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**H. Rept. 119-457 - HOUSING FOR THE 21ST CENTURY ACT** 119th Congress (2025-2026)

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119th Congress } { Rept. 119-457

HOUSE OF REPRESENTATIVES

2nd Session } { Part 1

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HOUSING FOR THE 21ST CENTURY ACT

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January 15, 2026.--Committed to the Committee of the Whole House on the

State of the Union and ordered to be printed

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Mr. Hill of Arkansas, from the Committee on Financial Services,

submitted the following

## REPORT

together with

## ADDITIONAL VIEWS

[To accompany H.R. 6644]

The Committee on Financial Services, to whom was referred the bill (H.R. 6644) a bill to increase the supply of housing in America, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

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The amendments are as follows:

Strike out all after the enacting clause and insert the following:

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

(a) Short Title.--This Act may be cited as the ``Housing for the 21st Century Act".

(b) Table of Contents.--The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

## TITLE I--BUILDING SMARTER FOR THE 21ST CENTURY

Sec. 101. Housing Supply Frameworks.

Sec. 102. Accelerating home building grant program.

Sec. 103. Federal guidelines for point-access block buildings.

Sec. 104. Unlocking Housing Supply Through Streamlined and Modernized Reviews.

Sec. 105. Federal Housing Agency Application of Environmental Reviews.

Sec. 106. Multifamily loan limits.

Sec. 107. GAO studies.

## TITLE II--MODERNIZING LOCAL DEVELOPMENT AND RURAL HOUSING PROGRAMS

Sec. 201. HOME Reform.

Sec. 202. Community Development Fund Amendments.

Sec. 203. Grants for planning and implementation associated with affordable housing.

Sec. 204. Rural housing service program improvements.

Sec. 205. Choice in Affordable Housing.

## TITLE III--EXPANDING MANUFACTURED AND AFFORDABLE HOUSING FINANCE OPPORTUNITIES

Sec. 301. **Manufactured Housing** Innovations.

Sec. 302. FHA small-dollar mortgages.

Sec. 303. Community investment and prosperity.

## TITLE IV--PROTECTING BORROWERS AND ASSISTED FAMILIES

Sec. 401. Exclusion of certain disability benefits.

Sec. 402. Military service question.

Sec. 403. HUD-USDA-VA Interagency Coordination.

Sec. 404. Family self-sufficiency escrow expansion pilot program.

Sec. 405. Reforms to housing counseling and financial literacy programs.

Sec. 406. Establishment of eviction helpline.

Sec. 407. Temperature Sensor pilot program.

Sec. 408. GAO studies.

## TITLE V--ENHANCING OVERSIGHT OF HOUSING PROVIDERS

Sec. 501. Requirement to testify.

Sec. 502. Improving public housing agency accountability.

## TITLE I--BUILDING SMARTER FOR THE 21ST CENTURY

SEC. 101. HOUSING SUPPLY FRAMEWORKS.

(a) Definitions.--In this section:

(1) Affordable housing.--The term "affordable housing" means housing for which the monthly payment is not more than 30-percent of the monthly income of the household.

(2) Assistant secretary.--The term "Assistant Secretary" means the Assistant Secretary for Policy Development and Research of the Department of Housing and Urban Development.

(3) Local zoning framework.--The term "local zoning framework" means the local zoning codes and other ordinances, procedures, and policies governing zoning and land-use at the local level.

(4) Secretary.--The term "Secretary" means the Secretary of Housing and Urban Development.

(5) State zoning framework.--The term "State zoning framework" means the State legislation or State agency and department procedures, or such legislation or procedures in an insular area of the United States, enabling local planning and zoning authorities and establishing and guiding related policies and programs.

(b) Guidelines on State and Local Zoning Frameworks.--

(1) In general.--Not later than 3 years after the date of enactment of this Act, the Assistant Secretary shall publish documents outlining guidelines and best practices to support production of adequate housing to meet the needs of communities and provide housing opportunities for individuals at every income level across communities with respect to--

(A) State zoning frameworks; and

(B) local zoning frameworks.

(2) Consultation; public comment.--During the 2-year period beginning on the date of enactment of this Act, in developing

the guidelines and best practices required under paragraph (1),  
the Assistant Secretary shall--

(A) publish draft guidelines and best practices in  
the Federal Register for public comment; and  
(B) establish a task force for the purpose of  
providing consultation to draft the guidelines and best  
practices published under subparagraph (A), the members  
of which shall include--

- (i) urban planners and architects;
- (ii) housing developers, including affordable  
and market-rate housing developers,  
manufactured housing developers, cooperative  
housing developers, and other business  
interests;
- (iii) community engagement experts and  
community members impacted by zoning decisions;
- (iv) public housing agencies and transit  
authorities;
- (v) members of local zoning and planning  
boards and local and regional transportation  
planning organizations;
- (vi) State officials responsible for housing  
or land use, including members of State zoning  
boards of appeals;
- (vii) academic researchers; and
- (viii) home builders.

(3) Contents.--The guidelines and best practices required under paragraph (1) shall--

(A) with respect to State zoning frameworks, outline potential models for updated State enabling legislation or State agency and department procedures;

(B) include recommendations regarding--

(i) the reduction or elimination of parking minimums;

(ii) the increase in maximum floor area ratio requirements and maximum building heights and the reduction in minimum lot sizes and set-back requirements;

(iii) the elimination of restrictions against accessory dwelling units;

(iv) increasing by-right uses, including duplex, triplex, or quadplex buildings, across cities or metropolitan areas;

(v) mechanisms, including proximity to transit, to determine the appropriate scope for rezoning and ensure development that does not disproportionately burden residents of economically distressed areas;

(vi) provisions regarding review of by-right development proposals to streamline review and reduce uncertainty, including--

(I) nondiscretionary, ministerial



review; and

(II) entitlement and design review

processes;

(vii) the reduction of obstacles, regulatory

or otherwise, to a range of housing types at

all levels of affordability, including

manufactured and modular housing;

(viii) State model zoning regulations for

directing local reforms, including mechanisms

to encourage adoption;

(ix) provisions to encourage transit-oriented

development, including increased permissible

units per structure and reduced minimum lot

sizes near existing or planned public transit

stations;

(x) potential reforms to strengthen the

public engagement process;

(xi) reforms to protest petition statutes;

(xii) the standardization, reduction, or

elimination of impact fees;

(xiii) cost-effective and appropriate

building codes;

(xiv) models for community benefit

agreements;

(xv) mechanisms to preserve affordability,

limit disruption of low-income communities, and

prevent displacement of existing residents;

(xvi) with respect to State zoning

frameworks--

(I) State model codes for directing

local reforms, including mechanisms to

encourage adoption;

(II) a model for a State zoning

appeals process, which would--

(aa) create a process for

developers or builders

requesting a variance,

conditional use, special

permit, zoning district change,

similar discretionary permit,

or otherwise petitioning a

local zoning or planning board

for a project including a

State-defined amount of

affordable housing to appeal a

rejection to a State body or

regional body empowered by the

State; and

(bb) establish qualifications

for communities to be exempted

from the appeals process based

on their available stock of

affordable housing; and  
(III) streamlining of State  
environmental review policies;  
(xvii) with respect to local zoning  
frameworks--

(I) the simplification and  
standardization of existing zoning  
codes;

(II) maximum review timelines;

(III) best practices for the  
disposition of land owned by local  
governments for affordable housing  
development;

(IV) differentiations between best  
practices for rural, suburban, and  
urban communities, and communities with  
different levels of density or  
population distribution; and

(V) streamlining of local  
environmental review policies; and

(xviii) other land use measures that promote  
access to new housing opportunities identified  
by the Secretary; and

(C) consider--

(i) the effects of adopting any  
recommendation on eligibility for Federal

discretionary grants and tax credits for the purpose of housing or community development;

(ii) coordination between infrastructure

investments and housing planning;

(iii) local housing needs, including ways to set and measure housing goals and targets;

(iv) a range of affordability for rental units, with a prioritization of units attainable to extremely low-, low-, and moderate-income residents;

(v) a range of affordability for homeownership;

(vi) accountability measures;

(vii) the long-term cost to residents and businesses if more housing is not constructed;

(viii) barriers to individuals seeking to access affordable housing in growing communities and communities with economic opportunity;

(ix) with respect to State zoning frameworks--

(I) distinctions between States

providing constitutional or statutory home rule authority to municipalities and States operating under the Dillon Rule, as articulated in *Hunter v.*

Pittsburgh, 207 U.S. 161 (1907); and

(II) Statewide mechanisms to preserve existing affordability over the long term, including support for land banks and community land trusts;

(x) public comments elicited under paragraph

(2)(A); and

(xi) other considerations, as identified by

the Assistant Secretary.

(c) Abolishment of the Regulatory Barriers Clearinghouse.--

(1) In general.--The Regulatory Barriers Clearinghouse established pursuant to section 1205 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705d) is abolished.

(2) Repeal.--Section 1205 of the Housing and Community Development Act of 1992 (42 U.S.C. 12705d) is repealed.

(d) Reporting.--Not later than 5 years after the date on which the Assistant Secretary publishes the final guidelines and best practices for State and local zoning frameworks under this section, the Assistant Secretary shall submit to the Congress a report describing--

(1) the States that have adopted recommendations from the guidelines and best practices, pursuant to section 4 of this Act;

(2) a summary of the localities that have adopted recommendations from the guidelines and best practices, pursuant to section 4 of this Act;

- (3) a list of States that adopted a State zoning framework;
- (4) a summary of the modifications that each State has made in their State zoning framework;
- (5) a general summary of the types of updates localities have made to their local zoning framework;
- (6) with respect to the States that have adopted a State zoning framework or recommendations from the guidelines and best practices, the effect of such adoptions; and
- (7) a summary of any recommendations that were routinely not adopted by States or by localities.

(e) Rule of Construction.--Nothing in this section may be construed to permit the Department of Housing and Urban Development to take an adverse action against or fail to provide otherwise offered actions or services for any State or locality if the State or locality declines to adopt a guideline or best practice under subsection (c).

## SEC. 102. ACCELERATING HOME BUILDING GRANT PROGRAM.

(a) In General.--The Secretary may award grants to eligible entities to review designs of covered structures of mixed-income housing and designate such reviewed designs to be included in pattern books for use in the jurisdiction of the eligible entity.

(b) Restriction.--Amounts awarded under this section may not be used for construction, alteration, or repair work.

(c) Considerations.--In reviewing applications submitted by eligible entities for a grant under this section, the Secretary shall consider--

- (1) the need for affordable housing in the eligible entity;
- (2) the presence of high opportunity areas in the eligible entity;
- (3) coordination between the eligible entity and a State agency; and
- (4) coordination between the eligible entity and State, local, and regional transportation planning authorities.

(d) Set-aside for Rural Areas.--Of the amounts made available in each fiscal year for grants under this section, the Secretary shall ensure that not less than 10-percent shall be used for grants to eligible entities that are located in rural areas.

(e) Report Requirement.--Not later than 3 years after being awarded a grant under this section, an eligible entity shall submit to the Secretary a report that--

- (1) describes the impacts of the activities carried out using the amounts provided under this section on improving the production and supply of affordable housing;
- (2) includes a list of any pattern books the eligible entity has established using amounts provided under this section, including a description of the designs such pattern book includes;
- (3) identifies the number of permits issued by the eligible entity for housing development using designs from such pattern book; and
- (4) identifies the number of housing units produced in developments of the eligible entity using a design from such

pattern book.

(f) Availability of Information.--The Secretary shall--

(1) to the extent possible, encourage eligible entities awarded grants under this section to make any pattern books established by such entity, and designs in such pattern book, publicly available through a website; and

(2) collect, identify, and disseminate best practices relating to pattern books and make such information publicly available on a website of the Department of Housing and Urban Development.

(g) Repayment of Awarded Amounts.--The Secretary may require an eligible entity to return, to the Secretary, grant amounts awarded under this section if the Secretary determines that the eligible entity has not approved a sufficient number of building permits that use designs included in a pattern book established by the eligible entity, during the 5-year period following receipt of the grant by the eligible entity, unless such period is extended by the Secretary.

(h) Definitions.--In this section:

(1) Affordable housing.--The term ``affordable housing'' means housing for which the total monthly housing cost payment is not more than 30-percent of the monthly household income for a household earning not more than 80-percent of the area-median income.

(2) Covered structure.--The term ``covered structure'' means a low-rise or mid-rise structure with not more than 25 dwelling units that may include--



- (A) an accessory dwelling unit;
- (B) infill development;
- (C) a duplex;
- (D) a triplex;
- (E) a fourplex;
- (F) a cottage court;
- (G) a courtyard building;
- (H) a townhouse;
- (I) a multiplex; and
- (J) any other structure with not less than 2 dwelling units that the Secretary has determined in advance to be appropriate.

(3) Eligible entity.--The term "eligible entity" means--

- (A) a unit of general local government, as defined in section 102(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)); and
- (B) an Indian Tribe, as defined in section 102(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)).

(4) High opportunity area.--The term "high opportunity area" has the meaning given the term in section 1282.1 of title 12, Code of Federal Regulations, or any successor regulation.

(5) Infill development.--The term "infill development" means a residential housing development on small parcels in previously established areas for replacement by new or

refurbished housing that utilizes existing utilities and infrastructure.

(6) Mixed-income housing.--The term ``mixed-income housing" means a housing development that is comprised of housing units that promote differing levels of affordability in the community.

(7) Pattern book.--The term ``pattern book" means a set of pre-reviewed, designated designs or construction plans that are assessed and approved as by-right development by localities for compliance with local building and permitting standards to streamline and expedite approval pathways for housing construction.

(8) Rural area.--The term ``rural area" means any area other than a city or town that has a population of less than 50,000 inhabitants.

(9) Secretary.--The term ``Secretary" means the Secretary of Housing and Urban Development.

## SEC. 103. FEDERAL GUIDELINES FOR POINT-ACCESS BLOCK BUILDINGS.

(a) In General.--Not later than 18 months after the date of enactment of this section, the Secretary of Housing and Urban Development shall issue guidelines to provide States, territories, Tribes, and localities with model code language, best practices, and technical guidance that could be used to facilitate the permitting of point-access block residential buildings.

(b) Contents.--When developing the guidelines under subsection (a), the Secretary shall consider--

- (1) fire safety considerations, including sprinkler coverage, smoke detection, ventilation, and building egress performance;
- (2) construction costs and potential impacts on housing affordability, including the potential for increasing housing supply in high-cost jurisdictions;
- (3) flexibility for diverse consumer needs, including family sizes, unit configurations, and accessibility;
- (4) examples of single-stair codes adopted or considered by States and cities in the United States;
- (5) examples single-stair codes used in relevant international standards;
- (6) research and model language relating to single-stair codes produced by organizations that focus on point-access block building design and building-code reform;
- (7) consulting with experts, including developers, architects, fire marshals, researchers, economists, housing authorities, and officials in States that have enacted or piloted single-stair codes; and
- (8) alternative methods of safety compliance, including options that utilize additional passive or active safety features.

(c) Coordination With the International Code Council.--The Secretary shall coordinate with the International Code Council to encourage the International Code Council to incorporate provisions about point-access

block buildings into the International Building Code.

(d) Grants.--The Secretary may award competitive grants to eligible entities to implement pilot projects that evaluate, demonstrate, or validate the safety, feasibility, or cost-effectiveness of point-access block residential buildings.

(e) Rule of Construction.--Nothing in this section may be construed to preempt a State or local building code.

(f) Definitions.--In this section:

(1) Eligible entity.--The term "eligible entity" means a State, unit of local government, Tribal Government, public housing agency, nonprofit housing organization, community development organization, private developer, construction firm, qualified design firm, engineering firm, academic institution, research institution, or any partnership or consortium comprised of 2 or more such types of entities.

(2) Point-access block building.--The term "point-access block building" means a Group R-2 occupancy residential structure, as such term is defined by the International Building Code, in which a single internal stairway provides access and egress for all dwelling units in a building that is not greater than 6 stories in height.

## SEC. 104. UNLOCKING HOUSING SUPPLY THROUGH STREAMLINED AND MODERNIZED REVIEWS.

(a) NEPA Streamlining for HUD Housing-related Activities.--

(1) In general.--The Secretary of Housing and Urban Development shall, in accordance with section 553 of title 5, United States Code, expand and reclassify housing-related activities under the necessary administrative regulations as follows:

(A) The following housing-related activities shall be subject to regulations equivalent or substantially similar to the regulations entitled "exempt activities" as set forth in section 58.34 of title 24, Code of Federal Regulations, as in effect on January 1, 2025:

(i) Tenant-based rental assistance, as defined in section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)).

(ii) Supportive services, including health care, housing services, permanent housing placement, day care, nutritional services, short-term payment for rent, mortgage, or utility costs, and assistance in gaining access to Federal Government and State and local government benefits and services.

(iii) Operating costs, including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training, and recruitment and other incidental costs.

(iv) Economic development activities,

including equipment purchases, inventory financing, interest subsidies, operating expenses, and similar costs not associated with construction or expansion of existing operations.

(v) Activities to assist homebuyers to purchase existing dwelling units or dwelling units under construction, including closing costs and down payment assistance, interest rate buydowns, and similar activities that result in the transfer of title.

(vi) Affordable housing predevelopment costs related to obtaining site options, project financing, administrative costs and fees for loan commitment, zoning approvals, and other related activities that do not have a physical impact.

(vii) Approval of supplemental assistance, including insurance or guarantee, to a project previously approved by the Secretary.

(viii) Emergency homeowner or renter assistance for HVAC, hot water heaters, and other necessary uses of existing utilities required under applicable law.

(B) The following housing-related activities shall be subject to regulations equivalent or substantially

similar to the regulations entitled--

(i) `` categorical exclusions not subject to section 58.5"; and

(ii) `` categorical exclusions not subject to the Federal laws and authorities cited in sections 50.4" in section 58.35(b) and section 50.19, respectively of title 24, Code of Federal Regulations, as in effect on January 1, 2025, if such activities do not materially alter environmental conditions and do not materially exceed the original scope of the project:

(I) Acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities and improvements (other than buildings) if the facilities and improvements are in place and will be retained in the same use without change in size or capacity of more than 20-percent, including replacement of water or sewer lines, reconstruction of curbs and sidewalks, and repaving of streets.

(II) Rehabilitation of 1-to-4 unit residential buildings, and existing housing-related infrastructure, such as

repairs or rehabilitation of existing wells, septic, or utility lines that connect to that housing.

(III) New construction, development, demolition, acquisition, or disposition on up to 4 scattered site existing dwelling units where there is a maximum of 4 units on any 1 site.

(IV) Acquisitions (including leasing) or disposition of, or equity loans on an existing structure, or acquisition (including leasing) of vacant land if the structure or land acquired, financed, or disposed of will be retained for the same use.

(C) The following housing-related activities shall be subject to regulations equivalent or substantially similar to the regulations entitled--

(i) `` categorical exclusions subject to section 58.5"; and

(ii) `` categorical exclusions subject to the Federal laws and authorities cited in sections 50.4" in section 58.35(a) and section 50.20, respectively, of title 24, Code of Federal Regulations, as in effect on January 1, 2025, if such activities do not materially alter



environmental conditions and do not materially exceed the original scope of the project:

(I) Acquisitions of open space or residential property, where such property will be retained for the same use or will be converted to open space to help residents relocate out of an area designated as a high-risk area by the Secretary.

(II) Conversion of existing office buildings into residential development, subject to--

(aa) a maximum number of units to be determined by the Secretary; and

(bb) a limitation on the change in building size to not more than 20-percent.

(III) New construction, development, demolition, acquisition, or disposition on 5 to 15 dwelling units where there is a maximum of 15 units on any 1 site. The units can be 15 1-unit buildings or 1 15-unit building, or any combination in between.

(IV) New construction, development,

demolition, acquisition, or disposition on 15 or more housing units developed on scattered sites when there are not more than 15 housing units on any 1 site, and the sites are more than a set number of feet apart as determined by the Secretary.

(V) Rehabilitation of buildings and improvements in the case of a building for residential use with 5 to 15 units, if the density is not increased beyond 15 units and the land use is not changed.

(VI) Infill projects consisting of new construction, rehabilitation, or development of residential housing units.

(VII) Buyouts, defined as the voluntary acquisition of properties located in--

(aa) a floodway;

(bb) a floodplain; or

(cc) an other area, clearly

delineated by the grantee, that

has been impacted by a

predictable environmental

threat to the safety and  
wellbeing of program  
beneficiaries caused or  
exacerbated by a federally  
declared disaster.

(2) Report.--The Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives annual reports during the 5-year period beginning on the date that is 2 years after the date of enactment of this Act that provide a summary of findings of reductions in review times and administrative cost reduction, with a particular focus on the affordable housing sector, as a result of the actions set forth in this subsection, and any recommendations of the Secretary for future congressional action with respect to revising categorical exclusions or exemptions under title 24, Code of Federal Regulations.

(b) Better Use of Intergovernmental and Local Development for Housing.--

(1) Designation of environmental review procedure.--The Department of Housing and Urban Development Act (42 U.S.C. 3531 et seq.) is amended by inserting after section 12 (42 U.S.C. 3537a) the following:

``SEC. 13. DESIGNATION OF ENVIRONMENTAL REVIEW PROCEDURE.

` ` (a) In General.--Except as provided in subsection (b), the Secretary may, for purposes of environmental review, decision-making, and action pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and other provisions of law that further the purposes of such Act, designate the treatment of assistance administered by the Secretary as funds for a special project for purposes of section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994 (42 U.S.C. 3547).

` ` (b) Exception.--The designation described in subsection (a) shall not apply to assistance for which a procedure for carrying out the responsibilities of the Secretary under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and other provisions of law that further the purposes of such Act, is otherwise specified in law."

(2) Tribal assumption of environmental review obligations.--  
Section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994 (42 U.S.C. 3547) is amended--

(A) by striking "` ` State or unit of general local government" each place it appears and inserting  
"` ` State, Indian Tribe, or unit of general local government";

(B) in paragraph (1)(C), in the heading, by striking  
"` ` state or unit of general local government" and  
inserting "` ` state, indian tribe, or unit of general local government"; and

(C) by adding at the end the following:

` ` (5) Definition of indian tribe.--For purposes of this subsection, the term ` Indian Tribe' means a federally recognized Tribe, as defined in section 4(13)(B) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(13)(B))."

(c) Infill Project Defined.--In this section, the term ` ` infill project" means a project that--

- (1) occurs within the geographic limits of a municipality;
- (2) is adequately served by existing utilities and public services as required under applicable law;
- (3) is located on a site of previously disturbed land of not more than 5 acres and substantially surrounded by residential or commercial development;
- (4) will repurpose a vacant or underutilized parcel of land, or a dilapidated or abandoned structure; and
- (5) will serve a residential or commercial purpose.

## SEC. 105. FEDERAL HOUSING AGENCY APPLICATION OF ENVIRONMENTAL REVIEWS.

(a) Memorandum of Understanding.--

(1) In general.--Not later than 180 days after the date of enactment of this Act, the Secretary of Housing and Urban Development and the Secretary of Agriculture shall enter into a memorandum of understanding to--

- (A) evaluate the use of categorical exclusions (as defined in section 111 of the National Environmental

Policy Act of 1969 (42 U.S.C. 4336e)) for housing projects funded by amounts from the Department of the Housing and Urban Development and the Department of Agriculture;

(B) develop a process to designate a lead agency among the Department of Housing and Urban Development and the Department of Agriculture to streamline the adoption of environmental impact statements and environmental assessments approved by the other agency to construct housing projects funded by amounts from both agencies;

(C) maintain compliance with environmental regulations under part 58 of title 24, Code of Federal Regulations, as in effect on January 1, 2025; and

(D) evaluate the feasibility of a joint physical inspection process for housing projects funded by amounts from the Department of the Housing and Urban Development and the Department of Agriculture.

(2) Advisory working group.--

(A) In general.--Not later than 180 days after the date of enactment of this Act, the Secretary of Housing and Urban Development and the Secretary of Agriculture shall establish an advisory working group for the purpose of consulting on the implementation of the memorandum of understanding entered into under paragraph (1).

(B) Members.--The advisory working group established under subparagraph (A) shall consist of rural and nonrural stakeholders, including--

- (i) affordable housing nonprofit organizations;
- (ii) State housing and housing finance agencies;
- (iii) nonprofit and for-profit home builders and housing developers;
- (iv) property management companies;
- (v) owners of multifamily properties, including nonprofit and for-profit owners and operators;
- (vi) public housing agencies;
- (vii) residents in housing assisted by the Department of Housing and Urban Development or the Department of Agriculture and representatives of those residents; and
- (viii) housing contract administrators.

(3) Report.--Not later than 1 year after the date of enactment of this Act, the Secretary of Housing and Urban Development and the Secretary of Agriculture shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that includes recommendations for legislative, regulatory, or administrative actions--

(A) to improve the efficiency and effectiveness of housing projects funded by amounts from the Department of the Housing and Urban Development and the Department of Agriculture; and

(B) that do not materially, with respect to residents of housing projects described in subparagraph (A)--

(i) reduce the safety of those residents;

(ii) shift long-term costs onto those residents; or

(iii) undermine the environmental standards of those residents.

(b) Study and Review.--

(1) Exemption.--In providing assistance under section 501, 502, 504, 515, 533, or 538 of the Housing Act of 1949 (42 U.S.C. 1471, 1472, 1474, 1485, 1490m, or 1490p-2) for the construction or modification of residential housing located on an infill site, the Secretary of Agriculture shall not be required to carry out any study or report on the environmental effects of such assistance.

(2) Report.--Not later than the date that is 5 years after the date of enactment of this section, the Secretary of Agriculture shall submit, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, a report that--

(A) determines whether the implementation of this



section--

- (i) reduced the amount of time it takes to review an application for assistance under the sections of the Housing Act of 1949 identified in paragraph (1); and

- (ii) reduced the administrative cost of providing such assistance;

(B) describes how the implementation of this section affects the affordable housing sector in rural America; and

(C) includes any legislative recommendations from the Secretary of Agriculture.

(2) Definitions.--In this section:

(A) Greenfield.--The term "greenfield" means a site that has not been developed, including a woodland, farmland, and an open field.

(B) Infill site.--The term "infill site"--

- (i) means a site that is served by existing infrastructure, including water lines, sewer lines, and roads; and

- (ii) does not include--

- (I) a site that is served by existing infrastructure that only consists of a road;

- (II) a site within a census tract designated as very high or relatively

high risk for wildfire, coastal flooding, and riverine flooding under the National Risk Index of the Federal Emergency Management Agency pursuant to section 206 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5136); and (III) a greenfield.

#### SEC. 106. MULTIFAMILY LOAN LIMITS.

(a) In General.--Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended--

(1) in section 206A (12 U.S.C. 1712a)--

(A) in subsection (a), in the matter following paragraph (7), by striking `` (commencing in 2004" and all that follows through the period at the end and inserting the following: `` , commencing on January 1, 2026. The adjustment of the Dollar Amounts shall be calculated by the Secretary using the percentage change in the Price Deflator Index of Multifamily Residential Units Under Construction released by the Bureau of the Census from March of the previous year to March of the year in which the adjustment is made, or calculated by the Secretary using an alternative indicator after publishing information about such alternative indicator

in the Federal Register for public comment if the Price Deflator Index of Multifamily Residential Units Under Construction is not available or published."; and

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

``(b) Rounding.--The dollar amount of any adjustment described in subsection (a) shall be rounded to the next lower dollar.

``(c) Publication.--The Secretary shall publish in the Federal Register any adjustments made to the Dollar Amounts.";

(2) in section 207(c)(3)(A) (12 U.S.C. 1713(c)(3)(A))--

(A) by striking ``\$38,025" and inserting

``\$167,310";

(B) by striking ``\$42,120" and inserting

``\$185,328";

(C) by striking ``\$50,310" and inserting

``\$221,364";

(D) by striking ``\$62,010" and inserting

``\$272,844";

(E) by striking ``\$70,200" and inserting

``\$308,880";

(F) by striking `` , or not to exceed \$17,460 per space";

(G) by striking ``\$43,875" and inserting

``\$193,050";

(H) by striking ``\$49,140" and inserting

``\$216,216";

(I) by striking ``\$60,255" and inserting

``\$265,122";

(J) by striking ``\$75,465" and inserting

``\$332,046"; and

(K) by striking ``\$85,328" and inserting

``\$375,443";

(3) in section 213(b)(2) (12 U.S.C. 1715e(b)(2))--

(A) by striking ``\$41,207" and inserting

``\$181,311";

(B) by striking ``\$47,511" and inserting

``\$209,048";

(C) by striking ``\$57,300" and inserting

``\$252,120";

(D) by striking ``\$73,343" and inserting

``\$322,709";

(E) by striking ``\$81,708" and inserting

``\$359,515";

(F) by striking ``\$43,875" and inserting

``\$193,050";

(G) by striking ``\$49,710" and inserting

``\$218,724";

(H) by striking ``\$60,446" and inserting

``\$265,962";

(I) by striking ``\$78,197" and inserting

``\$344,067"; and

(J) by striking ``\$85,836" and inserting

` ` \$377,678";

(4) in section 220(d)(3)(B)(iii)(I) (12 U.S.C.

1715k(d)(3)(B)(iii)(I))--

(A) by striking ` ` \$38,025" and inserting

` ` \$167,310";

(B) by striking ` ` \$42,120" and inserting

` ` \$185,328";

(C) by striking ` ` \$50,310" and inserting

` ` \$221,364";

(D) by striking ` ` \$62,010" and inserting

` ` \$272,844";

(E) by striking ` ` \$70,200" and inserting

` ` \$308,880";

(F) by striking ` ` \$43,875" and inserting

` ` \$193,050";

(G) by striking ` ` \$49,140" and inserting

` ` \$216,216";

(H) by striking ` ` \$60,255" and inserting

` ` \$265,122";

(I) by striking ` ` \$75,465" and inserting

` ` \$332,046"; and

(J) by striking ` ` \$85,328" and inserting

` ` \$375,443";

(5) in section 221(d)(4)(ii)(I) (12 U.S.C.

1715l(d)(4)(ii)(I))--

(A) by striking ` ` \$37,843" and inserting

` ` \$166,509";

(B) by striking ` ` \$42,954" and inserting

` ` \$188,997";

(C) by striking ` ` \$51,920" and inserting

` ` \$228,448";

(D) by striking ` ` \$65,169" and inserting

` ` \$286,744";

(E) by striking ` ` \$73,846" and inserting

` ` \$324,922";

(F) by striking ` ` \$40,876" and inserting

` ` \$179,854";

(G) by striking ` ` \$46,859" and inserting

` ` \$206,180";

(H) by striking ` ` \$56,979" and inserting

` ` \$250,708";

(I) by striking ` ` \$73,710" and inserting

` ` \$324,324"; and

(J) by striking ` ` \$80,913" and inserting

` ` \$356,017";

(6) in section 231(c)(2)(A) (12 U.S.C. 1715v(c)(2)(A))--

(A) by striking ` ` \$35,978" and inserting

` ` \$166,509";

(B) by striking ` ` \$40,220" and inserting

` ` \$188,997";

(C) by striking ` ` \$48,029" and inserting

` ` \$228,448";

(D) by striking `` \$57,798" and inserting

`` \$286,744";

(E) by striking `` \$67,950" and inserting

`` \$324,922";

(F) by striking `` \$40,876" and inserting

`` \$179,854";

(G) by striking `` \$46,859" and inserting

`` \$206,180";

(H) by striking `` \$56,979" and inserting

`` \$250,708";

(I) by striking `` \$73,710" and inserting

`` \$324,324"; and

(J) by striking `` \$80,913" and inserting

`` \$356,017"; and

(7) in section 234(e)(3)(A) (12 U.S.C. 1715y(e)(3)(A))--

(A) by striking `` \$42,048" and inserting

`` \$185,011";

(B) by striking `` \$48,481" and inserting

`` \$213,316";

(C) by striking `` \$58,469" and inserting

`` \$257,263";

(D) by striking `` \$74,840" and inserting

`` \$329,296";

(E) by striking `` \$83,375" and inserting

`` \$366,850";

(F) by striking `` \$44,250" and inserting

` ` \$194,700";

(G) by striking ` ` \$50,724" and inserting

` ` \$223,186";

(H) by striking ` ` \$61,680" and inserting

` ` \$271,392";

(I) by striking ` ` \$79,793" and inserting

` ` \$351,089"; and

(J) by striking ` ` \$87,588" and inserting

` ` \$385,387".

(b) Rule of Construction.--Nothing in this section or the amendments made by this section may be construed to limit the authority of the Secretary of Housing and Urban Development to revise the statutory exceptions for high-cost percentage and high-cost areas annual indexing.

#### SEC. 107. GAO STUDIES.

(a) Workforce Housing Study.--

(1) In general.--Not later than 1 year after the date of the enactment of this section, the Comptroller General of the United States shall conduct a study and submit to the Congress a report that--

(A) identifies obstacles middle-income households face when looking to secure affordable housing;

(B) identifies geographic areas where housing is the most unaffordable and unavailable for middle-income



households;

(C) includes a list of Federal housing programs, including Federal tax credits, grants, and loan programs, that are not available to middle-income households due to their income status, including Federal housing programs designed to promote affordability;

(D) recommends income and other parameters to establish a clear and consistent Federal definition for the term "workforce housing" for use when describing the segment of housing that could be made available to such middle-income households in Federal housing programs if funding commensurate with the additional eligibility were to be made available; and

(E) analyzes how to modify or newly develop new Federal housing programs and incentives to include "workforce housing" if funding commensurate with the additional eligibility were to be made available.

(2) Middle-income household defined.--In this subsection, the term "middle income household" means a household with an income above 80-percent but that does not exceed 120-percent of the median family income of the area, as determined by the Secretary with adjustments for smaller and larger families.

(b) Uniform Building Code Study.--Not later than 1 year after the date of the enactment of this section, the Comptroller General of the United States shall conduct a study and submit a report to the Congress

that examines the costs and benefits that could be associated with establishing a Federal uniform residential building code, including whether such a code could--

- (1) reduce the amount of time required for units of local government to approve new construction;
- (2) reduce the cost of residential construction in the United States; or
- (3) increase the quality of available and affordable residential housing in the United States.

## TITLE II--MODERNIZING LOCAL DEVELOPMENT AND RURAL HOUSING PROGRAMS

### SEC. 201. HOME REFORM.

(a) In General.--Section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704) is amended--

- (1) in paragraph (6)(B), by striking "`significant'"; and
- (2) by adding at end the following new paragraph:

“(26) The term ‘infill housing project’ means a residential housing project that--

“(A) is located within the geographic limits of a municipality;

“(B) is adequately served by existing utilities and public services as required under applicable law;

“(C) is located on a site of previously disturbed land of not more than 5 acres; and

` ` (D) is substantially surrounded by residential or commercial development, as determined by the Secretary."

(b) Assistance for Low-Income Families.--Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended--

(1) in section 214(2), by striking "` ` households that qualify as low-income families" and inserting "` ` families with a household income that does not exceed 100-percent of the median-family income of the area, as determined by the Secretary";

(2) in section 215--

(A) in subsection (b)(2), by striking "` ` whose family qualifies as a low-income family" and inserting "` ` with a family income that does not exceed 100-percent of the median-family income of the area as determined by the Secretary with adjustments for smaller and larger families"; and

(B) in subsection (b)(3)(A)(ii), by striking "` ` low-income homebuyers" and inserting "` ` homebuyers with a household income that does not exceed 100-percent of the median-family income of the area, as determined by the Secretary with adjustments for smaller and larger families"; and

(3) in section 271(c)--

(A) in paragraph (1)(B), by striking "` ` low-income"

and inserting `` families with a household income that does not exceed 100-percent of the median-family income of the area as determined by the Secretary with adjustments for smaller and larger families"; and (B) in paragraph (2)(A), by striking `` low-income families" and inserting `` families with a household income that does not exceed 100-percent of the median-family income of the area as determined by the Secretary with adjustments for smaller and larger families".

(c) Choices Made by Participating Jurisdictions.--Section 212(a)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742) is amended to read as follows:

`` (2) Limitation.--The Secretary may not restrict a participating jurisdiction's choice of rehabilitation, substantial rehabilitation, new construction, reconstruction, acquisition, or other eligible housing uses authorized in paragraph (1) unless such restriction is explicitly authorized under section 223(2)".

(d) Use of Amounts by Certain Jurisdictions for Infrastructure Improvements.--

(1) In general.--Section 212(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(a)) is amended by inserting after paragraph (3) the following:

`` (4) Infrastructure improvements in nonentitlement areas.--

`` (A) In general.--A participating jurisdiction may

use funds provided under this subtitle for infrastructure improvements, including the installation or repair of water and sewer lines, sidewalks, roads, and utility connections if--

``(i) such participating jurisdiction does not receive assistance under title I of the Housing and Community Development Act of 1974; and

``(ii) such improvements are directly related to, and located within or immediately adjacent to--

``(I) housing assisted under this subtitle; or

``(II) housing assisted under section 42 of the Internal Revenue Code of 1986.

``(B) Application of labor standards.--The labor standards and requirements set forth in section 110 of the Housing and Community Development Act of 1974 (42 U.S.C. 5310) shall apply to any infrastructure improvement conducted using funds provided under this subtitle.

``(C) Rule of construction.--Nothing in this paragraph may be construed to impose any requirements of the HOME Investment Partnerships program on housing that benefits from an infrastructure improvement

conducted using funds provided under this subtitle but was not otherwise assisted under the HOME Investment Partnerships program."

(2) Rulemaking.--Not later than 1 year after the date of the enactment of this section, the Secretary shall issue rules to carry out the amendment made by paragraph (1).

(e) Per Unit Investment Limitations.--Section 212(e)(1) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12742(e)(1)) is amended by striking the second sentence.

(f) Affordable Rental Housing Qualifications.--Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(a)) is amended by adding at the end the following:

`` (7) Qualification exception.--Notwithstanding paragraph (1)(A), a rental unit shall be considered to qualify as affordable housing under this title if--

`` (A) the unit is occupied by a tenant receiving tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

`` (B) the tenant's contribution toward rent does not exceed the amount permitted under such section 8 assistance; and

`` (C) the total rent for the unit does not exceed the amount approved by the public housing agency administering the assistance under that program."

(g) Affordable Homeownership Housing Qualifications.--Section 215 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C.

12745(b)) is amended--

(1) in subsection (b)--

(A) in paragraph (1), by striking `` 95 percent" and inserting `` 110 percent";

(B) in paragraph (3)--

(i) in subparagraph (A)(ii), by striking

`` or" at the end;

(ii) in subparagraph (B), by striking `` and" at the end and inserting `` or"; and

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

`` (C) maintain long-term affordability through a shared equity ownership model, a community land trust, a limited equity cooperative, a community development corporation, or other mechanism approved by the Secretary, that preserves affordability for future eligible homebuyers and ensures compliance with the purposes of this title, including through the use of purchase options, rights of first refusal or other preemptive rights to purchase housing; and"; and

(2) by adding at the end the following:

`` (c) Qualification Exceptions for Homeownership.--

`` (1) Military members.--A participating jurisdiction, in accordance with terms established by the Secretary, may suspend or waive the income qualifications described in subsection (b)(2) with respect to housing that otherwise meets the

criteria described in subsection (b) if the owner of the housing--

- `` (A) is a member of a regular component of the armed forces or a member of the National Guard on full-time National Guard duty, active Guard and Reserve duty, or inactive-duty training (as those terms are defined in section 101(d) of title 10, United States Code); and

- `` (B) has received--

- `` (i) temporary duty orders to deploy with a military unit or military orders to deploy as an individual acting in support of a military operation, to a location that is not within a reasonable distance from the housing, as determined by the Secretary, for a period of not less than 90 days; or

- `` (ii) orders for a permanent change of station.

- `` (2) Heirs and beneficiaries of deceased owners.--Housing that meets the criteria described in subsection (b)(3) prior to the death of an owner of such housing shall continue to qualify as affordable housing under this title if--

- `` (A) the housing is the principal residence of an heir or beneficiary of the deceased owner, as defined by the Secretary; and

- `` (B) the heir or beneficiary, in accordance with terms established by the Secretary, assumes the duties



and obligations of the deceased owner with respect to funds provided under this title."

(h) Elimination of Expiration of Right to Draw Home Investment Trust Funds.--Section 218 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12748) is amended--

(1) by striking subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

(i) Adjusted Recapture and Reuse of Set-aside for Community Housing Developmental Organizations.--Section 231(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12771(b)) is amended to read as follows:

``(b) Recapture and Reuse.--If any funds reserved under subsection (a) remain uninvested for a period of 24 months, the Secretary shall make such funds available to the participating jurisdiction for any eligible activities under title II of this Act without regard to whether a community housing development organization materially participates in the use of such funds."

(j) Asset Recycling Information Dissemination Expansion.--Section 245(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12785(b)(2)) is amended by striking ``95 percent" and inserting ``110 percent".

(k) Environmental Review Requirements.--

(1) In general.--Section 288 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12838) is amended by adding at the end the following:

``(e) Categorical Exemptions.--The following categories of activities

carried out under this title shall be statutorily exempt from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and shall not require further review under such Act--

- `` (1) new construction infill housing projects;

- `` (2) acquisition of real property for affordable housing purposes;

- `` (3) rehabilitation projects carried out pursuant to section 212(a)(1); and

- `` (4) new construction projects of 15 units or less.

- `` (f) Removing Duplicative Reviews.--

- `` (1) In general.--To the extent practicable and permitted by law, the Secretary shall ensure that a project that has undergone an environmental review under this section shall not be subject to a duplicative environmental review solely due to the addition, substitution, or reallocation of other sources of Federal assistance, if the scope, scale, and location of the project remain substantially unchanged.

- `` (2) Coordination of environmental review responsibilities.--The Secretary shall, by regulation, provide for coordination of environmental review responsibilities with other Federal agencies to streamline inter-agency compliance and avoid unnecessary duplication of effort under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and other applicable laws.

- `` (3) Recognition of prior reviews by responsible entities.--

A project may not be subject to an environmental review under this section if a substantially similar review has already been completed by an entity designated under section 104(g)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(g)(1)) or by another entity the Secretary determines to have equivalent authority, if the scope, scale, and location of the project remain substantially unchanged."

(2) Rulemaking.--Not later than 1 year after the date of the enactment of this Act, the Secretary shall issue such rules as the Secretary determines necessary to carry out the amendment made by this subsection.

(l) Application of Other Specified Statutory Requirements.--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 sections (and by conforming the table of sections in section 1(b), accordingly):

#### `` SEC. 291. APPLICATION OF BUILD AMERICA, BUY AMERICA REQUIREMENTS.

`` With respect to activities assisted under this title, requirements under the Build America, Buy America Act (41 U.S.C. 8301 note) and any implementing regulations or guidance, shall only apply to infrastructure improvements conducted under section 212(a)(4) using funds provided under subtitle A.

#### `` SEC. 292. NONAPPLICABILITY OF CERTAIN REQUIREMENTS FOR SMALL

## PROJECTS.

`` Notwithstanding any other provision of law, the requirements of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and any implementing regulations or guidance, shall not apply to an activity assisted under this title that involves rehabilitation, construction, or other development of housing if--

`` (1) the recipient of assistance under this title is--

`` (A) a State recipient pursuant to section 216; or

`` (B) a participating jurisdiction that received a total allocation of less than \$3,000,000 in the most recent fiscal year pursuant to section 216; and

`` (2) the total number of dwelling units assisted as a part of such activity is 50 or fewer."

(m) Technical Amendments.--The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 et seq.) is amended--

(1) by striking `` Stewart B. McKinney Homeless Assistance Act" each place it appears and inserting `` McKinney-Vento Homeless Assistance Act"; and

(2) by striking `` Committee on Banking, Finance and Urban Affairs" each place it appears and inserting `` Committee on Financial Services".

(n) Reallocation Not Available for Certain Jurisdictions.--Section 217(d) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12747(d)) is amended--

(1) in paragraph (1), by striking the second sentence and

inserting the following: `` Subject to paragraph (4), jurisdictions eligible for such reallocations shall include participating jurisdictions and jurisdictions meeting the requirements of this title, including the requirements in paragraphs (3), (4), and (5) of section 216."; and

(2) by adding at the end the following:

`` (4) Reallocation not available for certain jurisdictions.--

The Secretary may decline to make a reallocation available to a jurisdiction eligible for such reallocation if such jurisdiction has failed to meet or comply with any requirement under this title."

(o) Amendments to Qualification as Affordable Housing.--Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745(a)) is amended--

(1) in paragraph (1)(E), by striking `` except upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if such action (i) recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid termination of low-income affordability in the case of foreclosure or transfer in lieu of foreclosure, and (ii) is not for the purpose of avoiding low income affordability restrictions, as determined by the Secretary; and" and inserting the following: `` except--

`` (i) upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if such action--

`` (I) recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid termination of low-income affordability in the case of foreclosure or transfer in lieu of foreclosure; and

`` (II) is not for the purpose of avoiding low-income affordability restrictions, as determined by the Secretary; or

`` (ii) where existing affordable housing is no longer financially viable due to unforeseen acts or occurrences beyond the reasonable contemplation or control of the participating jurisdiction in which the affordable housing is located or the owner of the affordable housing that significantly impact the financial or physical condition of the affordable housing, as determined by the Secretary; and"; and

(2) by adding at the end the following:

`` (8) Small-scale housing.--

`` (A) In general.--Small-scale housing shall qualify as affordable housing under this title if--

`` (i) each dwelling unit in such housing bears rent in an amount that complies with the

requirements described in paragraph (1)(A);

`` (ii) each dwelling unit in such housing is occupied by a low-income family;

`` (iii) no dwelling unit in such housing is refused for leasing to a holder of a voucher 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;

`` (iv) such housing complies with the requirement described in paragraph (1)(E); and

`` (v) the participating jurisdiction in which such small-scale housing is located monitors the compliance of such housing with the requirements of this title in a manner consistent with the purposes of section 226(b), as determined by the Secretary.

`` (B) Small-scale housing defined.--In this paragraph, the term 'small-scale housing' means housing with not more than 4 dwelling units each of which is made available for rental."

(p) Tenant and Participant Protections for Small-scale Affordable Housing.--Section 225 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12755) is amended by adding at the end the following:

`` (e) Exception.--Paragraphs (2), (3), and (4) shall not apply to

small-scale housing, as such term is defined in section 215(a)(7).".

(q) Revision of Definition of Community Land Trust.--Section 104 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704) is amended by adding at the end the following:

`` (27) The term `community land trust' means a nonprofit entity, a State, a unit of local government or instrumentality of a State or unit of local government that--

`` (A) is not managed by, or an affiliate of, a for-profit organization;

`` (B) has as a primary purpose of acquiring, developing, or holding land to provide housing that is permanently affordable to low- and moderate-income persons;

`` (C) monitors properties to ensure affordability is preserved;

`` (D) provides housing that is permanently affordable to low- and moderate-income persons using a ground lease, deed covenant, or other similar legally enforceable measure, determined acceptable by the Secretary, that--

`` (i) keeps housing affordable to low- and moderate-income persons for not less than 30 years; and

`` (ii) enables low- and moderate-income persons to rent or purchase the housing for homeownership; and



`` (E) maintains preemptive purchase options to purchase the property if such purchase would allow the housing to remain affordable to low-and moderate-income persons."

(r) Conforming Amendments.--The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 et seq.) is amended--

(1) in section 233 by striking subsection (f); and

(2) in section 233(b)(6), by striking `` to community land trusts (as such term is defined in subsection (f))" and inserting `` to community land trusts (as such term is defined in section 104)".

(s) Minimum Allocations.--Section 217(b) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12747 (b)) is amended--

(1) in paragraph (2), by striking `` \$500,000" each place that term appears and inserting `` \$750,000";

(2) in paragraph (3)--

(A) by striking `` jurisdictions that are allocated an amount of \$500,000 or more" and inserting `` jurisdictions that are allocated an amount of \$750,000 or more";

(B) by striking `` that are allocated an amount less than \$500,000" and inserting `` that are allocated an amount less than \$500,000 before the date of the enactment of the Housing for the 21st Century Act or less than \$750,000 on or after the date of the enactment of the Housing for the 21st Century Act";

and

(C) by striking `` , except as provided in paragraph

(4)"; and

(3) by striking paragraph (4).

(t) Additional Technical Corrections.--The Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 et seq.) is amended--

(1) in section 108(a)(1), by striking `` section 105(b)(15)"

and inserting `` section 105(b)(18)"; and

(2) in section 217(b)(1)(F), by striking `` Subcommittee on

Housing and Community Development" and inserting

`` Subcommittee on Housing, Transportation, and Community Development".

## SEC. 202. COMMUNITY DEVELOPMENT FUND AMENDMENTS.

(a) Identifying Regulatory Barriers to Housing Supply.--Section 104 of the Housing and Community Development Act of 1974 (42 U.S.C. 5304) is amended by adding at the end the following:

`` (n) Plan to Track and Reduce Overly Burdensome Land Use Policies.--

`` (1) In general.--Beginning 1 year after the date of the enactment of this subsection, prior to receipt in any fiscal

year of a grant from the Secretary under subsection (b),

(d)(1), or (d)(2)(B) of section 106, each recipient shall have

prepared and submitted, not less frequently than once during

the preceding 5-year period, a description of--

`` (A) whether the jurisdiction served by the

recipient has adopted any of the types of land use policies described in paragraph (2) during the preceding 5-year period;

`` (B) the plans the jurisdiction served by the recipient has to adopt and implement any of the types of land use policies described in paragraph (2); and

`` (C) any ways in which the jurisdiction served by the recipient expects the planned adoption of any of the types of land use policies described in paragraph (2) would benefit the jurisdiction.

`` (2) Types of land use policies.--The types of policies to be considered for the purposes of the submission of information required under paragraph (1) include the following:

`` (A) Expanding by-right multifamily zoned areas.

`` (B) Allowing duplexes, triplexes, or fourplexes in areas zoned primarily for single-family residential homes.

`` (C) Allowing manufactured homes in areas zoned primarily for single-family residential homes.

`` (D) Allowing multifamily development in retail, office, and light manufacturing zones.

`` (E) Allowing single-room occupancy development wherever multifamily housing is allowed.

`` (F) Reducing minimum lot size.

`` (G) Ensuring historic preservation requirements and other land use policies or requirements are coordinated

to encourage creation of housing in historic buildings and historic districts.

`` (H) Increasing the allowable floor area ratio by allowing a higher ratio of total floor area in a building in comparison to its lot size.

`` (I) Creating transit-oriented development zones.

`` (J) Streamlining or shortening permitting processes and timelines, including through one-stop and parallel-process permitting.

`` (K) Eliminating or reducing off-street parking requirements.

`` (L) Ensuring impact and utility investment fees accurately reflect required infrastructure needs and related impacts on housing affordability are otherwise mitigated.

`` (M) Allowing off-site construction, including prefabricated construction.

`` (N) Reducing or eliminating minimum unit square footage requirements.

`` (O) Allowing the conversion of office units to apartments.

`` (P) Allowing the subdivision of single-family homes into duplexes.

`` (Q) Allowing accessory dwelling units, including detached accessory dwelling units, on all lots with single-family homes.

`` (R) Establishing density bonuses.

`` (S) Eliminating or relaxing residential property height limitations.

`` (T) Using property tax abatements to enable higher density and mixed-income communities.

`` (U) Donating vacant land for affordable housing development.

`` (V) Enacting other relevant high-density, single-family, and multifamily zoning policies that the recipient chooses to report.

`` (3) Effect of submission.--A submission under this subsection shall not be binding with respect to the use or distribution of amounts received under section 106.

`` (4) Acceptance or nonacceptance of plan.--The acceptance or nonacceptance of any plan submitted under this subsection in which the information required under this subsection is provided may not be considered an endorsement or approval of the plan, policies, or methodologies, or lack thereof.

`` (5) Prohibition on use of information for enforcement.--Information provided by a recipient to the Secretary under this subsection may not be used as the basis for any enforcement action."

(b) Addition of Affordable Housing Construction as an Eligible Activity.--

(1) Eligible activity.--Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is

amended--

(A) in paragraph (25)(D), by striking `` and" at the end;

(B) in paragraph (26), by striking the period at the end and inserting `` ; and"; and

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

`` (27) the new construction of affordable housing, within the meaning given such term under section 215 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745), and which shall not exceed 20-percent of the amounts allocated to the recipient.".

(2) Low- and moderate-income requirement.--Section 105(c)(3) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(c)(3)) is amended by striking `` or rehabilitation" and inserting `` , rehabilitation, or new construction".

(3) Applicability.--The amendments made by this subsection shall apply with respect only to amounts appropriated after the date of the enactment of this Act.

(c) Databases of Publicly Owned Land.--

(1) In general.--Section 104(b) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(b)) is amended--

(A) in paragraph (5), by striking `` and" at the end;

(B) in paragraph (6), by striking the period at the end and inserting `` ; and"; and

(C) by adding at the end the following:

`` (7) the grantee maintains, on a publicly accessible

website, a searchable database that identifies all parcels of undeveloped land owned by the grantee."

(2) Effective date.--The amendments made by this subsection shall take effect on October 1, 2026.

## SEC. 203. GRANTS FOR PLANNING AND IMPLEMENTATION ASSOCIATED WITH AFFORDABLE HOUSING.

(a) In General.--The Secretary of Housing and Urban Development shall, not later than 1 year after the date of the enactment of this section, establish a program to award grants on a competitive basis to eligible entities to assist planning and implementation activities associated with affordable housing.

(b) Use of Amounts.--

(1) By regional planning agencies.--If an eligible entity that receives amounts under this section is a regional planning agency or consortia of regional planning agencies, such eligible entity shall use such amounts to assist planning activities with respect to affordable housing, including--

(A) the development of housing plans;

(B) the substantial improvement of State or local housing strategies;

(C) the development of new regulatory requirements and processes;

(D) updating zoning codes;

(E) increasing the capacity to conduct housing

inspections;

(F) increasing the capacity to reduce barriers to housing supply elasticity and housing affordability;

(G) the development of local or regional plans for community development; and

(H) the substantial improvement of community development strategies, including strategies designed to--

(i) increase the availability of affordable housing and access to affordable housing;

(ii) increase access to public transportation; and

(iii) advance sustainable or location-efficient community development goals.

(2) By states, insular areas, metropolitan cities, and urban counties.--If an eligible entity that receives amounts under this section is a State, insular area, metropolitan city, or urban county, such eligible entity shall use such amounts to--

(A) implement and administer housing strategies and housing plans;

(B) implement and administer any plans to increase housing choice, address disparities in housing needs, and provide greater access to opportunity;

(C) fund any community investments that support goals identified in a housing strategy or housing plan;

(D) implement and administer regulatory requirements



and processes with respect to reformed zoning codes;

(E) increase the capacity to conduct housing inspections;

(F) increase the capacity to reduce barriers to housing supply elasticity and housing affordability;

(G) implement and administer local or regional plans for community development; and

(H) fund any planning to increase--

(i) the availability of affordable housing and access to affordable housing;

(ii) access to public transportation; and

(iii) any location-efficient community development goals.

(3) Use for administrative costs.--A eligible entity that receives amounts under this section may not use more than 10-percent of such amounts for administrative costs.

(c) Coordination.--To the extent practicable, the Secretary shall coordinate with the Federal Transit Administrator in carrying out this section.

(d) Additional Uses of Amounts.--

(1) Housing construction.--Expenditures on new construction of housing shall be an eligible expense under this section.

(2) Buildings for general conduct of government.--

Expenditures on building for the general conduct of government, other than the Federal Government, shall be eligible under this section when necessary and appropriate as a part of a natural

hazard mitigation project.

(e) Definitions.--In this subsection:

(1) Eligible entity.--The term "eligible entity" means--

(A) a State, insular area, metropolitan city, or urban county, as such terms are defined in section 102 of the Housing and Community Development Act of 1974; or

(B) a regional planning agency or consortia of regional planning agencies.

(2) Housing plan.--The term "housing plan" means a plan to, with respect to an area within the jurisdiction of an eligible entity--

(A) increase the amount of available housing to meet the demand for such housing and any projected increase in the demand for such housing;

(B) increase the affordability of housing;

(C) increase the accessibility of housing for people with disabilities, including location-efficient housing;

(D) preserve or improve the quality of housing;

(E) reduce barriers to housing development; and

(F) coordinate with transportation-related agencies.

(3) Housing strategy.--The term "housing strategy" means a housing strategy required under section 105 of the Cranston-Gonzalez National Affordable Housing Act.

## SEC. 204. RURAL HOUSING SERVICE PROGRAM IMPROVEMENTS.

(a) In General.--Section 504(a) of the Housing Act of 1949 (42 U.S.C. 1474(a)) is amended--

(1) in the first sentence, by inserting ``and may make a loan to an eligible low-income applicant" after ``applicant"; and

(2) by striking ``\$7,500" and inserting ``\$15,000".

(b) Annual Report on Rural Housing Programs.--Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.), as amended by this section, is amended by adding at the end the following:

### ``SEC. 545. ANNUAL REPORT.

``(a) In General.--The Secretary shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate and publish on a website of the Department of Agriculture an annual report on the rural housing programs carried out under this title.

``(b) Contents.--The report required under subsection (a) shall include significant details on the information about the health of the programs carried out by the Rural Housing Service, including--

``(1) raw data about loan performance that can be sorted by program and region;

``(2) a description of the housing stock of such programs;

``(3) information about why properties end participation in such programs, including maturation prepayment, foreclosure, or

other servicing issues; and

`` (4) risk ratings for properties assisted under such programs.

`` (c) Protection of Information.--Data included in a report required under subsection (a) may be aggregated or anonymized to protect the financial information and personal information of program participants."

(c) Application Review.--

(1) Sense of congress.--It is the sense of the Congress, not later than 90 days after the date on which the Secretary of Agriculture receives an application for a loan, grant or combined loan and grant under section 502 or 504 of the Housing Act of 1949 (42 U.S.C. 1472, 1474), the Secretary of Agriculture should--

(A) review the application;

(B) complete the underwriting;

(C) make a determination of eligibility with respect to the application; and

(D) notify the applicant of determination.

(2) Report.--

(A) In general.--Not later than 90 days after the date of enactment of this Act, and annually thereafter until the date described in subparagraph (B), the Secretary of Agriculture shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of

Representatives a report that--

(i) details the timeliness of eligibility determinations and final determinations with respect to applications under section 502 and 504 of the Housing Act of 1949 (42 U.S.C. 1472, 1474), including justifications for any eligibility determinations taking longer than 90 days; and

(ii) includes recommendations to shorten the timeline for notifications of eligibility determinations described in subparagraph (A) to not more than 90 days.

(B) Date described.--The date described in this paragraph is the date on which, during the preceding 5-year period, the Secretary of Agriculture provides each eligibility determination described in subparagraph (A) during the 90-day period beginning on the date on which each application is received.

(d) GAO Report on Rural Housing Service Technology.--Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Congress a report that includes--

(1) an analysis of how the outdated technology used by the Rural Housing Service impacts participants in the programs of the Rural Housing Service;

(2) an estimate of the amount of funding that is needed to

modernize the technology used by the Rural Housing Service; and

(3) an estimate of the number and type of new employees the Rural Housing Service needs to modernize the technology used by the Rural Housing Service.

#### SEC. 205. CHOICE IN AFFORDABLE HOUSING.

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

    ` ` (iv) Initial inspection prior to lease agreement.--

        ` ` (I) Definition.--In this clause, the term `new landlord' means an owner of a dwelling unit who has not previously entered into a housing assistance payment contract with a public housing agency under this subsection for any dwelling unit.

        ` ` (II) Early inspection.--Upon the request of a new landlord, a public housing agency may inspect the dwelling unit owned by the new landlord to determine whether the unit meets the housing quality standards under subparagraph (B) before the unit is

selected by a family assisted under this subsection.

`` (III) Effect.--An inspection conducted under subclause (II) that determines that the dwelling unit meets the housing quality standards under subparagraph (B) shall satisfy the requirements in this subparagraph and subparagraph (C) if the new landlord enters into a lease agreement with a family assisted under this subsection not later than 60 days after the date of the inspection.

`` (IV) Information when family is selected.--When a public housing agency selects a family to participate in the tenant-based assistance program under this subsection, the public housing agency shall include in the information provided to the family a list of dwelling units that have been inspected under subclause (II) and determined to meet the housing quality standards under subparagraph (B)."

(b) Satisfaction of Inspection Requirements Through Participation in Other Housing Programs.--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:

`` (I) Satisfaction of inspection requirements through participation in other housing programs.--

`` (i) Low-income housing tax credit-financed buildings.--A dwelling unit shall be deemed to meet the inspection requirements under this paragraph if--

`` (I) the dwelling unit is in a building, the acquisition, rehabilitation, or construction of which was financed by a person who received a low-income housing tax credit under section 42 of the Internal Revenue Code of 1986 in exchange for that financing;

`` (II) the dwelling unit was physically inspected and passed inspection as part of the low-income housing tax credit program described in subclause (I) during the preceding 12-month period; and

`` (III) the applicable public housing agency is able to obtain the results of the inspection described in subclause (II).



`` (ii) Home investment partnerships

program.--A dwelling shall be deemed to meet the inspection requirements under this paragraph if--

`` (I) the dwelling unit is assisted

under the HOME Investment Partnerships

Program under title II of the Cranston-

Gonzalez National Affordable Housing

Act;

`` (II) the dwelling unit was

physically inspected and passed

inspection as part of the program

described in subclause (I) during the

preceding 12-month period; and

`` (III) the applicable public housing

agency is able to obtain the results of

the inspection described in subclause

(II).

`` (iii) Rural housing service.--A dwelling

unit shall be deemed to meet the inspection requirements under this paragraph if--

`` (I) the dwelling unit is assisted

by the Rural Housing Service of the

Department of Agriculture;

`` (II) the dwelling unit was

physically inspected and passed

inspection in connection with the  
assistance described in subclause (I)  
during the preceding 12-month period;  
and

`` (III) the applicable public housing  
agency is able to obtain the results of  
the inspection described in subclause  
(II).

`` (iv) Remote or video inspections.--When  
complying with inspection requirements for a  
housing unit located in a rural or small area  
using assistance under this subtitle, the  
Secretary may allow a grantee to conduct a  
remote or video inspection of a unit provided  
that the remote or video inspection--

`` (I) covers a substantially similar  
review of the relevant aspects of the  
unit compared to an in-person  
inspection;

`` (II) does not misrepresent the  
condition of the unit; and

`` (III) provides the information  
necessary to fully and accurately  
evaluate the conditions of the unit to  
ensure that the unit meets the  
applicable standards.

`` (v) Rule of construction.--Nothing in clause (i), (ii), (iii), or (iv) may be construed to affect the operation of a housing program described in, or authorized under a provision of law described in, that clause."

### TITLE III--EXPANDING MANUFACTURED AND AFFORDABLE HOUSING FINANCE OPPORTUNITIES

#### SEC. 301. MANUFACTURED HOUSING INNOVATIONS.

(a) In General.--Section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5402(6)) is amended by striking ``on a permanent chassis" and inserting ``with or without a permanent chassis".

(b) Standards for Manufactured Homes Built Without a Permanent Chassis.--Section 604(a) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5403) is amended by adding at the end the following:

`` (7) Standards for manufactured homes built without a permanent chassis.--

`` (A) In general.--The Secretary shall issue revised standards for manufactured homes built without a permanent chassis and shall consult with the consensus committee in the development of such revised standards, using the process described in paragraph (4).

`` (B) Creating final standards.--The Secretary shall, after consulting and conferring with the consensus committee, establish standards to ensure manufactured homes without a permanent chassis have--

`` (i) a distinct label to be issued by the Secretary distinguishing manufactured homes built without a permanent chassis from manufactured homes built on a permanent chassis;

`` (ii) a data plate, as described in section 3280.5 of title 24, Code of Federal Regulations, distinguishing manufactured homes built without a permanent chassis from manufactured homes built on a permanent chassis; and

`` (iii) a notation on any invoice produced by the manufacturer of a manufactured home that is distinguishable from the invoice for a manufactured home constructed with a permanent chassis."

(c) Manufactured Home Standards and Certifications.--Section 604 of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5403) is amended by adding at the end the following:

`` (i) Manufactured Home Standards and Certifications.--

`` (1) In general.--

`` (A) Initial certification.--Subject to subparagraph

(B), not later than 1 year after the date of enactment of this subsection, a State shall submit to the Secretary an initial certification that the laws and regulations of the State--

`` (i) treat a **manufactured home** without a chassis in parity with a **manufactured home** (as defined and regulated by the State); and

`` (ii) subject a **manufactured home** without a permanent chassis to the same laws and regulations of the State as a **manufactured home** built on a permanent chassis with respect to financing, title, insurance, manufacture, sale, taxes, transportation, installation, and other areas as the Secretary determines, after consultation with and approval by the consensus committee, are necessary to give effect to the purpose of this section.

`` (B) State plan submission.--Any State plan submitted under section 623(c) of the National **Manufactured Housing** Construction and Safety Standards Act of 1974 (42 U.S.C. 5422(c)) shall contain the required State certification under subparagraph (A) or paragraph (3) and, if contained therein, no additional or State certification under subparagraph (A) or paragraph (3).

`` (C) Extended deadline.--With respect to a State

with a legislature that meets biennially, the deadline for the submission of the initial certification required under subparagraph (A) shall be 2 years after the date of enactment of this subsection.

`` (D) Late certification.--

`` (i) No waiver.--The Secretary may not waive the prohibition described in paragraph (5)(B) with respect to a certification submitted after the deadline under subparagraph (A) or paragraph (3) unless the Secretary approves the late certification.

`` (ii) Rule of construction.--Nothing in this subsection shall be construed to prevent a State from submitting the initial certification required under subparagraph (A) after the required deadline under that subparagraph.

`` (2) Form of state certification not presented in a state plan.--The initial certification required under paragraph (1)(A), if not submitted with a State plan under paragraph (1)(B), shall contain, in a form prescribed by the Secretary, an attestation by an official that the State has taken the steps necessary to ensure the veracity of the certification required under paragraph (1)(A), including, as necessary, by--

`` (A) amending the definition of 'manufactured home' in the laws and regulations of the State; and

`` (B) directing State agencies to amend the

definition of 'manufactured home' in regulations.

` `(3) Annual recertification.--Not later than a date to be determined by the Secretary each year, a State shall submit to the Secretary an additional certification that--

` `(A) confirms the accuracy of the initial certification submitted under subparagraph (A) or (B) of paragraph (1); and

` `(B) certifies that any new laws or regulations enacted or adopted by the State since the date of the previous certification do not change the veracity of the initial certification submitted under paragraph (1)(A).

` `(4) List.--The Secretary shall publish and maintain in the Federal Register and on the website of the Department of Housing and Urban Development a list of States that are up-to-date with the submission of initial and subsequent certifications required under this subsection.

` `(5) Prohibition.--

` `(A) Definition.--In this paragraph, the term

` covered 'manufactured home' means a home that is--

` `(i) not considered a 'manufactured home' under the laws and regulations of a State because the home is constructed without a permanent chassis;

` `(ii) considered a 'manufactured home' under the definition of the term in section 603; and

`` (iii) constructed after the date of enactment of this subsection.

`` (B) Building, installation, and sale.--If a State does not submit a certification under paragraph (1)(A) or paragraph (3) by the date on which those certifications are required to be submitted--

`` (i) with respect to a State in which the State administers the installation of **manufactured homes**, the State shall prohibit the manufacture, installation, or sale of a covered **manufactured home** within the State; and

`` (ii) with respect to a State in which the Secretary administers the installation of **manufactured homes**, the State and the Secretary shall prohibit the **manufacture**, installation, or sale of a covered **manufactured home** within the State."

(d) Other Federal Laws Regulating Manufactured Homes.--The Secretary of Housing and Urban Development may coordinate with the heads of other Federal agencies to ensure that Federal agencies treat a **manufactured home** (that is defined in Federal laws and regulations other than section 603 of the National **Manufactured Housing** Construction and Safety Standards Act of 1974 (42 U.S.C. 5402)) in the same manner as a **manufactured home** (that is defined in section 603 of the National **Manufactured Housing** Construction and Safety Standards Act of 1974 (42 U.S.C. 5402)), as amended by this Act.



(e) Assistance to States.--Section 609 of the National **Manufactured Housing** Construction and Safety Standards Act of 1974 (42 U.S.C. 5408) is amended--

(1) in paragraph (1), by striking `` and" at the end;

(2) in paragraph (2), by striking the period at the end and inserting ``; and"; and

(3) by adding at the end the following:

`` (3) model guidance to support the submission of the certification required under section 604(i)."

(f) **Preemption.--Nothing in this section or the amendments made by this section may be construed as limiting the scope of Federal preemption under section 604(d) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5403(d)).**

(g) Primary Authority to Establish **Manufactured Home** Construction and Safety Standards.--The National **Manufactured Housing** Construction and Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.) is further amended--

(1) in section 603(7), by inserting `` energy efficiency," after `` design,"; and

(2) in section 604, by adding at the end the following:

`` (j) Primary Authority to Establish Standards.--

`` (1) In general.--The Secretary shall have the primary authority to establish Federal manufactured home construction and safety standards.

`` (2) Approval from secretary.--

`` (A) In general.--The head of any Federal agency

that seeks to establish a manufactured home construction and safety standard on or after the date of the enactment of this subsection--

``(i) shall submit to the Secretary a proposal describing such standard; and

``(ii) may not establish such standard without approval from the Secretary.

``(B) Rejection of standards.--The Secretary shall reject a standard submitted to the Secretary for approval under subparagraph (A)--

``(i) if the standard would significantly increase the cost of producing manufactured homes, as determined by the Secretary;

``(ii) if the standard would conflict with existing manufactured home construction and safety standards established by the Secretary; or

``(iii) for any other reason as determined appropriate by the Secretary.

``(C) Rule of construction.--Nothing in this subsection may be construed to require the Secretary to establish new or revised Federal manufactured home construction and safety standards."

(a) In General.--Not later than 1 year after the date of the enactment of this section, the Secretary of Housing and Urban Development, acting through the Federal Housing Commissioner, may establish a pilot program to increase access to small-dollar mortgages for mortgagors which may include--

- (1) authorizing direct payments to mortgagees to incentivize the origination of small-dollar mortgages;
- (2) adjusting terms and costs imposed by the Federal Housing Administration with respect to small-dollar mortgages;
- (3) providing direct grants for mortgagors who obtain small-dollar mortgages to cover costs associated with--
  - (A) down payments;
  - (B) closing costs;
  - (C) appraisals; and
  - (D) title insurance;
- (4) conducting outreach to potential mortgagors about the availability of small-dollar mortgages; and
- (5) providing technical assistance for mortgagees that originate small-dollar mortgages.

(b) Report.--Beginning not later than 1 year after the establishment of the pilot program under subsection (a) and ending 1 year after the sunset of the pilot program, the Federal Housing Commissioner shall submit to the Congress an annual report that--

- (1) tracks and evaluates the outcomes of small-dollar mortgages originated by mortgagees as a result of support provided under subsection (a);

(2) analyzes risks of the pilot program to the solvency of the Mutual Mortgage Insurance Fund;

(3) includes data with respect to--

(A) the number of small-dollar mortgages originated in the 10-year period preceding the date of the enactment of this section, including small-dollar mortgages insured or guaranteed by the Federal Government and small-dollar mortgages not insured by the Federal Government;

(B) the original principal balance of each small-dollar mortgage identified under subparagraph (A);

(C) demographic information about the mortgagors associated with each such small-dollar mortgages; and

(D) the number and type of mortgagees that offer small-dollar mortgages;

(4) provides a description of the fixed costs that are associated with mortgages and the impact of such costs on the ability of lenders to earn a market rate return on small-dollar mortgages; and

(5) includes analysis, by regions of the United States, including rural regions, that identifies regions with the greatest need for, and the highest likelihood of, the origination of small-dollar mortgages and regions that could benefit the most from increased availability of small-dollar mortgages.

(c) Sunset.--The pilot program established under subsection (a) shall

terminate on the date that is 4 years after the date on which the pilot program is established under subsection (a).

(d) Expiration of Authority.--After the expiration of the 3-year period beginning on the date of enactment of this section, neither the Federal Housing Commissioner nor the Secretary of Housing and Urban Development may newly establish a pilot program to increase access to small-dollar mortgages for mortgagors.

(e) Small-dollar Mortgage Defined.--The term "small-dollar mortgage" means a mortgage that--

(1) has an original principal balance of \$100,000 or less;

and

(2) is secured by a 1- to 4-unit property that is the principal residence of the mortgagor.

### SEC. 303. COMMUNITY INVESTMENT AND PROSPERITY.

(a) Revised Statutes.--The paragraph designated as the "Eleventh" of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended, in the fifth sentence, by striking "15" each place it appears and inserting "20".

(b) Federal Reserve Act.--Section 9(23) of the Federal Reserve Act (12 U.S.C. 338a) is amended, in the fifth sentence, by striking "15" each place it appears and inserting "20".

(c) Study.--Not later than 2 years after the date of the enactment of this section, and every 2 years thereafter, the Comptroller of the Currency and the Board of Governors of the Federal Reserve System shall

each submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, a report, after consulting with the other agency in the development of such report, about public welfare investments that were made by associations under section 5136 of the Revised Statutes of the United States and State member banks under section 9(23) of the Federal Reserve Act in the 2 previous calendar years, that--

(1) identifies the number of such investments, broken down by--

(A) purpose;

(B) type;

(C) amount of assets of the association or State member bank that made the investment, using not less than 4 categories to describe the amount of assets of the associations and banks; and

(D) State, or other location;

(2) identifies the dollar amounts of such investments, broken down by--

(A) purpose;

(B) type;

(C) amount of assets of the association or State member bank that made the investment, using not less than 4 categories to describe the amount of assets of the associations and banks; and

(D) State or other location; and

(3) for each type of public welfare investment identified under paragraphs (1) and (2), a description of the substantive and procedural requirements that apply to each type of investment made under--

(A) in the case of a report by the Comptroller of the Currency, section 5136 of the Revised Statutes of the United States; or

(B) in the case of a report by the Board of Governors, section 9(23) of the Federal Reserve Act.

#### TITLE IV--PROTECTING BORROWERS AND ASSISTED FAMILIES

##### SEC. 401. EXCLUSION OF CERTAIN DISABILITY BENEFITS.

(a) In General.--Section 3(b)(4)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(4)(B)) is amended--

(1) by redesignating clauses (iv) and (v) as clauses (vi) and (vii), respectively; and

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

“ (iv) with respect to the supported housing program under section 8(o)(19), any disability benefits received under chapter 11 or chapter 15 of title 38, United States Code, received by a veteran, except that this exclusion may not apply to the definition of adjusted income;

“ (v) with respect to any household receiving

rental assistance under the supported housing program under section 8(o)(19) as it relates to eligibility for other types of housing assistance, any disability benefits received under chapter 11 or chapter 15 of title 38, United States Code, received by a veteran, except that this exclusion may not apply to the definition of adjusted income;"

(b) Service-connected Disability Compensation.--Section 102(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(20)) is amended by adding at the end the following:

`` (C) Service-connected disability compensation.--  
When determining whether a person is a person of low- and moderate-income, a person of low-income or a person of moderate-income under this paragraph, a State, unit of general local government, or Indian Tribe shall exclude any service-connected disability compensation received by such person from the Department of Veterans Affairs."

(c) Treatment of Certain Disability Benefits.--When determining the eligibility of a veteran to rent a residential dwelling unit constructed on Department property on or after the date of the enactment of this Act, for which assistance is provided as part of a housing assistance program administered by the Secretary of Housing and Urban Development and not yet in existence at the time of the enactment of this section, the Secretary shall exclude from income any disability



benefits received under chapter 11 or chapter 15 of title 38, United States Code, by such person.

(d) Report.--The Comptroller General of the United States shall, not later than 1 year after the date of the enactment of this Act, submit to the Congress a report that--

(1) examines how service-connected disability compensation is treated for the purposes of determining eligibility for all programs administered by the Secretary of Housing and Urban Development;

(2) identifies any instances where service-connected disability compensation is treated in a manner inconsistent with the amendments made by subsections (a) and (b); and

(3) with respect to each program administered by the Secretary of Housing and Urban Development in which service-connected disability compensation is treated inconsistently, provides legislative recommendations relating to how such program could better serve veteran populations, and underserved communities.

(e) Definitions.--In this section:

(1) Department property.--The term ``Department property'' has the meaning given the term in section 901 of title 38, United States Code.

(2) Secretary.--The term ``Secretary'' means the Secretary of Housing and Urban Development.

SEC. 402. MILITARY SERVICE QUESTION.

(a) In General.--Subpart A of part 2 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4541 et seq.) is amended by adding at the end the following:

``SEC. 1329. UNIFORM RESIDENTIAL LOAN APPLICATION.

`` Not later than 6 months after the date of enactment of this section, the Director shall, by regulation or order, require each enterprise to include a disclaimer below the military service question which shall be above the signature line on the form known as the Uniform Residential Loan Application stating, `` If yes, you may qualify for a VA Home Loan. Consult your lender regarding eligibility.'".

(b) GAO Study.--Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States shall conduct a study and submit to the Congress a report on whether or not less than 80-percent of lenders using the Uniform Residential Loan Application have included on that form the disclaimer required under section 1329 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as added by subsection (a).

SEC. 403. HUD-USDA-VA INTERAGENCY COORDINATION.

(a) Memorandum of Understanding.--Not later than 180 days after the date of enactment of this Act, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Secretary of

Veterans Affairs shall establish a memorandum of understanding, or other appropriate interagency agreement, to share relevant housing-related research and market data that facilitates evidence-based policymaking.

(b) Interagency Report.--

(1) Report.--Not later than 1 year after the date of enactment of this Act, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Secretary of Veterans Affairs shall jointly submit to the Committee on Banking, Housing, and Urban Affairs, the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Veterans' Affairs of the Senate and the Committee on Financial Services, the Committee on Agriculture, and the Committee on Veterans' Affairs of the House of Representatives a report that describes opportunities for increased collaboration between the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Secretary of Veterans Affairs to improve efficiencies in housing programs.

(2) Publication.--The report required under paragraph (1) shall, prior to submission, be published in the Federal Register and open for comment for a period of 30 days.

SEC. 404. FAMILY SELF-SUFFICIENCY ESCROW EXPANSION PILOT 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:

``SEC. 39. ESCROW EXPANSION PILOT PROGRAM.

``(a) Definitions.--In this section:

``(1) Covered family.--The term `covered family' means a family that--

``(A) receives assistance under section 8 or 9 of this Act;

``(B) is enrolled in the pilot program; and

``(C) has an adjusted income that does not exceed 80-percent of the area-median income at the time of enrollment in the pilot program.

``(2) Eligible entity.--The term `eligible entity' means an entity described in subsection (c)(2) of section 23.

``(3) Pilot program.--The term `pilot program' means the pilot program established under this section.

``(4) Welfare assistance.--The term `welfare assistance' has the meaning given the term in section 984.103 of title 24, Code of Federal Regulations, or any successor regulation.

``(b) Program Establishment.--The Secretary shall, not later than 1 year after the date of the enactment of this section, establish a pilot program under which the Secretary shall select not more than 25 eligible entities to establish and manage escrow accounts for not more than a total of 5,000 covered families, in accordance with this section.

``(c) Escrow Accounts.--

`` (1) In general.--An eligible entity selected to participate in the pilot program--

`` (A) shall establish an interest-bearing escrow account and place into the account an amount equal to any increase in the amount of rent paid by each covered family in accordance with the provisions of section 3, 8(o), or 8(y), as applicable, that is attributable to increases in earned income by the covered family during the participation of such covered family in the pilot program; and

`` (B) notwithstanding any other provision of law, may use existing funds made available to such entity at any time under section 8 or 9 for the purposes of making the escrow deposit for a covered family assisted under, or residing in a unit assisted under, section 8 or 9 provided that such amounts are offset by the increase in the amount of rent paid by the covered family.

`` (2) Withdrawals.--A covered family may withdraw funds, including any interest earned, from an escrow account established by an eligible entity under the pilot program for such covered family--

`` (A) after the covered family ceases to receive welfare assistance; and

`` (B)(i) not earlier than the date that is 5 years after the date on which the eligible entity establishes the escrow account under this subsection;

`` (ii) not later than the date that is 7 years after the date on which the eligible entity establishes the escrow account under this subsection, if the covered family chooses to continue to participate in the pilot program after the date that is 5 years after the date on which the eligible entity establishes the escrow account;

`` (iii) on the date the covered family ceases to receive housing assistance under section 8 or 9, if such date is earlier than 5 years after the date on which the eligible entity establishes the escrow account;

`` (iv) earlier than 5 years after the date on which the eligible entity establishes the escrow account, if the covered family is using the funds to advance a self-sufficiency goal as approved by the eligible entity; or

`` (v) under other circumstances for good cause as determined by the Secretary.

`` (3) Interim recertification.--For the purposes of the pilot program established under this section, a covered family shall recertify the income of such family not less than once each year.

`` (4) Contract or plan.--An eligible entity may not require a covered family to--

`` (A) complete a contract that requires the

participation of the covered family in the pilot

program established under this section; or

`` (B) participate in any individual training or services plan as a condition for participating in the pilot program.

`` (d) Effect of Increases in Family Income.--The amount equal to any increase in the earned income of a covered family from the date of enrollment of the covered family in the pilot program established under this section through the date all funds are withdrawn from the escrow account established for such family under this section may not be considered as income or a resource for purposes of eligibility of the covered family for other benefits, or amount of benefits payable to the family, under any program administered by the Secretary.

`` (e) Application.--

`` (1) In general.--An eligible entity seeking to participate in the pilot program shall submit to the Secretary an application--

`` (A) at such time, in such manner, and containing such information as the Secretary may require by notice; and

`` (B) that includes the number of covered families to which the eligible entity intends to provide escrow accounts under this section.

`` (2) Geographic and entity variety.--The Secretary shall ensure that eligible entities selected to participate in the pilot program--

`` (A) are located across various States and in both urban and rural areas; and

`` (B) vary by size and type, including both public housing agencies and private owners of projects receiving project-based rental assistance under section 8.

`` (f) Notification and Opt-out.--An eligible entity participating in the pilot program shall--

`` (1) notify each covered family of their enrollment in the pilot program;

`` (2) provide each covered family with a detailed description of the pilot program, including how the pilot program will impact their rent and finances;

`` (3) inform each covered family that the family may not simultaneously participate in the pilot program and the Family Self-Sufficiency program under this section; and

`` (4) provide each covered family with the ability to elect not to participate in the pilot program--

`` (A) not less than 2 weeks before the date on which the escrow account is established under subsection (c); and

`` (B) at any point during the duration of the pilot program.

`` (g) Maximum Rents.--During the term of participation by a covered family in the pilot program, the amount of rent paid by the covered family shall be calculated under the section 3 or 8(o), as applicable.



``(h) Pilot Program Timeline.--

``(1) Awards.--Not later than 18 months after the date of enactment of this section, the Secretary shall select the eligible entities to participate in the pilot program.

``(2) Establishment and terms of accounts.--An eligible entity selected to participate in the pilot program shall--

``(A) not later than 6 months after selection, establish escrow accounts under subsection (c) for covered families; and

``(B) maintain those escrow accounts for not less than 5 years, or until the date the family ceases to receive assistance under section 8 or 9, and, at the discretion of the covered family, not more than 7 years after the date on which the escrow account is established.

``(i) Nonparticipation and Housing Assistance.--

``(1) In general.--A family that elects not to participate in the pilot program may not be delayed or denied assistance under section 8 or 9 for reason of such election.

``(2) No termination.--Housing assistance may not be terminated as a consequence of participating, or not participating, in the pilot program under this section for any period of time.

``(j) Study.--Not later than 8 years after the date the Secretary selects eligible entities to participate in the pilot program under this section, the Secretary shall conduct a study and submit to the

Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on outcomes for covered families that participated in the pilot program, which shall evaluate the effectiveness of the pilot program in assisting families to achieve economic independence and self-sufficiency, and the impact coaching and supportive services, or the lack thereof, had on individual incomes.

``(k) Waivers.--The Secretary may, upon the written request of an eligible entity receiving amounts under this section, waive requirements under this section that relate to the administration of the pilot program for the eligible entity that submitted the request if such waiver would allow such eligible entity to effectively administer the pilot program and make the required escrow account deposits under this section.

``(l) Termination.--The pilot program established under this section shall terminate on the date that is 10 years after the date of enactment of this section."

#### SEC. 405. REFORMS TO HOUSING COUNSELING AND FINANCIAL LITERACY PROGRAMS.

(a) In General.--Section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x) is amended--

(1) in subsection (a)(4)(C), by striking ``adequate distribution" and all that follows through ``foreclosure rates" and inserting ``that the recipients are geographically

diverse and include organizations that serve urban or rural areas";

(2) in subsection (e), by adding at the end the following:

`` (6) Performance review.--The Secretary--

`` (A) may conduct periodic reviews; and

`` (B) shall conduct performance reviews of all organizations receiving assistance under this section that--

`` (i) consist of a review of the organization's or entity's compliance with all program requirements; and

`` (ii) may take into account the organization's or entity's aggregate counselor performance under paragraph (7)(B).

`` (7) Considerations.--

`` (A) Covered mortgage loan defined.--In this paragraph, the term 'covered mortgage loan' means any loan which is secured by a first or subordinate lien on residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of between 1 and 4 families that is--

`` (i) insured by the Federal Housing Administration under title II of the National Housing Act (12 U.S.C. 1707 et seq.); or

`` (ii) guaranteed under section 184 or 184A of the Housing and Community Development Act of

1992 (12 U.S.C. 1715z-13a, 1715z-13b).

`` (B) Comparison.--For each counselor employed by an organization receiving assistance under this section for pre-purchase housing counseling, the Secretary may consider the performance of the counselor compared to the default rate of all counseled borrowers of a covered mortgage loan in comparable markets and such other factors as the Secretary determines appropriate to further the purposes of this section.

`` (8) Certification.--If, based on the comparison required under paragraph (7)(B), the Secretary determines that a counselor lacks competence to provide counseling in the areas described in subsection (e)(2) and such action will not create a significant loss of capacity for housing counseling services in the service area, the Secretary may--

`` (A) require continued education coupled with successful completion of a probationary period;

`` (B) require retesting if the counselor continues to demonstrate a lack of competence under paragraph (7)(B); and

`` (C) suspend an individual certification if a counselor fails to demonstrate competence after not fewer than 2 retesting opportunities under subparagraph (B).";

(3) in subsection (i)--

(A) by redesignating paragraph (3) as paragraph (4);

and

(B) by inserting after paragraph (2) the following:

`` (3) Termination of assistance.--

`` (A) In general.--The Secretary may deny renewal of covered assistance to an organization or entity receiving covered assistance if the Secretary determines that the organization or entity, or the individual through which the organization or entity provides counseling, is not in compliance with program requirements--

`` (i) based on the performance review described in subsection (e)(6); and

`` (ii) in accordance with existing regulations issued by the Secretary.

`` (B) Notice.--The Secretary shall give an organization or entity receiving covered assistance not less than 60 days prior written notice of any denial of renewal under this paragraph, and the determination of renewal shall not be finalized until the end of that notice period.

`` (C) Informal conference.--If requested in writing by the organization or entity within the notice period described in subparagraph (B), the organization or entity shall be entitled to an informal conference with the Deputy Assistant Secretary of Housing Counseling on behalf of the Secretary at which the organization or

entity may present for consideration specific factors that the organization or entity believes were beyond the control of the organization or entity and that caused the failure to comply with program requirements, such as a lack of lender or servicer coordination or communication with housing counseling agencies and individual counselors."; and

(4) by adding at the end the following:

``(j) Offering Foreclosure Mitigation Counseling.--

``(1) Covered mortgage loan defined.--In this subsection, the term `covered mortgage loan' means any loan which is secured by a first or subordinate lien on residential real property (including individual units of condominiums and housing cooperatives) or stock or membership in a cooperative ownership housing corporation designed principally for the occupancy of between 1 and 4 families that is--

``(A) insured by the Federal Housing Administration under title II of the National Housing Act (12 U.S.C. 1707 et seq.);

``(B) guaranteed under section 184 or 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a, 1715z-13b);

``(C) made, guaranteed, or insured by the Department of Veterans Affairs; or

``(D) made, guaranteed, or insured by the Department of Agriculture.

`` (2) Opportunity for borrowers.--A borrower with respect to a covered mortgage loan who is 30 days or more delinquent on payments for the covered mortgage loan shall be given an opportunity to participate in available housing counseling.

`` (3) Cost.--If the requirements of sections 202(a)(3) and 205(f) of the National Housing Act (12 U.S.C. 1708(a)(3), 1711(f)) are met, the fair market rate cost of counseling for delinquent borrowers described in paragraph (2) with respect to a covered mortgage loan described in paragraph (1)(A) shall be paid for by the Mutual Mortgage Insurance Fund, as authorized under section 203(r)(4) of the National Housing Act (12 U.S.C. 1709(r)(4))."

#### SEC. 406. ESTABLISHMENT OF EVICTION HELPLINE.

(a) In General.--The Secretary of Housing and Urban Development shall, not later than 1 year after the date of the enactment of this Act--

(1) establish a hotline to provide tenants of covered federally assisted rental dwelling units with counseling, resources, and referrals to available assistance relating to eviction-related matters; and

(2) provide information about such hotline to tenants of covered federally assisted rental dwelling units by publishing information about such hotline in common areas of each federally assisted rental dwellings and through other means

determined appropriate by the Secretary.

(b) Definitions.--In this section:

(1) Assistance.--The term "assistance" means any grant, loan, subsidy, contract, cooperative agreement, or other form of financial assistance, but such term does not include the insurance or guarantee of a loan, mortgage, or pool of loans or mortgages.

(2) Covered federally assisted rental dwelling unit.--The term "covered federally assisted rental dwelling unit" means a residential dwelling unit--

(A) that is made available for rental; and

(B)(i) for which assistance is provided, or that is part of a housing project for which assistance is provided, under any program administered by the Secretary of Housing and Urban Development, including--

(I) the public housing program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

(II) the program for rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(III) the HOME Investment Partnerships program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.);

(IV) title IV of the McKinney-Vento Homeless



Assistance Act (42 U.S.C. 11360 et seq.);

(V) the Housing Trust Fund program under section 1338 of the Housing and Community Development Act of 1992 (12 U.S.C. 4568);

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

(VII) the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013);

(VIII) the AIDS Housing Opportunities program under subtitle D of title VIII of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12901 et seq.);

(IX) the program for Native American housing under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.); and

(X) the program for housing assistance for Native Hawaiians under title VIII of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4221 et seq.); or

(ii) that is a property, or is on or in a property, that has a federally backed mortgage loan or federally

backed multifamily mortgage loan, as such terms are defined in section 4024(a) of the CARES Act (15 U.S.C. 9058(a)).

#### SEC. 407. TEMPERATURE SENSOR PILOT PROGRAM.

(a) In General.--The Secretary of Housing and Urban Development shall establish a temperature sensor 3-year pilot program to provide grants to public housing agencies and owners of covered federally assisted rental dwelling units to acquire, install, and test the efficacy of approved temperature sensors in residential dwelling units to ensure such units remain in compliance with temperature requirements.

(b) Eligibility.--

(1) In general.--The Secretary shall, not later than 180 days after the date of the enactment of this Act, establish eligibility criteria for public housing agencies and owners of covered federally assisted rental dwelling units to participate in the pilot program established pursuant to subsection (a).

(2) Criteria.--In establishing the eligibility criteria described in paragraph (1), the Secretary shall ensure--

(A) the pilot program includes a diverse range of participants that represent different geographic regions, climate regions, unit sizes, and types of housing; and

(B) that the functionality of an approved temperature sensor will be installed and tested using amounts

awarded under this section, including internet connectivity requirements.

(c) Installation.--Each public housing agency or owner of a covered federally assisted rental dwelling unit that acquires 1 or more approved temperature sensors under this section shall, after receiving written permission from the resident of a dwelling unit, install such temperature sensor and monitor the data from such temperature sensor.

(d) Collection of Complaint Records.--

(1) In general.--Each public housing agency or owner of a covered federally assisted rental dwelling unit that installs 1 or more approved temperature sensors under this section shall collect and retain information about temperature-related complaints and violations.

(2) Definitions.--The Secretary shall, not later than 180 days after the date of the enactment of this Act, define the terms ``temperature-related complaints" and ``temperature-related violations" for the purposes of this section.

(e) Data Collection.--

(1) In general.--Data collected from temperature sensors acquired and installed by public housing agencies and owners of covered federally assisted rental dwelling units under this section shall be retained until the Secretary notifies the public housing agency or owner that the pilot program and the evaluation of the pilot program are complete.

(2) Personally identifiable information.--The Secretary shall, not later than 180 days after the date of the enactment

of this Act, establish standards for the protection of personally identifiable information collected during the pilot program by public housing agencies, owners of federally assisted rental dwelling units, and the Secretary.

(f) Pilot Program Evaluation.--

(1) Interim evaluation.--Not later than 12 months after the establishment of the pilot program under this section, the Secretary shall publicly publish and submit to the Congress a report that--

(A) examines the number of temperature-related complaints and violations in federally assisted rental dwelling units with temperature sensors, disaggregated by temperature sensor technology and climate region--

(i) that occurred before the installation of such sensor, if known; and

(ii) that occurred after the installation of such sensor; and

(B) identifies any barriers to full utility of temperature sensor capabilities, including broadband internet access and tenant participation.

(2) Final evaluation.--Not later than 36 months after the conclusion of the pilot program established by the Secretary under this section, the Secretary shall publicly publish and submit to the Congress a report that--

(A) examines the number of temperature-related complaints and violations in federally assisted rental

dwelling units with temperature sensors, disaggregated by temperature sensor technology and climate region--

(i) that occurred before the installation of

such sensor; and

(ii) that occurred after the installation of

such sensor;

(B) identifies any barriers to full utility of

temperature sensor capabilities, including broadband

internet access and tenant participation; and

(C) compares the utility of various temperature

sensor technologies based on--

(i) climate zones;

(ii) cost;

(iii) features; and

(iv) any other factors identified by the

Secretary.

(g) Definitions.--For the purposes of this section:

(1) Approved temperature sensor.--The term "approved temperature sensor" means an internet capable temperature reporting device able to measure ambient air temperature to the tenth degree Fahrenheit and Celsius selected from a list of such devices approved in advance by the Secretary.

(2) Assistance.--The term "assistance" means any grant, loan, subsidy, contract, cooperative agreement, or other form of financial assistance, but such term does not include the insurance or guarantee of a loan, mortgage, or pool of loans or

mortgages.

(3) Covered federally assisted rental dwelling unit.--The term ``covered federally assisted rental dwelling unit" means a residential dwelling unit that is made available for rental and for which assistance is provided, or that is part of a housing project for which assistance is provided, under--

(A) the program for project-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(B) the public housing program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.);

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

(D) the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013).

(4) Owner.--The term ``owner" means--

(A) with respect to the program for project-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, having the legal right to lease or sublease dwelling units;

(B) with respect to the public housing program under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), a public housing agency or an owner entity of public housing units as defined in section 905.108 of title 24, Code of Federal Regulations;

(C) with respect to the program for supportive housing for the elderly under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), a private nonprofit organization as defined under section 202(k)(4) of the Housing Act of 1959; and

(D) with respect to the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), a private nonprofit organization as defined under section 811(k)(5) of the Cranston-Gonzalez National Affordable Housing Act.

#### SEC. 408. GAO STUDIES.

(a) Report to Congress.--Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall carry out a study and submit to the Congress a report that identifies options to remove barriers and improve housing for persons who are elderly or disabled, including any potential impacts of providing capital advances for--

(1) the program for supportive housing for the elderly under

section 202 of the Housing Act of 1959 (12 U.S.C. 1701q); and

(2) the program for supportive housing for persons with disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013).

(b) GAO Study to Determine Proximity of Housing to Superfund Sites.--

Not later than 1 year after the date of the enactment of this section, the Comptroller General of the United States shall carry out a study and submit to the Congress a report that identifies how many residential dwelling units, and how many dwelling units that are a part of public housing (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))), are located less than 1 mile from a site that is included on the National Priorities List established pursuant to section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605).

(c) Report to Congress.--Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall carry out a study and submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that--

(1) establishes a comprehensive definition of residential heirs property, or family land inherited without a will or legal documentation of ownership;

(2) examines the occurrence of and consequences to owners of residential heirs property, and provides an estimate regarding the number of current residential heirs properties;



(3) describes the objectives and requirements of the Uniform Partition of Heirs Property Act as approved by the National Conference of Commissioners on Uniform State Laws in 2010;

(4) details the various resources that may be available to the owners of residential heirs properties, including housing counseling, legal services, and financial assistance to resolve residential heirs property title issues from the Federal Government, nonprofits, and institutes of higher education; and

(5) makes recommendations with respect to how to reduce the number of residential heirs properties, including--

(A) by incentivizing States and other jurisdictions which enact or adopt the Uniform Partition of Heirs Property Act or similar such reforms;

(B) by awarding grants to States and other jurisdictions to assist residents of such States and jurisdictions to establish and document property ownership rights or settle a decedent's estate;

(C) by awarding grants to entities which provide housing counseling, legal assistance, and financial assistance to homeowners and their heirs relating to title clearing and home retention efforts of heirs' property and which target services to low- and moderate-income persons or provide services in neighborhoods that have a high concentration of low- and moderate-income persons; and

(D) by conducting other activities that assist

individuals to clear title with respect to heirs'  
property and with general estate planning.

## TITLE V--ENHANCING OVERSIGHT OF HOUSING PROVIDERS

### SEC. 501. REQUIREMENT TO TESTIFY.

Section 7 of the Department of Housing and Urban Development Act (42 U.S.C. 3535) is amended by adding at the end the following new subsection:

“(u) Annual Testimony.--The Secretary shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate at an annual hearing and present testimony regarding the operations of the Department during the preceding year, including--

- “(1) the current programs and operations of the Department;
- “(2) the physical condition of all public housing and other housing assisted by the Department;
- “(3) the financial health of the mortgage insurance funds of the Federal Housing Agency;
- “(4) oversight by the Department of grantees and subgrantees for purposes of preventing waste, fraud, and abuse;
- “(5) the progress made by the Federal Government in ending the affordable housing and homelessness crises;
- “(6) the capacity of the Department to deliver on its statutory mission; and

` ` (7) other ongoing activities of the Department, as appropriate."

## SEC. 502. IMPROVING PUBLIC HOUSING AGENCY ACCOUNTABILITY.

(a) In General.--The Secretary shall require each covered public housing agency to provide a notice each year to the Secretary that--

(1) indicates that if a receiver or Federal monitor remains appointed for the covered public housing agency as of October 1 of the calendar year to which such notice relates;

(2) provides the date on which the receiver or Federal monitor was first appointed and the projected date, if known, the appointment of the receiver or Federal monitor will be terminated; and

(3) identifies the current receiver or Federal monitor appointed to oversee the public housing agency.

(b) Federal Monitor and Receiver Transparency.--

(1) Notwithstanding any other provision of law, not later than October 1 of each year, each receiver or Federal monitor that is currently appointed to oversee a covered public housing agency shall provide to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a written assessment that--

(A) describes the management and oversight activities of the receiver or Federal monitor for the covered

public housing agency;

(B) identifies the significant factors that led to the appointment of the receiver or Federal monitor for the covered public housing agency;

(C) identifies the factors that remain unresolved at the covered public housing agency that have led to the continued oversight of the receiver or Federal monitor; and

(D) includes a timeline developed by the receiver or Federal monitor that projects when the factors identified under subparagraphs (B) and (C) will be resolved.

(2) In addition to the written assessment required in paragraph (1), upon written request by the Committee on Financial Services of the House of Representatives or the Committee on Banking, Housing, and Urban Affairs of the Senate, each receiver or Federal monitor appointed to oversee a covered public housing agency shall promptly furnish additional or supplemental information requested by the Committee on Financial Services of the House of Representatives or the Committee on Banking, Housing, and Urban Affairs of the Senate with respect to the covered public housing agency which such receiver or Federal monitor is appointed to oversee, including presenting testimony upon request.

(c) Disclosure Required.--The Secretary shall, not later than 1 year after the date of the enactment of this section, require each covered

public housing agency to publicly disclose, on the website of the covered public housing agency, with respect to each contract entered into by such covered public housing agency in the preceding year, the following information:

(1) All material information about the contract, including the goods and service provided.

(2) The identity of the vendor selected to receive the contract.

(3) The date of the solicitation of the contract.

(4) The relevant information pertaining to the bids and quotes solicited for the contract.

(5) The name of the official who solicited the contract.

(d) Inspector General Review.--Not later than 180 days after receiving a written request from the Committee on Financial Services of the House of Representatives or the Committee on Banking, Housing, and Urban Affairs of the Senate, the inspector general shall provide to the requesting committee an analysis of--

(1) the status of any covered public housing agency's compliance with any agreements entered into between the covered public housing agency and the Department of Housing and Urban Development, including specific areas of deficiency and progress toward compliance;

(2) a review of actions taken by the receiver or Federal monitor appointed to oversee a covered public housing agency and any private sector housing development partners pursuant to such agreement, including any gaps in oversight by the receiver

or Federal monitor;

(3) an assessment of the physical conditions of housing provided by the covered public housing agency, including the status of the covered public housing agency's compliance with relevant health and safety requirements;

(4) an examination of any allegations of waste, fraud, abuse or violations of Federal law committed by employees or contractors of the covered public housing agency;

(5) any additional pertinent information, as determined necessary and appropriate by the inspector general; and

(6) any recommendations of the inspector general that relate to how to improve the compliance of the covered public housing agency with any agreements entered into with the Department of Housing and Urban Development or enhance the oversight of the receiver or Federal monitor over such covered public housing agency.

(e) Definitions.--

(1) Covered public housing agency.--The term "covered public housing agency" means a public housing agency (as such term is defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))) for which an administrative or judicial receiver or Federal monitor was appointed.

(2) Inspector general.--The term "inspector general" means the inspector general of the Department of Housing and Urban Development.

(3) Secretary.--The term "Secretary" means the Secretary of

## Housing and Urban Development.

Amend the title so as to read:

A bill to increase the supply of housing in America, and  
for other purposes.

### Purpose and Summary

H.R. 6644, the Housing for the 21st Century Act, was introduced by Chairman French Hill (AR-02). H.R. 6644 covers a variety of reforms to make it easier to build and afford housing, including modernizing outdated government programs, lowering costs by removing unnecessary federal requirements, and increasing local flexibility over housing decisions.

### Background and Need for Legislation

For years, the United States has failed to produce housing at a pace that meets demand. The shortage has especially impacted middle-income buyers who have been priced out of new supply because of cost inflation, regulatory delays, and outdated zoning constraints. The cumulative result has been that producing new units of housing that we need has become too difficult and far too costly.

To respond to this challenge, policymakers must look to targeted reforms to help grow housing across all segments of

our population and income brackets. By making these targeted reforms to stifling regulations, we can get government out of the way and allow the housing market to grow to meet our current needs. For too long, we have been told the key to success was creating new federal housing programs, massive new spending, or removing local decision making and control. Such approaches have not worked in the past and will not work now. Instead, Congress should focus on modernizing ineffective government housing programs to meet the challenges of today, removing unnecessary costs imposed on housing providers, and striking the right balance between encouraging development and preserving local choice and community character.

The Housing for the 21st Century Act includes five distinct titles. The first title includes a series of reforms designed to modernize zoning practices, streamline federal and local housing processes, and reduce regulatory barriers that limit America's ability to build needed homes. These provisions draw on bipartisan proposals introduced throughout the 119th Congress and seek to provide communities with tools--not mandates--to increase housing supply, improve permitting efficiency, and support innovation in residential construction across both urban and rural areas.

Title II includes a series of reforms designed to strengthen federal, state, and local capacity to support housing development, improve program administration, and expand opportunities for both urban and rural communities to address



housing supply barriers. These provisions draw from bipartisan proposals introduced throughout the 119th Congress and focus on updating core community development tools, improving the usability of federal programs, and modernizing rural housing operations to deploy federal resources more effectively.

Title III includes reforms designed to update federal manufactured housing standards, support innovation in factory-built housing, and improve access to affordable mortgage financing. These provisions respond to persistent regulatory and financing barriers that limit production of manufactured and modular homes and restrict access to small-dollar mortgages in some communities. Together, these measures modernize federal standards, strengthen program oversight, and expand financing pathways for lower-cost housing.

Title IV includes a series of reforms aimed at improving transparency for homeowners, strengthening support for veterans, enhancing coordination across federal housing agencies, and expanding protections and opportunities for families assisted under federal housing programs. The provisions in this title address gaps in borrower information, interagency data sharing, assisted-family savings opportunities, and resident safety, while also directing GAO to evaluate key risks and barriers affecting vulnerable households. Together, these measures strengthen consumer protection and improve the quality and effectiveness of federally supported housing.

Title V strengthens accountability by expanding transparency, improving reporting, and ensuring housing providers are subject to regular, meaningful oversight. The title reinforces Congress's responsibility to safeguard taxpayer dollars and monitor agency performance by requiring public disclosure of contracts, routine evaluations of federally monitored entities, and direct, annual testimony from senior U.S. Department of Housing and Urban Development (HUD) officials. These reforms ensure that public housing agencies and federal monitors meet their obligations and operate with clearer lines of accountability to both Congress and the public.

#### TITLE I--BUILDING SMARTER FOR THE 21ST CENTURY

Section 101: This section directs the HUD Secretary to publish guidelines and best practices for state and local zoning frameworks as a model that communities could voluntarily reference when contemplating changes to their laws. This section does not mandate reform or preempt local authority; instead, it provides voluntary models that jurisdictions may choose to adopt. Representative Mike Flood (R-NE) introduced a standalone version of this section, H.R. 2840, the Housing Supply Frameworks Act, on April 10, 2025.

Section 102: This section authorizes the HUD Secretary to award grants to eligible entities to establish `` pattern

books" of pre-reviewed designs for homes that are always local building code complaint. Doing so would help streamline and expedite local construction processes and build more homes. Representative Janelle Bynum (D-OR) introduced a standalone version of this section, H.R. 5907, on November 4, 2025.

Section 103: This section requires the HUD Secretary to establish federal guidelines for point-access block buildings (i.e., single-staircase apartments with three or more stories). It also allows HUD to award competitive grants for pilot programs to assess the feasibility of such buildings. Representative Ritchie Torres (D-NY) introduced a standalone version of this section, H.R. 6345, on December 1, 2025.

Section 104: Subsection (a) requires the HUD Secretary to reclassify how certain requirements under the National Environmental Policy Act of 1969 (NEPA) are applied to specified HUD housing-related activities. This provision classifies certain housing-related activities as NEPA "exempt activities," including tenant-based rental assistance, supportive services, and operating costs. It also classifies other housing-related activities that do not materially alter environmental conditions and do not materially exceed the original scope of the project as NEPA "categorical exclusions," including the acquisition, new construction, improvement, or rehabilitation of residential buildings, public facilities, and infill and certain other projects. Representative Flood introduced a standalone version of this

section, H.R. 4660, the Unlocking Housing Supply Through Streamlined and Modernized Reviews Act on July 23, 2025. Subsection (b) authorizes the HUD to designate certain federally assisted housing activities as a "special project" for purposes of NEPA allowing those activities to proceed under a streamlined environmental review. Representative Sam Liccardo (D-CA) introduced a standalone version of this section, H.R. 4810, the Build Housing Act, on July 29, 2025.

Section 105: Subsection (a) synchronizes the housing standards between HUD and the U.S. Department of Agriculture (USDA) regarding NEPA categorical exclusions, designate a lead agency to streamline the adoption of environmental impact statements and environmental assessments, and evaluate the feasibility of a joint physical inspection process for housing projects. Representative Marlin Stutzman (R-IN) introduced a standalone version of this section, H.R. 4989, the Streamlining Rural Housing Act of 2025, on August 15, 2025. Subsection (b) exempts from NEPA most Rural Housing Service (RHS)-funded projects regarding the construction or modification of residential housing located on an infill site. Representative Eugene Vindman (D-VA) introduced a standalone version of this section, H.R. 6327, the Rural Housing Regulatory Relief Act, on November 28, 2025.

Section 106: This section updates the statutory maximum loan limits for Federal Housing Administration (FHA) mortgage insurance for residential multifamily construction to reflect

current costs, as well as provides for the use of an inflation adjustment formula more appropriate to housing construction costs for setting those limits going forward. Representative Monica De La Cruz (R-TX) introduced a standalone version of this section, H.R. 6132, the Housing Affordability Act, on November 19, 2025.

Section 107: Subsection (a) directs the Government Accountability Office (GAO) to study identifying any gaps in federal housing programs that exclude middle-income households and recommend a definition for "workforce housing" that policymakers can use going forward. Subsection (b) requires GAO to conduct a study examining the potential costs, benefits, feasibility, and implications of establishing a federal uniform residential building code. Representative Sylvia Garcia (D-TX) introduced a standalone version of this section, H.R. 6772, on December 17, 2025.

## TITLE II--MODERNIZING LOCAL DEVELOPMENT AND RURAL HOUSING PROGRAMS

Section 201: This section modernizes HUD's HOME Investment Partnerships (HOME) Program to align with current housing market conditions and development practices. The reforms expand eligibility to workforce-income households, update outdated program limits and community allocations, expand existing tenant protections, and allow participating jurisdictions greater flexibility to use HOME Program funds for housing-

related infrastructure. This section also streamlines federal requirements by exempting small-scale projects from labor and environmental mandates that frequently delay modest infill, rehabilitation, and construction. Additionally, it extends the timeframe for jurisdictions to commit funds and remove statutory constraints that limit local decision-making.

Representative Flood introduced a standalone version of this section, H.R. 5878, the HOME Reform Act of 2025, on October 31, 2025.

Section 202: Subsection (a) requires certain communities that elect to receive federal grants from HUD's Community Development Block Grant (CDBG) program to include in their statutorily required use-of-funds reports a non-binding plan to review any overly burdensome local land use policies and the possible ways in which such policies could be modified.

Representative Flood introduced a standalone version of this section, H.R. 4659, the Identifying Regulatory Barriers to Housing Supply Act, on July 23, 2025. Subsection (b) allows for an additional eligible use of CDBG funds for affordable housing construction, enabling communities to direct up to 20 percent of their CDBG resources toward increasing their local housing supply. It also updates related provisions to give jurisdictions greater flexibility to use CDBG funds for producing and preserving affordable units. Ranking Member Maxine Waters (D-CA) introduced a standalone version of this section, H.R. 5077, the Strengthening Housing Supply Act of

2025, on August 29, 2025. Subsection (c) requires CDBG grantees to maintain a publicly accessible, searchable database identifying all undeveloped land owned by the jurisdiction.

Ranking Member Maxine Waters (D-CA) introduced a standalone version of this section, H.R. 6773, on December 17, 2025.

Section 203: This section allows HUD to issue competitive grants to assist state, local, and tribal governments with implementing regional housing planning and community development activities. Representative Rashida Tlaib (D-MI) introduced a standalone version of this section, H.R. 6768, on December 16, 2025.

Section 204: Subsection (a) allows for the greater use of the Rural Housing Service (RHS) Section 504 Home Repair program, including expanding participation to include more low-income families. Subsection (b) requires the RHS to produce an annual report regarding the health of all its programs authorized under Title V of the Housing Act of 1949. Subsection (c) requires RHS to submit to Congress a report with respect to the application processing times for its Section 502 and 504 programs and how to shorten those times to not more than 90 days. Subsection (d) requires GAO to submit a report to Congress on the status of RHS' use of technology and the potential cost of modernizing that technology.

Section 205: This section allows housing units that are financed through certain existing federal housing programs to automatically satisfy the inspection requirements of HUD's

Section 8 Tenant-Based Voucher Program if they have been inspected within the prior year.

### TITLE III--EXPANDING MANUFACTURED AND AFFORDABLE HOUSING FINANCE OPPORTUNITIES

Section 301: Subsection (a) amends the federal definition of a "manufactured home" to allow housing built with or without a permanent chassis. It also requires updated standards and state certifications so manufactured homes without a chassis are treated on par with traditional HUD-code homes for financing, sale, installation, and title. Representative John Rose (R-TN) introduced a standalone version of this section, H.R. 6293, the Housing Supply Expansion Act of 2025, on November 11, 2025. Subsection (b) establishes HUD as the primary federal authority for approving any manufactured home construction or safety standard, including standards related to a manufactured home's construction, design, energy efficiency, and performance. Representative Flood introduced a standalone version of this section, H.R. 5263, on September 10, 2025.

Section 302: This section provides HUD the authority to establish a pilot program to increase access to small-dollar mortgages with original principal balances of \$100,000 or less. The pilot program terminates four years after the date the pilot program is established. Ranking Member Maxine Waters (D-CA) introduced a standalone version of this section, H.R. 6773,



on December 17, 2025.

Section 303: This section allows the Comptroller of the Currency and the Board of Governors of the Federal Reserve System to increase from 15 percent to 20 percent the aggregate amount of investments that a national banking association and a State member bank may make to promote the public welfare. Representative Mike Lawler (R-NY) introduced a standalone version of this section, H.R. 5913, the Community Investment and Prosperity Act, on November 4, 2025.

#### TITLE IV--PROTECTING BORROWERS AND ASSISTED FAMILIES

Section 401: This section requires HUD to exclude a veteran's disability benefits from HUD's calculation of income to determine eligibility for its HUD Veterans Affairs Supportive Housing (VASH) program. It also requires HUD to exclude such benefits from the calculation of income eligibility for any similar future HUD veteran assistance program. Representative Brad Sherman (D-CA) introduced a standalone version of this section, H.R. 965, the Housing Unhoused Disabled Veterans Act, on February 4, 2025. The section also requires HUD to exclude any service-connected disability compensation received by a veteran when determining eligibility for services under HUD's CDBG program. Representative De La Cruz introduced a standalone version of this section, H.R. 224, the Disabled Veterans Housing Support

Act, on February 11, 2025.

Section 402: This section requires the Uniform Residential Loan Application used by most mortgage lenders to include a disclosure informing military veterans that they may be eligible for a Department of Veterans Affairs (VA) home loan. Representative De La Cruz introduced a standalone version of this section, H.R. 2362, the VA Home Loan Awareness Act, on March 3, 2025.

Section 403: This section directs HUD, USDA, and VA to enter into a memorandum of understanding to strengthen interagency coordination regarding housing-related research, data, and market information. Representative De La Cruz introduced a standalone version of this section, H.R. 5429, the HUD-USDA-VA Interagency Coordination Act, on September 17, 2025.

Section 404: This section establishes a HUD pilot program allowing up to 5,000 families assisted under Section 8 or Section 9 of the U.S. Housing Act of 1937 to be enrolled in an opt-out escrow savings program that deposits increases in rent due to income growth into an interest-bearing account on their behalf. Representative Torres introduced a standalone version of this section, H.R. 4385, the Helping More Families Save Act, on July 14, 2025.

Section 405: This section requires that organizations receiving federal funding to provide housing counseling and advice to tenants and homeowners are subject to periodic on-

site reviews and performance reviews by HUD. The section also allows HUD to subject poorly performing housing counselors to continued education training requirements, suspensions, or the termination of federal assistance. Representative David Scott (D-GA) introduced a standalone version of this section, H.R. 6726, on December 15, 2025.

Section 406: This section requires HUD to establish a helpline for tenants of federally assisted rental units to call for assistance with respect to eviction-related matters. Representative Ayanna Pressley (D-MA) introduced a standalone version of this section, H.R. 5889, the Eviction Helpline Act, on October 31, 2025.

Section 407: This section establishes a HUD pilot program to award grants to public housing agencies (PHAs) and owners of federally assisted rental housing to install temperature sensors in dwelling units, with the written permission of tenants, to ensure compliance with temperature-related housing quality standards. Representative Torres introduced a standalone version of this section, H.R. 638, the Housing Temperature Safety Act of 2025, on January 22, 2025.

Section 408: Subsection (a) directs GAO to study options to remove barriers and improve housing for elderly and disabled residents under HUD programs, including evaluating the potential impacts of providing capital support, strengthening accessibility standards, expanding service coordination, and improving program alignment across federal housing initiatives.

Subsection (b) directs GAO to identify the number of residential dwelling units, including public housing units, located within one mile of Environmental Protection Agency--designated Superfund sites and to report those findings to Congress. Subsection (c) directs GAO to establish comprehensive definition of residential ``heirs property," increase awareness of the range of tools available to owners of heirs properties, and to make recommendations on how to assist owners of heirs properties.

#### TITLE V--ENHANCING OVERSIGHT OF HOUSING PROVIDERS

Section 501: This section would require the HUD Secretary to testify before Congress on an annual basis regarding the Department's operations, oversight activities, and program performance. Representative Lawler introduced a standalone version of this section, H.R. 3774, the HUD Accountability Act of 2025, on June 5, 2025.

Section 502: This section requires HUD to mandate that PHAs publicly disclose information regarding each contract they enter into and ensure that such agreements are made available online for public viewing. Subsection (a) requires troubled PHAs currently subject to the oversight of a receiver or federal monitor to provide annual notice to HUD regarding the status. Subsection (b) requires each receiver or Federal monitor of a troubled PHA to provide an annual written

assessment of the status of its work to Congress, as well as require each receiver or Federal monitor to provide additional information (including through congressional testimony) regarding updates on its work upon request by the House Committee on Financial Services or Senate Committee on Banking, Housing, and Urban Affairs. Representative Nydia Velazquez (D-NY) introduced a standalone version of this section, H.R. 6825, on December 17, 2025. Subsection (c) requires each troubled PHA to publicly disclose on its website information regarding any new contract that the PHA enters into while subject to a receiver or Federal monitor. Representative Torres introduced a standalone version of this section as H.R. 6344 on December 10, 2025. Subsection (d) requires, upon request by the House Committee on Financial Services or Senate Committee on Banking, Housing, and Urban Affairs, the HUD Inspector General to issue a report on the compliance of a troubled PHA with the terms of its receivership or federal monitorship and assess the physical condition of the housing it operates, with recommendations on how to improve a PHA's compliance or enhance oversight of that troubled PHA.

#### Committee Consideration

On December 11, 2025, H.R. 6644, the Housing for the 21st Century Act, was introduced by Chairman Hill, with Ranking Member Waters, and Representatives Flood and Emanuel Cleaver (D-MO) as original cosponsors. Representatives Al Green (D-TX), Pete Sessions (R-TX), Velazquez, Rose, Sherman, Bryan Steil (R-WI), David Scott, Stutzman, Joyce Beatty (D-OH), Dan Meuser (R-PA), Pressley, Young Kim (R-CA), Tlaib, Andrew Garbarino (R-NY), Torres, Lawler, Garcia, De La Cruz, Pettersen, Zach Nunn (R-IA), Cleo Fields (D-LA), Maria Salazar (R-FL), Bynum, Troy Downing (R-MT), Liccardo, Mike Haridopolos (R-FL), Jared Moskowitz (D-FL), and Tim Moore (R-NC) were subsequently added as cosponsors.

The bill was referred to the Committee on Financial Services, and in addition, to the Committee on Veterans Affairs.

H.R. 6644 represents a compilation of 36 introduced and discussion draft bills, 32 of which were attached to four hearings of the Full Committee and Subcommittee on Housing and Insurance. The 36 bills are:

H.R. 2840, the Housing Supply Frameworks Act, introduced by Representative Flood.

H.R. 5907, To authorize the Secretary of Housing and Urban Development to award grants to eligible entities to select pre-reviewed designs of covered structures of mixed income housing for use in the jurisdiction of the eligible entity, introduced by

Representative Bynum.

H.R. 6345, To require the Secretary of Housing and Urban Development to establish Federal guidelines for point-access block buildings, and for other purposes, introduced by Representative Torres.

H.R. 4660, the Unlocking Housing Supply Through Streamlined and Modernized Reviews Act, introduced by Representative Flood.

H.R. 4810, the BUILD Housing Act, introduced by Representative Liccardo.

H.R. 4989, the Streamlining Rural Housing Act of 2025, introduced by Representative Stutzman.

H.R. 6327, To exempt from the requirements of NEPA the provision of certain assistance for the construction or modification of residential housing on infill sites, and for other purposes, introduced by Representative Vindman.

H.R. 6132, To modify the multifamily loan limits under title II of the National Housing Act, introduced by Representative De La Cruz.

A draft bill, the Housing for America's Middle-Class Act, by Representative Lawler.

A draft bill, To require the Comptroller General of the United States to conduct a study that examines the cost and benefits of a Federal uniform residential building code, by Ranking Member Waters,

later introduced as H.R. 6772 by Representative Garcia.

H.R. 5878, the HOME Reform Act of 2025,  
introduced by Representative Flood.

H.R. 4659, the Identifying Regulatory  
Barriers to Housing Supply Act, introduced by  
Representative Flood.

H.R. 5077, the Strengthening Housing Supply  
Act of 2025, introduced by Ranking Member Waters.

H.R. 6773, To amend the Housing and  
Community Development Act of 1974 to require that  
grantees of the Community Development Block Grant  
program maintain a database of publicly owned land,  
introduced by Ranking Member Waters.

A draft bill, To require the Secretary of  
Housing and Urban Development to establish a grant  
program to assist in housing planning activities, and  
for other purposes, by Ranking Member Waters, later  
introduced as H.R. 6768 by Representative Tlaib.

A draft bill, To amend the Housing Act of  
1949 to make modifications to loans and grants for  
minor improvements to farm housing and buildings, and  
to make modifications to income eligibility for such  
loans and grants, by Representative Nunn.

A draft bill, To amend the Housing Act of  
1949 to require an annual report on rural housing  
programs, by Representative Nunn.



A draft bill, To require the Secretary of Agriculture to submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report with respect to the application process under section 502 and 504 of the Housing Act of 1949, and for other purposes, by Representative Nunn.

A draft bill, To require the Comptroller General of the United States to submit to the Congress a report on the use of technology by the Rural Housing Service, by Representative Nunn.

H.R. 6293, the Housing Supply Expansion Act of 2025, introduced by Representative Rose.

H.R. 5263, To require approval from the Secretary of Housing and Urban Development for any Federal manufactured home and safety standards, and for other purposes, introduced by Representative Flood.

H.R. 6774, To authorize the Secretary of Housing and Urban Development, acting through the Federal Housing Commissioner, to establish a pilot program to increase access to small-dollar mortgages, introduced by Ranking Member Waters.

H.R. 5913, the Community Investment and Prosperity Act, introduced by Representative Lawler.

H.R. 965, the Housing Unhoused Disabled

Veterans Act, introduced by Representative Sherman, which was passed by the House under suspension of the rules by voice vote on February 10, 2025.

H.R. 224, the Disabled Veterans Housing Support Act, introduced by Representative De La Cruz, which was passed by the House under suspension of the rules by voice vote on February 10, 2025.

H.R. 2362, the VA Home Loan Awareness Act, introduced by Representative De La Cruz.

H.R. 5429, the HUD-USDA-VA Interagency Coordination Act, introduced by Representative De La Cruz.

H.R. 4385, the Helping More Families Save Act, introduced by Representative Torres.

H.R. 6726, To amend the Housing and Urban Development Act of 1968 to provide reforms to housing counseling and financial literacy programs, introduced by Representative David Scott.

H.R. 5889, the Eviction Helpline Act, introduced by Representative Pressley.

H.R. 638, the Housing Temperature Safety Act of 2025, introduced by Representative Torres.

A draft bill, To direct the Comptroller General of the United States to conduct a study that identifies options to remove barriers and improve housing for persons who are elderly or disabled, by

Representative Lawler.

A draft bill, To direct the Comptroller General of the United States to conduct a study that identifies how many residential dwelling units, and how many dwelling units in public housing, are located within 1 mile of a Superfund site, by Representative Lawler.

H.R. 3774, the HUD Accountability Act of 2025, introduced by Representative Lawler.

H.R. 6825, To require Federal monitors and receivers of public housing agencies to testify before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, introduced by Representative Velazquez; and

H.R. 6344, To require the Secretary of Housing and Urban Development to require public housing agencies to disclose contracts entered into, and for other purposes, introduced by Representative Torres.

In the March 4, 2025, hearing titled ``Building Our Future: Increasing Housing Supply in America," the Subcommittee on Housing and Insurance examined the factors and policies that have led to the lack of housing supply in America. While estimates vary, experts estimate that the overall housing market is currently underbuilt by millions of units. This gap is especially pronounced in the moderate-income price range for

single family purchase homes where, in many places, it no longer makes economic sense to build such houses despite available purchaser interest. Factors contributing to this supply challenge include inflation, regulatory costs, workforce challenges, and state and local land-use policies, among others. To encourage greater development to close the supply gap in single family housing, the Subcommittee heard testimony from experts to understand the depths of the problem and measures necessary to correct it.

In the May 14, 2025, hearing titled, "Expanding Choice and Increasing Supply: Housing Innovation in America," the Subcommittee on Housing and Insurance examined how to expand consumer choice and existing supply through the use of innovative housing solutions. Those solutions--which include innovative construction methods such as manufactured housing, modular construction, and 3-D printed housing--offer promising, lower-cost alternatives for consumers using modern technology and production techniques. Expanded use of these innovative housing solutions can help reduce the housing supply gap in America by providing additional housing options in the moderate-income price range. However, some challenges persist in the greater use and acceptance of these innovative products, including outdated regulations, land use restrictions, and other financing barriers. The Subcommittee heard testimony from industry and policy experts to identify those regulatory and market hurdles and explore policy solutions to encourage

expanded use of innovation in meeting housing supply needs.

In the July 16, 2025, hearing titled ``HOME 2.0: Modern Solutions to the Housing Shortage," a collaborative effort by Housing and Insurance Subcommittee's Chairman Flood and Ranking Member Cleaver, the Subcommittee explored bipartisan proposals to modernize the HOME Program to ensure it works more effectively for communities, developers, and taxpayers.

Originally authorized under the Cranston-Gonzalez National Affordable Housing Act of 1990, the HOME Program is the federal government's largest block grant program dedicated to creating affordable housing for low-income Americans. The program provides formula-based funding to states and localities to build, rehabilitate, or preserve affordable rental and ownership housing. Since its last reauthorization over three decades ago, the HOME Program's efficacy has eroded as it has failed to keep pace with our current housing realities. As a result, the HOME Program's ability to spur the development of critically new housing units has diminished. Additionally, several stakeholders, including local governments and housing developers, have cited regulatory inefficiencies in the use of HOME Program dollars that lead to delayed projects and poor outcomes in many jurisdictions.

In the December 3, 2025, hearing titled ``Building Capacity: Reducing Government Roadblocks to Housing Supply," the Committee on Financial Services continued its examination of the factors and policies that have led to the lack of

housing supply in America. Over the past decade, housing affordability has become one of the most urgent challenges facing American families. The housing supply gap is especially pronounced in the moderate-income price range for single family purchase homes where, in many places, it no longer makes economic sense to build such houses despite available purchaser interest. No single factor is responsible for the situation.

Rising material and labor costs, fiscal and monetary policies that fueled inflation, and a complex network of government-imposed regulations have all contributed to record-high housing costs. Meanwhile, a maze of federal, state, and local rules has made new development costly, slow, and unpredictable. Builders face multiple layers of permitting, environmental review, and financing restrictions that discourage production and shrink private investment. The result is a market where too few homes are being built, and too many families are priced out. The Committee heard testimony from experts to identify potential legislative tools that can help address the housing supply gap and the affordability challenges many face today.

On December 17, 2025, the Committee on Financial Services met in open session to consider, among others, H.R. 6644. The Committee ordered H.R. 6644, as amended, to be reported with a favorable recommendation to the House of Representatives.

In the June 21, 2023, hearing titled `` HUD Oversight: Testimony of the HUD Inspector General," the Subcommittee on Housing and Insurance examined the findings issued by the Office of Inspector General (OIG) with respect to HUD. The HUD OIG is responsible for conducting audits, evaluations, investigations, and oversight of HUD's programs and operations. Discussed at the hearing were earlier versions of legislation incorporated as aspects of H.R. 6644, including H.R. 7280, the HUD Transparency Act of 2024 introduced by Representative De La Cruz and H.R. 4203, the Housing Temperature Safety Act of 2023 introduced by Representative Torres. H.R. 7280 was subsequently ordered to be reported by the Committee on February 29, 2024, by a recorded vote of 50-0, and passed by the House by voice vote on July 22, 2024.

In the December 6, 2023, hearing titled `` Housing Affordability: Governmental Barriers and Market-Based Solutions," the Subcommittee on Housing and Insurance examined the continuing affordability challenges that many currently face in both the single-family housing and rental markets. The witnesses presented testimony regarding the factors that have contributed to those challenges, particularly government-created barriers such as restrictive land-use and zoning policies, and various market-based solutions to address them. Discussed at the hearing were earlier versions of legislation incorporated as aspects of H.R. 6644, including H.R. 5198, the Expansion of Attainable Homeownership Through Manufactured

Housing Act, introduced by Representative Rose and H.R. 3507, the Yes In My Backyard Act, introduced by Representatives Derek Kilmer (D-WA) and Flood. H.R. 3507 was subsequently ordered to be reported by the Committee on May 16, 2024, by a recorded vote of 48-0.

In the January 11, 2024, hearing titled ``Oversight of the Department of Housing and Urban Development and the Federal Housing Administration," the Committee on Financial Services heard testimony from the Honorable Marcia Fudge, the eighteenth Secretary of the Department of Housing and Urban Development, regarding the ongoing operations of the Department and programs it operates. Discussed at the hearing were earlier versions of legislation incorporated as aspects of H.R. 6644, including H.R. 6550, Accountability for NYCHA Act of 2023, introduced by Representative Lawler, H.R. 6552, the Housing for America's Middle Class Act of 2023, introduced by Representative Lawler, and H.R. 6864, the HUD Accountability Act of 2023, introduced by Representative Lawler. H.R. 6864 was subsequently ordered to be reported by the Committee on February 29, 2024, by a recorded vote of 50-0.

In the March 20, 2024, hearing titled ``The Characteristics and Challenges of Today's Homebuyers," the Subcommittee on Housing and Insurance continued the Committee's work on the housing affordability and availability challenges facing American families. The witnesses presented testimony regarding the changing conditions of the U.S. single-family housing



market, both in terms of borrower characteristics and behavior as well as recent trends in the financial details of those transactions. Discussed at the hearing were earlier versions of legislation incorporated as aspects of H.R. 6644, including H.R. 7480, the Disabled Veterans Housing Support Act, introduced by Representative De La Cruz and H.R. 8340, the Housing Unhoused Disabled Veterans Act, introduced by Representative Sherman. H.R. 7480 was subsequently ordered to be reported by the Committee on May 16, 2024, by a recorded vote of 37-12, and passed by the House by voice vote on December 4, 2024. H.R. 8340 was subsequently ordered to be reported by the Committee on May 16, 2024, by a recorded vote of 49-0.

In the June 26, 2024, hearing titled ``Housing Oversight: Testimony of the HUD and FHFA Inspectors General," the Subcommittee on Housing and Insurance examined the findings issued by the OIGs overseeing HUD and the Federal Housing Finance Agency (FHFA). These two OIGs are responsible for conducting meaningful oversight and preventing waste, fraud, and abuse at both HUD and FHFA and the programs that those agencies operate. Discussed at the hearing were earlier versions of legislation incorporated as aspects of H.R. 6644, including H.R. 7302, the Contracting Accountability and Transparency (CAT) Act, introduced by Representative Torres.

Related Hearings

Pursuant to clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearings were used to develop H.R. 6644.

The Subcommittee on Housing and Insurance held a March 4, 2025, hearing titled ``Building Our Future: Increasing Housing Supply in America." The Subcommittee heard testimony from: the Honorable Paul Compton, Managing Partner, Compton Jones and Drescher LLP; Dr. Emily Hamilton, Senior Research Fellow and Director of the Urbanity Project, The Mercatus Center at George Mason University; Mr. Buddy Hughes, Chairman of the Board, National Association of Home Builders; Ms. Tara Vasicek, City Administrator, City of Columbus, Nebraska; and Ms. Nikitra Bailey, Executive Vice President, National Fair Housing Alliance.

The Subcommittee on Housing and Insurance held a May 14, 2025, hearing titled ``Expanding Choice and Increasing Supply: Housing Innovation in America." The Subcommittee heard testimony from: Mr. Bill Boor, President & CEO, Cavco Industries, and Chairman, **Manufactured Housing Institute**; Mr. Eric Schaefer, Chief Business Development Officer, Fading West; Dr. Andrew P. McCoy, Ph.D., Director of the Virginia Center for Housing Research (VCHR), Professor in the Department of Building Construction, and Associate Director of the Myers-Lawson School of Construction (MLSoC) at Virginia Tech University; and Mr. Colten Lewis Fleu, Senior Attorney,

Mountain State Justice, Inc.

The Subcommittee on Housing and Insurance held a July 16, 2025, hearing titled "`HOME 2.0: Modern Solutions to the Housing Shortage.'" The Subcommittee heard testimony from: Ms. Alison George, Director, Colorado Division of Housing, Department of Local Affairs, on behalf of the Council of State Community Development Agencies (COSCDA) as Board President; Mr. Eric Oberdorfer, Director of Policy and Legislative Affairs, National Association of Housing and Redevelopment Officials (NAHRO); Mrs. Ellen Woodward Potts, Executive Director, Habitat for Humanity of Tuscaloosa, on behalf of Habitat for Humanity International; and Ms. Tiffany Bohee, President, Mercy Housing California.

The Committee on Financial Services held a December 3, 2025, hearing titled, "`Building Capacity: Reducing Government Roadblocks to Housing Supply.'" The Committee heard testimony from: Mr. Kevin Sears, Immediate Past President, National Association of Realtors; Ms. Julie Smith, Chief Administrative Officer, Bozzuto, on behalf of the National Multifamily Housing Council (NMHC), the National Apartment Association (NAA), and the Real Estate Technology and Transformation; Mr. Tobias Peter, Senior Fellow and Codirector, American Enterprise Institute Housing Center; and Ms. Nikitra Bailey, Executive Vice President, National Fair Housing Alliance.

Committee Votes

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include record votes on the motion to report legislation and amendments thereto.

On December 17, 2025, the Committee ordered H.R. 6644, as amended, to be reported favorably to the House by a recorded vote of 50 yeas and 1 nay, a quorum being present. (Record Vote No. FC-224)

The Committee considered the following amendments to H.R. 6644:

Chairman Hill offered an amendment in the nature of a substitute, designated 21STCENTURY\_ANS, which makes minor edits and technical changes. It also expands the environmental review exemption in Section 105 to include Rural Housing Service-funded projects regarding the construction or modification of residential housing located on an infill site, added a new Section 303 to increase the public welfare investment cap for national banking association and a State member banks, added to Section 408 a GAO study on heirs properties, and expands and consolidates the requirements for troubled public housing agencies and their monitors in a new Section 502. This amendment was adopted by a voice vote.

Ranking Member Waters offered an amendment

(No. 6), designated WATERS\_118. This amendment expands the Housing Choice Voucher program and converts it into an entitlement program, permanently authorized the McKinney-Vento Homeless Assistance Program, increases mandatory funding for Public Housing and other federal housing and community development programs, and created a new federal first-generation down payment assistance and other housing assistance programs. This amendment was withdrawn.

Representative Green offered an amendment (No. 7), designated GREETE\_072. This amendment adds to the bill the text of the Reforming Disaster Recovery Act, introduced as H.R. 5940 in the 118th Congress, regarding establishing a community disaster assistance fund for housing and community development at HUD. This amendment was withdrawn.

Representative Beatty offered an amendment (No. 8), designated BEATTY\_034. This amendment makes minor edits and technical changes to the HOME Investment Partnerships Program, as well as updates the program's community allocations and expands existing tenant protections. This amendment was agreed to by a voice vote.

Representative Torres offered an amendment (No. 9), designated TORRNY\_127. This amendment makes a technical change to the definition of point-access

block building used in the bill to increase the maximum allowable height from 5 to 6 stories. This amendment was agreed to by a voice vote.

Representative Nikema Williams (D-GA) offered an amendment (No. 10), designated WILLGA\_095. This amendment adds to the bill the text of the H.R. 1640, the HEIRS Act of 2025, regarding family land inherited without a will or legal documentation of ownership. This amendment was withdrawn.

Representative Pettersen offered an amendment (No. 11), designated PETTER\_070. This amendment makes a technical change to Section 402 regarding the placement of the mortgage application military service question disclosure. This amendment was agreed to by a voice vote.

Representative Liccardo offered an amendment (No. 12), designated LICCAR\_074. This amendment adds to the bill the text of the H.R. 5591, the RESIDE Act, regarding the conversion of commercial vacant and abandoned buildings into residential housing. This amendment was withdrawn.

### Committee Oversight Findings

Pursuant to clause 3(c) of rule XIII of the Rules of the

House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives are incorporated in the descriptive portions of this report.

### Performance Goals and Objectives

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 6644 to modernize outdated, ineffective, or burdensome aspects of existing federal law related to housing. This includes making targeted changes to several statutes, including updating, amending, or repealing provisions of: the Housing and Community Development Act of 1992; the Housing and Community Development Act of 1974; the Department of Housing and Urban Development Act; the Multifamily Housing Property Disposition Reform Act of 1994; the National Housing Act; the Cranston-Gonzalez National Affordable Housing Act; the Housing and Urban Development Act of 1968; the Housing Act of 1949; the United States Housing Act of 1937; the National Manufactured Housing Construction and Safety Standards Act of 1974; the Revised Statutes of the United States; the Federal Reserve Act; and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

### Committee Cost Estimate

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 6644. The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

#### New Budget Authority and CBO Cost Estimate

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee will adopt as its own the cost estimate for the bill prepared by the Director of the Congressional Budget Office. However, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

#### Unfunded Mandates Statement



The Committee has requested but not received from the Director of the Congressional Budget Office an estimate of the Federal mandates pursuant to section 423 of the Unfunded Mandates Reform Act. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

#### Earmark Statement

In compliance with clause 9 of rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI.

#### Federal Advisory Committee Act Statement

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

#### Applicability to the 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.

### Duplication of Federal Programs

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111-139 or the most recent Catalog of Federal Domestic Assistance.

### Section-by-Section Analysis of the Legislation

#### Section 1. Short title; table of contents

Establishes the short title of the bill as the Housing for the 21st Century Act.

#### Section 101. Housing supply frameworks

This section directs the Department of Housing and Urban Development (HUD) to publish voluntary guidelines and best practices states and localities could look to as a model in

considering how to modernize their own local zoning frameworks.

#### Section 102. Accelerating home building grant program

This section authorizes HUD to award grants to eligible entities to establish "pattern books" of pre-reviewed designs to make it easier to build homes that are always local building code compliant. Doing so would help streamline and expedite local construction processes and build more homes.

#### Section 103. Federal guidelines for point-access block buildings

This section requires HUD to establish federal guidelines for point-access block buildings (i.e., single staircase apartments with three or more stories). It also would allow HUD to award competitive grants for pilot programs to assess the feasibility of such buildings where they make local sense.

#### Section 104. Unlocking housing supply through streamlined and modernized reviews

This section requires HUD to reclassify what housing-related activities are exempt from requirements under the National Environmental Policy Act (NEPA) of 1969. This provision would classify certain housing-related activities as NEPA "exempt activities," including tenant-based rental

assistance, supportive services, and operating costs. It would also classify other housing-related activities that do not materially alter environmental conditions and do not materially exceed the original scope of the project as NEPA ``categorical exclusions," including the acquisition, new construction, improvement, or rehabilitation of residential buildings, public facilities, and infill and certain other projects. It would authorize the HUD to designate certain federally assisted housing activities as a ``special project" for purposes of NEPA allowing those activities to proceed under a streamlined local environmental review.

#### Section 105. Federal housing agency application of environmental reviews

This section synchronizes the housing standards between the HUD and the U.S. Department of Agriculture (USDA) regarding NEPA categorical exclusions, designates a lead agency to streamline the adoption of environmental impact statements and environmental assessments, and evaluates the feasibility of a joint physical inspection process for housing projects. This section also exempts from NEPA most Rural Housing Service (RHS)-funded projects regarding the construction or modification of residential housing located on an infill site.

#### Section 106. Multifamily loan limits

This section updates the statutory maximum loan limits for Federal Housing Administration (FHA) mortgage insurance for residential multifamily construction to reflect current costs, as well as provides for the use of an inflation adjustment formula more appropriate to housing construction costs for setting those limits going forward.

#### Section 107. GAO studies

This section directs the Government Accountability Office (GAO) to study identifying any gaps in federal housing programs that exclude middle-income households and recommend a definition for "workforce housing" that policymakers can use going forward. This section also requires GAO to conduct a study examining the potential costs, benefits, feasibility, and implications of establishing a federal uniform residential building code.

#### Section 201. HOME reform

This section modernizes HUD's HOME Investment Partnerships Program (HOME) to align with current housing market conditions and development practices. The reforms expand eligibility to workforce-income households, update outdated program limits and community allocations, expand existing tenant protections, and

allow participating jurisdictions greater flexibility to use HOME funds for housing-related infrastructure. This section also streamlines federal requirements by exempting small-scale projects from environmental mandates that frequently delay modest infill, rehabilitation, and construction. Additionally, it extends the timeframe for jurisdictions to commit funds and remove statutory constraints that limit local decision-making.

## Section 202. Community Development Fund Amendments

This section makes changes to HUD's Community Development Block Grant (CDBG) program. First, it requires certain communities that elect to receive CDBG funds to include a non-binding plan in their statutorily required use-of-funds reports to review any overly burdensome local land use policies and ideas to improve those policies. It allows an additional eligible use of CDBG funds for affordable housing construction, enabling communities to direct up to 20 percent of their CDBG resources toward increasing their local housing supply. Additionally, it requires CDBG grantees to maintain a publicly accessible, searchable database identifying undeveloped land owned by the jurisdiction.

## Section 203. Grants for planning and implementation associated with affordable housing

This section allows HUD to issue competitive grants to assist state, local, and tribal governments with implementing regional housing planning and community development activities.

#### Section 204. Rural housing service program improvements

This section allows for the greater use of the RHS' Section 504 Home Repair program, including expanding participation to include more low-income families. It requires the RHS to produce an annual report regarding the health of all its programs authorized under Title V of the Housing Act of 1949 and requires RHS to submit to Congress a report on how to shorten the application processing times for its Section 502 and 504 programs to not more than 90 days. It also requires GAO to submit a report to Congress on the status of RHS' use of technology and the potential cost of modernizing that technology.

#### Section 205. Choice in Affordable Housing

This section allows housing units that are financed through certain existing federal housing programs to automatically satisfy the inspection requirements of HUD's Section 8 Tenant Based Voucher program if they have been inspected within the prior year.

## Section 301. Manufactured Housing Innovations

This section amends the federal definition of "manufactured home" to allow housing built with or without a permanent chassis. It also requires updated standards and state certifications so manufactured homes without a chassis are treated on par with traditional HUD-code homes for financing, sale, installation, and title. This section also establishes HUD as the primary federal authority for approving any manufactured home construction or safety standard, including standards related to a manufactured home's construction, design, energy efficiency, and performance.

## Section 302. FHA small-dollar mortgages study

This section provides HUD the authority to establish a pilot program to increase access to small-dollar mortgages with original principal balances of \$100,000 or less. The pilot program terminates four years after the date the pilot program is established.

## Section 303. Community investment and prosperity

This section allows the Comptroller of the Currency and the Board of Governors of the Federal Reserve System to increase from 15 percent to 20 percent the aggregate amount of



investments that a national banking association and a State member bank may make to promote the public welfare.

#### Section 401. Exclusion of certain disability benefits

This section requires HUD to exclude a veteran's disability benefits from HUD's calculation of income to determine eligibility for its HUD- Veterans Affairs Supportive Housing (VASH) program. It also requires HUD to exclude such benefits from the calculation of income eligibility for any similar future HUD veteran assistance program. The section also requires HUD to exclude any service-connected disability compensation received by a veteran when determining eligibility for services under HUD's CDBG program.

#### Section 402. Military service question

This section requires the Uniform Residential Loan Application used by most mortgage lenders to include a disclosure informing military veterans that they may be eligible for a Department of Veterans Affairs (VA) home loan.

#### Section 403. HUD-USDA-VA Interagency Coordination

This section directs HUD, USDA, and VA to enter into a memorandum of understanding to strengthen interagency

coordination regarding housing-related research, data, and market information.

#### Section 404. Family self-sufficiency escrow expansion pilot program

This section establishes a HUD pilot program allowing up to 5,000 families assisted under Section 8 or Section 9 of the U.S. Housing Act of 1937 to be enrolled in an opt-out escrow savings program that deposits increases in rent due to income growth into an interest-bearing account on their behalf.

#### Section 405. Reforms to housing counseling and financial literacy programs

This section requires that organizations receiving federal funding to provide housing counseling and advice to tenants and homeowners are subject to periodic on-site reviews and performance reviews by HUD. The section also requires HUD to subject poorly performing housing counselors to continued education training requirements, suspensions, or the termination of federal assistance.

#### Section 406. Establishment of eviction helpline

This section requires HUD to establish a helpline for tenants of federally assisted rental units to call for

assistance with respect to eviction-related matters.

#### Section 407. Temperature Sensor pilot program

This section establishes a HUD pilot program to award grants to public housing agencies and owners of federally assisted rental housing to install temperature sensors in dwelling units, with the written permission of tenants, to ensure compliance with temperature-related housing quality standards.

#### Section 408. GAO studies

This section directs GAO to study options to remove barriers and improve housing for elderly and disabled residents under HUD programs, including evaluating the potential impacts of providing capital support, strengthening accessibility standards, expanding service coordination, and improving program alignment across federal housing initiatives. This section also directs GAO to identify the number of residential dwelling units, including public housing units, located within one mile of Environmental Protection Agency--designated Superfund sites and to report those findings to Congress. Lastly, this section directs GAO to establish a comprehensive definition of residential ``heirs property," increase awareness of the range of tools available to owners of heirs

properties, and to make recommendations on how to assist owners of heirs properties.

#### Section 501. Requirement to testify

This section requires the HUD Secretary to testify before Congress on an annual basis regarding the Department's operations, oversight activities, and program performance.

#### Section 502. Improving public housing agency accountability

This section requires HUD to mandate that public housing agencies publicly disclose information regarding each contract they enter into and ensure that such agreements are made available online for public viewing. This section also requires troubled public housing agencies (PHAs) currently subject to the oversight of a receiver or federal monitor to provide annual notice to HUD regarding the status. It requires each receiver or Federal monitor of troubled PHA to provide an annual written assessment of the status of their work to Congress, as well as require each receiver or Federal monitor to provide additional information (including through congressional testimony) regarding updates on their work upon request by the House Committee on Financial Services or Senate Committee on Banking, Housing, and Urban Affairs.

Section 502 requires each troubled PHA to publicly disclose

on their website information regarding any new contract that the PHA enters into while subject to a receiver or Federal monitor. It also requires, upon request by the House Committee on Financial Services or Senate Committee on Banking, Housing, and Urban Affairs, the HUD Inspector General to issue a report on the compliance of a troubled PHA with the terms of its receivership or federal monitorship and assess the physical condition of the housing it operates, with recommendations on how to improve a PHA's compliance or enhance oversight of that troubled PHA.

#### 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 italics, and existing law in which no change is proposed is shown in roman):

#### HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992

\* \* \* \* \*

## TITLE XII--REMOVAL OF REGULATORY BARRIERS TO AFFORDABLE HOUSING

\* \* \* \* \*

### [SEC. 1205. REGULATORY BARRIERS CLEARINGHOUSE.

[(a) Establishment.--The Secretary of Housing and Urban Development shall establish a clearinghouse to serve as a national repository to receive, collect, process, assemble, and disseminate information regarding--

[(1) State and local laws, regulations, and policies affecting the development, maintenance, improvement, availability, or cost of affordable housing (including tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on investment in residential property), and the prevalence and effects on affordable housing of such laws, regulations, and policies;

[(2) State and local activities, strategies, and plans to remove or ameliorate the negative effects, if any, of such laws, regulations, and policies, including particularly innovative or successful activities, strategies, and plans; and

[(3) State and local strategies, activities and plans

that promote affordable housing and housing desegregation, including particularly innovative or successful strategies, activities, and plans.

[(b) Functions.--The clearinghouse established under subsection (a) shall--

[(1) respond to inquiries from State and local governments, other organizations, and individuals requesting information regarding State and local laws, regulations, policies, activities, strategies, and plans described in subsection (a);

[(2) provide assistance in identifying, examining, and understanding such laws, regulations, policies, activities, strategies, and plans; and

[(3) by making available through a World Wide Web site of the Department, by electronic mail, or otherwise, provide to each housing agency of a unit of general local government that serves an area having a population greater than 100,000, an index of all State and local strategies and plans submitted under subsection (a) to the clearinghouse, which--

[(A) shall describe the types of barriers to affordable housing that the strategy or plan was designed to ameliorate or remove; and

[(B) shall, not later than 30 days after submission to the clearinghouse of any new strategy or plan, be updated to include the new

strategy or plan submitted.

[(c) Organization.--The clearinghouse under this section shall be established within the Office of Policy Development of the Department of Housing and Urban Development and shall be under the direction of the Assistant Secretary for Policy Development and Research.

[(d) Timing.--The clearinghouse under this section (as amended by section 103 of the Housing Affordability Barrier Removal Act of 2000) shall be established and commence carrying out the functions of the clearinghouse under this section not later than 1 year after the date of the enactment of such Act. The Secretary of Housing and Urban Development may comply with the requirements under this section by reestablishing the clearinghouse that was originally established to comply with this section and updating and improving such clearinghouse to the extent necessary to comply with the requirements of this section as in effect pursuant to the enactment of such Act.]

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ACT



\* \* \* \* \*

administrative provisions

Sec. 7. (a) The personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, or other funds held, used, arising from, or available or to be made available in connection with, the functions, powers, and duties transferred by section 5 of this Act are hereby transferred with such functions, powers, and duties, respectively.

(c) The Secretary is authorized, subject to the civil service and classification laws, to select, appoint, employ, and fix the compensation of such officers and employees, including attorneys as shall be necessary to carry out the provisions of this Act and to prescribe their authority and duties: Provided, That any other provisions of law to the contrary notwithstanding, the Secretary may fix the compensation for not more than six positions in the Department at the annual rate applicable to positions in level V of the Federal Executive Salary Schedule provided by the Federal Executive Salary Act of 1964.

(d) The Secretary may delegate any of his functions, powers, and duties to such officers and employees of the Department as

he may designate, may authorize such successive redelegations of such functions, powers, and duties as he may deem desirable, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. The second proviso of section 101(c) of the Housing Act of 1949 is hereby repealed.

(e) The Secretary may obtain services as authorized by section 15 of the Act of August 2, 1946, at rates for individuals not to exceed the per diem equivalent to the highest rate for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code. The Secretary is authorized to enter into contracts with private companies for the provision of such managerial support to the Federal Housing Administration as the Secretary determines to be appropriate, including but not limited to the management of insurance risk and the improvement of the delivery of mortgage insurance.

(f) The Secretary is authorized to establish a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as he shall find to be desirable in the interest of economy and efficiency in the Department, including such services as a central supply service for stationery and other supplies and equipment for which adequate stocks may be maintained to meet in whole or in part the requirements of the Department and its agencies; central messenger, mail, telephone, and other communications services;

office space; central services for document reproduction and for graphics and visual aids; and a central library service. In addition to amounts appropriated to provide capital for said fund, which appropriations are hereby authorized, the fund shall be capitalized by transfer to it of such stocks of supplies and equipment on hand or on order as the Secretary shall direct. Such funds shall be reimbursed from available funds of agencies and offices in the Department for which services are performed at rates which will return in full all expenses of operation, including reserves for accrued annual leave and for depreciation of equipment.

(g) The Secretary shall cause a seal of office to be made for the Department of such device as he shall approve, and judicial notice shall be taken of such seal.

(h) Except as such authority is otherwise expressly provided in any other Act administered by the Secretary, such financial transactions of the Secretary as the making of loans or grants (and vouchers approved by the Secretary in connection with such financial transactions) shall be final and conclusive upon all officers of the Government. Funds made available to the Secretary pursuant to any provision of law for such financial transactions shall be deposited in a checking account or accounts with the Treasurer of the United States. Such funds and any receipts and assets obtained or held by the Secretary in connection with such financial transactions shall be available, in such amounts as may from year to year be

authorized by the Congress, for the administrative expenses of the Secretary in connection with such financial transactions. Notwithstanding the provisions of any other law, the Secretary may, with the approval of the Comptroller General, consolidate into one or more accounts for banking and checking purposes all cash obtained or held in connection with such financial transactions, including amounts appropriated, from whatever source derived.

(i) Except as such authority is otherwise expressly provided in any other Act administered by the Secretary, the Secretary is authorized to--

(1) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which he has made a loan or grant. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of lease, and otherwise deal with, such property: Provided, That any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws

of the inhabitants on such property: Provided further,  
That section 3709 of the Revised Statutes shall not  
apply to any contract for services or supplies on  
account of any property so acquired or owned if the  
amount of such contract does not exceed \$2,500;

(2) enter into agreements to pay annual sums in lieu  
of taxes to any State or local taxing authority with  
respect to any real property so acquired or owned;

(3) sell or exchange at public or private sale, or  
lease, real or personal property, and sell or exchange  
any securities or obligations, upon such terms as he  
may fix;

(4) obtain insurance against loss in connection with  
property and other assets held;

(5) consent to the modification, with respect to the  
rate of interest, time of payment of any installment of  
principal or interest, security, or any other term of  
any contract or agreement to which he is a party or  
which has been transferred to him; and

(6) include in any contract or instrument such other  
covenants, conditions, or provisions as he may deem  
necessary, including any provisions relating to the  
authority or requirements under paragraph (5).

(j) Notwithstanding any other provision of law the Secretary  
is authorized to establish fees and charges, chargeable against  
program beneficiaries and project participants, which shall be

adequate to cover over the long run, costs of inspection, project review and financing service, audit by Federal or federally authorized auditors, and other beneficial rights, privileges, licenses, and services. Such fees and charges heretofore or hereafter collected shall be considered nonadministrative and shall remain available for operating expenses of the Department in providing similar services on a consolidated basis.

(k)(1) The Secretary is authorized to accept and utilize voluntary and uncompensated services and accept, hold, administer, and utilize gifts and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts and bequests of money and the proceeds from sales of other property received as gifts or bequest shall be deposited in the Treasury in a separate fund and shall be disbursed upon order of the Secretary. Property accepted pursuant to this paragraph, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest.

(2) For the purpose of Federal income, estate, and gift taxes, property accepted under paragraph (1) shall be considered as a gift or bequest to or for use of the United States.

(3) Upon the request of the Secretary, the Secretary of the Treasury may invest and reinvest in securities of the United States or in securities guaranteed as to principal and interest

by the United States any moneys contained in the fund provided for in paragraph (1). Income accruing from such securities and from any other property held by the Secretary pursuant to paragraph (1) shall be deposited to the credit of the fund and shall be disbursed upon order of the Secretary.

(l) The Secretary is authorized to appoint, without regard to the civil service laws, such advisory committees as shall be appropriate for the purpose of consultation with and advice to the Department in performance of its functions. Members of such committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Secretary, may be paid compensation at rates not exceeding those authorized for individuals under subsection (e) of this section, and while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(m) Whenever he shall determine that, because of location, or other considerations, any rental housing project assisted under title II of the National Housing Act or title I of the Housing and Urban Development Act of 1965 could ordinarily be expected substantially to serve the family housing needs of lower income military personnel serving on active duty, the Secretary is authorized to provide for or approve such preference or

priority of occupancy of such project by such military personnel as he shall determine is appropriate to assure that the project will serve their needs on a continuing basis notwithstanding the frequency with which individual members of such personnel may be transferred or reassigned to new duty stations.

(n) Notwithstanding any other provision of law, the Secretary is authorized by contract or otherwise to establish, equip, and operate a day care center facility or facilities, or to assist in establishing, equipping, and operating interagency day care facilities for the purpose of serving children who are members of households of employees of the Department. The Secretary is authorized to establish or provide for the establishment of appropriate fees and charges to be chargeable against the Department of Housing and Urban Development employees or others who are beneficiaries of services provided by any such day care center. In addition, limited start-up costs may be provided by the Secretary in an amount limited to 3 per centum of the first year's operating budget, but not to exceed \$3,500.

(o)(1) Notwithstanding any other provision of law, the Secretary shall transmit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives an agenda of all rules or regulations which are under development or review by the Department. Such an agenda shall be transmitted to such Committees within 30 days of the date of



enactment of this subsection and at least semiannually thereafter.

(2)(A) Any rule or regulation which is on any agenda submitted under paragraph (1) may not be published for comment prior to or during the 15-calendar day period beginning on the day after the date on which such agenda was transmitted. If within such period, either Committee notifies the Secretary in writing that it intends to review any rule or regulation or portion thereof which appears on the agenda, the Secretary shall submit to both Committees a copy of any such rule or regulation, in the form it is intended to be proposed, at least 15 calendar days prior to its being published for comment in the Federal Register.

(B) Any rule or regulation which has not been published for comment before the date of enactment of this subsection and which does not appear on an agenda submitted under paragraph (1) shall be submitted to both such Committees at least 15 calendar days prior to its being published for comment.

(3) No rule or regulation may become effective until after the expiration of the 30-calendar day period beginning on the day after the day on which such rule or regulation is published as final. Any regulation implementing any provision of the Department of Housing and Urban Development Reform Act of 1989 that authorizes the imposition of a civil money penalty may not become effective until after the expiration of a public comment period of not less than 60 days.

(4) The provisions of paragraphs (2) and (3) may be waived upon the written request of the Secretary, if agreed to by the Chairmen and Ranking Minority Members of both Committees.

(7) The Secretary shall include with each rule or regulation required to be transmitted to the Committees under this subsection a detailed summary of all changes required by the Office of Management and Budget that prohibit, modify, postpone, or disapprove such rule or regulation in whole or part.

(p) A plan for the reorganization of any regional, area, insuring, or other field office of the Department of Housing and Urban Development may take effect only upon the expiration of 90 days after publication in the Federal Register of a cost-benefit analysis of the effects of the plan on each office involved. Such cost-benefit analysis shall include, but not be limited to--

(1) an estimate of cost savings supported by the background information detailing the source and substantiating the amount of the savings;

(2) an estimate of the additional cost which will result from the reorganization;

(3) a study of the impact on the local economy; and

(4) an estimate of the effect of the reorganization on the availability, accessibility, and quality of services provided for recipients of those services.

Where any of the above factors cannot be quantified, the

Secretary shall provide a statement on the nature and extent of those factors in the cost-benefit analysis.

(q)(1) Any waiver of regulations of the Department shall be in writing and shall specify the grounds for approving the waiver.

(2) The Secretary may delegate authority to approve a waiver of a regulation only to an individual of Assistant Secretary rank or equivalent rank, who is authorized to issue the regulation to be waived.

(3) The Secretary shall notify the public of all waivers of regulations approved by the Department. The notification shall be included in a notice in the Federal Register published not less than quarterly. Each notification shall cover the period beginning on the day after the last date covered by the prior notification, and shall--

(A) identify the project, activity, or undertaking involved;

(B) describe the nature of the requirement that has been waived and specify the provision involved;

(C) specify the name and title of the official who granted the waiver request;

(D) include a brief description of the grounds for approval of the waiver; and

(E) state how more information about the waiver and a copy of the request and the approval may be obtained.

(4) Any waiver of a provision of a handbook of the Department

shall--

(A) be in writing;

(B) specify the grounds for approving the waiver; and

(C) be maintained in indexed form and made available for public inspection for not less than the 3-year period beginning on the date of the waiver.

(r)(1) For the programs listed in paragraph (2), amounts appropriated under this subsection shall be available to the Secretary for evaluating and monitoring of all such programs (including all aspects of the public housing and section 202 programs) and collecting and maintaining data for such purposes. The Secretary shall expend amounts made available under this subsection in accordance with the need and complexity of evaluating and monitoring each such program and collecting and maintaining data for such purposes.

(2) The programs subject to this subsection shall be the programs authorized under--

(A) titles I and II of the United States Housing Act of 1937;

(B) section 202 of the Housing Act of 1959;

(C) section 106 of the Housing and Urban Development Act of 1968;

(D) the Fair Housing Act;

(E) title I and section 810 of the Housing and Community Development Act of 1974;

(F) section 201 of the Housing and Community

Development Amendments of 1978;

(G) the Congregate Housing Services Act of 1978;

(H) section 222 of the Housing and Urban-Rural  
Recovery Act of 1983;

(I) section 561 of the Housing and Community  
Development Act of 1987;

(J) title IV of the Stewart B. McKinney Homeless  
Assistance Act; and

(K) titles II, III, and IV and section 811 of the  
Cranston-Gonzalez National Affordable Housing Act.

(3) In conducting evaluations and monitoring pursuant to the authority under this subsection, and collecting and maintaining data pursuant to the authority under this subsection, the Secretary shall determine any need for additional staff and funding relating to evaluating and monitoring the programs under paragraph (2) and collecting and maintaining data for such purposes.

(4)(A) The Secretary may provide for evaluation and monitoring under this subsection and collecting and maintaining data for such purposes directly or by grants, contracts, or interagency agreements. Not more than 50 percent of the amounts made available under paragraph (1) may be used for grants, contracts, or interagency agreements.

(B) Any amounts not used for grants, contracts, or interagency agreements under subparagraph (A) shall be used in a manner that increases and strengthens the ability of the

Department to monitor and evaluate the programs under paragraph (2) and to collect and maintain data for such purposes through officers and employees of the Department.

(5) There are authorized to be appropriated to carry out this subsection such sums as may be necessary for fiscal year 1993 and fiscal year 1994. Such amounts shall remain available until expended.

(s)(1) Notwithstanding any other provision of law, there is authorized to be appropriated for salaries and expenses to carry out the purposes of this section \$988,000,000 for fiscal year 1993 and \$1,029,496,000 for fiscal year 1994.

(2) Of the amounts authorized to be appropriated by this section, \$96,000,000 shall be available for each of the fiscal years 1993 and 1994, which amounts shall be used to provide staff in regional, field, or zone offices of the Department of Housing and Urban Development to review, process, approve, and service applications for mortgage insurance under title II of the National Housing Act for housing consisting of 5 or more dwelling units.

(3) Of the amounts authorized to be appropriated to carry out this section, not less than \$5,000,000 of such amount shall be available for each fiscal year exclusively for the purposes of providing ongoing training and capacity building for Department personnel.

(t) Training Regarding Issues Relating to Grandparent-Headed and Relative-Headed Families.--The Secretary shall ensure that

all personnel employed in field offices of the Department who have responsibilities for administering the housing assistance program under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) or the supportive housing program under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), and an appropriate number of personnel in the headquarters office of the Department who have responsibilities for those programs, have received adequate training regarding how covered families (as that term is defined in section 202 of the LEGACY Act of 2003) can be served by existing affordable housing programs.

(u) Annual Testimony.--The Secretary shall appear before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate at an annual hearing and present testimony regarding the operations of the Department during the preceding year, including--

- (1) the current programs and operations of the Department;
- (2) the physical condition of all public housing and other housing assisted by the Department;
- (3) the financial health of the mortgage insurance funds of the Federal Housing Agency;
- (4) oversight by the Department of grantees and subgrantees for purposes of preventing waste, fraud, and abuse;
- (5) the progress made by the Federal Government in

ending the affordable housing and homelessness crises;

(6) the capacity of the Department to deliver on its statutory mission; and

(7) other ongoing activities of the Department, as appropriate.

\* \* \* \* \*

#### SEC. 13. DESIGNATION OF ENVIRONMENTAL REVIEW PROCEDURE.

(a) In General.--Except as provided in subsection (b), the Secretary may, for purposes of environmental review, decision-making, and action pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and other provisions of law that further the purposes of such Act, designate the treatment of assistance administered by the Secretary as funds for a special project for purposes of section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994 (42 U.S.C. 3547).

(b) Exception.--The designation described in subsection (a) shall not apply to assistance for which a procedure for carrying out the responsibilities of the Secretary under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and other provisions of law that further the purposes of such Act, is otherwise specified in law.



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SECTION 305 OF THE MULTIFAMILY HOUSING PROPERTY DISPOSITION REFORM ACT  
OF 1994

SEC. 305. ENVIRONMENTAL REVIEW PROVISIONS.

(a) [Omitted--amends another Act]

(b) [Omitted--amends another Act]

(c) Special Projects.--

(1) In general.--

(A) Release of funds.--In order to assure that the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act (as specified in regulations issued by the Secretary) are most effectively implemented in connection with the expenditure of funds for special projects appropriated under an appropriations Act for the Department of Housing and Urban Development, such as special projects under the head ``Annual Contributions

for Assisted Housing" in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993, and to assure to the public undiminished protection of the environment, the Secretary of Housing and Urban Development may, under such regulations, in lieu of the environmental protection procedures otherwise applicable, provide for the release of funds for particular special projects upon the request of recipients of special projects assistance, if the [State or unit of general local government] State, Indian Tribe, or unit of general local government, as designated by the Secretary in accordance with regulations, assumes all of the responsibilities for environmental review, decisionmaking, and action pursuant to such Act, and such other provisions of law as the regulations of the Secretary specify, that would otherwise apply to the Secretary were the Secretary to undertake such special projects as Federal projects.

(B) Implementation.--The Secretary shall issue regulations to carry out this subsection only after consultation with the Council on

Environmental Quality. Such regulations shall--

(i) provide for monitoring of the performance of environmental reviews under this subsection;

(ii) in the discretion of the Secretary, provide for the provision or facilitation of training for such performance; and

(iii) subject to the discretion of the Secretary, provide for suspension or termination by the Secretary of the assumption under subparagraph (A).

(C) Responsibilities of [state or unit of general local government] state, indian tribe, or unit of general local government.--The Secretary's duty under subparagraph (B) shall not be construed to limit any responsibility assumed by a [State or unit of general local government] State, Indian Tribe, or unit of general local government with respect to any particular release of funds under subparagraph (A).

(2) Procedure.--The Secretary shall approve the release of funds for projects subject to the procedures authorized by this subsection only if, not less than 15 days prior to such approval and prior to any commitment

of funds to such projects, the recipient submits to the Secretary a request for such release, accompanied by a certification of the [State or unit of general local government] State, Indian Tribe, or unit of general local government which meets the requirements of paragraph (3). The Secretary's approval of any such certification shall be deemed to satisfy the Secretary's responsibilities under the National Environmental Policy Act of 1969 and such other provisions of law as the regulations of the Secretary specify insofar as those responsibilities relate to the releases of funds for special projects to be carried out pursuant thereto which are covered by such certification.

(3) Certification.--A certification under the procedures authorized by this subsection shall--

- (A) be in a form acceptable to the Secretary;
- (B) be executed by the chief executive officer or other officer of the [State or unit of general local government] State, Indian Tribe, or unit of general local government who qualifies under regulations of the Secretary;
- (C) specify that the [State or unit of general local government] State, Indian Tribe, or unit of general local government under this subsection has fully carried out its

responsibilities as described under paragraph (1); and

(D) specify that the certifying officer--

(i) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 and each provision of law specified in regulations issued by the Secretary insofar as the provisions of such Act or other such provision of law apply pursuant to paragraph (1); and

(ii) is authorized and consents on behalf of the [State or unit of general local government] State, Indian Tribe, or unit of general local government and himself or herself to accept the jurisdiction of the Federal courts for the purpose of enforcement of the responsibilities as such an official.

(4) Approval by states.--In cases in which a unit of general local government carries out the responsibilities described in paragraph (1), the Secretary may permit the State to perform those actions of the Secretary described in paragraph (2) and the performance of such actions by the State, where permitted by the Secretary, shall be deemed to satisfy

the Secretary's responsibilities referred to in the second sentence of paragraph (2).

(5) Definition of indian tribe.--For purposes of this subsection, the term ``Indian Tribe'' means a federally recognized Tribe, as defined in section 4(13)(B) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(13)(B)).

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## NATIONAL HOUSING ACT

\* \* \* \* \*

## TITLE II--MORTGAGE INSURANCE

\* \* \* \* \*

### SEC. 206A. INDEXING OF FHA MULTIFAMILY HOUSING LOAN LIMITS.

(a) Method of Indexing.--The dollar amounts set forth in--

- (1) section 207(c)(3)(A) (12 U.S.C. 1713(c)(3)(A));
- (2) section 213(b)(2)(A) (12 U.S.C. 1715e(b)(2)(A));
- (3) section 220(d)(3)(B)(iii)(I) (12 U.S.C.

1715k(d)(3)(B)(iii)(I));

(4) section 221(d)(3)(ii)(I) (12 U.S.C.

1715l(d)(3)(ii)(I));

(5) section 221(d)(4)(ii)(I) (12 U.S.C.

1715l(d)(4)(ii)(I));

(6) section 231(c)(2)(A) (12 U.S.C. 1715v(c)(2)(A));

and

(7) section 234(e)(3)(A) (12 U.S.C. 1715y(e)(3)(A));

(collectively hereinafter referred to as the ``Dollar Amounts'') shall be adjusted annually [(commencing in 2004) on the effective date of the Federal Reserve Board's adjustment of the \$400 figure in the Home Ownership and Equity Protection Act of 1994 (HOEPA). The adjustment of the Dollar Amounts shall be calculated using the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) as applied by the Federal Reserve Board for purposes of the above-described HOEPA adjustment.], commencing on January 1, 2026. The adjustment of the Dollar Amounts shall be calculated by the Secretary using the percentage change in the Price Deflator Index of Multifamily Residential Units Under Construction released by the Bureau of the Census from March of the previous year to March of the year in which the adjustment is made, or calculated by the Secretary using an alternative indicator after publishing information about such alternative indicator in the Federal Register for public comment if the Price Deflator Index of Multifamily Residential Units Under

Construction is not available or published.

[(b) Notification.--The Federal Reserve Board on a timely basis shall notify the Secretary, or his designee, in writing of the adjustment described in subsection (a) and of the effective date of such adjustment in order to permit the Secretary to undertake publication in the Federal Register of corresponding adjustments to the Dollar Amounts. The dollar amount of any adjustment shall be rounded to the next lower dollar.]

(b) Rounding.--The dollar amount of any adjustment described in subsection (a) shall be rounded to the next lower dollar.

(c) Publication.--The Secretary shall publish in the Federal Register any adjustments made to the Dollar Amounts.

rental housing insurance

Sec. 207. (a) As used in this section--

(1) The term "mortgage" means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed, upon which there is located or upon which there is to be constructed a building or buildings designed principally for residential use or upon which there is located or to be constructed facilities for manufactured homes;



and the term "first mortgage" means such classes of first liens as are commonly given to secure advances (including but not being limited to advances during construction) 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 or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trust securing notes, bonds, or other credit instruments.

(2) The term "mortgagee" means the original lender under a mortgage, and its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named.

(3) The term "mortgagor" means the original borrower under a mortgage and its successors and assigns.

(4) The term "maturity date" means the date on which the mortgage indebtedness would be extinguished if paid in accordance with the periodic payments provided for in the mortgage.

(5) The term "slum or blighted area" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

(6) The term "rental housing" means housing, the occupancy

of which is permitted by the owner thereof in consideration of the payment of agreed charges, whether or not, by the terms of the agreement, such payment over a period of time will entitle the occupant to the ownership of the premises or space in a manufactured home court or park properly arranged and equipped to accommodate manufactured homes.

(7) The term "State" includes the several States, and Puerto Rico, the District of Columbia, Guam, the Trust Territory of the Pacific Islands, American Samoa, and the Virgin Islands.

(b) In addition to mortgages insured under section 203, the Secretary is authorized to insure mortgages as defined in this section (including advances on such mortgages during construction) which cover property held by--

(1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation; or

(2) any other mortgagor approved by the Secretary. The Secretary may, in the Secretary's discretion, require any such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation so as to provide reasonable rentals to tenants and a reasonable return on the investment. Any such regulations or

restrictions shall continue for such period or periods as the Secretary, in the Secretary's discretion, may require, including until the termination of all obligations of the Secretary under the insurance and during such further period of time as the Secretary shall be the owner, holder, or reinsurer of the mortgage. The Secretary may make such contracts with and acquire, for not to exceed \$100, such stock or interest in the mortgagor as he may deem necessary to render effective any such regulations or restrictions. The stock or interest acquired by the Secretary shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Secretary under the insurance.

The insurance of mortgages under this section is intended to facilitate particularly the production of rental accommodations, at reasonable rents, of design and size suitable for family living. The Secretary is, therefore, authorized in the administration of this section to take action, by regulation or otherwise, which will direct the benefits of mortgage insurance hereunder primarily to those projects which make adequate provision for families with children, and in which every effort has been made to achieve moderate rental charges.

Notwithstanding any other provisions of this section, the Secretary may not insure any mortgage under this section (except a mortgage with respect to a manufactured home park

designed exclusively for occupancy by elderly persons) unless the mortgagor certifies under oath that in selecting tenants for the property covered by the mortgage he will not discriminate against any family by reason of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certification to be filed with the Secretary. Violation of any such certification shall be a misdemeanor punishable by a fine not to exceed \$500.

(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) not to exceed 90 per centum of the estimated value of the property or project (when the proposed improvements are completed): Provided, That this limitation shall not apply to mortgages on housing in Alaska, or in Guam, but such a mortgage may 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 improvements are completed (the value of the property or project as such term is used in this paragraph may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest accruing during construction, and other

miscellaneous charges incident to construction and approved by the Secretary). And provided further, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Secretary may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals; and

(3)(A) 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] \$167,310 per family unit without bedroom, [\$42,120] \$185,328 per family unit with one bedroom, [\$50,310] \$221,364 per family unit with two bedrooms, [\$62,010] \$272,844 per family unit with three bedrooms, and [\$70,200] \$308,880 per family unit with four or more bedrooms[, or not to exceed \$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] \$193,050 per family unit without a bedroom, [\$49,140] \$216,216 per family unit with one bedroom, [\$60,255] \$265,122 per family unit with two bedrooms, [\$75,465]

\$332,046 per family unit with three bedrooms, and  
[\$85,328] \$375,443 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 the Secretary may, by  
regulation, increase any of the foregoing dollar amount  
limitations contained in this paragraph by not to  
exceed 170 percent in any geographical area where the  
Secretary finds that cost levels so require and by not  
to exceed 170 percent, or 215 percent in high cost  
areas, 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.

The mortgage shall provide for complete amortization by  
periodic payments (unless otherwise approved by the Secretary)  
within such term as the Secretary shall prescribe, and shall  
bear interest at such rate as may be agreed upon by the  
mortgagor and the mortgagee. The Secretary may consent to the  
release of a part or parts of the mortgaged property from the  
lien of the mortgage upon such terms and conditions as he may

prescribe and the mortgage may provide for such release. No mortgage shall be accepted for insurance under this section or section 210 unless the Secretary finds that the property or project, with respect to which the mortgage is executed, is economically sound. Such property or project may include five or more family units and may include such commercial and community facilities as the Secretary deems adequate to serve the occupants.

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 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.

(d) The Secretary shall collect a premium charge for the insurance of mortgages under this section which shall be payable annually in advance by the mortgagee, either in cash or in debentures issued by the Secretary under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund, or of the Cooperative Management Housing Insurance Fund, at par plus accrued interest. In addition to

the premium charge herein provided for, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the appraisal of a property or project offered for insurance and for the inspection of such property or project during construction: Provided, That such charges for appraisal and inspection shall not aggregate more than 1 per centum of the original principal face amount of the mortgage.

(e) In the event that the principal obligation of any mortgage accepted for insurance under this section is paid in full prior to the maturity date, the Secretary is authorized in his discretion to require the payment by the mortgagee of an adjusted premium charge in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until such maturity date.

(g) The failure of the mortgagor to make any payment due under or provided to be paid by the terms of a mortgage insured under this section shall be considered a default under such mortgage and, if such default continues for a period of thirty days, the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Secretary, within a period and in accordance with rules and regulations to be prescribed by the Secretary of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against



the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loan not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for the account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transaction. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for mortgage insurance shall cease, and the Secretary shall issue to the mortgagee a certificate of claim as provided in subsection (h), and debentures having a par value equal to the original principal face amount of the mortgage plus such amount as the mortgagee may have paid for (A) taxes, special assessments, and water rates, which are liens prior to the mortgage; (B) insurance on the property; and (C) reasonable expenses for the completion and preservation of the property and any mortgage insurance premiums paid after default, less the sum of (i) that part of the amount of the principal obligation that has been repaid by the mortgagor, (ii) an amount equivalent to 1 per centum of the unpaid amount of such principal obligation, and (iii) any net income received by the mortgagee from the property: Provided, That the mortgagee in the event of a default under the mortgage may, at

its option and in accordance with regulations of, and in a period to be determined by, the Secretary, proceed to foreclose on and obtain possession of or otherwise acquire such property from the mortgagor after default, and receive the benefits of the insurance as herein provided, upon (1) the prompt conveyance to the Secretary of title to the property which meets the requirements of the rules and regulations of the Secretary in force at the time the mortgage was insured and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims that may have been released with the consent of the Secretary. Upon such conveyance and assignment, the obligation of the mortgagee to pay the premium charges for insurance shall cease and the mortgagee shall be entitled to receive the benefits of the insurance as provided in this subsection, except that in such event the 1 per centum deduction, set out in (ii) hereof, shall not apply. Notwithstanding any other provision of this Act, upon receipt, after the date of enactment of the Housing Act of 1964, of an application for insurance benefits on a mortgage insured under this Act, the Secretary may terminate the mortgagee's obligation to pay premium charges on the mortgage.

(h) The certificate of claim issued under this section shall be for an amount which the Secretary determines to be

sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Secretary provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Secretary. Each such certificate of claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of 3 per centum per annum which shall not be compounded. If the net amount realized from the mortgage, and all claims in connection therewith, so assigned, transferred, and delivered, and from the property covered by such mortgage and all claims in connection with such property after deducting all expenses incurred by the Secretary in handling, dealing with, acquiring title to, and disposing of such mortgage and property and in collecting such claims, exceeds the face value of the debentures issued and the cash adjustment paid to the mortgagee plus all interest paid on such debentures, such excess shall be divided as follows:

- (1) If such excess is greater than the total amount payable under the certificate of claim issued in

connection with such property, the Secretary shall pay to the holder of such certificate the full amount so payable, and any excess remaining thereafter shall be retained by the Secretary and credited to the General Insurance Fund; and

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Secretary shall pay to the holder of such certificate the full amount of such excess.

(i) Debentures issued under this section shall be executed in the name of the General Insurance Fund as obligor, shall be negotiable, and, if in book entry form, transferable, in the manner described by the Secretary in regulations, and shall be dated as of the date of default as determined in subsection (g) of this section, except that debentures issued pursuant to the provisions of section 220(f), section 221(g), and section 233 may be dated as of the date the mortgage is assigned (or the property is conveyed) to the Secretary and shall bear interest from such date. They shall bear interest at a rate established by the Secretary pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature twenty years after the date thereof. Such debentures as are issued in exchange for mortgages insured after the date of enactment of the National Housing Act Amendments of 1938 shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate,

inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. They shall be paid out of the General Insurance Fund which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and, in the case of debentures issued in certificated registered form, such guaranty shall be expressed on the face of the debentures. In the event the General Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

(j) Debentures issued under this section--

- (1) shall be in such form and amounts;
- (2) shall be subject to such terms and conditions;
- (3) shall include such provisions for redemption, if any, as may be prescribed by the Secretary of Housing and Urban Development, with the approval of the Secretary of the Treasury; and
- (4) may be in book entry or certificated registered form, or such other form as the Secretary of Housing

and Urban Development may prescribe in regulations.

(k) The Secretary is hereby authorized either to (1) acquire possession of and title to any property, covered by a mortgage insured under this section and assigned to him, by voluntary conveyance in extinguishment of the mortgage indebtedness, or (2) institute proceedings for foreclosure on the property covered by any such insured mortgage and prosecute such proceedings to conclusion. The Secretary at any sale under foreclosure may, in his discretion, for the protection of the General Insurance Fund, bid any sum up to but not in excess of the total unpaid indebtedness secured by the mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses and may become the purchaser of the property at such sale. In determining the amount to be bid, the Secretary shall act consistently with the goal established in section 203(a)(1) of the Housing and Community Development Amendments of 1978. The Secretary is authorized to pay from the General Insurance Fund such sums as may be necessary to defray such taxes, insurance, costs, fees, and other expenses in connection with the acquisition or foreclosure of property under this section. Pending such acquisition by voluntary conveyance or by foreclosure, the Secretary is authorized, with respect to any mortgage assigned to him under the provisions of subsection (g), to exercise all the rights of a mortgagee under such mortgage, including the right to sell such mortgage, and to take such action and advance such sums as may be necessary to

preserve or protect the lien of such mortgage.

(l) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Secretary shall also have power, for the protection of the interests of the General Insurance Fund, to pay out of the General Insurance Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, any property acquired by him under 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 assigned and transferred to him in connection with the assignment, transfer, and delivery provided for in this section, and at any time, upon default, to foreclose on any property secured by any mortgage assigned and transferred to or held by him: 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.

(n) In the event that a mortgage insured under this section becomes in default through failure of the mortgagor to make any payment due under or provided to be paid by the terms of the mortgage and such mortgage continues in default for a period of

thirty days, but the mortgagee does not foreclose on or otherwise acquire the property, or does not assign and transfer such mortgage and the credit instrument secured thereby to the Secretary, in accordance with subsection (g), and the Secretary is given written notice thereof, or in the event that a mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of subsection (e), and the Secretary is given written notice by the mortgagee of the payment of such obligation, the obligation to pay the annual premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.

(o) The Secretary, with the consent of the mortgagee and the mortgagor of a mortgage insured under this section prior to the date of enactment of the National Housing Act Amendments of 1938, shall be empowered to reissue such mortgage insurance in accordance with the provisions of this section as amended by such Act, and any such insurance not so reissued shall not be affected by the enactment of such Act.

(r) Notwithstanding any other provisions of this Act, the Secretary is authorized to include in any mortgage insured under any title of this Act after the effective date of the Housing Act of 1959 a provision requiring the mortgagor to pay a service charge to the Secretary in the event such mortgage is assigned to and held by the Secretary. Such service charge



shall not exceed the amount prescribed by the Secretary for mortgage insurance premiums applicable to such mortgage.

\* \* \* \* \*

#### cooperative housing insurance

Sec. 213. (a) In addition to mortgages insured under section 207 of this title, the Secretary is authorized to insure mortgages as defined in section 207(a) of this title (including advances on such mortgages during construction), which cover property held by--

(1) a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwelling of which is restricted to members of such corporation or to beneficiaries of such trust;

(2) a nonprofit corporation or nonprofit trust organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust; or

(3) a mortgagor, approved by the Secretary, which (A) has certified to the Secretary, as a condition of obtaining the insurance of a mortgage under this section, that upon completion of the property or

project covered by such mortgage it intends to sell such property or project to a nonprofit corporation or nonprofit trust of the character described in paragraph (1) of this subsection at the actual cost of such property or project as certified pursuant to section 227 of this Act and will faithfully and diligently make and carry out all reasonable efforts to consummate such sale, and (B) shall be regulated or restricted by the Secretary as to rents, charges, capital structure, rate of return, and methods of operation during any period while it holds the mortgaged property or project; and for such purpose the Secretary may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such mortgagor as the Secretary may deem necessary to render effective such restriction or regulation, such stock or interest to be paid for out of the Cooperative Management Housing Insurance Fund and to be redeemed by such mortgagor at par upon the sale of such property or project to such nonprofit corporation or nonprofit trust;

which corporations or trusts referred to in paragraphs (1) and (2) of this subsection are regulated or restricted for the purposes and in the manner provided in paragraphs numbered (1) and (2) of subsection (b) of section 207 of this title:

Provided, That as applied to mortgages the mortgage insurance for which is the obligation of the Management Fund, the

reference to the General Insurance Fund in section 207(b)(2) shall be construed to refer to the Management Fund. Nothing in this section may be construed to prevent membership in a nonprofit housing cooperative from being held in the name of a trust, the beneficiary of which shall occupy the dwelling unit in accordance with rules and regulations prescribed by the Secretary.

(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)(A) 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), [\$41,207] \$181,311 per family unit without a bedroom, [\$47,511] \$209,048 per family unit with one bedroom, [\$57,300] \$252,120 per family unit with two bedrooms, [\$73,343] \$322,709 per family unit with three bedrooms, and [\$81,708] \$359,515 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] \$193,050 per family unit without a bedroom, [\$49,710] \$218,724 per family unit with one bedroom, [\$60,446] \$265,962 per family unit with two bedrooms, [\$78,197] \$344,067 per family unit with three bedrooms, and [\$85,836] \$377,678 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; (B)(i) the Secretary may, by regulation, increase any of the dollar amount limitations in subparagraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215 percent in high cost areas, 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 (ii) 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 (iii) upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit 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 subparagraph (B)(i)..

(c) 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 (2) of subsection (a) of this section shall involve a principal obligation in an amount not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) if the mortgagor were the owner and occupant who had

made any required payment on account of the property prescribed in such paragraph.

(d) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such term as the Secretary may prescribe but not to exceed 40 years from the beginning of amortization of the mortgage, and shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee. The Secretary may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage on any project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section may provide that, at any time after the completion of the construction of the project, such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage, insured under this section, on a property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section may include five or more family units and may include such commercial and community facilities as the Secretary deems adequate to serve the occupants. Property held by a corporation or trust of the

character described in paragraph numbered (2) of subsection (a) of this section which is covered by a mortgage insured under this section may include such community facilities, and property held by a mortgagor of the character described in paragraph numbered (3) of subsection (a) of this section which is covered by a mortgage insured under this section may include such commercial and community facilities, as the Secretary deems adequate to serve the occupants.

(e) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), and (n) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages insured pursuant to subsection (d) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: Provided, That as applied to mortgages or loans the insurance for which is the obligation of the Management Fund (1) all references to the General Insurance Fund shall be construed to refer to the Management Fund, and (2) all references to section 207 shall be construed to refer to subsections (a)(1), (a)(3) (if the project involved is acquired by a cooperative corporation), (i) and (j) of this section.

(f) The Secretary is authorized, with respect to mortgages insured or to be insured under this section, to furnish technical advice and assistance in the organization of

corporations or trusts of the character described in subsection (a) of this section and in the planning, development, construction, and operation of their housing projects.

(g) Nothing in this Act shall be construed to prevent the insurance of a mortgage under this section covering a housing project designed for occupancy by single persons, and dwelling units in such a project shall constitute family units within the meaning of this section.

(h) In the event that a mortgagor of the character described in paragraph (3) of subsection (a) obtains an insured mortgage loan pursuant to this section and fails to sell the property or project covered by such mortgage to a nonprofit housing corporation or nonprofit housing trust of the character described in paragraph (1) of subsection (a) hereof, the Secretary is authorized to refuse, for such a period of time as he shall deem appropriate under the circumstances, to insure under this section any additional investor-sponsored type mortgage loans made to such mortgagor or to any other investor-sponsored mortgagor where, in the determination of the Secretary, any of its stockholders were identified with such mortgagor.

(i) Nothing in this Act shall be construed to prevent the insurance of a mortgage executed by a mortgagor of the character described in paragraph (1) of subsection (a) of this section covering property upon which dwelling units and related facilities have been constructed prior to the filing of the



application for mortgage insurance hereunder: Provided, That the Secretary determines that the consumer interest is protected and that the mortgagor will be a consumer cooperative. In the case of properties other than new construction, the limitations in this section upon the amount of the mortgage shall be based upon the appraised value of the property for continued use as a cooperative rather than upon the Secretary's estimate of the replacement cost. As to any project on which construction was commenced after the effective date of this subsection, the mortgage on such project shall be eligible for insurance under this section only in those cases where the construction was subject to inspection by the Secretary and where there was compliance with the provisions of section 212 of this title. As to any project on which construction was commenced prior to the effective date of this subsection, such inspection, and compliance with the provisions of section 212 of this title, shall not be a prerequisite.

(j)(1) With respect to any property covered by a mortgage insured under this section (or any cooperative housing project covered by a mortgage insured under section 207 as in effect prior to the enactment of the Housing Act of 1950), the Secretary is authorized upon such terms and conditions as he may prescribe, to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) made by financial institutions approved by the Secretary. The Secretary is further authorized

to make commitments to insure and to insure supplementary cooperative loans (including advances during construction or improvement) with respect to any property purchased from the Federal Government by a nonprofit corporation or trust of the character described in paragraph (1) of subsection (a), if the property is covered by an uninsured mortgage representing a part of the purchase price. As used in this subsection

“supplementary cooperative loan” means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made for the purpose of financing any of the following:

(A) Improvements or repairs of the property covered by such mortgage;

(B) Community facilities necessary to serve the occupants of the property; or

(C) Cooperative purchases and resales of memberships in order to provide necessary refinancing for resales of memberships which involve increases in equity; but in such resales by the cooperative the downpayments by the new members shall not be less than those made on the original sales of such memberships.

(2) To be eligible for insurance under this subsection, a supplementary cooperative loan shall--

(A) be limited to an amount which, when added to the outstanding mortgage indebtedness on the property, creates a total outstanding indebtedness which does not

exceed the original principal obligation of the mortgage; except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b);

(B) have a maturity satisfactory to the Secretary but not to exceed the remaining term of the mortgage; except that, in the case of repairs or improvements to a property covered by an uninsured mortgage dated more than twenty years prior to the date of the commitment to insure, of such magnitude that the Secretary deems them to be a major rehabilitation or modernization of such property, the loan may have a maturity date up to ten years in excess of the remaining term of the uninsured mortgage;

(C) be secured in such manner as the Secretary may require;

(D) contain such other terms, conditions, and restrictions as the Secretary may prescribe; and

(E) represent the obligation of a borrower of the character described in paragraph (1) of subsection (a).

(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the "Management Fund"). The Management Fund shall be used by the Secretary as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a)(1), (a)(3) (if the project is acquired by a cooperative corporation, (i) and (j)). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m). The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate. General expenses of operation of the Department of Housing and Urban Development relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

(l) The Secretary shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual

period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the Secretary may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the Secretary may determine, the Secretary is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the Secretary shall determine to be equitable and in accordance with sound actuarial and accounting practice: Provided, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the Secretary to the mortgagor or borrower: And provided further, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund pursuant to subsection (o) have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the Secretary as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

(m) The Secretary is authorized to transfer to the Management Fund commitments for insurance issued under subsection (a)(1), (i), and (j) prior to the date of enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a)(1), (a)(3) (if the project is acquired by a cooperative corporation), (i), or (j):

Provided, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the Secretary in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans the insurance of which is the obligation of either the Management Fund or the General Insurance Fund may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section. Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in debentures which are the obligation of either the Management

Fund or the General Insurance Fund.

(o) Notwithstanding any other provision of this Act, the Secretary is authorized to transfer funds between the Cooperative Management Housing Insurance Fund and the General Insurance Fund in such amounts and at such times as he may determine, taking into consideration the requirements of each such Fund, to assist in carrying out effectively the insurance programs for which such Funds were respectively established. Moneys in the Cooperative Management Housing Insurance Fund not needed for current operations of the fund shall be deposited with the Treasurer of the United States to the credit of the Cooperative Management Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to a principal and interest by, the United States or any agency of the United States: Provided, That such moneys shall to the maximum extent feasible be invested in such bonds or other obligations the proceeds of which will be used to directly support the residential mortgage market. The Secretary may with the approval of the Secretary of the Treasury, purchase in the open market debentures which are the obligations of the Cooperative Management Housing Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this subsection. Debentures so purchased shall be canceled and not reissued.

(p) Notwithstanding any other provision of this section, the project mortgage amounts which may be insured under this section may be increased by up to 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.

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rehabilitation and neighborhood conservation housing insurance

Sec. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of loan and mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are



located in an area referred to in paragraph (1) of subsection (d) of the section.

(b) The Secretary is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3)(B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage," "first mortgage," "mortgagee," "mortgagor," "maturity date," and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall--

(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed or a prior approval granted, pursuant to title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) or (iii) the area of an urban renewal project assisted under section 111 of

the Housing Act of 1949, as amended, or (iv) an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949, or (v) an area designated by the Secretary, where concentrated housing, physical development, and public service activities are being or will be carried out in a coordinated manner, pursuant to a locally developed strategy for neighborhood improvement, conservation or preservation: Provided, That, in the case of an area within the purview of clause (i) or (ii) of this subparagraph, a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Secretary of Housing and Urban Development and the Secretary has determined that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan: And provided further, That, in the case of an area within the purview of clause (iii) of this subparagraph, an urban renewal plan (as required for projects assisted under such section 111) has been approved for such area by such governing body and by the Secretary, and the Secretary has determined that

such plan conforms to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements, and that there exist the necessary authority and financial capacity to assure the completion of such urban renewal plan, and

(B) meet such standards and conditions as the Secretary shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

(2) The mortgaged property shall be held by--

(A) a mortgagor approved by the Secretary, and the Secretary may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Secretary may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Secretary may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the General Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Secretary under the insurance; or

(B) by Federal or State instrumentalities, municipal

corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations or other legal entities restricted by or under Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

(3) The mortgage shall--

(A)(i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount not to exceed the applicable maximum principal obligation which may be insured in the area under section 203(b); or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Secretary may prescribe) the applicable maximum principal obligation secured by a four-family residence which may be insured in the area under section 203(b) plus not to exceed \$9,165 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum to (1) 97 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than

one year prior to the application for mortgage insurance, 90 per centum) of \$25,000 of the Secretary's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, and (2) 95 per centum of such value in excess of \$25,000:

Provided, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Secretary's estimate of the value of the property before repair and rehabilitation rather than upon the Secretary's estimate of the replacement cost: Provided further, That 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 (1) 100 per centum of \$25,000 of the Secretary's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance and (2) 95 per centum of such value in excess of \$25,000. 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 ninety days (or as certified by the Secretary of Defense as having performed extrahazardous 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; and

(ii) in no case involving refinancing have a principal obligation in an amount exceeding the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Secretary) required to refinance existing indebtedness secured by the property or project, plus any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or

(B)

(ii) not exceed 90 per centum of the amount which the Secretary estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Secretary, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all

of the foregoing items except the land unless the Secretary, after certification that such allowance is unreasonable shall by regulation prescribe a lesser percentage): Provided, That in the case of properties other than new construction, the foregoing limitations upon the amount of the mortgage shall be based upon the sum of the estimated cost of repair and rehabilitation and the Secretary's estimate of the value of the property before repair and rehabilitation rather than upon the Secretary's estimate of the replacement cost:

Provided further, That the mortgage may involve the financing of the purchase of property which has been rehabilitated by a local public agency with Federal assistance pursuant to section 110(c)(8) of the Housing Act of 1949, and, in such case the foregoing limitations upon the amount of the mortgage shall be based upon the appraised value of the property as of the date the mortgage is accepted for insurance;

(iii)(I) 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] \$167,310 per family unit without a bedroom, [\$42,120] \$185,328 per family unit with one bedroom, [\$50,310] \$221,364 per family unit with two bedrooms, [\$62,010] \$272,844 per family unit with three bedrooms, and [\$70,200] \$308,880 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] \$193,050 per family unit without a bedroom, [\$49,140] \$216,216 per family unit with one bedroom, [\$60,255] \$265,122 per family unit with two bedrooms, [\$75,465] \$332,046 per family unit with three bedrooms, and [\$85,328] \$375,443 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 (II) 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 dollar amount limitations in subparagraph (B)(iii)(I) (as such limitations may have been adjusted in accordance with section 206A of this Act) which are applicable to units with two, three, or four or more bedrooms; (III) the Secretary may, by regulation, increase the dollar amount limitations contained in subparagraph (B)(iii)(I) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215



percent in high cost areas, 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); (IV) That nothing contained in this subparagraph (B)(iii)(I) 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; (V) the Secretary may further increase any of the dollar limitations which would otherwise apply to such projects 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

(iv) include such nondwelling facilities as the Secretary deems desirable and consistent with the urban renewal plan or, where appropriate with the locally developed strategy for neighborhood improvement, conservation or preservation: Provided, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the Secretary to contribute to the economic feasibility of the project, and the Secretary shall give due consideration to the possible effect of the project on other business enterprises in the community.

(4) The mortgage shall provide for complete amortization by periodic payments (unless otherwise approved by the Secretary) within such terms as the Secretary may prescribe, but as to mortgages coming within the provisions of paragraph (3)(A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203(b)(3). The mortgage shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Secretary may in the Secretary's discretion prescribe.

(e) The Secretary may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided--

(1) as to mortgages meeting the requirements of paragraph (3)(A) of subsection (d) of this section, as provided in section 204(a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (i), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund and all references therein to section 203 shall be construed to refer to this section;

(2) as to mortgages meeting the requirements of paragraph (3)(B) of subsection (d) of this section, as provided in section 207(g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all

references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the General Insurance Fund; or

(3) as to mortgages meeting the requirements of this section that are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Secretary in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Secretary and made previously by the mortgagee under the provisions of the mortgage. After the acquisition of the mortgage by the Secretary the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Secretary when he has acquired an

insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Secretary, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and (B) all references in section 204 to section 203 shall be construed to refer to this section. If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Secretary.

(h)(1) To assist further in the conservation, improvement, repair, and rehabilitation of property located in the area of an urban renewal project, or in an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949, as provided in paragraph (1) of subsection (d) of this section, the Secretary is authorized upon such terms and conditions as he may prescribe to make commitments to insure and to insure home improvement loans (including advances during construction or improvement) made by financial institutions on and after the date of enactment of the Housing Act of 1961. As used in this

subsection--

(A) the term "home improvement loan" means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit made--

(i) for the purpose of financing the improvement of an existing structure (or in connection with an existing structure) which was constructed not less than ten years prior to the making of such loan, advance of credit, or purchase, and which is used or will be used primarily for residential purposes: Provided, That a home improvement loan shall include a loan, advance, or purchase with respect to the improvement of a structure which was constructed less than ten years prior to the making of such loan, advance, or purchase if the proceeds are or will be used primarily for major structural improvements, or to correct defects which were not known at the time of the completion of the structure or which were caused by fire, flood, windstorm, or other casualty; or

(ii) for the purpose of enabling the borrower to pay that part of the cost of the construction or installation of sidewalks, curbs, gutters, street paving, street lights,

sewers, or other public improvements, adjacent to or in the vicinity of property owned by him and used primarily for residential purposes, which is assessed against him or for which he is otherwise legally liable as the owner of such property;

(B) the term "improvement" means conservation, repair, restoration, rehabilitation, conversion, alteration, enlargement, or remodeling; and

(C) the term "financial institution" means a lender approved by the Secretary as eligible for insurance under section 2 or a mortgagee approved under section 203(b)(1).

(2) To be eligible for insurance under this subsection, a home improvement loan shall--

(i) not exceed the Secretary's estimate of the cost of improvement, or \$12,000 per family unit, whichever is the lesser, and be limited as required by paragraph (11): Provided, That the Secretary may, by regulation, increase such amount by not to exceed 45 per centum in any geographical area where he finds that cost levels so require;

(ii) be limited to an amount which when added to any outstanding indebtedness related to the property (as determined by the Secretary) creates a total

outstanding indebtedness which does not exceed the limits provided in subsection (d)(3) for properties (of the same type) other than new construction;

(iii) bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee;

(iv) have a maturity satisfactory to the Secretary, but not to exceed twenty years from the beginning of amortization of the loan;

(v) comply with such other terms, conditions, and restrictions as the Secretary may prescribe; and

(vi) represent the obligation of a borrower who is the owner of the property improved, or a lessee of the property under a lease for not less than 99 years which is renewable or under a lease having an expiration date in excess of 10 years later than the maturity date of the loan.

(3) Any home improvement loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Secretary may prescribe, but in no event for an additional amount or terms in excess of the maximum provided for in this subsection.

(5) The Secretary is authorized to fix a premium charge for the insurance of home improvement loans under this subsection but in the case of any such loan such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of



the amount of the principal obligation of the loan outstanding at any time, without taking into account delinquent payments or prepayments. Such premium charges shall be payable by the financial institution either in cash or in debentures (at par plus accrued interest) issued by the Secretary as obligations of the General Insurance Fund, in such manner as may be prescribed by the Secretary, and the Secretary may require the payment of one or more such premium charges at the time the loan is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the loan. If the Secretary finds upon presentation of a loan for insurance and the tender of the initial premium charge or charges so required that the loan complies with the provisions of this subsection, such loan may be accepted for insurance by endorsement or otherwise as the Secretary may prescribe. In the event the principal obligation of any loan accepted for insurance under this subsection is paid in full prior to the maturity date, the Secretary is authorized to refund to the financial institution for the account of the borrower all, or such portions as he shall determine to be equitable, of the current unearned premium charges theretofore paid.

(6) In cases of defaults on loans insured under this subsection, upon receiving notice of default, the Secretary, in accordance with such regulations as he may prescribe, may acquire the loan and any security therefor upon payment to the financial institution in cash or in debentures (as provided in

the loan insurance contract) of a total amount equal to the unpaid principal balance of the loan, plus any accrued interest, any advances approved by the Secretary made previously by the financial institution under the provisions of the loan instruments, and reimbursement for such collection costs, court costs, and attorney fees as may be approved by the Secretary. If the insurance payment is made in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Secretary.

(7) Debentures issued under this subsection shall be executed in the name of the General Insurance Fund as obligor, shall be negotiable, and, if in book entry form, transferable, in the manner described by the Secretary in regulations, and shall be dated as of the date the loan is assigned to the Secretary and shall bear interest from that date. They shall bear interest at a rate, established by the Secretary pursuant to section 224, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature ten years after their date of issuance. They shall be exempt from taxation as provided in section 207(i) with respect to debentures issued under that section. They shall be paid out of the General Insurance Fund which shall be primarily liable therefor and they shall be fully and unconditionally guaranteed as to principal and interest by the United States, and, in the case

of debentures issued in certificated registered form, the guaranty shall be expressed on the face of the debentures. In the event the General Insurance Fund fails to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Secretary of the Treasury shall pay the holders the amount thereof which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures. Debentures issued under this subsection shall be in such form and amounts; shall be subject to such terms and conditions; and shall include such provisions for redemption, if any, as may be prescribed by the Secretary of Housing and Urban Development, with the approval of the Secretary of the Treasury; and may be in book entry or certificated registered form, or such other form as the Secretary of Housing and Urban Development may prescribe in regulations.

(8) The provisions of subsections (c), (d), and (h) of section 2 shall apply to home improvement loans insured under this subsection and for the purposes of this subsection references in subsections (c), (d), and (h) of section 2 to ``this section" or ``this title" shall be construed to refer to this subsection.

(9)(A) Notwithstanding any other provisions of this Act, no home improvement loan executed in connection with the

improvement of a structure for use as rental accommodations for five or more families shall be insured under this subsection unless the borrower has agreed (i) to certify, upon completion of the improvement and prior to final endorsement of the loan, either that the actual cost of improvement equaled or exceeded the proceeds of the home improvement loan, or the amount by which the proceeds of the loan exceed the actual cost, as the case may be, and (ii) to pay forthwith to the financial institution, for application to the reduction of the principal of the loan, the amount, if any, certified to be in excess of the actual cost of improvement. Upon the Secretary's approval of the borrower's certification as required under this paragraph, the certification shall be final and incontestable, except for fraud or material misrepresentation on the part of the borrower.

(B) As used in subparagraph (A), the term "actual cost" means the cost to the borrower of the improvement, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, such allocations of general overhead items as are acceptable to the Secretary, and other items of expense approved by the Secretary, plus a reasonable allowance for builder's profit if the borrower is also the builder, as defined by the Secretary, and excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the improvement.

(10) Notwithstanding any other provisions of this Act, the Secretary is authorized and empowered (i) to make expenditures and advances out of funds made available by this Act to preserve and protect his interest in any security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by, or acquired by the Secretary or by the United States under this subsection, or section 2 or 203(k); and (ii) to bid for and to purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any loan or other indebtedness owing to or acquired by the Secretary or by the United States under this subsection or section 2 or 203(k). The authority conferred by this paragraph may be exercised as provided in the last sentence of section 204(g).

(11) Notwithstanding any other provision of this Act, no home improvement loan made in whole or in part for the purpose specified in clause (A)(ii) of the second sentence of paragraph (1) shall be insured under this subsection if such loan (or the portion thereof which is attributable to such purpose), when added to the aggregate principal balance of any outstanding loans insured under this subsection or section 203(k) which were made to the same borrower for the purpose so specified (or the portion of such aggregate balance which is attributable to such purpose), would exceed \$10,000 or such additional amount as the Secretary has by regulation prescribed in any

geographical area where he finds cost levels so required pursuant to the authority vested in him by the proviso in paragraph (2)(i) of this subsection.

housing for moderate income and displaced families

Sec. 221. (a) This section is designed to assist private industry in providing housing for low and moderate income families and displaced families.

(b) The Secretary is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage (including advances during construction on mortgages covering property of the character described in paragraphs (3) and (4) of subsection (d) of this section) which is eligible for insurance as provided herein and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date" and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section, a mortgage shall--

(1) have been made to and be held by a mortgagee approved by the Secretary as responsible and able to

service the mortgage properly;

(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Secretary under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall 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 (i) \$31,000 (or \$36,000, if the mortgagor's family includes five or more persons) in the case of a property upon which there is located a dwelling designed principally for a single-family residence, (ii) \$35,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, (iii) \$48,600 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, or (iv) \$59,400 in the case of a property upon which there is located a dwelling designed principally for a four-family residence, except that the Secretary may increase the foregoing amounts to not to exceed \$36,000 (or \$42,000 if the mortgagor's family includes five or more persons), \$45,000, \$57,600, and \$68,400,

respectively, in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value of the property (as of the date the mortgage is accepted for insurance): Provided, That (i)(1) in the case of a displaced family, he shall have paid on account of the property at least \$200 in the case of a single family dwelling, \$400 in the case of a two-family dwelling, \$600 in the case of a three-family dwelling, and \$800 in the case of a four-family dwelling, or (2) in the case of any other family, he shall have paid on account of the property at least 3 per centum of the Secretary's estimate of its acquisition cost (excluding the mortgage insurance premium paid at the time the mortgage is insured), in cash or its equivalent; which amount in either instance may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, and other prepaid expenses; or, (ii) in the case of repair and rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Secretary's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Secretary) required to refinance existing indebtedness



secured by the property: Provided further, That the mortgagor shall to the maximum extent feasible be given the opportunity to contribute the value of his labor as equity in such dwelling; or

(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)(I) 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; (II) the Secretary may, by regulation, increase any of the dollar amount limitations in subclause (I) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels

so require and by not to exceed 170 percent, or 215 percent in high cost areas, 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

(iii) not exceed (1) in the case of new construction, the amount which the Secretary estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, incident to construction and approved by the Secretary), or (2) in the case of repair and rehabilitation, the sum of the estimated cost of repair and rehabilitation and the Secretary's estimate of the value of the property before repair and rehabilitation:

Provided, That the mortgage may involve the

financing of the purchase of property which has been rehabilitated by a local public agency with Federal assistance pursuant to section 110(c)(8) of the Housing Act of 1949, and, in such case, the amount of the mortgage shall not exceed the appraised value of the property as of the date the mortgage is accepted for insurance: Provided further, That in the case of any mortgagor other than a nonprofit corporation or association, cooperative (including an investor-sponsor), or public body, or a mortgagor meeting the special requirements of subsection (e)(1), the amount of the mortgage shall not exceed 90 per centum of the amount otherwise authorized under this section: Provided further, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as a rental or cooperative project, and low and moderate income families or displaced families shall be eligible for occupancy in accordance with such regulations and procedures as may be prescribed by the Secretary and the Secretary may adopt such requirements as he determines to be desirable regarding consultation with local public officials where such consultation is

appropriate by reason of the relationship of  
such project to projects under other local  
programs; or

(4) if executed by a mortgagor and which is approved  
by the Secretary--

(ii)(I) 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] \$166,509 per family unit without a  
bedroom, [\$42,954] \$188,997 per family unit  
with one bedroom, [\$51,920] \$228,448 per family  
unit with two bedrooms, [\$65,169] \$286,744 per  
family unit with three bedrooms, and [\$73,846]  
\$324,922 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] \$179,854 per family unit without a  
bedroom, [\$46,859] \$206,180 per family unit  
with one bedroom, [\$56,979] \$250,708 per family  
unit with two bedrooms, [\$73,710] \$324,324 per  
family unit with three bedrooms, and [\$80,913]  
\$356,017 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; (II) the Secretary may, by regulation, increase any of the dollar limitations in subclause (I) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215 percent in high cost areas, 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;

(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 percent of the amount which the Secretary estimates will be the replacement cost of the

property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Secretary, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Secretary, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage; and

(iv) not exceed 90 per centum of the sum of the estimated cost of repair and rehabilitation (including the cost of evaluating and reducing lead-based paint hazards, as such terms are defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992) and the Secretary's estimate of the value of the property before repair and rehabilitation of the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project: Provided, That the Secretary may, in his discretion, require the mortgagor to be

regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Secretary may make such contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Secretary may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the General Insurance Fund and being required to be redeemed by the mortgage at par upon the termination of all obligations of the Secretary under the insurance;

(5) bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Secretary may in his discretion prescribe: Provided, That a mortgage insured under the provisions of subsection (d)(3) shall bear interest (exclusive of any premium charges for insurance and service charge, if any) at not less than



the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined, from time to time by the Secretary of the Treasury at the request of the Secretary, by estimating the average market yield to maturity on all outstanding marketable obligations of the United States, and by adjusting such yield to the nearest one-eighth of 1 per centum, and there shall be no differentiation in the rate of interest charged under this proviso as between mortgagors under subsection (d)(3) on the basis of differences in the types or classes of such mortgagors; and

(6) provide for complete amortization by periodic payments (unless otherwise approved by the Secretary) within such terms as the Secretary may prescribe, but as to mortgages coming within the provisions of subsection (d)(2) not to exceed from the date of the beginning of amortization of the mortgage (i) 40 years in the case of a displaced family, (ii) 35 years in the case of any other family if the mortgage is approved for insurance prior to construction, except that the period in such case may be increased to not more than 40 years where the mortgagor is not able, as determined by the Secretary, to make the required payments under a mortgage having a shorter amortization period, and (iii) 30 years in the case of any other family where the mortgage is not approved for insurance prior to

construction.

(e)(1) A mortgagor which may be approved by the Secretary as provided in subsection (d)(3) includes a mortgagor which, as a condition of obtaining insurance of the mortgage and prior to the submission of its application for such insurance, has entered into an agreement (in form and substance satisfactory to the Secretary) with a private nonprofit corporation eligible for an insured mortgage under the provisions of subsection (d)(3), that the mortgagor will sell the project when it is completed to the corporation at the actual cost of the project, as certified pursuant to section 227 of this Act. The mortgagor to whom the property is sold shall be regulated or supervised by the Secretary as provided in subsection (d)(3) to effectuate its purposes.

(2) The Secretary may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The property or project shall comply with such standards and conditions as the Secretary may prescribe to establish the acceptability of such property for mortgage insurance and may include such commercial and community facilities as the Secretary deems adequate to serve the occupants: Provided, That in the case of any such property or project located in an urban renewal area, the provisions of section 220(d)(3)(B)(iv) shall

apply with respect to the nondwelling facilities which may be included in the mortgage: Provided further, That in the case of a mortgage which bears interest at the below-market interest rate prescribed in the proviso of subsection (d)(5), the provisions of section 220(d)(3)(B)(iv) shall only apply if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to commercial facilities.

A property or project covered by a mortgage insured under the provisions of subsection (d)(3) or (d)(4) shall include five or more family units: Provided, That such units, in the case of a project designed primarily for occupancy by displaced, elderly, or handicapped families, need not, with the approval of the Secretary, contain kitchen facilities, and such projects may include central dining and other shared facilities. The Secretary is authorized to adopt such procedures and requirements as he determines are desirable to assure that the dwelling accommodations provided under this section are available to displaced families. Notwithstanding any provision of this Act, the Secretary, in order to assist further the provision of housing for low and moderate income families, in his discretion and under such conditions as he may prescribe, may insure a mortgage which meets the requirements of subsection (d)(3) of this section as in effect after the date of enactment of the Housing Act of 1961, or which meets the requirements of subsection (h), (i), or (j) with no premium

charge, with a reduced premium charge, or with a premium charge for such period or periods during the time the insurance is in effect as the Secretary may determine, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to reimburse the General Insurance Fund for any net losses in connection with such insurance. Any person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 202 of the Housing Act of 1959, or who is a displaced person, shall be deemed to be a family within the meaning of the terms "family" and "families" as those terms are used in this section. Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3).

In any case in which it is determined in accordance with regulations of the Secretary that facilities in existence or under construction on the date of enactment of the Housing and Urban Development Act of 1970 which could appropriately be used for classroom purposes are available in any such property or project and that public schools in the community are overcrowded due in part to the attendance at such schools of residents of the property or project, such facilities may be used for such purposes to the extent permitted in such regulations (without being subject to any of the requirements of the proviso in section 220(d)(3)(B)(iv) except the

requirements that the project be predominantly residential).

As used in this section the terms ``displaced family", ``displaced families", and ``displaced person" shall mean a family or families, or a person, displaced from an urban renewal area, or as a result of governmental action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief and Emergency Assistance Act.

In order to induce advances by owners for capital improvements (excluding any owner contributions that may be required by the Secretary as a condition for assistance under section 201 of the Housing and Community Development Amendments of 1978) to benefit projects covered by a mortgage under the provisions of subsection (d)(3) that bears a below market interest rate prescribed in the proviso to subsection (d)(5), in establishing the rental charge for the project the Secretary may include an amount that would permit a return of such advances with interest to the owner out of project income, on such terms and conditions as the Secretary may determine. Any resulting increase in rent contributions shall be--

(A) to a level not exceeding the lower of 30 percent of the adjusted income of the tenant or the published existing fair market rent for comparable housing established under section 8(c) of the United States Housing Act of 1937;

(B) phased in equally over a period of not less than 3 years, if such increase is 30 percent or more; and

(C) limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent.

Assistance under section 8 of the United States Housing Act of 1937 shall be provided, to the extent available under appropriations Acts, if necessary to mitigate any adverse effects on income-eligible tenants.

(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided--

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, paragraph (5) of subsection (h) of this section, or paragraph (2) of subsection (i) of this section as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) or (4) of subsection (d) of this section, paragraph (1) of subsection (h) of this section, or

paragraph (2) of subsection (j) of this section, as provided in section 207(g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section; or

(3) as to mortgages meeting the requirements of this section which are insured or initially endorsed for insurance on or after the date of enactment of the Housing Act of 1961, notwithstanding the provisions of paragraphs (1) and (2) of this subsection, the Secretary in his discretion, in accordance with such regulations as he may prescribe, may make payments pursuant to such paragraphs in cash or in debentures (as provided in the mortgage insurance contract), or may acquire a mortgage loan that is in default and the security therefor upon payment to the mortgagee in cash or in debentures (as provided in the mortgage insurance contract) of a total amount equal to the unpaid principal balance of the loan plus any accrued interest and any advances approved by the Secretary and made previously by the mortgagee under the provisions of the mortgage, and after the acquisition of any such mortgage by the Secretary the mortgagee shall have no further rights, liabilities, or obligations with respect to the loan or the security for the loan. The

appropriate provisions of sections 204 and 207 relating to the issuance of debentures shall apply with respect to debentures issued under this paragraph, and the appropriate provisions of sections 204 and 207 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Secretary when he has acquired an insured mortgage under this paragraph, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Secretary, except that as applied to mortgages so acquired (A) all references in section 204 to the Mutual Mortgage Insurance Fund or the fund shall be construed to refer to the General Insurance Fund, and (B) all references in section 204 to section 203 shall be construed to refer to this section. If the insurance is paid in cash, there shall be added to such payment an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Secretary.

(4)(A) In the event any mortgage insured under this section pursuant to a commitment to insure entered into before the effective date of this clause is not in default at the expiration of twenty years from the date



the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Secretary, have the option to assign, transfer, and deliver to the Secretary the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Secretary at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Secretary shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph shall be dated as of the date the mortgage is assigned to the Secretary, shall mature ten years after such date, and shall bear interest from such date at the going Federal rate

determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Secretary shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207(k) and section 207(l) as to mortgages insured by the Secretary and assigned to him under section 207 of this Act.

(B) In processing a claim for insurance benefits

under this paragraph, the Secretary may direct the mortgagee to assign, transfer, and deliver the original credit instrument and the mortgage securing it directly to the Government National Mortgage Association in lieu of assigning, transferring, and delivering the credit instrument and the mortgage to the Secretary. Upon the assignment, transfer, and delivery of the credit instrument and the mortgage to the Association, the mortgage insurance contract shall terminate and the mortgagee shall receive insurance benefits as provided in subparagraph (A). The Association is authorized to accept such loan documents in its own name and to hold, service, and sell such loans as agent for the Secretary. The mortgagor's obligation to pay a service charge in lieu of a mortgage insurance premium shall continue as long as the mortgage is held by the Association or by the Secretary. The Secretary shall have the same authority with respect to mortgages assigned to the Secretary or the Association under this subparagraph as provided by section 223(c).

(C)(i) In lieu of accepting assignment of the original credit instrument and the mortgage securing the credit instrument under subparagraph (A) in exchange for receipt of debentures, the Secretary shall arrange for the sale of the beneficial interests in the mortgage loan through an auction and sale of the (I)

mortgage loans, or (II) participation certificates, or other mortgage-backed obligations in a form acceptable to the Secretary (in this subparagraph referred to as ``participation certificates"). The Secretary shall arrange the auction and sale at a price, to be paid to the mortgagee, of par plus accrued interest to the date of sale. The sale price shall also include the right to a subsidy payment described in clause (iii).

(ii)(I) The Secretary shall conduct a public auction to determine the lowest interest rate necessary to accomplish a sale of the beneficial interests in the original credit instrument and mortgage securing the credit instrument.

(II) A mortgagee who elects to assign a mortgage shall provide the Secretary and persons bidding at the auction a description of the characteristics of the original credit instrument and mortgage securing the original credit instrument, which shall include the principal mortgage balance, original stated interest rate, service fees, real estate and tenant characteristics, the level and duration of applicable Federal subsidies, and any other information determined by the Secretary to be appropriate. The Secretary shall also provide information regarding the status of the property with respect to the provisions of the Emergency Low Income Housing Preservation Act of 1987

or any subsequent Act with respect to eligibility to prepay the mortgage, a statement of whether the owner has filed a notice of intent to prepay or a plan of action under the Emergency Low Income Housing Preservation Act of 1987 or any subsequent Act, and the details with respect to incentives provided under the Emergency Low Income Housing Preservation Act of 1987 or any subsequent Act in lieu of exercising prepayment rights.

(III) The Secretary shall, upon receipt of the information in subclause (II), promptly advertise for an auction and publish such mortgage descriptions in advance of the auction. The Secretary may conduct the auction at any time during the 6-month period beginning upon receipt of the information in subclause (II) but under no circumstances may the Secretary conduct an auction before 2 months after receiving the mortgagee's written notice of intent to assign its mortgage to the Secretary.

(IV) In any auction under this subparagraph, the Secretary shall accept the lowest interest rate bid for purchase that the Secretary determines to be acceptable. The Secretary shall cause the accepted bid to be published in the Federal Register. Settlement for the sale of the credit instrument and the mortgage securing the credit instrument shall occur not later

than 30 business days after the date winning bidders are selected in the auction, unless the Secretary determines that extraordinary circumstances require an extension (not to exceed 60 days) of the period.

(V) If no bids are received, the bids that are received are not acceptable to the Secretary, or settlement does not occur within the period under subclause (IV), the mortgagee shall retain all rights (including the right to interest, at a rate to be determined by the Secretary, for the period covering any actions taken under this subparagraph) under this section to assign the mortgage loan to the Secretary.

(iii) As part of the auction process, the Secretary shall agree to provide a monthly interest subsidy payment from the General Insurance Fund to the purchaser under the auction of the original credit instrument or the mortgage securing the credit instrument (and any subsequent holders or assigns who are approved mortgagees). The subsidy payment shall be paid on the first day of each month in an amount equal to the difference between the stated interest due on the mortgage loan and the lowest interest rate necessary to accomplish a sale of the mortgage loan or participation certificates (less the servicing fee, if appropriate) for the then unpaid principal balance plus accrued interest at a rate determined by the Secretary.

Each interest subsidy payment shall be treated by the holder of the mortgage as interest paid on the mortgage. The interest subsidy payment shall be provided until the earlier of--

- (I) the maturity date of the loan;

- (II) prepayment of the mortgage loan in accordance with the Emergency Low Income Housing Preservation Act of 1987 or any subsequent Act, where applicable; or

- (III) default and full payment of insurance benefits on the mortgage loan by the Federal Housing Administration.

- (iv) The Secretary shall require that the mortgage loans or participation certificates presented for assignment are auctioned as whole loans with servicing rights released and also are auctioned with servicing rights retained by the current servicer.

- (v) To the extent practicable, the Secretary shall encourage State housing finance agencies, nonprofit organizations, and organizations representing the tenants of the property securing the mortgage, or a qualified mortgagee participating in a plan of action under the Emergency Low Income Housing Preservation Act of 1987 or subsequent Act to participate in the auction.

- (vi) The Secretary shall implement the requirements

imposed by this subparagraph within 30 days from the date of enactment of this subparagraph and not be subject to the requirement of prior issuance of regulations in the Federal Register. The Secretary shall issue regulations implementing this section within 6 months of the enactment of this subparagraph.

(vii) Nothing in this subparagraph shall diminish or impair the low income use restrictions applicable to the project under the original regulatory agreement or the revised agreement entered into pursuant to the Emergency Low Income Housing Preservation Act of 1987 or subsequent Act, if any, or other agreements for the provision of Federal assistance to the housing or its tenants.

(viii) This subparagraph shall not apply after December 31, 2002, except that this subparagraph shall continue to apply if the Secretary receives a mortgagee's written notice of intent to assign its mortgage to the Secretary on or before such date. Not later than January 31 of each year (beginning in 1992), the Secretary shall submit to the Congress a report including statements of the number of mortgages auctioned and sold and their value, the amount of subsidies committed to the program under this subparagraph, the ability of the Secretary to coordinate the program with the incentives provided



under the Emergency Low Income Housing Preservation Act of 1987 or subsequent Act, and the costs and benefits derived from the program for the Federal Government.

(ix) The authority of the Secretary to conduct multifamily auctions under this paragraph shall be effective for any fiscal year only to the extent and in such amounts as are approved in appropriations Acts for the costs of loan guarantees (as defined in section 502 of the Congressional Budget Act of 1974), including the cost of modifying loans.

(h)(1) In addition to mortgages insured under the provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall--

(A) be executed by a private nonprofit corporation or association, approved by the Secretary, for financing

the purchase and rehabilitation (with the intention of subsequent resale) of property comprising one or more tracts or parcels, whether or not contiguous, upon which there is located deteriorating or substandard housing consisting of (i) four or more single-family dwellings of detached, semidetached, or row construction, or (ii) four or more one-family units in a structure or structures for which a plan of family unit ownership approved by the Secretary is established;

(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

(D) bear interest (exclusive of premium charged for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d)(5) at the time of execution;

(E) provide for complete amortization (subject to paragraph (5)(E)) by periodic payments within such term as the Secretary may prescribe; and

(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with

paragraph (5).

(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$50,000,000.

(5)(A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as "low-income purchasers") determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c)(1) of the Housing and Urban Development Act of 1965.

(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual

dwellings to low-income purchasers as provided in subparagraph

(A). Any such mortgage shall--

(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

(ii) bear interest at the same rate as the principal mortgage or such lower rate, not less than 1 per centum, as the Secretary may prescribe if in his judgment the purchaser's income is sufficiently low to justify the lower rate, and provide for complete amortization within a term equal to the remaining term (determined without regard to subparagraph (E) of such principal mortgage: Provided, That if the rate of interest initially prescribed is less than the rate borne by the principal mortgage and the purchaser's income (as determined on the basis of periodic review) subsequently rises, the rate of interest so prescribed shall be increased (but not above the rate borne by such principal mortgage), under regulations of the Secretary, to the extent appropriate to reflect the increase in such income, and the mortgage shall so provide.

(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under

subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d)(3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d)(5)).

(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

(F) Any mortgage insured under this paragraph shall contain a

provision that if the low-income mortgagor does not continue to occupy the property the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.

(6) In addition to the mortgages that may be insured under paragraphs (1) and (5), the Secretary is authorized to insure under this subsection at any time within one year after the date of the enactment of this paragraph, upon such terms and conditions as he may prescribe, mortgages which are executed by individuals or families that meet the income criteria prescribed in paragraph (5)(A) and are executed for the purpose of financing the rehabilitation or improvement of single-family dwellings of detached, semidetached, or row construction that are owned in each instance by a mortgagor who has purchased the dwelling from a nonprofit organization of the type described in this subsection. To be eligible for such insurance, a mortgage shall--

(A) be in principal amount not exceeding the lesser

of \$18,000 or the sum of the estimated cost of repair and rehabilitation and the Secretary's estimate of the value of the property before repair and rehabilitation, except that in no case involving refinancing shall such mortgage exceed such estimated cost of repair and rehabilitation and the amount (as determined by the Secretary) required to refinance existing indebtedness secured by the property;

(B) bear interest (exclusive of premium charges for insurance and service charge, if any) at 3 per centum per annum or such lower rate, not less than 1 per centum, as the Secretary may prescribe if in his judgment the mortgagor's income is sufficiently low to justify the lower rate: Provided, That, if the rate of interest initially prescribed is less than 3 per centum per annum and the mortgagor's income (as determined on the basis of periodic review) subsequently rises, the rate shall be increased (but not above 3 per centum), under regulations of the Secretary, to the extent appropriate to reflect the increase in such income, and the mortgage shall so provide;

(C) involve a mortgagor that shall have paid on account of the property at the time of the rehabilitation such amount (which shall not be less than \$200 in cash or its equivalent, but which may be applied in whole or in part toward closing costs) as

the Secretary may determine to be reasonable and appropriate under the circumstances; and

(D) contain a provision that, if the low-income mortgagor does not continue to occupy the property, the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time the commitment was issued for insurance of the mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) a nonprofit organization which has been engaged in purchasing and rehabilitating deteriorating and substandard housing with financing under a mortgage insured under paragraph (1) of this subsection, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary.

(7) Where the Secretary approved a plan of family unit ownership, the terms "single-family dwelling," "single-family dwellings," "individual dwelling," and "individual dwellings" shall mean a family unit or family units, together with the undivided interest (or interests) in the common areas and facilities.

(8) For purposes of this subsection, the terms "single-



family dwelling" and "single-family dwellings" (except for purposes of paragraph (7)) shall include a two-family dwelling which has been approved by the Secretary.

(i)(1) The Secretary is authorized, with respect to any project involving a mortgage insured under subsection (d)(3) which bears interest at the below-market interest rate prescribed in the proviso of subsection (d)(5), to permit a conversion of the ownership of such project to a plan of family unit ownership. Under such plan, each family unit shall be eligible for individual ownership and provision shall be included for the sale of the family units, together with an undivided interest in the common areas and facilities which serve the project, to low or moderate income purchasers. The Secretary shall obtain such agreements as he determines to be necessary to assure continued maintenance of the common areas and facilities. Upon such sale, the family unit and the undivided interest in the common areas shall be released from the lien of the project mortgage.

(2)(A) The Secretary is authorized, upon application by the mortgagee, to insure under this subsection mortgages financing the purchase of individual family units under the plan prescribed in paragraph (1). Commitments may be issued by the Secretary for the insurance of such mortgages prior to the date of their execution or disbursement thereon, upon such terms and conditions as the Secretary may prescribe. To be eligible for such insurance, the mortgage shall--

(i) be executed by a mortgagor having an income within the limits prescribed by the Secretary for occupants of projects financed with a mortgage insured under subsection (d)(3) which bears interest at the below-market rate prescribed in the proviso of subsection (d)(5);

(ii) involve a principal obligation (including such initial service charges, and such appraisal, inspection, and other fees, as the Secretary shall approve) in an amount not to exceed the Secretary's estimate of the appraised value of the family unit, including the mortgagor's interest in the common areas and facilities, as of the date the mortgage is accepted for insurance;

(iii) bear interest at a rate determined by the Secretary (which may vary in accordance with the regulations of the Secretary promulgated pursuant to the last sentence of paragraph (4) of this subsection) but not less than the below-market rate in effect under the proviso of subsection (d)(5) at the date of the commitment for insurance; and

(iv) provide for complete amortization by periodic payments within such terms as the Secretary may prescribe, but not to exceed forty years from the beginning of amortization of the mortgage.

(B) The price for which the individual family unit is sold to

the low or moderate income purchaser shall not exceed the appraised value of the property, as determined under subparagraph (A)(ii), except that the purchaser shall be required to pay on account of the property at the time of purchase at least such amount, in cash or its equivalent (which shall be not less than 3 per centum of such price, but which may be applied in whole or in part toward closing costs), as the Secretary may determine to be reasonable and appropriate.

(3) Upon the sale of all of the family units covered by the project mortgage, and the release of all of the family units (including the undivided interest allocable to each unit in the common areas and facilities) from the lien of the project mortgage, the insurance of the project mortgage shall be terminated and no adjusted premium charge shall be collected by the Secretary upon such termination.

(4) Any mortgage covering an individual family unit insured under this subsection shall contain a provision that, if the original mortgagor does not continue to occupy the property, the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time the commitment was issued for the insurance of the project mortgage; except that the requirement for an increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) a nonprofit purchaser approved by the Secretary, or (ii) a low- or moderate-income purchaser who has an income within the

limits prescribed by the Secretary for occupants of projects financed with a mortgage insured under subsection (d)(3) which bears interest at the below-market rate prescribed in the proviso of subsection (d)(5). The mortgage shall also contain a provision that, if the Secretary determines that the annual income of the original mortgagor (or a purchaser described in clause (ii) of the preceding sentence) has increased to an amount enabling payment of a greater rate of interest, the interest rate of the individual mortgage may be increased up to the highest rate permissible under the regulations of the Secretary for mortgages insured under this section, effective at the time the commitment was issued for the insurance of the mortgage.

(5) For the purpose of this subsection--

(i) the term "mortgage", when used in relation to a mortgage insured under paragraph (2) of this subsection, includes a first mortgage given to secure the unpaid purchase price of a fee interest in, or a long-term leasehold interest in a one-family unit in a multifamily project and an undivided interest in the common areas and facilities which serve the project; and

(ii) the term "common areas and facilities" includes the land and such commercial, community, and other facilities as are approved by the Secretary.

(j)(1) The Secretary is authorized, with respect to any rental project, involving a mortgage insured under subsection (d)(3) which bears interest at the below-market interest rate prescribed in the proviso of subsection (d)(5), to permit a conversion of the ownership of such project to a cooperative approved by the Secretary. Membership in such cooperative shall be made available only to those families having an income within the limits prescribed by the Secretary for occupants of projects financed with a mortgage insured under subsection (d)(3) which bears interest at such below-market rate:

Provided, That families residing in the rental project at the time of its conversion to a cooperative who do not meet such income limits may be permitted to become members in the cooperative under such special terms and conditions as the Secretary may prescribe.

(2) The Secretary is authorized, upon application by the mortgagee, to insure under this subsection cooperative mortgages financing the purchase of projects meeting the requirements of paragraph (1). Commitments may be issued by the Secretary for the insurance of such mortgages prior to the date of their execution or disbursement thereon, upon such terms and conditions as the Secretary may prescribe. To be eligible for such insurance, the mortgage shall--

(i) involve a principal obligation (including such initial service charges and appraisal, inspection, and

other fees as the Secretary shall approve) in an amount not exceeding the appraised value of the property for continued use as a cooperative, which value shall be based upon a mortgage amount on which the debt service can be met from the income of the property when operated on a nonprofit basis, after the payment of all operating expenses, taxes, and required reserves;

(ii) bear interest at the below-market rate prescribed in the proviso of subsection (d)(5); and

(iii) provide for complete amortization within such terms as the Secretary may prescribe.

(k) With respect to any project insured under subsection (d)(3) or (d)(4), the Secretary may further increase the dollar amount limitations which would otherwise apply for the purpose of those subsections by up to 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.

(l)(1) Notwithstanding any other provision of law, tenants residing in eligible multifamily housing whose incomes exceed

80 percent of area median income shall pay as rent not more than the lower of the following amounts: (A) 30 percent of the family's adjusted monthly income; or (B) the relevant fair market rental established under section 8(b) of the United States Housing Act of 1937 for the jurisdiction in which the housing is located. An owner shall phase in any increase in rents for current tenants resulting from this subsection.

(2) For purposes of this subsection, the term "eligible multifamily housing" means any housing financed by a loan or mortgage that is (A) insured or held by the Secretary under subsection (d)(3) and assisted under section 101 of the Housing and Urban Development Act of 1965 or section 8 of the United States Housing Act 1937; or (B) insured or held by the Secretary and bears interest at a rate determined under the proviso of subsection (d)(5).

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#### housing for elderly persons

Sec. 231. (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

For the purposes of this section--

(1) the term "housing" means eight or more new or

rehabilitated living units, not less than 50 per centum of which are specially designed for the use and occupancy of elderly persons;

(2) the term "elderly person" means any person, married or single, who is sixty-two years of age or over; and

(3) the terms

"mortgage," "mortgagee," "mortgagor," and

"maturity date" shall have the meanings respectively set forth in section 207 of this Act.

(b) The Secretary is authorized to insure any mortgage (including advances on mortgages during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall--

(2)(A) 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] \$166,509 per family unit without a bedroom, [\$40,220] \$188,997 per family unit with one bedroom, [\$48,029] \$228,448 per family unit with two bedrooms, [\$57,798] \$286,744 per family unit with three bedrooms, and [\$67,950] \$324,922 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] \$179,854 per family unit without a bedroom, [\$46,859] \$206,180 per family unit with one bedroom, [\$56,979] \$250,708 per family unit with two bedrooms, [\$73,710] \$324,324 per family unit with three bedrooms, and [\$80,913] \$356,017 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; (B) the Secretary may, by regulation, increase any of the dollar limitations in subparagraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215 percent in high cost areas, 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; (C) the Secretary may, by regulation, increase any of the dollar limitations in subparagraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act) 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;

(3) if executed by a mortgagor which is a public instrumentality or a private nonprofit corporation or association or other acceptable private nonprofit organization 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 purpose of this section, involve a principal obligation not in excess of the amount which

the Secretary estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Secretary): Provided, That in the case of properties other than new construction, the principal obligation shall not exceed the appraised value rather than the Secretary's estimate of the replacement cost;

(4) if executed by a mortgagor which is approved by the Secretary but is not a public instrumentality or a private nonprofit organization, involve a principal obligation not in excess (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) of 90 per centum of the amount which the Secretary estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement costs may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous changes incident to construction and approved by the Secretary, and

shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Secretary, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): Provided, That in the case of properties other than new construction the principal obligation shall not exceed 90 per centum of the Secretary's estimate of the value of the property or project: And provided further, That the Secretary may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Secretary may make contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Secretary may deem necessary to render effective such restrictions or regulations; such stock or interest shall be paid for out of the General Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Secretary under the insurance;

(5) provide for a complete amortization by periodic payments (unless otherwise approved by the Secretary) within such terms as the Secretary shall prescribe;

(6) bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee; and

(7) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation, with 50 per centum or more of the units therein specially designed for the use and occupancy of elderly persons in accordance with standards established by the Secretary and which may include such commercial and special facilities as the Secretary deems adequate to serve the occupants.

(d) The Secretary may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe, and shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent the dwelling included in such property or project.

(e) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.

(f) Notwithstanding any of the provisions of this section, the housing provided under this section may include family units which are specially designed for the use and occupancy of any person or family qualifying as a handicapped family as defined in section 202 of the Housing Act of 1959, and such special facilities as the Secretary deems adequate to serve handicapped families (as so defined). The Secretary may also

prescribe procedures to secure to such families preference or priority of opportunity to rent the living units specially designed for their use and occupancy.

\* \* \* \* \*

mortgage insurance for condominiums

Sec. 234. (a) The purpose of this section is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily project.

(b) The terms

"` mortgage," "` mortgagee," "` mortgagor," "` maturity date," and "` State" shall have the meanings respectively set forth in section 201, except, that the term "` mortgage" for the purpose of subsection (c) may include a first mortgage given to secure the unpaid purchase price of a fee interest in, or long-term leasehold interest in, a one-family unit in a multifamily project, including a project in which the dwelling units are attached, semi-detached, or detached, and an undivided interest in the common areas and facilities which serve the project where the mortgage is determined by the Secretary to be

eligible for insurance under this section. The term "common areas and facilities" as used in this section shall be deemed to include the land and such commercial, community, and other facilities as are approved by the Secretary.

(c) The Secretary is authorized, in his discretion and under such terms and conditions as he may prescribe (including the minimum number of family units in the project which shall be offered for sale and provisions for the protection of the consumer and the public interest), to insure any mortgage covering a one-family unit in a multifamily project and an undivided interest in the common areas and facilities which serve the project if (1) the mortgage meets the requirements of this subsection and of section 203(b), except as that section is modified by this subsection, (2) at least 80 percent of the units in the project covered by mortgages insured under this title are occupied by the mortgagors or comortgagors, and (3) the project has a blanket mortgage insured by the Secretary under subsection (d). Any project proposed to be constructed or rehabilitated after the date of enactment of the Housing Act of 1961 with the assistance of mortgage insurance under this Act, where the sale of family units is to be assisted with mortgage insurance under this subsection, shall be subject to such requirements as the Secretary may prescribe. To be eligible for insurance pursuant to this subsection, a mortgage shall (A) involve a principal obligation in an amount not to exceed the maximum principal obligation of a mortgage which may be insured

in the area pursuant to section 203(b)(2) or pursuant to section 203(h) under the conditions described in section 203(h) or pursuant to section 203(h) under the conditions described in section 203(h), and (B) have a maturity satisfactory to the Secretary, but not to exceed, in any event, thirty-five years from the date of the beginning of amortization of the mortgages. The mortgage shall contain such provisions as the Secretary determines to be necessary for the maintenance of common areas and facilities and the multifamily project. The mortgagor shall have exclusive right to the use of the one-family unit covered by the mortgage and, together with the owners of other units in the multifamily project, shall have the right to the use of the common areas and facilities serving the project and the obligation of maintaining all such common areas and facilities. The Secretary may require that the rights and obligations of the mortgagor and the owners of other dwelling units in the project shall be subject to such controls as he determines to be necessary and feasible to promote and protect individual owners, the multifamily project and its occupants. For the purposes of this subsection, the Secretary is authorized in his discretion and under such terms and conditions as he may prescribe to permit one-family units and interests in common areas and facilities in multifamily projects covered by mortgages insured under any section of this Act other than section 213(a) (1) and (2) to be released from the liens of those mortgages.



(d) In addition to individual mortgages insured under subsection (c), the Secretary is authorized, in his discretion and under such terms and conditions as he may prescribe, to insure blanket mortgages (including advances on such mortgages during construction) which cover multifamily projects to be constructed or rehabilitated in cases where the mortgage is held by a mortgagor, approved by the Secretary, which--

(1) has certified to the Secretary, as a condition of obtaining the insurance of a blanket mortgage under this subsection, that upon completion of the multifamily project covered by such mortgage it intends to commit the ownership of the multifamily project to a plan of family unit ownership under which each family unit would be eligible for individual mortgage insurance under subsection (c) and will faithfully and diligently make and carry out all reasonable efforts to establish such plan of family unit ownership and to sell such family units to purchasers approved by the Secretary; and

(2) may, in the Secretary's discretion, be regulated or restricted as to rents, charges, capital structure, rate of return, and methods of operation until the termination of all obligations of the Secretary under the insurance and during such further period of time as the Secretary shall be the owner, holder, or reinsurer of the mortgage. The Secretary may make such contracts

with and acquire for not to exceed \$100 such stock or interest in such mortgagor as he may deem necessary to render effective any such regulation or restriction of such mortgagor. The stock or interest acquired by the Secretary shall be paid for out of the General Insurance Fund, and shall be redeemed by the mortgagor at par at any time upon the request of the Secretary after the termination of all obligations of the Secretary under the insurance.

(e) To be eligible for insurance, a blanket mortgage on any multi-family project of a mortgagor of the character described in subsection (d) shall involve a principal obligation in an amount--

(2) not to exceed 90 per centum of the amount which the Secretary estimates will be the replacement cost of the project when the proposed physical improvements are completed;

(3)(A) 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),  
[\$42,048] \$185,011 per family unit without a bedroom,  
[\$48,481] \$213,316 per family unit with one bedroom,  
[\$58,469] \$257,263 per family unit with two bedrooms,  
[\$74,840] \$329,296 per family unit with three bedrooms,  
and [\$83,375] \$366,850 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] \$194,700 per family unit without a bedroom, [\$50,724] \$223,186 per family unit with one bedroom, [\$61,680] \$271,392 per family unit with two bedrooms, [\$79,793] \$351,089 per family unit with three bedrooms, and [\$87,588] \$385,387 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; (B) the Secretary may, by regulation, increase any of the dollar limitations in subparagraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 170 percent, or 215 percent in high cost areas, 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) not to exceed an amount equal to the sum of the unit mortgage amounts determined under the provisions of subsection (c) assuming the mortgagor to be the owner and occupant of each family unit.

(f) Any blanket mortgage insured under subsection (d) shall provide for complete amortization by periodic payments within such terms as the Secretary may prescribe but not to exceed 40 years from the beginning of amortization of the mortgage, and shall bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee. The Secretary may consent to the release of a part or parts of the mortgaged property from the lien of the blanket mortgage upon such terms and conditions as he may prescribe and the blanket mortgage may provide for such release. The project covered by the blanket mortgage may include four or more family units and such commercial and community facilities as the Secretary deems adequate to serve the occupants.

(g) Any mortgagee under a mortgage insured under subsection (c) of this section is entitled to receive the benefits of the insurance as provided in section 204(a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable to the mortgages insured under subsection (c) of this section.

(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to

mortgages insured under subsection (d) of this section.

(i) The provisions of sections 225 and 230 shall be applicable to the mortgages insured under subsection (c) of this section.

(j) The Secretary may further increase the dollar amount limitations which would otherwise apply under subsection (e) by not to exceed 20 per centum if such increase is necessary to account for the increased cost of a 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.

(k) With respect to a unit in any project which was converted from rental housing, no insurance may be provided under this section unless (1) the conversion occurred more than one year prior to the application for insurance, (2) the mortgagor or comortgagor was a tenant of that rental housing, (3) the conversion of the property is sponsored by a bona fide tenants organization representing a majority of the households in the project, or (4) before April 20, 1984 (A) application was made to the Secretary for a commitment to insure a mortgage covering any unit in the project, (B) in the case of direct endorsement,

the mortgagee received the case number assigned by the Secretary for any unit in the project, or (C) application was made for approval of the project for guarantee, insurance, or direct loan under chapter 37 of title 38, United States Code.

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## CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT

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

(a) Short Title.--This Act may be cited as the ``Cranston-Gonzalez National Affordable Housing Act''.

(b) Table of Contents.--

### Section 1. Short title; table of contents.

\* \* \* \* \*

## TITLE II--INVESTMENT IN AFFORDABLE HOUSING

\* \* \* \* \*

### Subtitle F--General Provisions

\* \* \* \* \*

Sec. 291. Application of build America, buy America requirements.

Sec. 292. Nonapplicability of certain requirements for small projects.

\* \* \* \* \*

## TITLE I--GENERAL PROVISIONS AND POLICIES

\* \* \* \* \*

### SEC. 104. DEFINITIONS.

As used in this title and in title II:

(1) The term "unit of general local government" means a city, town, township, county, parish, village, or other general purpose political subdivision of a State; the Federated States of Micronesia and Palau, the Marshall Islands, or a general purpose political subdivision thereof; a consortium of such political subdivisions recognized by the Secretary in accordance with section 216(2) of this Act; and any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to

act on behalf of the jurisdiction with regard to provisions of this Act.

(2) The term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive officer to act on behalf of the State with regard to the provisions of this Act.

(3) The term "jurisdiction" means a State or unit of general local government.

(4) The term "participating jurisdiction" means any State or unit of general local government that has been so designated in accordance with section 216 of this Act.

(5) The term "nonprofit organization" means any private, nonprofit organization (including a State or locally chartered, nonprofit organization) that--

(A) is organized under State or local laws,

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

(C) complies with standards of financial accountability acceptable to the Secretary, and

(D) has among its purposes significant activities related to the provision of decent



housing that is affordable to low-income and moderate-income persons.

(6) The term "community housing development organization" means a nonprofit organization as defined in paragraph (5), that--

(A) has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons;

(B) maintains, through [significant] representation on the organization's governing board and otherwise, accountability to low-income community residents and, to the extent practicable, low-income beneficiaries with regard to decisions on the design, siting, development, and management of affordable housing;

(C) has a demonstrated capacity for carrying out activities assisted under this Act; and

(D) has a history of serving the local community or communities within which housing to be assisted under this Act is to be located.

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.

(7) The term "government-sponsored mortgage finance corporations" means the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Agricultural Mortgage Corporation.

(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.

(9) The term "very low-income families" means low-income families whose incomes do not exceed 50 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 50 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

(10) The term "low-income families" means families whose incomes do not exceed 80 percent of the median

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 80 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

(11) The term "families" has the same meaning given that term by section 3 of the United States Housing Act of 1937.

(12) The term "security" has the same meaning as in section 2 of the Securities Act of 1933.

(13) The term "displaced homemaker" means an individual who--

(A) is an adult;

(B) has not worked full-time full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family; and

(C) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

(14) The term "first-time homebuyer" means an individual and his or her spouse who have not owned a

home during the 3-year period prior to purchase of a home with assistance under title II, except that--

(A) any individual who is a displaced homemaker may not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse;

(B) any individual who is a single parent may not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual, while married, owned a home with his or her spouse or resided in a home owned by the spouse; and

(C) an individual shall not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual owns or owned, as a principal residence during such 3-year period, a dwelling unit whose structure is--

(i) not permanently affixed to a permanent foundation in accordance with local or other applicable regulations,  
or

(ii) not in compliance with State,

local, or model building codes, or  
other applicable codes, and cannot be  
brought into compliance with such codes  
for less than the cost of constructing  
a permanent structure.

(15) The term "single parent" means an individual  
who--

(A) is unmarried or legally separated from a  
spouse; and

(B)(i) has 1 or more minor children for whom  
the individual has custody or joint custody; or  
(ii) is pregnant.

(16) The term "Secretary" means the Secretary of  
Housing and Urban Development, unless otherwise  
specified in this Act.

(17) The term "substantial rehabilitation" means  
the rehabilitation of residential property at an  
average cost in excess of \$25,000 per dwelling unit.

(18) The term "public housing agency" has the  
meaning given the term in section 3(b) of the United  
States Housing Act of 1937 (42 U.S.C. 1437a(b)).

(19) The term "metropolitan city" has the meaning  
given the term in section 102(a)(4) of the Housing and  
Community Development Act of 1974 (42 U.S.C.  
5302(a)(4)).

(20) The term "urban county" has the meaning given

the term in section 102(a)(6) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(6)).

(21) The term "certification" means a written assertion, based on supporting evidence, which shall be kept available for inspection by the Secretary, the Inspector General and the public, which assertion shall be deemed to be accurate for purposes of this Act, unless the Secretary determines otherwise after inspecting the evidence and providing due notice and opportunity for comment.

(23) The term "to demonstrate to the Secretary" means to submit to the Secretary a written assertion together with supporting evidence that, in the determination of the Secretary, supports the accuracy of the assertion.

(24) The term "insular area" means any of the following: Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

(24) The term "energy efficient mortgage" means a mortgage that provides financing incentives for the purchase of energy efficient homes, or that provides financing incentives to make energy efficiency improvements in existing homes by incorporating the cost of such improvements in the mortgage.

(25) The term "energy efficient mortgage" means a

mortgage that provides financing incentives for the purchase of energy efficient homes, or that provides financing incentives to make energy efficiency improvements in existing homes by incorporating the cost of such improvements in the mortgage.

(26) The term "infill housing project" means a residential housing project that--

- (A) is located within the geographic limits of a municipality;

- (B) is adequately served by existing utilities and public services as required under applicable law;

- (C) is located on a site of previously disturbed land of not more than 5 acres; and

- (D) is substantially surrounded by residential or commercial development, as determined by the Secretary.

(27) The term "community land trust" means a nonprofit entity, a State, a unit of local government or instrumentality of a State or unit of local government that--

- (A) is not managed by, or an affiliate of, a for-profit organization;

- (B) has as a primary purpose of acquiring, developing, or holding land to provide housing that is permanently affordable to low- and

moderate-income persons;

(C) monitors properties to ensure affordability is preserved;

(D) provides housing that is permanently affordable to low- and moderate-income persons using a ground lease, deed covenant, or other similar legally enforceable measure, determined acceptable by the Secretary, that--

(i) keeps housing affordable to low- and moderate-income persons for not less than 30 years; and

(ii) enables low- and moderate-income persons to rent or purchase the housing for homeownership; and

(E) maintains preemptive purchase options to purchase the property if such purchase would allow the housing to remain affordable to low- and moderate-income persons.

## SEC. 105. STATE AND LOCAL HOUSING STRATEGIES.

(a) In General.--The Secretary shall provide assistance directly to a jurisdiction only if--

(1) the jurisdiction submits to the Secretary a comprehensive housing affordability strategy (hereafter in this section referred to as the ``housing



strategy");

(2) the jurisdiction submits annual updates of the housing strategy; and

(3) the housing strategy, and any annual update of such strategy, is approved by the Secretary.

The Secretary shall establish such dates and manner for the submission and approval of housing strategies under this section that the Secretary determines will facilitate orderly program management by jurisdictions and provide for timely investment or other use of funds made available under title II of this Act and other programs requiring submission of a housing strategy. If the Secretary finds there is good cause, the Secretary may provide reasonable extensions of any deadlines for submission of a jurisdiction's housing strategy.

(b) Contents.--A housing strategy submitted under this section shall be in a form that the Secretary determines to be appropriate for the assistance the jurisdiction may be provided and shall--

(1) describe the jurisdiction's estimated housing needs projected for the ensuing 5-year period, and the jurisdiction's need for assistance for very low-income, low-income, and moderate-income families, specifying such needs for different types of tenure and for different categories of residents, such as very low-income, low-income, and moderate-income families, the elderly, persons with disabilities, single persons,

large families, residents of nonmetropolitan areas, families who are participating in an organized program to achieve economic independence and self-sufficiency, persons with acquired immunodeficiency syndrome, victims of domestic violence, dating violence, sexual assault, and stalking and other categories of persons residing in or expected to reside in the jurisdiction that the Secretary determines to be appropriate;

(2) describe the nature and extent of homelessness, including rural homelessness, within the jurisdiction, providing an estimate of the special needs of various categories of persons who are homeless or threatened with homelessness, including tabular representation of such information, and a description of the jurisdiction's strategy for (A) helping low-income families avoid becoming homeless; (B) addressing the emergency shelter and transitional housing needs of homeless persons (including a brief inventory of facilities and services that meet such needs within that jurisdiction); and (C) helping homeless persons make the transition to permanent housing and independent living;

(3) describe the significant characteristics of the jurisdiction's housing market, indicating how those characteristics will influence the use of funds made available for rental assistance, production of new

units, rehabilitation of old units, or acquisition of existing units;

(4) explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing in the jurisdiction are affected by public policies, particularly by policies of the jurisdiction, including tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment, and describe the jurisdiction's strategy to remove or ameliorate negative effects, if any, of such policies, except that, if a State requires a unit of general local government to submit a regulatory barrier assessment that is substantially equivalent to the information required under this paragraph, as determined by the Secretary, the unit of general local government may submit its assessment submitted to the State to the Secretary and shall be considered to have complied with this paragraph;

(5) explain the institutional structure, including private industry, nonprofit organizations, and public institutions, through which the jurisdiction will carry out its housing strategy, assessing the strengths and gaps in that delivery system and describing what the jurisdiction will do to overcome those gaps;

(6) indicate resources from private and non-Federal public sources that are reasonably expected to be made available to carry out the purposes of this Act, explaining how funds made available will leverage those additional resources and identifying, where the jurisdiction deems it appropriate, publicly owned land or property located within the jurisdiction that may be utilized to carry out the purposes of this Act;

(7) set forth the jurisdiction's plan for investment or other use of housing funds made available under title II of this Act, the United States Housing Act of 1937, the Housing and Community Development Act of 1974, and the [Stewart B. McKinney Homeless Assistance Act] McKinney-Vento Homeless Assistance Act, during the ensuing year or such longer period as the Secretary determines to be appropriate, indicating the general priorities for allocating investment geographically within the jurisdiction and among different activities and housing needs;

(8) describe how the jurisdiction's plan will address the housing needs identified pursuant to subparagraphs (1) and (2), describe the reasons for allocation priorities, and identify any obstacles to addressing underserved needs;

(9) describe the means of cooperation and coordination among the State and any units of general

local government in the development, submission, and implementation of their housing strategies;

(10) in the case of a unit of local government, describe the number of public housing units in the jurisdiction, the physical condition of such units, the restoration and revitalization needs of public housing projects within the jurisdiction, the public housing agency's strategy for improving the management and operation of such public housing, and the public housing agency's strategy for improving the living environment of low- and very-low-income families residing in public housing;

(11) describe the manner in which the plan of the jurisdiction will help address the needs of public housing;

(12) in the case of a State, describe the strategy to coordinate the Low-Income Tax Credit with development of housing, including public housing, that is affordable to very low-income and low-income families;

(13) describe the jurisdiction's activities to encourage public housing residents to become more involved in management and participate in homeownership;

(14) describe the standards and procedures according to which the jurisdiction will monitor activities authorized under this Act and ensure long-term

compliance with the provisions of this Act;

(15) include a certification that the jurisdiction will affirmatively further fair housing;

(16) include a certification that the jurisdiction has in effect and is following a residential antidisplacement and relocation assistance plan that, in any case of any such displacement in connection with any activity assisted with amounts provided under title II, requires the same actions and provides the same rights as required and provided under a residential antidisplacement and relocation assistance plan under section 104(d) of the Housing and Community Development Act of 1974 in the event of displacement in connection with a development project assisted under section 106 or 119 of such Act;

(17) estimate the number of housing units within the jurisdiction that are occupied by low-income families or very low-income families and that contain lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, outline the actions proposed or being taken to evaluate and reduce lead-based paint hazards, and describe how lead-based paint hazard reduction will be integrated into housing policies and programs;

(18) include the number of families to whom the jurisdiction will provide affordable housing as defined

in section 215 using funds made available;

(19) for any housing strategy submitted for fiscal year 1994 or any fiscal year thereafter and taking into consideration factors over which the jurisdiction has control, describe the jurisdiction's goals, programs, and policies for reducing the number of households with incomes below the poverty line (as defined by the Office of Management and Budget and revised annually), and, in consultation with other appropriate public and private agencies, state how the jurisdiction's goals, programs, and policies for producing and preserving affordable housing set forth in the housing strategy will be coordinated with other programs and services for which the jurisdiction is responsible and the extent to which they will reduce (or assist in reducing) the number of households with incomes below the poverty line; and

(20) describe the jurisdictions activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies.

The Secretary may provide for the submission of abbreviated housing strategies by jurisdictions that are not otherwise expected to be participating jurisdictions under title II of this Act. Such an abbreviated housing strategy shall be appropriate to the types and amounts of assistance the

jurisdiction is to receive as determined by the Secretary.

(c) Approval.--

(1) In general.--The Secretary shall review the housing strategy upon receipt. Not later than 60 days after receipt by the Secretary, the housing strategy shall be approved unless the Secretary determines before that date that (A) the housing strategy is inconsistent with the purposes of this Act, or (B) the information described in subsection (b) has not been provided in a substantially complete manner. For the purpose of the preceding sentence, the adoption or continuation of a public policy identified pursuant to subsection (b)(4) shall not be a basis for the Secretary's disapproval of a housing strategy. During the 18-month period following enactment of this Act, the Secretary may extend the review period to not longer than 90 days.

(2) Actions in case of disapproval.--If the Secretary disapproves the housing strategy, the Secretary shall immediately notify the jurisdiction of such disapproval. Not later than 15 days after the Secretary's disapproval, the Secretary shall inform the jurisdiction in writing of (A) the reasons for disapproval, and (B) actions that the jurisdiction could take to meet the criteria for approval. If the Secretary fails to inform the jurisdiction of the



reasons for disapproval within such 15-day period, the housing strategy shall be deemed to have been approved.

(3) Amendments and resubmission.--The Secretary shall, for a period of not less than 45 days following the date of first disapproval, permit amendments to, or the resubmission of, any housing strategy that is disapproved. The Secretary shall approve or disapprove a housing strategy not less than 30 days after receipt of such amendments or resubmission.

(d) Coordination of State and Local Housing Strategies.--The Secretary may establish such requirements as the Secretary deems appropriate to encourage coordination between and among the housing strategies of a State and any participating jurisdictions within the State, except that a unit of general local government shall not be required to have elements of its housing strategy approved by the State.

(e) Consultation With Social Service Agencies.--

(1) In general.--When preparing a housing strategy for submission under this section, a jurisdiction shall make reasonable efforts to confer with appropriate social service agencies regarding the housing needs of children, elderly persons, persons with disabilities, homeless persons, and other persons served by such agencies.

(2) Lead-based paint hazards.--When preparing that portion of a housing strategy required by subsection

(b)(16), a jurisdiction shall consult with State or local health and child welfare agencies and examine existing data related to lead-based paint hazards and poisonings, including health department data on the addresses of housing units in which children have been identified as lead poisoned.

(f) Barrier Removal.--Not later than 4 months after completion of the final report of the Secretary's Advisory Commission on Regulatory Barriers to Affordable Housing, the Secretary shall submit to the Congress a written report outlining the Secretary's recommendations for legislative and administrative actions to facilitate the removal or modification of excessive, duplicative, or unnecessary regulations or other requirements of Federal, State, or local governments that (1) inflate the costs of or otherwise inhibit the construction, rehabilitation, or management of housing, particularly housing that otherwise could be affordable to low-income and moderate-income families, or (2) contribute to economic or racial discrimination.

(g) Treatment of Troubled Public Housing Agencies.--

(1) Effect of troubled status on chas.--The comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the State or unit of general local government in which any troubled public housing agency is located shall not be considered to comply with the requirements under this

section unless such plan includes a description of the manner in which the State or unit will provide financial or other assistance to such troubled agency in improving its operations to remove such designation.

(2) Definition.--For purposes of this subsection, the term ``troubled public housing agency" means a public housing agency that, upon the effective date of the Quality Housing and Work Responsibility Act of 1998, is designated under section 6(j)(2) of the United States Housing Act of 1937 as a troubled public housing agency.

#### SEC. 106. CERTIFICATION.

The Secretary shall, by regulation or otherwise, as deemed by the Secretary to be appropriate, require any application for housing assistance under title II of this Act, assistance under the Housing and Community Development Act of 1974, or assistance under the [Stewart B. McKinney Homeless Assistance Act] McKinney-Vento Homeless Assistance Act, to contain or be accompanied by a certification by an appropriate State or local public official that the proposed housing activities are consistent with the housing strategy of the jurisdiction to be served.

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## SEC. 108. COMPLIANCE.

### (a) Performance Reports.--

(1) In general.--Each participating jurisdiction shall annually review and report, in a form acceptable to the Secretary, on the progress it has made in carrying out its housing strategy, which report shall include an evaluation of the jurisdiction's progress in meeting its goal established in [section 105(b)(15)] section 105(b)(18) of this Act, and information on the number and types of households served, including the number of very low-income, low-income, and moderate-income persons served and the racial and ethnic status of persons served that will be assisted with funds made available.

(2) Submission.--The Secretary shall (A) establish dates for submission of reports under this subsection, and (B) review such reports and make such recommendations as the Secretary deems appropriate to carry out the purposes of this Act.

(3) Failure to report.--If a jurisdiction fails to submit a report satisfactory to the Secretary in a timely manner, assistance to the jurisdiction under title II of this Act or the other programs referred to

in section 106 may be--

(A) suspended until a report satisfactory to the Secretary is submitted; or

(B) withdrawn and reallocated if the Secretary finds, after notice and opportunity for a hearing, that the jurisdiction will not submit a satisfactory report.

(b) Performance Review by Secretary.--

(1) In general.--The Secretary shall ensure that activities of each jurisdiction required to submit a housing strategy under section 105 are reviewed not less frequently than annually. Such review shall include, insofar as practicable, on-site visits by employees of the Department of Housing and Urban Development and shall include an assessment of the jurisdiction's--

(A) management of funds made available under programs administered by the Secretary;

(B) compliance with its housing strategy;

(C) accuracy in the preparation of performance reports under subsection (a); and

(D) efforts to ensure that housing assisted under programs administered by the Secretary are in compliance with contractual agreements and the requirements of law.

(2) Report by the secretary.--The Secretary shall

report on the performance review in writing. The Secretary shall give the jurisdiction not less than 30 days to review and comment on the report. After taking into consideration the comments of the jurisdiction, the Secretary may revise the report and shall make the jurisdiction's comments and the report, with any revisions, readily available to the public within 30 days after receipt of the jurisdiction's comments.

(c) Review by Courts.--The adequacy of information submitted under section 105(b)(4) shall not be reviewable by any Federal, State, or other court. Review of a housing strategy by any Federal, State, or other court shall be limited to determining whether the process of development and the content of the strategy are in substantial compliance with the requirements of this Act. During the pendency of any action challenging the adequacy of a housing strategy or the action of the Secretary in approving a strategy, the court shall not have the authority to enjoin activities taken by the jurisdiction to implement an approved housing strategy. Any housing assisted during the pendency of such action shall not be subject to any order of the court resulting from such action.

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SEC. 110. CAPACITY STUDY.

(a) In General.--The Secretary shall ensure that the Department of Housing and Urban Development has adequate capacity and resources, including staff and training programs, to carry out its mission and responsibilities to implement the provisions of this Act, including the ability of the Department to carry out the multifamily mortgage insurance program, and the ability to respond to areas identified as ``material weaknesses'' by the Office of the Inspector General in financial audits or other reports.

(b) Report.--Not later than 60 days after the date of enactment of this Act, and annually thereafter, the Secretary shall prepare and submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the [Committee on Banking, Finance and Urban Affairs] Committee on Financial Services of the House of Representatives a study detailing the Department's plan to maintain such capacity, together with any recommendations for legislative and administrative action as the Secretary determines to be appropriate.

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## TITLE II--INVESTMENT IN AFFORDABLE HOUSING

\* \* \* \* \*

## Subtitle A--HOME Investment Partnerships

\* \* \* \* \*

### SEC. 212. ELIGIBLE USES OF INVESTMENT.

#### (a) Housing Uses.--

(1) In general.--Funds made available under this subtitle may be used by participating jurisdictions to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing, including real property acquisition, site improvement, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations, to provide for the payment of reasonable administrative and planning costs, to provide for the payment of operating expenses of community housing development organizations, and to provide tenant-based rental assistance. For the purpose of this subtitle, the term ``affordable housing''



includes permanent housing for disabled homeless persons, transitional housing, and single room occupancy housing.

[(2) Preference to rehabilitation.--A participating jurisdiction shall give preference to rehabilitation of substandard housing unless the jurisdiction determines that--

- [(A) such rehabilitation is not the most cost effective way to meet the jurisdiction's need to expand the supply of affordable housing; and
- [(B) the jurisdiction's housing needs cannot be met through rehabilitation of the available stock.

The Secretary shall not restrict a participating jurisdiction's choice of rehabilitation, substantial rehabilitation, new construction, reconstruction, acquisition, or other eligible housing use unless such restriction is explicitly authorized under section 223(2).]

(2) Limitation.--The Secretary may not restrict a participating jurisdiction's choice of rehabilitation, substantial rehabilitation, new construction, reconstruction, acquisition, or other eligible housing uses authorized in paragraph (1) unless such restriction is explicitly authorized under section 223(2).

(3) Tenant-based rental assistance.--

(A) In general.--A participating jurisdiction may use funds provided under this subtitle for tenant-based rental assistance only if--

(i) the jurisdiction certifies that the use of funds under this subtitle for tenant-based rental assistance is an essential element of the jurisdiction's annual housing strategy for expanding the supply, affordability, and availability of decent, safe, sanitary, and affordable housing, and specifies the local market conditions that lead to the choice of this option; and

(ii) the tenant-based rental assistance is provided in accordance with written tenant selection policies and criteria that are consistent with the purposes of providing housing to very low- and low-income families and are reasonably related to preference rules established under section 6(c)(4)(A) of the Housing Act of 1937.

(B) Fair share not affected.--A jurisdiction's section 8 fair share allocation

shall be unaffected by the use of assistance under this title.

(C) 24-month contracts.--Rental assistance contracts made available with assistance under this title shall be for not more than 24 months, except that assistance to a family may be renewed.

(D) Use of section 8 assistance.--In any case where assistance under section 8 of the United States Housing Act of 1937 becomes available to a participating jurisdiction, recipients of rental assistance under this title shall qualify for tenant selection preferences to the same extent as when they received the rental assistance under this title. A rental assistance program under this title shall meet minimum criteria prescribed by the Secretary, such as housing quality standards and standards regarding the reasonableness of the rent.

(E) Security deposit assistance.--A jurisdiction using funds provided under this subtitle for tenant-based rental assistance may use such funds to provide loans or grants to very low- and low-income families for security deposits for rental of dwelling units. Assistance under this subparagraph does not

preclude assistance under any other provision  
of this paragraph.

(4) Infrastructure improvements in nonentitlement  
areas.--

(A) In general.--A participating jurisdiction  
may use funds provided under this subtitle for  
infrastructure improvements, including the  
installation or repair of water and sewer  
lines, sidewalks, roads, and utility  
connections if--

(i) such participating jurisdiction  
does not receive assistance under title  
I of the Housing and Community  
Development Act of 1974; and  
(ii) such improvements are directly  
related to, and located within or  
immediately adjacent to--

(I) housing assisted under  
this subtitle; or

(II) housing assisted under  
section 42 of the Internal  
Revenue Code of 1986.

(B) Application of labor standards.--The  
labor standards and requirements set forth in  
section 110 of the Housing and Community  
Development Act of 1974 (42 U.S.C. 5310) shall

apply to any infrastructure improvement conducted using funds provided under this subtitle.

(C) Rule of construction.--Nothing in this paragraph may be construed to impose any requirements of the HOME Investment Partnerships program on housing that benefits from an infrastructure improvement conducted using funds provided under this subtitle but was not otherwise assisted under the HOME Investment Partnerships program.

(5) Lead-based paint hazards.--A participating jurisdiction may use funds provided under this subtitle for the evaluation and reduction of lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

(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.

(c) Administrative Costs.--In each fiscal year, each participating jurisdiction may use not more than 10 percent of

the funds made available under this subtitle to the jurisdiction for such year for any administrative and planning costs of the jurisdiction in carrying out this subtitle, including the costs of the salaries of persons engaged in administering and managing activities assisted with funds made available under this subtitle.

(d) Prohibited Uses.--Funds made available under this subtitle may not be used to--

(1) defray any administrative cost of a participating jurisdiction that exceed the amount specified under subsection (c),

(2) provide tenant-based rental assistance for the special purposes of the existing section 8 program, including replacing public housing that is demolished or disposed of, preserving federally assisted housing, assisting in the disposition of housing owned or held by the Secretary, preventing displacement from rental rehabilitation projects, or extending or renewing tenant-based assistance under section 8 of the United States Housing Act of 1937,

(3) provide non-Federal matching contributions required under any other Federal program,

(4) provide assistance authorized under section 9 of the United States Housing Act of 1937,

(5) carry out activities authorized under section 9(d)(1) of the Housing Act of 1937, or

(6) provide assistance to eligible low-income housing under the Emergency Low Income Housing Preservation Act of 1987 or the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

(e) Cost Limits.--

(1) In general.--The Secretary shall establish limits on the amount of funds under this subtitle that may be invested on a per unit basis. [For multifamily housing, such limits shall not be less than the per unit dollar amount limitations set forth in section 221(d)(3)(ii) of the National Housing Act, as such limitations may be adjusted in accordance therewith, except that for purposes of this subsection the Secretary shall, by regulation, increase the per unit dollar amount limitations in any geographical area by an amount, not to exceed 140 percent, that equals the amount by which the costs of multifamily housing construction in the area exceed the national average of such costs.] The limits shall be established on a market-by-market basis, with adjustments made for number of bedrooms, and shall reflect the actual cost of new construction, reconstruction, or rehabilitation of housing that meets applicable State and local housing and building codes and the cost of land, including necessary site improvements. Adjustments shall be made annually to reflect inflation. Separate limits may be set for

different eligible activities.

(2) Criteria.--In calculating per unit limits, the Secretary shall take into account that assistance under this title is intended to--

(A) provide nonluxury housing with suitable amenities;

(B) operate effectively in all jurisdictions;

(C) facilitate mixed-income housing; and

(D) reflect the costs associated with meeting the special needs of tenants or homeowners that the housing is designed to serve.

(3) Consultation.--In calculating cost limits, the Secretary shall consult with organizations that have expertise in the development of affordable housing, including national nonprofit organizations and national organizations representing private development firms and State and local governments.

(f) Certification of Compliance.--The requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 shall be satisfied by a certification by a participating jurisdiction to the Secretary that the combination of Federal assistance provided to any housing project shall not be any more than is necessary to provide affordable housing.

(g) Limitation on Operating Assistance.--A participating jurisdiction may not use more than 5 percent of its allocation



under this subtitle for the payment of operating expenses for community housing development organizations.

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#### SEC. 214. INCOME TARGETING.

Each participating jurisdiction shall invest funds made available under this subtitle within each fiscal year so that--

(1) with respect to rental assistance and rental units--

(A) not less than 90 percent of (i) the families receiving such rental assistance are families whose incomes do not exceed 60 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 60 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction cost or fair market rent, or unusually high or low family income) at the time of occupancy or at the time funds are invested, whichever is

later, or (ii) the dwelling units assisted with such funds are occupied by families having such incomes; and

(B) the remainder of (i) the families receiving such rental assistance are households that qualify as low-income families (other than families described in subparagraph (A)) at the time of occupancy or at the time funds are invested, whichever is later, or (ii) the dwelling units assisted with such funds are occupied by such households;

(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] families with a household income that does not exceed 100-percent of the median-family income of the area, as determined by the Secretary; and

(3) all such funds are invested with respect to housing that qualifies as affordable housing under section 215.

#### SEC. 215. QUALIFICATION AS AFFORDABLE HOUSING.

(a) Rental Housing.--

(1) Qualification.--Housing that is for rental shall

qualify as affordable housing under this title only if the housing--

(A) bears rents not greater than the lesser of (i) the existing fair market rent for comparable units in the area as established by the Secretary under section 8 of the United States Housing Act of 1937, or (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 Secretary's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes;

(B) has not less than 20 percent of the units (i) occupied by very low-income families who pay as a contribution toward rent (excluding any Federal or State rental subsidy provided on behalf of the family) not more than 30 percent of the family's monthly adjusted income as determined by the Secretary, or (ii) occupied

by very low-income families and bearing rents not greater than the gross rent for rent-restricted residential units as determined under section 42(g)(2) of the Internal Revenue Code of 1986;

(C) is occupied only by households that qualify as low-income families;

(D) is not refused for leasing to a holder of a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as a holder of such voucher or certificate of eligibility;

(E) will remain affordable, according to binding commitments satisfactory to the Secretary, for the remaining useful life of the property, as determined by the Secretary, without regard to the term of the mortgage or to transfer of ownership, or for such other period that the Secretary determines is the longest feasible period of time consistent with sound economics and the purposes of this Act, [except upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if such action (i) recognizes any contractual or legal rights of public agencies, nonprofit sponsors,

or others to take actions that would avoid termination of low-income affordability in the case of foreclosure or transfer in lieu of foreclosure, and (ii) is not for the purpose of avoiding low income affordability restrictions, as determined by the Secretary; and] except--

(i) upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if such action--

(I) recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid termination of low-income affordability in the case of foreclosure or transfer in lieu of foreclosure; and

(II) is not for the purpose of avoiding low-income affordability restrictions, as determined by the Secretary; or

(ii) where existing affordable housing is no longer financially viable due to unforeseen acts or occurrences

beyond the reasonable contemplation or control of the participating jurisdiction in which the affordable housing is located or the owner of the affordable housing that significantly impact the financial or physical condition of the affordable housing, as determined by the Secretary; and

(F) if newly constructed, meets the energy efficiency standards promulgated by the Secretary in accordance with section 109 of this Act.

(2) Adjustment of qualifying rent.--The Secretary may adjust the qualifying rent established for a project under subparagraph (A) of paragraph (1), only if the Secretary finds that such adjustment is necessary to support the continued financial viability of the project and only by such amount as the Secretary determines is necessary to maintain continued financial viability of the project.

(3) Increases in tenant income.--Housing shall qualify as affordable housing despite a temporary noncompliance with subparagraph (B) or (C) of paragraph (1) if such noncompliance is caused by increases in the incomes of existing tenants and if actions satisfactory to the Secretary are being taken to ensure that all

vacancies are filled in accordance with paragraph (1) until such noncompliance is corrected. Tenants who no longer qualify as low-income families shall pay as rent the lesser of the amount payable by the tenant under State or local law or 30 percent of the family's adjusted monthly income, as recertified annually. The preceding sentence shall not apply with respect to funds made available under this Act for units that have been allocated a low-income housing tax credit by a housing credit agency pursuant to section 42 of the Internal Revenue Code 1986.

(4) Mixed-income project.--Housing that accounts for less than 100 percent of the dwelling units in a project shall qualify as affordable housing if such housing meets the criteria of this section.

(5) Mixed-use project.--Housing in a project that is designed in part for uses other than residential use shall qualify as affordable housing if such housing meets the criteria of this section.

(6) Waiver of qualifying rent.--

(A) In general.--For the purpose of providing affordable housing appropriate for families described in subparagraph (B), the Secretary may, upon the application of the project owner, waive the applicability of subparagraph (A) of paragraph (1) with respect to a dwelling unit

if--

(i) the unit is occupied by such a family, on whose behalf tenant-based assistance is provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(ii) the rent for the unit is not greater than the existing fair market rent for comparable units in the area, as established by the Secretary under section 8 of the United States Housing Act of 1937; and

(iii) the Secretary determines that the waiver, together with waivers under this paragraph for other dwelling units in the project, will result in the use of amounts described in clause (iii) in an effective manner that will improve the provision of affordable housing for such families.

(B) Eligible families.--A family described in this subparagraph is a family that consists of at least one elderly person (who is the head of household) and one or more of such person's grand children, great grandchildren, great nieces, great nephews, or great great



grandchildren (as defined by the Secretary), but does not include any parent of such grandchildren, great grandchildren, great nieces, great nephews, or great great grandchildren. Such term includes any such grandchildren, great grandchildren, great nieces, great nephews, or great great grandchildren who have been legally adopted by such elderly person.

(7) Qualification exception.--Notwithstanding paragraph (1)(A), a rental unit shall be considered to qualify as affordable housing under this title if--

(A) the unit is occupied by a tenant receiving tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(B) the tenant's contribution toward rent does not exceed the amount permitted under such section 8 assistance; and

(C) the total rent for the unit does not exceed the amount approved by the public housing agency administering the assistance under that program.

(8) Small-scale housing.--

(A) In general.--Small-scale housing shall qualify as affordable housing under this title

if--

(i) each dwelling unit in such housing bears rent in an amount that complies with the requirements described in paragraph (1)(A);

(ii) each dwelling unit in such housing is occupied by a low-income family;

(iii) no dwelling unit in such housing is refused for leasing to a holder of a voucher 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;

(iv) such housing complies with the requirement described in paragraph (1)(E); and

(v) the participating jurisdiction in which such small-scale housing is located monitors the compliance of such housing with the requirements of this title in a manner consistent with the purposes of section 226(b), as determined by the Secretary.

(B) Small-scale housing defined.--In this

paragraph, the term "small-scale housing" means housing with not more than 4 dwelling units each of which is made available for rental.

(b) Homeownership.--Housing that is for homeownership shall qualify as affordable housing under this title only if the housing--

(1) has an initial purchase price that does not exceed [95 percent] 110 percent of the median purchase price for the area, as determined by the Secretary with such adjustments for differences in structure, including whether the housing is single-family or multifamily, and for new and old housing as the Secretary determines to be appropriate;

(2) is the principal residence of an owner [whose family qualifies as a low-income family] with a family income that does not exceed 100-percent of the median-family income of the area as determined by the Secretary with adjustments for smaller and larger families--

(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;

(3) is subject to resale restrictions that are established by the participating jurisdiction and determined by the Secretary to be appropriate to--

(A) allow for subsequent purchase of the property only by persons who meet the qualifications specified under paragraph (2), at a price which will--

(i) provide the owner with a fair return on investment, including any improvements, and

(ii) ensure that the housing will remain affordable to a reasonable range of [low-income homebuyers] homebuyers with a household income that does not exceed 100-percent of the median-family income of the area, as determined by the Secretary with adjustments for smaller and larger families; [or]

(B) recapture the investment provided under this title in order to assist other persons in accordance with the requirements of this title, except where there are no net proceeds or where the net proceeds are insufficient to repay the

full amount of the assistance; [and] or

(C) maintain long-term affordability through a shared equity ownership model, a community land trust, a limited equity cooperative, a community development corporation, or other mechanism approved by the Secretary, that preserves affordability for future eligible homebuyers and ensures compliance with the purposes of this title, including through the use of purchase options, rights of first refusal or other preemptive rights to purchase housing; and

(4) if newly constructed, meets the energy efficiency standards promulgated by the Secretary in accordance with section 109 of this Act.

(c) Qualification Exceptions for Homeownership.--

(1) Military members.--A participating jurisdiction, in accordance with terms established by the Secretary, may suspend or waive the income qualifications described in subsection (b)(2) with respect to housing that otherwise meets the criteria described in subsection (b) if the owner of the housing--

(A) is a member of a regular component of the armed forces or a member of the National Guard on full-time National Guard duty, active Guard and Reserve duty, or inactive-duty training (as

those terms are defined in section 101(d) of title 10, United States Code); and

(B) has received--

- (i) temporary duty orders to deploy with a military unit or military orders to deploy as an individual acting in support of a military operation, to a location that is not within a reasonable distance from the housing, as determined by the Secretary, for a period of not less than 90 days; or
- (ii) orders for a permanent change of station.

(2) Heirs and beneficiaries of deceased owners.--

Housing that meets the criteria described in subsection

(b)(3) prior to the death of an owner of such housing shall continue to qualify as affordable housing under this title if--

- (A) the housing is the principal residence of an heir or beneficiary of the deceased owner, as defined by the Secretary; and
- (B) the heir or beneficiary, in accordance with terms established by the Secretary, assumes the duties and obligations of the deceased owner with respect to funds provided under this title.

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## SEC. 217. ALLOCATION OF RESOURCES.

### (a) In General.--

#### (1) States and units of general local government.--

After reserving amounts under paragraph (3) for the insular areas, the Secretary shall allocate funds approved in an appropriation Act to carry out this title by formula as provided in subsection (b). Of the funds made available under the preceding sentence, the Secretary shall initially allocate 60 percent among units of general local government and 40 percent among States.

(3) Insular areas.--For each fiscal year, of any amounts approved in appropriation Acts to carry out this title, the Secretary shall reserve for grants to the insular areas the greater of (A) \$750,000, or (B) 0.2 percent of the amounts appropriated under such Acts. The Secretary shall provide for the distribution of amounts reserved under this paragraph among the insular areas pursuant to specific criteria for such distribution, which shall be contained in a regulation issued by the Secretary.

(3) Insular areas.--For each fiscal year, of any amounts approved in appropriations Acts to carry out this title, the Secretary shall reserve for grants to the insular areas the greater of (A) \$750,000, or (B) 0.2 percent of the amounts appropriated under such Acts. The Secretary shall provide for the distribution of amounts reserved under this paragraph among the insular areas pursuant to specific criteria for such distribution. The criteria shall be contained in a regulation promulgated by the Secretary after notice and public comment.

(b) Formula Allocation.--

(1) In general.--

(A) Basic formula.--The Secretary shall establish in regulation an allocation formula that reflects each jurisdiction's share of total need among eligible jurisdiction for an increased supply of affordable housing for very low-income and low-income families of different size, as identified by objective measures of inadequate housing supply, substandard housing, the number of low-income families in housing likely to be in need of rehabilitation, the costs of producing housing, poverty, and the relative fiscal incapacity of the jurisdiction to carry out housing activities eligible under



section 212 without Federal assistance.

Allocation among units of general local government shall take into account the housing needs of metropolitan cities, urban counties, and approved consortia of units of general local government.

(B) Source of data.--The data to be used for formula allocation of funds within a fiscal year shall be data obtained from a standard source that are available to the Secretary 90 days prior to the beginning of that fiscal year.

(C) Use of basic formula.--The basic formula established under subparagraph (A) shall be used for all formula allocations and reallocations provided for in this subtitle.

(D) Weights.--When allocation is made among States, the Secretary shall apply the formula in subparagraph (A) giving 20 percent weight to measures of need for the whole State and 80 percent weight to measures of need among units of general local government that are not receiving an allocation under section 216(1).

(E) Adjustments.--In developing the basic formula in subparagraph (A), the Secretary shall (i) avoid the allocation of an

excessively large share of amounts made available under this subtitle to any one State or unit of general local government, and (ii) take into account the need for a geographic distribution of amounts made available under this subtitle that appropriately reflects the housing need in each region of the Nation.

(F) Consultation.--The Secretary shall develop the formula in subparagraph (A) in ongoing consultation with (i) the Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing, and Urban Affairs of the Senate, (ii) the [Subcommittee on Housing and Community Development] Subcommittee on Housing, Transportation, and Community Development of the [Committee on Banking, Finance and Urban Affairs] Committee on Financial Services of the House of Representatives, and (iii) organizations representing States and units of general local government. Not less than 60 days prior to publishing a formula for comment, the Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the [Committee on Banking, Finance and Urban Affairs] Committee on Financial Services of the House of Representatives a copy

of the formula the Secretary intends to propose.

(2) Minimum state allocation.--

(A) In general.--If the formula, when applied to funds approved under this section in appropriations Acts for a fiscal year, would allocate less than \$3,000,000 to any State, the allocation for such State shall be \$3,000,000, and the increase shall be deducted pro rata from the allocations of other States.

(B) Increased minimum allocation.--If no unit of general local government within a State receives an allocation under paragraph (3), the State's allocation shall be increased by [\$500,000] \$750,000. Priority for use of such increased allocation shall go to the provision of affordable housing within the boundaries of metropolitan cities, urban counties, and approved consortia within the State, based on the need for such funds. The increased allocation to a State under the preceding sentence shall be derived by a pro rata deduction from the allocations to units of general local government in all States, except that such pro rata deduction shall not reduce the allocation of any unit of general local

government below [\$500,000] \$750,000.

(3) Minimum local allocation.--The Secretary shall allocate funds available for formula allocation to units of general local government that, as of the end of the previous fiscal year, qualified as metropolitan cities, urban counties, and consortia approved by the Secretary in accordance with section 216(2) so that, when all such funds are initially allocated by formula, [jurisdictions that are allocated an amount of \$500,000 or more] jurisdictions that are allocated an amount of \$750,000 or more, and participating jurisdictions (other than consortia that fail to renew the membership of all of their member jurisdictions) [that are allocated an amount less than \$500,000] that are allocated an amount less than \$500,000 before the date of the enactment of the Housing for the 21st Century Act or less than \$750,000 on or after the date of the enactment of the Housing for the 21st Century Act, shall receive an allocation. Prior to announcing initial allocations, the Secretary shall successively recalculate the allocations to jurisdictions under this subsection so that the maximum number of such jurisdictions can receive initial allocations[, except as provided in paragraph (4)].

[(4) Threshold reduction.--If the amount appropriated pursuant to section 205 for any fiscal year is less

than \$1,500,000,000, then this section shall be applied during that year by substituting ``\$335,000" for ``\$500,000" where it appears in paragraph (3).]

(c) Criteria for Direct Reallocation.--The Secretary shall establish objective criteria for making direct reallocations to any participating jurisdiction and other eligible entities. A jurisdiction shall be eligible for a direct reallocation under this subsection only if the jurisdiction, in a form acceptable to the Secretary, submits an application that demonstrates to the satisfaction of the Secretary that the jurisdiction is engaged, or has made good faith efforts to engage, in cooperative efforts between the State and appropriate participating jurisdictions within the State to develop, coordinate, and implement housing strategies under this title. The Secretary shall by regulation establish objective selection criteria for such direct reallocations, which criteria shall take into account--

(1) the applicant's demonstrated commitment to expand the supply of affordable rental housing, including units developed by public housing agencies, as indicated by the additional number of units of affordable housing made available through production or rehabilitation within the previous 2 years, making adjustment for regional variations in construction and rehabilitation costs and giving special consideration to the number of additional units made available under

this title through production or rehabilitation,  
including units developed by public housing agencies,  
in relation to the amounts made available under this  
program;

(2) the applicant's actions that--

(A) direct funds made available under this  
subtitle to benefit very low-income families,  
with a range of incomes, in amounts that exceed  
the income targeting requirements of section  
214, with extra consideration given for  
activities that expand the supply of affordable  
housing for very low-income families whose  
incomes do not exceed 30 percent of the median  
family income for the area, as determined by  
the Secretary;

(B) apply the tenant selection preference  
categories applicable under section 8 of the  
United States Housing Act of 1937 to the  
selection of tenants for housing assisted under  
this subtitle;

(C) provide matching resources in excess of  
funds required under section 220; and

(D) stimulate a high degree of investment and  
participation in development by the private  
sector, including nonprofit organizations; and

(3) the degree to which the applicant is pursuing

policies that--

(A) make existing housing more affordable;

(B) remove or ameliorate any negative effects that public policies identified by the applicant pursuant to section 105(b)(4) may have on the cost of housing or the incentives to develop, maintain, or improve affordable housing in the jurisdiction;

(C) preserve the affordability of privately-owned housing that is vulnerable to conversion, demolition, disinvestment, or abandonment;

(D) increase the supply of housing that is affordable to very low-income and low-income persons, particularly in areas that are accessible to expanding job opportunities; and

(E) remedy the effects of discrimination and improve housing opportunities for disadvantaged minorities.

(d) Reallocations.--

(1) In general.--The Secretary shall make any reallocations periodically throughout each fiscal year so as to ensure that all funds to be reallocated are made available to eligible jurisdictions as soon as possible, consistent with orderly program administration. [Jurisdictions eligible for such reallocations shall include participating jurisdictions

and jurisdictions meeting the requirements of paragraphs (3), (4), and (5) of section 216.] Subject to paragraph (4), jurisdictions eligible for such reallocations shall include participating jurisdictions and jurisdictions meeting the requirements of this title, including the requirements in paragraphs (3), (4), and (5) of section 216.

(2) Commitments.--The Secretary shall establish procedures according to which participating jurisdictions may make commitments to invest funds made available under this section. Such procedures shall provide for appropriate stages of commitment of funds to a project from initial reservation through binding commitment. Notwithstanding any other provision of this title, funds that the Secretary determines are needed to fulfill binding commitments shall not be available for reallocation.

(3) Limitation.--Unless otherwise specified in this subtitle, any reallocation of funds from a State shall be made only among all participating States, and any reallocation of funds from units of general local government shall be made only among all participating units of general local government.

(4) Reallocation not available for certain jurisdictions.--The Secretary may decline to make a reallocation available to a jurisdiction eligible for



such reallocation if such jurisdiction has failed to meet or comply with any requirement under this title.

#### SEC. 218. HOME INVESTMENT TRUST FUNDS.

(a) Establishment.--The Secretary shall establish for each participating jurisdiction a HOME Investment Trust Fund, which shall be an account (or accounts as provided in section 219(c)) for use solely to invest in affordable housing within the participating jurisdiction's boundaries or within the boundaries of contiguous jurisdictions in joint projects which serve residents from both jurisdictions in accordance with the provisions of this subtitle.

(b) Line of Credit.--The Secretary shall establish a line of credit in the HOME Investment Trust Fund of each participating jurisdiction, which line of credit shall include--

- (1) funds allocated or reallocated to the participating jurisdiction under section 217, and
- (2) any payment or repayment made pursuant to section 219.

(c) Reductions.--A participating jurisdiction's line of credit shall be reduced by--

- (1) funds drawn from the HOME Investment Trust Fund by the participating jurisdiction,
- (2) funds expiring under subsection (g), and
- (3) any penalties assessed by the Secretary under

section 224.

(d) Certification.--A participating jurisdiction may draw funds from its HOME Investment Trust Fund, but not to exceed the remaining line of credit, only after providing certification that the funds shall be used pursuant to the participating jurisdiction's approved housing strategy and in compliance with all requirements of this title. When such certification is received, the Secretary shall immediately disburse such funds in accordance with the form of the assistance determined by the participating jurisdiction.

(e) Investment Within 15 Days.--The participating jurisdiction shall, not later than 15 days after funds are drawn from the jurisdiction's HOME Investment Trust Fund, invest such funds, together with any interest earned thereon, in the affordable housing for which the funds were withdrawn.

(f) No Interest or Fees.--The Secretary shall not charge any interest or levy any other fee with regard to funds in a HOME Investment Trust Fund.

[(g) Expiration of Right To Draw Funds.--If any funds becoming available to a participating jurisdiction under this title are not placed under binding commitment to affordable housing within 24 months after the last day of the month in which such funds are deposited in the jurisdiction's HOME Investment Trust Fund, the jurisdiction's right to draw such funds from the HOME Investment Trust Fund shall expire. The Secretary shall reduce the line of credit in the participating

jurisdiction's HOME Investment Trust Fund by the expiring amount and shall reallocate the funds by formula in accordance with section 217(d).]

[(h)] (g) Administrative Provision.--The Secretary shall keep each participating jurisdiction informed of the status of its HOME Investment Trust Fund, including the status of amounts under various stages of commitment.

\* \* \* \* \*

#### SEC. 225. TENANT AND PARTICIPANT PROTECTIONS.

(a) Lease.--The lease between a tenant and an owner of affordable housing assisted under this title for rental shall be for not less than one year, unless by mutual agreement between the tenant and the owner, and shall contain such terms and conditions as the Secretary shall determine to be appropriate.

(b) Termination of Tenancy.--An owner shall not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted under this title except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days by the owner's service

upon the tenant of a written notice specifying the grounds for the action. Such 30-day waiting period is not required if the grounds for the termination or refusal to renew involve a direct threat to the safety of the tenants or employees of the housing, or an imminent and serious threat to the property (and the termination or refusal to renew is in accordance with the requirements of State or local law).

(c) Maintenance and Replacement.--The owner of rental housing assisted under this title shall maintain the premises in compliance with all applicable housing quality standards and local code requirements.

(d) Tenant Selection.--The owner of rental housing assisted under this title shall adopt written tenant selection policies and criteria that--

(1) are consistent with the purpose of providing housing for very low-income and low-income families,

(2) are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease,

(3) give reasonable consideration to the housing needs of families that would have a preference under section 6(c)(4)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)(4)(A)), and

(4) provide for (A) the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, and (B)

for the prompt notification in writing of any rejected applicant of the grounds for any rejection.

(e) Exception.--Paragraphs (2), (3), and (4) shall not apply to small-scale housing, as such term is defined in section 215(a)(7).

\* \* \* \* \*

#### Subtitle B--Community Housing Partnership

### SEC. 231. SET-ASIDE FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS.

(a) In General.--For a period of 24 months after funds under subtitle A are made available to a jurisdiction, the jurisdiction shall reserve not less than 15 percent of such funds for investment only in housing to be developed, sponsored, or owned by community housing development organizations. Each participating jurisdiction shall make reasonable efforts to identify community housing development organizations that are capable or can reasonably be expected to become capable of carrying out elements of the jurisdiction's housing strategy and to encourage such community housing development organizations to do so. If during the first 24 months of its participation under this title, a participating jurisdiction is unable to identify a sufficient number of

capable community housing development organizations, then up to 20 percent of the funds allocated to that jurisdiction under this section, but not to exceed \$150,000, may be made available to carry out activities that develop the capacity of community housing development organizations in that jurisdiction. A participating jurisdiction is authorized to enter into contracts with community housing development organizations to carry out this section.

[(b) Recapture and Reuse.--If any funds reserved under subsection (a) remain uninvested for a period of 24 months, then the Secretary shall deduct such funds from the line of credit in the participating jurisdiction's HOME Investment Trust Fund and make such funds available by direct reallocation (1) to other participating jurisdictions for affordable housing developed, sponsored or owned by community housing development organizations, or (2) to nonprofit intermediary organizations to carry out activities that develop the capacity of community housing development organizations consistent with section 233, with preference to community housing development organizations serving the jurisdiction from which the funds were recaptured.]

(b) Recapture and Reuse.--If any funds reserved under subsection (a) remain uninvested for a period of 24 months, the Secretary shall make such funds available to the participating jurisdiction for any eligible activities under title II of this Act without regard to whether a community housing development organization materially participates in the use of such funds.

(c) Direct Reallocation Criteria.--Insofar as practicable, direct reallocations under this section shall be made according to the selection criteria established under section 217(c).

\* \* \* \* \*

## SEC. 233. HOUSING EDUCATION AND ORGANIZATIONAL SUPPORT.

(a) In General.--The Secretary is authorized to provide education and organizational support assistance, in conjunction with other assistance made available under this subtitle--

- (1) to facilitate the education of low-income homeowners and tenants;
- (2) to promote the ability of community housing development organizations, including community land trusts, to maintain, rehabilitate and construct housing for low-income and moderate-income families in conformance with the requirements of this title; and
- (3) to achieve the purposes under paragraphs (1) and (2) by helping women who reside in low- and moderate-income neighborhoods rehabilitate and construct housing in the neighborhoods.

(b) Eligible Activities.--Assistance under this section may be used only for the following eligible activities:

- (1) Organizational support.--Organizational support

assistance may be made available to community housing development organizations to cover operational expenses and to cover expenses for training and technical, legal, engineering and other assistance to the board of directors, staff, and members of the community housing development organization.

(2) Housing education.--Housing education assistance may be made available to community housing development organizations to cover expenses for providing or administering programs for educating, counseling, or organizing homeowners and tenants who are eligible to receive assistance under other provisions of this title.

(3) Program-wide support of nonprofit development and management.--Technical assistance, training, and continuing support may be made available to eligible community housing development organizations for managing and conserving properties developed under this title.

(4) Benevolent loan funds.--Technical assistance may be made available to increase the investment of private capital in housing for very low-income families, particularly by encouraging the establishment of benevolent loan funds through which private financial institutions will accept deposits at below-market interest rates and make those funds available at



favorable rates to developers of low-income housing and to low-income homebuyers.

(5) Community development banks and credit unions.--

Technical assistance may be made available to establish privately owned, local community development banks and credit unions to finance affordable housing.

(6) Community land trusts.--Organizational support, technical assistance, education, training, and continuing support under this subsection may be made available to community land trusts (as such term is defined in [subsection (f)] section 104) and to community groups for the establishment of community land trusts.

(7) Facilitating women in homebuilding professions.--

Technical assistance may be made available to businesses, unions, and organizations involved in construction and rehabilitation of housing in low- and moderate-income areas to assist women residing in the area to obtain jobs involving such activities, which may include facilitating access by such women to, and providing, apprenticeship and other training programs regarding nontraditional skills, recruiting women to participate in such programs, providing continuing support for women at job sites, counseling and educating businesses regarding suitable work environments for women, providing information to such

women regarding opportunities for establishing small housing construction and rehabilitation businesses, and providing materials and tools for training such women (in an amount not exceeding 10 percent of any assistance provided under this paragraph). The Secretary shall give priority under this paragraph to providing technical assistance for organizations rehabilitating single family or multifamily housing owned or controlled by the Secretary pursuant to title II of the National Housing Act and which have women members in occupations in which women constitute 25 percent or less of the total number of workers in the occupation (in this section referred to as ``nontraditional occupations").

(c) Delivery of Assistance.--The Secretary shall provide this assistance only through contract--

(1) with a nonprofit intermediary organization that, in the determination of the Secretary--

(A) customarily provides, in more than one community, services related to the provision of decent housing that is affordable to low-income and moderate-income persons or the revitalization of deteriorating neighborhoods;

(B) has demonstrated experience in providing a range of assistance (such as financing, technical assistance, construction and property

management assistance, capacity building and training) to community housing development organizations or similar organizations that engage in community revitalization;

(C) has demonstrated the ability to provide technical assistance and training for community-based developers of affordable housing;

(D) has described the uses to which such assistance will be put and the intended beneficiaries of the assistance; and

(E) in the case of activities under subsection (b)(7), is a community-based organization (as such term is defined in section 4 of the Job Training Partnership Act) or public housing agency, which has demonstrated experience in preparing women for apprenticeship training in construction or administering programs for training women for construction or other nontraditional occupations (and such organizations may use assistance for activities under such subsection to employ women in housing construction and rehabilitation activities to the extent that the organization has the capacity to conduct such activities); or

(2) with another organization, if a participating jurisdiction demonstrates that the organization is qualified to carry out eligible activities and that the jurisdiction would not be served in a timely manner by intermediaries specified under paragraph (1).

Contracts under paragraph (2) shall be for activities specified in an application from the participating jurisdiction, which application shall include a certification that the activities are necessary to the effective implementation of the participating jurisdiction's housing strategy.

(d) Limitations.--Contracts under this section with any one contractor for a fiscal year may not--

(1) exceed 40 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.

(e) Single-State Contractors.--Not less than 25 percent of the funds made available for this section in an appropriations Act in any fiscal year shall be made available for eligible contractors that have worked primarily in one State. The Secretary shall provide assistance under this section, to the extent applications are submitted and approved, to contractors in each of the geographic regions having a regional office of the Department of Housing and Urban Development.

[(f) Definition of Community Land Trust.--For purposes of this section, the term "community land trust" means a community housing development organization (except that the requirements under subparagraphs (C) and (D) of section 104(6) shall not apply for purposes of this subsection)--

[(1) that is not sponsored by a for-profit organization;

[(2) that is established to carry out the activities under paragraph (3);

[(3) that--

[(A) acquires parcels of land, held in perpetuity, primarily for conveyance under long-term ground leases;

[(B) transfers ownership of any structural improvements located on such leased parcels to the lessees; and

[(C) retains a preemptive option to purchase any such structural improvement at a price determined by formula that is designed to ensure that the improvement remains affordable to low- and moderate-income families in perpetuity;

[(4) whose corporate membership that is open to any adult resident of a particular geographic area specified in the bylaws of the organization; and

[(5) whose board of directors--

[(A) includes a majority of members who are  
elected by the corporate membership; and  
[(B) is composed of equal numbers of (i)  
lessees pursuant to paragraph (3)(B), (ii)  
corporate members who are not lessees, and  
(iii) any other category of persons described  
in the bylaws of the organization.]

\* \* \* \* \*

#### Subtitle C--Other Support for State and Local Housing Strategies

\* \* \* \* \*

#### SEC. 245. REACH: ASSET RECYCLING INFORMATION DISSEMINATION.

(a) In General.--The Secretary shall make available upon request by any participating jurisdiction a list of eligible properties that are located within the jurisdiction and that are owned or controlled by the Department of Housing and Urban Development to facilitate the purchase, development, or rehabilitation of such properties with assistance made available under this title.

(b) Eligible Properties.--An eligible property under this

section shall--

(1) be an unoccupied single-family or multifamily dwelling, such that acquisition and rehabilitation of the dwelling would not result in the displacement of any residents of the dwelling; and

(2) have an appraised value that does not exceed (A) in the case of a 1- to 4-family dwelling, [95 percent] 110 percent of the median purchase price for the area for such dwellings, as determined by the Secretary, or (B) in the case of a dwelling with more than 4 units, the applicable maximum dollar amount limitation under section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 1715l(d)(3)(ii)) for elevator-type structures.

\* \* \* \* \*

#### Subtitle E--Other Assistance

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

(a) Definitions.--In this section:

(1) Downpayment assistance.--The term ``downpayment assistance'' means assistance to help a family acquire a principal residence.

(2) Home repairs.--The term ``home repairs'' means

capital improvements or repairs that--

(A) are identified in an appraisal or home inspection completed in conjunction with a home purchase; or

(B) are completed within 1 year of the purchase of a home, and are necessary to bring the housing into compliance with health and safety housing codes of the unit of general local government in which the housing is located, including the remediation of lead paint or other home health hazards.

(3) Participating jurisdiction.--The term

"participating jurisdiction" means a State or unit of general local government designated under section 216.

(4) State.--The term "State" means any State of the United States and the District of Columbia.

(b) Grant Authority.--The Secretary may award grants to participating jurisdictions to assist low-income families to achieve homeownership, in accordance with this section.

(c) Eligible Activities.--

(1) In general.--

(A) Downpayment assistance.--Subject to subparagraph (B), grants awarded under this section may be used only for downpayment assistance toward the purchase of single family housing (including 1 to 4 unit family dwelling



units, condominium units, cooperative units, and manufactured housing units which are located on land which is owned by the manufactured housing unit owner, owned as a cooperative, or is subject to a leasehold interest with a term equal to at least the term of the mortgage financing on the unit, and manufactured housing lots) by low-income families who are first-time home-buyers.

(B) Home repairs.--Not more than 20 percent of the grant funds provided under subsection (d) to a participating jurisdiction may be used to provide assistance to [low-income] families with a household income that does not exceed 100-percent of the median-family income of the area as determined by the Secretary with adjustments for smaller and larger families, first-time home-buyers for home repairs.

(2) Limitations.--

(A) Amount of assistance.--The amount of assistance provided to any [low-income families] families with a household income that does not exceed 100-percent of the median-family income of the area as determined by the Secretary with adjustments for smaller and larger families under paragraph (1) shall not

exceed the greater of--

- (i) 6 percent of the purchase price of a single family housing unit; or
- (ii) \$10,000.

(B) Participation.--A participating jurisdiction may not use any amount of a grant awarded under this section to provide funding to an entity or organization that provides downpayment assistance if the activities of that entity or organization are financed in whole or in part, directly or indirectly, by contributions, service fees, or other payments from the sellers of housing.

(d) Formula Allocation.--

(1) In general.--For each fiscal year, the Secretary shall allocate any amounts made available for assistance under this section to each State that is a participating jurisdiction in an amount equal to a percentage of the total allocation that is equal to the percentage of the national total of low-income households residing in rental housing in the State, as determined on the basis of the most recent census data compiled by the Bureau of the Census.

(2) Participating jurisdictions other than states.--

(A) In general.--Subject to subparagraph (B), for each fiscal year, of the amount allocated

to each State under paragraph (1), the Secretary shall further allocate from such amount to each participating jurisdiction located within such State an amount equal to the percentage of the allocation made to the State under paragraph (1) that is equal to the percentage of the State-wide total of low-income households residing in rental housing in such participating jurisdiction, as determined on the basis of the most recent census data compiled by the Bureau of the Census.

(B) Limitation.--

(i) In general.--Direct allocations made under subparagraph (A) shall be made to a local participating jurisdiction only if--

(I) the participating jurisdiction has a total population of 150,000 individuals or more, as determined on the basis of the most recent census data compiled by the Bureau of the Census; or

(II) the participating jurisdiction would receive an

allocation of \$50,000 or more.

(ii) Reversion.--Any allocation that would have otherwise been made to a participating jurisdiction that does not meet the requirements of clause (i) shall revert back to the State in which the participating jurisdiction is located.

(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 subsection (d).

(f) Applicability of Other Provisions.--

(1) In general.--Except as otherwise provided in this section, grants made 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 made 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) Housing Strategy.--To be eligible to receive a grant under this section in any fiscal year, a participating jurisdiction shall include in its comprehensive housing affordability strategy developed under section 105 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705) for such fiscal year--

(1) a description of the anticipated use of any grant received under this section;

(2) a plan for conducting targeted outreach to residents and tenants of public housing, trailer parks, and manufactured housing, and to other families assisted by public housing agencies, for the purpose of ensuring that grant amounts provided under this section to a participating jurisdiction are used for downpayment assistance for such residents, tenants, and families; and

(3) a description of the actions to be taken to ensure the suitability of families receiving downpayment assistance under this section to undertake and maintain homeownership.

(h) Report.--Not later than June 30, 2006, the Comptroller General of the United States shall submit a report containing a State-by-State analysis of the impact of grants awarded under this section to--

(1) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(2) the Committee on Financial Services of the House of Representatives.

(i) Sunset.--The Secretary shall have no authority to make grants under this section after December 31, 2011.

(j) Relocation Assistance and Downpayment Assistance.--The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894) shall not apply to downpayment assistance under this section.

(k) Authorization of Appropriations.--There is authorized to be appropriated to carry out this section \$200,000,000 for each of fiscal years 2004 through 2007.

#### Subtitle F--General Provisions

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#### SEC. 283. AUDITS BY COMPTROLLER GENERAL.

(a) Audits of the home investment partnerships program.--The

Comptroller General, when the Comptroller General deems it to be appropriate or when requested by the Committee on Banking, Housing, and Urban Affairs of the Senate or the [Committee on Banking, Finance and Urban Affairs] Committee on Financial Services of the House of Representatives, shall conduct a full financial audit of the records of the HOME Investment Partnerships program for any fiscal year. The report of the Comptroller General shall be submitted promptly to the Secretary and the Congress and shall be published.

(b) Audits of recipients.--The financial transactions of participating jurisdictions and of other recipients of funds provided under this title may, insofar as they relate to funds provided under this title, be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.

\* \* \* \* \*

SEC. 288. ENVIRONMENTAL REVIEW.

(a) In General.--In order to assure that the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act (as specified in regulations issued by the Secretary) are most effectively implemented in connection with the expenditure of funds under this title, and to assure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of funds for particular projects to jurisdictions or insular areas under this title who assume all of the responsibilities for environmental review, decisionmaking, and action pursuant to such Act, and such other provisions of law as the regulations of the Secretary specify, that would apply to the Secretary were he to undertake such projects as Federal projects. The Secretary shall issue regulations to carry out this section only after consultation with the Council on Environmental Quality. The regulations shall provide--

(1) for the monitoring of the environmental reviews performed under this section;

(2) in the discretion of the Secretary, to facilitate training for the performance of such reviews; and

(3) for the suspension or termination of the assumption under this section.

The Secretary's duty under the preceding sentence shall not be construed to limit or reduce any responsibility assumed by a



State or unit of general local government with respect to any particular release of funds.

(b) Procedure.--The Secretary shall approve the release of funds subject to the procedures authorized by this section only if, at least 15 days prior to such approval and prior to any commitment of funds to such projects the jurisdiction or insular area has submitted to the Secretary a request for such release accompanied by a certification which meets the requirements of subsection (c). The Secretary's approval of any such certification shall be deemed to satisfy his responsibilities under the National Environmental Policy Act of 1969 and such other provisions of law as the regulations of the Secretary specify insofar as those responsibilities relate to the releases of funds for projects to be carried out pursuant thereto which are covered by such certification.

(c) Certification.--A certification under the procedures authorized by this section shall--

- (1) be in a form acceptable to the Secretary,
- (2) be executed by the chief executive officer or other officer of the recipient of assistance under this title qualified under regulations of the Secretary,
- (3) specify that the recipient of assistance under this title has fully carried out its responsibilities as described under subsection (a), and
- (4) specify that the certifying officer (A) consents to assume the status of a responsible Federal official

under the National Environmental Policy Act of 1969 and each provision of law specified in regulations issued by the Secretary insofar as the provisions of such Act or other such provision of law apply pursuant to subsection (a), and (B) is authorized and consents on behalf of the jurisdiction or insular area and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

(d) Assistance to Units of General Local Government From a State.--In the case of assistance to units of general local government from a State, the State shall perform those actions of the Secretary described in subsection (b) and the performance of such actions shall be deemed to satisfy the Secretary's responsibilities referred to in the second sentence of such subsection.

(e) Categorical Exemptions.--The following categories of activities carried out under this title shall be statutorily exempt from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and shall not require further review under such Act--

- (1) new construction infill housing projects;
- (2) acquisition of real property for affordable housing purposes;
- (3) rehabilitation projects carried out pursuant to section 212(a)(1); and

(4) new construction projects of 15 units or less.

(f) Removing Duplicative Reviews.--

(1) In general.--To the extent practicable and permitted by law, the Secretary shall ensure that a project that has undergone an environmental review under this section shall not be subject to a duplicative environmental review solely due to the addition, substitution, or reallocation of other sources of Federal assistance, if the scope, scale, and location of the project remain substantially unchanged.

(2) Coordination of environmental review responsibilities.--The Secretary shall, by regulation, provide for coordination of environmental review responsibilities with other Federal agencies to streamline inter-agency compliance and avoid unnecessary duplication of effort under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and other applicable laws.

(3) Recognition of prior reviews by responsible entities.--A project may not be subject to an environmental review under this section if a substantially similar review has already been completed by an entity designated under section 104(g)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(g)(1)) or by another entity the Secretary determines to have equivalent authority, if the scope,

scale, and location of the project remain substantially unchanged.

#### SEC. 289. TERMINATION OF EXISTING HOUSING PROGRAMS.

(a) In General.--Except with respect to projects and programs for which binding commitments have been entered into prior to October 1, 1991, no new grants or loans shall be made after October 1, 1991, under--

(1) section 17 of the United States Housing Act of 1937;

(2) section 312 of the Housing Act of 1964;

(3) title VI of the Housing and Community Development Act of 1987;

(4) section 8(e)(2) of the United States Housing Act of 1937, except for funds allocated under such section for single room occupancy dwellings as authorized by title IV of the [Stewart B. McKinney Homeless Assistance Act] McKinney-Vento Homeless Assistance Act; and

(5) section 810 of the Housing and Community Development Act of 1974.

(b) Repeals.--

(1) In general.--Except as provided in paragraph (2), effective on October 1, 1991, the provisions of law referred to in subsection (a) are repealed.

(2) No effect on sro program.--The provision of law referred to in subsection (a)(4) shall remain in effect with respect to single room occupancy dwellings as authorized by title IV of the [Stewart B. McKinney Homeless Assistance Act] McKinney-Vento Homeless Assistance Act.

(c) Disposition of Repayments.--Any amounts received on or after October 1, 1991, as repayments or recaptures in connection with the programs referred to in subsection (a) and any other amounts for such programs that remain or become unobligated on or after such date, shall be paid into the general fund of the Treasury.

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#### SEC. 291. APPLICATION OF BUILD AMERICA, BUY AMERICA REQUIREMENTS.

With respect to activities assisted under this title, requirements under the Build America, Buy America Act (41 U.S.C. 8301 note) and any implementing regulations or guidance, shall only apply to infrastructure improvements conducted under section 212(a)(4) using funds provided under subtitle A.

#### SEC. 292. NONAPPLICABILITY OF CERTAIN REQUIREMENTS FOR SMALL PROJECTS.

Notwithstanding any other provision of law, the requirements of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and any implementing regulations or guidance, shall not apply to an activity assisted under this title that involves rehabilitation, construction, or other development of housing if--

(1) the recipient of assistance under this title is--

(A) a State recipient pursuant to section 216; or

(B) a participating jurisdiction that received a total allocation of less than \$3,000,000 in the most recent fiscal year pursuant to section 216; and

(2) the total number of dwelling units assisted as a part of such activity is 50 or fewer.

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## HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

### TITLE I--COMMUNITY DEVELOPMENT

\* \* \* \* \*

## definitions

Sec. 102. (a) As used in this title--

(1) The term "unit of general local government" means any city, county, town, township, parish, village, or other general purpose political subdivision of a State; Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa, or a general purpose political subdivision thereof; a combination of such political subdivisions that, except as provided in section 106(d)(4), is recognized by the Secretary; and the District of Columbia. Such term also includes a State or a local public body or agency (as defined in section 711 of the Housing and Urban Development Act of 1970), community association, or other entity, which is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of section 712 of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968.

(2) The term "State" means any State of the United States, or any instrumentality thereof approved by the Governor; and the Commonwealth of Puerto Rico.

(3) The term "metropolitan area" means a standard metropolitan statistical area as established by the Office of Management and Budget.

(4) The term "metropolitan city" means (A) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (B) any other city, within a metropolitan area, which has a population of fifty thousand or more. Any city that was classified as a metropolitan city for at least 2 years pursuant to the first sentence of this paragraph shall remain classified as a metropolitan city. Any unit of general local government that becomes eligible to be classified as a metropolitan city, and was not classified as a metropolitan city in the immediately preceding fiscal year, may, upon submission of written notification to the Secretary, defer its classification as a metropolitan city for all purposes under this title, if it elects to have its population included in an urban county under subsection (d). Notwithstanding the second sentence of this paragraph, a city may elect not to retain its classification as a metropolitan city. Any city classified as a metropolitan city pursuant to this paragraph, and that no longer qualifies as a metropolitan city in a fiscal year beginning after fiscal year 1989, shall retain its classification as a



metropolitan city for such fiscal year and the succeeding fiscal year, except that in such succeeding fiscal year (A) the amount of the grant to such city shall be 50 percent of the amount calculated under section 106(b); and (B) the remaining 50 percent shall be added to the amount allocated under section 106(d) to the State in which the city is located and the city shall be eligible in such succeeding fiscal year to receive a distribution from the State allocation under section 106(d) as increased by this sentence. Any unit of general local government that was classified as a metropolitan city in any fiscal year, may, upon submission of written notification to the Secretary, relinquish such classification for all purposes under this title if it elects to have its population included with the population of a county for purposes of qualifying for assistance (for such following fiscal year) under section 106 as an urban county under paragraph (6)(D). Any metropolitan city that elects to relinquish its classification under the preceding sentence and whose port authority shipped at least 35,000,000 tons of cargo in 1988, of which iron ore made up at least half, shall not receive, in any fiscal year, a total amount of assistance under section 106 from the urban county recipient that is less than the city would have received if it had not relinquished the

classification under the preceding sentence.

Notwithstanding any other provision of this paragraph, with respect to any fiscal year beginning after September 30, 2007, the cities of Alton and Granite City, Illinois, shall be considered metropolitan cities for purposes of this title.

(5) The term "city" means (A) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census which have not entered into cooperation agreements with such town or township to undertake or to assist in the undertaking of essential community development and housing assistance activities.

(6)(A) The term "urban county" means any county within a metropolitan area which--

(i) is authorized under State law to undertake essential community development and housing assistance activities in its unincorporated areas, if any, which are not

units of general local government; and

(ii) either--

(I) has a population of 200,000 or more (excluding the population of metropolitan cities therein) and has a combined population of 100,000 or more (excluding the population of metropolitan cities therein) in such unincorporated areas and in its included units of general local government (and in the case of counties having a combined population of less than 200,000, the areas and units of general local government must include the areas and units of general local government which in the aggregate have the preponderance of the persons of low and moderate income who reside in the county) (a) in which it has authority to undertake essential community development and housing assistance activities and which do not elect to have their population excluded, or (b) with which it has entered into cooperation agreements to undertake or to assist in the undertaking of

essential community development and

housing assistance activities; or

(II) has a population in excess of

100,000, a population density of at

least 5,000 persons per square mile,

and contains within its boundaries no

incorporated places as defined by the

United States Bureau of the Census.

(B) Any county that was classified as an urban county for at least 2 years pursuant to subparagraph (A), (C), or (D) shall remain classified as an urban county, unless it fails to qualify as an urban county pursuant to subparagraph (A) by reason of the election of any unit of general local government included in such county to have its population excluded under clause (ii)(I)(a) of subparagraph (A) or not to renew a cooperation agreement under clause (ii)(I)(b) of such subparagraph.

(C) Notwithstanding the combined population amount set forth in clause (ii) of subparagraph (A), a county shall also qualify as an urban county for purposes of assistance under section 106 if such county--

(I) complies with all other requirements set forth in the first sentence;

(ii) has, according to the most recent available decennial census data, a combined

population between 190,000 and 199,999, inclusive (excluding the population of metropolitan cities therein) in all its unincorporated areas that are not units of general local government and in all units of general local government located within such county;

(iii) had a population growth rate of not less than 15 percent during the most recent 10-year period measured by applicable censuses; and

(iv) has submitted data satisfactory to the Secretary that it has a combined population of not less than 200,000 (excluding the population of metropolitan cities therein) in all its unincorporated areas that are not units of general local government and in all units of general local government located within such county.

(D) Such term also includes a county that--

(I) has a combined population in excess of 175,000, has more than 50 percent of the housing units of the area unsewered, and has an aquifer that was designated before March 1, 1987, a sole source aquifer by the Environmental Protection Agency;

(ii) has taken steps, which include at least one public referendum, to consolidate substantial public services with an adjoining metropolitan city, and in the opinion of the Secretary, has consolidated these services with the city in an effort that is expected to result in the unification of the two governments within 6 years of the date of enactment of the Housing and Community Development Act of 1987;

(iii) had a population between 180,000 and 200,000 on October 1, 1987, was eligible for assistance under section 119 of the Housing and Community Development Act of 1974 in fiscal year 1986, and does not contain any metropolitan cities;

(iv) has entered into a local cooperation agreement with a metropolitan city that received assistance under section 106 because of such classification, and has elected under paragraph (4) to have its population included with the population of the county for purposes of qualifying as an urban county; except that to qualify as an urban county under this clause

(I) the county must have a combined population of not less than 195,000, (II) more than 15

percent of the residents of the county shall be 60 years of age or older (according to the most recent decennial census data), (III) not less than 20 percent of the total personal income in the county shall be from pensions, social security, disability, and other transfer programs, and (IV) not less than 40 percent of the land within the county shall be publicly owned and not subject to property tax levies;

(v)(I) has a population of 175,000 or more (including the population of metropolitan cities therein), (II) before January 1, 1975, was designated by the Secretary of Defense pursuant to section 608 of the Military Construction Authorization Act, 1975 (Public Law 93-552; 88 Stat. 1763), as a Trident Defense Impact Area, and (III) has located therein not less than 1 unit of general local government that was classified as a metropolitan city and (a) for which county each such unit of general local government therein has relinquished its classification as a metropolitan city under the 6th sentence of paragraph (4), or (b) that has entered into cooperative agreements with each metropolitan city therein to undertake or to assist in the

undertaking of essential community development  
and housing assistance activities;

(vi) has entered into a local cooperation  
agreement with a metropolitan city that  
received assistance under section 106 because  
of such classification, and has elected under  
paragraph (4) to have its population included  
with the population of the county for the  
purposes of qualifying as an urban county,  
except that to qualify as an urban county under  
this clause, the county must--

(I) have a combined population of not  
less than 210,000, excluding any  
metropolitan city located in the county  
that is not relinquishing its  
metropolitan city classification,  
according to the 1990 decennial census  
of the Bureau of the Census of the  
Department of Commerce;

(II) including any metropolitan  
cities located in the county, have had  
a decrease in population of 10,061 from  
1992 to 1994, according to the  
estimates of the Bureau of the Census  
of the Department of Commerce; and

(III) have had a Federal naval



installation that was more than 100 years old closed by action of the Base Closure and Realignment Commission appointed for 1993 under the Base Closure and Realignment Act of 1990, directly resulting in a loss of employment by more than 7,000 Federal Government civilian employees and more than 15,000 active duty military personnel, which naval installation was located within one mile of an enterprise community designated by the Secretary pursuant to section 1391 of the Internal Revenue Code of 1986, which enterprise community has a population of not less than 20,000, according to the 1990 decennial census of the Bureau of the Census of the Department of Commerce

(vii)(I) has consolidated its government with one or more municipal governments, such that within the county boundaries there are no unincorporated areas; (II) has a population of not less than 650,000; (III) for more than 10 years, has been classified as a metropolitan city for purposes of allocating and distributing funds under section 106; and (IV) as of the date of enactment of this clause, has over 90 percent of the

county's population within the jurisdiction of the consolidated government; or

(viii) notwithstanding any other provision of this section, any county that was classified as an urban county pursuant to subparagraph (A) for fiscal year 1999, at the option of the county, may hereafter remain classified as an urban county for purposes of this Act.

(E) Any county classified as an urban county pursuant to subparagraph (A), (B), or (C) of this paragraph, and that no longer qualifies as an urban county under such subparagraph in a fiscal year beginning after fiscal year 1989, shall retain its classification as an urban county for such fiscal year and the succeeding fiscal year, except that in such succeeding fiscal year (i) the amount of the grant to such an urban county shall be 50 percent of the amount calculated under section 106(b); and (ii) the remaining 50 percent shall be added to the amount allocated under section 106(d) to the State in which the urban county is located and the urban county shall be eligible in such succeeding fiscal year to receive a distribution from the State allocation under section 106(d) as increased by this sentence.

(7) The term "nonentitlement area" means an area which is not a metropolitan city or part of an urban county and does not include Indian tribes.

(8) The term "population" means total resident population based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(9) The term "extent of poverty" means the number of persons whose incomes are below the poverty level. Poverty levels shall be determined by the Secretary pursuant to criteria provided by the Office of Management and Budget, taking into account and making adjustments, if feasible and appropriate and in the sole discretion of the Secretary, for regional or area variations in income and cost of living, and shall be based on data referable to the same point or period in time.

(10) The term "extent of housing overcrowding" means the number of housing units with 1.01 or more persons per room based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(11) The term "age of housing" means the number of existing housing units constructed in 1939 or earlier based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(12) The term "extent of growth lag" means the number of persons who would have been residents in a

metropolitan city or urban county, in excess of the current population of such metropolitan city or urban county, if such metropolitan city or urban county had had a population growth rate between 1960 and the date of the most recent population count referable to the same point or period in time equal to the population growth rate for such period of all metropolitan cities.

Where the boundaries for a metropolitan city or urban county used for the 1980 census have changed as a result of annexation, the current population used to compute extent of growth lag shall be adjusted by multiplying the current population by the ratio of the population based on the 1980 census within the boundaries used for the 1980 census to the population based on the 1980 census within the current boundaries.

Where the boundaries for a metropolitan city or urban county used for the 1980 census have changed as a result of annexation, the current population used to compute extent of growth lag shall be adjusted by multiplying the current population by the ratio of the population based on the 1980 census within the boundaries used for the 1980 census to the population based on the 1980 census within the current boundaries.

(13) The term "housing stock" means the number of existing housing units based on data compiled by the United States Bureau of the Census and referable to the

same point or period in time.

(14) The term "adjustment factor" means the ratio between the age of housing in the metropolitan city or urban county and the predicted age of housing in such city or county.

(15) The term "predicted age of housing" means the arithmetic product of the housing stock in the metropolitan city or urban county multiplied times the ratio between the age of housing in all metropolitan areas and the housing stock in all metropolitan areas.

(16) The term "adjusted age of housing" means the arithmetic product of the age of housing in the metropolitan city or urban county multiplied times the adjustment factor.

(17) The term "Indian tribe" means any Indian tribe, band, group, and nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Public Law 93-638) or was considered an eligible recipient under chapter 67 of title 31, United States Code, prior to the repeal of such chapter.

(18) The term "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this

title.

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

(20)(A) The terms "persons of low and moderate income" and "low- and moderate-income persons" mean families and individuals whose incomes do not exceed 80 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families. The term "persons of low income" means families and individuals whose incomes do not exceed 50 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families. The term "persons of moderate income" means families and individuals whose incomes exceed 50 percent, but do not exceed 80 percent, of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families. For purposes of such terms, the area involved shall be determined in the same manner as such area is determined for purposes of assistance under section 8 of the United States Housing Act of 1937.

(B) The Secretary may establish percentages of median income for any area that are higher or lower than the percentages set forth in subparagraph (A), if the Secretary finds such variations to be necessary because

of unusually high or low family incomes in such area.

(C) Service-connected disability

compensation.--When determining whether a person is a person of low- and moderate-income, a person of low-income or a person of moderate-income under this paragraph, a State, unit of general local government, or Indian Tribe shall exclude any service-connected disability compensation received by such person from the Department of Veterans Affairs.

(21) The term "buildings for the general conduct of government" means city halls, county administrative buildings, State capitol or office buildings, or other facilities in which the legislative or general administrative affairs of the government are conducted. Such term does not include such facilities as neighborhood service centers or special purpose buildings located in low- and moderate-income areas that house various nonlegislative functions or services provided by government at decentralized locations.

(22) The term "microenterprise" means a commercial enterprise that has 5 or fewer employees, 1 or more of whom owns the enterprise.

(23) The term "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act.

(24) The term "insular area" means each of Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

(b) Where appropriate, the definitions in subsection (a) shall be based, with respect to any fiscal year, on the most recent data compiled by the United States Bureau of the Census and the latest published reports of the Office of Management and Budget available ninety days prior to the beginning of such fiscal year. The Secretary may by regulation change or otherwise modify the meaning of the terms defined in subsection (a) in order to reflect any technical change or modification thereof made subsequent to such date by the United States Bureau of the Census or the Office of Management and Budget.

(c) One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of a State or a unit of general local government to undertake activities assisted under this title.

(d) With respect to program years beginning with the program year for which grants are made available from amounts appropriated for fiscal year 1982 under section 103, the population of any unit of general local government which is included in that of an urban county as provided in subparagraph (A)(ii) or (D) of subsection (a)(6) shall be included in the population of such urban county for three program years beginning with the program year in which its population was first so included and shall not otherwise be eligible for a



grant under section 106 as a separate entity, unless the urban county does not receive a grant for any year during such three-year period.

(e) Any county seeking qualification as an urban county, including any urban county seeking to continue such qualification, shall notify, as provided in this subsection, each unit of general local government, which is included therein and is eligible to elect to have its population excluded from that of an urban county under subsection (a)(6)(A)(ii)(I)(a), of its opportunity to make such an election. Such notification shall, at a time and in a manner prescribed by the Secretary, be provided so as to provide a reasonable period for response prior to the period for which such qualification is sought. The population of any unit of general local government which is provided such notification and which does not inform, at a time and in a manner prescribed by the Secretary, the county of its election to exclude its population from that of the county shall, if the county qualifies as an urban county, be included in the population of such urban county as provided in subsection (d).

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statement of activities and review

Sec. 104. (a)(1) Prior to the receipt in any fiscal year of a grant under section 106(b) by any metropolitan city or urban county, under section 106(d) by any State, under section 106(d)(2)(B) by any unit of general local government, or under section 106(a)(3) by any insular area, the grantee shall have prepared a final statement of community development objectives and projected use of funds and shall have provided the Secretary with the certifications required in subsection (b) and, where appropriate, subsection (c). In the case of metropolitan cities and urban counties receiving grants pursuant to section 106(b), units of general local government receiving grants pursuant to section 106(d)(2)(B), and insular areas receiving grants pursuant to section 106(a)(3), the statement of projected use of funds shall consist of proposed community development activities. In the case of States receiving grants pursuant to section 106(d), the statement of projected use of funds shall consist of the method by which the States will distribute funds to units of general local government.

(2) In order to permit public examination and appraisal of such statements, to enhance the public accountability of grantees, and to facilitate coordination of activities with different levels of government, the grantee shall in a timely manner--

(A) furnish citizens or, as appropriate, units of general local government information concerning the

amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken, including the estimated amount proposed to be used for activities that will benefit persons of low and moderate income and the plans of the grantee for minimizing displacement of persons as a result of activities assisted with such funds and to assist persons actually displaced as a result of such activities;

(B) publish a proposed statement in such manner to afford affected citizens or, as appropriate, units of general local government an opportunity to examine its content and to submit comments on the proposed statement and on the community development performance of the grantee;

(C) hold one or more public hearings to obtain the views of citizens on community development and housing needs;

(D) provide citizens or, as appropriate, units of general local government with reasonable access to records regarding the past use of funds received under section 106 by the grantee; and

(E) provide citizens or, as appropriate, units of general local government with reasonable notice of, and opportunity to comment on, any substantial change proposed to be made in the use of funds received under

section 106 from one eligible activity to another or in the method of distribution of such funds.

In preparing the final statement, the grantee shall consider any such comments and views and may, if deemed appropriate by the grantee, modify the proposed statement. The final statement shall be made available to the public, and a copy shall be furnished to the Secretary together with the certifications required under subsection (b) and, where appropriate, subsection (c). Any final statement of activities may be modified or amended from time to time by the grantee in accordance with the same procedures required in this paragraph for the preparation and submission of such statement.

(3) A grant under section 106 may be made only if the grantee certifies that it is following a detailed citizen participation plan which--

(A) provides for and encourages citizen participation, with particular emphasis on participation by persons of low and moderate income who are residents of slum and blight areas and of areas in which section 106 funds are proposed to be used, and in the case of a grantee described in section 106(a), provides for participation of residents in low and moderate income neighborhoods as defined by the local jurisdiction;

(B) provides citizens with reasonable and timely access to local meetings, information, and records

relating to the grantee's proposed use of funds, as required by regulations of the Secretary, and relating to the actual use of funds under this title;

(C) provides for technical assistance to groups representative of persons of low and moderate income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;

(D) provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance, which hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation for the handicapped;

(E) provides for a timely written answer to written complaints and grievances, within 15 working days where practicable; and

(F) identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

This paragraph may not be construed to restrict the responsibility or authority of the grantee for the development

and execution of its community development program.

(b) Any grant under section 106 shall be made only if the grantee certifies to the satisfaction of the Secretary that--

(1) the grantee is in full compliance with the requirements of subsection (a)(2) (A), (B), and (C) and has made the final statement available to the public;

(2) the grant will be conducted and administered in conformity with the Civil Rights Act of 1964 and the Fair Housing Act, and the grantee will affirmatively further fair housing;

(3) the projected use of funds has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight, and the projected use of funds may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs, except that (A) the aggregate use of funds received under section 106 and, if applicable, as a result of a guarantee or a grant under section 108, during a period specified by the grantee of not more than 3 years, shall principally benefit persons of low and moderate income in a manner

that ensures that not less than 70 percent of such funds are used for activities that benefit such persons during such period; and (B) a grantee that borders on the Great Lakes and that experiences significant adverse financial and physical effects due to lakefront erosion or flooding may include in the projected use of funds activities that are clearly designed to alleviate the threat posed, and rectify the damage caused, by such erosion or flooding if such activities will principally benefit persons of low and moderate income and the grantee certifies that such activities are necessary to meet other needs having a particular urgency;

(4) it has developed a community development plan pursuant to subsection (m), for the period specified by the grantee under paragraph (3), that identifies community development needs and specifies both short- and long-term community development objectives that have been developed in accordance with the primary objective and requirements of this title;

(5) the grantee will not attempt to recover any capital costs of public improvements assisted in whole or part under section 106 or with amounts resulting from a guarantee under section 108 by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged

or assessment made as a condition of obtaining access to such public improvements, unless (A) funds received under section 106 are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (B) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient funds received under section 106 to comply with the requirements of subparagraph (A); [and]

(6) the grantee will comply with the other provisions of this title and with other applicable laws[.]; and

(7) the grantee maintains, on a publicly accessible website, a searchable database that identifies all parcels of undeveloped land owned by the grantee.

(c) A grant may be made under section 106(b) only if the unit of general local government certifies that it is following--

(1) a current housing affordability strategy which has been approved by the Secretary in accordance with section 105 of the Cranston-Gonzalez National Affordable Housing Act, or

(2) a housing assistance plan which was approved by the Secretary during the 180-day period beginning on the date of enactment of the Cranston-Gonzalez National Affordable Housing Act, or during such longer period as



may be prescribed by the Secretary in any case for good cause.

(d)(1) A grant under section 106 or 119 may be made only if the grantee certifies that it is following a residential antidisplacement and relocation assistance plan. A grantee receiving a grant under section 106(a) or section 119 shall so certify to the Secretary. A unit of general local government receiving amounts from a State under section 106(d) shall so certify to the State, and a unit of general local government receiving amounts from the Secretary under section 106(d) shall so certify to the Secretary.

(2) The residential antidisplacement and relocation assistance plan shall in connection with a development project assisted under section 106 or 119--

(A) in the event of such displacement, provide that--

(i) governmental agencies or private developers shall provide within the same community comparable replacement dwellings for the same number of occupants as could have been housed in the occupied and vacant occupiable low and moderate income dwelling units demolished or converted to a use other than for housing for low and moderate income persons, and provide that such replacement housing may include existing housing assisted with project based assistance provided under section 8 of

the United States Housing Act of 1937;

(ii) such comparable replacement dwellings shall be designed to remain affordable to persons of low and moderate income for 10 years from the time of initial occupancy;

(iii) relocation benefits shall be provided for all low or moderate income persons who occupied housing demolished or converted to a use other than for low or moderate income housing, including reimbursement for actual and reasonable moving expenses, security deposits, credit checks, and other moving-related expenses, including any interim living costs; and in the case of displaced persons of low and moderate income, provide either--

(I) compensation sufficient to ensure that, for a 5-year period, the displaced families shall not bear, after relocation, a ratio of shelter costs to income that exceeds 30 percent; or

(II) if elected by a family, a lump-sum payment equal to the capitalized value of the benefits available under subclause (I) to permit the household to secure participation in a housing

cooperative or mutual housing

association; and

(iv) persons displaced shall be relocated

into comparable replacement housing that is--

(I) decent, safe, and sanitary;

(II) adequate in size to accommodate

the occupants;

(III) functionally equivalent; and

(IV) in an area not subject to

unreasonably adverse environmental

conditions;

(B) provide that persons displaced shall have the right to elect, as an alternative to the benefits under this subsection, to receive benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.) if such persons determine that it is in their best interest to do so; and

(C) provide that where a claim for assistance under subparagraph (A)(iv) is denied by a grantee, the claimant may appeal to the Secretary in the case of a grant under section 106 or 119 or to the appropriate State official in the case of a grant under section 106(d), and that the decision of the Secretary or the State official shall be final unless a court determines the decision was arbitrary and capricious.

(3) Paragraphs (2)(A)(i) and (2)(A)(ii) shall not apply in any case in which the Secretary finds, on the basis of objective data, that there is available in the area an adequate supply of habitable affordable housing for low and moderate income persons. A determination under this paragraph is final and nonreviewable.

(e) Each grantee shall submit to the Secretary, at a time determined by the Secretary, a performance and evaluation report, concerning the use of funds made available under section 106, together with an assessment by the grantee of the relationship of such use to the objectives identified in the grantee's statement under subsection (a) and to the requirements of subsection (b)(3). Such report shall also be made available to the citizens in each grantee's jurisdiction in sufficient time to permit such citizens to comment on such report prior to its submission, and in such manner and at such times as the grantee may determine. The grantee's report shall indicate its programmatic accomplishments, the nature of and reasons for changes in the grantee's program objectives, indications of how the grantee would change its programs as a result of its experiences, and an evaluation of the extent to which its funds were used for activities that benefited low- and moderate-income persons. The report shall include a summary of any comments received by the grantee from citizens in its jurisdiction respecting its program. The Secretary shall encourage and assist national associations of grantees eligible

under section 106(d)(2)(B), national associations of States, and national associations of units of general local government in nonentitlement areas to develop and recommend to the Secretary, within one year after the effective date of this sentence, uniform recordkeeping, performance reporting and evaluation reporting, and auditing requirements for such grantees, States, and units of general local government, respectively. Based on the Secretary's approval of these recommendations, the Secretary shall establish such requirements for use by such grantees, States, and units of general local government. The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine--

(1) in the case of grants made under subsection (a)(3), (b), or (d)(2)(B) of section 106, whether the grantee has carried out its activities and, where applicable, its housing assistance plan in a timely manner, whether the grantee has carried out those activities and its certifications in accordance with the requirements and the primary objectives of this title and with other applicable laws, and whether the grantee has a continuing capacity to carry out those activities in a timely manner; and

(2) in the case of grants to States made under section 106(d), whether the State has distributed funds to units of general local government in a timely manner

and in conformance to the method of distribution described in its statement, whether the State has carried out its certifications in compliance with the requirements of this title and other applicable laws, and whether the State has made such reviews and audits of the units of general local government as may be necessary or appropriate to determine whether they have satisfied the applicable performance criteria described in paragraph (1) of this subsection.

The Secretary may make appropriate adjustments in the amount of the annual grants in accordance with the Secretary's findings under this subsection. With respect to assistance made available to units of general local government under section 106(d), the Secretary may adjust, reduce, or withdraw such assistance, or take other action as appropriate in accordance with the Secretary's reviews and audits under this subsection, except that funds already expended on eligible activities under this title shall not be recaptured or deducted from future assistance to such units of general local government.

(f) Insofar as they relate to funds provided under this title, the financial transactions of recipients of such funds may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or

property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.

(g)(1) In order to assure that the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act (as specified in regulations issued by the Secretary) are most effectively implemented in connection with the expenditure of funds under this title, and to assure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of funds for particular projects to recipients of assistance under this title who assume all of the responsibilities for environmental review, decisionmaking, and action pursuant to such Act, and such other provisions of law as the regulations of the Secretary specify, that would apply to the Secretary were he to undertake such projects as Federal projects. The Secretary shall issue regulations to carry out this subsection only after consultation with the Council on Environmental Quality.

(2) The Secretary shall approve the release of funds for projects subject to the procedures authorized by this subsection only if, at least fifteen days prior to such approval and prior to any commitment of funds to such projects other than for purposes authorized by section 105(a)(12) or for environmental studies, the recipient of assistance under this

title has submitted to the Secretary a request for such release accompanied by a certification which meets the requirements of paragraph (3). The Secretary's approval of any such certification shall be deemed to satisfy his responsibilities under the National Environmental Policy Act of 1969 and such other provisions of law as the regulations of the Secretary specify insofar as those responsibilities relate to the releases of funds for projects to be carried out pursuant thereto which are covered by such certification.

(3) A certification under the procedures authorized by this subsection shall--

(A) be in a form acceptable to the Secretary,

(B) be executed by the chief executive officer or other officer of the recipient of assistance under this title qualified under regulations of the Secretary,

(C) specify that the recipient of assistance under this title has fully carried out its responsibilities as described under paragraph (1) of this subsection, and

(D) specify that the certifying officer (i) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 and each provision of law specified in regulations issued by the Secretary insofar as the provisions of such Act or other such provision of law apply pursuant to paragraph (1) of this subsection, and (ii) is



authorized and consents on behalf of the recipient of assistance under this title and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

(4) In the case of grants made to States pursuant to section 106(d), the State shall perform those actions of the Secretary described in paragraph (2) and the performance of such actions shall be deemed to satisfy the Secretary's responsibilities referred to in the second sentence of such paragraph.

(h)(1) Units of general local government receiving assistance under this title may receive funds, in one payment, in an amount not to exceed the total amount designated in the grant (or, in the case of a unit of general local government receiving a distribution from a State pursuant to section 106(d), not to exceed the total amount of such distribution) for use in establishing a revolving loan fund which is to be established in a private financial institution and which is to be used to finance rehabilitation activities assisted under this title. Rehabilitation activities authorized under this section shall begin within 45 days after receipt of such payment and substantial disbursements from such fund must begin within 180 days after receipt of such payment.

(2) The Secretary shall establish standards for such cash payments which will insure that the deposit result in appropriate benefits in support of the recipient's

rehabilitation program. These standards shall be designed to assure that the benefits to be derived from the local program include, at a minimum, one or more of the following elements, or such other criteria as determined by the Secretary--

(A) leverage of community development block grant funds so that participating financial institutions commit private funds for loans in the rehabilitation program in amounts substantially in excess of deposit of community development funds;

(B) commitment of private funds for rehabilitation loans at below-market interest rates or with repayment periods lengthened or at higher risk than would normally be taken;

(C) provision of administrative services in support of the rehabilitation program by the participating lending institutions; and

(D) interest earned on such cash deposits shall be used in a manner which supports the community rehabilitation program.

(i) In any case in which a metropolitan city is located, in whole or in part, within an urban county, the Secretary may, upon the joint request of such city and county, approve the inclusion of the metropolitan city as part of the urban county for purposes of submitting a statement under section 104(a) and carrying out activities under this title.

(j) Notwithstanding any other provision of law, any unit of

general local government may retain any program income that is realized from any grant made by the Secretary, or any amount distributed by a State, under section 106 if (1) such income was realized after the initial disbursement of the funds received by such unit of general local government under such section; and (2) such unit of general local government has agreed that it will utilize the program income for eligible community development activities in accordance with the provisions of this title; except that the Secretary may, by regulation, exclude from consideration as program income any amounts determined to be so small that compliance with this subsection creates an unreasonable administrative burden on the unit of general local government. A State may require as a condition of any amount distributed by such State under section 106(d) that a unit of general local government shall pay to such State any such income to be used by such State to fund additional eligible community development activities, except that such State shall waive such condition to the extent such income is applied to continue the activity from which such income was derived.

(k) Each grantee shall provide for reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance received under this title to acquire or substantially rehabilitate property.

(l) Protection of Individuals Engaging in Non-Violent Civil Rights Demonstrations.--No funds authorized to be appropriated

under section 103 of this Act may be obligated or expended to any unit of general local government that--

(1) fails to adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; or

(2) fails to adopt and enforce a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstration within its jurisdiction.

(m) Community Development Plans.--

(1) In general.--Prior to the receipt in any fiscal year of a grant from the Secretary under subsection (a)(2), (b), (d)(1), or (d)(2)(B) of section 106, each recipient shall have prepared and submitted in accordance with this subsection and in such standardized form as the Secretary shall, by regulation, prescribe a description of its priority nonhousing community development needs eligible for assistance under this title.

(2) Local governments.--In the case of a recipient that is a unit of general local government other than an insular area--

(A) prior to the submission required by paragraph (1), the recipient shall, to the

extent practicable, notify adjacent units of general local government and solicit the views of citizens on priority nonhousing community development needs; and

(B) the description required under paragraph (1) shall be submitted to the Secretary, the State, and any other unit of general local government within which the recipient is located, in such standardized form as the Secretary shall, by regulation, prescribe.

(3) States.--In the case of a recipient that is a State, the description required by paragraph (1)--

(A) shall include only the needs within the State that affect more than one unit of general local government and involve activities typically funded by such States under this title; and

(B) shall be submitted to the Secretary in such standard form as the Secretary, by regulation, shall prescribe.

(4) Effect of submission.--A submission under this subsection shall not be binding with respect to the use or distribution of amounts received under section 106.

(n) Plan to Track and Reduce Overly Burdensome Land Use Policies.--

(1) In general.--Beginning 1 year after the date of

the enactment of this subsection, prior to receipt in any fiscal year of a grant from the Secretary under subsection (b), (d)(1), or (d)(2)(B) of section 106, each recipient shall have prepared and submitted, not less frequently than once during the preceding 5-year period, a description of--

(A) whether the jurisdiction served by the recipient has adopted any of the types of land use policies described in paragraph (2) during the preceding 5-year period;

(B) the plans the jurisdiction served by the recipient has to adopt and implement any of the types of land use policies described in paragraph (2); and

(C) any ways in which the jurisdiction served by the recipient expects the planned adoption of any of the types of land use policies described in paragraph (2) would benefit the jurisdiction.

(2) Types of land use policies.--The types of policies to be considered for the purposes of the submission of information required under paragraph (1) include the following:

(A) Expanding by-right multifamily zoned areas.

(B) Allowing duplexes, triplexes, or

fourplexes in areas zoned primarily for single-family residential homes.

(C) Allowing manufactured homes in areas zoned primarily for single-family residential homes.

(D) Allowing multifamily development in retail, office, and light manufacturing zones.

(E) Allowing single-room occupancy development wherever multifamily housing is allowed.

(F) Reducing minimum lot size.

(G) Ensuring historic preservation requirements and other land use policies or requirements are coordinated to encourage creation of housing in historic buildings and historic districts.

(H) Increasing the allowable floor area ratio by allowing a higher ratio of total floor area in a building in comparison to its lot size.

(I) Creating transit-oriented development zones.

(J) Streamlining or shortening permitting processes and timelines, including through one-stop and parallel-process permitting.

(K) Eliminating or reducing off-street parking requirements.

(L) Ensuring impact and utility investment fees accurately reflect required infrastructure needs and related impacts on housing affordability are otherwise mitigated.

(M) Allowing off-site construction, including prefabricated construction.

(N) Reducing or eliminating minimum unit square footage requirements.

(O) Allowing the conversion of office units to apartments.

(P) Allowing the subdivision of single-family homes into duplexes.

(Q) Allowing accessory dwelling units, including detached accessory dwelling units, on all lots with single-family homes.

(R) Establishing density bonuses.

(S) Eliminating or relaxing residential property height limitations.

(T) Using property tax abatements to enable higher density and mixed-income communities.

(U) Donating vacant land for affordable housing development.

(V) Enacting other relevant high-density, single-family, and multifamily zoning policies that the recipient chooses to report.

(3) Effect of submission.--A submission under this



subsection shall not be binding with respect to the use or distribution of amounts received under section 106.

(4) Acceptance or nonacceptance of plan.--The acceptance or nonacceptance of any plan submitted under this subsection in which the information required under this subsection is provided may not be considered an endorsement or approval of the plan, policies, or methodologies, or lack thereof.

(5) Prohibition on use of information for enforcement.--Information provided by a recipient to the Secretary under this subsection may not be used as the basis for any enforcement action.

eligible activities

Sec. 105. (a) Activities assisted under this title may include only--

(1) the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural

resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purposes;

(2) the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;

(3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area;

(4) clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties, and including the renovation of closed school buildings);

(5) special projects directed to the removal of

material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

(6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this title;

(7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

(8) provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per

centum of the amount of any assistance to a unit of general local government (or in the case of nonentitled communities not more than 15 per centum statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, except that of any amount of assistance under this title (including program income) in each of fiscal years 1993 through 2003 to the City of Los Angeles and County of Los Angeles, each such unit of general government may use not more than 25 percent in each such fiscal year for activities under this paragraph, and except that of any amount of assistance under this title (including program income) in each of fiscal years 1999, 2000, and 2001, to the City of Miami, such city may use not more than 25 percent in each fiscal year for activities under this paragraph;

(9) payment of the non-Federal share required in

connection with a Federal grant-in-aid program undertaken as part of activities assisted under this title;

(10) payment of the cost of completing a project funded under title I of the Housing Act of 1949;

(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

(12) activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;

(13) payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones 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 housing  
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;

(14) provision of assistance including loans (both  
interim and long-term) and grants for activities which  
are carried out by public or private nonprofit  
entities, including (A) acquisition of real property;  
(B) acquisition, construction, reconstruction,  
rehabilitation, or installation of (i) public  
facilities (except for buildings for the general  
conduct of government), site improvements, and  
utilities, and (ii) commercial or industrial buildings  
or structures and other commercial or industrial real  
property improvements; and (C) planning;

(15) assistance to neighborhood-based nonprofit  
organizations, local development corporations,  
nonprofit organizations serving the development needs  
of the communities in nonentitlement areas, or entities

organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservative project in furtherance of the objectives of section 101(c), and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

(16) activities necessary to the development of energy use strategies related to a recipient's development goals, to assure that those goals are achieved with maximum energy efficiency, including items such as--

(A) an analysis of the manner in, and the extent to, which energy conservation objectives will be integrated into local government operations, purchasing and service delivery,

capital improvements, budgeting, waste management, district heating and cooling, land use planning and zoning, and traffic control, parking, and public transportation functions; and

(B) a statement of the actions the recipient will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low- and moderate-income persons) to make energy conserving improvements to residential structures and any other proposed energy conservation activities;

(17) provision of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that--

(A) creates or retains jobs for low- and moderate-income persons;

(B) prevents or eliminates slums and blight;

(C) meets urgent needs;



(D) creates or retains businesses owned by community residents;

(E) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or

(F) provides technical assistance to promote any of the activities under subparagraphs (A) through (E);

(18) the rehabilitation or development of housing assisted under section 17 of the United States Housing Act of 1937;

(19) provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative cost as defined in paragraph (13);

(20) housing services, such as housing counseling in connection with tenant-based rental assistance and affordable housing projects assisted under title II of the Cranston-Gonzalez National Affordable Housing Act, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants,

contractors, and other entities, participating or seeking to participate in housing activities assisted under title II of the Cranston-Gonzalez National Affordable Housing Act;

(21) provision of assistance by recipients under this title to institutions of higher education having a demonstrated capacity to carry out eligible activities under this subsection for carrying out such activities;

(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) providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of microenterprises;

(B) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in microenterprise activities) to owners of microenterprises and persons developing microenterprises; and

(C) providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises;

(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;

(24) provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to--

(A) subsidize interest rates and mortgage principal amounts for low- and moderate-income homebuyers;

(B) finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers;

(C) acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except that amounts received under this chapter may not be used under this subparagraph to directly guarantee

such mortgage financing and grantees under this chapter may not directly provide such guarantees);

(D) provide up to 50 percent of any downpayment required from low- or moderate-income homebuyer; or

(E) pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low- or moderate-income homebuyer;

(25) the construction or improvement of tornado-safe shelters for residents of manufactured housing, and the provision of assistance (including loans and grants) to nonprofit and for-profit entities (including owners of manufactured housing parks) for such construction or improvement, except that--

(A) a shelter assisted with amounts provided pursuant to this paragraph may be located only in a neighborhood (including a manufactured housing park) that--

(i) contains not less than 20 manufactured housing units that are within such proximity to the shelter that the shelter is available to the residents of such units in the event of a tornado;

(ii) consists predominantly of persons of low and moderate income; and

(iii) is located within a State in which a tornado has occurred during the fiscal year for which the amounts to be used under this paragraph were made available or any of the 3 preceding fiscal years, as determined by the Secretary after consultation with the Director of the Federal Emergency Management Agency;

(B) such a shelter shall comply with standards for construction and safety as the Secretary, after consultation with the Director of the Federal Emergency Management Agency, shall provide to ensure protection from tornadoes;

(C) such a shelter shall be of a size sufficient to accommodate, at a single time, all occupants of manufactured housing units located within the neighborhood in which the shelter is located; and

(D) amounts may not be used for a shelter as provided under this paragraph unless there is located, within the neighborhood in which the shelter is located (or, in the case of a

shelter located in a manufactured housing park, within 1,500 feet of such park), a warning siren that is operated in accordance with such local, regional, or national disaster warning programs or systems as the Secretary, after consultation with the Director of the Federal Emergency Management Agency, considers appropriate to ensure adequate notice of occupants of manufactured housing located in such neighborhood or park of a tornado; [and]

(26) lead-based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992[.]; and

(27) the new construction of affordable housing, within the meaning given such term under section 215 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12745), and which shall not exceed 20-percent of the amounts allocated to the recipient.

(b) Upon the request of the recipient of assistance under this title, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with loans or grants for the rehabilitation of properties as authorized under subsection (a)(4).

(c)(1) In any case in which an assisted activity described in paragraph (14) or (17) of subsection (a) is identified as

principally benefiting persons of low and moderate income, such activity shall--

(A) be carried out in a neighborhood consisting predominately of persons of low and moderate income and provide services for such persons; or

(B) involve facilities designed for use predominately by persons of low and moderate income; or

(C) involve employment of persons, a majority of whom are persons of low and moderate income.

(2)(A) In any case in which an assisted activity described in subsection (a) is designed to serve an area generally and is clearly designed to meet identified needs of persons of low and moderate income in such area, such activity shall be considered to principally benefit persons of low and moderate income if (i) not less than 51 percent of the residents of such area are persons of low and moderate income; (ii) in any metropolitan city or urban county, the area served by such activity is within the highest quartile of all areas within the jurisdiction of such city or county in terms of the degree of concentration of persons of low and moderate income; or (iii) the assistance for such activity is limited to paying assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low and moderate income to recover the capital cost for a public improvement.

(B) The requirements of subparagraph (A) do not prevent the

use of assistance under this title for the development, establishment, and operation for not to exceed 2 years after its establishment of a uniform emergency telephone number system if the Secretary determines that--

(i) such system will contribute substantially to the safety of the residents of the area served by such system;

(ii) not less than 51 percent of the use of the system will be by persons of low and moderate income; and

(iii) other Federal funds received by the grantee are not available for the development, establishment, and operation of such system due to the insufficiency of the amount of such funds, the restrictions on the use of such funds, or the prior commitment of such funds for other purposes by the grantee.

The percentage of the cost of the development, establishment, and operation of such a system that may be paid from assistance under this title and that is considered to benefit low and moderate income persons is the percentage of the population to be served that is made up of persons of low and moderate income.

(3) Any assisted activity under this title that involves the acquisition [or rehabilitation], rehabilitation, or new construction of property to provide housing shall be considered to benefit persons of low and moderate income only to the



extent such housing will, upon completion, be occupied by such persons.

(4) For the purposes of subsection (c)(1)(C)--

(A) if an employee resides in, or the assisted activity through which he or she is employed, is located in a census tract that meets the Federal enterprise zone eligibility criteria, the employee shall be presumed to be a person of low- or moderate-income; or

(B) if an employee resides in a census tract where not less than 70 percent of the residents have incomes at or below 80 percent of the area median, the employee shall be presumed to be a person of low or moderate income.

(d) Training Program.--The Secretary shall implement, using funds recaptured pursuant to section 119(o), an on-going education and training program for officers and employees of the Department, especially officers and employees of area and other field offices of the Department, who are responsible for monitoring and administering activities pursuant to paragraphs (14), (15), and (17) of subsection (a) for the purpose of ensuring that (A) such personnel possess a thorough understanding of such activities; and (B) regulations and guidelines are implemented in a consistent fashion.

(e) Guidelines for Evaluating and Selecting Economic Development Projects.--

(1) Establishment.--The Secretary shall establish, by regulation, guidelines to assist grant recipients under this title to evaluate and select activities described in section 105(a) (14), (15), and (17) for assistance with grant amounts. The Secretary shall not base a determination of eligibility of the use of funds under this title for such assistance solely on the basis that the recipient fails to achieve one or more of the guidelines' objectives as stated in paragraph (2).

(2) Project costs and financial requirements.--The guidelines established under this subsection shall include the following objectives:

(A) The project costs of such activities are reasonable.

(B) To the extent practicable, reasonable financial support has been committed for such activities from non-Federal sources prior to disbursement of Federal funds.

(C) To the extent practicable, any grant amounts to be provided for such activities do not substantially reduce the amount of non-Federal financial support for the activity.

(D) Such activities are financially feasible.

(E) To the extent practicable, such activities provide not more than a reasonable return on investment to the owner.

(F) To the extent practicable, grant amounts used for the costs of such activities are disbursed on a pro rata basis with amounts from other sources.

(3) Public benefit.--The guidelines established under this subsection shall provide that the public benefit provided by the activity is appropriate relative to the amount of assistance provided with grant amounts under this title.

(f) Assistance to For-Profit Entities.--In any case in which an activity described in paragraph (17) of subsection (a) is provided assistance such assistance shall not be limited to activities for which no other forms of assistance are available or could not be accomplished but for that assistance.

(g) Microenterprise and Small Business Program Requirements.--In developing program requirements and providing assistance pursuant to paragraph (17) of subsection (a) to a microenterprise or small business, the Secretary shall--

(1) take into account the special needs and limitations arising

(2) not consider training, technical assistance, or other support services costs provided to small businesses or microenterprises or to grantees and subgrantees to develop the capacity to provide such assistance, as a planning cost pursuant to section 105(a)(12) or an administrative cost pursuant to

section 105(a)(13).

(h) Prohibition on Use of Assistance for Employment

Relocation Activities.--Notwithstanding any other provision of law, no amount from a grant under section 106 made in fiscal year 1999 or any succeeding fiscal year may be used to assist directly in the relocation of any industrial or commercial plant, facility, or operation, from 1 area to another area, if the relocation is likely to result in a significant loss of employment in the labor market area from which the relocation occurs.

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HOUSING ACT OF 1949

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TITLE V--FARM HOUSING

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other special loans and grants for minor improvements to farm housing  
and buildings

Sec. 504. (a) The Secretary may make a loan, grant, or combined loan and grant to an eligible very low-income applicant and may make a loan to an eligible low-income applicant in order to improve or modernize a rural dwelling, to make the dwelling safer or more sanitary, or to remove hazards. The Secretary may make a loan or grant under this subsection to the applicant to cover the cost of any or all repairs, improvements, or additions such as repairing roofs, providing sanitary waste facilities, providing a convenient and sanitary water supply, repairing or providing structural supports, or making similar repairs, additions, improvements, including all preliminary and installation costs in obtaining central water and sewer service. The maximum amount of a grant, a loan, or a loan and grant shall not exceed such limitations as the Secretary determines to be appropriate. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable within twenty years in accordance with the principles and conditions set forth in this title, except that a loan for less than [\$7,500] \$15,000 need be evidenced only by a promissory note. Sums made available by grant may be made subject to the conditions set forth in this title for the protection of the Government with respect to contributions made on loans made by the Secretary.

(b) In order to encourage adequate family-size farms the Secretary may make loans under this section and section 503 to any applicant whose farm needs enlargement or development in order to provide income sufficient to support decent, safe, and sanitary housing and other farm buildings and may use the funds made available under clause (b) of section 513 for such purposes.

(c)(1) In addition to other duties specified in this section, the Secretary shall develop and conduct a weatherization program for the purpose of making grants to finance the purchase or installation, or both, of weatherization materials in dwelling units occupied by low-income families. Such grants shall be made to low-income families who own dwelling units or, subject to the provisions of paragraph (2), to owners of such units for the benefit of the low-income tenants residing therein. In making grants under this subsection, the Secretary shall give priority to the weatherization of dwelling units occupied by low-income elderly or handicapped persons. The Secretary shall, in carrying out this section, consult with the Director of the Community Services Administration and the Secretary of Energy for the purpose of coordinating the weatherization program under this subsection, section 222(a)(12) of the Economic Opportunity Act of 1964, and part A of the Energy Conservation in Existing Buildings Act of 1976.

(2) In the case of any grant made under this subsection to an owner of a rental dwelling unit the Secretary shall provide

that (A) the benefits of weatherization assistance in connection with such unit will accrue primarily to the low-income family residing therein, (B) the rents on such dwelling unit will not be raised because of any increase in value thereof due solely to weatherization assistance provided under this subsection, and (C) no undue or excessive enhancement will occur to the value of such unit.

(3) In carrying out this subsection, the Secretary shall (A) implement the weatherization standards described in paragraphs (2)(A) and (3) of section 413(b) of the Energy Conservation in Existing Buildings Act of 1976, and (B) provide that, with respect to any dwelling unit, not more than \$800 of any grant made under this section be expended on weatherization materials and related matters described in section 415(c) of the Energy Conservation in Existing Buildings Act of 1976, except that the Secretary shall increase such amount to not more than \$1,500 to cover labor costs in areas where the Secretary, in consultation with the Secretary of Labor, determines there is an insufficient number of volunteers and training participants and public service employment workers, assisted pursuant to title I of the Workforce Innovation and Opportunity Act or the Community Service Senior Opportunities Act, available to work on weatherization projects under the supervision of qualified supervisors.

(4) For purposes of this subsection, the terms "elderly," "handicapped person," "low income," and

` `weatherization materials" shall have the same meanings given such terms in paragraphs (3), (5), (7), and (9), respectively, of section 412 of the Energy Conservation in Existing Buildings Act of 1976.

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#### SEC. 545. ANNUAL REPORT.

(a) In General.--The Secretary shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate and publish on a website of the Department of Agriculture an annual report on the rural housing programs carried out under this title.

(b) Contents.--The report required under subsection (a) shall include significant details on the information about the health of the programs carried out by the Rural Housing Service, including--

- (1) raw data about loan performance that can be sorted by program and region;
- (2) a description of the housing stock of such programs;
- (3) information about why properties end participation in such programs, including maturation



prepayment, foreclosure, or other servicing issues; and

(4) risk ratings for properties assisted under such programs.

(c) Protection of Information.--Data included in a report required under subsection (a) may be aggregated or anonymized to protect the financial information and personal information of program participants.

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## UNITED STATES HOUSING ACT OF 1937

### TITLE I--GENERAL PROGRAM OF ASSISTED HOUSING

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rental payments; definitions

Sec. 3. (a)(1) Dwelling units assisted under this Act shall be rented only to families who are low-income families at the time of their initial occupancy of such units. Reviews of family income shall be made pursuant to paragraph (6); except

that, in the case of any family with a fixed income, as defined by the Secretary, after the initial review of the family's income, the public housing agency or owner shall not be required to conduct a review of the family's income for any year for which such family certifies, in accordance with such requirements as the Secretary shall establish, which shall include policies to adjust for inflation-based income changes, that 90 percent or more of the income of the family consists of fixed income, and that the sources of such income have not changed since the previous year, except that the public housing agency or owner shall conduct a review of each such family's income not less than once every 3 years. Except as provided in paragraph (2) and subject to the requirement under paragraph (3), a family shall pay as rent for a dwelling unit assisted under this Act (other than a family assisted under section 8(o) or (y) or paying rent under section 8(c)(3)(B)) the highest of the following amounts, rounded to the nearest dollar:

(A) 30 per centum of the family's monthly adjusted income;

(B) 10 per centum of the family's monthly income; or

(C) if the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of such payments which is so designated.

(2) Rental payments for public housing families.--

(A) Authority for family to select.--

(i) In general.--A family residing in a public housing dwelling shall pay as monthly rent for the unit the amount determined under clause (i) or (ii) of subparagraph (B), subject to the requirement under paragraph (3) (relating to minimum rents). Each public housing agency shall provide for each family residing in a public housing dwelling unit owned, assisted, or operated by the agency to elect annually whether the rent paid by such family shall be determined under clause (i) or (ii) of subparagraph (B). A public housing agency may not at any time fail to provide both such rent options for any public housing dwelling unit owned, assisted, or operated by the agency.

(ii) Authority to retain flat and ceiling rents.--Notwithstanding clause (i) or any other provision of law, any public housing agency that is administering flat rents or ceiling rents pursuant to any authority referred to in section 519(d) of the Quality Housing and Work Responsibility Act of 1998 before the effective day of such Act may continue to charge rent in

accordance with such rent provisions after such effective date, except that the agency shall provide for families residing in public housing dwelling units owned or operated by the agency to elect annually whether to pay rent under such provisions or in accordance with one of the rent options referred to in subparagraph (A).

(B) Allowable rent structures.--

(i) Flat rents.--Each public housing agency shall establish, for each dwelling unit in public housing owned or operated by the agency, a flat rental amount for the dwelling unit, which--

(I) shall not be lower than 80 percent of--

(aa) the applicable fair market rental established under section 8(c) of this Act; or

(bb) at the discretion of the Secretary, such other applicable fair market rental established by the Secretary that the Secretary determines more accurately reflects local market conditions and is based

on an applicable market area  
that is geographically smaller  
than the applicable market area  
used for purposes of the  
applicable fair market rental  
under section 8(c);  
except that a public housing  
agency may apply to the  
Secretary for exception  
allowing for a flat rental  
amount for a property that is  
lower than the amount otherwise  
determined pursuant to item  
(aa) or (bb) and the Secretary  
may grant such exception if the  
Secretary determines that the  
fair market rental for the  
applicable market area pursuant  
to item (aa) or (bb) does not  
reflect the market value of the  
property and the proposed lower  
flat rental amount is based on  
a market analysis of the  
applicable market and complies  
with subclause (II) and  
(II) shall be designed in accordance

with subparagraph (D) so that the rent structures do not create a disincentive for continued residency in public housing by families who are attempting to become economically self-sufficient through employment or who have attained a level of self-sufficiency through their own efforts.

If a new flat rental amount for a dwelling unit will increase a family's existing rental payment by more than 35 percent, the new flat rental amount shall be phased in as necessary to ensure that the family's existing rental payment does not increase by more than 35 percent annually. The preceding sentence shall not be construed to require establishment of rental amounts equal to 80 percent of the fair market rental in years when the fair market rental falls from the prior year.

(ii) Income-based rents.--

(I) In general.--The monthly rental amount determined under this clause for a family shall be an amount, determined by the public housing agency, that does not exceed the greatest of the amounts (rounded to the nearest dollar)

determined under subparagraphs (A), (B), and (C) of paragraph (1). This clause may not be construed to require a public housing agency to charge a monthly rent in the maximum amount permitted under this clause.

(II) Discretion.--Subject to the limitation on monthly rental amount under subclause (I), a public housing agency may, in its discretion, implement a rent structure under this clause requiring that a portion of the rent be deposited to an escrow or savings account, imposing ceiling rents, or adopting income exclusions (such as those set forth in section 3(b)(5)(B)), or may establish another reasonable rent structure or amount.

(C) Switching rent determination methods because of hardship circumstances.--Notwithstanding subparagraph (A), in the case of a family that has elected to pay rent in the amount determined under subparagraph (B)(i), a public housing agency shall immediately provide for the family to pay rent in the amount determined under subparagraph (B)(ii) during the period for which such election was made upon a determination

that the family is unable to pay the amount determined under subparagraph (B)(i) because of financial hardship, including--

- (i) situations in which the income of the family has decreased because of changed circumstances, loss of reduction of employment, death in the family, and reduction in or loss of income or other assistance;
- (ii) an increase, because of changed circumstances, in the family's expenses for medical costs, child care, transportation, education, or similar items; and
- (iii) such other situations as may be determined by the agency.

(D) Encouragement of self-sufficiency.--The rental policy developed by each public housing agency shall encourage and reward employment and economic self-sufficiency.

(E) Income reviews.--Notwithstanding the second sentence of paragraph (1), in the case of families that are paying rent in the amount determined under subparagraph (B)(i), the agency shall review the income of such family not less than once every 3 years.

(3) Minimum rental amount.--

(A) Requirement.--Notwithstanding paragraph (1) of this subsection, the method for rent determination



elected pursuant to paragraph (2)(A) of this subsection by a family residing in public housing, section 8(o)(2) of this Act, or section 206(d) of the Housing and Urban-Rural Recovery Act of 1983 (including paragraph (5) of such section), the following entities shall require the following families to pay a minimum monthly rental amount (which amount shall include any amount allowed for utilities) of not more than \$50 per month, as follows:

(i) Each public housing agency shall require the payment of such minimum monthly rental amount, which amount shall be determined by the agency, by--

(I) each family residing in a dwelling unit in public housing by the agency;

(II) each family who is assisted under the certificate or moderate rehabilitation program under section 8; and

(III) each family who is assisted under the voucher program under section 8, and the agency shall reduce the monthly assistance payment on behalf of such family as may be necessary to ensure payment of such minimum monthly

rental amount.

(ii) The Secretary shall require each family who is assisted under any other program for rental assistance under section 8 to pay such minimum monthly rental amount, which amount shall be determined by the Secretary.

(B) Exception for hardship circumstances.--

(i) In general.--Notwithstanding subparagraph (A), a public housing agency (or the Secretary, in the case of a family described in subparagraph (A)(ii)) shall immediately grant an exemption from application of the minimum monthly rental under such subparagraph to any family unable to pay such amount because of financial hardship, which shall include situations in which (I) the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is an alien lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; (II) the family would be evicted as a result of the

imposition of the minimum rent requirement under subparagraph (A); (III) the income of the family has decreased because of changed circumstance, including loss of employment; (IV) a death in the family has occurred; and (V) other situations as may be determined by the agency (or the Secretary, in the case of a family described in subparagraph (A)(ii)).

(ii) Waiting period.--If a resident requests a hardship exemption under this subparagraph and the public housing agency (or the Secretary, in the case of a family described in subparagraph (A)(ii)) reasonably determines the hardship to be of a temporary nature, an exemption shall not be granted during the 90-day period beginning upon the making of a request for the exemption. A resident may not be evicted during such 90-day period for nonpayment of rent. In such a case, if the resident thereafter demonstrates that the financial hardship is of a long-term basis, the agency (or the Secretary) shall retroactively exempt the resident from the applicability of the minimum rent requirement for such 90-day period.

(4) Occupancy by police officers.--

(A) In general.--Subject to subparagraph (B) and notwithstanding any other provision of law, a public housing agency may, in accordance with the public housing agency plan for the agency, allow a police officer who is not otherwise eligible for residence in public housing to reside in a public housing dwelling unit. The number and location of units occupied by police officers under this paragraph and the terms and conditions of their tenancies shall be determined by the public housing agency.

(B) Increased security.--A public housing agency may take the actions authorized in subparagraph (A) only for the purpose of increasing security for the residents of a public housing project.

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

(5) Occupancy by over-income families in certain

public housing.--

(A) Authority.--Notwithstanding any other provision of law, a public housing agency that owns or operates less than 250 units may, on a month-to-month basis, lease a dwelling unit in a public housing project to an over-income family in accordance with this paragraph, but only if there are no eligible families applying for housing assistance from the public housing agency for that month and the agency provides not less than 30-day public notice of the availability of such assistance.

(B) Terms and conditions.--The number and location of dwelling units of a public housing agency occupied under this paragraph by over-income families, and the terms and conditions of those tenancies, shall be determined by the public housing agency, except that--

(i) notwithstanding paragraph (2), rent for a unit shall be in an amount that is not less than the costs to operate the unit;

(ii) if an eligible family applies for residence after an over-income family moves in to the last available unit, the over-income family shall

vacate the unit in accordance with notice of termination of tenancy provided by the agency, which shall be provided not less than 30 days before such termination; and

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

(C) Definition.--For purposes of this paragraph, the term "over-income family" means an individual or family that is not a low-income family at the time of initial occupancy.

(6) Reviews of family income.--

(A) Frequency.--Reviews of family income for purposes of this section shall be made--

(i) in the case of all families, upon the initial provision of housing assistance for the family;

(ii) annually thereafter, except as provided in paragraph (1) with respect

to fixed-income families;

(iii) upon the request of the family, at any time the income or deductions (under subsection (b)(5)) of the family change by an amount that is estimated to result in a decrease of 10 percent (or such lower amount as the Secretary may, by notice, establish, or permit the public housing agency or owner to establish) or more in annual adjusted income; and

(iv) at any time the income or deductions (under subsection (b)(5)) of the family change by an amount that is estimated to result in an increase of 10 percent or more in annual adjusted income, or such other amount as the Secretary may by notice establish, except that any increase in the earned income of a family shall not be considered for purposes of this clause (except that earned income may be considered if the increase corresponds to previous decreases under clause (iii)), except that a public housing agency or owner may elect not to

conduct such review in the last three months of a certification period.

(B) In general.--Reviews of family income for purposes of this section shall be subject to the provisions of section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 3544).

(7) Calculation of income.--

(A) Use of current year income.--In determining family income for initial occupancy or provision of housing assistance pursuant to clause (i) of paragraph (6)(A) or pursuant to reviews pursuant to clause (iii) or (iv) of such paragraph, a public housing agency or owner shall use the income of the family as estimated by the agency or owner for the upcoming year.

(B) Use of prior year income.--In determining family income for annual reviews pursuant to paragraph (6)(A)(ii), a public housing agency or owner shall, except as otherwise provided in this paragraph and paragraph (1), use the income of the family as determined by the agency or owner for the preceding year, taking into consideration any redetermination of income during such prior year pursuant to



clause (iii) or (iv) of paragraph (6)(A).

(C) Other income.--In determining the income for any family based on the prior year's income, with respect to prior year calculations of income not subject to subparagraph (B), a public housing agency or owner may make other adjustments as it considers appropriate to reflect current income.

(D) Safe harbor.--A public housing agency or owner may, to the extent such information is available to the public housing agency or owner, determine the family's income prior to the application of any deductions based on timely income determinations made for purposes of other means-tested Federal public assistance programs (including the program for block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act, a program for Medicaid assistance under a State plan approved under title XIX of the Social Security Act, and the supplemental nutrition assistance program (as such term is defined in section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012))).

The Secretary shall, in consultation with other appropriate Federal agencies, develop

electronic procedures to enable public housing agencies and owners to have access to such benefit determinations made by other means-tested Federal programs that the Secretary determines to have comparable reliability. Exchanges of such information shall be subject to the same limitations and tenant protections provided under section 904 of the Stewart B. McKinney Homeless Assistance Act Amendments of 1988 (42 U.S.C. 3544) with respect to information obtained under the requirements of section 303(i) of the Social Security Act (42 U.S.C. 503(i)).

(E) Electronic income verification.--The Secretary shall develop a mechanism for disclosing information to a public housing agency for the purpose of verifying the employment and income of individuals and families in accordance with section 453(j)(7)(E) of the Social Security Act (42 U.S.C. 653(j)(7)(E)), and shall ensure public housing agencies have access to information contained in the ``Do Not Pay'' system established by section 5 of the Improper Payments Elimination and Recovery Improvement Act of 2012 (Public Law 112-248; 126 Stat.

2392).

(F) PHA and owner compliance.--A public housing agency or owner may not be considered to fail to comply with this paragraph or paragraph (6) due solely to any de minimis errors made by the agency or owner in calculating family incomes.

(8) Carbon monoxide alarms.--Each public housing agency shall ensure that carbon monoxide alarms or detectors are installed in each dwelling unit in public housing owned or operated by the public housing agency in a manner that meets or exceeds--

(A) the standards described in chapters 9 and 11 of the 2018 publication of the International Fire Code, as published by the International Code Council; or

(B) any other standards as may be adopted by the Secretary, including any relevant updates to the International Fire Code, through a notice published in the Federal Register.

(9) Qualifying smoke alarms.--

(A) In general.--Each public housing agency shall ensure that a qualifying smoke alarm is installed in accordance with applicable codes and standards published by the International Code Council or the National Fire Protection

Association and the requirements of the National Fire Protection Association Standard 72, or any successor standard, in each level and in or near each sleeping area in any dwelling unit in public housing owned or operated by the public housing agency, including in basements but excepting crawl spaces and unfinished attics, and in each common area in a project containing such a dwelling unit.

(B) Definitions.--For purposes of this paragraph, the following definitions shall apply:

(i) Smoke alarm defined.--The term ``smoke alarm" has the meaning given the term ``smoke detector" in section 29(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2225(d)).

(ii) Qualifying smoke alarm defined.--The term ``qualifying smoke alarm" means a smoke alarm that--

(I) in the case of a dwelling unit built before the date of enactment of this paragraph and not substantially rehabilitated

after the date of enactment of  
this paragraph--

(aa)(AA) is

hardwired; or

(BB) uses 10-year non

rechargeable,

nonreplaceable primary

batteries and is

sealed, is tamper

resistant, and contains

silencing means; and

(bb) provides

notification for

persons with hearing

loss as required by the

National Fire

Protection Association

Standard 72, or any

successor standard; or

(II) in the case of a

dwelling unit built or

substantially rehabilitated

after the date of enactment of

this paragraph, is hardwired.

(b) When used in this Act:

(1) The term ``low-income housing'' means decent, safe, and

sanitary dwellings assisted under this Act. The term "public housing" means low-income housing, and all necessary appurtenances thereto, assisted under this Act other than under section 8. The term "public housing" includes dwelling units in a mixed finance project that are assisted by a public housing agency with capital or operating assistance. When used in reference to public housing, the term "low-income housing project" or "project" means (A) housing developed, acquired, or assisted by a public housing agency under this Act, and (B) the improvement of any such housing.

(2)(A) The term low-income families means those families whose incomes do not exceed 80 per centum of the median 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 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.

(B) The term very low-income families means low-income families whose incomes do not exceed 50 per centum 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 50 per centum 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.

(C) The term extremely low-income families means very low-income families whose incomes do not exceed the higher of--

(i) the poverty guidelines updated periodically by the Department of Health and Human Services under the authority of section 673(2) of the Community Services Block Grant Act applicable to a family of the size involved (except that this clause shall not apply in the case of public housing agencies or projects located in Puerto Rico or any other territory or possession of the United States); or

(ii) 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).

(D) Such ceilings shall be established in consultation with the Secretary of Agriculture for any rural area, as defined in section 520 of the Housing Act of 1949, taking into account the subsidy characteristics and types of programs to which such

ceilings apply. In determining median incomes (of persons, families, or households) for an area or establishing any ceilings or limits based on income under this Act, the Secretary shall determine or establish area median incomes and income ceilings and limits for Westchester and Rockland Counties, in the State of New York, as if each such county were an area not contained within the metropolitan statistical area in which it is located. In determining such area median incomes or establishing such income ceilings or limits for the portion of such metropolitan statistical area that does not include Westchester or Rockland Counties, the Secretary shall determine or establish area median incomes and income ceilings and limits as if such portion included Westchester and Rockland Counties. In determining areas that are designated as difficult development areas for purposes of the low-income housing tax credit, the Secretary shall include Westchester and Rockland Counties, New York, in the New York City metropolitan area.

(3) Persons and families.--

(A) Single persons.--The term "families" includes families consisting of a single person in the case of (i) an elderly person, (ii) a disabled person, (iii) a displaced person, (iv) the remaining member of a tenant family, (v) a youth described in section 8(x)(2)(B), and (vi) any other single persons. In no event may any single person under clause (v) or (vi) of the first sentence be provided a housing unit assisted under this



Act of 2 or more bedrooms.

(B) Families.--The term "families" includes families with children and, in the cases of elderly families, near-elderly families, and disabled families, means families whose heads (or their spouses), or whose sole members, are elderly, near-elderly, or persons with disabilities, respectively. The term includes, in the cases of elderly families, near-elderly families, and disabled families, 2 or more elderly persons, near-elderly persons, or persons with disabilities living together, and 1 or more such persons living with 1 or more persons determined under the public housing agency plan to be essential to their care or well-being.

(C) Absence of children.--The temporary absence of a child from the home due to placement in foster care shall not be considered in determining family composition and family size.

(D) Elderly person.--The term "elderly person" means a person who is at least 62 years of age.

(E) Person with disabilities.--The term "person with disabilities" means a person who--

- (i) has a disability as defined in section 223 of the Social Security Act,
- (ii) is determined, pursuant to regulations issued by the Secretary, to have a physical, mental, or emotional impairment which (I) is

expected to be of long-continued and indefinite duration, (II) substantially impedes his or her ability to live independently, and (III) is of such a nature that such ability could be improved by more suitable housing conditions, or

(iii) has a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000.

Such term shall not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome. Notwithstanding any other provision of law, no individual shall be considered a person with disabilities, for purposes of eligibility for low-income housing under this title, solely on the basis of any drug or alcohol dependence.

The Secretary shall consult with other appropriate Federal agencies to implement the preceding sentence.

(F) Displaced person.--The term "displaced person" means a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

(G) Near-elderly person.--The term "near-elderly person" means a person who is at least 50 years of age but below the age of 62.

(4) Income.--The term "income" means, with respect to a family, income received from all sources by each member of the household who is 18 years of age or older or is the head of household or spouse of the head of the household, plus unearned income by or on behalf of each dependent who is less than 18 years of age, as determined in accordance with criteria prescribed by the Secretary, in consultation with the Secretary of Agriculture, subject to the following requirements:

(A) Included amounts.--Such term includes recurring gifts and receipts, actual income from assets, and profit or loss from a business.

(B) Excluded amounts.--Such term does not include--

(i) any imputed return on assets, except to the extent that net family assets exceed \$50,000, except that such amount (as it may have been previously adjusted) shall be adjusted for inflation annually by the Secretary in accordance with an inflationary index selected by the Secretary;

(ii) any amounts that would be eligible for exclusion under section 1613(a)(7) of the Social Security Act (42 U.S.C. 1382b(a)(7));

(iii) deferred disability benefits from the Department of Veterans Affairs that are received in a lump sum amount or in prospective monthly amounts;

(iv) with respect to the supported housing program under section 8(o)(19), any disability benefits received under chapter 11 or chapter 15 of title 38, United States Code, received by a veteran, except that this exclusion may not apply to the definition of adjusted income;

(v) with respect to any household receiving rental assistance under the supported housing program under section 8(o)(19) as it relates to eligibility for other types of housing assistance, any disability benefits received under chapter 11 or chapter 15 of title 38, United States Code, received by a veteran, except that this exclusion may not apply to the definition of adjusted

income;

[(iv)] (vi) any expenses related to aid and attendance under section 1521 of title 38, United States Code, to veterans who are in need of regular aid and attendance; and

[(v)] (vii) exclusions from income as established by the Secretary by regulation or notice, or any amount required by Federal law to be excluded from consideration as income.

(C) Earned income of students.--Such term does not include--

(i) earned income, up to an amount as the Secretary may by regulation establish, of any dependent earned during any period that such dependent is attending school or vocational training on a full-time basis; or

(ii) any grant-in-aid or scholarship amounts related to such attendance used--

(I) for the cost of tuition or books; or

(II) in such amounts as the Secretary may allow, for the

cost of room and board.

(D) Educational savings accounts.--Income shall be determined without regard to any amounts in or from, or any benefits from, any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code.

(E) Recordkeeping.--The Secretary may not require a public housing agency or owner to maintain records of any amounts excluded from income pursuant to this subparagraph.

(5) Adjusted income.--The term ``adjusted income'' means, with respect to a family, the amount (as determined by the public housing agency or owner) of the income of the members of the family residing in a dwelling unit or the persons on a lease, after any deductions from income as follows:

(A) Elderly and disabled families.--\$525 in the case of any family that is an elderly family or a disabled family.

(B) Minors, students, and persons with disabilities.--\$480 for each member of the family residing in the household (other than the head of the household or his or her spouse) who is less than 18 years of age or is

attending school or vocational training on a full-time basis, or who is 18 years of age or older and is a person with disabilities.

(C) Child care.--Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

(D) Health and medical expenses.--The amount, if any, by which 10 percent of annual family income is exceeded by the sum of--

- (i) in the case of any elderly or disabled family, any unreimbursed health and medical care expenses; and
- (ii) any unreimbursed reasonable attendant care and auxiliary apparatus expenses for each handicapped member of the family, if determined necessary by the public housing agency or owner to enable any member of such family to be employed.

The Secretary shall, by regulation, provide hardship exemptions to the requirements of this subparagraph and subparagraph (C) for impacted families who demonstrate an inability to pay calculated rents because of financial hardship. Such regulations shall include a requirement to

notify tenants regarding any changes to the determination of adjusted income pursuant to such subparagraphs based on the determination of the family's claim of financial hardship exemptions required by the preceding sentence.

Such regulations shall be promulgated in consultation with tenant organizations, industry participants, and the Secretary of Health and Human Services, with an adequate comment period provided for interested parties.

(E) Permissive deductions.--Such additional deductions as a public housing agency may, at its discretion, establish, except that the Secretary shall establish procedures to ensure that such deductions do not materially increase Federal expenditures.

The Secretary shall annually calculate the amounts of the deductions under subparagraphs (A) and (B), as such amounts may have been previously calculated, by applying an inflationary factor as the Secretary shall, by regulation, establish, except that the actual deduction determined for each year shall be established by rounding such amount to the next lowest multiple of \$25.

(6) Public housing agency.--

(A) In general.--Except as provided in subparagraph



(B), the term "public housing agency" means any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of public housing, or a consortium of such entities or bodies as approved by the Secretary.

(B) Section 8 program.--For purposes of the program for tenant-based assistance under section 8, such term includes--

- (i) a consortia of public housing agencies that the Secretary determines has the capacity and capability to administer a program for assistance under such section in an efficient manner;

- (ii) any other public or private nonprofit entity that, upon the effective date under section 503(a) of the Quality Housing and Work Responsibility Act of 1998, was administering any program for tenant-based assistance under section 8 of this Act (as in effect before the effective date of such Act), pursuant to a contract with the Secretary or a public housing agency; and

- (iii) with respect to any area in which no public housing agency has been organized or

where the Secretary determines that a public housing agency is unwilling or unable to implement a program for tenant-based assistance section 8, or is not performing effectively--

(I) the Secretary or another public or private nonprofit entity that by contract agrees to receive assistance amounts under section 8 and enter into housing assistance payments contracts with owners and perform the other functions of public housing agency under section 8; or

(II) notwithstanding any provision of State or local law, a public housing agency for another area that contracts with the Secretary to administer a program for housing assistance under section 8, without regard to any otherwise applicable limitations on its area of operation.

(7) The term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the territories and possessions of the United States, and the Trust Territory of the Pacific Islands.

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

(9) Drug-related criminal activity.--The term ``drug-related criminal activity'' means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as such term is defined in section 102 of the Controlled Substances Act).

(10) Mixed-finance project.--The term ``mixed-finance project'' means a public housing project that meets the requirements of section 35.

(11) Public housing agency plan.--The term ``public housing agency plan'' means the plan of a public housing agency prepared in accordance with section 5A.

(12) Capital fund.--The term ``Capital Fund'' means the fund established under section 9(d).

(13) Operating fund.--The term ``Operating Fund'' mean the fund established under section 9(e).

(c) When used in reference to public housing:

(1) The term ``development'' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a low-income housing project. The term ``development cost'' comprises the costs incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges), and in otherwise carrying out the development of such project, but does not include the costs associated with the demolition of or remediation of

environmental hazards associated with public housing units that will not be replaced on the project site, or other extraordinary site costs as determined by the Secretary.

Construction activity in connection with a low-income housing project may be confined to the reconstruction, remodeling, or repair of existing buildings.

(2) The term "operation" means any or all undertakings appropriate for management, operation, services, maintenance, security (including the cost of security personnel), or financing in connection with a low-income housing project. The term also means the financing of tenant programs and services for families residing in low-income housing projects, particularly where there is maximum feasible participation of the tenants in the development and operation of such tenant programs and services. As used in this paragraph, the term "tenant programs and services" includes the development and maintenance of tenant organizations which participate in the management of low-income housing projects; the training of tenants to manage and operate such projects and the utilization of their services in project management and operation; counseling on household management, housekeeping, budgeting, money management, child care, and similar matters; advice as to resources for job training and placement, education, welfare, health, and other community services; services which are directly related to meeting tenant needs and providing a wholesome living environment; and referral to appropriate

agencies in the community when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services.

(3) The term "acquisition cost" means the amount prudently required to be expended by a public housing agency in acquiring property for a low-income housing project.

(d) Availability of Income Matching Information.--

(1) Disclosure to pha.--A public housing agency, or the owner responsible for determining the participant's eligibility or level of benefits, shall require any family described in paragraph (2) who receives information regarding income, earnings, wages, or unemployment compensation from the Department of Housing and Urban Development pursuant to income verification procedures of the Department to disclose such information, upon receipt of the information, to the public housing agency that owns or operates the public housing dwelling unit in which such family resides or that provides the housing assistance under this Act on behalf of such family, as applicable, or to the owner responsible for determining the participant's eligibility or level of benefits.

(2) Families covered.--A family described in this paragraph is a family that resides in a dwelling unit--

(A) that is a public housing dwelling unit;

(B) for which tenant-based assistance is  
provided under section 8, or  
(C) for which project-based assistance is provided  
under section 8, section 202, or section 811.

\* \* \* \* \*

lower income housing assistance

Sec. 8. (a) For the purpose of aiding lower-income families  
in obtaining a decent place to live and of promoting  
economically mixed housing, assistance payments may be made  
with respect to existing housing in accordance with the  
provisions of this section.

(b) Other Existing Housing Programs.--(1) In general.--The  
Secretary is authorized to enter into annual contributions  
contracts with public housing agencies pursuant to which such  
agencies may enter into contracts to make assistance payments  
to owners of existing dwelling units in accordance with this  
section. In areas where no public housing agency has been  
organized or where the Secretary determines that a public  
housing agency is unable to implement the provisions of this  
section, the Secretary is authorized to enter into such  
contracts and to perform the other functions assigned to a  
public housing agency by this section.

(2) The Secretary is authorized to enter into annual contributions contracts with public housing agencies for the purpose of replacing public housing transferred in accordance with title III of this Act. Each contract entered into under this subsection shall be for a term of not more than 60 months.

(c)(1)(A) An assistance contract entered into pursuant to this section shall establish the maximum monthly rent (including utilities and all maintenance and management charges) which the owner is entitled to receive for each dwelling unit with respect to which such assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically but not less than annually for existing or newly constructed rental dwelling units of various sizes and types in the market area suitable for occupancy by persons assisted under this section, except that the maximum monthly rent may exceed the fair market rental (A) by more than 10 but not more than 20 per centum where the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a housing strategy as defined in section 105 of the Cranston-Gonzalez National Affordable Housing Act, or (B) by such higher amount as may be requested by a tenant and approved by the public housing agency in accordance with paragraph (3)(B). In the case of newly constructed and substantially rehabilitated units, the exception in the

preceding sentence shall not apply to more than 20 per centum of the total amount of authority to enter into annual contributions contracts for such units which is allocated to an area and obligated with respect to any fiscal year beginning on or after October 1, 1980. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing or newly constructed rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by persons assisted under this section.

Notwithstanding any other provision of this section, after the date of enactment of the Housing and Community Development Act of 1977, the Secretary shall prohibit high-rise elevator projects for families with children unless there is no practical alternative. If units assisted under this section are exempt from local rent control while they are so assisted or otherwise, the maximum monthly rent for such units shall be reasonable in comparison with other units in the market area that are exempt from local rent control.

(B) Fair market rentals for an area shall be published not less than annually by the Secretary on the site of the Department on the World Wide Web and in any other manner specified by the Secretary. Notice that such fair market rentals are being published shall be published in the Federal



Register, and such fair market rentals shall become effective no earlier than 30 days after the date of such publication. The Secretary shall establish a procedure for public housing agencies and other interested parties to comment on such fair market rentals and to request, within a time specified by the Secretary, reevaluation of the fair market rentals in a jurisdiction before such rentals become effective. The Secretary shall cause to be published for comment in the Federal Register notices of proposed material changes in the methodology for estimating fair market rentals and notices specifying the final decisions regarding such proposed substantial methodological changes and responses to public comments.

(2)(A) The assistance contract shall provide for adjustment annually or more frequently in the maximum monthly rents for units covered by the contract to reflect changes in the fair market rentals established in the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula. However, where the maximum monthly rent, for a unit in a new construction, substantial rehabilitation, or moderate rehabilitation project, to be adjusted using an annual adjustment factor exceeds the fair market rental for an existing dwelling unit in the market area, the Secretary shall adjust the rent only to the extent that the owner demonstrates that the adjusted rent would not exceed the rent for an

unassisted unit of similar quality, type, and age in the same market area, as determined by the Secretary. The immediately foregoing sentence shall be effective only during fiscal year 1995, fiscal year 1996 prior to April 26, 1996, and fiscal years 1997 and 1998, and during fiscal year 1999 and thereafter. Except for assistance under the certificate program, for any unit occupied by the same family at the time of the last annual rental adjustment, where the assistance contract provides for the adjustment of the maximum monthly rent by applying an annual adjustment factor and where the rent for a unit is otherwise eligible for an adjustment based on the full amount of the factor, 0.01 shall be subtracted from the amount of the factor, except that the factor shall not be reduced to less than 1.0. In the case of assistance under the certificate program, 0.01 shall be subtracted from the amount of the annual adjustment factor (except that the factor shall not be reduced to less than 1.0), and the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area. The immediately foregoing two sentences shall be effective only during fiscal year 1995, fiscal year 1996 prior to April 26, 1996, and fiscal years 1997 and 1998, and during fiscal year 1999 and thereafter. In establishing annual adjustment factors for units in new construction and substantial rehabilitation projects, the Secretary shall take into account the fact that debt service is a fixed expense. The immediately foregoing sentence

shall be effective only during fiscal year 1998.

(B) The contract shall further provide for the Secretary to make additional adjustments in the maximum monthly rent for units under contract to the extent he determines such adjustments are necessary to reflect increases in the actual and necessary expenses of owning and maintaining the units which have resulted from substantial general increases in real property taxes, utility rates, or similar costs which are not adequately compensated for by the adjustment in the maximum monthly rent authorized by subparagraph (A). The Secretary shall make additional adjustments in the maximum monthly rent for units under contract (subject to the availability of appropriations for contract amendments) to the extent the Secretary determines such adjustments are necessary to reflect increases in the actual and necessary expenses of owning and maintaining the units that have resulted from the expiration of a real property tax exemption. Where the Secretary determines that a project assisted under this section is located in a community where drug-related criminal activity is generally prevalent and the project's operating, maintenance, and capital repair expenses have been substantially increased primarily as a result of the prevalence of such drug-related activity, the Secretary may (at the discretion of the Secretary and subject to the availability of appropriations for contract amendments for this purpose), on a project by project basis, provide adjustments to the maximum monthly rents, to a level no greater

than 120 percent of the project rents, to cover the costs of maintenance, security, capital repairs, and reserves required for the owner to carry out a strategy acceptable to the Secretary for addressing the problem of drug-related criminal activity. Any rent comparability standard required under this paragraph may be waived by the Secretary to so implement the preceding sentence. The Secretary may (at the discretion of the Secretary and subject to the availability of appropriations for contract amendments), on a project by project basis for projects receiving project-based assistance, provide adjustments to the maximum monthly rents to cover the costs of evaluating and reducing lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

(C) Adjustments in the maximum rents under subparagraphs (A) and (B) shall not result in material differences between the rents charged for assisted units and unassisted units of similar quality, type, and age in the same market area, as determined by the Secretary. In implementing the limitation established under the preceding sentence, the Secretary shall establish regulations for conducting comparability studies for projects where the Secretary has reason to believe that the application of the formula adjustments under subparagraph (A) would result in such material differences. The Secretary shall conduct such studies upon the request of any owner of any project, or as the Secretary determines to be appropriate by

establishing, to the extent practicable, a modified annual adjustment factor for such market area, as the Secretary shall designate, that is geographically smaller than the applicable housing area used for the establishment of the annual adjustment factor under subparagraph (A). The Secretary shall establish such modified annual adjustment factor on the basis of the results of a study conducted by the Secretary of the rents charged, and any change in such rents over the previous year, for assisted units and unassisted units of similar quality, type, and age in the smaller market area. Where the Secretary determines that such modified annual adjustment factor cannot be established or that such factor when applied to a particular project would result in material differences between the rents charged for assisted units and unassisted units of similar quality, type, and age in the same market area, the Secretary may apply an alternative methodology for conducting comparability studies in order to establish rents that are not materially different from rents charged for comparable unassisted units. If the Secretary or appropriate State agency does not complete and submit to the project owner a comparability study not later than 60 days before the anniversary date of the assistance contract under this section, the automatic annual adjustment factor shall be applied. The Secretary may not reduce the contract rents in effect on or after April 15, 1987, for newly constructed, substantially rehabilitated, or moderately rehabilitated projects assisted

under this section (including projects assisted under this section as in effect prior to November 30, 1983), unless the project has been refinanced in a manner that reduces the periodic payments of the owner. Any maximum monthly rent that has been reduced by the Secretary after April 14, 1987, and prior to the enactment of this sentence shall be restored to the maximum monthly rent in effect on April 15, 1987. For any project which has had its maximum monthly rents reduced after April 14, 1987, the Secretary shall make assistance payments (from amounts reserved for the original contract) to the owner of such project in an amount equal to the difference between the maximum monthly rents in effect on April 15, 1987, and the reduced maximum monthly rents, multiplied by the number of months that the reduced maximum monthly rents were in effect.

(3) The amount of the monthly assistance payment with respect to any dwelling unit shall be the difference between the maximum monthly rent which the contract provides that the owner is to receive for the unit and the rent the family is required to pay under section 3(a) of this Act.

(4) The assistance contract shall provide that assistance payments may be made only with respect to a dwelling unit under lease for occupancy by a family determined to be a lower income family at the time it initially occupied such dwelling unit, except that such payments may be made with respect to unoccupied units for a period not exceeding sixty days (A) in the event that a family vacates a dwelling unit before the

expiration date of the lease for occupancy or (B) where a good faith effort is being made to fill an unoccupied unit, and, subject to the provisions of the following sentence, such payments may be made, in the case of a newly constructed or substantially rehabilitated project, after such sixty-day period in an amount equal to the debt service attributable to such an unoccupied dwelling unit for a period not to exceed one year, if a good faith effort is being made to fill the unit and the unit provides decent, safe, and sanitary housing. No such payment may be made after such sixty-day period if the Secretary determines that the dwelling unit is in a project which provides the owner with revenues exceeding the costs incurred by such owner with respect to such project.

(5) The Secretary shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

(8)(A) Not less than one year before termination of any contract under which assistance payments are received under this section, other than a contract for tenant-based assistance

under this section, an owner shall provide written notice to the Secretary and the tenants involved of the proposed termination. The notice shall also include a statement that, if the Congress makes funds available, the owner and the Secretary may agree to a renewal of the contract, thus avoiding termination, and that in the event of termination the Department of Housing and Urban Development will provide tenant-based rental assistance to all eligible residents, enabling them to choose the place they wish to rent, which is likely to include the dwelling unit in which they currently reside. Any contract covered by this paragraph that is renewed may be renewed for a period of up to 1 year or any number or years, with payments subject to the availability of appropriations for any year.

(B) In the event the owner does not provide the notice required, the owner may not evict the tenants or increase the tenants' rent payment until such time as the owner has provided the notice and 1 year has elapsed. The Secretary may allow the owner to renew the terminating contract for a period of time sufficient to give tenants 1 year of advance notice under such terms and conditions as the Secretary may require.

(C) Any notice under this paragraph shall also comply with any additional requirements established by the Secretary.

(D) For purposes of this paragraph, the term "termination" means the expiration of the assistance contract or an owner's refusal to renew the assistance contract, and such term shall



include termination of the contract for business reasons.

(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) the selection of tenants shall be the function of the owner, subject to the annual contributions contract between the Secretary and the agency, except that with respect to the certificate and moderate rehabilitation programs only, for the purpose of selecting families to be assisted, the public housing agency may establish local preferences, consistent with the public housing agency plan submitted under section 5A (42 U.S.C. 1437c-1) by the public housing agency;

(B)(i) the lease between the tenant and the owner shall be for at least one year or the term of such contract, whichever is shorter, and shall contain other terms and conditions specified by the Secretary;

(ii) during the term of the lease, the owner shall not terminate the tenancy except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause;

(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;

(iv) any termination of tenancy shall be preceded by the owner's provision of written notice to the tenant specifying the grounds for such action; and

(v) it shall be cause for termination of the tenancy of a tenant if such tenant--

(I) is fleeing to avoid prosecution, or custody or confinement after conviction, under the laws of the place from which the individual flees, for a crime, or attempt to commit a crime, which is a felony under the laws of the place from which the individual flees, or which, in the case of the State of New Jersey, is a high misdemeanor under the laws of such State; or

(II) is violating a condition of

probation or parole imposed under

Federal or State law;

(C) maintenance and replacement (including redecoration) shall be in accordance with the standard practice for the building concerned as established by the owner and agreed to by the agency; and

(D) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them.

(2)(A) Each contract for an existing structure entered into under this section shall be for a term of not less than one month nor more than one hundred and eighty months. The Secretary shall permit public housing agencies to enter into contracts for assistance payments of less than 12 months duration in order to avoid disruption in assistance to eligible families if the annual contributions contract is within 1 year of its expiration date.

(B)(i) In determining the amount of assistance provided under an assistance contract for project-based assistance under this paragraph or a contract for assistance for housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of this Act (as such section existed immediately before October 1, 1983), the Secretary may consider and annually adjust, with respect to such project, for the cost of employing or otherwise retaining the services of one or more service coordinators under section 661 of the Housing and

Community Development Act of 1992 to coordinate the provision of any services within the project for residents of the project who are elderly or disabled families.

(ii) The budget authority available under section 5(c) for assistance under this section is authorized to be increased by \$15,000,000 on or after October 1, 1992, and by \$15,000,000 on or after October 1, 1993. Amounts made available under this subparagraph shall be used to provide additional amounts under annual contributions contracts for assistance under this section which shall be made available through assistance contracts only for the purpose of providing service coordinators under clause (i) for projects receiving project-based assistance under this paragraph and to provide additional amounts under contracts for assistance for projects constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of this Act (as such section existed immediately before October 1, 1983) only for such purpose.

(C) An assistance contract for project-based assistance under this paragraph shall provide that the owner shall ensure and maintain compliance with subtitle C of title VI of the Housing and Community Development Act of 1992 and any regulations issued under such subtitle.

(D) An owner of a covered section 8 housing project (as such term is defined in section 659 of the Housing and Community Development Act of 1992) may give

preference for occupancy of dwelling units in the project, and reserve units for occupancy, in accordance with subtitle D of title VI of the Housing and Community Development Act of 1992.

(3) Notwithstanding any other provision of law, with the approval of the Secretary the public housing agency administering a contract under this section with respect to existing housing units may exercise all management and maintenance responsibilities with respect to those units pursuant to a contract between such agency and the owner of such units.

(4) A public housing agency that serves more than one unit of general local government may, at the discretion of the agency, in allocating assistance under this section, give priority to disabled families that are not elderly families.

(5) Calculation of limit.--Any contract entered into under section 514 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 shall be excluded in computing the limit on project-based assistance under this subsection.

(6) Treatment of common areas.--The Secretary may not provide any assistance amounts pursuant to an existing contract for project-based assistance under this section for a housing project and may not enter into a new or renewal contract for such assistance for a project unless the owner of the project provides consent, to such local law enforcement agencies as the

Secretary determines appropriate, for law enforcement officers of such agencies to enter common areas of the project at any time and without advance notice upon a determination of probable cause by such officers that criminal activity is taking place in such areas.

(e)(1) Nothing in this Act shall be deemed to prohibit an owner from pledging, or offering as security for any loan or obligation, a contract for assistance payments entered into pursuant to this section: Provided, That such security is in connection with a project constructed or rehabilitated pursuant to authority granted in this section, and the terms of the financing or any refinancing have been approved by the Secretary.

(f) As used in this section--

(1) the term "owner" means any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, having the legal right to lease or sublease dwelling units;

(2) the terms "rent" or "rental" mean, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative;

(3) the term "debt service" means the required payments for principal and interest made with respect to a mortgage secured by housing assisted under this Act;

(4) the term "participating jurisdiction" means a State or unit of general local government designated by the Secretary to be a participating jurisdiction under title II of the Cranston-Gonzalez National Affordable Housing Act;

(5) the term "drug-related criminal activity" means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802));

(6) the term "project-based assistance" means rental assistance under subsection (b) that is attached to the structure pursuant to subsection (d)(2) or (o)(13); and

(7) the term "tenant-based assistance" means rental assistance under subsection (o) that is not project-based assistance and that provides for the eligible family to select suitable housing and to move to other suitable housing.

(g) Notwithstanding any other provision of this Act, assistance payments under this section may be provided, in accordance with regulations prescribed by the Secretary, with respect to some or all of the units in any project approved pursuant to section 202 of the Housing Act of 1959.

(h) Sections 5(e) and 6 and any other provisions of this Act

which are inconsistent with the provisions of this section shall not apply to contracts for assistance entered into under this section.

(i) The Secretary may not consider the receipt by a public housing agency of assistance under section 811(b)(1) of the Cranston-Gonzalez National Affordable Housing Act, or the amount received, in approving assistance for the agency under this section or determining the amount of such assistance to be provided.

(j) Carbon Monoxide Alarms.--Each owner of a dwelling unit receiving project-based assistance under this section shall ensure that carbon monoxide alarms or detectors are installed in the dwelling unit in a manner that meets or exceeds--

(1) the standards described in chapters 9 and 11 of the 2018 publication of the International Fire Code, as published by the International Code Council; or

(2) any other standards as may be adopted by the Secretary, including any relevant updates to the International Fire Code, through a notice published in the Federal Register.

(k) The Secretary shall establish procedures which are appropriate and necessary to assure that income data provided to public housing agencies and owners by families applying for or receiving assistance under this section is complete and accurate. In establishing such procedures, the Secretary shall randomly, regularly, and periodically select a sample of



families to authorize the Secretary to obtain information on these families for the purpose of income verification, or to allow those families to provide such information themselves. Such information may include, but is not limited to, data concerning unemployment compensation and Federal income taxation and data relating to benefits made available under the Social Security Act, the Food and Nutrition Act of 2008, or title 38, United States Code. Any such information received pursuant to this subsection shall remain confidential and shall be used only for the purpose of verifying incomes in order to determine eligibility of families for benefits (and the amount of such benefits, if any) under this section.

(l) Qualifying Smoke Alarms.--

(1) In general.--Each owner of a dwelling unit receiving project-based assistance under this section shall ensure that qualifying smoke alarms are installed in accordance with applicable codes and standards published by the International Code Council or the National Fire Protection Association and the requirements of the National Fire Protection Association Standard 72, or any successor standard, in each level and in or near each sleeping area in such dwelling unit, including in basements but excepting crawl spaces and unfinished attics, and in each common area in a project containing such a dwelling unit.

(2) Definitions.--For purposes of this subsection,

the following definitions shall apply:

(A) Smoke alarm defined.--The term "smoke alarm" has the meaning given the term "smoke detector" in section 29(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2225(d)).

(B) Qualifying smoke alarm defined.--The term "qualifying smoke alarm" means a smoke alarm that--

(i) in the case of a dwelling unit built before the date of enactment of this subsection and not substantially rehabilitated after the date of enactment of this subsection--

(I)(aa) is hardwired; or

(bb) uses 10-year non rechargeable, nonreplaceable primary batteries and--

(AA) is sealed;

(BB) is tamper resistant; and

(CC) contains

silencing means; and

(II) provides notification for persons with hearing loss as required by the National

Fire Protection Association

Standard 72, or any successor

standard; or

(ii) in the case of a dwelling unit

built or substantially rehabilitated

after the date of enactment of this

paragraph, is hardwired.

(o) Voucher Program.--

(1) Authority.--

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

(B) Establishment of payment standard.--

Except as provided under subparagraph (D), the payment standard for each size of dwelling unit in a market area shall not exceed 110 percent of the fair market rental established under subsection (c) for the same size of dwelling unit in the same market area and shall be not less than 90 percent of that fair market rental, except that no public housing agency

shall be required as a result of a reduction in the fair market rental to reduce the payment standard applied to a family continuing to reside in a unit for which the family was receiving assistance under this section at the time the fair market rental was reduced. The Secretary shall allow public housing agencies to request exception payment standards within fair market rental areas subject to criteria and procedures established by the Secretary.

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

(D) Approval.--The Secretary may require a public housing agency to submit the payment standard of the public housing agency to the Secretary for approval, if the payment standard is less than 90 percent of the fair market

rental or exceeds 110 percent of the fair market rental, except that 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 use a payment standard that is greater than 120 percent of the fair market rent as a reasonable accommodation for a person with a disability, but only with the approval of the Secretary. In connection with the use of any increased payment standard established or approved pursuant to either of the preceding two sentences as a reasonable accommodation for a person with a disability, the Secretary may not establish additional requirements regarding the amount of adjusted income paid by such person for rent.

(E) Review.--The Secretary--

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

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

(2) Amount of monthly assistance payment.--Subject to the requirement under section 3(a)(3) (relating to minimum rental amount), the monthly assistance payment for a family receiving assistance under this subsection shall be determined as follows:

(A) Tenant-based assistance; rent not exceeding payment standard.--For a family receiving tenant-based assistance, if the rent for the family (including the amount allowed for tenant-paid utilities) does not exceed the applicable payment standard established under paragraph (1), the monthly assistance payment for the family shall be equal to the amount by which the rent (including the amount allowed for tenant-paid utilities) exceeds the greatest of the following amounts, rounded to the nearest dollar:

- (i) 30 percent of the monthly adjusted income of the family.
- (ii) 10 percent of the monthly income of the family.
- (iii) If the family is receiving

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

(B) Tenant-based assistance; rent exceeding payment standard.--For a family receiving tenant-based assistance, if the rent for the family (including the amount allowed for tenant-paid utilities) exceeds the applicable payment standard established under paragraph (1), the monthly assistance payment for the family shall be equal to the amount by which the applicable payment standard exceeds the greatest of amounts under clauses (i), (ii), and (iii) of subparagraph (A).

(C) Families receiving project-based assistance.--For a family receiving project-based assistance, the rent that the family is required to pay shall be determined in accordance with section 3(a)(1), and the amount of the housing assistance payment shall be determined in accordance with subsection (c)(3)

of this section.

(D) Utility allowance.--

(i) General.--In determining the monthly assistance payment for a family under subparagraphs (A) and (B), the amount allowed for tenant-paid utilities shall not exceed the appropriate utility allowance for the family unit size as determined by the public housing agency regardless of the size of the dwelling unit leased by the family.

(ii) Exception for families in including persons with disabilities.-- Notwithstanding subparagraph (A), upon request by a family that includes a person with disabilities, the public housing agency shall approve a utility allowance that is higher than the applicable amount on the utility allowance schedule if a higher utility allowance is needed as a reasonable accommodation to make the program accessible to and usable by the family member with a disability.

(3) 40 percent limit.--At the time a family



initially receives tenant-based assistance under this section with respect to any dwelling unit, the total amount that a family may be required to pay for rent may not exceed 40 percent of the monthly adjusted income of the family.

(4) Eligible families.--To be eligible to receive assistance under this subsection, a family shall, at the time a family initially receives assistance under this subsection, be a low-income family that is--

(A) a very low-income family;

(B) a family previously assisted under this title;

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

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

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

(5) Reviews of family income.--

(A) In general.--Reviews of family incomes

for purposes of this section shall be subject to paragraphs (1), (6), and (7) of section 3(a) and to section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988.

(B) Procedures.--Each public housing agency administering assistance under this subsection shall establish procedures that are appropriate and necessary to ensure that income data provided to the agency and owners by families applying for or receiving assistance from the agency is complete and accurate.

(6) Selection of families and disapproval of owners.--

(A) Preferences.--

(i) Authority to establish.--Each public housing agency may establish a system for making tenant-based assistance under this subsection available on behalf of eligible families that provides preference for such assistance to eligible families having certain characteristics, which may include a preference for families residing in public housing who are victims of a crime of violence (as such term is defined in section 16 of title

18, United States Code) that has been reported to an appropriate law enforcement agency.

(ii) Content.--Each system of preferences established pursuant to this subparagraph shall be based upon local housing needs and priorities, as determined by the public housing agency using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment as provided under section 5A(f) and under the requirements applicable to the comprehensive housing affordability strategy for the relevant jurisdiction.

(B) Selection of tenants.--Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling unit) shall provide that the screening and selection of families for those units shall be the function of the owner. In addition, the public housing agency may elect to screen applicants for the program in accordance with such requirements as the Secretary may establish.

(C) PHA disapproval of owners.--In addition to other grounds authorized by the Secretary, a public housing agency may elect not to enter into a housing assistance payments contract under this subsection with an owner who refuses, or has a history of refusing, to take action to terminate tenancy for activity engaged in by the tenant, any member of the tenant's household, any guest, or any other person under the control of any member of the household that--

- (i) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other tenants or employees of the public housing agency, owner, or other manager of the housing;

- (ii) threatens the health or safety of, or right to peaceful enjoyment of the residences by, persons residing in the immediate vicinity of the premises;

or

- (iii) is drug-related or violent criminal activity.

(7) Leases and tenancy.--Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling unit--

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

(B) shall provide that the dwelling unit owner shall offer leases to tenants assisted under this subsection that--

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

- (ii) contain terms and conditions that--

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

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

(C) shall provide that during the term of the lease, the owner shall not terminate the

tenancy except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause, and in the case of an owner who is an immediate successor in interest pursuant to foreclosure during the term of the lease vacating the property prior to sale shall not constitute other good cause, except that the owner may terminate the tenancy effective on the date of transfer of the unit to the owner if the owner--

- (i) will occupy the unit as a primary residence; and

- (ii) has provided the tenant a notice to vacate at least 90 days before the effective date of such notice.;

(D) shall provide that 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 violent or 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;

(E) shall provide that any termination of tenancy under this subsection shall be preceded by the provision of written notice by the owner to the tenant specifying the grounds for that action, and any relief shall be consistent with applicable State and local law; and

(F) may include any addenda required by the Secretary to set forth the provisions of this subsection. In the case of any foreclosure on any federally-related mortgage loan (as that term is defined in section 3 of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2602)) or on any residential real property in which a recipient of assistance under this subsection resides, the immediate successor in interest in such property pursuant to the foreclosure shall assume such interest subject to the lease between the prior owner and the tenant and to the housing assistance payments contract between the prior owner and the public housing agency for the occupied unit, except that this provision and the provisions related

to foreclosure in subparagraph (C) shall not shall not affect any State or local law that provides longer time periods or other additional protections for tenants.

(8) Inspection of units by pha's.--

(A) Initial inspection.--

(i) In general.--For each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency (or other entity pursuant to paragraph (11)) shall inspect the unit before any assistance payment is made to determine whether the dwelling unit meets the housing quality standards under subparagraph (B), except as provided in clause (ii) or (iii) of this subparagraph.

(ii) Correction of non-life-threatening conditions.--In the case of any dwelling unit that is determined, pursuant to an inspection under clause (i), not to meet the housing quality standards under subparagraph (B), assistance payments may be made for the unit notwithstanding subparagraph (C)



if failure to meet such standards is a result only of non-life-threatening conditions, as such conditions are established by the Secretary. A public housing agency making assistance payments pursuant to this clause for a dwelling unit shall, 30 days after the beginning of the period for which such payments are made, withhold any assistance payments for the unit if any deficiency resulting in noncompliance with the housing quality standards has not been corrected by such time. The public housing agency shall recommence assistance payments when such deficiency has been corrected, and may use any payments withheld to make assistance payments relating to the period during which payments were withheld.

(iii) Use of alternative inspection method for interim period.--In the case of any property that within the previous 24 months has met the requirements of an inspection that qualifies as an alternative inspection

method pursuant to subparagraph (E), a public housing agency may authorize occupancy before the inspection under clause (i) has been completed, and may make assistance payments retroactive to the beginning of the lease term after the unit has been determined pursuant to an inspection under clause (i) to meet the housing quality standards under subparagraph (B). This clause may not be construed to exempt any dwelling unit from compliance with the requirements of subparagraph (D).

(iv) Initial inspection prior to lease agreement.--

(I) Definition.--In this clause, the term "new landlord" means an owner of a dwelling unit who has not previously entered into a housing assistance payment contract with a public housing agency under this subsection for any dwelling unit.

(II) Early inspection.--Upon the request of a new landlord,

a public housing agency may inspect the dwelling unit owned by the new landlord to determine whether the unit meets the housing quality standards under subparagraph (B) before the unit is selected by a family assisted under this subsection.

(III) Effect.--An inspection conducted under subclause (II) that determines that the dwelling unit meets the housing quality standards under subparagraph (B) shall satisfy the requirements in this subparagraph and subparagraph (C) if the new landlord enters into a lease agreement with a family assisted under this subsection not later than 60 days after the date of the inspection.

(IV) Information when family is selected.--When a public housing agency selects a family

to participate in the tenant-based assistance program under this subsection, the public housing agency shall include in the information provided to the family a list of dwelling units that have been inspected under subclause (II) and determined to meet the housing quality standards under subparagraph (B).

(B) Housing quality standards.--The housing quality standards under this subparagraph are standards for safe and habitable housing established--

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

(ii) by local housing codes or by codes adopted by public housing agencies that--

(I) meet or exceed housing quality standards, except that the Secretary may waive the requirement under this subclause to significantly increase access to affordable

housing and to expand housing  
opportunities for families  
assisted under this subsection,  
except where such waiver could  
adversely affect the health or  
safety of families assisted  
under this subsection; and  
(II) do not severely restrict  
housing choice

(C) Inspection.--The determination required  
under subparagraph (A) shall be made by the  
public housing agency (or other entity, as  
provided in paragraph (11)) pursuant to an  
inspection of the dwelling unit conducted  
before any assistance payment is made for the  
unit. Inspections of dwelling units under this  
subparagraph shall be made before the  
expiration of the 15-day period beginning upon  
a request by the resident or landlord to the  
public housing agency or, in the case of any  
public housing agency that provides assistance  
under this subsection on behalf of more than  
1250 families, before the expiration of a  
reasonable period beginning upon such request.  
The performance of the agency in meeting the  
15-day inspection deadline shall be taken into

consideration in assessing the performance of the agency.

(D) Biennial inspections.--

(i) Requirement.--Each public housing agency providing assistance under this subsection (or other entity, as provided in paragraph (11)) shall, for each assisted dwelling unit, make inspections not less often than biennially 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).

(ii) Use of alternative inspection method.--The requirements under clause (i) may be complied with by use of inspections that qualify as an alternative inspection method pursuant to subparagraph (E).

(iii) Records.--The public housing agency (or other entity) shall retain the records of the inspection for a reasonable time, as determined by the Secretary, 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).

(iv) Mixed-finance properties.--The Secretary may adjust the frequency of inspections for mixed-finance properties assisted with vouchers under paragraph (13) to facilitate the use of the alternative inspections in subparagraph (E).

(E) Alternative inspection method.--An inspection of a property shall qualify as an alternative inspection method for purposes of this subparagraph if--

(i) the inspection was conducted pursuant to requirements under a Federal, State, or local housing program (including the Home investment partnership program under title II of the Cranston-Gonzalez National Affordable Housing Act and the low-income housing tax credit program under section 42 of the Internal Revenue Code of 1986); and

(ii) pursuant to such inspection, the property was determined to meet the standards or requirements regarding housing quality or safety applicable to properties assisted under such program, and, if a non-Federal standard or requirement was used, the public housing agency has certified to the Secretary that such standard or requirement provides the same (or greater) protection to occupants of dwelling units meeting such standard or requirement as would the housing quality standards under subparagraph (B).

(F) Interim inspections.--Upon notification to the public housing agency, by a family (on whose behalf tenant-based rental assistance is provided under this subsection) or by a government official, that the dwelling unit for which such assistance is provided does not comply with the housing quality standards under subparagraph (B), the public housing agency shall inspect the dwelling unit--

(i) in the case of any condition that is life-threatening, within 24 hours



after the agency's receipt of such notification, unless waived by the Secretary in extraordinary circumstances; and

(ii) in the case of any condition that is not life-threatening, within a reasonable time frame, as determined by the Secretary.

(G) Enforcement of housing quality standards.--

(i) Determination of noncompliance.--

A dwelling unit that is covered by a housing assistance payments contract under this subsection shall be considered, for purposes of subparagraphs (D) and (F), to be in noncompliance with the housing quality standards under subparagraph (B) if--

(I) the public housing agency or an inspector authorized by the State or unit of local government determines upon inspection of the unit that the unit fails to comply with such standards;

(II) the agency or inspector

notifies the owner of the unit  
in writing of such failure to  
comply; and

(III) the failure to comply  
is not corrected--

(aa) in the case of  
any such failure that  
is a result of life-  
threatening conditions,  
within 24 hours after  
such notice has been  
provided; and

(bb) in the case of  
any such failure that  
is a result of non-  
life-threatening  
conditions, within 30  
days after such notice  
has been provided or  
such other reasonable  
longer period as the  
public housing agency  
may establish.

(ii) Withholding of assistance  
amounts during correction.--The public  
housing agency may withhold assistance

amounts under this subsection with respect to a dwelling unit for which a notice pursuant to clause (i)(II), of failure to comply with housing quality standards under subparagraph (B) as determined pursuant to an inspection conducted under subparagraph (D) or (F), has been provided. If the unit is brought into compliance with such housing quality standards during the periods referred to in clause (i)(III), the public housing agency shall recommence assistance payments and may use any amounts withheld during the correction period to make assistance payments relating to the period during which payments were withheld.

(iii) Abatement of assistance amounts.--The public housing agency shall abate all of the assistance amounts under this subsection with respect to a dwelling unit that is determined, pursuant to clause (i) of this subparagraph, to be in noncompliance with housing quality standards under subparagraph (B). Upon

completion of repairs by the public housing agency or the owner sufficient so that the dwelling unit complies with such housing quality standards, the agency shall recommence payments under the housing assistance payments contract to the owner of the dwelling unit.

(iv) Notification.--If a public housing agency providing assistance under this subsection abates rental assistance payments pursuant to clause (iii) with respect to a dwelling unit, the agency shall, upon commencement of such abatement--

(I) notify the tenant and the owner of the dwelling unit that--

(aa) such abatement has commenced; and

(bb) if the dwelling unit is not brought into compliance with housing quality standards within 60 days after the

effective date of the  
determination of  
noncompliance under  
clause (i) or such  
reasonable longer  
period as the agency  
may establish, the  
tenant will have to  
move; and

(II) issue the tenant the  
necessary forms to allow the  
tenant to move to another  
dwelling unit and transfer the  
rental assistance to that unit.

(v) Protection of tenants.--An owner  
of a dwelling unit may not terminate  
the tenancy of any tenant because of  
the withholding or abatement of  
assistance pursuant to this  
subparagraph. During the period that  
assistance is abated pursuant to this  
subparagraph, the tenant may terminate  
the tenancy by notifying the owner.

(vi) Termination of lease or  
assistance payments contract.--If  
assistance amounts under this section

for a dwelling unit are abated pursuant to clause (iii) and the owner does not correct the noncompliance within 60 days after the effective date of the determination of noncompliance under clause (i), or such other reasonable longer period as the public housing agency may establish, the agency shall terminate the housing assistance payments contract for the dwelling unit.

(vii) Relocation.--

(I) Lease of new unit.--The agency shall provide the family residing in such a dwelling unit a period of 90 days or such longer period as the public housing agency determines is reasonably necessary to lease a new unit, beginning upon termination of the contract, to lease a new residence with tenant-based rental assistance under this section.

(II) Availability of public

housing units.--If the family is unable to lease such a new residence during such period, the public housing agency shall, at the option of the family, provide such family a preference for occupancy in a dwelling unit of public housing that is owned or operated by the agency that first becomes available for occupancy after the expiration of such period.

(III) Assistance in finding unit.--The public housing agency may provide assistance to the family in finding a new residence, including use of up to two months of any assistance amounts withheld or abated pursuant to clause (ii) or (iii), respectively, for costs directly associated with relocation of the family to a new residence, which shall include security deposits as necessary and may include

reimbursements for reasonable moving expenses incurred by the household, as established by the Secretary. The agency may require that a family receiving assistance for a security deposit shall remit, to the extent of such assistance, the amount of any security deposit refunds made by the owner of the dwelling unit for which the lease was terminated.

(viii) Tenant-caused damages.--If a public housing agency determines that any damage to a dwelling unit that results in a failure of the dwelling unit to comply with housing quality standards under subparagraph (B), other than any damage resulting from ordinary use, was caused by the tenant, any member of the tenant's household, or any guest or other person under the tenant's control, the agency may waive the applicability of this subparagraph, except that this clause shall not exonerate a tenant from any liability



otherwise existing under applicable law  
for damages to the premises caused by  
such tenant.

(ix) Applicability.--This  
subparagraph shall apply to any  
dwelling unit for which a housing  
assistance payments contract is entered  
into or renewed after the date of the  
effectiveness of the regulations  
implementing this subparagraph.

(H) Inspection guidelines.--The Secretary  
shall establish procedural guidelines and  
performance standards to facilitate inspections  
of dwelling units and conform such inspections  
with practices utilized in the private housing  
market. Such guidelines and standards shall  
take into consideration variations in local  
laws and practices of public housing agencies  
and shall provide flexibility to authorities  
appropriate to facilitate efficient provision  
of assistance under this subsection.

(I) Satisfaction of inspection requirements  
through participation in other housing  
programs.--

(i) Low-income housing tax credit-  
financed buildings.--A dwelling unit

shall be deemed to meet the inspection requirements under this paragraph if--

(I) the dwelling unit is in a building, the acquisition, rehabilitation, or construction of which was financed by a person who received a low-income housing tax credit under section 42 of the Internal Revenue Code of 1986 in exchange for that financing;

(II) the dwelling unit was physically inspected and passed inspection as part of the low-income housing tax credit program described in subclause

(I) during the preceding 12-month period; and

(III) the applicable public housing agency is able to obtain the results of the inspection described in subclause (II).

(ii) Home investment partnerships program.--A dwelling shall be deemed to meet the inspection requirements under

this paragraph if--

(I) the dwelling unit is  
assisted under the HOME  
Investment Partnerships Program  
under title II of the Cranston-  
Gonzalez National Affordable  
Housing Act;

(II) the dwelling unit was  
physically inspected and passed  
inspection as part of the  
program described in subclause

(I) during the preceding 12-  
month period; and

(III) the applicable public  
housing agency is able to  
obtain the results of the  
inspection described in  
subclause (II).

(iii) Rural housing service.--A

dwelling unit shall be deemed to meet  
the inspection requirements under this  
paragraph if--

(I) the dwelling unit is  
assisted by the Rural Housing  
Service of the Department of  
Agriculture;

(II) the dwelling unit was physically inspected and passed inspection in connection with the assistance described in subclause (I) during the preceding 12-month period; and

(III) the applicable public housing agency is able to obtain the results of the inspection described in subclause (II).

(iv) Remote or video inspections.--

When complying with inspection requirements for a housing unit located in a rural or small area using assistance under this subtitle, the Secretary may allow a grantee to conduct a remote or video inspection of a unit provided that the remote or video inspection--

(I) covers a substantially similar review of the relevant aspects of the unit compared to an in-person inspection;

(II) does not misrepresent the condition of the unit; and

(III) provides the information necessary to fully and accurately evaluate the conditions of the unit to ensure that the unit meets the applicable standards.

(v) Rule of construction.--Nothing in clause (i), (ii), (iii), or (iv) may be construed to affect the operation of a housing program described in, or authorized under a provision of law described in, that clause.

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

(10) Rent.--

(A) Reasonableness.--The rent for dwelling units for which a housing assistance payment contract is established under this subsection shall be reasonable in comparison with rents charged for comparable dwelling units in the private, unassisted local market.

(B) Negotiations.--A public housing agency (or other entity, as provided in paragraph (11)) shall, at the request of a family receiving tenant-based assistance under this subsection, assist that family in negotiating a reasonable rent with a dwelling unit owner. A public housing agency (or such other entity) shall review the rent for a unit under consideration by the family (and all rent increases for units under lease by the family) to determine whether the rent (or rent increase) requested by the owner is reasonable. If a public housing agency (or other such entity) determines that the rent (or rent increase) for a dwelling unit is not reasonable, the public housing agency (or other such entity) shall not make housing assistance payments to the owner under this subsection with respect to that unit.

(C) Units exempt from local rent control.--If a dwelling unit for which a housing assistance payment contract is established under this subsection is exempt from local rent control provisions during the term of that contract, the rent for that unit shall be reasonable in comparison with other units in the market area

that are exempt from local rent control provisions.

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

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

(F) Tax credit projects.--In the case of a dwelling unit receiving tax credits pursuant to section 42 of the Internal Revenue Code of 1986 or for which assistance is provided under subtitle A of title II of the Cranston Gonzalez National Affordable Housing Act of 1990, for

which a housing assistance contract not subject to paragraph (13) of this subsection is established, rent reasonableness shall be determined as otherwise provided by this paragraph, except that--

(i) comparison with rent for units in the private, unassisted local market shall not be required if the rent is equal to or less than the rent for other comparable units receiving such tax credits or assistance in the project that are not occupied by families assisted with tenant-based assistance under this subsection; and

(ii) the rent shall not be considered reasonable for purposes of this paragraph if it exceeds the greater of--

(I) the rents charged for other comparable units receiving such tax credits or assistance in the project that are not occupied by families assisted with tenant-based assistance under this subsection; and



(II) the payment standard  
established by the public  
housing agency for a unit of  
the size involved.

(11) Leasing of units owned by pha.--

(A) Inspections and rent determinations.--If  
an eligible family assisted under this  
subsection leases a dwelling unit (other than a  
public housing dwelling unit) that is owned by  
a public housing agency administering  
assistance under this subsection, the Secretary  
shall require the unit of general local  
government or another entity approved by the  
Secretary, to make inspections required under  
paragraph (8) and rent determinations required  
under paragraph (10). The agency shall be  
responsible for any expenses of such  
inspections and determinations.

(B) Units owned by pha.--For purposes of this  
subsection, the term "owned by a public  
housing agency" means, with respect to a  
dwelling unit, that the dwelling unit is in a  
project that is owned by such agency, by an  
entity wholly controlled by such agency, or by  
a limited liability company or limited  
partnership in which such agency (or an entity

wholly controlled by such agency) holds a controlling interest in the managing member or general partner. A dwelling unit shall not be deemed to be owned by a public housing agency for purposes of this subsection because the agency holds a fee interest as ground lessor in the property on which the unit is situated, holds a security interest under a mortgage or deed of trust on the unit, or holds a non-controlling interest in an entity which owns the unit or in the managing member or general partner of an entity which owns the unit.

(12) Assistance for rental of manufactured housing.--

(A) In general.--A public housing agency may make assistance payments in accordance with this subsection on behalf of a family that utilizes a manufactured home as a principal place of residence and rents the real property on which the manufactured home owned by any such family is located.

(B) Rent calculation.--

(i) Charges included.--For assistance pursuant to this paragraph, rent shall mean the sum of the monthly payments made by a family assisted under this

paragraph to amortize the cost of purchasing the manufactured home, including any required insurance and property taxes, the monthly amount allowed for tenant-paid utilities, and the monthly rent charged for the real property on which the manufactured home is located, including monthly management and maintenance charges.

(ii) Monthly assistance payment.--The monthly assistance payment for a family assisted under this paragraph shall be determined in accordance with paragraph (2). If the amount of the monthly assistance payment for a family exceeds the monthly rent charged for the real property on which the manufactured home is located, including monthly management and maintenance charges, a public housing agency may pay the remainder to the family, lender or utility company, or may choose to make a single payment to the family for the entire monthly assistance amount.

(13) PHA project-based assistance.--

(A) In general.--A public housing agency may

use amounts provided under an annual contributions contract under this subsection to enter into a housing assistance payment contract with respect to an existing, newly constructed, or rehabilitated project, that is attached to the project, subject to the limitations and requirements of this paragraph.

(B) Percentage limitation.--

(i) In general.--Subject to clause

(ii), a public housing agency may use for project-based assistance under this paragraph not more than 20 percent of the authorized units for the agency.

(ii) Exception.--A public housing agency may use up to an additional 10 percent of the authorized units for the agency for project-based assistance under this paragraph, to provide units that house individuals and families that meet the definition of homeless under section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302), that house families with veterans, that provide supportive housing to persons with disabilities or elderly persons, that house eligible

youths receiving assistance pursuant to subsection (x)(2)(B), or that are located in areas where vouchers under this subsection are difficult to use, as specified in subparagraph (D)(ii)(II). Any units of project-based assistance that are attached to units previously subject to federally required rent restrictions or receiving another type of long-term housing subsidy provided by the Secretary shall not count toward the percentage limitation under clause (i) of this subparagraph. The Secretary may, by regulation, establish additional categories for the exception under this clause.

(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) the public housing agency plan for the agency approved under section 5A; and

- (ii) the goal of deconcentrating

poverty and expanding housing and economic opportunities.

(D) Income-mixing requirement.--

(i) In general.--Except as provided in clause (ii), not more than the greater of 25 dwelling units or 25 percent of the dwelling units in any project may be assisted under a housing assistance payment contract for project-based assistance pursuant to this paragraph. For purposes of this subparagraph, the term "project" means a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land.

(ii) Exceptions.--

(I) Certain families.--The limitation under clause (i) shall not apply to dwelling units assisted under a contract that are exclusively made available to elderly families, to eligible youths receiving assistance pursuant to subsection (x)(2)(B), or to

households eligible for supportive services that are made available to the assisted residents of the project, according to standards for such services the Secretary may establish.

(II) Certain areas.--With respect to areas in which tenant-based vouchers for assistance under this subsection are difficult to use, as determined by the Secretary, and with respect to census tracts with a poverty rate of 20 percent or less, clause (i) shall be applied by substituting "40 percent" for "25 percent", and the Secretary may, by regulation, establish additional conditions.

(III) Certain contracts.--The limitation under clause (i) shall not apply with respect to contracts or renewal of

contracts under which a greater percentage of the dwelling units in a project were assisted under a housing assistance payment contract for project-based assistance pursuant to this paragraph on the date of the enactment of the Housing Opportunity Through Modernization Act of 2016.

(IV) Certain properties.--Any units of project-based assistance under this paragraph that are attached to units previously subject to federally required rent restrictions or receiving other project-based assistance provided by the Secretary shall not count toward the percentage limitation imposed by this subparagraph (D).

(iii) Additional monitoring and oversight requirements.--The Secretary may establish additional requirements for monitoring and oversight of



projects in which more than 40 percent of the dwelling units are assisted under a housing assistance payment contract for project-based assistance pursuant to this paragraph.

(E) Resident choice requirement.--A housing assistance payment contract pursuant to this paragraph shall provide as follows:

(i) Mobility.--Each low-income family occupying a dwelling unit assisted under the contract may move from the housing at any time after the family has occupied the dwelling unit for 12 months.

(ii) Continued assistance.--Upon such a move, the public housing agency shall provide the low-income family with tenant-based rental assistance under this section or such other tenant-based rental assistance that is subject to comparable income, assistance, rent contribution, affordability, and other requirements, as the Secretary shall provide by regulation. If such rental assistance is not immediately available to fulfill the requirement under the

preceding sentence with respect to a low-income family, such requirement may be met by providing the family priority to receive the next voucher or other tenant-based rental assistance amounts that become available under the program used to fulfill such requirement.

(F) Contract term.--

(i) Term.--A housing assistance payment contract pursuant to this paragraph between a public housing agency and the owner of a project may have a term of up to 20 years, subject to--

(I) the availability of sufficient appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriation Acts and in the agency's annual contributions contract with the Secretary, provided that in the event of insufficient appropriated funds, payments due under contracts under this

paragraph shall take priority if other cost-saving measures that do not require the termination of an existing contract are available to the agency; and

(II) compliance with the inspection requirements under paragraph (8), except that the agency shall not be required to make biennial inspections of each assisted unit in the development.

(ii) Addition of eligible units.--

Subject to the limitations of subparagraphs (B) and (D), the agency and the owner may add eligible units within the same project to a housing assistance payments contract at any time during the term thereof without being subject to any additional competitive selection procedures.

(iii) Housing under construction or recently constructed.--An agency may enter into a housing assistance payments contract with an owner for any

unit that does not qualify as existing housing and is under construction or recently has been constructed whether or not the agency has executed an agreement to enter into a contract with the owner, provided that the owner demonstrates compliance with applicable requirements prior to execution of the housing assistance payments contract. This clause shall not subject a housing assistance payments contract for existing housing under this paragraph to such requirements or otherwise limit the extent to which a unit may be assisted as existing housing.

(iv) Additional conditions.--The contract may specify additional conditions, including with respect to continuation, termination, or expiration, and shall specify that upon termination or expiration of the contract without extension, each assisted family may elect to use its assistance under this subsection to remain in the same project if its unit complies with the inspection

requirements under paragraph (8), the rent for the unit is reasonable as required by paragraph (10)(A), and the family pays its required share of the rent and the amount, if any, by which the unit rent (including the amount allowed for tenant-based utilities) exceeds the applicable payment standard.

(G) Extension of contract term.--A public housing agency may enter into a contract with the owner of a project assisted under a housing assistance payment contract pursuant to this paragraph to extend the term of the underlying housing assistance payment contract for such period as the agency determines to be appropriate to achieve long-term affordability of the housing or to expand housing opportunities. Such contract may, at the election of the public housing agency and the owner of the project, specify that such contract shall be extended for renewal terms of up to 20 years each, if the agency makes the determination required by this subparagraph and the owner is in compliance with the terms of the contract. Such a contract shall provide

that the extension of such term shall be contingent upon the future availability of appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriations Acts, and may obligate the owner to have such extensions of the underlying housing assistance payment contract accepted by the owner and the successors in interest of the owner. A public housing agency may agree to enter into such a contract at the time it enters into the initial agreement for a housing assistance payment contract or at any time thereafter that is before the expiration of the housing assistance payment contract.

(H) Rent calculation.--A housing assistance payment contract pursuant to this paragraph shall establish rents for each unit assisted in an amount that does not exceed 110 percent of the applicable fair market rental (or any exception payment standard approved by the Secretary pursuant to paragraph (1)(D)), except that if a contract covers a dwelling unit that has been allocated low-income housing tax credits pursuant to section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) and is not

located in a qualified census tract (as such term is defined in subsection (d) of such section 42), the rent for such unit may be established at any level that does not exceed the rent charged for comparable units in the building that also receive the low-income housing tax credit but do not have additional rental assistance, except that in the case of a contract unit that has been allocated low-income housing tax credits and for which the rent limitation pursuant to such section 42 is less than the amount that would otherwise be permitted under this subparagraph, the rent for such unit may, in the sole discretion of a public housing agency, be established at the higher section 8 rent, subject only to paragraph (10)(A). The rents established by housing assistance payment contracts pursuant to this paragraph may vary from the payment standards established by the public housing agency pursuant to paragraph (1)(B), but shall be subject to paragraph (10)(A).

(l) Rent adjustments.--A housing assistance payments contract pursuant to this paragraph entered into after the date of the enactment of the Housing Opportunity Through Modernization

Act of 2016 shall provide for annual rent adjustments upon the request of the owner, except that--

- (i) by agreement of the parties, a contract may allow a public housing agency to adjust the rent for covered units using an operating cost adjustment factor established by the Secretary pursuant to section 524(c) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (which shall not result in a negative adjustment), in which case the contract may require an additional adjustment, if requested, up to the reasonable rent periodically during the term of the contract, and shall require such an adjustment, if requested, upon extension pursuant to subparagraph (G);
- (ii) the adjusted rent shall not exceed the maximum rent permitted under subparagraph (H);
- (iii) the contract may provide that the maximum rent permitted for a dwelling unit shall not be less than the initial rent for the dwelling unit



under the initial housing assistance  
payments contract covering the units;  
and

(iv) the provisions of subsection

(c)(2)(C) shall not apply.

(J) Tenant selection.--A public housing agency may select families to receive project-based assistance pursuant to this paragraph from its waiting list for assistance under this subsection or may permit owners to select applicants from site-based waiting lists as specified in this subparagraph. Eligibility for such project-based assistance shall be subject to the provisions of section 16(b) that apply to tenant-based assistance. The agency or owner 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 and that give preference to families who qualify for voluntary services, including disability-specific services, offered in conjunction with assisted units. Any family that rejects an offer of project-based assistance under this paragraph or that is rejected for admission to a project by the

owner or manager of a project assisted under this paragraph shall retain its place on the waiting list as if the offer had not been made.

A public housing agency may establish and utilize procedures for owner-maintained site-based waiting lists, under which applicants may apply at, or otherwise designate to the public housing agency, the project or projects in which they seek to reside, except that all eligible applicants on the waiting list of an agency for assistance under this subsection shall be permitted to place their names on such separate list, subject to policies and procedures established by the Secretary. All such procedures shall comply with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and other applicable civil rights laws.

The owner or manager of a project 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, or a family on a site-based waiting list that complies with the requirements of this subparagraph. A public

housing agency shall disclose to each applicant all other options in the selection of a project in which to reside that are provided by the public housing agency and are available to the applicant.

(K) Vacated units.--Notwithstanding paragraph (9), a housing assistance payment contract pursuant to this paragraph may provide as follows:

(i) Payment for vacant units.--That the public housing agency may, in its discretion, continue to provide assistance under the contract, for a reasonable period not exceeding 60 days, for a dwelling unit that becomes vacant, but only: (I) if the vacancy was not the fault of the owner of the dwelling unit; and (II) the agency and the owner take every reasonable action to minimize the likelihood and extent of any such vacancy. Rental assistance may not be provided for a vacant unit after the expiration of such period.

(ii) Reduction of contract.--That, if despite reasonable efforts of the agency and the owner to fill a vacant

unit, no eligible family has agreed to rent the unit within 120 days after the owner has notified the agency of the vacancy, the agency may reduce its housing assistance payments contract with the owner by the amount equivalent to the remaining months of subsidy attributable to the vacant unit.

Amounts deobligated pursuant to such a contract provision shall be available to the agency to provide assistance under this subsection.

Eligible applicants for assistance under this subsection may enforce provisions authorized by this subparagraph.

(L) Use in cooperative housing and elevator buildings.--A public housing agency may enter into a housing assistance payments contract under this paragraph with respect to--

- (i) dwelling units in cooperative housing; and

- (ii) notwithstanding subsection (c), dwelling units in a high-rise elevator project, including such a project that is occupied by families with children, without review and approval of the

contract by the Secretary.

(M) Reviews.--

(i) Subsidy layering.--A subsidy layering review in accordance with section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545(d)) shall not be required for assistance under this paragraph in the case of a housing assistance payments contract for an existing project, or if a subsidy layering review has been conducted by the applicable State or local agency.

(ii) Environmental review.--A public housing agency shall not be required to undertake any environmental review before entering into a housing assistance payments contract under this paragraph for an existing project, except to the extent such a review is otherwise required by law or regulation relating to funding other than housing assistance payments.

(N) Structure owned by agency.--A public housing agency engaged in an initiative to improve, develop, or replace a public housing

property or site may attach assistance to an existing, newly constructed, or rehabilitated structure in which the agency has an ownership interest or which the agency has control of without following a competitive process, provided that the agency has notified the public of its intent through its public housing agency plan and subject to the limitations and requirements of this paragraph.

(O) Special purpose vouchers.--A public housing agency that administers vouchers authorized under subsection (o)(19) or (x) of this section may provide such assistance in accordance with the limitations and requirements of this paragraph, without additional requirements for approval by the Secretary.

(14) Inapplicability to tenant-based assistance.--Subsection (c) shall not apply to tenant-based assistance under this subsection.

(15) Homeownership option.--

(A) In general.--A public housing agency providing assistance under this subsection may, at the option of the agency, provide assistance for homeownership under subsection (y).

(B) Alternative administration.--A public

housing agency may contract with a nonprofit organization to administer a homeownership program under subsection (y).

(16) Rental vouchers for relocation of witnesses and victims of crime.--

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

(B) Victims of crime.--

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

enforcement agency.

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

(17) Deed restrictions.--Assistance under this subsection may not be used in any manner that abrogates any local deed restriction that applies to any housing consisting of 1 to 4 dwelling units. This paragraph may not be construed to affect the provisions or applicability of the Fair Housing Act.

(18) Rental assistance for assisted living facilities.--

(A) In general.--A public housing agency may make assistance payments on behalf of a family that uses an assisted living facility as a principal place of residence and that uses such supportive services made available in the facility as the agency may require. Such payments may be made only for covering costs of rental of the dwelling unit in the assisted living facility and not for covering any portion of the cost of residing in such



facility that is attributable to service relating to assisted living.

(B) Rent calculation.--

(i) Charges included.--For assistance pursuant to this paragraph, the rent of the dwelling unit that is an assisted living facility with respect to which assistance payments are made shall include maintenance and management charges related to the dwelling unit and tenant-paid utilities. Such rent shall not include any charges attributable to services relating to assisted living.

(ii) Payment standard.--In determining the monthly assistance that may be paid under this paragraph on behalf of any family residing in an assisted living facility, the public housing agency shall utilize the payment standard established under paragraph (1), for the market area in which the assisted living facility is located, for the applicable size dwelling unit.

(iii) Monthly assistance payment.--

The monthly assistance payment for a family assisted under this paragraph shall be determined in accordance with paragraph (2) (using the rent and payment standard for the dwelling unit as determined in accordance with this subsection), except that a family may be required at the time the family initially receives such assistance to pay rent in an amount exceeding 40 percent of the monthly adjusted income of the family by such an amount or percentage that is reasonable given the services and amenities provided and as the Secretary deems appropriate..

(C) Definition.--For the purposes of this paragraph, the term "assisted living facility" has the meaning given that term in section 232(b) of the National Housing Act (12 U.S.C. 1715w(b)), except that such a facility may be contained within a portion of a larger multifamily housing project.

(19) Rental vouchers for veterans affairs supported housing program.--

(A) Set aside.--Subject to subparagraph (C), the Secretary shall set aside, from amounts

made available for rental assistance under this subsection, the amounts specified in subparagraph (B) for use only for providing such assistance through a supported housing program administered in conjunction with the Department of Veterans Affairs. Such program shall provide rental assistance on behalf of homeless veterans who have chronic mental illnesses or chronic substance use disorders, shall require agreement of the veteran to continued treatment for such mental illness or substance use disorder as a condition of receipt of such rental assistance, and shall ensure such treatment and appropriate case management for each veteran receiving such rental assistance.

(B) Amount.--The amount specified in this subparagraph is--

- (i) for fiscal year 2007, the amount necessary to provide 500 vouchers for rental assistance under this subsection;

- (ii) for fiscal year 2008, the amount necessary to provide 1,000 vouchers for rental assistance under this subsection;

(iii) for fiscal year 2009, the amount necessary to provide 1,500 vouchers for rental assistance under this subsection;

(iv) for fiscal year 2010, the amount necessary to provide 2,000 vouchers for rental assistance under this subsection; and

(v) for fiscal year 2011, the amount necessary to provide 2,500 vouchers for rental assistance under this subsection.

(C) Funding through incremental assistance.--

In any fiscal year, to the extent that this paragraph requires the Secretary to set aside rental assistance amounts for use under this paragraph in an amount that exceeds the amount set aside in the preceding fiscal year, such requirement shall be effective only to such extent or in such amounts as are or have been provided in appropriation Acts for such fiscal year for incremental rental assistance under this subsection.

(D) Veteran defined.--In this paragraph, the term "veteran" has the meaning given that term in section 2002(b) of title 38, United

States Code.

(20) Collection of utility data.--

(A) Publication.--The Secretary shall, to the extent that data can be collected cost effectively, regularly publish such data regarding utility consumption and costs in local areas as the Secretary determines will be useful for the establishment of allowances for tenant-paid utilities for families assisted under this subsection.

(B) Use of data.--The Secretary shall provide such data in a manner that--

(i) avoids unnecessary administrative burdens for public housing agencies and owners; and

(ii) protects families in various unit sizes and building types, and using various utilities, from high rent and utility cost burdens relative to income.

(21) Carbon monoxide alarms.--Each dwelling unit receiving tenant-based assistance or project-based assistance under this subsection shall have carbon monoxide alarms or detectors installed in the dwelling unit in a manner that meets or exceeds--

(A) the standards described in chapters 9 and

11 of the 2018 publication of the International Fire Code, as published by the International Code Council; or

(B) any other standards as may be adopted by the Secretary, including any relevant updates to the International Fire Code, through a notice published in the Federal Register.

(22) Qualifying smoke alarms.--

(A) In general.--Each dwelling unit receiving tenant-based assistance or project-based assistance under this subsection shall have a qualifying smoke alarm installed in accordance with applicable codes and standards published by the International Code Council or the National Fire Protection Association and the requirements of the National Fire Protection Association Standard 72, or any successor standard, in each level and in or near each sleeping area in such dwelling unit, including in basements but excepting crawl spaces and unfinished attics, and in each common area in a project containing such a dwelling unit.

(B) Definitions.--For purposes of this paragraph, the following definitions shall apply:

(i) Smoke alarm defined.--The term

“smoke alarm” has the meaning given the term “smoke detector” in section 29(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2225(d)).

(ii) Qualifying smoke alarm defined.--The term “qualifying smoke alarm” means a smoke alarm that--

(I) in the case of a dwelling unit built before the date of enactment of this paragraph and not substantially rehabilitated after the date of enactment of this paragraph--

(aa)(AA) is hardwired; or  
(BB) uses 10-year non rechargeable, nonreplaceable primary batteries and is sealed, is tamper resistant, and contains silencing means; and  
(bb) provides notification for persons with hearing

loss as required by the  
National Fire  
Protection Association  
Standard 72, or any  
successor standard; or  
(II) in the case of a  
dwelling unit built or  
substantially rehabilitated  
after the date of enactment of  
this paragraph, is hardwired.

(p) In order to assist elderly families (as defined in section 3(b)(3)) who elect to live in a shared housing arrangement in which they benefit as a result of sharing the facilities of a dwelling with others in a manner that effectively and efficiently meets their housing needs and thereby reduces their costs of housing, the Secretary shall permit assistance provided under the existing housing and moderate rehabilitation programs to be used by such families in such arrangements. In carrying out this subsection, the Secretary shall issue minimum habitability standards for the purpose of assuring decent, safe, and sanitary housing for such families while taking into account the special circumstances of shared housing.

(q) Administrative Fees.--

(1) Fee for ongoing costs of administration.--

(A) In general.--The Secretary shall



establish fees for the costs of administering the tenant-based assistance, certificate, voucher, and moderate rehabilitation programs under this section.

(B) Fiscal year 1999.--

(i) Calculation.--For fiscal year 1999, the fee for each month for which a dwelling unit is covered by an assistance contract shall be--

(I) in the case of a public housing agency that, on an annual basis, is administering a program for not more than 600 dwelling units, 7.65 percent of the base amount; and

(II) in the case of an agency that, on an annual basis, is administering a program for more than 600 dwelling units

(aa) for the first 600 units, 7.65 percent of the base amount, and (bb) for any additional dwelling units under the program, 7.0 percent of the base amount.

(ii) Base amount.--For purposes of

this subparagraph, the base amount shall be the higher of--

(I) the fair market rental established under section 8(c) of this Act (as in effect immediately before the effective date under section 503(a) of the Quality Housing and Work Responsibility Act of 1998) for fiscal year 1993 for a 2-bedroom existing rental dwelling unit in the market area of the agency, and

(II) the amount that is the lesser of (aa) such fair market rental for fiscal year 1994, or (bb) 103.5 percent of the amount determined under clause (i),

adjusted based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary. The Secretary may require that the base amount be not less than a minimum amount and not more than a

maximum amount.

(C) Subsequent fiscal years.--For subsequent fiscal years, the Secretary shall publish a notice in the Federal Register, for each geographic area, establishing the amount of the fee that would apply for public housing agencies administering the program, based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary.

(D) Increase.--The Secretary may increase the fee if necessary to reflect the higher costs of administering small programs and programs operating over large geographic areas.

(E) Decrease.--The Secretary may decrease the fee for units owned by a public housing agency to reflect reasonable costs of administration.

(2) Fee for preliminary expenses.--The Secretary shall also establish reasonable fees (as determined by the Secretary) for--

(A) the costs of preliminary expenses, in the amount of \$500, for a public housing agency, except that such fee shall apply to an agency only in the first year that the agency administers a tenant-based assistance program

under this section, and only if, immediately before the effective date under section 503(a) of the Quality Housing and Work Responsibility Act of 1998, the agency was not administering a tenant-based assistance program under the United States Housing Act of 1937 (as in effect immediately before such effective date), in connection with its initial increment of assistance received;

(B) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the programs; and

(C) extraordinary costs approved by the Secretary.

(3) Transfer of fees in cases of concurrent geographical jurisdiction.--In each fiscal year, if any public housing agency provides tenant-based assistance under this section on behalf of a family who uses such assistance for a dwelling unit that is located within the jurisdiction of such agency but is also within the jurisdiction of another public housing agency, the Secretary shall take such steps as may be necessary to ensure that the public housing agency that provides the services for a family receives all or part of the administrative fee under this section (as appropriate).

(4) Applicability.--This subsection shall apply to fiscal year 1999 and fiscal years thereafter.

(5) Supplements for administering assistance for youth aging out of foster care.--The Secretary may provide supplemental fees under this subsection to the public housing agency for the cost of administering any assistance for foster youth under subsection (x)(2)(B), in an amount determined by the Secretary, but only if the agency waives for such eligible youth receiving assistance any residency requirement that it has otherwise established pursuant to subsection (r)(1)(B)(i).

(r) Portability.--(1) In general.--(A) Any family receiving tenant-based assistance under subsection (o) may receive such assistance to rent an eligible dwelling unit if the dwelling unit to which the family moves is within any area in which a program is being administered under this section.

(B)(i) Notwithstanding subparagraph (A) and subject to any exceptions established under clause (ii) of this subparagraph, a public housing agency may require that any family not living within the jurisdiction of the public housing agency at the time the family applies for assistance from the agency shall, during the 12-month period beginning on the date of initial receipt of housing assistance made available on behalf of the family from such agency, lease and occupy an eligible dwelling unit located within the jurisdiction served by the agency.

(ii) The Secretary may establish such exceptions to the authority of public housing agencies established under clause (i).

(2) The public housing agency having authority with respect to the dwelling unit to which a family moves under this subsection shall have the responsibility of carrying out the provisions of this subsection with respect to the family.

(3) In providing assistance under subsection (o) for any fiscal year, the Secretary shall give consideration to any reduction in the number of resident families incurred by a public housing agency in the preceding fiscal year as a result of the provisions of this subsection. The Secretary shall establish procedures for the compensation of public housing agencies that issue vouchers to families that move into or out of the jurisdiction of the public housing agency under portability procedures. The Secretary may reserve amounts available for assistance under subsection (o) to compensate those public housing agencies.

(4) The provisions of this subsection may not be construed to restrict any authority of the Secretary under any other provision of law to provide for the portability of assistance under this section.

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

violation of a lease, except that a family may receive a voucher from a public housing agency and move to another jurisdiction under the tenant-based assistance program if the family has complied with all other obligations of the section 8 program and has moved out of the assisted dwelling unit in order to protect the health or safety of an individual who is or has been the victim of domestic violence, dating violence, or stalking and who reasonably believed he or she was imminently threatened by harm from further violence if he or she remained in the assisted dwelling unit.

(s) In selecting families for the provision of assistance under this section (including subsection (o)), a public housing agency may not exclude or penalize a family solely because the family resides in a public housing project.

(t) Enhanced Vouchers.--

(1) In general.--Enhanced voucher assistance under this subsection for a family shall be voucher assistance under subsection (o), except that under such enhanced voucher assistance--

(A) subject only to subparagraph (D), 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 in which the family was residing on such date;

(B) the assisted family may elect to remain in the same project in which the family was

residing on the date of the eligibility event for the project, and if, during any period the family makes such an election and continues to so reside, the rent for the dwelling unit of the family in such project 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), subject to paragraph (10)(A) of subsection (o) and any other reasonable limit prescribed by the Secretary, except that a limit shall not be considered reasonable for purposes of this subparagraph if it adversely affects such assisted families;

(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) the assisted family moves, at any time, from such project; 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

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

(2) 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) Treatment of enhanced vouchers provided under other authority.--

(A) In general.--Notwithstanding any other provision of law, any enhanced voucher assistance provided under any authority specified in subparagraph (B) shall (regardless of the date that the amounts for providing such assistance were made available) be treated, and subject to the same requirements, as enhanced voucher assistance under this subsection.

(B) Identification of other authority.--The authority specified in this subparagraph is the authority under--

(i) the 10th, 11th, and 12th provisos under the ``Preserving Existing Housing Investment'' account in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104-204; 110 Stat. 2884), pursuant to such provisos, the first proviso under the ``Housing Certificate Fund'' account in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998 (Public Law 105-65; 111 Stat. 1351), or the first proviso under the ``Housing Certificate Fund'' account in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999 (Public Law 105-276; 112 Stat. 2469); and

(ii) paragraphs (3) and (4) of section 515(c) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note), as in effect before the

enactment of this Act.

(4) 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.

(u) In the case of low-income families living in rental projects rehabilitated under section 17 of this Act or section 533 of the Housing Act of 1949 before rehabilitation--

(1) vouchers under this section shall be made for families who are required to move out of their units because of the physical rehabilitation activities or because of overcrowding;

(2) at the discretion of each public housing agency or other agency administering the allocation of assistance or vouchers under this section may be made for families who would have to pay more than 30 percent of their adjusted income for rent after rehabilitation whether they choose to remain in, or to move from, the project; and

(3) the Secretary shall allocate assistance for vouchers under this section to ensure that sufficient resources are available to address the physical or economic displacement, or potential economic displacement, of existing tenants pursuant to paragraphs (1) and (2).

(v) The Secretary may extend expiring contracts entered into under this section for project-based loan management assistance to the extent necessary to prevent displacement of low-income families receiving such assistance as of September 30, 1996.

(x) Family Unification.--

(1) Increase in budget authority.--The budget authority available under section 5(c) for assistance under section 8(b) is authorized to be increased by \$100,000,000 on or after October 1, 1992, and by \$104,200,000 on or after October 1, 1993.

(2) Use of funds.--The amounts made available under this subsection shall be used only in connection with tenant-based assistance under section 8 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) subject to paragraph (5), for a period not to exceed 36 months, otherwise eligible youths who have attained at least 18 years of age and not more than 24 years of age and who have left foster care, or will leave foster care within 90 days, in accordance with a transition plan described in section

475(5)(H) of the Social Security Act, and is homeless or is at risk of becoming homeless at age 16 or older. 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 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.

(3) Allocation.--

(A) In general.--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 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.

(B) Assistance for youth aging out of foster care.--Notwithstanding any other provision of law, the Secretary shall, subject only to the availability of funds, allocate such assistance to any public housing agencies that (i) administer assistance pursuant to paragraph (2)(B), or seek to administer such assistance, consistent with procedures established by the Secretary, (ii) have requested such assistance so that they may provide timely assistance to eligible youth, and (iii) have submitted to the Secretary a statement describing how the agency will connect assisted youths with local community resources and self-sufficiency services, to the extent they are available, and obtain referrals from public child welfare agencies regarding youths in foster care who become eligible for such assistance.

(4) Coordination between public housing agencies and

public child welfare agencies.--The Secretary shall, not later than the expiration of the 180-day period beginning on the date of the enactment of the Housing Opportunity Through Modernization Act of 2016 and after consultation with other appropriate Federal agencies, issue guidance to improve coordination between public housing agencies and public child welfare agencies in carrying out the program under this subsection, which shall provide guidance on--

(A) identifying eligible recipients for assistance under this subsection and establishing a point of contact at public housing agencies to ensure that public housing agencies receive appropriate referrals regarding eligible recipients;

(B) coordinating with other local youth and family providers in the community and participating in the Continuum of Care program established under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.);

(C) implementing housing strategies to assist eligible families and youth;

(D) aligning system goals to improve outcomes for families and youth and reducing lapses in housing for families and youth; and



(E) identifying resources that are available to eligible families and youth to provide supportive services available through parts B and E of title IV of the Social Security Act (42 U.S.C. 621 et seq.; 670 et seq.) or that the head of household of a family or youth may be entitled to receive under section 477 of the Social Security Act (42 U.S.C. 677).

(5) Requirements for assistance for youth aging out of foster care.--Assistance provided under this subsection for an eligible youth pursuant to paragraph (2)(B) shall be subject to the following requirements:

(A) Requirements to extend assistance.--

(i) Participation in family self-sufficiency.--In the case of a public housing agency that is providing such assistance under this subsection on behalf of an eligible youth and that is carrying out a family self-sufficiency program under section 23, the agency shall, subject only to the availability of such assistance, extend the provision of such assistance for up to 24 months beyond the period referred to in paragraph (2)(B), but only during such period that the youth is in

compliance with the terms and conditions applicable under section 23 and the regulations implementing such section to a person participating in a family self-sufficiency program.

(ii) Education, workforce development, or employment.--In the case of a public housing agency that is providing such assistance under this subsection on behalf of an eligible youth and that is not carrying out a family self-sufficiency program under section 23, or is carrying out such a program in which the youth has been unable to enroll, the agency shall, subject only to the availability of such assistance, extend the provision of such assistance for two successive 12-month periods, after the period referred to in paragraph (2)(B), but only if for not less than 9 months of the 12-month period preceding each such extension the youth was--

(I) engaged in obtaining a recognized postsecondary credential or a secondary

school diploma or its  
recognized equivalent;  
(II) enrolled in an  
institution of higher  
education, as such term is  
defined in section 101(a) of  
the Higher Education Act of  
1965 (20 U.S.C. 1001(a)) and  
including the institutions  
described in subparagraphs (A)  
and (B) of section 102(a)(1) of  
such Act (20 U.S.C.  
1002(a)(1)); or  
(III) participating in a  
career pathway, as such term is  
defined in section 3 of the  
Workforce Innovation and  
Opportunity Act (29 U.S.C.  
3102).

Notwithstanding any other provision of  
this clause, a public housing agency  
shall consider employment as satisfying  
the requirements under this  
subparagraph.

(iii) Exceptions.--Notwithstanding  
clauses (i) and (ii), a public housing

agency that is providing such assistance under this subsection on behalf of an eligible youth shall extend the provision of such assistance for up to 24 months beyond the period referred to in paragraph (2)(B), and clauses (i) and (ii) of this subparagraph shall not apply, if the eligible youth certifies that he or she is--

- (I) a parent or other household member responsible for the care of a dependent child under the age of 6 or for the care of an incapacitated person;

- (II) a person who is regularly and actively participating in a drug addiction or alcohol treatment and rehabilitation program; or

- (III) a person who is incapable of complying with the requirement under clause (i) or (ii), as applicable, due to a documented medical condition.

(iv) Verification of compliance.--The Secretary shall require the public housing agency to verify compliance with the requirements under this subparagraph by each eligible youth on whose behalf the agency provides such assistance under this subsection on an annual basis in conjunction with reviews of income for purposes of determining income eligibility for such assistance.

(B) Supportive services.--

(i) Eligibility.--Each eligible youth on whose behalf such assistance under this subsection is provided shall be eligible for any supportive services (as such term is defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102)) made available, in connection with any housing assistance program of the agency, by or through the public housing agency providing such assistance.

(ii) Information.--Upon the initial provision of such assistance under this

subsection on behalf of any eligible youth, the public housing agency shall inform such eligible youth of the existence of any programs or services referred to in clause (i) and of their eligibility for such programs and services.

(C) Applicability to moving to work agencies.--Notwithstanding any other provision of law, the requirements of this paragraph shall apply to assistance under this subsection pursuant to paragraph (2)(B) made available by each public housing agency participating in the Moving to Work Program under section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437f note), except that in lieu of compliance with clause (i) or (ii) of subparagraph (A) of this paragraph, such an agency may comply with the requirements under such clauses by complying with such terms, conditions, and requirements as may be established by the agency for persons on whose behalf such rental assistance under this subsection is provided.

(D) Termination of vouchers upon turn-over.--

A public housing agency shall not reissue any such assistance made available from appropriated funds when assistance for the youth initially assisted is terminated, unless specifically authorized by the Secretary.

(E) Reports.--

(i) In general.--The Secretary shall require each public housing agency that provides such assistance under this subsection in any fiscal year to submit a report to the Secretary for such fiscal year that--

(I) specifies the number of persons on whose behalf such assistance under this subsection was provided during such fiscal year;

(II) specifies the number of persons who applied during such fiscal year for such assistance under this subsection, but were not provided such assistance, and provides a brief identification in each instance of the reason why the public housing agency was unable to

award such assistance; and

(III) describes how the

public housing agency

communicated or collaborated

with public child welfare

agencies to collect such data.

(ii) Information collections.--The

Secretary shall, to the greatest extent

possible, utilize existing information

collections, including the voucher

management system (VMS), the Inventory

Management System/PIH Information

Center (IMS/PIC), or the successors of

those systems, to collect information

required under this subparagraph.

(F) Consultation.--The Secretary shall

consult with the Secretary of Health and Human

Services to provide such information and

guidance to the Secretary of Health and Human

Services as may be necessary to facilitate such

Secretary in informing States and public child

welfare agencies on how to correctly and

efficiently implement and comply with the

requirements of this subsection relating to

assistance provided pursuant to paragraph

(2)(B).



(6) Definitions.--For purposes of this subsection:

(A) Applicant.--The term "applicant" means a public housing agency or any other agency responsible for administering assistance under section 8.

(B) Public child welfare agency.--The term "public child welfare agency" means the public agency responsible under applicable State law for determining that a child is at imminent risk of placement in out-of-home care or that a child in out-of-home care under the supervision of the public agency may be returned to his or her family.

(y) Homeownership Option.--

(1) Use of assistance for homeownership.--A public housing agency providing tenant-based assistance on behalf of an eligible family under this section may provide assistance for an eligible family that purchases a dwelling unit (including a unit under a lease-purchase agreement) that will be owned by 1 or more members of the family, and will be occupied by the family, if the family--

(A) is a first-time homeowner, or owns or is acquiring shares in a cooperative;

(B) demonstrates that the family has income from employment or other sources (other than

public assistance, except that the Secretary may provide for the consideration of public assistance in the case of an elderly family or a disabled family), as determined in accordance with requirements of the Secretary, that is not less than twice the payment standard established by the public housing agency (or such other amount as may be established by the Secretary);

(C) except as provided by the Secretary, demonstrates at the time the family initially receives tenant-based assistance under this subsection that one or more adult members of the family have achieved employment for the period as the Secretary shall require;

(D) participates in a homeownership and housing counseling program provided by the agency; and

(E) meets any other initial or continuing requirements established by the public housing agency in accordance with requirements established by the Secretary.

(2) Determination of amount of assistance.--

(A) Monthly expenses not exceeding payment standard.--If the monthly homeownership expenses, as determined in accordance with

requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:

- (i) 30 percent of the monthly adjusted income of the family.

- (ii) 10 percent of the monthly income of the family.

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

(B) Monthly expenses exceed payment standard.--If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the

highest of the amounts under clauses (i), (ii),  
and (iii) of subparagraph (A).

(3) Inspections and contract conditions.--

(A) In general.--Each contract for the  
purchase of a unit to be assisted under this  
section shall--

- (i) provide for pre-purchase  
inspection of the unit by an  
independent professional; and
- (ii) require that any cost of  
necessary repairs be paid by the  
seller.

(B) Annual inspections not required.--The  
requirement under subsection (o)(8)(A)(ii) for  
annual inspections shall not apply to units  
assisted under this section.

(4) Other authority of the secretary.--The Secretary  
may--

- (A) limit the term of assistance for a family  
assisted under this subsection; and
- (B) modify the requirements of this  
subsection as the Secretary determines to be  
necessary to make appropriate adaptations for  
lease-purchase agreements.

(5) Inapplicability of certain provisions.--

Assistance under this subsection shall not be subject

to the requirements of the following provisions:

(A) Subsection (c)(3)(B) of this section.

(B) Subsection (d)(1)(B)(i) of this section.

(C) Any other provisions of this section governing maximum amounts payable to owners and amounts payable by assisted families.

(D) Any other provisions of this section concerning contracts between public housing agencies and owners.

(E) Any other provisions of this Act that are inconsistent with the provisions of this subsection.

(6) Reversion to rental status.--

(A) FHA-insured mortgages.--If a family receiving assistance under this subsection for occupancy of a dwelling defaults under a mortgage for the dwelling insured by the Secretary under the National Housing Act, the family may not continue to receive rental

assistance under this section unless the family

(i) transfers to the Secretary marketable title to the dwelling, (ii) moves from the dwelling within the period established or approved by the Secretary, and (iii) agrees that any amounts the family is required to pay to reimburse the escrow account under section

23(d)(3) may be deducted by the public housing agency from the assistance payment otherwise payable on behalf of the family.

(B) Other mortgages.--If a family receiving assistance under this subsection defaults under a mortgage not insured under the National Housing Act, the family may not continue to receive rental assistance under this section unless it complies with requirements established by the Secretary.

(C) All mortgages.--A family receiving assistance under this subsection that defaults under a mortgage may not receive assistance under this subsection for occupancy of another dwelling owned by one or more members of the family.

(7) Downpayment assistance.--

(A) Authority.--A public housing agency may, in lieu of providing monthly assistance payments under this subsection on behalf of a family eligible for such assistance and at the discretion of the public housing agency, provide assistance for the family in the form of a single grant to be used only as a contribution toward the downpayment required in connection with the purchase of a dwelling for

fiscal year 2000 and each fiscal year thereafter to the extent provided in advance in appropriations Acts.

(B) Amount.--The amount of a downpayment grant on behalf of an assisted family may not exceed the amount that is equal to the sum of the assistance payments that would be made during the first year of assistance on behalf of the family, based upon the income of the family at the time the grant is to be made.

(8) Definition of first-time homeowner.--For purposes of this subsection, the term ``first-time homeowner" means--

(A) a family, no member of which has had a present ownership interest in a principal residence during the 3 years preceding the date on which the family initially receives assistance for homeownership under this subsection; and

(B) any other family, as the Secretary may prescribe.

(z) Termination of Section 8 Contracts and Reuse of Recaptured Budget Authority.--

(1) General authority.--The Secretary may reuse any budget authority, in whole or part, that is recaptured on account of expiration or termination of a housing

assistance payments contract only for one or more of the following:

(A) Tenant-based assistance.--Pursuant to a contract with a public housing agency, to provide tenant-based assistance under this section to families occupying units formerly assisted under the terminated contract.

(B) Project-based assistance.--Pursuant to a contract with an owner, to attach assistance to one or more structures under this section, for relocation of families occupying units formerly assisted under the terminated contract.

(2) Families occupying units formerly assisted under terminated contract.--Pursuant to paragraph (1), the Secretary shall first make available tenant- or project-based assistance to families occupying units formerly assisted under the terminated contract. The Secretary shall provide project-based assistance in instances only where the use of tenant-based assistance is determined to be infeasible by the Secretary.

(aa) Refinancing Incentive.--

(1) In general.--The Secretary may pay all or a part of the up front costs of refinancing for each project that--

(A) is constructed, substantially rehabilitated, or moderately rehabilitated



under this section;

(B) is subject to an assistance contract

under this section; and

(C) was subject to a mortgage that has been refinanced under section 223(a)(7) or section 223(f) of the National Housing Act to lower the periodic debt service payments of the owner.

(2) Share from reduced assistance payments.--The Secretary may pay the up front cost of refinancing only--

(A) to the extent that funds accrue to the Secretary from the reduced assistance payments that results from the refinancing; and

(B) after the application of amounts in accordance with section 1012 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988.

(bb) Transfer, Reuse, and Rescission of Budget Authority.--

(1) Transfer of Budget Authority.--If an assistance contract under this section, other than a contract for tenant-based assistance, is terminated or is not renewed, or if the contract expires, the Secretary shall, in order to provide continued assistance to eligible families, including eligible families receiving the benefit of the project-based assistance at the time of the termination, transfer any budget

authority remaining in the contract to another contract. The transfer shall be under such terms as the Secretary may prescribe.

(2) Reuse and rescission of certain recaptured budget authority.--Notwithstanding paragraph (1), if a project-based assistance contract for an eligible multifamily housing project subject to actions authorized under title I is terminated or amended as part of restructuring under section 517 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, the Secretary shall recapture the budget authority not required for the terminated or amended contract and use such amounts as are necessary to provide housing assistance for the same number of families covered by such contract for the remaining term of such contract, under a contract providing for project-based or tenant-based assistance. The amount of budget authority saved as a result of the shift to project-based or tenant-based assistance shall be rescinded.

(cc) Law Enforcement and Security Personnel.--

(1) In general.--Notwithstanding any other provision of this Act, in the case of assistance attached to a structure, for the purpose of increasing security for the residents of a project, an owner may admit, and assistance under this section may be provided to,

police officers and other security personnel who are not otherwise eligible for assistance under the Act.

(2) Rent requirements.--With respect to any assistance provided by an owner under this subsection, the Secretary may--

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

(B) require the owner to submit an application for those rent requirements, which application shall include such information as the Secretary, in the discretion of the Secretary, determines to be necessary.

(3) Applicability.--This subsection shall apply to fiscal year 1999 and fiscal years thereafter.

(dd) Tenant-Based Contract Renewals.--Subject to amounts provided in appropriation Acts, starting in fiscal year 1999, the Secretary shall renew all expiring tenant-based annual contribution contracts under this section by applying an inflation factor based on local or regional factors to an allocation baseline. The allocation baseline shall be calculated by including, at a minimum, amounts sufficient to ensure continued assistance for the actual number of families assisted as of October 1, 1997, with appropriate upward adjustments for incremental assistance and additional families

authorized subsequent to that date.

\* \* \* \* \*

#### SEC. 39. ESCROW EXPANSION PILOT PROGRAM.

(a) Definitions.--In this section:

(1) Covered family.--The term ``covered family" means a family that--

(A) receives assistance under section 8 or 9 of this Act;

(B) is enrolled in the pilot program; and

(C) has an adjusted income that does not exceed 80-percent of the area-median income at the time of enrollment in the pilot program.

(2) Eligible entity.--The term ``eligible entity" means an entity described in subsection (c)(2) of section 23.

(3) Pilot program.--The term ``pilot program" means the pilot program established under this section.

(4) Welfare assistance.--The term ``welfare assistance" has the meaning given the term in section 984.103 of title 24, Code of Federal Regulations, or any successor regulation.

(b) Program Establishment.--The Secretary shall, not later

than 1 year after the date of the enactment of this section, establish a pilot program under which the Secretary shall select not more than 25 eligible entities to establish and manage escrow accounts for not more than a total of 5,000 covered families, in accordance with this section.

(c) Escrow Accounts.--

(1) In general.--An eligible entity selected to participate in the pilot program--

(A) shall establish an interest-bearing escrow account and place into the account an amount equal to any increase in the amount of rent paid by each covered family in accordance with the provisions of section 3, 8(o), or 8(y), as applicable, that is attributable to increases in earned income by the covered family during the participation of such covered family in the pilot program; and

(B) notwithstanding any other provision of law, may use existing funds made available to such entity at any time under section 8 or 9 for the purposes of making the escrow deposit for a covered family assisted under, or residing in a unit assisted under, section 8 or 9 provided that such amounts are offset by the increase in the amount of rent paid by the covered family.

(2) Withdrawals.--A covered family may withdraw funds, including any interest earned, from an escrow account established by an eligible entity under the pilot program for such covered family--

(A) after the covered family ceases to receive welfare assistance; and

(B)(i) not earlier than the date that is 5 years after the date on which the eligible entity establishes the escrow account under this subsection;

(ii) not later than the date that is 7 years after the date on which the eligible entity establishes the escrow account under this subsection, if the covered family chooses to continue to participate in the pilot program after the date that is 5 years after the date on which the eligible entity establishes the escrow account;

(iii) on the date the covered family ceases to receive housing assistance under section 8 or 9, if such date is earlier than 5 years after the date on which the eligible entity establishes the escrow account;

(iv) earlier than 5 years after the date on which the eligible entity establishes the escrow account, if the covered family is using

the funds to advance a self-sufficiency goal as approved by the eligible entity; or

(v) under other circumstances for good cause as determined by the Secretary.

(3) Interim recertification.--For the purposes of the pilot program established under this section, a covered family shall recertify the income of such family not less than once each year.

(4) Contract or plan.--An eligible entity may not require a covered family to--

(A) complete a contract that requires the participation of the covered family in the pilot program established under this section; or

(B) participate in any individual training or services plan as a condition for participating in the pilot program.

(d) Effect of Increases in Family Income.--The amount equal to any increase in the earned income of a covered family from the date of enrollment of the covered family in the pilot program established under this section through the date all funds are withdrawn from the escrow account established for such family under this section may not be considered as income or a resource for purposes of eligibility of the covered family for other benefits, or amount of benefits payable to the family, under any program administered by the Secretary.

(e) Application.--

(1) In general.--An eligible entity seeking to participate in the pilot program shall submit to the Secretary an application--

(A) at such time, in such manner, and containing such information as the Secretary may require by notice; and

(B) that includes the number of covered families to which the eligible entity intends to provide escrow accounts under this section.

(2) Geographic and entity variety.--The Secretary shall ensure that eligible entities selected to participate in the pilot program--

(A) are located across various States and in both urban and rural areas; and

(B) vary by size and type, including both public housing agencies and private owners of projects receiving project-based rental assistance under section 8.

(f) Notification and Opt-out.--An eligible entity participating in the pilot program shall--

(1) notify each covered family of their enrollment in the pilot program;

(2) provide each covered family with a detailed description of the pilot program, including how the pilot program will impact their rent and finances;



(3) inform each covered family that the family may not simultaneously participate in the pilot program and the Family Self-Sufficiency program under this section; and

(4) provide each covered family with the ability to elect not to participate in the pilot program--

(A) not less than 2 weeks before the date on which the escrow account is established under subsection (c); and

(B) at any point during the duration of the pilot program.

(g) Maximum Rents.--During the term of participation by a covered family in the pilot program, the amount of rent paid by the covered family shall be calculated under the section 3 or 8(o), as applicable.

(h) Pilot Program Timeline.--

(1) Awards.--Not later than 18 months after the date of enactment of this section, the Secretary shall select the eligible entities to participate in the pilot program.

(2) Establishment and terms of accounts.--An eligible entity selected to participate in the pilot program shall--

(A) not later than 6 months after selection, establish escrow accounts under subsection (c) for covered families; and

(B) maintain those escrow accounts for not less than 5 years, or until the date the family ceases to receive assistance under section 8 or 9, and, at the discretion of the covered family, not more than 7 years after the date on which the escrow account is established.

(i) Nonparticipation and Housing Assistance.--

(1) In general.--A family that elects not to participate in the pilot program may not be delayed or denied assistance under section 8 or 9 for reason of such election.

(2) No termination.--Housing assistance may not be terminated as a consequence of participating, or not participating, in the pilot program under this section for any period of time.

(j) Study.--Not later than 8 years after the date the Secretary selects eligible entities to participate in the pilot program under this section, the Secretary shall conduct a study and submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on outcomes for covered families that participated in the pilot program, which shall evaluate the effectiveness of the pilot program in assisting families to achieve economic independence and self-sufficiency, and the impact coaching and supportive services, or the lack thereof, had on individual incomes.

(k) Waivers.--The Secretary may, upon the written request of an eligible entity receiving amounts under this section, waive requirements under this section that relate to the administration of the pilot program for the eligible entity that submitted the request if such waiver would allow such eligible entity to effectively administer the pilot program and make the required escrow account deposits under this section.

(l) Termination.--The pilot program established under this section shall terminate on the date that is 10 years after the date of enactment of this section.

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## NATIONAL MANUFACTURED HOUSING CONSTRUCTION AND SAFETY STANDARDS ACT OF 1974

\* \* \* \* \*

### TITLE VI--MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS

\* \* \* \* \*

## definitions

Sec. 603. As used in this title, the term--

(1) ``manufactured home construction" means all activities relating to the assembly and manufacture of a manufactured home including but not limited to those relating to durability, quality, and safety;

(2) ``retailer" means any person engaged in the sale, leasing, or distribution of new manufactured homes primarily to persons who in good faith purchase or lease a manufactured home for purposes other than resale;

(3) ``defect" includes any defect in the performance, construction, components, or material of a manufactured home that renders the home or any part thereof not fit for the ordinary use for which it was intended;

(4) ``distributor" means any person engaged in the sale and distribution of manufactured homes for resale;

(5) ``manufacturer" means any person engaged in manufacturing or assembling manufactured homes, including any person engaged in importing manufactured homes for resale;

(6) ``manufactured home" means a structure, transportable in one or more sections, which, in the

traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built [on a permanent chassis] with or without a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein; except that such term shall include any structure which meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary and complies with the standards established under this title; and except that such term shall not include any self-propelled recreational vehicle;

(7) ``Federal manufactured home construction and safety standard" means a reasonable standard for the construction, design, energy efficiency, and performance of a manufactured home which meets the needs of the public including the need for quality, durability, and safety;

(8) ``manufactured home safety" means the performance of a manufactured home in such a manner that the public is protected against any unreasonable risk of the occurrence of accidents due to the design

or construction of such manufactured home, or any unreasonable risk of death or injury to the user or to the public if such accidents do occur;

(9) ``imminent safety hazard" means an imminent and unreasonable risk of death or severe personal injury;

(10) ``purchaser" means the first person purchasing a manufactured home in good faith for purposes other than resale;

(11) ``Secretary" means the Secretary of Housing and Urban Development;

(12) ``State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa;

(13) ``United States district courts" means the Federal district courts of the United States and the United States courts of the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa;

(14) ``administering organization" means the recognized, voluntary, private sector, consensus standards body with specific experience in developing model residential building codes and standards involving all disciplines regarding construction and safety that administers the consensus standards through a development process;

(15) ``consensus committee" means the committee established under section 604(a)(3);

(16) ``consensus standards development process" means the process by which additions, revisions, and interpretations to the Federal manufactured home construction and safety standards and enforcement regulations shall be developed and recommended to the Secretary by the consensus committee;

(17) ``primary inspection agency" means a State agency or private organization that has been approved by the Secretary to act as a design approval primary inspection agency or a production inspection primary inspection agency, or both;

(18) ``design approval primary inspection agency" means a State agency or private organization that has been approved by the Secretary to evaluate and either approve or disapprove manufactured home designs and quality control procedures;

(19) ``installation standards" means reasonable specifications for the installation of a manufactured home, at the place of occupancy, to ensure proper siting, the joining of all sections of the home, and the installation of stabilization, support, or anchoring systems;

(20) ``monitoring" means the process of periodic review of the primary inspection agencies, by the

Secretary or by a State agency under an approved State plan pursuant to section 623, in accordance with regulations promulgated under this title, giving due consideration to the recommendations of the consensus committee under section 604(b), which process shall be for the purpose of ensuring that the primary inspection agencies are discharging their duties under this title; and

(21) "production inspection primary inspection agency" means a State agency or private organization that has been approved by the Secretary to evaluate the ability of manufactured home manufacturing plants to comply with approved quality control procedures and with the Federal manufactured home construction and safety standards promulgated hereunder, including the inspection of homes in the plant.

federal manufactured home construction and safety standards

Sec. 604. (a) Establishment.--

(1) Authority.--The Secretary shall establish, by order, appropriate Federal manufactured home construction and safety standards, each of which--

(A) shall--

(i) be reasonable and practical;

(ii) meet high standards of



protection consistent with the purposes  
of this title; and

(iii) be performance-based and  
objectively stated, unless clearly  
inappropriate; and

(B) except as provided in subsection (b),  
shall be established in accordance with the  
consensus standards development process.

(2) Consensus standards and regulatory development  
process.--

(A) Initial agreement.--Not later than 180  
days after the date of the enactment of the  
**Manufactured Housing Improvement Act of 2000,**  
the Secretary shall enter into a contract with  
an administering organization. The contractual  
agreement shall--

(i) terminate on the date on which a  
contract is entered into under  
subparagraph (B); and

(ii) require the administering  
organization to--

(I) recommend the initial  
members of the consensus  
committee under paragraph (3);

(II) administer the consensus  
standards development process

until the termination of that  
agreement; and  
(III) administer the  
consensus development and  
interpretation process for  
procedural and enforcement  
regulations and regulations  
specifying the permissible  
scope and conduct of monitoring  
until the termination of that  
agreement.

(B) Competitively procured contract.--Upon  
the expiration of the 4-year period beginning  
on the date on which all members of the  
consensus committee are appointed under  
paragraph (3), the Secretary shall, using  
competitive procedures (as such term is defined  
in section 4 of the Office of Federal  
Procurement Policy Act), enter into a  
competitively awarded contract with an  
administering organization. The administering  
organization shall administer the consensus  
process for the development and interpretation  
of the Federal standards, the procedural and  
enforcement regulations, and regulations  
specifying the permissible scope and conduct of

monitoring, in accordance with this title.

(C) Performance review.--The Secretary--

(i) shall periodically review the performance of the administering organization; and

(ii) may replace the administering organization with another qualified technical or building code organization, pursuant to competitive procedures, if the Secretary determines in writing that the administering organization is not fulfilling the terms of the agreement or contract to which the administering organization is subject or upon the expiration of the agreement or contract.

(3) Consensus committee.--

(A) Purpose.--There is established a committee to be known as the ``consensus committee'', which shall, in accordance with this title--

(i) provide periodic recommendations to the Secretary to adopt, revise, and interpret the Federal manufactured housing construction and safety standards in accordance with this

subsection;

(ii) provide periodic recommendations to the Secretary to adopt, revise, and interpret the procedural and enforcement regulations, including regulations specifying the permissible scope and conduct of monitoring in accordance with subsection (b);

(iii) be organized and carry out its business in a manner that guarantees a fair opportunity for the expression and consideration of various positions and for public participation; and

(iv) be deemed to be an advisory committee not composed of Federal employees.

(B) Membership.--The consensus committee shall be composed of--

(i) twenty-one voting members appointed by the Secretary, after consideration of the recommendations of the administering organization, from among individuals who are qualified by background and experience to participate in the work of the consensus committee; and

(ii) one nonvoting member appointed  
by the Secretary to represent the  
Secretary on the consensus committee.

(C) Disapproval.--The Secretary shall state,  
in writing, the reasons for failing to appoint  
any individual recommended under paragraph  
(2)(A)(ii)(I).

(D) Selection procedures and requirements.--  
Each member of the consensus committee shall be  
appointed in accordance with selection  
procedures, which shall be based on the  
procedures for consensus committees promulgated  
by the American National Standards Institute  
(or successor organization), except that the  
American National Standards Institute interest  
categories shall be modified for purposes of  
this paragraph to ensure equal representation  
on the consensus committee of the following  
interest categories:

(i) Producers.--Seven producers or  
retailers of manufactured housing.

(ii) Users.--Seven persons  
representing consumer interests, such  
as consumer organizations, recognized  
consumer leaders, and owners who are  
residents of manufactured homes.

(iii) General interest and public officials.--Seven general interest and public official members.

(E) Balancing of interests.--

(i) In general.--In order to achieve a proper balance of interests on the consensus committee, the Secretary, in appointing the members of the consensus committee--

(I) shall ensure that all directly and materially affected interests have the opportunity for fair and equitable participation without dominance by any single interest; and

(II) may reject the appointment of any one or more individuals in order to ensure that there is not dominance by any single interest.

(ii) Dominance defined.--In this subparagraph, the term "dominance" means a position or exercise of dominant authority, leadership, or influence by reason of superior

leverage, strength, or representation.

(F) Additional qualifications.--

(i) Financial independence.--No

individual appointed under subparagraph

(D)(ii) shall have, and three of the

individuals appointed under

subparagraph (D)(iii) shall not have--

(I) a significant financial

interest in any segment of the

manufactured housing industry;

or

(II) a significant

relationship to any person

engaged in the manufactured

housing industry.

(ii) Post-employment ban.--Each

individual described in clause (i)

shall be subject to a ban disallowing

compensation from the manufactured

housing industry during the period of,

and during the 1-year following, the

membership of the individual on the

consensus committee.

(G) Meetings.--

(i) Notice; open to public.--The

consensus committee shall provide

advance notice of each meeting of the consensus committee to the Secretary and cause to be published in the Federal Register advance notice of each such meeting. All meetings of the consensus committee shall be open to the public.

(ii) Reimbursement.--Members of the consensus committee in attendance at meetings of the consensus committee shall be reimbursed for their actual expenses as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in Government service.

(H) Administration.--The consensus committee and the administering organization shall--

(i) operate in conformance with the procedures established by the American National Standards Institute for the development and coordination of American National Standards; and

(ii) apply to the American National Standards Institute and take such other actions as may be necessary to obtain accreditation from the American



National Standards Institute.

(I) Staff and technical support.--The administering organization shall, upon the request of the consensus committee--

(i) provide reasonable staff resources to the consensus committee; and

(ii) furnish technical support in a timely manner to any of the interest categories described in subparagraph (D) represented on the consensus committee, if--

(I) the support is necessary to ensure the informed participation of the consensus committee members; and

(II) the costs of providing the support are reasonable.

(J) Date of initial appointments.--The initial appointments of all the members of the consensus committee shall be completed not later than 90 days after the date on which a contractual agreement under paragraph (2)(A) is entered into with the administering organization.

(4) Revisions of standards.--

(A) In general.--Beginning on the date on which all members of the consensus committee are appointed under paragraph (3), the consensus committee shall, not less than once during each 2-year period--

- (i) consider revisions to the Federal manufactured home construction and safety standards; and

- (ii) submit proposed revised standards, if approved in a vote of the consensus committee by two-thirds of the members, to the Secretary in the form of a proposed rule, including an economic analysis.

(B) Publication of proposed revised standards.--

- (i) Publication by the secretary.--

The consensus committee shall provide a proposed revised standard under subparagraph (A)(ii) to the Secretary who shall, not later than 30 days after receipt, cause such proposed revised standard to be published in the Federal Register for notice and comment in accordance with section 553 of title 5, United States Code. Unless clause (ii)

applies, the Secretary shall provide an opportunity for public comment on such proposed revised standard in accordance with such section 553 and any such comments shall be submitted directly to the consensus committee, without delay.

(ii) Publication of rejected proposed revised standards.--If the Secretary rejects the proposed revised standard, the Secretary shall cause to be published in the Federal Register the rejected proposed revised standard, the reasons for rejection, and any recommended modifications set forth.

(C) Presentation of public comments; publication of recommended revisions.--

(i) Presentation.--Any public comments, views, and objections to a proposed revised standard published under subparagraph (B) shall be presented by the Secretary to the consensus committee upon their receipt and in the manner received, in accordance with procedures established by the American National Standards Institute.

(ii) Publication by the secretary.--

The consensus committee shall provide to the Secretary any revision proposed by the consensus committee, which the Secretary shall, not later than 30 calendar days after receipt, cause to be published in the Federal Register a notice of the recommended revisions of the consensus committee to the standards, a notice of the submission of the recommended revisions to the Secretary, and a description of the circumstances under which the proposed revised standards could become effective.

(iii) Publication of rejected

proposed revised standards.--If the Secretary rejects the proposed revised standard, the Secretary shall cause to be published in the Federal Register the rejected proposed revised standard, the reasons for rejection, and any recommended modifications set forth.

(5) Review by the secretary.--

(A) In general.--The Secretary shall either adopt, modify, or reject a standard, as

submitted by the consensus committee under paragraph (4)(A).

(B) Timing.--Not later than 12 months after the date on which a standard is submitted to the Secretary by the consensus committee, the Secretary shall take action regarding such standard under subparagraph (C).

(C) Procedures.--If the Secretary--

(i) adopts a standard recommended by the consensus committee, the Secretary shall--

(I) issue a final order without further rulemaking; and

(II) cause the final order to be published in the Federal Register;

(ii) determines that any standard should be rejected, the Secretary shall--

(I) reject the standard; and

(II) cause to be published in the Federal Register a notice to that effect, together with the reason or reasons for rejecting the proposed standard; or

(iii) determines that a standard recommended by the consensus committee should be modified, the Secretary shall--

(I) cause to be published in the Federal Register the proposed modified standard, together with an explanation of the reason or reasons for the determination of the Secretary; and

(II) provide an opportunity for public comment in accordance with section 553 of title 5, United States Code.

(D) Final order.--Any final standard under this paragraph shall become effective pursuant to subsection (c).

(6) Failure to act.--If the Secretary fails to take final action under paragraph (5) and to cause notice of the action to be published in the Federal Register before the expiration of the 12-month period beginning on the date on which the proposed revised standard is submitted to the Secretary under paragraph (4)(A)--

(A) the Secretary shall appear in person before the appropriate housing and

appropriations subcommittees and committees of the House of Representatives and the Senate (referred to in this paragraph as the ``committees'') on a date or dates to be specified by the committees, but in no event later than 30 days after the expiration of that 12-month period, and shall state before the committees the reasons for failing to take final action as required under paragraph (5); and

(B) if the Secretary does not appear in person as required under subparagraph (A), the Secretary shall thereafter, and until such time as the Secretary does appear as required under subparagraph (A), be prohibited from expending any funds collected under authority of this title in an amount greater than that collected and expended in the fiscal year immediately preceding the date of the enactment of the **Manufactured Housing Improvement Act of 2000**, indexed for inflation as determined by the Congressional Budget Office.

(7) Standards for **manufactured homes** built without a permanent chassis.--

(A) In general.--The Secretary shall issue revised standards for manufactured homes built

without a permanent chassis and shall consult with the consensus committee in the development of such revised standards, using the process described in paragraph (4).

(B) Creating final standards.--The Secretary shall, after consulting and conferring with the consensus committee, establish standards to ensure manufactured homes without a permanent chassis have--

- (i) a distinct label to be issued by the Secretary distinguishing manufactured homes built without a permanent chassis from manufactured homes built on a permanent chassis;

- (ii) a data plate, as described in section 3280.5 of title 24, Code of Federal Regulations, distinguishing manufactured homes built without a permanent chassis from manufactured homes built on a permanent chassis; and

- (iii) a notation on any invoice produced by the manufacturer of a manufactured home that is distinguishable from the invoice for a manufactured home constructed with a permanent chassis.



(b) Other Orders.--

(1) Regulations.--The Secretary may issue procedural and enforcement regulations and revisions to existing regulations as necessary to implement the provisions of this title. The consensus committee may submit to the Secretary proposed procedural and enforcement regulations and recommendations for the revision of such regulations.

(2) Interpretative bulletins.--The Secretary may issue interpretative bulletins to clarify the meaning of any Federal manufactured home construction and safety standard or procedural and enforcement regulation. The consensus committee may submit to the Secretary proposed interpretative bulletins to clarify the meaning of any Federal manufactured home construction and safety standard or procedural and enforcement regulation.

(3) Review by consensus committee.--Before issuing a procedural or enforcement regulation or an interpretative bulletin--

(A) the Secretary shall--

(i) submit the proposed procedural or enforcement regulation or interpretative bulletin to the consensus committee; and

(ii) provide the consensus committee

with a period of 120 days to submit written comments to the Secretary on the proposed procedural or enforcement regulation or the interpretative bulletin; and

(B) if the Secretary rejects any significant comment provided by the consensus committee under subparagraph (A), the Secretary shall provide a written explanation of the reasons for the rejection to the consensus committee; and

(C) following compliance with subparagraphs

(A) and (B), the Secretary shall--

(i) cause the proposed regulation or interpretative bulletin and the consensus committee's written comments, along with the Secretary's response thereto, to be published in the Federal Register; and

(ii) provide an opportunity for public comment in accordance with section 553 of title 5, United States Code.

(4) Required action.--Not later than 120 days after the date on which the Secretary receives a proposed regulation or interpretative bulletin submitted by the

consensus committee, the Secretary shall--

(A) approve the proposal and cause the proposed regulation or interpretative bulletin to be published for public comment in accordance with section 553 of title 5, United States Code; or

(B) reject the proposed regulation or interpretative bulletin and--

(i) provide to the consensus committee a written explanation of the reasons for rejection; and

(ii) cause to be published in the Federal Register the rejected proposed regulation or interpretative bulletin, the reasons for rejection, and any recommended modifications set forth.

(5) Authority to act and emergency.--If the Secretary determines, in writing, that such action is necessary to address an issue on which the Secretary determines that the consensus committee has not made a timely recommendation following a request by the Secretary, or in order to respond to an emergency that jeopardizes the public health or safety, the Secretary may issue an order that is not developed under the procedures set forth in subsection (a) or in this subsection, if the Secretary--

(A) provides to the consensus committee a written description and sets forth the reasons why action is necessary and all supporting documentation; and

(B) issues the order after notice and an opportunity for public comment in accordance with section 553 of title 5, United States Code, and causes the order to be published in the Federal Register.

(6) Changes.--Any statement of policies, practices, or procedures relating to construction and safety standards, regulations, inspections, monitoring, or other enforcement activities that constitutes a statement of general or particular applicability to implement, interpret, or prescribe law or policy by the Secretary is subject to subsection (a) or this subsection. Any change adopted in violation of subsection (a) or this subsection is void.

(7) Transition.--Until the date on which the consensus committee is appointed pursuant to section 604(a)(3), the Secretary may issue proposed orders, pursuant to notice and comment in accordance with section 553 of title 5, United States Code, that are not developed under the procedures set forth in this section for new and revised standards.

(c) Each order establishing a Federal manufactured home

construction and safety standard shall specify the date such standard is to take effect, which shall not be sooner than one hundred and eighty days or later than one year after the date such order is issued, unless the Secretary finds, for good cause shown, that an earlier or later effective date is in the public interest, and publishes his reasons for such finding.

(d) Whenever a Federal manufactured home construction and safety standard established under this title is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any manufactured home covered, any standard regarding construction or safety applicable to the same aspect of performance of such manufactured home which is not identical to the Federal manufactured home construction and safety standard. Federal preemption under this subsection shall be broadly and liberally construed to ensure that disparate State or local requirements or standards do not affect the uniformity and comprehensiveness of the standards promulgated under this section nor the Federal superintendence of the manufactured housing industry as established by this title. Subject to section 605, there is reserved to each State the right to establish standards for the stabilizing and support systems of manufactured homes sited within that State, and for the foundations on which manufactured homes sited within that State are installed, and the right to enforce compliance with such standards, except that such standards shall be consistent with

the purposes of this title and shall be consistent with the design of the manufacturer.

(e) Considerations in Establishing and Interpreting Standards and Regulations.--The consensus committee, in recommending standards, regulations, and interpretations, and the Secretary, in establishing standards or regulations or issuing interpretations under this section, shall--

(1) consider relevant available manufactured home construction and safety data, including the results of the research, development, testing, and evaluation activities conducted pursuant to this title, and those activities conducted by private organizations and other governmental agencies to determine how to best protect the public;

(2) consult with such State or interstate agencies (including legislative committees) as he deems appropriate;

(3) consider whether any such proposed standard is reasonable for the particular type of manufactured home or for the geographic region for which it is prescribed;

(4) consider the probable effect of such standard on the cost of the manufactured home to the public; and

(5) consider the extent to which any such standard will contribute to carrying out the purposes of this title.

(f) The Secretary shall exclude from the coverage of this title any structure which the manufacturer certifies, in a form prescribed by the Secretary, to be:

- (1) designed only for erection or installation on a site-built permanent foundation;
- (2) not designed to be moved once so erected or installed;
- (3) designed and manufactured to comply with a nationally recognized model building code or an equivalent local code, or with a State or local modular building code recognized as generally equivalent to building codes for site-built housing, or with minimum property standards adopted by the Secretary pursuant to title II of the National Housing Act; and
- (4) to the manufacturer's knowledge is not intended to be used other than on a site-built permanent foundation.

(g)(1) The Federal manufactured home construction and safety standards established by the Secretary under this section shall include preemptive energy conservation standards in accordance with this subsection.

(2) The energy conservation standards established under this subsection shall be cost-effective energy conservation performance standards designed to ensure the lowest total of construction and operating costs.

(3) The energy conservation standards established under this

subsection shall take into consideration the design and factory construction techniques of manufactured homes and shall provide for alternative practices that result in net estimated energy consumption equal to or less than the specified standards.

(h) The Secretary shall develop a new standard for hardboard panel siding on **manufactured housing** taking into account durability, longevity, consumer's costs for maintenance and any other relevant information pursuant to subsection (e). The Secretary shall consult with the National Manufactured Home Advisory Council and the National Commission on Manufactured Housing in establishing the new standard. The new performance standard developed shall ensure the durability of hardboard sidings for at least a normal life of a mortgage with minimum maintenance required. Not later than 180 days from the date of enactment of this subsection, the Secretary shall update the standards for hardboard siding.

(i) Manufactured Home Standards and Certifications.--

(1) In general.--

(A) Initial certification.--Subject to subparagraph (B), not later than 1 year after the date of enactment of this subsection, a State shall submit to the Secretary an initial certification that the laws and regulations of the State--

(i) treat a manufactured home without a chassis in parity with a manufactured



home (as defined and regulated by the State); and

(ii) subject a manufactured home without a permanent chassis to the same laws and regulations of the State as a manufactured home built on a permanent chassis with respect to financing, title, insurance, manufacture, sale, taxes, transportation, installation, and other areas as the Secretary determines, after consultation with and approval by the consensus committee, are necessary to give effect to the purpose of this section.

(B) State plan submission.--Any State plan submitted under section 623(c) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5422(c)) shall contain the required State certification under subparagraph (A) or paragraph (3) and, if contained therein, no additional or State certification under subparagraph (A) or paragraph (3).

(C) Extended deadline.--With respect to a State with a legislature that meets biennially, the deadline for the submission of the initial

certification required under subparagraph (A) shall be 2 years after the date of enactment of this subsection.

(D) Late certification.--

(i) No waiver.--The Secretary may not waive the prohibition described in paragraph (5)(B) with respect to a certification submitted after the deadline under subparagraph (A) or paragraph (3) unless the Secretary approves the late certification.

(ii) Rule of construction.--Nothing in this subsection shall be construed to prevent a State from submitting the initial certification required under subparagraph (A) after the required deadline under that subparagraph.

(2) Form of state certification not presented in a state plan.--The initial certification required under paragraph (1)(A), if not submitted with a State plan under paragraph (1)(B), shall contain, in a form prescribed by the Secretary, an attestation by an official that the State has taken the steps necessary to ensure the veracity of the certification required under paragraph (1)(A), including, as necessary, by--

(A) amending the definition of ``manufactured

home" in the laws and regulations of the State; and

(B) directing State agencies to amend the definition of ``manufactured home" in regulations.

(3) Annual recertification.--Not later than a date to be determined by the Secretary each year, a State shall submit to the Secretary an additional certification that--

(A) confirms the accuracy of the initial certification submitted under subparagraph (A) or (B) of paragraph (1); and

(B) certifies that any new laws or regulations enacted or adopted by the State since the date of the previous certification do not change the veracity of the initial certification submitted under paragraph (1)(A).

(4) List.--The Secretary shall publish and maintain in the Federal Register and on the website of the Department of Housing and Urban Development a list of States that are up-to-date with the submission of initial and subsequent certifications required under this subsection.

(5) Prohibition.--

(A) Definition.--In this paragraph, the term

``covered manufactured home" means a home that

is--

- (i) not considered a manufactured home under the laws and regulations of a State because the home is constructed without a permanent chassis;

- (ii) considered a manufactured home under the definition of the term in section 603; and

- (iii) constructed after the date of enactment of this subsection.

(B) Building, installation, and sale.--If a State does not submit a certification under paragraph (1)(A) or paragraph (3) by the date on which those certifications are required to be submitted--

- (i) with respect to a State in which the State administers the installation of manufactured homes, the State shall prohibit the manufacture, installation, or sale of a covered manufactured home within the State; and

- (ii) with respect to a State in which the Secretary administers the installation of manufactured homes, the State and the Secretary shall prohibit the manufacture, installation, or sale

of a covered manufactured home within  
the State.

(j) Primary Authority to Establish Standards.--

(1) In general.--The Secretary shall have the primary  
authority to establish Federal manufactured home  
construction and safety standards.

(2) Approval from secretary.--

(A) In general.--The head of any Federal  
agency that seeks to establish a manufactured  
home construction and safety standard on or  
after the date of the enactment of this  
subsection--

(i) shall submit to the Secretary a  
proposal describing such standard; and

(ii) may not establish such standard  
without approval from the Secretary.

(B) Rejection of standards.--The Secretary  
shall reject a standard submitted to the  
Secretary for approval under subparagraph (A)--

(i) if the standard would  
significantly increase the cost of  
producing manufactured homes, as  
determined by the Secretary;

(ii) if the standard would conflict  
with existing manufactured home  
construction and safety standards

established by the Secretary; or

(iii) for any other reason as

determined appropriate by the

Secretary.

(C) Rule of construction.--Nothing in this subsection may be construed to require the Secretary to establish new or revised Federal manufactured home construction and safety standards.

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cooperation with public and private agencies

Sec. 609. The Secretary is authorized to advise, assist, and cooperate with other Federal agencies and with State and other interested public and private agencies, in the planning and development of--

(1) manufactured home construction and safety standards; [and]

(2) methods for inspecting and testing to determine compliance with manufactured home standards[.]; and

(3) model guidance to support the submission of the certification required under section 604(i).

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## REVISED STATUTES OF THE UNITED STATES

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### TITLE LXII--NATIONAL BANKS.

#### CHAPTER ONE--ORGANIZATION AND POWERS.

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Sec. 5136. Upon duly making and filing articles of association and an organization certificate, the association shall become, as from the date of the execution of its organization certificate, a body corporate, and as such, and in the name designated in the organization certificate, it shall have power--

First. To adopt and use a corporate seal.

Second. To have succession from the date of the approval of this Act, or from the date of its organization if organized

after such date of approval until such time as it be dissolved by the act of its shareholders owning two-thirds of its stock, or until its franchise becomes forfeited by reason of violation of law, or until terminated by either a general or a special Act of Congress or until its affairs be placed in the hands of a receiver and finally wound up by him.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law and equity, as fully as natural persons.

Fifth. To elect or appoint directors, and by its board of directors to appoint a president, vice-president, cashier, and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places.

Sixth. To prescribe, by its board of directors, by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin,



and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this title. The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock: Provided, That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund, except that this limitation shall not require any association to dispose of any securities lawfully held by it on the date of enactment of the Banking Act of 1935. As used in this section the term ``investment securities" shall mean marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation in the form of bonds, notes and/or debentures commonly known as investment securities under such further definition of the term ``investment securities" as may by regulation be prescribed by the Comptroller of the Currency. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall

authorize the purchase by the association for its own account of any shares of stock of any corporation. The limitations and restrictions herein contained as to dealing in, underwriting and purchasing for its own account, investment securities shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations of the Washington Metropolitan Area Transit Authority which are guaranteed by the Secretary of Transportation under section 9 of the National Capital Transportation Act of 1969, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the thirteen banks for cooperatives or any of them or the Federal Home Loan Banks, or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act, or obligations which are insured by the Secretary of Housing and Urban Development (hereafter in this sentence referred to as the "Secretary" pursuant to section 207 of the National Housing Act, if the debentures to be issued in payment of such insured obligations are guaranteed as to principal and interest by the United States, or obligations, participations, or other instruments of or issued by the Federal National Mortgage Association or the Government National Mortgage Association, or mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation

Act or obligations of the Federal Financing Bank or obligations of the Environmental Financing Authority or obligations or other instruments or securities of the Student Loan Marketing Association, or such obligations of any local public agency (as defined in section 110 (h) of the Housing Act of 1949) as are secured by an agreement between the local public agency and the Secretary in which the local public agency agrees to borrow from said Secretary and said Secretary agrees to lend to said local public agency, monies in an aggregate amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay, when due, the interest on and all installments (including the final installment) of the principal of such obligations, which monies under the terms of said agreement are required to be used for such payments, or such obligations of a public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured (1) by an agreement between the public housing agency and the Secretary in which the public housing agency agrees to borrow from the Secretary and the Secretary agrees to lend to the public housing agency, prior to the maturity of such obligations, monies in an amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which monies under the terms of said agreement are required to be used for the purpose of paying the principal of

and the interest on such obligations at their maturity, (2) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Secretary if such contract shall contain the covenant by the Secretary which is authorized by subsection (b) of section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations, or (3) by a pledge or both annual contributions under an annual contributions contract containing the covenant by the Secretary which is authorized by section 6(g) of the United States Housing Act of 1937, and a loan under an agreement between the local public housing agency and the Secretary in which the public housing agency agrees to borrow from the Secretary, and the Secretary agrees to lend to the public housing agency, prior to the maturity of the obligations involved, moneys in an amount which (together with any other moneys irrevocably committed under the annual contributions contract to the payment of principal and interest on such obligations) will suffice to provide for the payment when due of all installments of principal and interest on such obligations, which moneys under the terms of the agreement are required to be used for the purpose of paying the principal and interest on such obligations at their maturity:

Provided, That in carrying on the business commonly known as the safe-deposit business the association shall not invest in the capital stock of a corporation organized under the law of any State to conduct a safe-deposit business in an amount in excess of 15 per centum of the capital stock of the association actually paid in and unimpaired and 15 per centum of its unimpaired surplus. The limitations and restrictions herein contained as to dealing in and underwriting investment securities shall not apply to obligations issued by the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the Inter-American Development Bank, Bank for Economic Cooperation and Development in the Middle East and North Africa, the Asian Development Bank the African Development Bank, the Inter-American Investment Corporation, or the International Finance Corporation, or obligations issued by any State or political subdivision or any agency of a State or political subdivision for housing, university, or dormitory purposes, which are at the time eligible for purchase by a national bank for its own account, nor to bonds, notes and other obligations issued by the Tennessee Valley Authority or by the United States Postal Service,; Provided, That no association shall hold obligations issued by any of said organizations as a result of underwriting, dealing, or purchasing for its own account (and for this purpose obligations as to which it is under commitment shall be deemed to be held by it) in a total amount exceeding

at any one time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund. Notwithstanding any other provision in this paragraph, the association may purchase for its own account shares of stock issued by a corporation authorized to be created pursuant to title IX of the Housing and Urban Development Act of 1968, and may make investments in a partnership, limited partnership, or joint venture formed pursuant to section 907(a) or 907(c) of that Act.

Notwithstanding any other provision of this paragraph, the association may purchase for its own account shares of stock issued by any State housing corporation incorporated in the State in which the association is located and may make investments in loans and commitments for loans to any such corporation: Provided, That in no event shall the total amount of such stock held for its own account and such investments in loans and commitments made by the association exceed at any time 5 per centum of its capital stock actually paid in and unimpaired plus 5 per centum of its unimpaired surplus fund.

Notwithstanding any other provision in this paragraph, the association may purchase for its own account shares of stock issued by a corporation organized solely for the purpose of making loans to farmers and ranchers for agricultural purposes, including the breeding, raising, fattening, or marketing of livestock. However, unless the association owns at least 80 per centum of the stock of such agricultural credit corporation the

amount invested by the association at any one time in the stock of such corporation shall not exceed 20 per centum of the unimpaired capital and surplus of the association: Provided further, That notwithstanding any other provision of this paragraph, the association may purchase for its own account shares of stock of a bank insured by the Federal Deposit Insurance Corporation or a holding company which owns or controls such an insured bank if the stock of such bank or company is owned exclusively (except to the extent directors' qualifying shares are required by law) by depository institutions or depository institution holding companies (as defined in section 3 of the Federal Deposit Insurance Act) and such bank or company and all subsidiaries thereof are engaged exclusively in providing services to or for other depository institutions, their holding companies, and the officers, directors, and employees of such institutions and companies, and in providing correspondent banking services at the request of other depository institutions or their holding companies (also referred to as a "banker's bank"), but in no event shall the total amount of such stock held by the association in any bank or holding company exceed at any time 10 per centum of the associations capital stock and paid in and unimpaired surplus and in no event shall the purchase of such stock result in an association's acquiring more than 5 per centum of any class of voting securities of such bank or company. The limitations and restrictions contained in this paragraph as to

an association purchasing for its own account investment securities shall not apply to securities that (A) are offered and sold pursuant to section 4(5) of the Securities Act of 1933 (15 U.S.C. 77d(5)); (B) are small business related securities (as defined in section 3(a)(53) of the Securities Exchange Act of 1934); or (C) are mortgage related securities (as that term is defined in section 3(a)(41) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(41))). The exception provided for the securities described in subparagraphs (A), (B), and (C) shall be subject to such regulations as the Comptroller of the Currency may prescribe, including regulations prescribing minimum size of the issue (at the time of initial distribution) or minimum aggregate sales prices, or both. A national banking association may deal in, underwrite, and purchase for such association's own account qualified Canadian government obligations to the same extent that such association may deal in, underwrite, and purchase for such association's own account obligations of the United States or general obligations of any State or of any political subdivision thereof. For purposes of this paragraph--

(1) the term "qualified Canadian government obligations" means any debt obligation which is backed by Canada, any Province of Canada, or any political subdivision of any such Province to a degree which is comparable to the liability of the United States, any State, or any political subdivision thereof for any



obligation which is backed by the full faith and credit of the United States, such State, or such political subdivision, and such term includes any debt obligation of any agent of Canada or any such Province or any political subdivision of such Province if--

(A) the obligation of the agent is assumed in such agent's capacity as agent for Canada or such Province or such political subdivision; and

(B) Canada, such Province, or such political subdivision on whose behalf such agent is acting with respect to such obligation is ultimately and unconditionally liable for such obligation; and

(2) the term "Province of Canada" means a Province of Canada and includes the Yukon Territory and the Northwest Territories and their successors.

In addition to the provisions in this paragraph for dealing in, underwriting, or purchasing securities, the limitations and restrictions contained in this paragraph as to dealing in, underwriting, and purchasing investment securities for the national bank's own account shall not apply to obligations (including limited obligation bonds, revenue bonds, and obligations that satisfy the requirements of section 142(b)(1) of the Internal Revenue Code of 1986) issued by or on behalf of any State or political subdivision of a State, including any

municipal corporate instrumentality of 1 or more States, or any public agency or authority of any State or political subdivision of a State, if the national bank is well capitalized (as defined in section 38 of the Federal Deposit Insurance Act).

Eighth. To contribute to community funds, or to charitable, philanthropic, or benevolent instrumentalities conducive to public welfare, such sums as its board of directors may deem expedient and in the interests of the association, if it is located in a State the laws of which do not expressly prohibit State banking institutions from contributing to such funds or instrumentalities.

Ninth. To issue and sell securities which are guaranteed pursuant to section 306(g) of the National Housing Act.

Tenth. To invest in tangible personal property, including, without limitation, vehicles, manufactured homes, machinery, equipment, or furniture, for lease financing transactions on a net lease basis, but such investment may not exceed 10 percent of the assets of the association.

Eleventh. To make investments directly or indirectly, each of which is designed primarily to promote the public welfare, including the welfare of low- and moderate-income communities or families (such as by providing housing, services, or jobs).

An association shall not make any such investment if the investment would expose the association to unlimited liability.

The Comptroller of the Currency shall limit an association's

investments in any 1 project and an association's aggregate investments under this paragraph. An association's aggregate investments under this paragraph shall not exceed an amount equal to the sum of 5 percent of the association's capital stock actually paid in and unimpaired and 5 percent of the association's unimpaired surplus fund, unless the Comptroller determines by order that the higher amount will pose no significant risk to the affected deposit insurance fund, and the association is adequately capitalized. In no case shall an association's aggregate investments under this paragraph exceed an amount equal to the sum of [15] 20 percent of the association's capital stock actually paid in and unimpaired and [15] 20 percent of the association's unimpaired surplus fund. The foregoing standards and limitations apply to investments under this paragraph made by a national bank directly and by its subsidiaries.

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FEDERAL RESERVE ACT

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state banks as members.

Sec. 9. Any bank incorporated by special law of any State, operating under the Code of Law for the District of Columbia, or organized under the general laws of any State or of the United States, including Morris Plan banks and other incorporated banking institutions engaged in similar business, desiring to become a member of the Federal Reserve System, may make application to the Board of Governors of the Federal Reserve System, under such rules and regulations as it may prescribe, for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. For the purposes of membership of any such bank the terms "capital" and "capital stock" shall include the amount of outstanding capital notes and debentures legally issued by the applying bank and purchased by the Reconstruction Finance Corporation. The Board of Governors of the Federal Reserve System, subject to the provisions of this Act and to such conditions as it may prescribe pursuant thereto may permit the applying bank to become a stockholder of such Federal reserve bank.

Upon the conversion of a national bank into a State bank, or the merger or consolidation of a national bank with a State

bank which is not a member of the Federal Reserve System, the resulting or continuing State bank may be admitted to membership in the Federal Reserve System by the Board of Governors of the Federal Reserve System in accordance with the provisions of this section, but, otherwise, the Federal Reserve bank stock owned by the national bank shall be canceled and paid for as provided in section 5 of this Act. Upon the merger or consolidation of a national bank with a State member bank under a State charter, the membership of the State bank in the Federal Reserve System shall continue.

Any such State bank which, at the date of the approval of this Act, has established and is operating a branch or branches in conformity with the State law, may retain and operate the same while remaining or upon becoming a stockholder of such Federal reserve bank; but no such State bank may retain or acquire stock in a Federal reserve bank except upon relinquishment of any branch or branches established after the date of the approval of this Act beyond the limits of the city, town, or village in which the parent bank is situated.

Provided, however, That nothing herein contained shall prevent any State member bank from establishing and operating branches in the United States or any dependency or insular possession thereof or in any foreign country, on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks except that the approval of the Board of Governors of the

Federal Reserve System, instead of the Comptroller of the Currency, shall be obtained before any State member bank may hereafter establish any branch and before any State bank hereafter admitted to membership may retain any branch established after February 25, 1927, beyond the limits of the city, town, or village in which the parent bank is situated.

The approval of the Board shall likewise be obtained before any State member bank may establish any new branch within the limits of any such city, town, or village.

In acting upon such applications the Board of Governors of the Federal Reserve System shall consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this Act.

Whenever the Board of Governors of the Federal Reserve System shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Board of Governors of the Federal Reserve System, and stock issued to it shall be held subject to the provisions of this Act.

All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this Act, to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock and which relate to the withdrawal or impairment of their capital stock,

and to conform to the provisions of sections 5199(b) and 5204 of the Revised Statutes with respect to the payment of dividends; except that any reference in any such provision to the Comptroller of the Currency shall be deemed for the purposes of this sentence to be a reference to the Board of Governors of the Federal Reserve System. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by sections 334, 656, and 1005 of Title 18, United States Code, and shall be required to make reports of condition and of the payment of dividends to the Federal Reserve bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal Reserve bank on dates to be fixed by the Board of Governors of the Federal Reserve System. Any bank which (A) maintains procedures reasonably adapted to avoid any inadvertent error and, unintentionally and as a result of such an error, fails to make or publish any report required under this paragraph, within the period of time specified by the Board, or submits or publishes any false or misleading report or information, or (B) inadvertently transmits or publishes any report which is minimally late, shall be subject to a penalty of not more than \$2,000 for each day during which such failure continues or such false or misleading information is not corrected. The bank shall have the burden of proving that an error was inadvertent and that a report was inadvertently transmitted or published late. Any

bank which fails to make or publish such reports within the period of time specified by the Board, or submits or publishes any false or misleading report or information, in a manner not described in the 2nd preceding sentence shall be subject to a penalty of not more than \$20,000 for each day during which such failure continues or such false or misleading information is not corrected. Notwithstanding the preceding sentence, if any bank knowingly or with reckless disregard for the accuracy of any information or report described in such sentence submits or publishes any false or misleading report or information, the Board may assess a penalty of not more than \$1,000,000 or 1 percent of total assets of such bank, whichever is less, per day for each day during which such failure continues or such false or misleading information is not corrected. Any penalty imposed under any of the 4 preceding sentences shall be assessed and collected by the Board in the manner provided in subparagraphs (E), (F), (G), and (I) of section 8(i)(2) of the Federal Deposit Insurance Act (for penalties imposed under such section) and any such assessment (including the determination of the amount of the penalty) shall be subject to the provisions of such section. Any bank against which any penalty is assessed under this subsection shall be afforded an agency hearing if such bank submits a request for such hearing within 20 days after the issuance of the notice of assessment. Section 8(h) of the Federal Deposit Insurance Act shall apply to any proceeding under this paragraph. Such reports of condition



shall be in such form and shall contain such information as the Board of Governors of the Federal Reserve System may require.

As a condition of membership such banks shall likewise be subject to examinations made by direction of the Board of Governors of the Federal Reserve System or of the Federal reserve bank by examiners selected or approved by the Board of Governors of the Federal Reserve System.

Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Board of Governors of the Federal Reserve System: Provided, however, That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of the report. The expenses of all examinations, other than those made by State authorities, may, in the discretion of the Board of Governors of the Federal Reserve System, be assessed against the banks examined and, when so assessed, shall be paid by the banks examined. The Board of Governors of the Federal Reserve System, at its discretion, may furnish any report of examination or other confidential supervisory information concerning any State member bank or other entity examined under any other authority of the Board, to any Federal or State agency or authority with supervisory or regulatory authority over the examined entity, to any officer, director, or receiver of the examined entity,

and to any other person that the Board determines to be proper.

If at any time it shall appear to the Board of Governors of the Federal Reserve System that a member bank has failed to comply with the provisions of this section or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, or has ceased to exercise banking functions without a receiver or liquidating agent having been appointed therefor, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Board of Governors of the Federal Reserve System may restore membership upon due proof of compliance with the conditions imposed by this section.

Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Board of Governors of the Federal Reserve System, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: Provided, That the Board of Governors of the Federal Reserve System, in its discretion and subject to such conditions as it may prescribe, may waive such six months' notice in individual cases and may permit any such State bank or trust company to withdraw from membership in a Federal reserve bank prior to the expiration of six months from the date of the written notice of its intention to withdraw: Provided, however, That no Federal reserve bank shall, except

under express authority of the Board of Governors of the Federal Reserve System, cancel within the same calendar year more than twenty-five per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Board of Governors of the Federal Reserve System, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

No applying bank shall be admitted to membership unless it possesses capital stock and surplus which, in the judgment of the Board of Governors of the Federal Reserve System, are adequate in relation to the character and condition of its assets and to its existing and prospective deposit liabilities and other corporate responsibilities: Provided, That no bank engaged in the business of receiving deposits other than trust

funds, which does not possess capital stock and surplus in an amount equal to that which would be required for the establishment of a national banking association in the place in which it is located, shall be admitted to membership unless it is, or has been, approved for deposit insurance under the Federal Deposit Insurance Act. The capital stock of a State member bank shall not be reduced except with the prior consent of the Board.

In order to facilitate the admission to membership in the Federal Reserve System of any State bank which is required under subsection (y) of section 12B of this Act to become a member of the Federal Reserve System in order to be an insured bank or continue to have any part of its deposits insured under such section 12B, the Board of Governors of the Federal Reserve System may waive in whole or in part the requirements of this section relating to the admission of such bank to membership: Provided, That, if such bank is admitted with a capital less than that required for the organization of a national bank in the same place and its capital and surplus are not, in the judgment of the Board of Governors of the Federal Reserve System, adequate in relation to its liabilities to depositors and other creditors, the said Board may, in its discretion, require such bank to increase its capital and surplus to such amount as the Board may deem necessary within such period prescribed by the Board as in its judgment shall be reasonable in view of all the circumstances: Provided, however, That no

such bank shall be required to increase its capital to an amount in excess of that required for the organization of a national bank in the same place. (Omitted from U.S. Code.)

Banks becoming members of the Federal Reserve System under authority of this section shall be subject to the provisions of this section and to those of this Act which relate specifically to member banks, but shall not be subject to examination under the provisions of the first two paragraphs of section fifty-two hundred and forty of the Revised Statutes as amended by section twenty-one of this Act. Subject to the provisions of this Act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal Reserve System shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all privileges of member banks, except that the Board of Governors of the Federal Reserve System may limit the activities of State member banks and subsidiaries of State member banks in a manner consistent with section 24 of the Federal Deposit Insurance Act. No Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than that which could be borrowed lawfully from such State bank or trust company were it a national banking association. The Federal reserve bank, as a

condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guaranty to the effect that the borrower is not liable to such bank in excess of the amount provided by this section, and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this section may subject such bank to a forfeiture of its membership in the Federal Reserve System upon hearing by the Board of Governors of the Federal Reserve System.

All banks or trust companies incorporated by special law or organized under the general laws of any State, which are members of the Federal reserve system, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such

reasonable duties, as depositaries of public money and financial agents of the Government, as may be required of them. The Secretary of the Treasury shall require of the banks and trust companies thus designated satisfactory security, by the deposit of United States bonds or otherwise, for the safe keeping and prompt payment of the public money deposited with them and for the faithful performance of their duties as financial agents of the Government.

Any mutual savings bank having no capital stock (including any other banking institution the capital of which consists of weekly or other time deposits which are segregated from all other deposits and are regarded as capital stock for the purposes of taxation and the declaration of dividends), but having surplus and undivided profits not less than the amount of capital required for the organization of a national bank in the same place, may apply for and be admitted to membership in the Federal Reserve System in the same manner and subject to the same provisions of law as State banks and trust companies, except that any such savings banks shall subscribe for capital stock of the Federal reserve bank in an amount equal to six-tenths of 1 per centum of its total deposit liabilities as shown by the most recent report of examination of such savings bank preceding its admission to membership. Thereafter such subscription shall be adjusted semiannually on the same percentage basis in accordance with rules and regulations prescribed by the Board of Governors of the Federal Reserve

System. If any such mutual savings bank applying for membership is not permitted by the laws under which it was organized to purchase stock in a Federal reserve bank, it shall, upon admission to the system, deposit with the Federal reserve bank an amount equal to the amount which it would have been required to pay in on account of a subscription to capital stock.

Thereafter such deposit shall be adjusted semiannually in the same manner as subscriptions for stock. Such deposits shall be subject to the same conditions with respect to repayment as amounts paid upon subscriptions to capital stock by other member banks and the Federal reserve bank shall pay interest thereon at the same rate as dividends are actually paid on outstanding shares of stock of such Federal reserve bank. If the laws under which any such savings bank was organized be amended so as to authorize mutual savings banks to subscribe for Federal reserve bank stock, such savings bank shall thereupon subscribe for the appropriate amount of stock in the Federal reserve bank, and the deposit hereinbefore provided for in lieu of payment upon capital stock shall be applied upon such subscription. If the laws under which any such savings bank was organized be not amended at the next session of the legislature following the admission of such savings bank to membership so as to authorize mutual savings banks to purchase Federal reserve bank stock, or if such laws be so amended and such bank fail within six months thereafter to purchase such stock, all of its rights and privileges as a member bank shall



be forfeited and its membership in the Federal Reserve System shall be terminated in the manner prescribed elsewhere in this section with respect to State member banks and trust companies.

Each such mutual savings bank shall comply with all the provisions of law applicable to State member banks and trust companies, with the regulations of the Board of Governors of the Federal Reserve System and with the conditions of membership prescribed for such savings bank at the time of admission to membership, except as otherwise hereinbefore provided with respect to capital stock.

Each bank admitted to membership under this section shall obtain from each of its affiliates other than member banks and furnish to the Federal reserve bank of its district and to the Board of Governors of the Federal Reserve System not less than three reports during each year. Such reports shall be in such form as the Board of Governors of the Federal Reserve System may prescribe, shall be verified by the oath or affirmation of the president or such other officer as may be designated by the board of directors of such affiliate to verify such reports, and shall disclose the information hereinafter provided for as of dates identical with those fixed by the Board of Governors of the Federal Reserve System for reports of the condition of the affiliated member bank. Each such report of an affiliate shall be transmitted as herein provided at the same time as the corresponding report of the affiliated member bank, except that the Board of Governors of the Federal Reserve System may, in

its discretion, extend such time for good cause shown. Each such report shall contain such information as in the judgment of the Board of Governors of the Federal Reserve System shall be necessary to disclose fully the relations between such affiliate and such bank and to enable the Board to inform itself as to the effect of such relations upon the affairs of such bank. The reports of such affiliates shall be published by the bank under the same conditions as govern its own condition reports.

Any such affiliated member bank may be required to obtain from any such affiliate such additional reports as in the opinion of its Federal reserve bank or the Board of Governors of the Federal Reserve System may be necessary in order to obtain a full and complete knowledge of the condition of the affiliated member bank. Such additional reports shall be transmitted to the Federal reserve bank and the Board of Governors of the Federal Reserve System and shall be in such form as the Board of Governors of the Federal Reserve System may prescribe.

Any such affiliated member bank which fails to obtain from any of its affiliates and furnish any report provided for by the two preceding paragraphs of this section shall be subject to a penalty of \$100 for each day during which such failure continues, which, by direction of the Board of Governors of the Federal Reserve System, may be collected, by suit or otherwise, by the Federal reserve bank of the district in which such

member bank is located.

State member banks shall be subject to the same limitations and conditions with respect to the purchasing, selling, underwriting, and holding of investment securities and stock as are applicable in the case of national banks under paragraph ``Seventh'' of section 5136 of the Revised Statutes, as amended. This paragraph shall not apply to any interest held by a State member bank in accordance with section 5136A of the Revised Statutes of the United States and subject to the same conditions and limitations provided in such section.

After the date of the enactment of the Banking Act of 1935, no certificate evidencing the stock of any State member bank shall bear any statement purporting to represent the stock of any other corporation, except a member bank or a corporation engaged on June 16, 1934 in holding the bank premises of such member bank, nor shall the ownership, sale, or transfer of any certificate representing the stock of any State member bank be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank or a corporation engaged on June 16, 1934 in holding the bank premises of such member bank: Provided, That this section shall not operate to prevent the ownership, sale, or transfer of stock of any other corporation being conditioned upon the ownership, sale, or transfer of a certificate representing stock of a State member bank.

In connection with examinations of State member banks, examiners selected or approved by the Board of Governors of the Federal Reserve System shall make such examinations of the affairs of all affiliates of such banks as shall be necessary to disclose fully the relations between such banks and their affiliates and the effect of such relations upon the affairs of such banks. The expense of examination of affiliates of any State member bank may, in the discretion of the Board of Governors of the Federal Reserve System, be assessed against such bank and, when so assessed, shall be paid by such bank. In the event of the refusal to give any information requested in the course of the examination of any such affiliate, or in the event of the refusal to permit such examination, or in the event of the refusal to pay any expense so assessed, the Board of Governors of the Federal Reserve System may, in its discretion, require any or all State member banks affiliated with such affiliate to surrender their stock in the Federal reserve bank and to forfeit all rights and privileges of membership in the Federal Reserve System, as provided in this section.

(23) A State member bank may make investments directly or indirectly, each of which is designed primarily to promote the public welfare, including the welfare of primarily low- and moderate-income communities or families (such as by providing housing, services, or jobs), to the extent permissible under

State law. A State member bank shall not make any such investment if the investment would expose the State member bank to unlimited liability. The Board shall limit a State member bank's investment in any 1 project and a State member bank's aggregate investments under this paragraph. The aggregate amount of investments of any State member bank under this paragraph may not exceed an amount equal to the sum of 5 percent of the State member bank's capital stock actually paid in and unimpaired and 5 percent of the State member bank's unimpaired surplus, unless the Board determines, by order, that a higher amount will pose no significant risk to the affected deposit insurance fund; and the State member bank is adequately capitalized. In no case shall the aggregate amount of investments of any State member bank under this paragraph exceed an amount equal to the sum of [15] 20 percent of the State member bank's capital stock actually paid in and unimpaired and [15] 20 percent of the State member bank's unimpaired surplus. The foregoing standards and limitations apply to investments under this paragraph made by a State member bank directly and by its subsidiaries.

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## FEDERAL HOUSING ENTERPRISES FINANCIAL SAFETY AND SOUNDNESS ACT OF 1992

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### TITLE XIII--GOVERNMENT SPONSORED ENTERPRISES

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#### Subtitle A--Supervision and Regulation of Enterprises

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#### PART 2--ADDITIONAL AUTHORITIES OF THE DIRECTOR

##### Subpart A--General Authority

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##### SEC. 1329. UNIFORM RESIDENTIAL LOAN APPLICATION.

Not later than 6 months after the date of enactment of this section, the Director shall, by regulation or order, require each enterprise to include a disclaimer below the military service question which shall be above the signature line on the form known as the Uniform Residential Loan Application stating, `` If yes, you may qualify for a VA Home Loan. Consult your lender regarding eligibility.".

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## HOUSING AND URBAN DEVELOPMENT ACT OF 1968

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### TITLE I--LOWER INCOME HOUSING

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technical assistance, counseling to tenants and homeowners, and loans to sponsors of low- and moderate-income housing

Sec. 106. (a)(1) The Secretary is authorized to provide, or contract with public or private organizations to provide, information, advice, and technical assistance, including but not limited to--

- (i) the assembly, correlation, publication, and dissemination of information with respect to the construction, rehabilitation, and operation of low- and moderate-income housing;

- (ii) the provision of advice and technical assistance to public bodies or to nonprofit or cooperative organizations with respect to the construction, rehabilitation, and operation of low- and moderate-income housing, including assistance with respect to self-help and mutual self-help programs;

- (iii) counseling and advice to tenants and homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership; and

- (iv) the provision of technical assistance to communities, particularly smaller communities, to assist such communities in planning, developing, and administering Community Development Programs pursuant



to title I of the Housing and Community Development Act of 1974.

(2) The Secretary (A) shall provide the services described in clause (iii) of paragraph (1) for homeowners assisted under section 235 of the National Housing Act; (B) shall, in consultation with the Secretary of Agriculture, provide such services for borrowers who are first-time homebuyers with guaranteed loans under section 502(h) of the Housing Act of 1949; and (C) may provide such services for other owners of single family dwelling units insured under title II of the National Housing Act or guaranteed or insured under chapter 37 of title 38, United States Code. For purposes of this paragraph and clause (iii) of paragraph (1), the Secretary may provide the services described in such clause directly or may enter into contracts with, make grants to, and provide other types of assistance to private or public organizations with special competence and knowledge in counseling low- and moderate-income families to provide such services.

(3) There is authorized to be appropriated for the purposes of this subsection, without fiscal year limitation, such sums as may be necessary, except that for such purposes there are authorized to be appropriated \$6,025,000 for fiscal year 1993 and \$6,278,050 for fiscal year 1994. Of the amounts appropriated for each of fiscal years 1993 and 1994, up to \$500,000 shall be available for use for counseling and other activities in connection with the demonstration program under

section 152 of the Housing and Community Development Act of 1992. Any amounts so appropriated shall remain available until expended.

(4) Homeownership and Rental Counseling Assistance.--

(A) In general.--The Secretary shall make financial assistance available under this paragraph to HUD-approved housing counseling agencies and State housing finance agencies.

(B) Qualified entities.--The Secretary shall establish standards and guidelines for eligibility of organizations (including governmental and nonprofit organizations) to receive assistance under this paragraph, in accordance with subparagraph (D).

(C) Distribution.--Assistance made available under this paragraph shall be distributed in a manner that encourages efficient and successful counseling programs and that ensures [adequate distribution of amounts for rural areas having traditionally low levels of access to such counseling services, including areas with insufficient access to the Internet. In distributing such assistance, the Secretary may give priority consideration to entities serving areas with the highest home foreclosure rates] that the recipients are geographically diverse and include organizations that serve urban or rural areas.

(D) Limitation on distribution of assistance.--

(i) In general.--None of the amounts made available under this paragraph shall be distributed to--

(I) any organization which has been convicted for a violation under Federal law relating to an election for Federal office; or

(II) any organization which employs applicable individuals.

(ii) Definition of applicable individuals.--

In this subparagraph, the term "applicable individual" means an individual who--

(I) is--

(aa) employed by the organization in a permanent or temporary capacity;

(bb) contracted or retained by the organization; or

(cc) acting on behalf of, or with the express or apparent authority of, the organization; and

(II) has been convicted for a violation under Federal law relating to an election for Federal office.

(E) Grantmaking process.--In making assistance

available under this paragraph, the Secretary shall consider appropriate ways of streamlining and improving the processes for grant application, review, approval, and award.

(F) Authorization of appropriations.--There are authorized to be appropriated \$45,000,000 for each of fiscal years 2009 through 2012 for--

- (i) the operations of the Office of Housing Counseling of the Department of Housing and Urban Development;

- (ii) the responsibilities of the Director of Housing Counseling under paragraphs (2) through (5) of subsection (g); and

- (iii) assistance pursuant to this paragraph for entities providing homeownership and rental counseling.

(b)(1) The Secretary is authorized to make loans to nonprofit organizations or public housing agencies for the necessary expenses, prior to construction, in planning, and obtaining financing for, the rehabilitation or construction of housing for low- or moderate-income families under section 235 of the National Housing Act or any other federally assisted program. Such loans shall be made without interest and shall not exceed 80 per centum of the reasonable costs expected to be incurred in planning, and in obtaining financing for, such housing prior to the availability of financing, including, but not limited

to, preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, site acquisition, application, and mortgage commitment fees, and construction loan fees and discounts. The Secretary shall require repayment of loans made under this subsection, under such terms and conditions as he may require, upon completion of the project or sooner, and may cancel any part or all of a loan if he determines that it cannot be recovered from the proceeds of any permanent loan made to finance the rehabilitation or construction of the housing.

(2) The Secretary shall determine prior to the making of any loan that the nonprofit organization or public housing agency meets such requirements with respect to financial responsibility and stability as he may prescribe.

(3) There are authorized to be appropriated for the purposes of this subsection not to exceed \$7,500,000, for the fiscal year ending June 30, 1969, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1970. Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this paragraph but not appropriated may be appropriated for any succeeding fiscal year.

(4) All funds appropriated for the purposes of this subsection shall be deposited in a fund which shall be known as the Low and Moderate Income Sponsor Fund, and which shall be available without fiscal year limitation and be administered by

the Secretary as a revolving fund for carrying out the purposes of this subsection. Sums received in repayment of loans made under this subsection shall be deposited in such fund.

(c) Grants for Homeownership Counseling Organizations.--

(1) In general.--The Secretary of Housing and Urban Development may make grants--

(A) to nonprofit organizations experienced in the provision of homeownership counseling to enable the organizations to provide homeownership counseling to eligible homeowners; and

(B) to assist in the establishment of nonprofit homeownership counseling organizations.

(2) Program requirements.--

(A) Applications for grants under this subsection shall be submitted in the form, and in accordance with the procedures, that the Secretary requires.

(B) The homeownership counseling organizations receiving assistance under this subsection shall use the assistance only to provide homeownership counseling to eligible homeowners.

(C) The homeownership counseling provided by homeownership counseling organizations

receiving assistance under this subsection  
shall include counseling with respect to--

- (i) financial management;
- (ii) available community resources,  
including public assistance programs,  
mortgage assistance programs, home  
repair assistance programs, utility  
assistance programs, food programs, and  
social services; and
- (iii) employment training and  
placement.

(3) Availability of homeownership counseling.--The  
Secretary shall take any action that is necessary--

(A) to ensure the availability throughout the  
United States of homeownership counseling from  
homeownership counseling organizations  
receiving assistance under this subsection,  
with priority to areas that--

- (i) are experiencing high rates of  
home foreclosure and any other  
indicators of homeowner distress  
determined by the Secretary to be  
appropriate;
- (ii) are not already adequately  
served by homeownership counseling  
organizations; and

(iii) have a high incidence of mortgages involving principal obligations (including 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 properties that are insured pursuant to section 203 of the National Housing Act; and

(B) to inform the public of the availability of the homeownership counseling.

(4) Eligibility for counseling.--A homeowner shall be eligible for homeownership counseling under this subsection if--

(A) the home loan is secured by property that is the principal residence (as defined by the Secretary) of the homeowner;

(B) the home loan is not assisted under title V of the Housing Act of 1949; and

(C) the homeowner is, or is expected to be, unable to make payments, correct a home loan delinquency within a reasonable time, or resume full home loan payments due to a reduction in the income of the homeowner because of--

(i) an involuntary loss of, or reduction in, the employment of the



homeowner, the self-employment of the homeowner, or income from the pursuit of the occupation of the homeowner;

(ii) any similar loss or reduction experienced by any person who contributes to the income of the homeowner;

(iii) a significant reduction in the income of the household due to divorce or death; or

(iv) a significant increase in basic expenses of the homeowner or an immediate family member of the homeowner (including the spouse, child, or parent for whom the homeowner provides substantial care or financial assistance) due to--

(I) an unexpected or significant increase in medical expenses;

(II) a divorce;

(III) unexpected and significant damage to the property, the repair of which will not be covered by private or public insurance; or

(IV) a large property-tax

increase; or

(D) the Secretary of Housing and Urban

Development determines that the annual income of the homeowner is no greater than the annual income established by the Secretary as being of low- or moderate-income.

(5) Notification of availability of homeownership counseling.--

(A) Notification of availability of homeownership counseling.--

(i) Requirement.--Except as provided in subparagraph (C), the creditor of a loan (or proposed creditor) shall provide notice under clause (ii) to (I) any eligible homeowner who fails to pay any amount by the date the amount is due under a home loan, and (II) any applicant for a mortgage described in paragraph (4).

(ii) Content.--Notification under this subparagraph shall--

(I) notify the homeowner or mortgage applicant of the availability of any homeownership counseling

offered by the creditor (or  
proposed creditor);

(II) if provided to an  
eligible mortgage applicant,  
state that completion of a  
counseling program is required  
for insurance pursuant to  
section 203 of the National  
Housing Act;

(III) notify the homeowner or  
mortgage applicant of the  
availability of homeownership  
counseling provided by  
nonprofit organizations  
approved by the Secretary and  
experienced in the provision of  
homeownership counseling, or  
provide the toll-free telephone  
number described in  
subparagraph (D)(i);

(IV) notify the homeowner by  
a statement or notice, written  
in plain English by the  
Secretary of Housing and Urban  
Development, in consultation  
with the Secretary of Defense

and the Secretary of the Treasury, explaining the mortgage and foreclosure rights of servicemembers, and the dependents of such servicemembers, under the Servicemembers Civil Relief Act (50 U.S.C. App. 501 et seq.), including the toll-free military one source number to call if servicemembers, or the dependents of such servicemembers, require further assistance; and

(V) notify the housing or mortgage applicant of the availability of mortgage software systems provided pursuant to subsection (g)(3).

(B) Deadline for notification.--The notification required in subparagraph (A) shall be made--

(i) in a manner approved by the Secretary; and

(ii) before the expiration of the 45-day period beginning on the date on

which the failure referred to in such  
subparagraph occurs.

(C) Notification.--Notification under  
subparagraph (A) shall not be required with  
respect to any loan for which the eligible  
homeowner pays the amount overdue before the  
expiration of the 45-day period under  
subparagraph (B)(ii).

(D) Administration and compliance.--The  
Secretary shall, to the extent of amounts  
approved in appropriation Acts, enter into an  
agreement with an appropriate private entity  
under which the entity will--

- (i) operate a toll-free telephone  
number through which any eligible  
homeowner can obtain a list of  
nonprofit organizations, which shall be  
updated annually, that--

- (I) are approved by the  
Secretary and experienced in  
the provision of homeownership  
counseling; and

- (II) serve the area in which  
the residential property of the  
homeowner is located;

- (ii) monitor the compliance of

creditors with the requirements of subparagraphs (A) and (B); and

(iii) report to the Secretary not less than annually regarding the extent of compliance of creditors with the requirements of subparagraphs (A) and (B).

(E) Report.--The Secretary shall submit a report to the Congress not less than annually regarding the extent of compliance of creditors with the requirements of subparagraphs (A) and (B) and the effectiveness of the entity monitoring such compliance. The Secretary shall also include in the report any recommendations for legislative action to increase the authority of the Secretary to penalize creditors who do not comply with such requirements.

(6) Definitions.--For purposes of this subsection:

(A) The term "creditor" means a person or entity that is servicing a home loan on behalf of itself or another person or entity.

(B) The term "eligible homeowner" means a homeowner eligible for counseling under paragraph (4).

(C) The term "home loan" means a loan

secured by a mortgage or lien on residential property.

(D) The term "homeowner" means a person who is obligated under a home loan.

(E) The term "residential property" means a 1-family residence, including a 1-family unit in a condominium project, a membership interest and occupancy agreement in a cooperative housing project, and a manufactured home and the lot on which the home is situated.

(7) Regulations.--The Secretary shall issue any regulations that are necessary to carry out this subsection.

(8) Authorization of appropriations.--There are authorized to be appropriated to carry out this section \$7,000,000 for fiscal year 1993 and \$7,294,000 for fiscal year 1994, of which amounts \$1,000,000 shall be available in each such fiscal year to carry out paragraph (5)(D). Any amount appropriated under this subsection shall remain available until expended.

(d) Prepurchase and Foreclosure-Prevention Counseling Demonstration.--

(1) Purposes.--The purpose of this subsection is--

(A) to reduce defaults and foreclosures on mortgage loans insured under the Federal Housing Administration single family mortgage

insurance program;

(B) to encourage responsible and prudent use of such federally insured home mortgages;

(C) to assist homeowners with such federally insured mortgages to retain the homes they have purchased pursuant to such mortgages; and

(D) to encourage the availability and expansion of housing opportunities in connection with such federally insured home mortgages.

(2) Authority.--The Secretary of Housing and Urban Development shall carry out a program to demonstrate the effectiveness of providing coordinated prepurchase counseling and foreclosure-prevention counseling to first-time homebuyers and homeowners in avoiding defaults and foreclosures on mortgages insured under the Federal Housing Administration single family home mortgage insurance program.

(3) Grants.--Under the demonstration program under this subsection, the Secretary shall make grants to qualified nonprofit organizations under paragraph (4) to enable the organizations to provide prepurchase counseling services to eligible homebuyers and foreclosure-prevention counseling services to eligible homeowners, in counseling target areas.

(4) Qualified nonprofit organizations.--The Secretary



shall select nonprofit organizations to receive assistance under the demonstration program under this subsection based on the experience and ability of the organizations in providing homeownership counseling and their ability to provide community-based prepurchase and foreclosure-prevention counseling under paragraphs (5) and (6) in a counseling target area. To be eligible for selection under this paragraph, a nonprofit organization shall submit an application containing a proposal for providing counseling services in the form and manner required by the Secretary.

(5) Prepurchase counseling.--

(A) Mandatory participation.--Under the demonstration program, the Secretary shall require any eligible homebuyer who intends to purchase a home located in a counseling target area and who has applied for (as determined by the Secretary) a qualified mortgage (as such term is defined in paragraph (9)) on such home that involves a downpayment of less than 10 percent of the principal obligation of the mortgage, to receive counseling prior to signing of a contract to purchase the home. The counseling shall include counseling with respect to--

(i) financial management and the

responsibilities involved in

homeownership;

(ii) fair housing laws and

requirements;

(iii) the maximum mortgage amount

that the homebuyer can afford; and

(iv) options, programs, and actions

available to the homebuyer in the event

of actual or potential delinquency or

default.

(B) Eligibility for counseling.--A homebuyer shall be eligible for prepurchase counseling under this paragraph if--

(i) the homebuyer has applied for a qualified mortgage;

(ii) the homebuyer is a first-time homebuyer; and

(iii) the home to be purchased under the qualified mortgage is located in a counseling target area.

(6) Foreclosure-prevention counseling.--

(A) Availability.--Under the demonstration program, the Secretary shall make counseling available for eligible homeowners who are 60 or more days delinquent with respect to a payment under a qualified mortgage on a home located

within a counseling target area. The counseling shall include counseling with respect to options, programs, and actions available to the homeowner for resolving the delinquency or default.

(B) Notification of delinquency.--Under the demonstration program, the Secretary shall require the creditor of any eligible homeowner who is delinquent (as described in subparagraph (A)) to send written notice by registered or certified mail within 5 days (excluding Saturdays, Sundays, and legal public holidays) after the occurrence of such delinquency--

- (i) notifying the homeowner of the delinquency and the name, address, and phone number of the counseling organization for the counseling target area; and

- (ii) notifying any counseling organization for the counseling target area of the delinquency and the name, address, and phone number of the delinquent homeowner.

(C) Coordination with emergency homeownership counseling program.--The Secretary may coordinate the provision of assistance under

subsection (c) with the demonstration program under this subsection.

(D) Eligibility for counseling.--A homeowner shall be eligible for foreclosure-prevention counseling under this paragraph if--

- (i) the home owned by the homeowner is subject to a qualified mortgage; and
- (ii) such home is located in a counseling target area.

(7) Scope of demonstration program.--

(A) Designation of counseling target areas.--

The Secretary shall designate 3 counseling target areas (as provided in subparagraph (B)), which shall be located in not less than 2 separate metropolitan areas. The Secretary shall provide for counseling under the demonstration program under this subsection with respect to only such counseling target areas.

(B) Counseling target areas.--Each counseling target area shall consist of a group of contiguous census tracts--

- (i) the population of which is greater than 50,000;
- (ii) which together constitute an identifiable neighborhood, area,

borough, district, or region within a metropolitan area (except that this clause may not be construed to exclude a group of census tracts containing areas not wholly contained within a single town, city, or other political subdivision of a State);

(iii) in which the average age of existing housing is greater than 20 years; and

(iv) for which (I) the percentage of qualified mortgages on homes within the area that are foreclosed exceeds 5 percent for the calendar year preceding the year in which the area is selected as a counseling target area, or (II) the number of qualified mortgages originated on homes in such area in the calendar year preceding the calendar year in which the area is selected as a counseling target area exceeds 20 percent of the total number of mortgages originated on residences in the area during such year.

(C) Mortgage characteristics.--In designating counseling target areas under subparagraph (A),

the Secretary shall designate at least 1 such area that meets the requirements of subparagraph (B)(iv)(I) and at least 1 such area that meets the requirements of subparagraph (B)(iv)(II).

(D) Expansion of target areas.--The Secretary may expand any counseling target area during the term of the demonstration program, if the Secretary determines that counseling can be adequately provided within such expanded area and the purposes of this subsection will be furthered by such expansion. Any such expansion shall include only groups of census tracts that are contiguous to the counseling target area expanded and such census tract groups shall not be subject to the provisions of subparagraph (B).

(E) Designation of control areas.--For purposes of determining the effectiveness of counseling under the demonstration program, the Secretary shall designate 3 control areas, each of which shall correspond to 1 of the counseling target areas designated under subparagraph (A). Each control area shall be located in the metropolitan area in which the corresponding counseling target area is

located, shall meet the requirements of subparagraph (B), and shall be similar to such area with respect to size, age of housing stock, median income, and racial makeup of the population. Each control area shall also comply with the requirements of subclause (I) or (II) of subparagraph (B)(iv), according to the subclause with which the corresponding counseling target area complies.

(8) Evaluation.--Each organization providing counseling under the demonstration program under this subsection shall maintain records with respect to each eligible homebuyer and eligible homeowner counseled and shall provide information with respect to such counseling as the Secretary or the Comptroller General may require.

(9) Definitions.--For purposes of this subsection:

(A) The term "control area" means an area designated by the Secretary under paragraph (7)(E).

(B) The term "counseling target area" means an area designated by the Secretary under paragraph (7)(A).

(C) The term "creditor" means a person or entity that is servicing a loan secured by a qualified mortgage on behalf of itself or

another person or entity.

(D) The term ``displaced homemaker'' means an individual who--

(i) is an adult;

(ii) has not worked full-time, full-year in the labor force for a number of years, but has during such years, worked primarily without remuneration to care for the home and family; and

(iii) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

(E) The term ``downpayment'' means the amount of purchase price of home required to be paid at or before the time of purchase.

(F) The term ``eligible homebuyer'' means a homebuyer that meets the requirements under paragraph (5)(B).

(G) The term ``eligible homeowner'' means a homeowner that meets the requirements under paragraph (6)(D).

(H) The term ``first-time homebuyer'' means an individual who--

(i) (and whose spouse) has had no ownership in a principal residence during the 3-year period ending on the



date of purchase of the home pursuant to which counseling is provided under this subsection;

(ii) is a displaced homemaker who, except for owning a residence with his or her spouse or residing in a residence owned by the spouse, meets the requirements of clause (i); or

(iii) is a single parent who, except for owning a residence with his or her spouse or residing in a residence owned by the spouse while married, meets the requirements of clause (i).

(I) The term "home" includes any dwelling or dwelling unit eligible for a qualified mortgage, and includes a unit in a condominium project, a membership interest and occupancy agreement in a cooperative housing project, and a manufactured home and the lot on which the home is situated.

(J) The term "metropolitan area" means a standard metropolitan statistical area as designated by the Director of the Office of Management and Budget.

(K) The term "qualified mortgage" means a mortgage on a 1- to 4-family home that is

insured under title II of the National Housing Act.

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

(M) The term "single parent" means an individual who--

(i) is unmarried or legally separated from a spouse; and

(ii)(I) has 1 or more minor children for whom the individual has custody or joint custody; or

(II) is pregnant.

(10) Regulations.--The Secretary may issue any regulations necessary to carry out this subsection.

(11) Authorization of appropriations.--There are authorized to be appropriated to carry out this subsection \$365,000 for fiscal year 1993 and \$380,330 for fiscal year 1994.

(12) Termination.--The demonstration program under this subsection shall terminate at the end of fiscal year 1994.

(e) Certification.--

(1) Requirement for assistance.--An organization may not receive assistance for counseling activities under subsection (a)(1)(iii), (a)(2), (a)(4), (c), or (d) of this section, or under section 101(e), unless the

organization, or the individuals through which the organization provides such counseling, has been certified by the Secretary under this subsection as competent to provide such counseling.

(2) Standards and examination.--The Secretary shall, by regulation, establish standards and procedures for testing and certifying counselors and for certifying organizations. Such standards and procedures shall require, for certification of an organization, that each individual through which the organization provides counseling shall demonstrate, and, for certification of an individual, that the individual shall demonstrate, by written examination (as provided under subsection (f)(4)), competence to provide counseling in each of the following areas:

(A) Financial management.

(B) Property maintenance.

(C) Responsibilities of homeownership and tenancy.

(D) Fair housing laws and requirements.

(E) Housing affordability.

(F) Avoidance of, and responses to, rental and mortgage delinquency and avoidance of eviction and mortgage default.

(3) Requirement under hud programs.--Any homeownership counseling or rental housing counseling

(as such terms are defined in subsection (g)(1))  
required under, or provided in connection with, any  
program administered by the Department of Housing and  
Urban Development shall be provided only by  
organizations or counselors certified by the Secretary  
under this subsection as competent to provide such  
counseling.

(4) Outreach.--The Secretary shall take such actions  
as the Secretary considers appropriate to ensure that  
individuals and organizations providing homeownership  
or rental housing counseling are aware of the  
certification requirements and standards of this  
subsection and of the training and certification  
programs under subsection (f).

(5) Encouragement.--The Secretary shall encourage  
organizations engaged in providing homeownership and  
rental counseling that do not receive assistance under  
this section to employ organizations and individuals to  
provide such counseling who are certified under this  
subsection or meet the certification standards  
established under this subsection.

(6) Performance review.--The Secretary--

(A) may conduct periodic reviews; and

(B) shall conduct performance reviews of all  
organizations receiving assistance under this  
section that--

(i) consist of a review of the organization's or entity's compliance with all program requirements; and

(ii) may take into account the organization's or entity's aggregate counselor performance under paragraph (7)(B).

(7) Considerations.--

(A) Covered mortgage loan defined.--In this paragraph, the term "covered mortgage loan" means any loan which is secured by a first or subordinate lien on residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of between 1 and 4 families that is--

(i) insured by the Federal Housing Administration under title II of the National Housing Act (12 U.S.C. 1707 et seq.); or

(ii) guaranteed under section 184 or 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a, 1715z-13b).

(B) Comparison.--For each counselor employed by an organization receiving assistance under this section for pre-purchase housing

counseling, the Secretary may consider the performance of the counselor compared to the default rate of all counseled borrowers of a covered mortgage loan in comparable markets and such other factors as the Secretary determines appropriate to further the purposes of this section.

(8) Certification.--If, based on the comparison required under paragraph (7)(B), the Secretary determines that a counselor lacks competence to provide counseling in the areas described in subsection (e)(2) and such action will not create a significant loss of capacity for housing counseling services in the service area, the Secretary may--

(A) require continued education coupled with successful completion of a probationary period;

(B) require retesting if the counselor continues to demonstrate a lack of competence under paragraph (7)(B); and

(C) suspend an individual certification if a counselor fails to demonstrate competence after not fewer than 2 retesting opportunities under subparagraph (B).

(f) Homeownership and Rental Counselor Training and Certification Programs.--

(1) Establishment.--To the extent amounts are

provided in appropriations Acts under paragraph (7), the Secretary shall contract with an appropriate entity (which may be a nonprofit organization) to carry out a program under this subsection to train individuals to provide homeownership and rental counseling and to administer the examination under subsection (e)(2) and certify individuals under such subsection.

(2) Eligibility and selection.--

(A) Eligibility.--To be eligible to provide the training and certification program under this subsection, an entity shall have demonstrated experience in training homeownership and rental counselors.

(B) Selection.--The Secretary shall provide for entities meeting the requirements of subparagraph (A) to submit applications to provide the training and certification program under this subsection. The Secretary shall select an application based on the ability of the entity to--

(i) establish the program as soon as possible on a national basis, but not later than the date under paragraph (6);

(ii) minimize the costs involved in establishing the program; and

(iii) effectively and efficiently

carry out the program.

(3) Training.--The Secretary shall require that training of counselors under the program under this subsection be designed and coordinated to prepare individuals for successful completion of the examination for certification under subsection (e)(2).

The Secretary, in consultation with the entity selected under paragraph (2)(B), shall establish the curriculum and standards for training counselors under the program.

(4) Certification.--The entity selected under paragraph (2)(B) shall administer the examination under subsection (e)(2) and, on behalf of the Secretary, certify individuals successfully completing the examination. The Secretary, in consultation with such entity, shall establish the content and format of the examination.

(5) Fees.--Subject to the approval of the Secretary, the entity selected under paragraph (2)(B) may establish and impose reasonable fees for participation in the training provided under the program and for examination and certification under subsection (e)(2), in an amount sufficient to cover any costs of such activities not covered with amounts provided under paragraph (7).



(6) Timing.--The entity selected under paragraph (2)(B) to carry out the training and certification program shall establish the program as soon as possible after such selection, and shall make training and certification available under the program on a national basis not later than the expiration of the 1-year period beginning upon such selection.

(7) Authorization of appropriations.--There are authorized to be appropriated to carry out this subsection \$2,000,000 for fiscal year 1993 and \$2,084,000 for 1994.

(g) Procedures and Activities.--

(1) Counseling procedures.--

(A) In general.--The Secretary shall establish, coordinate, and monitor the administration by the Department of Housing and Urban Development of the counseling procedures for homeownership counseling and rental housing counseling provided in connection with any program of the Department, including all requirements, standards, and performance measures that relate to homeownership and rental housing counseling.

(B) Homeownership counseling.--For purposes of this subsection and as used in the provisions referred to in this subparagraph,

the term ``homeownership counseling'' means counseling related to homeownership and residential mortgage loans. Such term includes counseling related to homeownership and residential mortgage loans that is provided pursuant to--

(i) section 105(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(20));

(ii) 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));

(iii) section 302(a)(4) of the

American Homeownership and Economic

Opportunity Act of 2000 (42 U.S.C.

1437f note);

(iv) sections 233(b)(2) and 258(b) of

the Cranston-Gonzalez National

Affordable Housing Act (42 U.S.C.

12773(b)(2), 12808(b));

(v) this section and section 101(e)

of the Housing and Urban Development

Act of 1968 (12 U.S.C. 1701x,

1701w(e));

(vi) 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));

(vii) 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));

(viii) section 491(b)(1)(F)(iii) of

the McKinney-Vento Homeless Assistance

Act (42 U.S.C. 11408(b)(1)(F)(iii));

(ix) 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));

(x) 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);

(xi) section 502(h)(4)(B) of the Housing Act of 1949 (42 U.S.C. 1472(h)(4)(B));

(xii) section 508 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-7); and

(xiii) section 106 of the Energy Policy Act of 1992 (42 U.S.C. 12712

note).

(C) Rental housing counseling.--For purposes of this subsection, the term "rental housing counseling" means counseling related to rental of residential property, which may include counseling regarding future homeownership opportunities and providing referrals for renters and prospective renters to entities providing counseling and shall include counseling related to such topics that is provided pursuant to--

(i) section 105(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(20));

(ii) in the United States Housing Act of 1937--

(I) section 9(e) (42 U.S.C. 1437g(e));

(II) section 18(a)(4)(D) (42 U.S.C. 1437p(a)(4)(D));

(III) section 23(c)(4) (42 U.S.C. 1437u(c)(4));

(IV) section 32(e)(4) (42 U.S.C. 1437z-4(e)(4));

(V) section 33(d)(2)(B) (42 U.S.C. 1437z-5(d)(2)(B)); and

(VI) section 302(b)(6) (42 U.S.C. 1437aaa-1(b)(6));

(iii) section 233(b)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12773(b)(2));

(iv) section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x);

(v) section 422(b)(6) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12872(b)(6));

(vi) section 491(b)(1)(F)(iii) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11408(b)(1)(F)(iii));

(vii) 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)); and

(viii) the rental assistance program under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

(2) Standards for materials.--The Secretary, in consultation with the advisory committee established under subsection (g)(4) of the Department of Housing and Urban Development Act, shall establish standards

for materials and forms to be used, as appropriate, by organizations providing homeownership counseling services, including any recipients of assistance pursuant to subsection (a)(4).

(3) Mortgage software systems.--

(A) Certification.--The Secretary shall provide for the certification of various computer software programs for consumers to use in evaluating different residential mortgage loan proposals. The Secretary shall require, for such certification, that the mortgage software systems take into account--

(i) the consumer's financial situation and the cost of maintaining a home, including insurance, taxes, and utilities;

(ii) the amount of time the consumer expects to remain in the home or expected time to maturity of the loan; and

(iii) such other factors as the Secretary considers appropriate to assist the consumer in evaluating whether to pay points, to lock in an interest rate, to select an adjustable or fixed rate loan, to select a

conventional or government-insured or guaranteed loan and to make other choices during the loan application process.

If the Secretary determines that available existing software is inadequate to assist consumers during the residential mortgage loan application process, the Secretary shall arrange for the development by private sector software companies of new mortgage software systems that meet the Secretary's specifications.

(B) Use and initial availability.--Such certified computer software programs shall be used to supplement, not replace, housing counseling. The Secretary shall provide that such programs are initially used only in connection with the assistance of housing counselors certified pursuant to subsection (e).

(C) Availability.--After a period of initial availability under subparagraph (B) as the Secretary considers appropriate, the Secretary shall take reasonable steps to make mortgage software systems certified pursuant to this paragraph widely available through the Internet



and at public locations, including public libraries, senior-citizen centers, public housing sites, offices of public housing agencies that administer rental housing assistance vouchers, and housing counseling centers.

(D) Budget compliance.--This paragraph shall be effective only to the extent that amounts to carry out this paragraph are made available in advance in appropriations Acts.

(4) National public service multimedia campaigns to promote housing counseling.--

(A) In general.--The Director of Housing Counseling shall develop, implement, and conduct national public service multimedia campaigns designed to make persons facing mortgage foreclosure, persons considering a subprime mortgage loan to purchase a home, elderly persons, persons who face language barriers, low-income persons, minorities, and other potentially vulnerable consumers aware that it is advisable, before seeking or maintaining a residential mortgage loan, to obtain homeownership counseling from an unbiased and reliable sources and that such homeownership counseling is available,

including through programs sponsored by the Secretary of Housing and Urban Development.

(B) Contact information.--Each segment of the multimedia campaign under subparagraph (A) shall publicize the toll-free telephone number and website of the Department of Housing and Urban Development through which persons seeking housing counseling can locate a housing counseling agency in their State that is certified by the Secretary of Housing and Urban Development and can provide advice on buying a home, renting, defaults, foreclosures, credit issues, and reverse mortgages.

(C) Authorization of appropriations.--There are authorized to be appropriated to the Secretary, not to exceed \$3,000,000 for fiscal years 2009, 2010, and 2011, for the development, implementation, and conduct of national public service multimedia campaigns under this paragraph.

(D) Foreclosure rescue education programs.--

(i) In general.--Ten percent of any funds appropriated pursuant to the authorization under subparagraph (C) shall be used by the Director of Housing Counseling to conduct an

education program in areas that have a high density of foreclosure. Such program shall involve direct mailings to persons living in such areas describing--

(I) tips on avoiding foreclosure rescue scams;

(II) tips on avoiding predatory lending mortgage agreements;

(III) tips on avoiding for-profit foreclosure counseling services; and

(IV) local counseling resources that are approved by the Department of Housing and Urban Development.

(ii) Program emphasis.--In conducting the education program described under clause (i), the Director of Housing Counseling shall also place an emphasis on serving communities that have a high percentage of retirement communities or a high percentage of low-income minority communities.

(iii) Terms defined.--For purposes of

this subparagraph:

(I) High density of  
foreclosures.--An area has a  
` ` high density of  
foreclosures" if such area is  
one of the metropolitan  
statistical areas (as that term  
is defined by the Director of  
the Office of Management and  
Budget) with the highest home  
foreclosure rates.

(II) High percentage of  
retirement communities.--An  
area has a ` ` high percentage of  
retirement communities" if  
such area is one of the  
metropolitan statistical areas  
(as that term is defined by the  
Director of the Office of  
Management and Budget) with the  
highest percentage of residents  
aged 65 or older.

(III) High percentage of low-  
income minority communities.--  
An area has a ` ` high percentage  
of low-income minority

communities" if such area contains a higher-than-normal percentage of residents who are both minorities and low-income, as defined by the Director of Housing Counseling.

(5) Education programs.--The Secretary shall provide advice and technical assistance to States, units of general local government, and nonprofit organizations regarding the establishment and operation of, including assistance with the development of content and materials for, educational programs to inform and educate consumers, particularly those most vulnerable with respect to residential mortgage loans (such as elderly persons, persons facing language barriers, low-income persons, minorities, and other potentially vulnerable consumers), regarding home mortgages, mortgage refinancing, home equity loans, home repair loans, and where appropriate by region, any requirements and costs associated with obtaining flood or other disaster-specific insurance coverage.

(h) Definitions.--For purposes of this section:

(1) Nonprofit organization.--The term "nonprofit organization" has the meaning given such term in section 104(5) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12704(5)), except

that subparagraph (D) of such section shall not apply for purposes of this section.

(2) State.--The term "State" means each of the several States, the Commonwealth of Puerto Rico, the District of Columbia, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, the Trust Territories of the Pacific, or any other possession of the United States.

(3) Unit of general local government.--The term "unit of general local government" means any city, county, parish, town, township, borough, village, or other general purpose political subdivision of a State.

(4) HUD-approved counseling agency.--The term "HUD-approved counseling agency" means a private or public nonprofit organization that is--

(A) exempt from taxation under section 501(c) of the Internal Revenue Code of 1986; and

(B) certified by the Secretary to provide housing counseling services.

(5) State housing finance agency.--The term "State housing finance agency" means any public body, agency, or instrumentality specifically created under State statute that is authorized to finance activities designed to provide housing and related facilities throughout an entire State through land acquisition, construction, or rehabilitation.

(i) Accountability for Recipients of Covered Assistance.--

(1) Tracking of funds.--The Secretary shall--

(A) develop and maintain a system to ensure that any organization or entity that receives any covered assistance uses all amounts of covered assistance in accordance with this section, the regulations issued under this section, and any requirements or conditions under which such amounts were provided; and

(B) require any organization or entity, as a condition of receipt of any covered assistance, to agree to comply with such requirements regarding covered assistance as the Secretary shall establish, which shall include--

(i) appropriate periodic financial and grant activity reporting, record retention, and audit requirements for the duration of the covered assistance to the organization or entity to ensure compliance with the limitations and requirements of this section, the regulations under this section, and any requirements or conditions under which such amounts were provided; and

(ii) any other requirements that the Secretary determines are necessary to

ensure appropriate administration and compliance.

(2) Misuse of funds.--If any organization or entity that receives any covered assistance is determined by the Secretary to have used any covered assistance in a manner that is materially in violation of this section, the regulations issued under this section, or any requirements or conditions under which such assistance was provided--

(A) the Secretary shall require that, within 12 months after the determination of such misuse, the organization or entity shall reimburse the Secretary for such misused amounts and return to the Secretary any such amounts that remain unused or uncommitted for use; and

(B) such organization or entity shall be ineligible, at any time after such determination, to apply for or receive any further covered assistance.

The remedies under this paragraph are in addition to any other remedies that may be available under law.

(3) Termination of assistance.--

(A) In general.--The Secretary may deny renewal of covered assistance to an organization or entity receiving covered



assistance if the Secretary determines that the organization or entity, or the individual through which the organization or entity provides counseling, is not in compliance with program requirements--

- (i) based on the performance review described in subsection (e)(6); and
- (ii) in accordance with existing regulations issued by the Secretary.

(B) Notice.--The Secretary shall give an organization or entity receiving covered assistance not less than 60 days prior written notice of any denial of renewal under this paragraph, and the determination of renewal shall not be finalized until the end of that notice period.

(C) Informal conference.--If requested in writing by the organization or entity within the notice period described in subparagraph (B), the organization or entity shall be entitled to an informal conference with the Deputy Assistant Secretary of Housing Counseling on behalf of the Secretary at which the organization or entity may present for consideration specific factors that the organization or entity believes were beyond the

control of the organization or entity and that caused the failure to comply with program requirements, such as a lack of lender or servicer coordination or communication with housing counseling agencies and individual counselors.

[(3)] (4) Covered assistance.--For purposes of this subsection, the term "covered assistance" means any grant or other financial assistance provided under this section.

(j) Offering Foreclosure Mitigation Counseling.--

(1) Covered mortgage loan defined.--In this subsection, the term "covered mortgage loan" means any loan which is secured by a first or subordinate lien on residential real property (including individual units of condominiums and housing cooperatives) or stock or membership in a cooperative ownership housing corporation designed principally for the occupancy of between 1 and 4 families that is--

(A) insured by the Federal Housing Administration under title II of the National Housing Act (12 U.S.C. 1707 et seq.);

(B) guaranteed under section 184 or 184A of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a, 1715z-13b);

(C) made, guaranteed, or insured by the

Department of Veterans Affairs; or

(D) made, guaranteed, or insured by the

Department of Agriculture.

(2) Opportunity for borrowers.--A borrower with respect to a covered mortgage loan who is 30 days or more delinquent on payments for the covered mortgage loan shall be given an opportunity to participate in available housing counseling.

(3) Cost.--If the requirements of sections 202(a)(3) and 205(f) of the National Housing Act (12 U.S.C. 1708(a)(3), 1711(f)) are met, the fair market rate cost of counseling for delinquent borrowers described in paragraph (2) with respect to a covered mortgage loan described in paragraph (1)(A) shall be paid for by the Mutual Mortgage Insurance Fund, as authorized under section 203(r)(4) of the National Housing Act (12 U.S.C. 1709(r)(4)).

\* \* \* \* \*

#### ADDITIONAL VIEWS

H.R. 6644, introduced by Ranking Member Waters, Chairman

Hill, and Representatives Cleaver and Flood, passed out of Committee with overwhelming bipartisan support and updates and improves existing federal housing programs by expanding local development opportunities and modernizing existing housing programs in communities across the country. The bill includes key provisions that Committee Democrats secured that broaden access to homeownership, including for manufactured housing and small-dollar mortgages, protect borrowers and assisted families, enhance federal oversight of housing providers, and strengthen the development of affordable homes for families in rural, suburban and urban communities.

Decades of research demonstrate that access to a safe, decent, and affordable home is foundational to improving societal and life outcomes for families and individuals, including maintaining stable employment, educational outcomes for children, the ability for seniors to age in place, and for people with disabilities to maintain their health and live independently. Despite this large and growing body of research, federal investment in affordable housing has not met the growing needs across the country, resulting in devastating costs for households and the overall economy. Experts estimate that the U.S. has a shortage of between 3.7 and 5.5 million homes for rent and purchase. Since 2019 alone, median asking rents have increased by 47% as house prices have reached an all-time high, increasing by over 57% during that same timeframe.

The ongoing affordable housing crisis has contributed to more than 771,000 people experiencing homelessness on any given night and nearly 42.1 million households that spend over 30% of their income on housing costs. In addition, over 4.2 million individuals are at risk of eviction or foreclosure, and millions of mortgage-ready individuals have been locked out of homeownership opportunities.

Some barriers to housing construction include regulatory barriers, such as certain zoning and land use requirements, lengthy permitting processes, building inspection timelines due to a lack of building code inspectors, and more. Several restrictive and exclusionary zoning policies have been found to increase development costs and the price of housing. Single-family zoning, a particularly restrictive form of land-use policy, has contributed to this issue by limiting the construction of multifamily and middle housing types, reducing housing supply, and disproportionately restricting access for lower- and middle-income households, particularly communities of color, people with disabilities, and single mothers from accessing housing and economic opportunity. Moreover, the rising cost of construction, compounded by labor shortages, has also significantly amplified the challenges faced by housing developers. Lengthy permitting processes and building inspection backlogs can also exacerbate financial burdens by inducing delays that inflate project costs.

While this bill represents a meaningful step toward

addressing the U.S. affordable housing and homelessness crises, it is necessary to recognize the continued need for substantial monetary investments in federal housing programs to ensure effective and lasting outcomes for communities across America.

Committee Democrats raised concerns at the markup and at previous hearings that policy reforms alone are not enough and that these programs must be funded to make them work for Americans. For decades, federal housing programs have been chronically underfunded. Republicans continue to ask these programs to do more with less while the affordable housing shortage has grown more severe. That approach has failed, and families are paying the price.

Streamlining and modernization are necessary steps, but these alone cannot build the U.S. out of this crisis. The private sector has shown that it is either unwilling or unable to build the millions of affordable homes necessary to end the crisis. To truly solve this crisis, policy changes must be paired with significant federal investments in housing. For this reason, Ranking Member Waters offered as an amendment to H.R. 6644 her comprehensive package of housing legislation. This package included her bills H.R. 6771, the "Housing Crisis Response Act", H.R. 4872, the "Ending Homelessness Act," and H.R. 4069, the "Downpayment Toward Equity Act," which together represent the single largest most comprehensive investment in affordable housing history, and would end homelessness, boost the affordable housing supply, and restore

the American Dream of homeownership.

While there was no bipartisan support for those investments at this time, H.R. 6644 still provides a foundation to build on. Additionally, Committee Democrats led and championed the following provisions included in H.R. 6644:

1. H.R. 5907, the ``Accelerating Home Building Act" or Section 102, introduced by Congresswoman Janelle Bynum (OR-05), would establish a pilot grant program within the Department of Housing and Urban Development (HUD) to fund the creation of pattern books, or pre-approved, standardized housing plans and designs for local governments to speed up the permitting and home building process and lower costs for homebuyers.

2. H.R. 6345, the ``Point-Access Housing Guidelines Act" or Section 103, introduced by Congressman Ritchie Torres (NY-15), would require HUD to issue best practices and technical guidance to allow for the greater use of permitting of point-access block residential buildings, or those with single staircases, which allow for more family-size units to fit in the building floorplans and lowers the cost of housing development.

3. H.R. 4810, the ``Better Use of Intergovernmental and Local Development (BUILD) Housing Act" or Section 104(b), introduced by Congressman Sam Liccardo (CA-16), would streamline the National Environmental Policy Act (NEPA) review process for certain housing projects and services funded by HUD to increase housing development.

4. H.R. 6327, the "Rural Housing Regulatory Relief" or Section 105(b), introduced by Congressmen Vicente Gonzalez (TX-34) and Eugene Vindman (VA-7), would exempt certain rural housing construction or modification projects on existing infill sites from NEPA requirements.

5. H.R. 6772, the "Affordable Housing through Common-Sense Standards Act" or Section 107(b), introduced by Congresswoman Sylvia Garcia (TX-29), would require the Comptroller General of the United States to conduct a study to examine the costs and benefits associated with establishing a federal uniform residential building code.

6. Section 201 is H.R. 5798, the "HOME Reform Act of 2025" introduced by Congressmen Emanuel Cleaver (D-MO) and Mike Flood (R-NE) which would overhaul HUD's HOME Investment Partnerships Program, which is the largest federal block grant to state and local governments designed exclusively to create and preserve affordable housing for low-income households. The provision would streamline regulations to strengthen public-private partnerships and encourage the construction of more housing and rental properties to reduce housing costs. In addition, and working in collaboration, Congresswoman Joyce Beatty (OH-3) offered a provision from her bill, H.R. 2031, the "HOME Investment Partnerships Reauthorization and Improvement Act" as an amendment to H.R. 6644, which was agreed to by voice vote. This provision would make additional key improvements to the HOME program, including recognizing



community land trust as eligible recipients of HOME funds, ease compliance for small properties, and improve the efficiency of program funding.

7. H.R. 5077, the ``Strengthening Housing Supply Act'', or Section 202(b), introduced by Ranking Member Maxine Waters (CA-43), would provide greater flexibility to states and local governments by authorizing the use of Community Development Block Grants (CDBG) funds for the development of affordable housing and would establish a maximum limit for affordable rents.

8. H.R. 6773, the ``Databases of Publicly Owned Land Act'', or Section 202(c), introduced by Ranking Member Maxine Waters (CA-43), would require communities receiving CDBG funds to maintain a publicly available database to identify parcels of undeveloped, publicly owned land.

9. H.R. 6768, the ``Housing Our Communities Act'', or Section 203, introduced by Congresswoman Rashida Tlaib (MI-12), would establish a competitive HUD grant program to support regional planning and implementation of affordable housing activities. The provision would support states, cities, and counties and regional planning agencies to strengthen affordable housing plans, update zoning codes, increase inspection capacity, reduce barriers to housing supply, and better coordinate housing with transportation and community development goals.

10. H.R. 1981, the ``Choice in Affordable Housing Act'', or

Section 205, introduced by Congressman Emanuel Cleaver (MO-5), would make several improvements to streamline the Housing Choice Voucher (HCV) program including reducing HUD inspection delays, allowing new landlords to request pre-inspections to increase access to housing for voucher holders, and encouraging landlord participation.

11. H.R. 6774, the "FHA Small Dollar Mortgages Act", or Section 302, introduced by Ranking Member Maxine Waters (CA-43), this provision would require Federal Housing Administration (FHA) to establish a pilot program to increase access to small-dollar mortgages under \$100,000 by providing grants to homebuyers, incentives to lenders, and outreach to promote the program.

12. H.R. 965, the "Housing Unhoused Disabled Veterans Act", or Section 401(a), introduced by Congressman Brad Sherman (CA-32), would help more veterans experiencing homelessness access housing by permanently excluding veterans' disability payments from annual income calculations under the HUD-Veterans Affairs Supportive Housing (HUD-VASH) Program.

13. H.R. 4385, the "Helping More Families Save Act", or Section 404, introduced by Congressman Ritchie Torres (NY-15), would establish a pilot program under HUD's Family Self-Sufficiency (FSS) initiative that provides escrow accounts for up to 5,000 families living in public housing or receiving rental assistance and would deposit increases in rent due to income growth into an interest-bearing account on their behalf.

Households would be able to opt-out at any time.

14. H.R. 6726, the "Reforms to Housing Counseling and Financial Literacy Program Act", or Section 405, introduced by Congressman David Scott (GA-13), would enhance the quality, accountability and effectiveness of housing counseling services by providing HUD with more oversight authority and provide funding for HUD-approved housing counseling of delinquent borrowers with certain federally insured or guaranteed mortgages.

15. H.R. 5889, the "Eviction Helpline Act", or Section 406, introduced by Congresswoman Ayanna Pressley (MA-7), would require the HUD Secretary to establish and promote a national hotline to support tenants of federally assisted rental dwelling units to access eviction-related assistance.

16. H.R. 638, the "Housing Temperature Safety Act", or Section 407, introduced by Congressman Ritchie Torres (NY-15), would require HUD to establish a pilot program to award grants to public housing authorities and owners of federally assisted rental housing to install temperature sensors in residential dwelling units to ensure such units remain in compliance with temperature requirements.

17. Section 408(c) would require the Comptroller General of the United States to study and report on key provisions included in H.R. 1640, the "HEIRS Act", introduced by Congresswoman Nikema Williams (GA-5) including examining and defining residential heirs property, reviewing related model

state law, identifying available resources for impacted owners and heirs, and offering recommendations to reduce the number of residential heirs properties.

18. Section 502 includes key provisions related to H.R. 6344, the "CAT Act", introduced by Congressman Ritchie Torres (NY-15), including to increase transparency by requiring covered public housing agencies to publicly disclose information regarding each contract entered into by such covered public housing agency.

19. Section 502 also includes H.R. 6825, introduced by Congresswoman Nydia Velazquez (NY-7), including requiring the HUD Inspector General to analyze the actions, compliance, and physical housing conditions of covered public housing agencies, including reviewing actions taken by their appointed receiver or Federal monitor and related private sector housing development partners.

Committee Democrats also co-sponsored several provisions within H.R. 6644 which would direct HUD to issue voluntary zoning guidelines, streamline steps to housing development, modernize the HOME Program, and expand rural housing programs to reach more families in need. These provisions supported by Committee Democrats would also expand access to multifamily and manufactured housing opportunities, increase banks' investment capacity into community projects such as affordable housing, and increase awareness of affordable home loan options in the mortgage application process.

All Committee Democrats present voted in support of H.R.  
6644.

Sincerely,

Maxine Waters,  
Ranking Member.

Nydia M. Velazquez,

Brad Sherman,

David Scott,

Stephen F. Lynch,

Al Green,

Emanuel Cleaver, II,

Bill Foster,

Joyce Beatty,

Juan Vargas,

Ayanna Pressley,

Rashida Tlaib,

Sylvia R. Garcia,

Nikema Williams,

Cleo Fields,

Janelle S. Bynum,

Sam T. Liccardo,

Members of Congress.

[all]