(C) such assistance shall be used only for acquiring principal residences for such employees, in a manner that involves obligating amounts with respect to any particular mortgage over a period of 1 year or less, by—

(i) providing amounts for downpayments on mortgages;

(ii) paying reasonable closing costs normally associated with the purchase of a residence;

(iii) obtaining pre- or post-purchase counseling relating to the financial and other obligations of homeownership; or

(iv) subsidizing mortgage interest rates; and

(D) any residence purchased using assistance provided under this paragraph shall be subject to restrictions on resale that are—

(i) established by the metropolitan city, urban county, or unit of general local government providing such assistance; and

(ii) determined by the Secretary to be appropriate to comply with subparagraphs (A) and (B) of section 215(b)(3) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(b)(3)), except that, for purposes of this paragraph, such subparagraphs shall be applied by substituting “section 105(a)(27) of the Housing and Community Development Act of 1974” for “this title”;

\* \* \* \* \*

(c)(1) \* \* \*

\* \* \* \* \*

(5) **HOMEOWNERSHIP ASSISTANCE FOR MUNICIPAL EMPLOYEES.**—Notwithstanding any other provision of this title, any assisted activity described in subsection (a)(27) of this section shall be considered, for purposes of this title, to benefit persons of low and moderate income and to be directed toward the objective under section 101(c)(3).

\* \* \* \* \*



### SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

#### SEC. 3. ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-IN- COME PERSONS.

(a) \* \* \*

\* \* \* \* \*

(e) *REQUIREMENT FOR HIRING OF NEW EMPLOYEES.*—

(1) *THIRTY PERCENT REQUIREMENT.*—*It shall be a condition of any contract awarded by a public or Indian housing agency for work to be performed in connection with development assistance provided from the Capital Fund under section 9(d) of the United States Housing Act of 1937, or from the Operating Fund under section 9(e) of such Act, that, except as provided in paragraph 2(B), a minimum of 30 percent of all new employees hired by a contractor for work in connection with such contract will be low- or very low-income persons.*

(2) *COMPLIANCE.*—*As a condition of any contract awarded for the work described in paragraph (1), any contractor awarded such a contract shall—*

(A)(i) *immediately before beginning work under such contract, submit evidence to the satisfaction of the public or Indian housing agency showing that a minimum of 30 percent of all new employees hired for work in connection with such contract are low- or very low-income persons; and*

(ii) *submit evidence to the satisfaction of the public or Indian housing agency showing that a minimum of 30 percent of all subsequently hired new employees hired for work in connection with such contract are low- or very low-income persons; or*

(B) *if such contractor cannot meet the requirement imposed by paragraph (1)—*

(i) *submit evidence to the satisfaction of the public or Indian housing agency showing that such contractor has given notice of such contract to the one-stop delivery system for the area which the housing subject to the contract is located, including the particular skills and qualifications needed by potential new employees for work under such contract; and*

(ii) *provide to the public or Indian housing agency evidence, as the Secretary shall by regulation require, sufficient to show that no newly hired employees who are not low- or very low-income persons are performing work in place of skilled low- or very low-income persons who were provided by either the public or Indian housing agency or by the one-stop delivery system.*

(3) *TRAINING.*—*Any contractor awarded a contract for the work described in paragraph (1) may not provide on-the-job training to any new employee for work under such contract unless such new employee is a low- or very low-income person.*

[(e)] (f) *DEFINITIONS.*—*For the purposes of this section the following definitions shall apply:*

(1) \* \* \*

\* \* \* \* \*

(3) *ONE-STOP DELIVERY SYSTEM.*—The term “one-stop delivery system” has the meaning given that term in section 134(c) of the Workforce Investment Act of 1998 (29 U.S.C. 2864(c)).

[(f)] (g) *COORDINATION WITH OTHER FEDERAL AGENCIES.*—The Secretary shall consult with the Secretary of Labor, the Secretary of Health and Human Services, the Secretary of Commerce, the Administrator of the Small Business Administration, and such other Federal agencies as the Secretary determines are necessary to carry out this section.

[(g)] (h) *REGULATIONS.*—Not later than 180 days after the date of enactment of the National Affordable Housing Act Amendments of 1992, the Secretary shall promulgate regulations to implement this section.

## SECTION 515 OF THE HOUSING ACT OF 1949

DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES IN RURAL AREAS

SEC. 515. (a) \* \* \*

\* \* \* \* \*

[(h) *PROJECT TRANSFERS.*—After]

(h) *PROJECT TRANSFERS.*—

(1) *LIMITATION.*—After the date of the enactment of the Act entitled “An Act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes”, the ownership or control of a project for which a loan is made or insured under this section may be transferred only if the Secretary determines that such transfer would further the provision of housing and related facilities for low-income families or persons and would be in the best interests of residents and the Federal Government.

(2) *TRANSFER AND RENOVATION OF EXISTING PROJECTS.*—

(A) *TRANSFER.*—In carrying out this Act, the Secretary should encourage the transfer of ownership or control of projects for which a loan is made or insured under this section to nonprofit organizations and local housing authorities (including public housing agencies).

(B) *RENOVATION.*—In carrying out this Act, the Secretary should encourage, and give priority in funding, to the renovation of existing projects for which a loan is made or insured under this section, subsequent to transfer of such projects to nonprofit organizations and housing authorities.

\* \* \* \* \*

## DISSENTING VIEWS

H.R. 3995, the Housing Affordability for America Act exceeds, Congress' constitutional boundaries and interferes with and distorts the operation of the free market. Instead of expanding unconstitutional federal power, Congress should focus its energies on dismantling the federal housing bureaucracy so the American people can control housing resources and use the free market to meet their demands for affordable housing.

The premise underlying H.R. 3995 is that the federal government is capable of determining the proper level of "affordable" housing. However, as the great economist Ludwig Von Mises pointed out, questions of the proper allocation of resources for housing and other goods should be determined by consumer preference in the free market. Resources removed from the market and distributed according to the preferences of government politicians and bureaucrats are not devoted to their highest-valued use. Thus, government interference in the economy results in a loss of economic efficiency and, more importantly, a lower standard of living for all citizens.

H.R. 3995 takes resources away from private citizens, through confiscatory taxation, and uses them for politically-favored housing projects. Government subsidization of housing leads to an excessive allocation of resources to the housing market. Thus, thanks to government policy, resources that would have been devoted to education, transportation, or some other good desired by consumers, will instead be devoted to housing. Proponents of this bill ignore the socially-beneficial uses the monies devoted to housing might have been put to had those resources been left in the hands of private citizens.

At the very least, federal housing programs should provide the maximum latitude for state and local governments to develop the type of housing programs best suited to their citizens' unique needs. However, according to the National Council of State Housing Agencies and the National League of Cities, H.R. 3995 decreases state and local control over housing programs. This is because H.R. 3995 creates new mandates in block-grant programs thus reducing the ability of state and local authorities to use federal funds to meet their own unique needs. Forcing state and local officials to use housing funds to obey the dictates of DC-based politicians, who cannot know the unique conditions of every housing market in the country, does not seem like a sound housing policy.

Finally, while I know this argument is unlikely to have much effect on my colleagues, I must point out that Congress has no constitutional authority to take money from one American and redistribute it to another. Legislation such as H.R. 3995, which takes tax money from some Americans to give to others whom Congress has determined are worthy, is thus blatantly unconstitutional.

I hope no one confuses my opposition to this bill as opposition to any Congressional actions to ensure more Americans have access to affordable housing. After all, one reason many Americans lack affordable housing is because taxes and regulations have made it impossible for builders to provide housing at a price that could be afforded by many lower-income Americans. Therefore Congress should cut taxes and regulations. A good start would be generous housing tax credits. Congress should also consider tax credits and regulatory relief of developers who provide housing for those with low-incomes.

H.R. 3995 distorts the economy, reduces state and local authority over housing programs and violates constitutional prohibitions on income redistribution. A better way of guaranteeing an efficient housing market where everyone could meet their own needs for housing is for Congress to repeal taxes and programs that burden the housing industry and allow housing needs to be met by the free market. Therefore, I urge my colleagues to reject this bill and instead develop housing policies consistent with constitutional principles, the laws of economics, and respect for individual rights.

RON PAUL.

