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SECTION 8 VOUCHER REFORM ACT OF 2009

SEPTEMBER 30, 2009.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FRANK of Massachusetts, from the Committee on Financial Services, submitted the following

R E P O R T

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 3045]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 3045) to reform the housing choice voucher program under section 8 of the United States Housing Act of 1937, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

79–006

AMENDMENT

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Section 8 Voucher Reform Act of 2009".

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

SEC. 2. INSPECTION OF DWELLING UNITS.

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

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

"(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, suspend any assistance payments for the unit if any deficiency resulting in noncompliance with the housing quality standards has not been corrected by such time, and may not resume such payments until each such deficiency has been corrected.

"(iii) USE OF ALTERNATIVE INSPECTION METHOD FOR INTERIM PERIOD.—In the case of any property that within the previous 12 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).";

(2) by redesignating subparagraph (E) as subparagraph (H); and

(3) by striking subparagraph (D) and inserting the following new subparagraphs:

"(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 requirement 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 agency (or other entity) shall retain the records of the inspection for a reasonable time and shall make the records available upon request to the Secretary, the Inspector General for the Department of Housing and Urban Development, and any auditor conducting an audit under section 5(h).

"(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 assistance program (including the HOME investment partnerships program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) 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 units assisted under such program, and, if a non-Federal standard was used, the public housing agency has certified to the Secretary that such standards or requirements provide the same protection to occupants of dwelling units meeting such standards or requirements as, or greater protection than, 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 agency shall inspect the dwelling unit—

"(i) in the case of any condition that is life-threatening, within 24 hours after receipt of such notice; and

"(ii) in the case of any condition that is not life-threatening, within 15 days after receipt of such notice.

"(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 that does not comply

with housing quality standards under subparagraph (B) as determined pursuant to an inspection conducted under subparagraph (D) or (F). 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) USE OF ABATED ASSISTANCE TO PAY FOR REPAIRS.—

"(I) AUTHORITY.—The public housing agency may use such amounts abated to make repairs to the dwelling unit or to contract to have repairs made, except that a contract to make repairs may not be entered into with the inspector for the dwelling unit referred to in clause (i)(I).

"(II) ABATED FUNDS.—For purposes of this clause, abated amounts may include amounts withheld during the correction period described in clause (ii) of this subparagraph with respect to a dwelling unit that is subsequently determined under clause (i) to be in noncompliance with housing quality standards.

"(III) LIMITATION OF LIABILITY OF PUBLIC HOUSING AGENCIES.—A public housing agency that uses its authority under this clause shall not, if the agency accomplishes the work through a contractor that is licensed, bonded, and insured in amounts and with coverage as required by the Secretary, be liable for any injury or damages that may result to persons or to any property owned by the tenant or owner.

"(v) 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.

"(vi) 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.

"(vii) 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, and the agency does not use its authority under clause (iv), the agency shall terminate the housing assistance payments contract for the dwelling unit.

"(viii) 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 is 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 shall provide reasonable assistance to the family in finding a new residence, including use of up to two months of any assistance amounts abated pursuant to clause (iii) for costs directly associated with relocation of the family to a new residence, which may include moving expenses and security deposits. 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.

"(ix) 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.

"(x) 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.".

SEC. 3. RENT REFORM AND INCOME REVIEWS.

(a) RENT FOR PUBLIC HOUSING AND SECTION 8 PROGRAMS.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(1) in subsection (a)—

(A) in paragraph (1) by inserting "LOW-INCOME OCCUPANCY REQUIREMENT AND RENTAL PAYMENTS.—" after "(1)";

(B) in paragraph (1)—

(i) by striking "paragraph (2)" and inserting "paragraphs (2) and (3)"; and

(ii) by striking "paragraph (3)" and inserting "paragraph (4)";

(C) in paragraph (2)(A)(i), by striking "paragraph (3)" and inserting "paragraph (4)";

(D) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6), respectively;

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

"(3) PHA AUTHORITY TO ESTABLISH ALTERNATIVE RENTS.—

"(A) RENT FLEXIBILITY FOR PUBLIC HOUSING.—Subject to the requirements under subparagraph (B), a public housing agency may establish for public housing—

"(i) a tenant rent structure in which—

"(I) the public housing agency establishes, based on the rental value of the unit, as determined by the public housing agency, a ceiling rent for each dwelling unit that it owns and operates; and

"(II) such ceiling rent is adjusted periodically on the basis of an inflation index or a recalculation of the rental value of the unit (which may be recalculated by unit or by building);

"(ii) an income-tiered tenant rent structure in which the amount of rent a family shall pay is set and distributed on the basis of broad tiers of income and such tiers and rents are adjusted on the basis of an annual cost index except that families shall not be offered a rent lower than the rent corresponding to their income tier; or

"(iii) a tenant rent structure in which the amount of rent a family shall pay is based on a percentage of family income, except that lower percentages may apply only with respect to earned income; such a rent structure may provide for an amount of rent based on a calculation of earned income that provides for disregard of a higher percentage or higher dollar amount, or both, than provided for in paragraph (8)(B).

"(B) LIMITATION.—Notwithstanding the authority provided under subparagraph (A), the amount paid for rent (including the amount allowed for tenant-paid utilities) by any family for a dwelling unit in public housing may not exceed the amount determined under subsection (a)(1) of this sec-

tion. The Secretary shall issue regulations and establish procedures for public housing agency calculations and documentation as are necessary to ensure compliance with this subparagraph.

"(C) ELDERLY FAMILIES AND DISABLED FAMILIES.—Notwithstanding any other provision of this Act, this paragraph shall not apply to elderly families and disabled families."; and

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

"(7) 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 subparagraph (B)(i);

"(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 $1,200 (or such lower amount as the public housing agency or owner may, at the option of the agency or owner, 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 $1,200 or more in annual adjusted income, 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) FIXED-INCOME FAMILIES.—

"(i) SELF CERTIFICATION AND 3-YEAR REVIEW.—In the case of any family described in clause (ii), after the initial review of the family's income pursuant to subparagraph (A)(i), the public housing agency or owner shall not be required to conduct a review of the family's income pursuant to subparagraph (A)(ii) for any year for which such family certifies, in accordance with such requirements as the Secretary shall establish, that the income of the family meets the requirements of clause (ii) of this subparagraph 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.

"(ii) ELIGIBLE FAMILIES.—A family described in this clause is a family who has an income, as of the most recent review pursuant to subparagraph (A) or clause (i) of this subparagraph, of which 90 percent or more consists of fixed income, as such term is defined in clause (iii).

"(iii) FIXED INCOME.—For purposes of this subparagraph, the term 'fixed income' includes income from—

"(I) the supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66;

"(II) Social Security payments;

"(III) Federal, State, local and private pension plans; and

"(IV) other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic receipts that are of substantially the same amounts from year to year.

"(C) 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.

"(8) 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 (7)(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 (7)(A)(ii), a public housing agency or owner shall, except as otherwise provided in this paragraph, 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 (7)(A).

"(C) INFLATIONARY ADJUSTMENT FOR FIXED INCOME FAMILIES.—

"(i) IN GENERAL.—In any year in which a public housing agency or owner does not conduct a review of income for any family described in clause (ii) of paragraph (7)(B) pursuant to the authority under clause (i) of such paragraph to waive such a review, such family's prior year's income determination shall, subject to clauses (ii) and (iii), be adjusted by applying an inflationary factor as the Secretary shall, by regulation, establish.

"(ii) EXEMPTION FROM ADJUSTMENT.—A public housing agency or owner may exempt from an adjustment pursuant to clause (i) any income source for which income does not increase from year to year.

"(iii) APPLICABILITY OF INFLATIONARY FACTOR.—The inflationary factor adjustment referred to in clause (i) shall not be made with respect to the first year after the year in which housing is occupied or housing assistance is initially provided for a family.

"(D) 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.

"(E) 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 food stamp program as defined in section 3(h) of the Food Stamp Act of 1977). The Secretary shall, in consultation with other appropriate Federal agencies, develop procedures to enable public housing agencies and owners to have access to such income 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)).

"(F) PHA AND OWNER COMPLIANCE.—A public housing agency or owner may not be considered to fail to comply with this paragraph or paragraph (7) due solely to any de minimus errors made by the agency or owner in calculating family incomes.";

(2) by striking subsections (d) and (e); and

(3) by redesignating subsection (f) as subsection (d).

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

(1) by striking paragraph (4) and inserting the following new paragraph:

"(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;

"(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)); and

"(iii) deferred disability benefits from the Department of Veterans Affairs that are received in a lump sum amount or in prospective monthly amounts.

"(C) EARNED INCOME OF STUDENTS.—Such term does not include earned income of any dependent earned during any period that such dependent is attending school or vocational training on a full-time basis or any grant-in-aid or scholarship amounts related to such attendance used for the cost of tuition or books.

"(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) OTHER EXCLUSIONS.—Such term shall not include other exclusions from income as are established by the Secretary or any amount required by Federal law to be excluded from consideration as income. The Secretary may not require a public housing agency or owner to maintain records of any amounts excluded from income pursuant to this subparagraph."; and

(2) by striking paragraph (5) and inserting the following new paragraph:

"(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) EARNED INCOME DISREGARD.—An amount equal to 10 percent of the lesser of—

"(i) the family's earned income; or

"(ii) $9,000, except that such amount shall be adjusted annually by applying to such amount (as it may have been previously adjusted) an inflationary factor as the Secretary shall, by regulation, establish and except that for purposes of adjusted income determinations each year such amount shall be established by rounding the amount calculated down to the next lowest multiple of $1,000.

The deduction under this subparagraph shall not be considered in determining adjusted income for the purposes of section 16 (relating to eligibility for assisted housing and income mix).

"(B) ELDERLY AND DISABLED FAMILIES.—$725 in the case of any family that is an elderly family or a disabled family.

"(C) DEPENDENTS.—In the case of any family that includes a member or members who—

"(i) are less than 18 years of age or attending school or vocational training on a full-time basis; or

"(ii) is a person with disabilities who is 18 years of age or older and resides in the household,

$500 for each such member.

"(D) CHILD CARE.—The amount, if any, that exceeds 10 percent of annual family income that is used to pay for unreimbursed child care expenses, which shall include child care for preschool-age children, for before- and after-care for children in school, and for other child care necessary to enable a member of the family to be employed or further his or her education.

"(E) 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, to the extent necessary to enable any member of such family to be employed.

"(F) 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 (B) and (C), 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.".

(c) HOUSING CHOICE VOUCHER PROGRAM.—Paragraph (5) of section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(5)) is amended—

(1) in the paragraph heading, by striking "ANNUAL REVIEW" and inserting "REVIEWS";

(2) in subparagraph (A)—

(A) by striking "the provisions of" and inserting "paragraphs (7) and (8) of section 3(a) and to"; and

(B) by striking "and shall be conducted upon the initial provision of housing assistance for the family and thereafter not less than annually"; and

(3) in subparagraph (B), by striking the second sentence.

(d) ENHANCED VOUCHER PROGRAM.—Section 8(t)(1)(D) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)(1)(D)) is amended by striking "income" each place such term appears and inserting "annual adjusted income".

(e) PROJECT-BASED HOUSING.—Paragraph (3) of section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(3)) is amended by striking the last sentence.

(f) IMPACT ON PUBLIC HOUSING REVENUES.—

(1) ADJUSTMENTS TO OPERATING FORMULA.—If the Secretary of Housing and Urban Development determines that the application of the amendments made by this section results in a material and disproportionate reduction in the rental income of certain public housing agencies during the first year in which the amendments made by this section are implemented, the Secretary may make appropriate adjustments in the formula income for such year of those agencies experiencing such a reduction.

(2) HUD REPORTS ON REVENUE AND COST IMPACT.—In each of the first two years after the first year in which the amendments made by this section are implemented, the Secretary of Housing and Urban Development shall submit a report to Congress identifying and calculating the impact of changes made by the amendments made by this section and sections 4 and 5 of this Act on the revenues and costs of operating public housing units, the voucher program for rental assistance under section 8 of the United States Housing Act of 1937, and the program under such section 8 for project-based rental assistance. If such report identifies a material reduction in the net income of public housing agencies nationwide or a material increase in the costs of funding the voucher program or the project-based assistance program, the Secretary shall include in such report recommendations for legislative changes to reduce or eliminate such a reduction.

(g) EFFECTIVE DATE.—The amendments made by this section shall take effect during the first calendar year after regulations or notice has been adopted to implement such amendments, except that the Secretary may delay such effective date by one year upon a determination that such delay is necessary for public housing agencies and owners to make the necessary changes to comply with such amendments.

SEC. 4. ELIGIBILITY FOR ASSISTANCE BASED ON ASSETS AND INCOME.

(a) ASSETS.—Section 16 of the United States Housing Act of 1937 (42 U.S.C. 1437n) is amended by inserting after subsection (d) the following new subsection:

"(e) ELIGIBILITY FOR ASSISTANCE BASED ON ASSETS.—

"(1) LIMITATION ON ASSETS.—Subject to paragraph (3) and notwithstanding any other provision of this Act, a dwelling unit assisted under this Act may not be rented and assistance under this Act may not be provided, either initially or at each recertification of family income, to any family—

"(A) whose net family assets exceed $100,000, as such amount is adjusted annually by applying an inflationary factor as the Secretary considers appropriate; or

"(B) who has a present ownership interest in, a legal right to reside in, and the effective legal authority to sell, real property that is suitable for occupancy as a residence, except that the prohibition under this subparagraph shall not apply to—

"(i) any property for which the family is receiving assistance under this Act;

"(ii) any person that is a victim of domestic violence; or

"(iii) any family that is offering such property for sale.

"(2) NET FAMILY ASSETS.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'net family assets' means, for all members of the household, the net cash value of all assets after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment. Such term does not include interests in Indian trust land, equity accounts in homeownership programs of the Department of Housing and Urban Development, or Family Self Sufficiency accounts.

"(B) EXCLUSIONS.—Such term does not include—

"(i) the value of personal property, except for items of personal property of significant value, as the Secretary may establish or the public housing agency may determine;

"(ii) the value of any retirement account;

"(iii) real property for which the family does not have the effective legal authority necessary to sell such property;

"(iv) any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a member of the family and arising out of law, that resulted in a member of the family being disabled;

"(v) the value of 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; and

"(vi) such other exclusions as the Secretary may establish.

"(C) TRUST FUNDS.—In cases in which a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund shall not be considered an asset of a family if the fund continues to be held in trust. Any income distributed from the trust fund shall be considered income for purposes of section 3(b) and any calculations of annual family income, except in the case of medical expenses for a minor.

"(3) SELF-CERTIFICATION.—

"(A) NET FAMILY ASSETS.—A public housing agency or owner may determine the net assets of a family, for purposes of this section, based on a certification by the family that the net assets of such family do not exceed $50,000.

"(B) NO CURRENT REAL PROPERTY OWNERSHIP.—A public housing agency or owner may determine compliance with paragraph (1)(B) based on a certification by the family that such family does not have any current ownership interest in any real property at the time the agency or owner reviews the family's income.

"(C) STANDARDIZED FORMS.—The Secretary may develop standardized forms for the certifications referred to in subparagraphs (A) and (B).

"(4) COMPLIANCE FOR PUBLIC HOUSING DWELLING UNITS.—When recertifying family income with respect to families residing in public housing dwelling units, a public housing agency may, in the discretion of the agency and only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency, choose not to enforce the limitation under paragraph (1).

"(5) ELDERLY AND DISABLED FAMILIES.—When recertifying the income of an elderly or disabled family residing in a dwelling unit assisted under this Act, a public housing agency or owner may choose not to enforce the limitation under paragraph (1) or may establish exceptions to such limitation based on eligibility criteria, but only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency or under a policy adopted by the owner. Eligibility criteria for establishing exceptions may provide for separate treatment for elderly and disabled families and may be based on different factors, such as age, income, the ability of the family to find suitable alternative housing, and whether supportive services are being provided.

"(6) AUTHORITY TO DELAY EVICTIONS.—In the case of a family residing in a dwelling unit assisted under this Act who does not comply with the limitation under paragraph (1), the public housing agency or project owner may delay eviction or termination of the family based on such noncompliance for a period of not more than 6 months.".

(b) INCOME.—The United States Housing Act of 1937 is amended—

(1) in section 3(a)(1) (42 U.S.C. 1437a(a)(1)), by striking the first sentence and inserting the following: "Dwelling units assisted under this Act may be rented, and assistance under this Act may be provided, whether initially or at time of recertification, only to families who are low-income families at the time such initial or continued assistance, respectively, is provided, except that families residing in dwelling units as of the date of the enactment of the Section 8 Voucher Reform Act of 2009 that, under agreements in effect on such date of enactment, may have incomes up to 95 percent of local area median income shall continue to be eligible for assistance at recertification as long as they continue to comply with such income restrictions. When recertifying family income with respect to families residing in public housing dwelling units, a public housing agency may, in the discretion of the agency and only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency, choose not to enforce the prohibition under the preceding sentence. When recertifying family income with respect to families residing in dwelling units for which project-based assistance is provided, a project owner may, in the owner's discretion and only pursuant to a policy adopted by such owner, choose not to enforce such prohibition. In the case of a family residing in a dwelling unit assisted under this Act who does not meet the requirements under the first sentence of this paragraph or the requirements under section 8(o)(4), the public housing agency or project owner may delay eviction or termination of the family based on such noncompliance for a period of not more than 6 months.";

(2) in section 8(o)(4) (42 U.S.C. 1437f(o)(4)), by striking the matter preceding subparagraph (A) and inserting the following:

"(4) ELIGIBLE FAMILIES.—Assistance under this subsection may be provided, whether initially or at each recertification, only pursuant to subsection (t) to a family eligible for assistance under such subsection or to a family who at the time of such initial or continued assistance, respectively, is a low-income family that is—"; and

(3) in section 8(c)(4) (42 U.S.C. 1437f(c)(4)), by striking "at the time it initially occupied such dwelling unit" and inserting "according to the restrictions under section 3(a)(1)".

SEC. 5. TARGETING ASSISTANCE TO LOW-INCOME WORKING FAMILIES.

(a) VOUCHERS.—Section 16(b)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437n(b)(1)) is amended—

(1) by inserting after "do not exceed" the following: "the higher of (A) the poverty line (as such term is defined in section 673 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902), including any revision required by such section) applicable to a family of the size involved, or (B)"; and

(2) by inserting before the period at the end the following: "; and except that clause (A) of this sentence shall not apply in the case of public housing agencies located in Puerto Rico or any other territory or possession of the United States".

(b) PUBLIC HOUSING.—Section 16(a)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437n(a)(2)(A)) is amended—

(1) by inserting after "do not exceed" the following: "the higher of (i) the poverty line (as such term is defined in section 673 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902), including any revision required by such section) applicable to a family of the size involved, or (ii)"; and

(2) by inserting before the period at the end the following: "; and except that clause (i) of this sentence shall not apply in the case of projects located in Puerto Rico or any other territory or possession of the United States".

(c) PROJECT-BASED SECTION 8 ASSISTANCE.—Section 16(c)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437n(c)(3)) is amended—

(1) by inserting after "do not exceed" the following: "the higher of (A) the poverty line (as such term is defined in section 673 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902), including any revision required by such section) applicable to a family of the size involved, or (B)"; and

(2) by inserting before the period at the end the following: "; and except that clause (A) of this sentence shall not apply in the case of projects located in Puerto Rico or any other territory or possession of the United States".

SEC. 6. VOUCHER RENEWAL FUNDING.

(a) IN GENERAL.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended by striking subsection (dd) and inserting the following new subsection:

"(dd) TENANT-BASED VOUCHERS.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, for each of fiscal years 2010 through 2014, such sums as may be necessary for tenant-based assistance under subsection (o) for the following purposes:

"(A) To renew all expiring annual contributions contracts for tenant-based rental assistance.

"(B) To provide tenant-based rental assistance for—

"(i) conversion of section 23 projects to assistance under this section;

"(ii) the family unification program under subsection (x) of this section;

"(iii) relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency;

"(iv) enhanced vouchers authorized under subsection (t) of this section;

"(v) relocation or replacement in connection with the HOPE VI program under section 24;

"(vi) demolition or disposition of public housing units pursuant to section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p);

"(vii) mandatory conversions of public housing to vouchers, pursuant to section 33 of the United States Housing Act of 1937, respectively (42 U.S.C. 1437z–5);

"(viii) voluntary conversions of public housing to vouchers, pursuant to section 22 of the United States Housing Act of 1937, respectively (42 U.S.C. 1437t);

"(ix) vouchers necessary to comply with a consent decree or court order;

"(x) tenant protection vouchers in connection with dwelling units that cease to receive project-based assistance under subsection (b), (c), (d), (e), or (v) of this section;

"(xi) relocation and replacement vouchers in connection with public housing units that are demolished or disposed of pursuant to eminent domain, pursuant to a homeownership program, or in connection with a mixed finance development method under section 35 or otherwise;

"(xii) vouchers used for the preservation of public housing units not included in the operating formula under section 9(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437g(e)(2));

"(xiii) emergency voucher assistance for the protection of victims of domestic violence, dating violence, sexual assault, or stalking;

"(xiv) tenant protection vouchers in connection with the foreclosure or disposition of multifamily housing subject to a mortgage insured and subsidized under the National Housing Act; and

"(xv) tenant protection assistance, including replacement and relocation assistance.

Subject only to the availability of sufficient amounts provided in appropriation Acts, the Secretary shall provide tenant-based rental assistance in connection with all dwelling units that cease to be available as assisted housing as a result of clauses (i), (iv), (v), (vi), (vii), (x), (xi), and (xiv).

"(2) ALLOCATION OF RENEWAL FUNDING AMONG PUBLIC HOUSING AGENCIES.—

"(A) From amounts appropriated for each year pursuant to paragraph (1)(A), the Secretary shall provide renewal funding for each public housing agency—

"(i) based on leasing and cost data from the preceding calendar year, as adjusted by an annual adjustment factor to be established by the Secretary, which shall be established using the smallest geographical areas for which data on changes in rental costs are annually available;

"(ii) by making any adjustments necessary to provide for the first-time renewal of vouchers funded under paragraph (1)(B) and of any incremental vouchers funded in previous years;

"(iii) by making any adjustments necessary for full year funding of vouchers moved into and out of the jurisdiction of the public housing agency in the prior calendar year pursuant to portability procedures under subsection (r)(2); and

"(iv) by making such other adjustments as the Secretary considers appropriate, including adjustments necessary to address changes in voucher utilization rates and voucher costs related to natural and other major disasters.

"(B) LEASING AND COST DATA.—For purposes of subparagraph (A)(i), leasing and cost data shall be calculated annually by using the average for the preceding calendar year. Such leasing and cost data shall be adjusted to include vouchers that were set aside under a commitment to provide project-based assistance under subsection (o)(13) and to exclude amounts funded through advances under paragraph (3). Such leasing and cost data shall not include funds not appropriated for tenant-based assistance under section 8(o), unless the agency's funding was prorated in the prior year and the agency used other funds to maintain vouchers in use.

"(C) OVERLEASING.—For the purpose of determining allocations under subsection (A)(i), the leasing rate calculated for the prior calendar year may exceed an agency's authorized voucher level, except that such calculation shall not utilize a leasing rate in excess of 103 percent of the leasing rate in the year preceding such prior year (after making appropriate adjustments for incremental and new enhanced vouchers) which results from the use of accumulated amounts, as referred to in the last sentence of paragraph (4)(A).

"(D) MOVING TO WORK; HOUSING INNOVATION PROGRAM.—Notwithstanding subparagraphs (A) and (B), each public housing agency participating in any year in the moving to work program or the housing innovation program under section 37 of this Act shall be funded pursuant to its agreement under such program and shall be subject to any pro rata adjustment made under subparagraph (F)(i).

"(E) UNREIMBURSED PORTABILITY COSTS.—The Secretary may reimburse public housing agencies for increased costs related to portability incurred during the prior year that were not reimbursed pursuant to paragraph (4)(B)(i).

"(F) PRO RATA ALLOCATION.—

"(i) INSUFFICIENT FUNDS.—To the extent that amounts made available for a fiscal year are not sufficient to provide each public housing agency with the full allocation for the agency determined pursuant to subparagraphs (A) and (D), the Secretary shall reduce such allocation for each agency on a pro rata basis, except that renewal funding of enhanced vouchers under section 8(t) shall not be subject to such proration.

"(ii) EXCESS FUNDS.—To the extent that amounts made available for a fiscal year exceed the amount necessary to provide each housing agency with the full allocation for the agency determined pursuant to subparagraphs (A) and (D), such excess amounts shall be used for the purposes specified in paragraph (4)(B).

"(G) PROMPT FUNDING ALLOCATION.—The Secretary shall allocate all funds under this subsection for each year before the latter of (i) February 15, or (ii) the expiration of the 45-day period beginning upon the enactment of the appropriations Act funding such renewals.

"(3) ADVANCES.—

"(A) AUTHORITY.—During the last 3 months of each calendar year, the Secretary shall provide amounts out of any appropriations made pursuant to paragraph (1) for the fiscal year beginning on October 1 of that calendar year to any public housing agency, at the request of the agency, in an amount up to two percent of the allocation for the agency for such calendar year, subject to subparagraph (C).

"(B) USE.—Amounts advanced under subparagraph (A) may be used to pay for additional voucher costs, including costs related to temporary overleasing.

"(C) USE OF PRIOR YEAR AMOUNTS.—During the last 3 months of a calendar year, if amounts previously provided to a public housing agency for tenant-based assistance for such year or for previous years remain unobligated and available to the agency—

"(i) the agency shall exhaust such amounts to cover any additional voucher costs under subparagraph (B) before amounts advanced under subparagraph (A) may be so used; and

"(ii) the amount that may be advanced under subparagraph (A) to the agency shall be reduced by an amount equal to the total of such previously provided and unobligated amounts.

"(D) REPAYMENT.—Amounts advanced under subparagraph (A) in a calendar year shall be repaid to the Secretary in the subsequent calendar year by offsetting the amounts made available for such agency for such subsequent calendar year pursuant to allocation under paragraph (2) by an amount equal to the amount so advanced to the agency.

"(4) OFFSET.—

"(A) IN GENERAL.—The Secretary shall offset, from amounts provided under the annual contributions contract for a public housing agency for a calendar year, all accumulated amounts allocated under paragraph (2) and from previous years that are unused by the agency at the end of each calendar year, except for an amount not less than 6 percent of such amount allocated to the agency pursuant to paragraph (2) for the preceding calendar year. Notwithstanding any other provision of law, each public housing agency may retain all amounts not offset under this subparagraph, and may use such amounts for all authorized purposes.

"(B) REALLOCATION.—Not later than the latter of April 1 of each calendar year or 75 days after the enactment of an appropriations Act providing funding for voucher renewal costs, the Secretary shall, from amounts available pursuant to paragraph (2)(E) and from any other available amounts appropriated for such purpose—

"(i) set aside and subsequently make available such amounts as the Secretary considers likely to be needed, when combined with funds from a central fund or any other source of funds appropriated or made available for such purpose, to reimburse public housing agencies for increased costs related to portability and family self-sufficiency activities pursuant to section 23(h) during such year; and

"(ii) reallocate all remaining amounts among public housing agencies, with priority given based on the extent to which an agency has utilized the amount allocated under paragraph (2) for the agency to serve eligible families and the relative need for additional voucher assistance for use only to increase voucher leasing rates.".

(b) PORTABILITY.—The Secretary of Housing and Urban Development shall, not later than the expiration of the 6-month period beginning on the date of the enact-

ment of this Act, issue a proposed rule for comment to modify the regulations governing the responsibilities of public housing agencies in cases in which families assisted with tenant-based assistance under section 8 of the United States Housing Act of 1937 exercise their right to move to a different jurisdiction under the Secretary's regulations regarding portability procedures (24 C.F.R. 982.355), to eliminate, or minimize to the greatest extent feasible consistent with available funding, billing between agencies and administrative barriers to families' choices of where to reside, without undermining the ability of public housing agencies to serve their waiting lists. The Secretary shall finalize regulations modifying such portability procedures in accordance with this subsection not later than the expiration of the 12-month period beginning upon the date of the enactment of this Act.

(c) VOUCHERS FOR PERSONS WITH DISABILITIES AND HOMELESS VETERANS.—The Secretary of Housing and Urban Development shall develop and issue, to public housing agencies that have received voucher assistance under section 8(o) for non-elderly disabled families, or under section 8(o)(19) for homeless veterans, pursuant to appropriations Acts for fiscal year 1997 and fiscal years thereafter, guidance to ensure that, to the maximum extent practicable, such vouchers continue to be provided upon turnover to qualified non-elderly disabled families or homeless veterans, respectively.

SEC. 7. ADMINISTRATIVE FEES.

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

(1) in paragraph (1)—

(A) by striking subparagraphs (B) and (C) and inserting the following new subparagraphs:

"(B) CALCULATION.—The fee under this subsection shall—

"(i) be payable to each public housing agency for each month for which a dwelling unit is covered by an assistance contract;

"(ii) be based on a per-unit fee, which shall be based on the per-unit fee payable to the agency in fiscal year 2003 and updated for each subsequent year as specified in subsection (iv), or on such formula which the Secretary may, by regulation, establish using a per-unit fee structure which shall provide for the payment of the full cost of administering vouchers, and which may include performance incentives consistent with subsection (o)(21);

"(iii) include an amount for the cost of issuing a voucher to new participants;

"(iv) be updated each year using an index of changes in wage and benefit data or other objectively measurable data that reflect the costs of administering the program for such assistance, as determined by the Secretary; and

"(v) include an amount for the cost of family self-sufficiency coordinators, as provided in section 23(h)(1).

"(C) PUBLICATION.—The Secretary shall cause to be published in the Federal Register the fee rate for each geographic area."; and

(B) by striking subparagraph (E) and inserting the following new subparagraph;

"(E) FEE FOR AGENCY-OWNED UNITS.—The Secretary shall establish a fee for dwelling units owned by a public housing agency that reflects reasonable costs of administration, which shall take into consideration the third-party inspection and rent determination expenses incurred in compliance with the requirements of subsection (o)(11)."; and

(2) in paragraph (4), by striking "1999" and inserting "2010".

(b) ADMINISTRATIVE FEES FOR FAMILY SELF-SUFFICIENCY PROGRAM COSTS.—Subsection (h) of section 23 of the United States Housing Act of 1937 (42 U.S.C. 1437u(h)) is amended by striking paragraph (1) and inserting the following new paragraph:

"(1) SECTION 8 FEES.—

"(A) IN GENERAL.—The Secretary shall establish a fee under section 8(q) for the costs incurred in administering the self-sufficiency program under this section to assist families receiving voucher assistance through section 8(o).

"(B) ELIGIBILITY FOR FEE.—The fee shall provide funding for family self-sufficiency coordinators as follows:

"(i) BASE FEE.—A public housing agency serving 25 or more participants in the family self-sufficiency program under this section shall receive a fee equal to the costs of employing one full-time family self-suf-

ficiency coordinator. An agency serving fewer than 25 such participants shall receive a prorated fee.

"(ii) ADDITIONAL FEE.—An agency that meets minimum performance standards shall receive an additional fee sufficient to cover the costs of employing a second family self-sufficiency coordinator if the agency has 75 or more participating families, and a third such coordinator if it has 125 or more participating families.

"(iii) PREVIOUSLY FUNDED AGENCIES.—An agency that received funding from the Department of Housing and Urban Development for more than three such coordinators in any of fiscal years 1998 through 2009 shall receive funding for the highest number of coordinators funded in a single fiscal year during that period, provided they meet applicable size and performance standards.

"(iv) INITIAL YEAR.—For the first year in which a public housing agency exercises its right to develop an family self-sufficiency program for its residents, it shall be entitled to funding to cover the costs of up to one family self-sufficiency coordinator, based on the size specified in its action plan for such program.

"(v) STATE AND REGIONAL AGENCIES.—For purposes of calculating the family self-sufficiency portion of the administrative fee under this subparagraph, each administratively distinct part of a State or regional public housing agency shall be treated as a separate agency.

"(vi) DETERMINATION OF NUMBER OF COORDINATORS.—In determining whether a public housing agency meets a specific threshold for funding pursuant to this paragraph, the number of participants being served by the agency in its family self-sufficiency program shall be considered to be the average number of families enrolled in such agency's program during the course of the most recent fiscal year for which the Department of Housing and Urban Development has data.

"(C) PRORATION.—If insufficient funds are available in any fiscal year to fund all of the coordinators authorized under this section, the first priority shall be given to funding one coordinator at each agency with an existing family self-sufficiency program. The remaining funds shall be prorated based on the number of remaining coordinators to which each agency is entitled under this subparagraph.

"(D) RECAPTURE.—Any fees allocated under this subparagraph by the Secretary in a fiscal year that have not been spent by the end of the subsequent fiscal year shall be recaptured by the Secretary and shall be available for providing additional fees pursuant to subparagraph (B)(ii).

"(E) PERFORMANCE STANDARDS.—Within six months after the date of the enactment of this paragraph, the Secretary shall publish a proposed rule specifying the performance standards applicable to funding under clauses (ii) and (iii) of subparagraph (B). Such standards shall include requirements applicable to the leveraging of in-kind services and other resources to support the goals of the family self-sufficiency program.

"(F) DATA COLLECTION.—Public housing agencies receiving funding under this paragraph shall collect and report to the Secretary, in such manner as the Secretary shall require, information on the performance of their family self-sufficiency programs.

"(G) EVALUATION.—The Secretary shall conduct a formal and scientific evaluation of the effectiveness of well-run family self-sufficiency programs, comparing outcomes of families participating in such programs with families who are not, using random assignment of participants to the extent practicable. Not later than the expiration of the 4-year period beginning upon the enactment of this paragraph, the Secretary shall submit an interim evaluation report to the Congress. Not later than the expiration of the 8-year period beginning upon such enactment, the Secretary shall submit a final evaluation report to the Congress. There is authorized to be appropriated $10,000,000 to carry out the evaluation under this subparagraph.

"(H) INCENTIVES FOR INNOVATION AND HIGH PERFORMANCE.—The Secretary may reserve up to 10 percent of the amounts made available for administrative fees under this paragraph to provide support to or reward family self-sufficiency programs that are particularly innovative or highly successful in achieving the goals of the program.".

(c) REPEAL.—Section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (42 U.S.C. 1437f note; Public Law 104–204; 110 Stat. 2893) is hereby repealed.

SEC. 8. HOMEOWNERSHIP.

(a) SECTION 8 HOMEOWNERSHIP DOWNPAYMENT PROGRAM.—Section 8(y)(7) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)(7)) is amended by striking subparagraphs (A) and (B) and inserting the following new subparagraphs:

"(A) IN GENERAL.—Subject to the provisions of this paragraph, in the case of a family on whose behalf rental assistance under section 8(o) has been provided for a period of not less than 12 months prior to the date of receipt of downpayment assistance under this paragraph, 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 agency, provide a downpayment assistance grant in accordance with subparagraph (B).

"(B) GRANT REQUIREMENTS.—A downpayment assistance grant under this paragraph—

"(i) shall be used by the family only as a contribution toward the downpayment and reasonable and customary closing costs required in connection with the purchase of a home;

"(ii) shall be in the form of a single one-time grant; and

"(iii) may not exceed $10,000.

"(C) NO EFFECT ON OBTAINING OUTSIDE SOURCES FOR DOWNPAYMENT ASSISTANCE.—This Act may not be construed to prohibit a public housing agency from providing downpayment assistance to families from sources other than a grant provided under this Act, or as determined by the public housing agency.

"(D) COUNSELING AND SELF-SUFFICIENCY PROGRAMS.—A public housing agency may require prepurchase housing counseling or participation in a self-sufficiency program as a condition of a family receiving downpayment assistance under this paragraph.".

(b) USE OF VOUCHERS FOR MANUFACTURED HOUSING.—Section 8(o)(12) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(12)) is amended—

(1) in subparagraph (A), by striking the period at the end of the first sentence and all that follows through "of" in the second sentence and inserting "and rents"; and

(2) in subparagraph (B)—

(A) in clause (i), by striking "the rent" and all that follows and inserting the following: "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.";

(B) by striking clause (ii); and

(C) in clause (iii)—

(i) by inserting after the period at the end the following: "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."; and

(ii) by redesignating such clause as clause (ii).

SEC. 9. PHA REPORTING OF RENT PAYMENTS TO CREDIT REPORTING AGENCIES.

Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

"(e) PHA REPORTING OF RENT PAYMENTS TO CREDIT REPORTING AGENCIES.—

"(1) AUTHORITY.—To the extent that an individual receiving tenant-based housing choice vouchers under section 8 by a public housing agency agrees in writing to reporting under this subsection, the public housing agency may submit to consumer reporting agencies described in section 603(p) of the Fair Credit Reporting Act (15 U.S.C. 1681a) information regarding the past rent payment history of the individual with respect to the dwelling unit for which such assistance is provided.

"(2) FORMAT.—The Secretary, after consultation with consumer reporting agencies referred in paragraph (1), shall establish a system and format to be used by public housing agencies for reporting of information under such paragraph that provides such information in a format and manner that is similar

to other credit information submitted to such consumer reporting agencies and is usable by such agencies.".

SEC. 10. PERFORMANCE ASSESSMENTS.

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

"(21) PERFORMANCE ASSESSMENTS.—

"(A) ESTABLISHMENT.—The Secretary shall, by regulation, establish standards and procedures for assessing the performance of public housing agencies in carrying out the programs for tenant-based rental assistance under this subsection and for homeownership assistance under subsection (y).

"(B) CONTENTS.—The standards and procedures under this paragraph shall provide for assessment of the performance of public housing agencies in the following areas:

"(i) Extent to which dwelling units comply with housing quality standards, including compliance with inspection requirements.

"(ii) Extent of utilization of assistance amounts provided to the agency and of authorized vouchers, using appropriate adjustments for vouchers set aside to meet commitments under paragraph (13).

"(iii) Timeliness and accuracy of reporting by the agency to the Secretary.

"(iv) Effectiveness in carrying out policies that result in deconcentration of poverty and reduction of racial segregation.

"(v) Reasonableness of rent burdens, consistent with public housing agency responsibilities under section 8(o)(1)(E)(iii).

"(vi) Accurate calculations of rent, utility allowances, and subsidy payments.

"(vii) Effectiveness in carrying out family self-sufficiency activities.

"(viii) Timeliness of actions related to landlord participation.

"(ix) Compliance with targeting requirements under section 16(b).

"(x) Such other areas as the Secretary considers appropriate, which may only be established by regulation.

"(C) BIENNIAL ASSESSMENT.—Not later than 2 years after the date of enactment of this paragraph, and at least every 2 years thereafter, the Secretary, using the standards and procedures established under this paragraph, shall—

"(i) conduct an assessment of the performance of each public housing agency carrying out a program referred to in subparagraph (A);

"(ii) make such assessment available to the public housing agency and to the public via the website of the Department of Housing and Urban Development; and

"(iii) submit a report to Congress regarding the results of each such assessment.

"(D) APPLICABILITY.—When implemented, the performance assessment standards and procedures under this paragraph shall supercede the Section 8 Management Assessment Program of the Secretary then in effect.".

SEC. 11. PHA PROJECT-BASED ASSISTANCE.

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

(1) by striking subparagraph (B) and inserting the following new subparagraph:

"(B) PERCENTAGE LIMITATION.—

"(i) IN GENERAL.—Subject to clause (ii), not more than 25 percent of the funding available for tenant-based assistance under this section that is administered by the agency may be attached to structures pursuant to this paragraph.

"(ii) EXCEPTION.—An agency may attach up to an additional 5 percent of the funding available for tenant-based assistance under this section to structures pursuant to this paragraph for dwelling 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 provide supportive housing to persons with disabilities, or that are located in areas where vouchers under this subsection are difficult to use, as specified in subparagraph (D)(ii)(II). The Secretary may, by regulation, establish additional categories for the exception under this clause.";

(2) by striking subparagraph (D) and inserting the following new subparagraph:

"(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 HOUSING.—The limitation under clause (i) shall not apply in the case of assistance under a contract for housing consisting of single family properties, or for dwelling units that are exclusively made available for households comprised of elderly families, disabled families, and families receiving supportive services for special needs populations, such as individuals who were formerly homeless. For purposes of the preceding sentence, the term 'single family properties' means buildings with no more than four dwelling units.

"(II) CERTAIN AREAS.—

"(aa) With respect to areas in which fewer than 75 percent of families issued vouchers become participants in the program, the public housing agency has established the payment standard at 110 percent of the fair market rent for all census tracts in the area for the previous six months, the public housing agency has requested a higher payment standard, and the public housing agency grants an automatic extension of 90 days (or longer) to families with vouchers who are attempting to find housing, clause (i) shall be applied by substituting '40 percent' for '25 percent'; and

"(bb) With respect to census tracts with a poverty rate of 20 percent or less, clause (i) shall be applied by substituting '50 percent' for '25 percent' and the Secretary may, by regulation, establish additional conditions.";

(3) in subparagraph (J)—

(A) by striking the fifth and sixth sentences and inserting the following: "A public housing agency may establish and utilize procedures for maintaining site-based waiting lists under which applicants may apply directly 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. All such procedures shall comply with title VI of the Civil Rights Act of 1964, the Fair Housing Act, and other applicable civil rights laws. The owner or manager of a structure assisted under this paragraph shall not admit any family to a dwelling unit assisted under a contract pursuant to this paragraph other than a family referred by the public housing agency from its waiting list, 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."; and

(B) by inserting after the third sentence the following new sentence: "Any family who resides in a dwelling unit proposed to be assisted under this paragraph, or in a unit to be replaced by a proposed unit to be assisted under this paragraph shall be given an absolute preference for selection for placement in the proposed unit, if the family is otherwise eligible for assistance under this subsection."; and

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

"(N) STRUCTURE OWNED BY AGENCY.—Notwithstanding any other provision of law, as part of an initiative to improve, develop, or replace a public housing site, a public housing agency 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, but only if the agency includes such initiative in its public housing agency plan approved under section 5A and the units that receive such assistance will not receive assistance under section 9. The preceding sentence may not be construed to limit the ability of a public housing agency to attach assistance to structures under other applicable law.

"(O) LEASES AND TENANCY.—Assistance provided under this paragraph shall be subject to the provisions of paragraph (7), except that subparagraph (A) of such paragraph shall not apply. Notwithstanding any other provision of law, for the term of the contract under this paragraph, the owner may terminate tenancy only for serious or repeated violations of the terms and conditions of the lease or for violation of applicable law.

"(P) ALLOWABLE TRANSFERS.—A public housing agency may, subject to the agreement of the receiving agency, transfer a portion of its vouchers and related budget authority to a public housing agency that administers a program under this subsection in another jurisdiction located in the same or a contiguous metropolitan area or county.

"(Q) RENT FLEXIBILITY.—If a dwelling unit assisted under this paragraph also receives funding from either of the funds established under section 1138 or 1339 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4568, 4569), the rent for the unit, if agreed upon by both the public housing agency and the owner, may be established at an amount that is less than would otherwise be permitted under paragraphs (1)(B) or (10)(A) of this section.".

SEC. 12. RENT BURDENS.

(a) REVIEWS.—Section 8(o)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(1)) is amended by striking subparagraph (E) and inserting the following new subparagraph:

"(E) REVIEWS.—

"(i) RENT BURDENS.—The Secretary shall monitor rent burdens and submit a report to the Congress annually on the percentage of families assisted under this subsection, occupying dwelling units of any size, that pay more than 30 percent of their adjusted incomes for rent and such percentage that pay more than 40 percent of their adjusted incomes for rent. Using information regularly reported by public housing agencies, the Secretary shall provide public housing agencies, on an annual basis, a report with the information described in the first sentence of this clause, and may require a public housing agency to modify a payment standard that results in a significant percentage of families assisted under this subsection, occupying dwelling units of any size, paying more than 30 percent of their adjusted incomes for rent. In implementing the requirements of this clause, the Secretary shall separate out calculations and consideration of families whose rent contributions are calculated under section 3(a)(3) and clauses (ii) and (iii) of paragraph (2)(A) of this subsection.

"(ii) CONCENTRATION OF POVERTY.—The Secretary shall submit a report to the Congress annually on the degree to which families assisted under this subsection in each metropolitan area are clustered in lower rent, higher poverty areas, which shall include reporting of data by race and ethnicity, and how, and the extent to which, greater geographic distribution of such assisted families could be achieved, including by increasing payment standards for particular communities within such metropolitan areas.

"(iii) PUBLIC HOUSING AGENCY RESPONSIBILITIES.—Each public housing agency shall make publicly available the information on rent burdens provided by the Secretary pursuant to clause (i), and, for agencies located in metropolitan areas, the information on concentration provided by the Secretary pursuant to clause (ii). If a public housing agency has a high degree of concentration of poverty, as determined under a standard to be developed by the Secretary in accordance with clause (ii), or if the percentage of families paying more than 40 percent of their adjusted net income exceeds a percentage level, to be established by the Secretary, the public housing agency shall adjust the payment standard to eliminate excessive rent burdens within a reasonable time period or explain its reasons for not making such adjustment. The Secretary may not deny the request of a public housing agency to set a payment standard up to 120 percent of the fair market rent to eliminate excessive rent burdens in accordance with the preceding sentence, except on the basis that an agency has not demonstrated that its request meets these criteria. If a request of a public housing agency has not been denied or approved with 45 days after the request is made, the request shall be considered to have been approved.".

(b) PUBLIC HOUSING AGENCY PLAN.—Section 5A(d)(4) of the United States Housing Act of 1937 (42 U.S.C. 1437c–1(d)(4)) is amended by inserting before the period

at the end the following: ", including the report with respect to the agency furnished by the Secretary pursuant to section 8(o)(1)(E) concerning rent burdens and, if applicable, geographic concentration of voucher holders, any changes in rent or other policies the public housing agency is making to address excessive rent burdens or concentration, and if the public housing agency is not adjusting its payment standard, its reasons for not doing so".

(c) RENT BURDENS FOR PERSONS WITH DISABILITIES.—Subparagraph (D) of section 8(o)(1) is amended by inserting before the period at the end the following: ", 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 seek approval of the Secretary to use a payment standard greater than 120 percent of the fair market rent as a reasonable accommodation for a person with a disability. 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".

SEC. 13. ESTABLISHMENT OF FAIR MARKET RENT.

(a) IN GENERAL.—Paragraph (1) of section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation;

(2) by striking the seventh, eighth, and ninth sentences; and

(3) by adding at the end the following:

"(B)(i) The Secretary shall define market areas for purposes of this paragraph in areas sufficiently distinct as is necessary—

"(I) to establish fair market rentals that accurately reflect typical rental costs of units suitable for occupancy by persons assisted under this section in communities in metropolitan and non-metropolitan areas (including low poverty areas); and

"(II) to avoid concentration of voucher holders;

while taking into consideration the factors specified in clause (ii).

"(ii) The factors specified in this clause are—

"(I) the efficient administration of the program by public housing agencies and the administrative costs of the Secretary of establishing additional areas;

"(II) the availability of data for a sufficient number of dwelling units to establish accurate fair market rentals; and

"(III) the ability of public housing agencies to adjust the payment standard to more accurately reflect typical rental costs.

"(iii) The Secretary shall establish procedures to permit a public housing agency to request the establishment of a separate market areas for either all or contiguous parts of the areas under the jurisdiction of such agency. The Secretary shall consider and approve any such request using the criteria established in clause (i) and the considerations under clause (ii).

"(iv) The Secretary shall not reduce the fair market rental in a market area as a result of a change in the percentile of the distribution of market rents used to establish the fair market rental.

"(v) The Secretary shall phase in large increases or decreases in the fair market rentals that result from changes in market area boundaries or other methodological changes that do not reflect actual year-to-year trends in rents by limiting such increases or decreases to not more than 5 percent each year.".

(b) PAYMENT STANDARD.—Subparagraph (B) of section 8(o)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(1)(B)) is amended by inserting before the period at the end the following: ", 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".

SEC. 14. SCREENING OF APPLICANTS.

(a) IN GENERAL.—Subparagraph (B) of section 8(o)(6) of the United States Housing Act of 1937 (1437f(o)(6)(B)) is amended—

(1) by striking "(B) SELECTION OF TENANTS.—Each" and inserting the following:

"(B) SELECTION OF TENANTS.—

"(i) FUNCTION OF OWNER.—Each";

(2) in the first sentence, by striking "unit)" and inserting "unit";

(3) by striking "In addition" and inserting the following:

"(ii) SCREENING.—In addition";

(4) by inserting after "establish." the following: "A public housing agency's elective screening shall be limited to criteria that are directly related to an applicant's ability to fulfill the obligations of an assisted lease and shall consider mitigating circumstances related to such applicant. The requirements of the preceding sentence shall not limit the ability of a public housing agency to deny assistance based on an applicant's criminal background or any other permissible grounds for denial under subtitle F of title V of the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 13661 et seq.; relating to safety and security in public and assisted housing), subject to the procedural requirements of this section. Any applicant or participant determined to be ineligible for admission or continued participation to the program shall be notified of the basis for such determination and provided, within a reasonable time after the determination, an opportunity for an informal hearing on such determination at which mitigating circumstances, including remedial conduct subsequent to the conduct that is the basis of such determination, shall be considered."; and

(5) by adding at the end the following:

"(iii) EXISTING ASSISTED FAMILIES.—Families being provided enhanced vouchers pursuant to subsection (t), families receiving assistance under this Act that are subsequently provided tenant-based assistance pursuant to subsection (dd)(1)(B), and families residing in multifamily housing subject to a mortgage insured under the National Housing Act that are provided tenant-based assistance pursuant to subsection (dd)(1)(B)(xiv) of this section shall not be considered new applicants under this paragraph and shall not be subject to elective rescreening by a public housing agency.".

(b) LEASES AND TENANCY.—Subparagraph (E) of section 8(o)(7) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(7)(E)) is amended by inserting "termination or" after "any" the last place such term appears.

(c) DENIALS OF ADMISSION.—Section 576 of the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 13661) is amended—

(1) in subsection (b)—

(A) by striking paragraph (2);

(B) in paragraph (1)—

(i) in subparagraph (A), by inserting ", based on documented evidence that is credible and objective," after "determines";

(ii) in subparagraph (B), by striking "that it has reasonable" and all that follows through "by other residents" and inserting ", based on documented evidence that is credible and objective, is a chronic abuser of alcohol, and who is not currently participating in a supervised alcohol rehabilitation program"; and

(iii) by redesignating subparagraphs (A) and (B) (as so amended) as paragraphs (1) and (2) and realigning such paragraphs, as so redesignated, so as to be indented 2 ems from the left margin; and

(C) by striking the subsection designation and all that follows through "Notwithstanding" in paragraph (1) and inserting the following:

"(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding"; and

(2) in subsection (c)—

(A) in the section heading, by inserting "CERTAIN" before "CRIMINAL";

(B) in the matter that precedes paragraph (1)—

(i) by inserting ", based on documented evidence that is credible and objective," after "determines";

(ii) by striking "a reasonable time" and inserting "the 5-year period"; and

(iii) by striking "or other criminal activity";

(C) in paragraph (2), by striking "reasonable" each place such term appears and inserting "5-year"; and

(D) by adding after and below paragraph (2) the following:

"No denial of admission may be made pursuant to this subsection based on a misdemeanor charge and conviction unless such denial is based on a pattern of activity, the commission of any offense against a child (including child pornography offenses), the commission of any offense involving a child victim, the commission of a sexual assault, the commission of an assault, or the commission of violent, disruptive (as such term is defined by the Secretary), or illegal behavior that interferes with the right to peaceful enjoyment of the premises by other residents.".

SEC. 15. PROHIBITION ON FIREARMS RESTRICTIONS IN FEDERALLY ASSISTED HOUSING.

Subtitle F of the Quality Housing and Work Responsibility Act of 1998 is amended by inserting after section 578 (42 U.S.C. 13663) the following new section:.

"SEC. 578A. PROHIBITION ON FIREARMS RESTRICTIONS IN FEDERALLY ASSISTED HOUSING.

"Neither the Secretary of Housing and Urban Development, nor any public housing agency, nor any owner of federally assisted housing may establish any prohibition or restriction on the otherwise lawful possession or use of firearms in federally assisted housing.".

SEC. 16. ENHANCED VOUCHERS.

(a) QUALIFICATION; ELECTION TO REMAIN IN UNIT.—Section 8(t)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)(1)(B)) is amended—

(1) in the matter preceding subparagraph (A), by inserting "and shall not require that the family requalify under the selection standards for a public housing agency in order to be eligible for such assistance" before the comma; and

(2) by striking subparagraph (B) and inserting the following new subparagraph:

"(B)(i) 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 regardless of unit and family size standards normally used by the administering public housing agency (except that tenants may be required to move to units of appropriate size if available on the premises), and the owner of the unit shall accept the enhanced voucher and terminate the tenancy only for serious or repeated violation of the terms and conditions of the lease or for violation of applicable law; and

"(ii) 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;".

(b) PROVISION TO RESIDENTS OF ASSISTED MULTIFAMILY PROJECTS UPON TERMINATION DATE.—

(1) REQUIREMENT.—Upon the termination date for each assisted multifamily housing project, to the extent that amounts for assistance under this paragraph are provided in advance in appropriation Acts, the Secretary of Housing and Urban Development shall make enhanced voucher assistance under section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)) available on behalf of each family described in paragraph (2).

(2) ELIGIBILITY.—A family described in this paragraph is a family who—

(A)(i) is a low-income family; or

(ii) is a moderate-income family that is—

(I) an elderly family (as such term is used in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b));

(II) a disabled family (as such term is used in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)); or

(III) residing in a low-vacancy area (as determined by the Secretary); and

(B) on such termination date, is residing in a dwelling unit of the project that—

(i) immediately before such termination date was assisted under the multifamily housing subsidy program for the project; and

(ii) is not assisted after such termination date under section 8 of such Act.

(3) ELIGIBILITY EVENT.—Section 8(t)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)(2)) is amended by adding after the period at the end the following new sentence: "Such term includes, with respect to an assisted multifamily housing project (as such term is defined in section 16(b) of the Section 8 Voucher Reform Act of 2009), the occurrence of the termination date for the project.".

(4) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

(A) ASSISTED MULTIFAMILY HOUSING PROPERTY.—The term "assisted multifamily housing property" means a multifamily housing project for which assistance is provided under a multifamily housing subsidy program.

(B) LOW-INCOME FAMILY.—The term "low-income family" has the meaning given such term in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

(C) MODERATE-INCOME FAMILY.—The term "moderate-income family" has the meaning given such term in section 229 of the Low-Income Housing Preservation and Resident Homeownership Act of 1992 (12 U.S.C. 4119).

(D) MULTIFAMILY HOUSING SUBSIDY PROGRAM.—The term "multifamily housing subsidy program" means—

(i) the below-market interest rate mortgage insurance program under section 221(d)(3) of the National Housing Act (12 U.S.C. 1715l(d)(3)); and

(ii) the program for interest reduction payments under section 236 of the National Housing Act (12 U.S.C. 1715z–1).

(E) TERMINATION DATE.—The term "termination date" means, with respect to an assisted multifamily housing property, the date that—

(i) the mortgage for the property that is insured under the below-market interest rate program under section 221(d)(3) of the National Housing Act, or for which interest reduction payments are made under section 236 of such Act, matures; and

(ii) the affordability restrictions applicable to the property because of assistance for the property pursuant to a multifamily housing subsidy program terminate with respect to the property.

(5) REGULATIONS.—The Secretary may issue any regulations necessary to carry out this subsection.

(c) PROVISION TO CERTAIN ASSISTED HOUSING RESIDENTS.—

(1) ENHANCED VOUCHER ASSISTANCE.—Notwithstanding any other provision of law, contract, or covenant, and subject only to the availability of amounts provided in advance in appropriation Acts—

(A) upon the expiration, pursuant to subparagraph (B), of the use restrictions applicable to the covered properties pursuant to the Emergency Low Income Housing Preservation Act of 1987 (12 U.S.C. 1715l note), each family who is an eligible low-income or moderate income family, as such terms are used for purposes of section 223(f)(2)(A) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4113(f)(2)(A)), and, as of such expiration, is residing in a dwelling unit in the covered properties not covered by project-based rental assistance, shall be offered enhanced voucher assistance under section 8(t) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)), and each such family who chooses to remain in the covered properties shall have three years from the date of the issuance of such enhanced voucher to commence use of the voucher;

(B) such use restrictions applicable to the covered properties shall be deemed to expire on March 1, 2010, but only if the owner of the covered properties enters into agreements with the Secretary to maintain the project-based rental assistance for the properties for a period beginning upon such expiration of not fewer than 20 years; and

(C) the contract rents for dwelling units in the covered properties covered by project-based rental assistance shall be determined during the period ending upon the expiration of such use restrictions pursuant to subparagraph (B) based upon the rents for comparable unassisted and unrestricted units in the area in which the covered properties are located; except that before May 1, 2012, the rental assistance payments for such project-based units in the covered property known as Georgetowne Houses II shall be restricted to the rent levels provided under the Emergency Low Income Housing Preservation Act of 1987.

(2) COVERED PROPERTIES.—For purposes of this subsection, the term "covered properties" means the housing developments known as Georgetowne Houses I and II (formerly identified by FHA project nos. 023-55058 and 023-55179), located in Boston, Massachusetts.

(3) FUNDING.—Amounts for the enhanced vouchers pursuant to this subsection shall be provided under amounts appropriated for tenant-based rental assistance otherwise authorized under section 8(t) of the United States Housing Act of 1937.

(4) APPLICABILITY.—This subsection shall take effect upon enactment and nothing in this subsection may be construed to require any administrative guidance.

SEC. 17. DEMONSTRATION PROGRAM WAIVER AUTHORITY.

(a) AUTHORITY TO ENTER INTO AGREEMENTS.—Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may enter into such agreements as may be necessary with the Social Security Administration and the Secretary of Health and Human Services to allow for the participation, in any dem-

onstration program described in subsection (c), by the Department of Housing and Urban Development and the use under such program of housing choice vouchers under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)).

(b) WAIVER OF INCOME REQUIREMENTS.—The Secretary of Housing and Urban Development may, to extent necessary to allow rental assistance under section 8(o) of the United States Housing Act of 1937 to be provided on behalf of persons described in subsection (c) who participate in a demonstration program described in such subsection, and to allow such persons to be placed on a waiting list for such assistance, partially or wholly disregard increases in earned income for the purpose of rent calculations under section 3 for such persons.

(c) DEMONSTRATION PROGRAMS.—A demonstration program described in this subsection is a demonstration program of a State that provides for persons with significant disabilities to be employed and continue to receive benefits under programs of the Department of Health and Human Services and the Social Security Administration, including the program of supplemental security income benefits under title XVI of the Social Security Act, disability insurance benefits under title II of such Act, and the State program for medical assistance (Medicaid) under title XIX of such Act.

SEC. 18. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for fiscal year 2010 the amount necessary to provide public housing agencies with incremental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) sufficient to assist 150,000 incremental dwelling units in such fiscal year, for—

(1) tenant-based assistance; and

(2) project-based voucher assistance for extremely low-income families, in conjunction with—

(A) funding from either of the funds established under section 1138 or 1339 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4568, 4569);

(B) low-income housing tax credits provided under section 42 of the Internal Revenue Code of 1986;

(C) amounts provided under the community development block grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) and the HOME investment partnerships program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.); and

(D) State and local affordable housing funds and programs.

SEC. 19. AGENCY AUTHORITY FOR UTILITY PAYMENTS IN CERTAIN CIRCUMSTANCES.

Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

"(22) AUTHORITY OF PUBLIC HOUSING AGENCIES TO MAKE DIRECT PAYMENTS FOR UTILITIES WHEN OWNER FAILS TO PAY.—

"(A) IN GENERAL.—If the owner has failed to pay for utilities that are the responsibility of the owner under the lease or applicable law, the public housing agency is authorized to utilize subsidy payments otherwise due the owner to pay for continued utility service to avoid hardship to program participants.

"(B) NOTICE.—Before making utility payments as described in subparagraph (A), the public housing agency shall take reasonable steps to notify the owner that it intends to make payments to a utility provider in lieu of payments to the owner, except prior notification shall not be required in any case in which the unit will be or has been rendered uninhabitable due to the termination or threat of termination of service, in which case the public housing agency shall notify the owner within a reasonable time after making such payment.".

SEC. 20. UTILITY DATA.

Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

"(23) UTILITY DATA.—

"(A) PUBLICATION.—The Secretary shall 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) GUIDELINES FOR USE.—The Secretary shall establish guidelines providing for the use of such data in a manner that—

"(i) avoids unnecessary administrative burdens for public housing agencies; 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.".

SEC. 21. PROJECT-BASED PRESERVATION VOUCHERS.

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

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

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

"(4) PRESERVATION PROJECT-BASED VOUCHER ASSISTANCE.—Notwithstanding any other provision of law, in the case of a multifamily housing project with respect to which an eligibility event occurs or has occurred, project-based voucher assistance may be provided in accordance with subsection (o)(13)(R) in lieu of enhanced voucher assistance under this subsection. Such project-based voucher assistance shall not be subject to the provisions of this subsection, except as otherwise specifically provided in subsection (o)(13)(R).".

(b) PHA PROJECT-BASED VOUCHER ASSISTANCE.—Paragraph (13) of section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subparagraph:

"(R) PRESERVATION ASSISTANCE.—

"(i) AUTHORITY.—Project-based voucher assistance under this paragraph shall be made available in accordance with this subparagraph for multifamily housing projects for which an eligibility event (as such term is defined in subsection (t)) occurs or has occurred and for which enhanced voucher assistance would otherwise be, or has been, provided under subsection (t). Any such assistance shall be in lieu of enhanced voucher assistance under subsection (t) for tenants residing in the project and shall be provided by the Secretary to a public housing agency.

"(ii) REQUEST AND PROVISION.—If the owner of a multifamily housing project makes a request for project-based voucher assistance pursuant to this subparagraph for the project to a public housing agency that administers a program for assistance under subsection (o) for a jurisdiction within which the project is located, a contract for assistance under this subparagraph shall be provided with respect to the project, subject to clause (v).

"(iii) TIMING, COVERAGE, AND UNIT RENTS.—

"(I) REQUEST MADE BEFORE ELIGIBILITY EVENT.—In the case of a contract for assistance under this subparagraph with respect to a project that is requested prior to the occurrence of the eligibility event, the contract for assistance shall be provided, subject to clause (v), upon the occurrence of the eligibility event. Such contract shall cover all dwelling units in the project for which enhanced voucher assistance under subsection (t) would otherwise be provided.

"(II) REQUEST MADE AFTER ISSUANCE OF ENHANCED VOUCHERS.—In the case of a contract for assistance under this subparagraph with respect to a project that is requested after the issuance of enhanced vouchers under subsection (t) for the project, the contract shall be provided, subject to clause (v), as soon as possible. Such contract shall cover all dwelling units in the project that are occupied by tenants receiving such enhanced voucher assistance at the time the contract is effective.

"(III) COVERAGE OF ADDITIONAL DWELLING UNITS.—At the request of the owner of a multifamily housing project for which a contract for assistance is to be provided under this subparagraph, the public housing agency may contract with the owner for project-based voucher assistance under this subparagraph to cover additional dwelling units, if the public housing agency determines that such additional assistance is necessary or desirable to further the purposes reflected in clause (v).

"(IV) APPROVAL OF HIGHER RENTS.—At the request of the owner of a multifamily housing project for a contract for assistance under this subparagraph to establish rents at levels above those permitted by subparagraph (H), a public housing agency that has made the determinations required by clause (v) may request, and

the Secretary may approve, higher unit rents if necessary to preserve housing opportunities that further the purposes of clause (v).

"(iv) PROJECTS IN MULTIPLE PHA JURISDICTIONS.—If the Secretary has not entered into a contract with a public housing agency to provide enhanced voucher assistance under subsection (t) for the project at the time the owner of a multifamily housing project requests assistance under this subparagraph, and the project is located within the jurisdiction for the program under subsection (o) of more than one public housing agency, in determining which agency will administer such assistance, the Secretary shall—

"(I) consider the ratio of the number of vouchers to be awarded under this subparagraph and of other project-based vouchers administered under this paragraph to the total number of vouchers administered by an agency; and

"(II) among other factors, provide preference to an agency for which the total number of project-based vouchers administered under this paragraph, including vouchers to be awarded pursuant to this subparagraph, would not exceed 50 percent of the total number of all vouchers to be administered by the agency after such award.

The Secretary shall establish guidelines for determining which agency will administer assistance if a unit is not located within the jurisdiction of any public housing agency that administers vouchers.

"(v) REQUIRED DETERMINATIONS.—As a condition of entering into a contract pursuant to this subparagraph, the public housing agency shall have determined, before entering into such contract that—

"(I) the housing to be assisted under the contract is economically viable; and

"(II)(aa) there is a significant demand for the housing;

"(bb) the housing will contribute to a community revitalization plan or to deconcentrating poverty and expanding housing and economic opportunities; or

"(cc) the continued affordability of the housing otherwise is an important asset to the community.

"(vi) INAPPLICABILITY OF GOALS.—Subparagraph (C) shall not apply to a housing assistance payment contract pursuant to this subparagraph.

"(vii) DISREGARD OF ASSISTANCE UNDER PERCENTAGE LIMITATION.—Amounts provided pursuant to this subparagraph shall not be considered for purposes of calculating the limitation under subparagraph (B).

"(viii) INAPPLICABILITY OF INCOME-MIXING REQUIREMENT.—Subparagraph (D) shall not apply with respect to a housing assistance payments contract pursuant to this subparagraph.

"(ix) ELIGIBILITY.—Subject only to clause (iii) and notwithstanding any other provision of law, any family residing in a multifamily housing project on the date of the eligibility event for the project who would otherwise be eligible for enhanced voucher assistance under subsection (t) shall be eligible for project-based voucher assistance pursuant to this subparagraph.".

SEC. 22. EFFECT OF FORECLOSURE ON SECTION 8 TENANCIES.

(a) USE OF RENTAL ASSISTANCE AMOUNTS.—Section 8(o)(7) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(7)), as amended by section 703 of division A of Public Law 111–22 (123 Stat. 1661), is amended—

(1) in subparagraph (F), by inserting after "occupied unit," the following: "and if a public housing agency is unable to make payments under the contract to the immediate successor in interest after foreclosure, due to action or inaction by the successor in interest, including the rejection of payments or the failure of the successor to maintain the unit in compliance with paragraph (8), or an inability to identify the successor, the agency may use funds that would have been used to pay the rental amount on behalf of the family—

"(i) to pay for utilities that are the responsibility of the owner under the lease or applicable law, after taking reasonable steps to notify the owner that it intends to make payments to a utility provider in lieu of payments to the owner, except prior notification shall not be required in any case in which the unit will be or has been rendered uninhabitable due to the termination or threat of termination of service, in which case the public housing agency shall notify the owner within a reasonable time after making such payment; or

"(ii) for the family's reasonable moving costs, including security deposit costs.";

(2) by striking "except that this provision and the provisions related to foreclosure in subparagraph (C) shall not" in subparagraph (F) and inserting the following:

"The provisions related to foreclosure in subparagraphs (C) and (F)"; and

(3) in the matter after and below subparagraph (F), as amended by paragraph (2) of this subsection, by adding after the period at the end the following: "For purposes of subparagraphs (C) and (F), the term 'immediate successor in interest' includes a purchaser who purchases a property from an immediate successor in interest.".

(b) SUNSET.—Section 704 of division A of the Helping Families Save Their Homes Act (42 U.S.C. 1437f note; Public Law 111–22; 123 Stat. 1662) is amended—

(1) by striking "This title, and any amendments made by this title are" and inserting "Section 702 is"; and

(2) by striking "this title" and inserting "such section".

SEC. 23. STUDY TO IDENTIFY OBSTACLES TO USING VOUCHERS IN FEDERALLY SUBSIDIZED HOUSING PROJECTS.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of (1) the housing voucher program authorized under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)), and (2) other federally subsidized housing programs, to determine whether any statutory, regulatory, or administrative provisions of the housing voucher program or of other federally subsidized housing programs, or policies and practices of housing owners or public housing agencies or other agencies, may have the effect of making occupancy by voucher holders in federally subsidized housing projects more difficult to obtain than occupancy by non-voucher holders. In conducting the study required under this subsection the Comptroller General shall determine if any gaps exist in the statute, regulations, or administration of the housing voucher program or of other federally subsidized housing programs and policies and practices of housing owners or public housing agencies or other agencies that, if addressed, could eliminate or reduce obstacles to voucher holders in seeking occupancy in federally subsidized housing projects. Such study shall include data on the use of housing vouchers in federally subsidized housing projects.

(b) DEFINITION.—As used in this section, the term "federally subsidized housing projects" includes projects assisted pursuant to the HOME investment partnerships program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) and those projects receiving the benefit of low-income housing credits under section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).

(c) REPORT.—Not later than 6 months after the date of enactment of this Act, the Comptroller General shall report to Congress the findings from the study required under subsection (a) and any recommendations for statutory, regulatory, or administrative changes.

SEC. 24. INTERAGENCY COUNCIL ON HOMELESSNESS.

(a) TECHNICAL CORRECTION.—Section 202(e) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11312), as amended by section 1004 of division B of Public Law 111–22, is amended by striking "Chairman" and inserting "Chairperson".

(b) DUTIES.—Section 203 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11313), as amended by section 1004 of Public Law 111–22, is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (6) through (13) as paragraphs (9) through (16), respectively;

(B) in paragraph (1), by inserting "which shall set forth actions to accomplish the goal of ending homelessness," after "National Strategic Plan to End Homelessness,";

(C) in paragraph (3), by inserting before the semicolon at the end the following: "and ensure that related programs and activities to assist homeless individuals of Federal agencies are coordinated with each other"; and

(D) by inserting after paragraph (5) the following new paragraphs:

"(6) make recommendations, in the reports submitted pursuant to subsection (c) on—

"(A) long-term goals for the Congress to reduce homelessness; and

"(B) legislative strategies for the Congress to achieve such goals;

"(7) evaluate the Federal role in interacting and coordinating with State and local entities that address homelessness;

"(8) conduct research and develop methods—

"(A) through consultation with State and local agencies, to improve coordination between the Council and Federal agencies in existence upon the date of enactment of the Interagency Council on Homelessness Reform Act of 2009 that specifically deal with homelessness; and

"(B) to minimize the period during which individuals remain homeless;"; and

(2) in subsection (c), by adding at the end the following new paragraphs:

"(3) BIENNIAL REPORT.—The Council shall prepare and transmit to the President and the Congress a biennial report detailing the efforts of the Council to address homelessness.

"(4) PUBLIC AVAILABILITY.—The Council shall make each report submitted to the Congress pursuant to paragraph (1), (2), or (3) of this subsection, and the national plan and updates of such plan submitted pursuant to paragraph (1) of subsection (a), publicly available, including through posting on a World Wide Web site maintained by the Council.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 208 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11318), as amended by section 1004 of division B of Public Law 111–22, is amended by striking "fiscal years 2011" and inserting "each of fiscal years 2011 through 2015".

SEC. 25. STUDY OF EFFECTS OF SECTION 8 PROGRAM ON HUD BUDGET AND PROGRAMS.

The Comptroller General of the United States shall conduct a study to identify and analyze the effects that the rental assistance program under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) has on the other programs administered by the Secretary of Housing and Urban Development and on the overall budget for the Department of Housing and Urban Development. Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress setting forth the results and conclusions of the study under this section.

SEC. 26. HOUSING INNOVATION PROGRAM.

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

"SEC. 37. HOUSING INNOVATION PROGRAM.

"(a) PURPOSE.—The purpose of this section is to establish a program under which public housing agencies are given the flexibility to design, and the Secretary is given the responsibility to evaluate, innovative approaches to providing housing assistance that—

"(1) increase housing opportunities for low-, very low-, and extremely low-income families, including preserving, modernizing, rehabilitating, reconfiguring, or replacing public housing at risk of physical deterioration or obsolescence, developing additional affordable housing, providing supportive housing, and increasing the number of families receiving tenant-based rental assistance;

"(2) provide financial incentives and other support mechanisms to families to obtain employment and increase earned income, and achieve economic self-sufficiency, while protecting very low- and extremely low-income families from increased rent burdens;

"(3) utilize funds in a more effective or cost-efficient manner, including achieving energy, administrative, and other cost savings;

"(4) leverage other Federal, State, and local funding sources, including the low-income housing tax credit program, to expand and preserve affordable housing opportunities, including public housing;

"(5) test alternative rent-setting policies to determine whether rent determinations can be simplified and administrative cost savings can be realized while protecting extremely low- and very low-income families from increased rent burdens;

"(6) are subject to rigorous evaluation to test the effectiveness of such innovative approaches; and

"(7) are developed with the support of the local community and with the substantial participation of affected residents.

"(b) PROGRAM AUTHORITY.—

"(1) SCOPE.—

"(A) PRIORITY STRATEGY AGENCIES.—The Secretary shall carry out a housing innovation program under this section under which the Secretary shall designate such number of public housing agencies, which shall not exceed 60, to participate in the housing innovation program as may be necessary, in conjunction with agencies approved for continued program participation

pursuant to subsection (c), to demonstrate the effectiveness of the priority strategies identified in subsection (d)(2).

"(B) ADDITIONAL PROGRAM AGENCIES.—The Secretary shall also designate such number of additional agencies, which shall not exceed 20, to participate in the program under the terms of subsection (i) as may be necessary to demonstrate other innovative strategies as the Secretary or applicants may propose.

"(C) TRANSFER OF EXISTING MTW AGENCIES.—The Secretary shall also approve and transfer into the program existing MTW agencies pursuant to subsection (c).

"(2) DURATION.—The Secretary may carry out the housing innovation program under this section only during the 10-year period beginning on the date of the enactment of the Section 8 Voucher Reform Act of 2009.

"(c) PARTICIPATION OF EXISTING MTW AGENCIES.—

"(1) IN GENERAL.—Subject to the requirements of paragraph (2), all existing MTW agencies shall be designated to participate in the program.

"(2) CONDITIONS OF PARTICIPATION.—The Secretary shall approve and transfer into the housing innovation program under this section each existing MTW agency that the Secretary determines—

"(A) is not in default under such agreement;

"(B) is meeting the goals and objectives of its moving to work plan; and

"(C) with respect to any agency that has been audited by the Inspector General of the Department of Housing and Urban Development and that the Inspector General has determined was not complying with program rules, is currently complying with such rules; the Secretary shall provide an agency that the Secretary determines is not in compliance a reasonable period of time to achieve such compliance.

"(3) TERMS OF PARTICIPATION.—Any agency approved for transfer into the housing innovation program may, at its option, be subject to the provisions of subsection (d)(3), in lieu of an agreement currently in place with the Secretary for participation in the Moving to Work program. Each agency shall, within two years after the date of the enactment of the Section 8 Voucher Reform Act of 2009, make changes to its policies that were implemented before such date of enactment in order to comply with the requirements of this section. Existing MTW agencies shall not be required to comply with any requirements under subsection (d).

"(d) ADDITIONAL AGENCIES.—

"(1) PROPOSALS; SELECTION PROCESS.—In addition to agencies participating in the program pursuant to subsection (c), the Secretary shall, within 12 months after such date of enactment, select public housing agencies to participate in the program pursuant to a competitive process that meets the following requirements:

"(A) Any public housing agency may be selected to participate in the program, except that not more than 5 agencies that are near-troubled under the public housing assessment system and/or section 8 management assessment program may be selected, and except that any agency that is a troubled agency under either such assessment program or for which the Secretary has hired an alternative management entity for such agency or has taken possession of all or any part of such agency's public housing program shall not be eligible for participation. Any near-troubled public housing agency participating in the program shall remain subject to the requirements of this Act governing tenant rent contributions, eligibility, and continued participation, and may not adopt policies described in subsection (e)(4) (relating to rents and requirements for continued occupation and participation).

"(B) The process provides, to the extent possible based on eligible agencies submitting applications and taking into account existing MTW agencies participating pursuant to subsection (c), for representation among agencies selected of agencies having various characteristics, including both large and small agencies, agencies serving urban, suburban, and rural areas, and agencies in various geographical regions throughout the United States, and which may include the selection of agencies that only administer the voucher program under section 8(o).

"(C) Any agency submitting a proposal under this paragraph shall have provided notice to residents and the local community, not later than 30 days before the first of the two public meetings required under subparagraph (D).

"(D) The agency submitting a proposal shall hold two public meetings to receive comments on the agency's proposed application, on the implications of changes under the proposal, and the possible impact on residents.

"(E) The process includes criteria for selection, as follows:

"(i) The extent to which—

"(I) if proposal is for the purpose of carrying out the priority strategy under paragraph (2)(A) of this subsection, the proposal is likely to achieve the purposes of increasing housing opportunities for low-, very low-, and extremely low-income families, including preserving, modernizing, rehabilitating, reconfiguring, or replacing public housing at risk of physical deterioration or obsolescence, developing additional affordable housing, providing supportive housing, or increasing the number of families receiving tenant-based rental assistance, or a combination of these purposes;

"(II) if the proposal is for the purpose of carrying out the priority strategy under paragraph (2)(B) of this subsection, the proposal is likely to achieve the purposes of families obtaining employment, increasing earned income, or achieving economic self-sufficiency, while protecting extremely low- and very low-income families from increased rent burdens;

"(III) if the proposal is for the purpose of carrying out an innovative strategy under paragraph (2)(C) of this subsection, the proposal is likely to utilize funds in a more effective or cost-efficient manner, including achieving energy, administrative, or other cost-savings; or

"(IV) if the proposal is for the purpose of carrying out an innovative strategy pursuant to subsection (b)(1)(B), the proposal is likely to achieve the goals and objectives of such strategy.

"(ii) The extent to which the proposal generally identifies statutory provisions and existing rules and regulations that impede achievement of the goals and objectives of the proposal and an explanation of why a waiver of such statutory provisions, rules, and regulations is necessary to achieve such goals and objectives.

"(iii) The extent to which the agency has a successful history of implementing or has expertise in strategies similar to those set forth in the agency's proposal.

"(iv) The extent of commitment and funding for carrying out the proposal by local and State government agencies and nonprofit organizations, including the provision of additional funding and other services, and the extent of support for the proposal by residents, resident advisory boards, and members of the local community.

"(v) Such other factors as the Secretary may establish, in consultation with participating agencies and agencies interested in participating in the program, program stakeholders, and any entity conducting evaluations pursuant to subsection (f).

"(2) PRIORITY STRATEGIES.—For purposes of the first sentence of paragraph (b)(1), the following are priority strategies:

"(A) INCREASING HOUSING OPPORTUNITIES.—A strategy of development of increasing housing opportunities for low-, very low-, and extremely low-income families, including preserving, modernizing, rehabilitating, reconfiguring, or replacing public housing at risk of physical deterioration or obsolescence, developing additional affordable housing, providing supportive housing, or increasing the number of families receiving tenant-based rental assistance, or a combination of these purposes, and which may include leveraging other Federal, State, and local funding sources.

"(B) RENT REFORMS AND FAMILY SELF-SUFFICIENCY.—A strategy to implement rent reforms and other self-sufficiency incentives or resources, which shall be designed to help families obtain employment, increase their earned income, or achieve economic self-sufficiency, while protecting extremely low- and very low-income families from increased rent burdens.

"(C) COST-EFFECTIVENESS.—A strategy to utilize funds in a more effective or cost-efficient manner, including achieving energy, administrative, or other cost-savings.

"(3) CONTRACT AMENDMENT.—After selecting agencies under this subsection, the Secretary shall promptly amend the applicable annual contributions contracts of such agencies to provide that—

"(A) subject to compliance with all program rules under this section, such agencies may implement any policies and activities that are not inconsistent with this section, without specifying such policies and activities in

such amendment and without negotiating or entering into any other agreements with the Secretary specifying such policies and activities; and

"(B) the policies and activities to be implemented by an agency under the program in a given year shall be described in and subject to the requirements of the annual plan under subsection (e)(11).

"(4) MAINTAINING PARTICIPATION RATE.—If, at any time after the initial selection period under paragraph (1), the number of public housing agencies participating in the program falls below the number selected pursuant to paragraph (1), the Secretary shall promptly solicit applications from and select public housing agencies to participate in the program under the terms and conditions for application and selection provided in this section to increase the number of participating agencies to the number initially selected pursuant to paragraph (1).

"(e) PROGRAM REQUIREMENTS.—

"(1) PROGRAM FUNDS.—

"(A) IN GENERAL.—To carry out a housing innovation program under this section, the participating agency may use amounts provided to the agency from the Operating Fund under section 9(e), amounts provided to the agency from the Capital Fund under section 9(d), and amounts provided to the agency for voucher assistance under section 8(o). Such program funds may be used for any activities that are authorized by section 8(o) or 9, or for other activities that are not inconsistent with this section, which may include, without limitation—

"(i) providing capital and operating assistance, and financing for housing previously developed or operated pursuant to a contract between the Secretary and such agency;

"(ii) the acquisition, new construction, rehabilitation, financing, and provision of capital or operating assistance for low-income housing (including housing other than public housing) and related facilities, which may be for terms exceeding the term of the program under this section in order to secure other financing for such housing;

"(iii) costs of site acquisition and improvement, providing utility services, demolition, planning, and administration of activities under this paragraph;

"(iv) housing counseling for low-income families in connection with rental or homeownership assistance provided under the program;

"(v) safety, security, law enforcement, and anticrime activities appropriate to protect and support families assisted under the program;

"(vi) tenant-based rental assistance, which may include the project-basing of such assistance;

"(vii) appropriate and reasonable financial assistance that is required to preserve low-income housing otherwise assisted under programs administered by the Secretary or under State or local low-income housing or public housing programs; and

"(viii) family self-sufficiency activities for low-income families in connection with rental or homeownership assistance provided under the program.

"(B) COMBINING FUNDS.—Notwithstanding any other provision of law, a participating agency may combine and use program funds for any activities authorized under this section, except that a participating agency may use funds provided for assistance under section 8(o) for activities other than those authorized under section 8(o) only if (i) in the calendar year prior to its participation in the program, the agency utilized not less than 95 percent of such funds allocated for that calendar year for such authorized activities or 95 percent of its authorized vouchers; or (ii) after approval to participate in the program, the agency achieves such utilization for a 12-month period. Such limitation shall not apply to participating agencies approved by the Secretary to combine funds from sections 8 and 9 of the Act prior to enactment of this section. A public housing agency that uses funds provided from assistance under section 8(o) for activities not authorized under such subsection may not terminate assistance to families assisted under such subsection on the grounds of inadequate funding to the extent such inadequacy is caused by such use of funds for purposes not authorized under section 8(o).

"(2) USE OF PROGRAM FUNDS.—In carrying out the housing innovation program under this section, each participating agency shall continue to assist—

"(A) not less than substantially the same number of eligible low-income families under the program as it assisted in the base year for the agency; and

"(B) a comparable mix of families by family size, subject to adjustment to reflect changes in the agency's waiting list, except that the Secretary may approve exceptions to such requirements for up to 3 years based on modernization or redevelopment activities proposed in an annual plan submitted and approved in accordance with paragraph (11).

Determinations with respect to the number of families required to be served shall be adjusted to reflect any allocation of additional vouchers under section 8(o), any change in annual voucher proration factor, or such other appropriate adjustments as the Secretary may establish. For purposes of subparagraphs (A) and (B), the term 'base year' means, with respect to existing MTW agencies, the first full calendar year prior to approval for entry into the moving to work demonstration. The Secretary shall monitor and enforce compliance with the requirements of subparagraph (A) on an annual basis.

"(3) RETAINED PROVISIONS.—Each agency that is approved for program participation pursuant to subparagraph (A) or (B) of subsection (b)(1) shall comply with all provisions of this Act except those statutory provisions and existing rules and regulations generally identified in the application for participation in the program, except that the Secretary may approve requests by an agency to waive compliance with other statutes, regulations, and rules pursuant to this Act, consistent with other program rules, if the Secretary determines that such a request would further the goals and objectives identified in the application for participation in the program (taking into consideration public and resident input pursuant to the procedure under paragraph (4)) or would further the purposes identified in subparagraphs (B) and (C) of subsection (f)(1). Notwithstanding any other provision of this section, families receiving assistance under this section shall retain the same rights of judicial review of agency action as they would otherwise have had if the agency were not participating in the program, and each participating agency, including existing MTW agencies that are approved for transfer into the program pursuant to subsection (c), shall comply with the following provisions of this Act:

"(A) Subsections (a)(2)(A) and (b)(1) of section 16 (relating to targeting for new admissions in the public housing and voucher programs).

"(B) Section 2(b) (relating to tenant representatives on the public housing agency board of directors).

"(C) Section 3(b)(2) (relating to definitions for the terms 'low-income families' and 'very low-income families').

"(D) Section 5(A)(e) (relating to the formation of and consultation with a resident advisory board).

"(E) Sections 6(f)(1) and 8(o)(8)(B) (relating to compliance of units assisted with housing quality standards or other codes).

"(F) Sections 6(c)(3), 6(c)(4)(i), and 8(o)(6)(B) (relating to rights of public housing applicants and existing procedural rights for applicants under section 8(o)).

"(G) Section 6(k) (relating to grievance procedures for public housing tenants) and comparable procedural rights for families assisted under section 8(o).

"(H) Section 6(l) (relating to public housing lease requirements), except that for units assisted both with program funds and low-income housing tax credits, the initial lease term may be less than 12 months if required to conform lease terms with such tax credit requirements.

"(I) Section 7 (relating to designation of housing for elderly and disabled households), except that a participating agency may make such designations (at initial designation or upon renewal) for a term of up to 5 years if the agency includes in its annual plan under paragraph (11) an analysis of the impact of such designations on affected households and such designation is subject to the program evaluation. Any participating agency with a designated housing plan that was approved under the moving to work demonstration may continue to operate under the terms of such plan for a term of 5 years (with an option to renew on the same terms for an additional 5 years) if it includes in its annual plan an analysis of the impact of such designations on affected households and is subject to evaluation under subsection (f).

"(J) Subparagraphs (C) through (E) of section 8(o)(7) and section 8(o)(20) (relating to lease requirements and eviction protections for families assisted with tenant-based assistance).

"(K) Section 8(o)(13)(B) (relating to a percentage limitation on project-based assistance), except that for purposes of this subparagraph such section shall be applied by substituting '50 percent' for '20 percent', and all

voucher funding that is used for non-tenant based assistance purposes shall count towards this calculation.

"(L) Section 8(o)(13)(E) (relating to resident choice for tenants of units with project-based vouchers), except with respect to—

"(i) in the case of agencies participating in the moving to work demonstration, any housing assistance payment contract entered into before or within 2 years after the enactment of this section;

"(ii) project-based vouchers that replace public housing units;

"(iii) not more than 10 percent of the vouchers available to the participating agency upon entering the housing innovation program under this section; and

"(iv) any project-based voucher program that is subject to evaluation under subsection (f).

Notwithstanding the exceptions under this subparagraph, an agency may not eliminate resident choice under section 8(o)(13)(E) for more than 25 percent of its authorized vouchers.

"(M) Section 8(r) (relating to portability of voucher assistance), except that a participating agency may receive funding for portability obligations under section 8(dd) in the same manner as other public housing agencies.

"(N) Sections 8(ee) and 6(u) (relating to records, certification and confidentiality regarding domestic violence).

"(O) Subsections (a) and (b) of section 12 (relating to payment of prevailing wages).

"(P) Section 18 (relating to demolition and disposition of public housing).

"(Q) Requirements regarding—

"(i) establishment of resident councils and jurisdiction-wide resident organizations;

"(ii) public housing agency support for such councils and organizations; and

"(iii) involvement of such councils and organizations in public housing agency operations;.

as authorized under sections 3(c)(2), 6(c)(5)(C), and 9(e) and implemented by applicable regulations.

"(4) RENTS AND REQUIREMENTS FOR CONTINUED OCCUPANCY OR PARTICIPATION.—

"(A) BEFORE POLICY CHANGE.—Before adopting any policy pursuant to participation in the housing innovation program under this section that would make a material adverse change to the requirements of this Act regarding tenant rents or contributions, or conditions of continued occupancy or participation, a participating agency shall complete each of the following actions:

"(i) The agency shall conduct an impact analysis of the proposed policy on families the agency is assisting under the program under this section and on applicants on the waiting list, including analysis of the incidence and severity of rent burdens greater than 30 percent of adjusted income on households of various sizes and types and in various income tiers, that would result, if any, without application of the hardship provisions. The analysis with respect to applicants on the waiting list may be limited to demographic data provided by the applicable consolidated plan, information provided by the Secretary, and other generally available information. The proposed policy, including provisions for addressing hardship cases and transition provisions that mitigate the impact of any rent increases or changes in the conditions of continued occupancy or participation, and data from this analysis shall be made available for public inspection and copying, on request, and for access through the Internet, for at least 60 days in advance of the public meeting described in clause (ii).

"(ii) The agency shall hold a public meeting regarding the proposed change, including the hardship provisions, which may be combined with a public meeting on the draft annual plan under paragraph (11) or the annual report under subsection (h)(2).

"(iii) The board of directors or other similar governing body of the agency shall approve the change in public session.

"(iv) The agency shall obtain approval from the Secretary of the annual plan or plan amendment. The Secretary may approve a plan or amendment containing a material change to the requirements of this Act regarding tenant rents or contributions, or conditions of continued occupancy or participation, only if the agency agrees that such policy may be included as part of the national evaluation.

"(B) AFTER POLICY CHANGE.—After adopting a policy described in subparagraph (A), a program agency shall complete each of the following actions:

"(i) The agency shall provide adequate notice to residents, which shall include a description of the changes in the public housing lease or participation agreement that may be required and of the hardship or transition protections offered.

"(ii) In the case of any additional requirements for continued occupancy or participation, the agency shall execute a lease addendum or participation agreement specifying the requirements applicable to both the resident and the agency. A resident may bring a civil action to enforce commitments of the agency made through the lease addendum or participation agreement.

"(iii) The agency shall reassess rent, subsidy level, and policies on program participation no less often than every two years, which shall include preparing a revised impact analysis, and make available for public inspection and copying, on request, and for access through the Internet, the results of such reassessment and impact analysis. The requirement under this clause may be met by sufficiently detailed interim reports, if any, by the national evaluating entity.

"(iv) The agency shall include in the annual report under subsection (h)(2) information sufficient to describe any hardship requests, including the number and types of requests made, granted, and denied, the use of transition rules, and adverse impacts resulting from changes in rent or continued occupancy policies, including actions taken by the agency to mitigate such impacts and impacts on families no longer assisted under the program.

"(C) APPLICABILITY TO EXISTING MTW AGENCIES.—An existing MTW agency that, before the date of the enactment of this section, implemented material changes to the requirements of this Act regarding tenant rents or contributions, or conditions of continued occupancy or participation, as part of the moving to work demonstration shall not be subject to subparagraph (A) with regard to such previously implemented changes, but shall comply with the requirements of subparagraph (B)(ii) and provide the evaluation and impact analysis required by subparagraph (B)(iii) by the end of the second agency fiscal year ending after such date of enactment.

"(5) PROHIBITION AGAINST DECREASE IN PROGRAM FUNDS.—The amount of program funds a participating agency receives shall not be diminished by its participation in the housing innovation program under this section.

"(6) RENT BURDEN.—A participating agency may not adopt rent policies that result in families making substantially higher rent payments than would customarily be made by families of comparable income under the program under which assistance is provided.

"(7) TIME LIMITS.—A participating agency may implement time limits on the term of housing assistance received by families under the program only if—

"(A) such limits are for a period of time not shorter than 5 years; and

"(B) enforcement of such limits is suspended for any period of time during which the unemployment rate in the area exceeds 10 percent.

"(8) EMPLOYMENT CONDITIONS.—A participating agency may condition the receipt of housing assistance by families under the program on requirements relating to the employment status or related activities of one or more family members only if—

"(A) such requirements are consistent with the program for block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act;

"(B) the agency establishes reasonable hardship exemptions; and

"(C) enforcement of such requirements is suspended for any period of time during which the unemployment rate in the area exceeds 10 percent.

"(9) SUBMISSION OF INFORMATION.—As part of the annual report required under subsection (h)(2), each participating agency shall submit information annually to the Secretary regarding families assisted under the program of the agency and comply with any other data submissions required by the Secretary for purposes of evaluation of the program under this section.

"(10) PUBLIC AND RESIDENT PARTICIPATION.—Each participating agency shall provide opportunities for resident and public participation in the annual plan under paragraph (11), as follows:

"(A) NOTICE TO RESIDENTS.—

"(i) NOTICE.—Each year, the agency shall provide notice to the low-income families it serves under the programs authorized by this section

as to the impact of proposed policy changes and program initiatives and of the schedule of resident advisory board and public meetings for the annual plan.

"(ii) MEETING.—The agency shall hold at least one meeting with the resident advisory board (including representatives of recipients of assistance under section 8) to review the annual plan for each year.

"(B) PUBLIC MEETING.—With respect to each annual plan, the agency shall hold at least one annual public meeting to obtain comments on the plan, which may be combined with a meeting to review the annual report. In the case of any agency that administers, in the aggregate, more than 15,000 public housing units and vouchers, or that operates in more than one county, the agency shall hold additional meetings in locations that promote attendance by residents and other stakeholders.

"(C) PUBLIC AVAILABILITY.—Before adoption of any annual plan, and not less than 30 days before the public meeting required under subparagraph (A)(ii) with respect to the plan, the agency shall make the proposed annual plan available for public inspection and copying, on request, and for access through the Internet. The annual plan shall be made available for public inspection not less than 30 days before approval by the board of directors (or other similar governing body) of the agency and shall remain publicly available.

"(D) BOARD APPROVAL.—Before submitting an annual plan or annual report to the Secretary, the plan or report, as applicable, shall be approved in a public meeting by the board of directors or other governing body of the agency.

"(11) ANNUAL PLAN.—

"(A) REQUIREMENT.—For each year that a participating agency participates in the housing innovation program under this section, the agency shall submit to the Secretary, in lieu of all other planning requirements, an annual plan under this paragraph.

"(B) CONTENTS.—Each annual plan shall include the following information:

"(i) A list and description of all program initiatives and generally applicable policy changes, including references to affected provisions of law or the implementing regulations affected.

"(ii) A description and comparison of changes under the housing innovation program of the agency from the plan for such program for the preceding year.

"(iii) A description of property redevelopment or portfolio repositioning strategies and proposed changes in policies or uses of funds required to implement such strategies.

"(iv) Documentation of public and resident participation sufficient to comply with the requirements under paragraphs (4) and (10), including a copy of any recommendations submitted in writing by the resident advisory board of the agency and members of the public, a summary of comments, and a description of the manner in which the recommendations were addressed.

"(v) Certifications by the agency that—

"(I) the annual plan will be carried out in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act of 1990, and the rules, standards, and policies in the approved plan;

"(II) the agency will affirmatively further fair housing; and

"(III) the agency has complied and will continue to comply with its obligations under the national evaluation.

"(vi) A description of the agency's local asset management strategy for public housing properties, which shall be in lieu of any other asset management, project based management or accounting, or other system of allocating resources and costs to participating agency assets or cost centers that the Secretary may otherwise impose under this Act.

"(C) CHANGES.—If the agency proposes to make material changes in policies or initiatives in the plan during the year covered by the plan, the agency shall consult with the resident advisory board for the agency established pursuant to section 5A(e) and the public regarding such changes before their adoption.

"(D) APPROVAL PROCESS.—

"(i) TIMING.—The Secretary shall review and approve or disapprove each annual plan submitted to the Secretary within 45 days after such

submission. The Secretary, directly or through the public housing agency, shall make information relating to such approval or disapproval available to all members of the Resident Advisory Board of the public housing agency.

"(ii) STANDARDS FOR DISAPPROVAL.—The Secretary may disapprove a plan only if—

"(I) the Secretary reasonably determines, based on information contained in the annual plan or annual report, that the agency is not in compliance with the requirements of this section;

"(II) the annual plan or most recent annual report is not consistent with other reliable information available to the Secretary; or

"(III) the annual plan or annual report or the agency's activities under the program are not otherwise in accordance with applicable law.

"(iii) FAILURE TO DISAPPROVE.—If a submitted plan is not disapproved within 45 days after submission, the plan shall be considered to be approved for purposes of this section. The preceding sentence shall not preclude judicial review regarding such compliance pursuant to chapter 7 of title 5, United States Code, or an action regarding such compliance under section 1979 of the Revised Statutes of the United States (42 U.S.C. 1983).

"(f) EVALUATION OF PERFORMANCE.—

"(1) IN GENERAL.—The Secretary shall conduct detailed evaluations of all public housing agencies participating in the program under this section—

"(A) to determine the level of success of each public housing agency in achieving the goals and objectives of the application to participate in the program;

"(B) to determine the level of success of different types of proposals in achieving the priority strategies of subsection (d)(2) or other innovative strategies identified pursuant to subsection (b)(1); and

"(C) to identify program models that can be replicated by other agencies to achieve such success.

"(2) EVALUATION METHODOLOGY.—Evaluations under this subsection shall be conducted utilizing rigorous research methodology which shall incorporate, where appropriate and to the extent funding is available, the following:

"(A) Comparison of the impact on families to similar types of families not subject to such policies.

"(B) Comparisons of alternative strategies for advancing common goals.

"(C) An examination of the costs, outputs, and outcomes of tested strategies.

"(D) A process evaluation that examines the challenges faced in implementing tested strategies and how those challenges were overcome.

"(E) A qualitative examination of the impacts of tested strategies on affected families, including families on agency waiting lists.

"(F) An examination of the impact of tested strategies on the housing needs and conditions of the jurisdiction in which the agency works.

"(G) Appropriate sensitivity to the costs that evaluation places on participating agencies, including a recognition that smaller agencies may have more difficulty than larger agencies in responding to data requests.

"(3) ADVISORY COUNCIL.—The Secretary shall establish an Advisory Council to provide input on the policies and strategies to be tested in evaluations under this subsection, data collection protocols, and other matters related to the success of the evaluation, and to assist the evaluating entity and the Secretary in interpreting the findings and formulating recommendations to the Congress to be included in the final report. The Secretary may also establish a separate Technical Advisory Group to provide input on technical issues associated with the evaluation.

"(4) REPORTS.—

"(A) IN GENERAL.—The Secretary shall submit three reports to the Congress, as provided in subparagraph (B), evaluating the programs of all public housing agencies participating in the program under this section and all agencies participating in the moving to work demonstration. Each such report shall include findings and recommendations for any appropriate legislative action.

"(B) TIMING.—The reports under this paragraph shall include—

"(i) an initial report, which shall be submitted before the expiration of the 2-year period beginning on the date on which additional agencies are approved for participation pursuant to subsection (d);

"(ii) an interim report, which shall be submitted before the expiration of the 4-year period beginning on such date of approval; and

"(iii) a final report, which shall be submitted before the expiration of the 10-year period beginning on the date of the enactment of the Section 8 Voucher Reform Act of 2009.

"(5) EVALUATING ENTITY.—The Secretary may contract out the responsibilities under this paragraphs (1) and (2) to an independent entity that is qualified to perform such responsibilities.

"(6) PERFORMANCE MEASURES.—The Secretary or the evaluating entity, as applicable, shall establish performance measures, which may include—

"(A) a baseline performance level against which program activities may be evaluated; and

"(B) performance measures for each of the five purposes identified in paragraphs (1) through (5) of subsection (a).

"(g) IMPACT OF POLICY ON FAMILIES BEING ASSISTED.—

"(1) MODIFICATION OF POLICY.—If an evaluation of an agency pursuant to subsection (f)(1)(A) includes evidence that a policy adopted by an agency is or has been harmful to families assisted by the agency, the Secretary may, after the publication of either the initial or the interim report pursuant to subsection (f)(4)(B), require such agency to take appropriate actions to modify such policy to ameliorate such harm.

"(2) DETERMINATION.—The Secretary may not take such action unless the Secretary has made a determination that such policy is causing or has caused measurable harm to families currently or previously assisted, based on a reduction in the overall number of families receiving housing assistance, noncompliance with the provision of subsection (e)(6) (relating to rent burdens), specific types of families losing their housing assistance, a reduction in the number of affordable rental housing units operated by the agency, noncompliance with the requirements of subsection (e)(3)(A) (relating to targeting), or a combination of such factors.

"(3) ADVICE AND OPPORTUNITY TO CONTEST.—Before taking such action, the Secretary shall advise the agency and give the agency a fair opportunity to contest such determination or action. If an agency contests such a determination or action, the Secretary shall provide an opportunity for interested parties to submit additional relevant evidence.

"(h) RECORDKEEPING, REPORTS, AND AUDITS.—

"(1) RECORDKEEPING.—Each public housing agency participating in the program under this section shall keep such records as the Secretary may prescribe as reasonably necessary to disclose the amounts and the disposition of amounts under the program, to ensure compliance with the requirements of this section, and to measure performance.

"(2) REPORTS.—In lieu of all other reporting requirements, each such agency participating in the program shall submit to the Secretary an annual report in a form and at a time specified by the Secretary. Each annual report shall include the following information:

"(A) A description, including an annual consolidated financial report, of the sources and uses of funds of the agency under the program, which shall account separately for funds made available under section 8 and subsections (d) and (e) of section 9, and shall compare the agency's actions under the program with its annual plan for the year.

"(B) An annual audit that complies with the requirements of Circular A–133 of the Office of Management and Budget, including the OMB Compliance Supplement.

"(C) A description of each hardship exception requested and granted or denied, and of the use of any transition rules.

"(D) Documentation of public and resident participation sufficient to comply with the requirements under paragraph (7).

"(E) A comparison of income and the sizes and types of families assisted by the agency under the program compared to those assisted by the agency in the base year.

"(F) Every two years, an evaluation of rent policies, subsidy level policies, and policies on program participation.

"(G) A description of any ongoing local evaluations and the results of any local evaluations completed during the year.

"(3) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this section.

"(4) ACCESS TO DOCUMENTS BY THE COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this section.

"(5) REPORTS REGARDING EVALUATIONS.—The Secretary shall require each public housing agency participating in the program under this section to submit to the Secretary such information as the Secretary considers appropriate to permit the Secretary to evaluate (pursuant to subsection (f)) the performance and success of the agency in achieving the purposes of the program.

"(i) ADDITIONAL PROGRAM AGENCIES.—In participating in the program under the terms of this subsection, the public housing agencies designated for such participation shall be subject to the requirements of this section, and the additional following requirements:

"(1) APPLICABILITY OF CERTAIN EXISTING PROVISIONS.—Such agencies shall be subject to the provisions of—

"(A) subsections (a) and (b) of section 3; and

"(B) section 8(o), except for paragraph (11) and except as the requirements of section 8(o) are modified by subsection (e)(3) of this section.

"(2) NO TIME LIMITS.—Such agencies may not impose time limits on the term of housing assistance received by families under the program.

"(3) NO EMPLOYMENT CONDITIONS.—Such agencies may not condition the receipt of housing assistance by families under the program on the employment status of one or more family members.

"(4) ONE-FOR-ONE REPLACEMENT.—

"(A) CONDITIONS ON DEMOLITION.—Such agencies may not demolish or dispose of any dwelling unit of public housing operated or administered by such agency (including any uninhabitable unit and any unit previously approved for demolition) except pursuant to a plan for replacement of such units in accordance with, and approved by the Secretary of Housing and Urban Development pursuant to, subparagraph (B).

"(B) PLAN REQUIREMENTS.—The Secretary may not approve a plan that provides for demolition or disposition of any dwelling unit of public housing referred to in subparagraph (A) unless—

"(i) such plan provides for outreach to public housing agency residents in accordance with paragraph (5);

"(ii) not later than 60 days before the date of the approval of such plan, such agency has convened and conducted a public hearing regarding the demolition or disposition proposed in the plan;

"(iii) such plan provides that for each such dwelling unit demolished or disposed of, such public housing agency will provide an additional dwelling unit through—

"(I) the acquisition or development of additional public housing dwelling units; or

"(II) the acquisition, development, or contracting (including through project-based assistance) of additional dwelling units that are subject to requirements regarding eligibility for initial or continued occupancy, tenant contribution toward rent, and long-term affordability restrictions which are comparable to public housing units, except that no household may be prevented from occupying a replacement dwelling unit provided pursuant to clause (iii) except to the extent specifically provided by any other provision of Federal law (including subtitle F of title V of the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 13661 et seq.; relating to safety and security in public and assisted housing, subtitle D of title VI of the Housing and Community Development Act of 1992 (42 U.S.C. 13611 et seq.; relating to preferences for elderly and disabled residents), and section 16(f) of this Act (42 U.S.C. 1437n(f)); relating to ineligibility of persons convicted of methamphetamine offenses);

"(iv) such plan provides for a right, and implementation of such right, to occupancy of additional dwelling units provided in accordance with clause (iii), for households who, as of the time that dwelling units demolished or disposed of were vacated to provide for such demolition or disposition, were occupying such dwelling units;

"(v) such plan provides that the proposed demolition or disposition and relocation will be carried out in a manner that affirmatively furthers fair housing, as described in subsection (e) of section 808 of the Civil Rights Act of 1968;

"(vi) such plan provides for a mixed-income development on the site of the original public housing, with at least one-third of all dwelling units being provided through the development of additional public housing dwelling units, except that upon a showing by the agency, if the Secretary determines that such location is infeasible, an agency may locate such a development in areas within the jurisdiction of the agency having low concentrations of poverty; and

"(vii) to the extent that such plan provides for the provision of replacement or additional dwelling units, or redevelopment, in phases over time, such plan provides that the ratio of dwelling units described in subclauses (I) and (II) of clause (iii) that are provided in any such single phase to the total number of dwelling units provided in such phase is not less than the ratio of the aggregate number of such dwelling units provided under the plan to the total number of dwelling units provided under the plan.

"(C) INAPPLICABLE PROVISIONS.—Subparagraphs (B) and (D) of section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) shall not apply with respect to vouchers used to comply with the requirements of subparagraph (B)(iii) of this paragraph.

"(D) MONITORING.—The Secretary shall provide for the appropriate field offices of the Department to monitor and supervise the enforcement of this paragraph and plans approved under this paragraph and to consult, regarding such monitoring and enforcement, with resident councils of, and resident of public housing operated or administered by, the agency.

"(5) COMPREHENSIVE OUTREACH PLAN.—No program funds of such agencies may be use to demolish or dispose of any public housing dwelling units except in accordance with a comprehensive outreach plan for such activities, developed by the agency in conjunction with the residents of the public housing agency, as follows:

"(A) The plan shall be developed by the agency and a resident task force, which may include members of the Resident Council, but may not be limited to such members, and which shall represent all segments of the population of residents of the agency, including single parent-headed households, the elderly, young employed and unemployed adults, teenage youth, and disabled persons.

"(B) The votes and agreements regarding the plan shall involve—

"(i) in the case of any public housing agency that administers 250 or fewer public housing dwelling units, not less than 10 percent of affected residents; and

"(ii) in the case of any public housing agency that administers more than 250 public housing dwelling units, not less than 25 affected residents.

"(C) The plan shall provide for and describe outreach efforts to inform residents of the program under this subsection, including a door-to-door information program, monthly newsletters to each resident household, monthly meetings dedicated solely to every aspect of the proposed development, including redevelopment factors, which shall include the one-for-one replacement requirement under paragraph (4), resident rights to return, the requirements of the program under this subsection, new resident support and community services to be provided, opportunities for participation in architectural design, and employment opportunities for residents, which shall make available at least 30 percent of the total hours worked at all such employment, and shall also make available at least 25 percent of unskilled jobs in demolition activities and 25 percent of unskilled jobs in construction activities related to the redevelopment project, including job training, apprenticeships, union membership assistance.

"(D) The plan shall provide for regularly scheduled monthly meeting updates and a system for filing complaints about any aspect of the redevelopment process.

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

"(1) EXISTING MTW AGENCY.—The term 'existing MTW agency' means a public housing agency that as of the date of the enactment of the Section 8 Voucher Reform Act of 2009 has an existing agreement with the Secretary pursuant to the moving to work demonstration, or is authorized to enter into such an agreement under section 230 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2008 (Public Law 110–161; 121 Stat. 2438) or section 236 of the Transportation, Housing and Urban Develop-

ment, and Related Agencies Appropriations Act, 2009 (Division I of Public Law 111–8).

"(2) BASE YEAR.—The term 'base year' means, with respect to a participating agency, the agency fiscal year or calendar year, as appropriate, most recently completed prior to selection and approval for participation in the housing innovation program under this section.

"(3) MOVING TO WORK DEMONSTRATION.—The term 'moving to work demonstration' means the moving to work demonstration 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).

"(4) PARTICIPATING AGENCIES.—The term 'participating agencies' means public housing agencies designated and approved for participation, and participating, in the housing innovation program under this section.

"(5) PROGRAM FUNDS.—The term 'program funds' means, with respect to a participating agency, any amounts that the agency is authorized, pursuant to subsection (e)(1), to use to carry out the housing innovation program under this section of the agency.

"(6) RESIDENTS.—The term 'residents' means, with respect to a public housing agency, tenants of public housing of the agency and participants in the voucher or other housing assistance programs of the agency funded under section 8(o), or tenants of other units owned by the agency and assisted under this section.

"(k) RESIDENT TECHNICAL ASSISTANCE.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for each of fiscal years 2010 through 2014 $10,000,000, for providing capacity building and technical assistance to enhance the capabilities of low-income families assisted or eligible for assistance under the program under this section to participate in the process for establishment and revision of annual plans under this section for participating agencies, including review and comment on impact analyses and demolition or disposition proposals.

"(2) CRITERIA FOR AWARD OF FUNDS.—The Secretary shall publish the criteria to be used to award funds on a competitive basis, in an amount appropriate to the number of households affected by the program of the participating agency or agencies that such participating agency assists, to local, regional, State, or national organizations that—

"(A)(i) have members who are predominantly low-income;

"(ii) have low-income individuals on their boards of directors; or

"(iii) directly work with or represent low-income individuals;

"(B) have the legal, policy, and development expertise to provide such assistance or will subcontract for such services; and

"(C) have a demonstrated capacity to manage similar grants.

"(3) PUBLIC HOUSING AGENCIES.—

"(A) INELIGIBILITY; NONLIABILITY.—Public housing agencies shall not be eligible to receive funds under this subsection, and shall not be liable for the action of any grantee.

"(B) COOPERATION WITH GRANTEES.—Public housing agencies participating in the program under this section shall cooperate with grantees receiving technical assistance funds under this subsection, to assist such grantees to reach families assisted under the program.

"(l) AUTHORIZATION OF APPROPRIATIONS FOR EVALUATIONS.—There is authorized to be appropriated $15,000,000 to the Department of Housing and Urban Development for the purpose of conducting the evaluations required under subsection (f)(1).".

(b) GAO REPORT.—Not later than 48 months after the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress on the extent to which the public housing agencies participating in the housing innovation program under section 37 of the United States Housing Act of 1937 are meeting the goals and purposes of such program, as identified in subsection (a) of such section 37.

SEC. 27. STUDY OF USE OF INCOME DATABASES TO REDUCE SUBSIDY ERRORS.

The Comptroller General of the United States shall conduct a study to identify databases regarding incomes of families and individuals that may be used in connection with the voucher program for rental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)), the public housing program under such Act, and project-based rental assistance programs under section 8 of such Act to reduce errors in subsidy amounts provided on behalf of recipients of assistance under such programs and to determine how best to utilize such databases for such purpose. In conducting such study, the Comptroller General shall analyze and consider the use of income information maintained in the National Directory of New

Hires database of the Department of Health and Human Services. Not later than the expiration of the 9-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report to the Congress setting for the results and conclusions of the study under this section.

SEC. 28. ACCEPTABLE IDENTIFICATION REQUIREMENT.

(a) IN GENERAL.—Rental housing assistance under section 8(o) of the United States Housing Act of 1937 may not be provided on behalf of any individual or household unless the individual provides, or, in the case of a household, all adult members of the household provide, valid personal identification in one of the following forms:

(1) Social security card with photo identification card or Real ID Act identification.—

(A) A social security card accompanied by a photo identification card issued by the Federal Government or a State Government; or

(B) A driver's license or identification card issued by a State in the case of a State that is in compliance with title II of the REAL ID Act of 2005 (title II of division B of Public Law 109–13; 49 U.S.C. 30301 note).

(2) PASSPORT.—A passport issued by the United States or a foreign government.

(3) USCIS PHOTO IDENTIFICATION CARD.—A photo identification card issued by the Secretary of Homeland Security (acting through the Director of the United States Citizenship and Immigration Services).

(b) REGULATIONS.—The Secretary of Housing and Urban Development shall, by regulations issued before the expiration of the period referred to in subsection (c), require that each public housing agency or other entity administering rental housing assistance described in subsection (a) take such actions as the Secretary considers necessary to ensure compliance with the requirements of subsection (a).

(c) EFFECTIVE DATE.—The requirements of this section shall take effect upon the expiration of the 6-month period beginning upon the date of the enactment of this Act.

SEC. 29. EFFECTIVE DATE.

Except as otherwise specifically provided in this Act—

(1) sections 3, 4, 6, and 7 of this Act and the amendments made by such sections shall take effect on January 1, 2010, except that the Secretary may delay such effective date for any one or more of sections 3, 4, and 7 to January 1, 2011, upon a determination by the Secretary that such extension is necessary to provide program participants sufficient time to make adjustments to the changes made by such sections; and

(2) all other provisions of this Act and the amendments made by this Act shall take effect upon the issuance by the Secretary of implementing regulations, as appropriate, or by notice, which shall be issued not later than the expiration of the 12-month period beginning upon the date of the enactment of this Act.

PURPOSE AND SUMMARY

The purpose of H.R. 3045, the "Section 8 Voucher Reform Act of 2009," is to authorize a reliable funding formula for annual renewal of Section 8 housing vouchers, to promote economic self-sufficiency and create homeownership opportunities for families in the Section 8 and public housing programs, to expand voucher assistance, and to simplify rent calculation and inspection requirements for Section 8 vouchers, project-based assistance, and public housing. The bill also expands and improves the "Moving to Work" program, which was created to enable public housing agencies to undertake innovative housing proposals, with the purpose of identifying models and policies that might be extended to all public housing agencies.

The bill is designed to accomplish these goals, while maintaining important protections for the low-income families who are assisted under these federal housing programs. The bill maintains current income targeting requirements, statutory rent protections, and federal housing quality inspection standards. The bill improves tenant

rules, increasing transparency and due process. Finally, the bill authorizes enhanced voucher assistance to protect tenants in expiring mortgage properties and preserves affordable housing through project-based preservation voucher assistance, and increased flexibility for use of project-based vouchers.

BACKGROUND AND NEED FOR LEGISLATION

SECTION 8 VOUCHER FUNDING FORMULA

Substantial changes have been made over the last decade to the Section 8 voucher funding formula. These have included disruptive and sudden revisions of the voucher renewal allocation formula, pro rata funding cuts, reductions in the levels of voucher reserves public housing agencies (PHAs) can retain, a prohibition against a PHA funding more than its number of authorized families (also known as "overleasing"), and HUD's failure to provide a replacement voucher for every public and assisted housing unit that is demolished or ceases to be assisted.

These changes have had negative impacts on the 2 million households that rely on the Section 8 program for housing assistance. In particular, changes made in 2004 by the U.S. Department of Housing and Urban Development to decouple funding allocations from actual voucher usage resulted in a reduction of 150,000 vouchers in use nationwide. Concurrently, unspent voucher funds increased to $1.4 billion because large numbers of PHAs would not or could not use their allocated funds for voucher assistance.

In early 2007, through the appropriations process, Congress reformed the voucher funding formula, creating a "hybrid" system of funding vouchers that limited PHAs to a budget while still funding them for all of their vouchers in use. This system was consistent with prior versions of the "Section 8 Voucher Reform Act." As a result of the formula change, voucher utilization rates have increased substantially, the levels of unspent voucher funds have fallen dramatically, and PHAs are now running their programs more efficiently.

Nevertheless, during committee hearings and roundtable discussions over the last several years, program stakeholders expressed strong support for the enactment of authorizing legislation governing voucher funding renewals. Adoption of a reliable, predictable funding policy, consistent with the current appropriations approach enacted two years ago, would facilitate the ability of program administrators to make better short- and long-term planning decisions.

Therefore, the bill authorizes a funding formula for the renewal of Section 8 vouchers over the period from Fiscal Year 2010 through 2014. Accordingly, the bill provides an efficient funding formula that bases funding allocations on need and that creates incentives for PHAs to use their annually allocated funding to house more families with vouchers.

Specifically, the bill allocates voucher renewal funds each year based on the leasing and cost data for each PHA from the prior calendar year. An annual inflation adjustment is provided and because the bill requires HUD to base inflation adjustments on the smallest geographical areas for which data is annually available the adjustment should be more accurate. Funding allocations for

individual PHAs are adjusted for tenant protection and enhanced vouchers received in the preceding year, for any vouchers the PHA may have set aside for project-based assistance, for vouchers the PHA absorbed during the prior year, and for such other adjustments as HUD considers appropriate, including adjustments for natural and other major disasters.

To ensure that PHAs can retain sufficient reserve funds to cover cost increases or emergencies, the bill ensures that a PHA can retain no less than 6 percent of that PHA's annual renewal allocation. PHAs that exhaust their reserves and run out of voucher funds can receive a two percent advance in the last three months of the calendar year to maintain their voucher utilization levels. This fallback protection is cost neutral, as the PHA must repay any advances through an offsetting downward adjustment in its funding allocation for the next year.

The bill requires HUD to recapture PHA reserves in excess of 6 percent each year, and to reallocate such funds. The first priority for reallocation is to provide funding to assist PHAs with mid-year portability absorption costs and increased family self-sufficiency costs. After setting aside funds for these purposes, all remaining funds are to be reallocated by April 1st to agencies that have effectively used available funds, in order to increase the number of voucher families they are serving. The Committee expects HUD to establish criteria to direct reallocated funds to agencies that meet or exceed a certain threshold of fund utilization, with funding provided to a significant number of such agencies.

The bill also restores the policy in place prior to FY 2003 of permitting "overleasing." PHAs which can serve more families than they are technically authorized to serve should be allowed to do so, provided they do so within their existing allocation of funds. Moreover, PHAs should receive full year renewal funding related to such permitted overleasing. This provides an incentive for PHAs to use their funds more efficiently. However, renewal funding for overleasing paid for with a PHA's reserves is limited to a leasing rate no higher than 103 percent of the prior year's rate.

The bill includes an important incentive for PHAs to maximize the number of voucher families they are serving, by requiring that the level of voucher administrative fees shall be based on the number of vouchers in use. Specifically, the bill retains the Fiscal Year 2003 per-unit fee as a baseline, along with subsequent annual inflation adjustments. However, HUD is authorized to revise the fee structure, provided that it continues to be on a per-unit basis and that it results in payment for the full cost of administering vouchers. The bill also provides that voucher administrative fees shall include an amount for the cost of issuing a voucher to a new voucher participant and shall include an amount for the cost of family self-sufficiency coordinators. Finally, the bill states that fees for PHA-owned units must reflect the reasonable cost of administration, taking into account federal requirements for third-party inspection and rent determinations.

The bill authorizes a wide range of permissible uses of tenant protection and enhanced vouchers, which are used to protect families displaced by the loss of public or assisted housing units and to preserve units that otherwise might be lost as affordable.

The bill requires HUD to develop and issue guidance to PHAs that have received incremental vouchers for non-elderly disabled families since 1997 and for homeless veterans in the last few years, to ensure that these vouchers continue to be provided to such designated families upon turnover. This addresses concerns that without clear guidance, such vouchers might be converted to general voucher use, and not reserved for the identified class of voucher recipient.

WORK, SELF-SUFFICIENCY, AND EDUCATIONAL INCENTIVES

The bill includes a number of provisions designed to create incentives for families to obtain employment, increase earned income, pursue higher education, and save for retirement.

Income Disregards. The bill requires PHAs to calculate a family's earned income using the amount earned in the prior year. The purpose of such a delay is to decouple higher incomes from an immediate rent increase which would otherwise occur, because families in public housing and Section 8 pay 30 percent of their income for rent. An additional advantage of using prior year's earned income is that it should increase the accuracy of rent determinations related to such income.

The bill also establishes a disregard of 10 percent of the first $9,000 in earned income. This disregard will further mitigate the work disincentives that may be associated with rent increases resulting from income increases.

Rent Incentives for Disabled Persons Demonstration. The bill authorizes HUD to enter into agreements with the Social Security Administration and the Secretary of Health and Human Services to allow for participation in state demonstration programs designed to permit persons with significant disabilities to be employed and continue to receive a range of federal benefits. HUD is authorized to permit a partial or complete disregard of increases in earned income for persons participating in any such demonstration for the purpose of calculating rent contributions for Section 8 housing vouchers.

Alternative Rent Work Incentives. The bill gives housing agencies the discretion to establish ceiling rents, tiered rents, or lower percentages of rent for income for families living in public housing. The purpose is to give housing agencies the discretion to fashion rent structures which build on the other income disregard features in the bill. However, the Brooke Amendment is retained as a ceiling, meaning that families are not allowed to pay more than 30 percent of their adjusted income in rent, the standard under current rent rules. HUD is required to issue regulations and establish procedures to insure that this rent ceiling is complied with.

Family Self-Sufficiency Program. One tool that PHAs have to encourage work and self-sufficiency is the Family Self-Sufficiency (FSS) Program. FSS coordinators work with families to help them pursue education, develop job skills, and obtain employment. FSS participants build savings in amounts equal to the increased rent payments that result from their increases in earnings. Unfortunately, the current competitive process of funding FSS coordinators has resulted in uncertain funding for such coordinators, reducing their effectiveness and affecting other PHA resources. The bill provides for more reliable funding of FSS coordinators by including an

amount for such costs as part of the PHA's administrative fees. The bill would provide fees based on the number of coordinators employed and the number of families being served, with funding required for agencies that received funding for 3 or more FSS coordinators anytime from FY 1998 to FY 2009.

Targeting—Rural and Low Cost Areas. The bill modifies existing statutory targeting requirements, to make it easier for lower income working families to receive a voucher in rural and other lower income geographic areas. The statute currently requires that 75 percent of new families that receive voucher assistance each year must have incomes below 30 percent of the local area median income (defined as "extremely low-income families"). The purpose of this requirement is to target the limited supply of vouchers to our nation's poorest families. In addition, 40 percent of public housing and project-based Section 8 units that become available each year must be rented to such families.

One result of this locally based income calculation is that income levels are relatively lower in rural and other areas with lower incomes. This can result in limiting vouchers and other federal rental assistance in these areas to only the lowest of lower income working families (and in some areas can even exclude minimum wage workers). The bill addresses this by modifying the income targeting cutoff to be the higher of 30 percent of local area median income (the current threshold) or the national poverty level for a family of comparable size.

Higher Education. To avoid disincentives for families and their children to pursue higher education opportunities, the bill exempts the income of adult dependents that are full-time students, and exempts grant-in-aid or scholarship amounts used for tuition or books and income from Coverdell education savings accounts and Section 529 qualified tuition programs.

Establishing a Credit History. To create a process in which voucher tenants get proper credit for paying their rent on time, the bill authorizes a PHA to submit information regarding rental payment history for voucher tenants to credit reporting agencies, contingent on a family agreeing to such submission.

HOMEOWNERSHIP

Using a Voucher for a Down Payment on a Home. In 1998, as part of broader housing legislation, Congress adopted a provision permitting voucher holders, at the option of the local PHA, to use a voucher to fund a down payment for a first-time home purchase. However, that bill made such use subject to appropriation in advance, which has prevented its implementation. The bill lifts this condition, thus allowing a voucher to be used for such down payment use at the option of the PHA—as a one-time grant in an amount not exceeding $10,000, and only for voucher families who have been receiving voucher assistance for a period of at least one year. Unlike the use of vouchers to finance annual mortgage payments (which is currently permitted at a PHA's option), use of a voucher for a down payment on a home purchase frees up the voucher for a different family in the following year.

Using a Voucher in Manufactured Housing. The bill facilitates the use of vouchers for the full cost of purchasing manufactured homes sited on leased land, by permitting voucher funds to be used

for both the cost of leasing the land, and for the monthly home purchase costs, including property taxes, insurance, and tenant-paid utilities. Currently, the statute only permits a voucher to be used to pay the cost of leasing the land, which makes the voucher of little use for such purpose. This change should be particularly helpful in expanding affordable housing opportunities to voucher holders in rural areas.

EXPANDING VOUCHER ASSISTANCE

The bill authorizes funding for 150,000 incremental Section 8 vouchers in Fiscal Year 2010.

TENANT PROTECTIONS

Rent Burdens. The bill requires HUD to monitor voucher rent burdens and submit an annual report to Congress on the percentage of families nationwide paying more than 30 percent and 40 percent, respectively, of their net income for rent, as well as information on the degree to which voucher families are clustered in lower rent, higher poverty areas, and the extent to which greater geographic distribution of families could be achieved, including by raising payment standards.

The bill requires PHAs to publicize information on local rent burdens, and, if the percentage of voucher families in the PHA's area who pay more than 40 percent of income for rent exceeds a percentage level to be established by HUD, the PHA must either raise the payment standard or explain its reasons for not doing so. It is expected that in making this decision, PHAs would take into account a wide range of factors affecting rent burdens, including the availability of funds and other program goals such as serving additional voucher families.

For PHAs with high rent burdens or high concentrations of poverty as defined under the bill, the bill requires HUD to approve PHA requests to raise the payment standard to up to 120 percent of the Fair Market Rent (FMR). To provide reasonable accommodations for persons with disabilities, PHAs are also permitted (without HUD approval) to increase payment standards up to 120 percent of the FMR, and HUD may approve payment standard requests in excess of 120 percent of FMR.

Screening. The bill protects tenants from unfairly being denied federal rental housing assistance, by limiting a PHA's elective screening of voucher program applicants to an applicant's ability to fulfill the obligations of the lease, including a consideration of any mitigating circumstances. Applicants are required to be notified of the basis of any determination of ineligibility, and are required to be given an informal hearing to present mitigating circumstances in such case. The bill also codifies current regulatory requirements for informal hearings when a PHA proposes to terminate voucher assistance.

The bill retains provisions related to screening based on criminal, drug, or alcohol abuse, but modifies such restrictions to provide more due process and to limit restrictions to those that would reasonably negatively impact other tenants. Exclusions based on prior drug and alcohol abuse where there is not a criminal conviction must be "based on documented evidence that is credible and objective." Exclusions based on prior "drug-related or violent criminal

activity" are retained, but exclusions based on "other criminal behavior" (which do not impact other tenants) are not retained. Exclusions based on prior misdemeanor convictions or activities must be based on a pattern of activity, or based on offenses against children, a sexual assault, an assault, or commission of disruptive (as the Secretary defines) or illegal behavior that interferes with the right to peaceful enjoyment of the premises by other residents. Finally, exclusions based on prior drug-related or violent criminal activity are limited to actions within the prior 5 years.

Protection of State and Local Tenant Protection Laws. The bill clarifies that state and local tenant protections are not preempted by federal statutory voucher provisions.

Foreclosure Protections. The substantial growth in properties in foreclosure in the last few years has resulted in many voucher holders being forced to relocate when the property in which they reside goes through foreclosure. In response, Congress recently enacted legislation providing both general tenant protections in the case of foreclosures, and specific Section 8 protections in such cases. Under the new law, an owner that buys a property at foreclosure is required to honor a lease with the existing voucher holder and reinstate the voucher contract—except that an owner that intends to occupy the property may do so after giving the voucher holder only 90 days notice. These provisions expire at the end of 2012.

This bill builds on these protections, by: (1) eliminating the 2012 sunset date; (2) authorizing assistance for utilities and reasonable moving costs when HUD is not able to reinstate the housing assistance contract with the new owner; and (3) extending the bill's protections to cover a situation in which a bank buys a property at foreclosure, then resells the property to a new owner.

Enhanced Vouchers. The bill authorizes enhanced vouchers to protect tenants living in projects with HUD-subsidized mortgages who would otherwise not receive such protections when the mortgage expires. Current law only provides for enhanced vouchers for such properties when there is a mortgage prepayment. The bill also prevents the eviction of families who have had their family size reduced and need enhanced vouchers in the case of a property prepayment or opt-out. Current program rules deny enhanced voucher assistance to such families in cases where their units are larger than program rules permit for their family size. However, to increase housing opportunities for larger families, the bill provides that such overhoused families may be forced to move to units of appropriate size located on the premises.

Utility Costs. The bill authorizes a PHA to use voucher subsidy amounts to pay for utilities in cases where the owner does not pay, to avoid hardship to the voucher holder.

Inspections of Units Rented by Voucher Holders. The bill protects voucher tenants living rental units in need of repair by requiring PHAs to withhold assistance to any property assisting a voucher holder that fails an inspection and which is not corrected within 90 days, by permitting PHAs to use such withheld assistance to make repairs of such properties, and by prohibiting voucher holders from being evicted because of any such withholding of assistance.

Accurate Rentals. The bill requires HUD to define fair market rent (FMR) areas as sufficiently distinct as is necessary to reflect

typical rental costs and to avoid concentration of voucher holders, while taking into consideration the efficient administration of the program by PHAs and HUD administrative costs, the availability of sufficient data to establish separate FMRs, and the ability of PHAs to adjust their payment standards to reflect accurate rent levels. HUD is required to establish procedures to permit a PHA to request a separate FMR area, to be evaluated using this criteria. HUD is required to phase in changes in FMRs as a result of boundary changes to no more than 5 percent a year. No PHA can be required to reduce their payment standard for existing families as a result of an FMR change.

TENANT MOBILITY

A critical feature of the Section 8 voucher program is tenant mobility i.e., the ability of a voucher holder to take a voucher to another community. In other words, a voucher is "portable." Over time, however, there have been two factors limiting this portability right. The first is cost: a PHA bears a higher subsidy cost for vouchers where the tenant moves to an area with higher fair market rents. In such cases, HUD has given PHAs the right to deny portability moves for such families, when the PHA cannot afford the higher cost. The second is the significant administrative costs to PHAs associated with the administration of multiple vouchers in multiple jurisdictions.

To address these concerns, the bill requires HUD to issue a proposed rule within 6 months of the bill's enactment and to finalize regulations within 12 months to modify existing regulations regarding voucher portability. Specifically, such rule is required to eliminate, or minimize to the greatest extent feasible consistent with available funding, billing between PHAs relating to portable vouchers. The Committee intends for such a rule to result in a system in which PHAs located in areas to where a voucher family relocates would absorb all or a substantial level of ported vouchers, rather than using billing arrangements, as is currently the practice. The Committee expects that this approach would minimize billing costs, and remove the financial barriers to voucher mobility.

In implementing such procedural changes, it is essential that funding, including renewal funding, be sufficient to cover the costs of absorbed vouchers to the receiving agency, without penalizing the sending agency through either unreimbursed costs or the permanent loss of a voucher. To that end, the funding formula established by the bill explicitly provides reimbursement for the unreimbursed costs of absorbing a voucher mid-year, as well as providing for the full year cost of renewing such voucher in the subsequent year. It is expected that appropriations bills will provide funding consistent with new portability procedures that are implemented by HUD.

AFFORDABLE HOUSING PRESERVATION

Project-Based Preservation Vouchers. The bill establishes authority for the provision of project-based voucher assistance in lieu of enhanced voucher assistance to preserve certain types of HUD-assisted affordable housing developments. This authority should have zero or very limited costs, in light of existing requirements to fund enhanced vouchers for such units.

Project-Basing of Vouchers. Under current law, PHAs have the authority to project base vouchers, by executing contracts for up to 15 years to site vouchers in a particular projects, subject to a requirement of mobility rights for tenants using the vouchers, and subject to certain numerical limitations on the percentage of vouchers a PHA can project base. This option is particularly important for PHAs located in areas with tight rental markets and rising rents, and for PHAs seeking to provide supportive housing for elderly persons, persons with disabilities, and for formerly homeless individuals and families.

The bill includes a number of provisions to make the project basing of vouchers more flexible and effective. The bill also increases the percentage of vouchers a PHA can project base from 20 percent to 25 percent, with authority to project-base an additional 5 percent in order to provide supportive housing to persons with disabilities, to serve homeless persons or to serve persons in areas where vouchers are difficult to use. It permits income mixing at the project level, instead of the building level, and it sets the percentage of vouchers that can be project-based in a project at the greater of 25 units or 25 percent of the units in any project, with authority to project-base 50 percent of the units in a project in areas where voucher holders have difficulty leasing rental units. The bill permits owners using project-based vouchers to maintain site-based waiting lists, subject to PHA oversight. The bill clarifies that a PHA may project-base vouchers in a building it owns or controls without following a competitive process, but only if it is in the PHA plan. The bill clarifies that lease and tenancy provisions pertaining to Section 8 vouchers shall apply to project-based vouchers, except that the one-year minimum lease term shall not apply. The bill allows a PHA to establish a lower rent level that would customarily be established, subject to the consent of the project owner, for use with any funds that may be available under the Housing Trust Fund.

ADMINISTRATIVE SIMPLIFICATION—RENT CALCULATIONS

The bill simplifies the rules used to establish rents and subsidies for the Section 8 voucher and project-based assistance programs and for public housing, while maintaining the statutory protections that keep rents affordable for lower income families.

For elderly and disabled tenants, the threshold for income deductions for medical expenses, including handicapped assistance costs, is increased from 3 percent to 10 percent of a family's income. This higher threshold will eliminate the need for a significant number of families to keep and submit detailed medical expenses and reduce PHAs' administrative burden, while maintaining deductions for significant and catastrophic medical costs. To offset this medical deduction threshold increase, the standard deduction for elderly and disabled families is increased from $400 to $725 (with indexing thereafter in $25 increments). The net overall effect on tenants is expected to be rent-neutral.

For non-elderly and non-disabled families, particularly families with children, calculations are also simplified, by creating a threshold for compensation for unreimbursed child care costs equal to those costs in excess of 10 percent of a family's income. To offset this change, rent calculation work incentives are provided for all

families with earned income (as noted in the prior section on self-sufficiency).

The bill also includes a number of provisions to simplify the process PHAs and owners use to calculate rents, which are designed to be rent-neutral and cost-neutral. These include relieving PHAs of the responsibility to maintain records of HUD-required miscellaneous income exclusions, allowing PHAs to use a HUD-prescribed inflation adjustment for fixed income families, permitting PHA safe harbor reliance on other governmental income determinations (e.g., Medicaid, TANF), and permitting PHAs to make other appropriate adjustments when using prior year's calculations for other types of income.

The Committee expects that during the transitional period HUD, PHAs and owners will make a concerted effort to inform assisted families of the pending changes in rent rules and any potential adverse consequences, and, in particular, to work with families most affected by the changes (such as families currently eligible for the child care deduction) to assist them in this transition.

All of the changes to rent calculations are designed to result in roughly comparable rent burdens for families as under current statute, and also to result in roughly comparable Section 8 and public housing costs. However, it is possible that this will not be the result in practice. Therefore, the bill requires HUD to make appropriate adjustments during the first year after the bill's enactment in the formula income of any PHA for which the changes in the bill result in a material and disproportionate reduction in a PHA's rental income. The bill also requires HUD to submit to Congress, in each of the first two years after the bill's enactment, a report identifying and calculating the impact of the bill on public housing net income and voucher and project-based Section 8 funding costs. In the event there are material adverse changes, HUD is required to include recommendations to address to reduce or eliminate such shortfalls.

ADMINISTRATIVE SIMPLIFICATION—INCOME RECERTIFICATIONS

An important simplification provision in the bill is that the annual rent re-certification requirement is modified to permit PHAs to recertify "fixed income" families only once every three years. This class of families is defined as any family with more than 90 percent of income from a combination of Social Security, SSI, governmental and private pensions, and similar periodic fixed payments. Income increases for these families are fairly predictable, and use of generic Consumer Price Index adjustments for such incomes in years without recertification should closely track actual income. This change would result in a two-thirds reduction in the administrative burden of recertifying such families, which constitutes an estimated more than one-third of all public and assisted families.

The interim recertification process is also simplified, to provide for such interim recertifications only if unearned annual income increases by $1,200, or if a family requests a recertification if its annual income falls by $1,200 or more (or such lesser amount as the PHA may establish). These thresholds eliminate time consuming mid-year recertifications which have a minimal rent impact, while protecting families whose income drops by meaningful amounts.

ADMINISTRATIVE SIMPLIFICATION—VOUCHER INSPECTIONS

The bill also makes a number of changes to the inspection and re-inspection requirements for rental housing units that serve Section 8 voucher holders, while at the same time providing that tenants should not move into unsafe units and that all units should be maintained at levels which meet federal Housing Quality Standards (HQS).

The bill retains the existing statutory requirement that a rental unit be inspected when a voucher holder moves into a new unit, but it permits occupancy and payments to landlords for up to 30 days if a unit fails inspection only as a result of non-life threatening conditions. However, payments must be suspended after 30 days if the deficiencies are not corrected. The bill also allows PHAs to permit occupancy prior to inspection if the unit has been inspected within the last 12 months according to the standards of another federal program that meets federal Housing Quality Standards, and to make payments to the owner retroactive to the beginning of the lease term when an inspection is subsequently completed. The purpose of these provisions is to allow tenants to move into habitable units as quickly as possible, and also to avoid discouraging landlords from accepting voucher families because of voucher rules that unnecessarily reduce rent revenues by delaying tenant move-ins.

The bill changes the annual re-inspection requirement to a requirement that properties be re-inspected at least every two years. This provides for an effective 50 percent reduction in the number of required inspections, while requiring periodic inspections at reasonable intervals and maintaining a family's right to request an interim inspection if there are problems with the unit they live in.

The bill also permits use of federal, state, or local inspections in lieu of a PHA voucher re-inspection, subject to the condition that such inspections provide standards comparable to those of the voucher program. This avoids the cost and burden of redundant inspections. The flexibility provided to use inspections from other programs, such as the HOME program, in lieu of a voucher inspection is not intended to reduce safety or reduce the quality level that units must meet. Thus, it is important that PHAs ensure that any inspections used under such other programs fully meet Federal voucher program Housing Quality Standards.

The bill protects voucher tenants living in rental units in need of repair by requiring PHAs to withhold assistance to any property assisting a voucher holder that fails an inspection, to abate assistance for problems which are not corrected within 30 days, by permitting PHAs to use such abated assistance to make repairs of such properties, and by prohibiting voucher holders from being evicted because of any such withholding or abatement of assistance. This PHA repair option is not intended in any way to reduce the obligation of owners to maintain properties and to fix life-threatening defects within 24 hours or other problems within 30 days, but merely to augment options for ensuring that units are properly maintained.

ASSET AND INCOME LIMITS, OTHER RESIDENCE PROHIBITIONS

In recognition of long waiting lists for vouchers and public housing, the bill establishes a new asset limitation, bars families from receiving federal rental housing assistance if they own a residence, and applies income eligibility restrictions at annual recertification. The purpose of these provisions is to free up vouchers or public or assisted housing units for families with a demonstrated financial need.

The bill creates a new asset limitation for both initial and ongoing rental assistance eligibility by prohibiting any family from having more than $100,000 in net assets. To encourage self-sufficiency, the bill excludes from this asset calculation homeownership equity accounts, equity in homes assisted under a voucher homeownership program, family self-sufficiency accounts, and retirement and education savings accounts. Personal property that is not of significant value is also excluded. To limit the administrative burden of this new limitation, the bill permits PHAs to rely on self-certification of assets by the assisted family.

The bill prohibits families from receiving federal assistance if they own a residence suitable for occupancy. Exempted from this prohibition are properties for which families are receiving federal rental housing assistance, victims of domestic violence, and families offering such property for sale.

The bill also requires families to be "low income" (below 80 percent of local area median income) at the time of each annual recertification. However, the bill retains existing income limitations for enhanced vouchers and protects families in properties initially permitted to have incomes up to 95 percent of median income by letting them to continue to live in such housing as long as they comply with this income limitation.

PHAs may elect not to enforce asset and income limits for public housing residents at recertification, and owners receiving project-based Section 8 assistance may elect not to enforce income limits at recertification. PHAs and owners may also delay eviction or termination of families not meeting the asset, residence or income limitations for a period of up to six months. This delay is provided in order to give tenants an opportunity to find another place to live and to address situations wherein a family's assets or income briefly exceed the limit, but fall back shortly thereafter to permitted eligibility levels.

PHA VOUCHER PERFORMANCE ASSESSMENTS

Under HUD's current Section 8 Management Assessment Program (SEMAP), HUD assesses PHAs on their performance in administering the housing voucher program. SEMAP was created under HUD's rulemaking authority. The bill creates a statutory requirement for HUD to assess PHA voucher administrative performance, which is intended to supersede SEMAP. The following factors are assessed: the extent to which units comply with housing quality standards, including compliance with the inspection requirement; the extent of utilization of allocated funds and authorized vouchers; the timeliness and accuracy of reporting to HUD; effectiveness in carrying out policies to achieve deconcentration of poverty and reduction of racial segregation; the reasonableness of rent burdens;

accurate rent, utility allowance and subsidy calculations; effectiveness in carrying out family self-sufficiency activities; timeliness of actions related to landlord participation; and such other factors as the Secretary considers appropriate.

These assessments are required to be carried out at least once every two years.

FIREARMS RESTRICTIONS

The bill prohibits the HUD Secretary, PHAs, and owners from establishing any prohibition or restriction on the otherwise lawful possession or use of firearms in public housing, in project-based Section 8 housing dwelling units, and in dwelling units inhabited by a voucher holder.

IDENTIFICATION REQUIREMENT

The bill requires as a condition of public housing, voucher, or project-based rental assistance that each person or member of a household receiving such assistance provide a valid personal identification, in the form of either a social Security card with photo identification or Real ID Act identification and a drivers license or identification card issued by a state; a passport; or a photo identification card issued by the Secretary of Homeland Security.

GAO STUDIES

The bill requires three GAO studies. Within 6 months, the GAO is required to complete a study of the voucher and other federally subsidized housing programs to determine whether any statutory, regulatory, or administrative provisions may have the effect of making occupancy by voucher holders in federally subsidized units more difficult to obtain than occupancy by non-voucher holders. Within six months, the GAO is required to complete a study to identify and analyze the effects that the voucher program has on other HUD programs and on the HUD budget. Within 9 months, the GAO is required to complete a study to identify databases that may be used in connection with public and assisted housing to reduce errors in the calculation of subsidy amounts for families and individuals assisted under those programs.

MOVING TO WORK

The Committee is concerned that after a 13-year demonstration, there is little evidence regarding the success, usefulness, or failures of the Moving-to-Work (MTW) program. There has not been a thorough evaluation to document the results of the program overall to date, and therefore the bill requires that such an evaluation must be part of any expanded program that moves forward. Moreover, while the Committee believes that some Moving-to-Work agencies may have implemented policies and programs that are beneficial to residents and communities, the Committee is troubled by reports of families losing rental assistance, facing substantially increased rent burdens, or being subjected to other harmful policies. Therefore, the bill expands tenant protections for the program.

Accordingly, the bill renames the Moving to Work program as the "Housing Innovation Program" (HIP). HUD may designate not more than 60 agencies (including existing agencies approved for

program continuation), and may add 20 additional agencies (so-called "HIP-lite" agencies) under more stringent program limitations. The program is extended for a 10-year period.

HUD is required to approve existing MTW agencies for continued eligibility, provided they are not in default under their existing MTW agreement and that HUD determines they are meeting their goals and objectives. Agencies approved for continuation must generally make changes to existing policies to bring them in line with new program rules within two years of enactment.

No more than five agencies newly selected for program participation may be "near-troubled." "Troubled" PHAs are not eligible for participation. Agencies shall be selected to provide for diversity with respect to size, geography, and areas served (i.e., urban, suburban, and rural). Applicants must have held two public meetings on their HIP application proposal, preceded by 30 days prior notice to residents and the local community. Agencies shall be selected based on criteria to be established by HUD, which shall include the extent to which the HIP proposal generally identifies rules and regulations that impede achievement of its goals and objectives and why program participation is necessary to achieve such goals and objectives; the extent of local commitment and funding; the extent to which the applicant has a history of success in pursuing similar strategies to those identified in the application; and whether the proposal pursues one of two priority strategies. The three priority strategies are: (1) increasing housing opportunities, (2) rent reforms and family self-sufficiency, and (3) cost effectiveness.

These more targeted criteria for PHA selection are intended to provide a clearer focus on what agencies plan to do with the deregulation permitted under the program, as well as why such deregulation is essential to carrying out goals and objectives. The priority strategies are intended to develop a focus on experimentation that can later be used as a model for federal policy makers in determining whether certain rules should be changed nationwide.

Activities which can be undertaken with program funds are enumerated, subject to requirements that a PHA must assist not less than substantially the same number of low-income families with a comparable mix of families by family size. A number of existing statutory requirements are retained, including income targeting, Section 18 demolition and disposition rules, a number of tenant protections including lease requirements and eviction protections, portability, and other provisions. A number of procedural, PHA plan, and tenant participation requirements apply to any PHA policy changes under the program that would make a material change to tenant rents or contributions or to conditions of continued occupancy or participation, including requirements for hardship protections and transition policies. The purpose of these enhanced protections for assisted families is to ensure greater involvement of affected families in the policies being developed, and to ensure that such families are not adversely affected by activities being pursued under the more relaxed program rules.

Additionally, the 20 HIP-lite agencies must comply with statutory rent requirements, may not impose time limits, may not establish work requirements, must replace demolished or disposed of public housing units on a one-for-one basis, and must include more extensive resident participation in any plan which provides for

demolition or disposition of public housing units. HIP-lite is designed for agencies that may want to participate in innovative finance and development activities, but have no interest in pursuing rent and other tenant policies.

As the Committee is concerned about the impact of certain policies on low-income families, the bill allows the Secretary to require an agency to modify policies that are harmful to assisted families, based on a determination that such policies are causing or have caused measurable harm to families, based on factors which include fewer families receiving assistance or specific types of families losing their assistance, noncompliance with the rent burden requirement, a reduction in the number of affordable units, noncompliance with targeting requirements, or a combination of these factors. In addition, PHAs are required to conduct an impact analysis before and after implementation of any policy change. Moreover, the bill places reasonable limitations on the ability of PHAs to impose time limits and work requirements in order to protect tenants from the potential harm that could result from these policies.

HUD must perform evaluations of agencies participating in the program or may contract out such responsibility to an independent entity qualified to perform such task. The Committee expects and encourages HUD to use its authority to contract out the evaluating function to an independent entity. Such evaluations must use performance measures and identify models that can be replicated by other agencies. HUD is required to submit evaluation reports at 2, 4, and 10-year periods. The purpose of this more structured evaluation process is to improve the existing methodology for evaluating the successes and problems of the program. $15 million is authorized for HUD to conduct the required evaluations.

$10 million is authorized in each of the years FY 2010 through FY 2014 for capacity building and technical assistance to enhance the capabilities of low-income families assisted under the program to participate effectively in local policy deliberations.

HEARINGS

The Committee on Financial Services held a hearing on May 21, 2009, entitled "The Section 8 Voucher Reform Act." The Honorable Shaun Donovan, Secretary of Housing and Urban Development, testified.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on July 8 and 9, 2009, and on July 23, 2009, ordered H.R. 3045, the Section 8 Voucher Reform Act of 2009, as amended, favorably reported to the House by a record vote of 41 yeas and 24 nays.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. A motion by Mr. Frank to report the bill, as amended, to the House with a favorable recommendation was agreed to by a record vote of 41 yeas and 24

nays (Record vote no. FC–34). The names of Members voting for and against follow:

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Frank	X			Mr. Bachus		X	
Mr. Kanjorski	X			Mr. Castle	X		
Ms. Waters	X			Mr. King (NY)			
Mrs. Maloney	X			Mr. Royce		X	
Mr. Gutierrez	X			Mr. Lucas		X	
Ms. Velázquez	X			Mr. Paul		X	
Mr. Watt				Mr. Manzullo		X	
Mr. Ackerman	X			Mr. Jones	X		
Mr. Sherman	X			Mrs. Biggert	X		
Mr. Meeks	X			Mr. Miller (CA)			
Mr. Moore (KS)	X			Mrs. Capito		X	
Mr. Capuano	X			Mr. Hensarling		X	
Mr. Hinojosa	X			Mr. Garrett (NJ)		X	
Mr. Clay	X			Mr. Barrett (SC)		X	
Mrs. McCarthy				Mr. Gerlach		X	
Mr. Baca	X			Mr. Neugebauer		X	
Mr. Lynch	X			Mr. Price (GA)		X	
Mr. Miller (NC)	X			Mr. McHenry		X	
Mr. Scott	X			Mr. Campbell		X	
Mr. Green	X			Mr. Putnam		X	
Mr. Cleaver	X			Mrs. Bachmann		X	
Ms. Bean	X			Mr. Marchant			
Ms. Moore (WI)	X			Mr. McCotter		X	
Mr. Hodes	X			Mr. McCarthy		X	
Mr. Ellison	X			Mr. Posey		X	
Mr. Klein	X			Ms. Jenkins		X	
Mr. Wilson	X			Mr. Lee		X	
Mr. Perlmutter				Mr. Paulsen		X	
Mr. Donnelly	X			Mr. Lance		X	
Mr. Foster	X						
Mr. Carson	X						
Ms. Speier	X						
Mr. Childers	X						
Mr. Minnick	X						
Mr. Adler	X						
Ms. Kilroy	X						
Mr. Driehaus		X					
Ms. Kosmas	X						
Mr. Grayson	X						
Mr. Himes	X						
Mr. Peters	X						
Mr. Maffei	X						

During the consideration of the bill, the following amendments were disposed of by record votes. The names of Members voting for and against follow:

An amendment by Mrs. Capito, No. 8, reducing authorized incremental dwelling units, was not agreed to by a record vote of 25 yeas and 39 nays (Record vote no. FC–29):

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Frank		X		Mr. Bachus	X		
Mr. Kanjorski		X		Mr. Castle		X	
Ms. Waters		X		Mr. King (NY)	X		
Mrs. Maloney		X		Mr. Royce	X		
Mr. Gutierrez		X		Mr. Lucas	X		
Ms. Velázquez		X		Mr. Paul	X		
Mr. Watt				Mr. Manzullo	X		
Mr. Ackerman		X		Mr. Jones			
Mr. Sherman		X		Mrs. Biggert		X	
Mr. Meeks		X		Mr. Miller (CA)	X		
Mr. Moore (KS)		X		Mrs. Capito	X		

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Capuano		X		Mr. Hensarling	X		
Mr. Hinojosa		X		Mr. Garrett (NJ)	X		
Mr. Clay		X		Mr. Barrett (SC)	X		
Mrs. McCarthy		X		Mr. Gerlach		X	
Mr. Baca		X		Mr. Neugebauer	X		
Mr. Lynch		X		Mr. Price (GA)	X		
Mr. Miller (NC)		X		Mr. McHenry			
Mr. Scott		X		Mr. Campbell	X		
Mr. Green		X		Mr. Putnam	X		
Mr. Cleaver		X		Mrs. Bachmann			
Ms. Bean		X		Mr. Marchant	X		
Ms. Moore (WI)		X		Mr. McCotter	X		
Mr. Hodes		X		Mr. McCarthy	X		
Mr. Ellison		X		Mr. Posey	X		
Mr. Klein		X		Ms. Jenkins	X		
Mr. Wilson		X		Mr. Lee	X		
Mr. Perlmutter				Mr. Paulsen	X		
Mr. Donnelly		X		Mr. Lance	X		
Mr. Foster		X					
Mr. Carson							
Ms. Speier		X					
Mr. Childers		X					
Mr. Minnick		X					
Mr. Adler	X						
Ms. Kilroy							
Mr. Driehaus	X						
Ms. Kosmas		X					
Mr. Grayson		X					
Mr. Himes		X					
Mr. Peters		X					
Mr. Maffei		X					

An amendment by Mr. Neugebauer, No. 10, requiring offsets for news vouchers, was not agreed to by a record vote of 26 yeas and 39 nays (FC–30):

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Frank		X		Mr. Bachus	X		
Mr. Kanjorski		X		Mr. Castle	X		
Ms. Waters		X		Mr. King (NY)	X		
Mrs. Maloney		X		Mr. Royce	X		
Mr. Gutierrez		X		Mr. Lucas	X		
Ms. Velázquez		X		Mr. Paul	X		
Mr. Watt				Mr. Manzullo	X		
Mr. Ackerman		X		Mr. Jones			
Mr. Sherman		X		Mrs. Biggert	X		
Mr. Meeks		X		Mr. Miller (CA)	X		
Mr. Moore (KS)		X		Mrs. Capito	X		
Mr. Capuano		X		Mr. Hensarling	X		
Mr. Hinojosa		X		Mr. Garrett (NJ)	X		
Mr. Clay		X		Mr. Barrett (SC)	X		
Mrs. McCarthy		X		Mr. Gerlach	X		
Mr. Baca		X		Mr. Neugebauer	X		
Mr. Lynch		X		Mr. Price (GA)	X		
Mr. Miller (NC)		X		Mr. McHenry			
Mr. Scott		X		Mr. Campbell	X		
Mr. Green		X		Mr. Putnam	X		
Mr. Cleaver		X		Mrs. Bachmann			
Ms. Bean		X		Mr. Marchant	X		
Ms. Moore (WI)		X		Mr. McCotter	X		
Mr. Hodes		X		Mr. McCarthy	X		
Mr. Ellison		X		Mr. Posey	X		
Mr. Klein		X		Ms. Jenkins	X		
Mr. Wilson		X		Mr. Lee	X		
Mr. Perlmutter				Mr. Paulsen	X		
Mr. Donnelly		X		Mr. Lance	X		

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Foster		X					
Mr. Carson		X					
Ms. Speier		X					
Mr. Childers		X					
Mr. Minnick		X					
Mr. Adler		X					
Ms. Kilroy							
Mr. Driehaus		X					
Ms. Kosmas		X					
Mr. Grayson		X					
Mr. Himes		X					
Mr. Peters		X					
Mr. Maffei		X					

An amendment by Mr. Price, No. 14, prohibiting firearms restrictions in federally assisted housing, was agreed to by a record vote of 38 yeas and 31 nays (FC–31):

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Frank		X		Mr. Bachus	X		
Mr. Kanjorski	X			Mr. Castle		X	
Ms. Waters		X		Mr. King (NY)		X	
Mrs. Maloney		X		Mr. Royce	X		
Mr. Gutierrez		X		Mr. Lucas	X		
Ms. Velázquez		X		Mr. Paul	X		
Mr. Watt		X		Mr. Manzullo	X		
Mr. Ackerman		X		Mr. Jones			
Mr. Sherman		X		Mrs. Biggert	X		
Mr. Meeks		X		Mr. Miller (CA)	X		
Mr. Moore (KS)		X		Mrs. Capito	X		
Mr. Capuano		X		Mr. Hensarling	X		
Mr. Hinojosa		X		Mr. Garrett (NJ)	X		
Mr. Clay		X		Mr. Barrett (SC)	X		
Mrs. McCarthy		X		Mr. Gerlach	X		
Mr. Baca	X			Mr. Neugebauer	X		
Mr. Lynch		X		Mr. Price (GA)	X		
Mr. Miller (NC)		X		Mr. McHenry	X		
Mr. Scott		X		Mr. Campbell	X		
Mr. Green		X		Mr. Putnam	X		
Mr. Cleaver		X		Mrs. Bachmann			
Ms. Bean		X		Mr. Marchant	X		
Ms. Moore (WI)		X		Mr. McCotter	X		
Mr. Hodes	X			Mr. McCarthy	X		
Mr. Ellison		X		Mr. Posey	X		
Mr. Klein		X		Ms. Jenkins	X		
Mr. Wilson	X			Mr. Lee	X		
Mr. Perlmutter		X		Mr. Paulsen	X		
Mr. Donnelly	X			Mr. Lance	X		
Mr. Foster	X						
Mr. Carson		X					
Ms. Speier		X					
Mr. Childers	X						
Mr. Minnick	X						
Mr. Adler	X						
Ms. Kilroy		X					
Mr. Driehaus		X					
Ms. Kosmas	X						
Mr. Grayson	X						
Mr. Himes		X					
Mr. Peters	X						
Mr. Maffei	X						

An amendment by Mr. Price, No. 16, regarding acceptable identification requirements, was agreed to by a record vote of 37 yeas and 31 nays (FC–32):

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Frank		X		Mr. Bachus	X		
Mr. Kanjorski	X			Mr. Castle	X		
Ms. Waters		X		Mr. King (NY)	X		
Mrs. Maloney		X		Mr. Royce	X		
Mr. Gutierrez		X		Mr. Lucas	X		
Ms. Velázquez		X		Mr. Paul		X	
Mr. Watt		X		Mr. Manzullo	X		
Mr. Ackerman		X		Mr. Jones			
Mr. Sherman		X		Mrs. Biggert	X		
Mr. Meeks		X		Mr. Miller (CA)	X		
Mr. Moore (KS)	X			Mrs. Capito	X		
Mr. Capuano		X		Mr. Hensarling	X		
Mr. Hinojosa		X		Mr. Garrett (NJ)	X		
Mr. Clay		X		Mr. Barrett (SC)	X		
Mrs. McCarthy				Mr. Gerlach	X		
Mr. Baca		X		Mr. Neugebauer	X		
Mr. Lynch		X		Mr. Price (GA)	X		
Mr. Miller (NC)		X		Mr. McHenry	X		
Mr. Scott		X		Mr. Campbell	X		
Mr. Green		X		Mr. Putnam	X		
Mr. Cleaver		X		Mrs. Bachmann			
Ms. Bean	X			Mr. Marchant	X		
Ms. Moore (WI)		X		Mr. McCotter	X		
Mr. Hodes		X		Mr. McCarthy	X		
Mr. Ellison		X		Mr. Posey	X		
Mr. Klein		X		Ms. Jenkins	X		
Mr. Wilson	X			Mr. Lee	X		
Mr. Perlmutter		X		Mr. Paulsen	X		
Mr. Donnelly	X			Mr. Lance	X		
Mr. Foster	X						
Mr. Carson		X					
Ms. Speier		X					
Mr. Childers	X						
Mr. Minnick	X						
Mr. Adler	X						
Ms. Kilroy		X					
Mr. Driehaus	X						
Ms. Kosmas	X						
Mr. Grayson		X					
Mr. Himes		X					
Mr. Peters		X					
Mr. Maffei		X					

An amendment by Mr. Neugebauer, No. 18, striking section 20 (relating to effect of foreclosure on section 8 tenancies), was not agreed to by a record vote of 28 yeas and 42 nays (FC–33):

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Frank		X		Mr. Bachus	X		
Mr. Kanjorski		X		Mr. Castle	X		
Ms. Waters		X		Mr. King (NY)	X		
Mrs. Maloney		X		Mr. Royce	X		
Mr. Gutierrez		X		Mr. Lucas	X		
Ms. Velázquez		X		Mr. Paul	X		
Mr. Watt		X		Mr. Manzullo	X		
Mr. Ackerman		X		Mr. Jones			
Mr. Sherman		X		Mrs. Biggert	X		
Mr. Meeks		X		Mr. Miller (CA)	X		
Mr. Moore (KS)		X		Mrs. Capito	X		
Mr. Capuano		X		Mr. Hensarling	X		
Mr. Hinojosa		X		Mr. Garrett (NJ)	X		

Representative	Aye	Nay	Present	Representative	Aye	Nay	Present
Mr. Clay		X		Mr. Barrett (SC)	X		
Mrs. McCarthy		X		Mr. Gerlach	X		
Mr. Baca		X		Mr. Neugebauer	X		
Mr. Lynch		X		Mr. Price (GA)	X		
Mr. Miller (NC)		X		Mr. McHenry	X		
Mr. Scott		X		Mr. Campbell	X		
Mr. Green		X		Mr. Putnam	X		
Mr. Cleaver		X		Mrs. Bachmann	X		
Ms. Bean		X		Mr. Marchant	X		
Ms. Moore (WI)		X		Mr. McCotter	X		
Mr. Hodes		X		Mr. McCarthy	X		
Mr. Ellison		X		Mr. Posey	X		
Mr. Klein		X		Ms. Jenkins	X		
Mr. Wilson		X		Mr. Lee	X		
Mr. Perlmutter		X		Mr. Paulsen	X		
Mr. Donnelly		X		Mr. Lance	X		
Mr. Foster		X					
Mr. Carson		X					
Ms. Speier		X					
Mr. Childers		X					
Mr. Minnick		X					
Mr. Adler		X					
Ms. Kilroy		X					
Mr. Driehaus		X					
Ms. Kosmas		X					
Mr. Grayson		X					
Mr. Himes		X					
Mr. Peters		X					
Mr. Maffei		X					

The following other amendments were also considered by the Committee:

An amendment by Mrs. Capito, No. 1, regarding publishing utility data, was agreed to, by a voice vote.

An amendment by Mrs. Biggert (and Ms. Waters), No. 2, a manager's amendment, was agreed to, by a voice vote.

An amendment by Mr. Lynch, No. 3, a provision to certain assisted housing residents, was offered and withdrawn, then re-offered and agreed to, by a voice vote.

An amendment by Mr. Adler, No. 4, regarding a study of use of income databases to reduce subsidy errors, was agreed to, by a voice vote.

An amendment by Mrs. Capito, No. 5, regarding a study of effects of section 8 program on HUD budget and programs, was agreed to, by a voice vote.

An amendment by Mr. Maffei, No. 6, regarding veterans vouchers used by veterans on turnover, was agreed to, by a voice vote.

An amendment by Mr. Himes, No. 7, providing a prohibition on setting higher rents for disabled payment standard, was agreed to by a voice vote.

An amendment by Mrs. Maloney, No. 9, requiring a HUD report on revenue and cost impact, was agreed to, by a voice vote.

An amendment by Mr. Miller (CA), No. 11, regarding family self-sufficiency, was agreed to by a voice vote.

An amendment by Mrs. Biggert, No. 12, regarding PHA reporting authority, was offered and withdrawn.

An amendment by Mrs. Biggert, No. 13, regarding individual reporting of rent payments, was agreed to by a voice vote.

An amendment by Mr. Miller (CA), No. 15, setting time limitations on assistance, was not agreed to by a voice vote.

An amendment by Mrs. Moore (WI), No. 17, including reduction of racial segregation in performance assessment, was agreed to by a voice vote. An amendment by Mr. McCarthy (CA) to the amendment by Mrs. Moore (WI), No. 17a, was not agreed to by a voice vote.

An amendment by Mrs. Biggert, No. 19, striking the denials of admissions section, was not agreed to by a voice vote.

An amendment by Mrs. Biggert, No. 20, modifying the denials of admission section, was, as modified by unanimous consent, agreed to.

An amendment by Ms. Waters (and Mr. Frank), No. 21, regarding the Housing Innovation Program, was agreed to by voice vote.

An amendment by Mr. McCarthy (CA), No. 22, regarding a study on effects of vouchers on certain municipalities, was offered and withdrawn.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a hearing and made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The goals of H.R. 3045, the "Section 8 Voucher Reform Act of 2009," are to authorize a reliable funding formula for annual renewal of Section 8 housing vouchers, to promote economic self-sufficiency and create homeownership opportunities for families in the Section 8 and public housing programs, to expand voucher assistance, and to simplify rent calculation and inspection requirements for Section 8 vouchers, project-based assistance, and public housing. The bill also expands and improves the "Moving to Work" program, which was created to enable public housing agencies undertake innovative housing proposals, with the purpose of identifying models and policies that might be extended to all public housing agencies. The bill is designed to accomplish these goals, while maintaining important protections for the low-income families who are assisted under these federal housing programs. The bill maintains current income targeting requirements, statutory rent protections, and federal housing quality inspection standards. The bill improves tenant rules, increasing transparency and due process. The bill authorizes enhanced voucher assistance to protect tenants in expiring mortgage properties and preserves affordable housing through project-based preservation voucher assistance, and increased flexibility for use of project-based vouchers.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by

the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 16, 2009.

Hon. BARNEY FRANK,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3045, the Section 8 Voucher Reform Act of 2009.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Chad Chirico.

Sincerely,

ROBERT A. SUNSHINE
(For Douglas W. Elmendorf, Director).

Enclosure.

H.R. 3045—Section 8 Voucher Reform Act of 2009

Summary: H.R. 3045 would amend the United States Housing Act of 1937 to change certain aspects of the Department of Housing and Urban Development's (HUD's) rental assistance programs. The bill would authorize funding for 150,000 new housing vouchers; alter calculations of tenant income, tenant rent, and public housing authority (PHA) funding; change requirements for the inspection of housing units; and adjust requirements for the targeting of housing assistance.

CBO estimates that implementing this legislation would have a net cost of $7.6 billion over the 2010–2014 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues.

H.R. 3045 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3045 is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

ESTIMATED BUDGETARY IMPACT OF H.R. 3045

	By fiscal year, in millions of dollars—					
	2010	2011	2012	2013	2014	2010–2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Income Determination Changes:						
Earned Income Disregard:						
Estimated Authorization Level	332	333	333	334	366	1,698
Estimated Outlays	199	332	333	334	353	1,551
Imputed Return on Assets:						
Estimated Authorization Level	15	15	15	15	15	75
Estimated Outlays	9	15	15	15	15	69
Changes to Allowances:						
Elderly and Disabled Allowance:						
Estimated Authorization Level	234	234	234	234	252	1,188
Estimated Outlays	140	234	234	234	245	1,087
Medical Expense Allowance:						
Estimated Authorization Level	−214	−222	−231	−241	−253	−1,161
Estimated Outlays	−128	−218	−227	−237	−248	−1,058
Child Care Allowance:						
Estimated Authorization Level	−113	−114	−116	−117	−118	−578
Estimated Outlays	−68	−114	−115	−116	−117	−530
Dependent Allowance:						
Estimated Authorization Level	23	23	23	23	23	115
Estimated Outlays	14	23	23	23	23	106
Targeting and Eligibility Changes:						
Targeting:						
Estimated Authorization Level	−58	−118	−179	−181	−183	−719
Estimated Outlays	−35	−94	−154	−180	−182	−645
Income Eligibility:						
Estimated Authorization Level	22	45	45	46	47	205
Estimated Outlays	13	36	45	46	47	187
Asset Eligibility:						
Estimated Authorization Level	*	*	*	*	*	1
Estimated Outlays	*	*	*	*	*	1
Other Provisions:						
Incremental Vouchers:	1,155	1,176	1,193	1,211	1,235	5,970
Estimated Authorization Level	1,010	1,173	1,191	1,209	1,232	5,815
Estimated Outlays	.....	.....	.....	.....	.....	.....
Enhanced Vouchers:						
Estimated Authorization Level	16	76	186	254	335	868
Estimated Outlays	10	52	142	227	303	734
Family Self-Sufficiency Coordinators:						
Estimated Authorization Level	22	23	23	24	25	117
Estimated Outlays	13	23	23	24	24	107
Tenant Protection Vouchers:						
Estimated Authorization Level	10	10	10	10	10	50
Estimated Outlays	6	10	10	10	10	46
Resident Technical Assistance:						
Estimated Authorization Level	10	10	10	10	10	50
Estimated Outlays	2	10	10	10	10	42
Enhanced Vouchers for Georgetown Homes:						
Estimated Authorization Level	4	4	4	4	4	20
Estimated Outlays	3	4	4	4	4	19
Housing Innovation Program Evaluation:						
Estimated Authorization Level	15	0	0	0	0	15
Estimated Outlays	2	2	2	2	2	10
U.S. Interagency Council on Homelessness:						
Estimated Authorization Level	0	0	3	3	3	9
Estimated Outlays	0	0	2	3	3	8
Family Self-Sufficiency Program:						
Estimated Authorization Level	10	0	0	0	0	10
Estimated Outlays	1	1	1	1	1	5
Total Changes in Spending Subject to Appropriation:						
Estimated Authorization Level	1,484	1,496	1,554	1,628	1,771	7,934
Estimated Outlays	1,191	1,490	1,539	1,608	1,724	7,554

Note: Components may not sum to totals because of rounding; * = between zero and $500,000.

Basis of estimate: Implementing H.R. 3045 would lead to a net increase in discretionary spending for housing assistance, primarily by increasing the number of tenant-based vouchers, reducing the amount of income that is used to calculate tenant rent contributions, and increasing allowable deductions for the elderly and disabled. The increase in costs for those provisions (along with other smaller increases) would be partially offset by savings for other program changes, leading to an estimated net increase in costs of $7.6 billion over the 2010–2014 period. All such changes would be subject to appropriation actions.

Background

Almost 5 million households receive assistance through HUD's various rental assistance programs, including the Section 8 Housing Choice Voucher program, public housing, and other project-based subsidy programs. To be eligible for assistance, family income must be below either 50 percent or 80 percent of the area median income, depending on the program. Targeting requirements in each of the programs establish a minimum percentage of assisted families who must be below 30 percent of the area median income. Tenants who receive assistance generally pay 30 percent of their adjusted monthly income towards rent. Funding from HUD covers the difference between what the tenant pays and the full rent for the unit (up to certain limits). In the case of public housing, HUD provides PHAs with operating and capital funding that allows them to subsidize rents.

Families participating in HUD's rental assistance programs have their incomes certified when they enter the program and at least annually thereafter. Current law allows various adjustments to income prior to calculating a family's rent payment. Families may deduct any medical expenses over 3 percent of income and all child care expenses. In addition, households may deduct $400 from gross income if they include an elderly or disabled member, and all households may deduct $480 for each dependent. As a result of these deductions, the average adjusted income is approximately 10 percent lower than the average gross income. In 2008, the average family rent payment was about $280 per month and the average subsidy payment was about $550 per month.

For this estimate, CBO assumes that H.R. 3045 will be enacted near the end of fiscal year 2009 and that spending will follow historical outlay patterns. In cases where the tenant rent contribution would change, CBO assumes that appropriations will be adjusted to reflect the costs of such changes. In addition, CBO assumes that these changes would not affect the funding requirements for about 300,000 public housing or voucher units covered by Moving-to-Work agreements because those PHAs are funded pursuant to their agreements.

Income determination changes

Section 3 would require PHAs and property owners to change the way they calculate income for determining housing assistance. In total, those changes would cost $1.6 billion over the 2010–2019 period, assuming appropriation of the necessary amounts.

Earned Income Disregard. Section 3 would define earned income as the amount of income earned by a family in the prior year

less 10 percent of the lower of earnings in the prior year or $9,000 in 2010 dollars. The $9,000 threshold would be inflated each year, rounded down to the nearest multiple of $1,000. Approximately 30 percent of tenants in HUD's rental assistance programs report earned income. The total earned income for those families is about $24 billion each year. Changing the amount disregarded to 10 percent of the first $9,000 of earned income would reduce income (that is counted for purposes of determining housing assistance) by about $1.2 billion, and would lower tenant rent contributions by about $340 million each year. Assuming appropriation of the necessary amounts, CBO estimates that this provision would cost nearly $1.6 billion over the 2010–2014 period. About half of this cost would be for the Housing Choice Voucher Program, with the other half split roughly evenly between the public housing and project-based subsidy programs.

Imputed Return on Assets. Under current law, housing authorities and property owners calculate a tenant's imputed rate of return on any assets over $5,000 by using an interest rate determined by HUD. If the imputed return on assets is greater than actual income from assets, the imputed return is included in the family's income total. Section 3 would eliminate the calculation of imputed returns. Based on data provided by HUD, CBO estimates that over 9 percent of families (about 460,000) have income from assets, half of which include an imputed return on assets. Under the bill, asset income counted for determining housing assistance would decrease by about $48 million per year. Assuming appropriation of the necessary amounts, CBO estimates that excluding the imputed return on assets would cost $69 million over the 2010–2014 period.

Changes to allowances

This bill would change how allowances are used to lower income to determine housing assistance; on net, CBO estimates that implementing these provisions would reduce outlays by $458 million over the 2010–2014 period, assuming appropriation actions consistent with the bill.

Elderly and Disabled Allowance. Section 3 would increase the amount that can be deducted by elderly and disabled households from $400 to $725, and would inflate that amount each year, rounded down to the nearest multiple of $25. Based on data provided by HUD, CBO estimates that this deduction is claimed by about half of assisted households. One percent of families claiming the allowance would not see any additional 5 benefit from the increase because their adjusted incomes are already at zero. Assuming appropriation of the necessary amounts, CBO estimates that increasing the dependent allowance would cost $1 billion over the 2010–2014 period.

Medical Expense Allowance. Elderly and disabled families currently deduct the amount by which unreimbursed medical expenses exceed 3 percent of the family's income. Based on HUD data for 2008, CBO estimates that 17 percent of families claim an average allowance of $2,000 each (for a total of $1.6 billion). The bill would decrease the amount of medical expenses that can be deducted to the amount that exceeds 10 percent of the family's income. CBO estimates that this would cut the number of families

claiming medical expenses and the total amount claimed by roughly one third. Assuming that appropriations are reduced accordingly, CBO estimates that implementing this provision would save about $1 billion over the 2010–2014 period.

Child Care Allowance. Families now living in assisted housing may deduct any child care expenses necessary to enable a member of the family to be employed or attend school. Section 3 would change current law to only allow such families to deduct child care expenses that exceed 10 percent of their annual family income. Based on data provided by HUD, CBO estimates that about 5 percent of assisted families (about 220,000) claim child care allowances of about $3,100 each. Assuming that appropriations are reduced accordingly, CBO estimates that altering the child care allowance would reduce outlays by $530 million over the 2010–2014 period.

Dependent Allowance. Section 3 also would increase the amount that can be deducted for dependents from $480 to $500, and would inflate that amount each year, rounded down to the nearest multiple of $25. Based on HUD data, CBO estimates that this allowance is currently claimed for about 4 million dependents. About 8 percent of families claiming the allowance would not see any additional benefit from the increase because their adjusted incomes are already at zero. Assuming appropriation of the necessary amounts, CBO estimates that increasing the dependent allowance would cost $106 million over the 2010–2014 period.

Targeting and eligibility changes

H.R. 3045 would affect how household income and assets are used to target assistance and determine eligibility. On net, CBO estimates that implementing these provisions would reduce outlays by $458 million over the 2010–2014 period, assuming that appropriations are adjusted accordingly.

Targeting. Currently, at least 75 percent of families initially provided tenant-based assistance must have incomes that do not exceed 30 percent of the area median income. Section 5 would change this targeting requirement so that at least 75 percent of families initially provided assistance must have incomes that are below the higher of the poverty 6 line or 30 percent of the area median income. Currently, 73 percent of the tenant-based population has income below 30 percent of the area median income. Adjusting the targeting limit to include the poverty line would increase the number of tenants below the limit to 77 percent. Assuming that housing authorities would issue vouchers in a manner that gradually would move the percent of families under the new targeting limit back to the required level, CBO estimates that approximately 50,000 tenants with incomes over the new targeting limit would replace tenants below the limit as vouchers turn over. The subsidy for each new family would be about $3,300 lower than the families being replaced. Assuming that appropriations are reduced accordingly, CBO estimates that the change in voucher targeting would save $645 million over the 2010–2014 period.

Section 5 would make a similar change to the targeting requirements for public housing and project-based vouchers. Currently, at least 40 percent of families initially provided assistance through these programs must have incomes that do not exceed 30 percent

of the area median income. The bill would change this targeting requirement so that at least 40 percent of families initially provided assistance must have incomes that are below the higher of the poverty line or 30 percent of the area median income. About 73 percent of families in these programs have incomes below 30 percent of the area median. CBO does not anticipate any savings from the change as housing authorities and property owners could currently increase the number of tenants with incomes above 30 percent of the area median and still meet the targeting requirements.

Income Eligibility. Under current law, families with income over 80 percent of the area median income at their initial certification are not eligible for assistance. Eligibility tests are not done after the initial certification (incomes are certified each year to determine tenant rent contribution); therefore, a family may have their income rise above 80 percent of the area median and continue to receive assistance. Section 4 would require families to be below 80 percent of the median at any annual income certification, but would make enforcement of this provision discretionary for families living in public housing or project-based units.

Based on data provided by HUD, CBO estimates that approximately 7,200 families currently receiving assistance (primarily in the tenant-based program) would lose their subsidy. Because there is unmet demand for participation in HUD's rental assistance programs, CBO expects that families made ineligible would be replaced by families on housing authority or property owner waiting lists. Replacing ineligible families with families with average income would cost the government an additional $6,000 each. Assuming appropriation of the necessary amounts, CBO estimates that this provision would cost $187 million over the 2010–2014 period.

Asset Eligibility. Section 4 would make any family with over $100,000 in assets ineligible for assistance, but would leave the enforcement of this provision up to the discretion of the PHAs for elderly and disabled families as well as all families living in public housing. Based on HUD data, CBO estimates that about 700 families would become ineligible for assistance. Assuming appropriation of the necessary amounts, CBO estimates that this provision would cost $1 million over the 2010–2014 period.

Other provisions

H.R. 3045 would affect federal housing assistance programs in a number of other ways including an increase in the total number of vouchers issued and a reduction in the percent of household income that some families pay for rent. In total, implementing those changes would cost $6.8 billion over the 2010–2014 period, assuming appropriation of the necessary amounts.

Incremental Vouchers. Section 18 would authorize the appropriation of such sums as are necessary to fund 150,000 new tenant-based vouchers. Based on HUD data, CBO estimates that the average annual cost of a tenant-based voucher is currently about $7,500. Assuming appropriation of the necessary amounts and adjusting for projected changes in rents and tenant incomes, CBO estimates that increasing the total number of vouchers by 150,000 by 2014 would cost $5.8 billion over the 2010–2014 period.

Enhanced Vouchers. Section 16 would require HUD, subject to the availability of appropriated funds, to issue housing vouchers to

certain families assisted though the below-market interest rate and interest reduction payment programs upon maturation of a property's HUD insured mortgage. Based on data provided by HUD, CBO estimates that about 40,000 families would become eligible for the enhanced vouchers over the next five years. Assuming appropriation of the necessary amounts, CBO estimates that implementing this provision would cost $734 million over the 2010–2014 period.

Tenant Protection Vouchers. Section 6 would require HUD, subject to the availability of appropriated funds, to issue tenant-protection vouchers to replace dwelling units that cease to be available as assisted housing. Currently, HUD only issues tenant-protection vouchers for units that have been occupied within the past 24 months. Over the past five years, HUD has issued an average of 25,000 tenant protection vouchers each year. Based on information provided by HUD, CBO estimates that about 1,300 additional vouchers would be issued each year (assuming a 95 percent occupancy rate for properties losing assistance) at an average cost of $7,500. Assuming appropriation of the necessary amounts, CBO estimates that implementing this provision would cost $45 million over the 2010–2014 period.

Family Self-Sufficiency Administrative Costs. Section 7 would establish a new formula to calculate fees paid to public housing agencies to cover the costs of employing family self-sufficiency coordinators. Based on data provided by HUD, CBO estimates that approximately 930 coordinators would be funded under the new formula. The average annual full-time compensation for family self-sufficiency coordinators was $63,000 in 2003. In 2009, $50 million was appropriated for funding family self-sufficiency coordinators. Assuming appropriation of the necessary amounts and adjusting for projected changes in salary over time, CBO estimates that this provision would cost $378 million above the levels currently authorized over the 2010–2014 period.

Additional Provisions. CBO estimates that implementing other provisions of H.R. 3045 would cost a total of $84 million over the 2010–2014 period, assuming appropriation of the authorized amounts. That amount includes:

- $42 million to provide technical assistance to low-income families participating in a PHA's process of developing an annual plan as part of the Housing Innovation Program;
- $19 million to provide enhanced voucher assistance to certain tenants of the New Georgetown Homes development in Boston, MA;
- $10 million for evaluations of PHAs participating in the Housing Innovation Program;
- $8 million for the U.S. Interagency Council on Homelessness, and
- $5 million for an evaluation of the Family Self-Sufficiency Program.

Intergovernmental and private-sector impact: H.R. 3045 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from housing assistance activities authorized in the bill. Any costs those governments incur to comply with grant requirements would result from conditions of federal assistance.

Estimate prepared by: Federal costs: Chad Chirico; Impact on state, local, and tribal governments: Lisa Ramirez-Branum; Impact on the private sector: Patrick Bernhardt.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

In compliance with clause 9 of rule XXI, the Committee is in receipt of the following correspondence submitted by Mr. Lynch regarding the provision in section 16(c) of enhanced voucher assistance to certain residents of New Georgetowne Homes. Further, H.R. 3045 does not contain any limited tax benefits or limited tariff benefits as defined in clause 9 of rule XXI.

STEPHEN F. LYNCH
9TH DISTRICT, MASSACHUSETTS

COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE, AND GOVERNMENT-SPONSORED ENTERPRISES
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
CHAIRMAN, SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN AFFAIRS

ASSISTANT DEMOCRATIC WHIP

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July 8, 2009

Hon. BARNEY FRANK,
Chairman, House Committee on Financial Services,
Washington, DC.

Hon. SPENCER BACHUS,
Ranking Member, House Committee on Financial Services,
Washington, DC.

DEAR GENTLEMEN: I am requesting the legislative language found in Lynch amendment 31 to H.R. 3045, the Section 8 Voucher Reform Act of 2009. The entity that would benefit from this provision is New Georgetowne Homes at 400A Georgetown Dr., Hyde Park, Massachusetts. The provision would allow enhanced vouchers to continue to be provided to 286 low and moderate income families currently residing at Georgetown. I certify that neither I nor my spouse has any financial interested in this project.

Sincerely,

Stephen F. Lynch
Member of Congress

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title and table of contents

Short title identifying the bill as the "Section 8 Voucher Reform Act of 2009."

Section 2. Inspection of dwelling units

Makes numerous changes to inspection requirements for dwelling units serving Section 8 voucher holders. Retains the initial inspection requirement, but permits occupancy and payments to be made for up to 30 days if a unit fails inspection as a result of non-life threatening conditions. However, payments must be suspended if the deficiencies are not corrected within 30 days. Also allows a PHA to permit occupancy prior to inspection pursuant to an "alternative inspection method" done during the preceding 12 months, which is defined as a federal, state or local program which meets standards comparable to federal Housing Quality Standards (HQS). In this case, payments may not be made until the property passes a federal HQS inspection, but may be made retroactive to the beginning of the lease term when such an inspection is subsequently completed.

Changes the annual re-inspection requirement to a biennial requirement, permits re-inspections to be done under an "alternative inspection method," and authorizes an interim inspection upon notification by a tenant that the property does not meet HQS.

Permits PHAs to withhold payments to any owner of a unit that fails inspection, with withheld funds subsequently paid to the owner if the deficiencies are corrected within 30 days (or such longer period as a PHA may establish) if the deficiency is not life-threatening. Requires PHAs to abate payments to owners of units that fail inspections, if the deficiencies are not corrected within 24 hours if life threatening or within 30 days (or such longer period as the PHA may establish) if not life threatening. Prohibits voucher holders from being evicted because of any withholding or abatement of assistance. If the unit is not repaired within 60 days of assistance being abated, the PHA must terminate the housing assistance contract and the tenant must be notified that the tenant will have to move. In such case, the tenant must be given: (a) at least 90 days to lease a new unit, (b) financial assistance in searching for a unit, and (c) preference for the first available public housing unit owned by the PHA if they can't find a new unit.

Permissively gives PHAs authority to use abated funds to make repairs of properties that fail inspection, with no PHA liability related to such repairs if made by a licensed, bonded, and insured contractor.

Section 3. Rent reform and income reviews

Alternative rents: Allows PHAs to establish ceiling rents, income-tiered rents, and percentage of income rents for non-elderly, non-disabled families in public housing—except that rent may not exceed the Brooke limitation (30 percent of a tenant's income).

Rent Reforms. Reforms the calculation of income used to determine rent payments under the voucher, public housing, and project-based assistance programs, as follows:

Recertification: Modifies the annual certification requirement to permit PHAs to recertify "fixed income" families (those with more than 90 percent of income from a combination of Social Security, SSI, governmental and private pensions, and other periodic payments of substantially the same amount from year to year) only every three years. For all families, interim re-certifications are to be done only if annual income (excluding earned income) increases by $1,200 or if a family requests a recertification if its income falls by $1,200 or more (or such lesser amount as the PHA may establish).

Rent Simplification: Uses prior year income, except for initial or interim re-certifications. Raises the threshold for deduction of child care expenses to cover only expenses over 10 percent of annual family net income. Raises the threshold for medical and handicapped assistance expense deductions from 3 percent to 10 percent of a family's annual net income. Eliminates income deductions for spousal support. Raises the standard deduction for elderly and disabled families from $400 to $725 a year; raises the standard deduction for dependents from $480 to $500 a year; and indexes both deductions annually for inflation, in $25 increments. Allows PHAs to establish additional deductions if they do not materially increase Federal expenditures.

Administrative simplification: Relieves PHAs of responsibility to maintain records of HUD-required miscellaneous income exclusions. Prohibits HUD determinations of income compliance failure based on *de minimus* income calculation errors. Provides a safe harbor reliance on governmental income determinations (e.g., Medicaid, TANF). Permits PHAs to make such adjustments as are appropriate to reflect current income when using prior year's income.

Work and Education Incentives: Requires use of a family's prior year's earned income. Exempts 10 percent of the lower of a family's earned income or $9,000. Exempts income of minors (except for heads of households or their spouses) and of adult dependents that are full time students, and exempts grant-in-aid or scholarship amounts used for tuition or books. Exempts income from Coverdell education accounts and Section 529 qualified tuition programs. Excludes lump sum VA disability payments from income.

Impact on Revenues and Costs. Permits HUD to make appropriate adjustments to the public housing formula income in the first year of implementation for those PHAs experiencing a material and disproportionate reduction in rental income. Requires HUD to submit to Congress, in both of the first two years following implementation, a report identifying and calculating the impact of rent reform and other bill changes on public housing net income or on voucher or project-based assistance funding costs. Requires HUD to make legislative recommendations to reduce or eliminate a nationwide material reduction in public housing net income or increase in voucher or project-based costs.

Section 4. Eligibility for assistance based on assets and income

Creates a new net asset limit of $100,000 and a new residence ownership prohibition, for both initial eligibility and ongoing annual recertification, for vouchers, public housing, and project-based assistance. Excludes from the asset limit homeownership equity and family self-sufficiency accounts, personal property (except for

items of significant value), real property the family does not have the effective legal authority to sell, retirement and education savings account assets, amounts recovered under disability lawsuits, and such other exclusions as the Secretary may establish. Permits PHAs and owners to exempt elderly and disabled from asset limits at recertification, according to a policy established by the PHA or owner. Excludes from the residence provision homes paid for by assistance under the 1937 Housing Act, victims of domestic violence, and families offering a property for sale. PHAs or owners may elect not to enforce asset limits for assisted families at recertification, and PHAs and project-based owners may delay eviction or termination of assisted families not meeting asset limits for up to six months. A PHA or owner may rely on a family's self-certification of asset levels or their non-ownership of a residence, and HUD may develop standardized forms for this purpose.

Extends the 80 percent of local median income limitation that applies to initial occupancy to an annual recertification for continued program eligibility (except that income rules for enhanced vouchers are maintained and families initially permitted to have incomes up to 95 percent of median income that stay below that income level may continue to be assisted). PHAs and owners may elect not to enforce this income limitation for public housing residents or project-based Section 8 units pursuant to a plan, and PHAs and owners may delay eviction or termination of housing assistance for up to six months.

Section 5. Targeting vouchers to low-income working families

Modifies the basic income targeting threshold of 30 percent of local area median income for Section 8 vouchers, public housing, and project-based Section 8 (under which 75 percent of new vouchers and 40 percent of new public housing and project-based residents must have adjusted incomes below this threshold)—instead using the higher of this 30 percent of local area median income calculation or the national poverty level for the appropriate family size. Excludes Puerto Rico or any other federal territory or possession from this change.

Section 6. Voucher renewal funding

Authorizes such sums as may be necessary for the period of Fiscal Year 2010 through 2014 for the renewal of expiring Section 8 vouchers, and for new enhanced vouchers, tenant protection vouchers, and other special purpose vouchers.

Provides that the pro rata voucher funding allocation for PHAs is recalculated each year, based on a PHA's leasing and cost data from the prior calendar year. Such calculation is adjusted for an annual inflation adjustment, with further adjustments for first time renewal of incremental, tenant protection and enhanced vouchers, for vouchers set aside for project-based assistance, for vouchers ported in and out in the prior year, and for such other adjustments as HUD considers appropriate, including adjustments for natural and other major disasters. Provides for proration if overall funding is insufficient to meet nationwide costs, except that enhanced vouchers shall not be subject to proration. Renewal funding is authorized for "overleasing" (serving more than a PHA's number of authorized voucher families), except that the calculation may not

include a leasing rate in excess of 103 percent of the prior year resulting from use of reserves. HUD may reimburse PHAs for increased costs due to portability that are not reimbursed in the prior years. HUD is required to allocate all renewal funds by the later of February 15th or 45 days after enactment of the appropriations bill funding the renewals.

Any PHA can receive an advance of up to 2 percent of the annual funding allocation in the last three months of a year to cover shortfalls, which it "repays" through an offsetting funding reduction in the next year's funding allocation. HUD is required to offset (recaptaure) each PHA's unused funding (reserves) at the end of each calendar year, except a PHAs has the right to carry over reserves of not less than 6 percent of its renewal funding allocation in the prior year. HUD is required to make available all such recaptured funds no later than the later of April 1st or 75 days after appropriations enactment—first for reimbursement for increased costs related to portability and family self-sufficiency activities, and next for reallocation to PHAs for increased voucher leasing rates, with priority based on the extent to which a PHA has used its allocated funding to serve eligible families and on relative need for additional voucher assistance.

Directs HUD to finalize regulations within 12 months after bill enactment to modify regulations governing PHAs' responsibilities for portability rights, to eliminate or minimize to the maximum extent feasible consistent with available funding, billing between agencies and administrative barriers to family choice, without undermining a PHA's authority to serve families on its waiting list.

Requires HUD to develop and issue guidance to PHAs that received incremental vouchers for non-elderly disabled families after 1997 and homeless veterans who recently received incremental vouchers, to ensure that such vouchers continue to be provided to the same category of family upon voucher turnover.

Section 7. Administrative fees

Restates the statutory requirement that voucher administrative fees shall be based on a per-unit fee, to be based on the Fiscal Year 2003 per unit fee or on such formula as HUD may establish by regulation using a per-unit fee structure that provides for the full cost of voucher administration (including the reasonable costs of PHA-owned units, taking into consideration the costs of required third party inspections and rent determinations). Provides for annual inflation adjustments using an index of wage and benefit data changes or other objectively measurable data. Also requires an amount be provided for the cost of issuing a voucher to a new voucher family.

Provides that voucher administrative fees also include an amount for Family Self Sufficiency costs, as authorized by Section 23. Fees are generally provided based on the number of coordinators employed and the number of families being served. Provides for proration if insufficient funds are appropriated to meet all costs under this provision. Funding for agencies that received funding for more than three self-sufficiency coordinators in any year from FY 1998 to FY 2009 shall be based on the highest number of coordinators in that period. Requires HUD to perform an evaluation of the effectiveness of well-run Family-Self-Sufficiency programs.

Section 8. Homeownership

Permits voucher funds, at the discretion of the PHA, to be used for a down payment for a first-time home purchase, as a one-time grant in an amount not exceeding the lesser of one year of Section 8 payments or $10,000, for families who have been receiving voucher assistance for a period of at least one year.

Permits vouchers to cover the full cost of buying manufactured homes on leased land, by permitting voucher funds to be used for both the cost of leasing the land and for monthly home purchase costs (including property taxes, insurance, and tenant-paid utilities).

Section 9. PHA reporting of rent payments to credit reporting agencies

Authorizes a PHA to submit information regarding rental payment history for voucher tenants to credit reporting agencies, providing the family agrees to such submission.

Section 10. Performance assessments

Provides statutory authority and requirements for HUD to assess the performance of PHAs in administering their local voucher programs, measuring the following factors: extent to which units comply with housing quality standards (HQS), including PHA compliance with inspection requirements; extent of utilization of voucher amounts and of authorized vouchers; timeliness and accuracy of reporting to HUD; effectiveness in carrying out policies that result in deconcentration of poverty; reasonableness of rent burdens; accurate calculations of rent, utility allowances, and subsidy payments; effectiveness in carrying out family self-sufficiency activities; timeliness of actions related to landlord participation; compliance with income targeting requirements; and such other factors as the HUD Secretary considers appropriate. Requires HUD to assess performance every 2 years.

Section 11. PHA Project-based assistance

Increases the percentage of a PHA's vouchers a PHA can project base from 20 percent to 25 percent, with authority to go 5 percent higher to serve homeless or disabled persons or areas where vouchers are difficult to use. Increases the percentage of vouchers that can be project-based in any project to the greater of 25 dwelling units or 25 percent of the units in a project (except there is no limit on projects specifically comprised of elderly or disabled families or families receiving comprehensive supportive services), with authority to go up to 50 percent in areas where vouchers are hard to use. Clarifies that PHAs have the authority to project-base units owned by the PHA but only pursuant to a competitive process. Allows PHAs to transfer a portion of their vouchers and budget authority to other PHAs in the same or contiguous metropolitan areas. Allows lower rents for vouchers in units assisted by the National Affordable Housing Trust Fund, provided that both the PHA and the project owner agree. Permits owners using project-based vouchers to maintain site-based waiting lists, subject to PHA oversight.

Section 12. Rent burdens

Requires HUD to monitor voucher rent burdens and submit an annual report to Congress on the percentage of families nationwide paying more than 30 and 40 percent, respectively, of their adjusted income for rent. Permits HUD to require a PHA to modify a payment standard that results in a significant number of families paying more than 30 percent of income for rent. Requires HUD to submit an annual report to Congress on the degree to which voucher families are clustered in lower rent, higher poverty areas, including reporting of data by race and ethnicity, and the extent to which greater geographic distribution of families could be achieved, including raising payment standards.

Requires PHAs to make public information provided by HUD on local rent burdens. If the local percentage of voucher families paying more than 40 percent of income for rent exceeds a standard established by HUD or if the PHA has a high degree of concentration of poverty, the PHA must either raise the payment standard or explain its reasons for not doing so. HUD is required to approve requests of agencies to raise payment standards in such circumstances, up to 120 percent of FMR. HUD may approve payment standards higher than 120 percent of FMR as a reasonable accommodation for a person with a disability.

Section 13. Establishment of fair market rent

Requires HUD to define market areas for the purpose of establishing Fair Market Rentals (FMRs) in areas sufficiently distinct as is necessary to (a) reflect typical rental costs and (b) avoid concentration of voucher holders, while taking into consideration the efficient administration of the program by PHAs and HUD administrative costs, the availability of sufficient data to establish separate FMRs, and the ability of PHAs to adjust their payment standards to reflect accurate rent levels. HUD must establish procedures to permit a PHA to request a separate FMR area, to be evaluated using this criteria. HUD shall phase in changes in FMRs as a result of boundary changes to no more than 5 percent a year. No PHA can be required to reducing their payment standard for existing families.

Section 14. Screening of applicants

Limits a PHA's elective screening of applicants to criteria directly related to an applicant's ability to fulfill the obligations of the lease, including a consideration of any mitigating circumstances. Applicants and current participants are required to be notified of the basis of any determination of ineligibility, and are to be given an informal hearing to present mitigating circumstances in such case.

Clarifies that this elective screening limitation language does not limit a PHA's ability to deny assistance based on rules related to an applicant's criminal background. However, the rules regarding prior and existing drug, alcohol, and criminal record are modified: to require that PHA exclusions be "based on documented evidence that is credible and objective"; to limit denials under subsection 576(b) to current drug use or alcohol abuse; to eliminate denials under subsection 576(c) based on "other criminal activity" (but retaining the right to deny based on prior "drug-related or violent

criminal activity"); to require that denials under subsection 576(c) based on misdemeanor convictions or activities be based on a pattern of activity; and to limit denials under 576(c) for drug-related or violent criminal activity to activity within the prior 5 years.

Prohibits re-screening of families receiving enhanced vouchers or tenant protection vouchers. Clarifies that stronger state and local tenant protections are not preempted by federal voucher statutory provisions.

Section 15. Prohibition on firearms restrictions in federally assisted housing

Prohibits the HUD Secretary and PHAs from establishing any prohibition or restriction on the otherwise lawful possession or use of firearms in public housing, project-based Section 8 housing, and dwelling units inhabited by a voucher holder.

Section 16. Enhanced vouchers

Provides that families may receive enhanced vouchers in the case of a property prepayment, termination, or opt out even if they reside in oversized units, except that such tenants may be forced to move to units of appropriate size located on the premises.

Authorizes enhanced vouchers in the case of properties with expiring HUD-subsidized mortgages. Authorizes enhanced voucher assistance to unassisted tenants in the Georgetowne Houses projects, for the purpose of facilitating preservation of the project.

Section 17. Demonstration program waiver authority

HUD is authorized to enter into agreements with the Social Security Administration and the Secretary of Health and Human Services to allow for participation in state demonstration programs designed to permit persons with significant disabilities to be employed and continue to receive a range of federal benefits. HUD is authorized to permit a partial or complete disregard of increases in earned income for persons participating in any such demonstration for the purpose of calculating rent contributions under the voucher program.

Section 18. Authorization of appropriations

Authorizes to be appropriated the amount necessary in Fiscal Year 2010 to provide incremental vouchers for 150,000 families. Authorization is for both tenant-based and project-based purposes, with references to use with the Housing Trust Fund, housing tax credits, HOME, CDBG, and state and local affordable housing funds and programs.

Section 19. Agency authority for utility payments in certain circumstances

Authorizes PHAs to make utility payments when the owner fails to make such payments.

Section 20. Utility data

Requires HUD to regularly publish data regarding utility consumption and costs in local areas as is useful for the establishment of allowances for tenant-based utilities for voucher families.

Section 21. Project-based preservation vouchers

Authorizes project-based vouchers in lieu of enhanced vouchers for properties experiencing a termination, opt out, or prepayment of the mortgage.

Section 22. Effect of foreclosure on section 8 tenancies

Amends the provisions from recently enacted P.L. 111–22, dealing with protections for Section 8 voucher tenants in properties affected by foreclosure, by (a) eliminating the 2012 sunset date, (b) extending the standards that now apply to a successor in interest in a foreclosure to also apply in the case in which a bank buys at foreclosure and resells to a new buyer, and (c) authorizing PHA use of voucher funds to help a voucher family move when the PHA is not able to reinstate the voucher contract with the new owner.

Section 23. Study to identity obstacles to using vouchers in federally subsidized housing projects

Requires GAO to conduct a study on whether any statutory, regulatory, or administrative provisions of the voucher program or other federal programs make occupancy by voucher holders in federally subsidized housing projects more difficult to obtain.

Section 24. Interagency Council on Homelessness

Makes the following changes to the Interagency Council on Homelessness: (a) requires the Council to set forth actions to accomplish the goal of ending homelessness as part of its "National Strategic Plan to End Homelessness," (b) adds additional requirements to its annual reporting requirements, and (c) requires that reports be made available to the public, including posting on the World Wide Web.

Section 25. Study of effects of section 8 program on HUD budget and programs

Requires GAO to conduct a study to identify and analyze effects of the voucher program on other HUD programs and the HUD budget, within 6 months of bill enactment.

Section 26. Housing Innovation Program

Renames the "Moving to Work" (MTW) program as the "Housing Innovation Program" (HIP). Requires the HUD Secretary to carry out this demonstration program, under which the Secretary may designate such number of PHAs as may be necessary (not to exceed 60), combined with existing MTW agencies, to demonstrate the effectiveness of program priority strategies, and must maintain such number of agencies are originally selected. The Secretary may also designate such number of additional agencies (commonly referred to as "HIP-lite" agencies) under a more limited program as may be necessary to demonstrate other innovative strategies as the Secretary or applicants may propose. The program is authorized for a 10-year period.

HUD is required to approve existing MTW agencies for continued eligibility, provided HUD determines an agency is not in default under their current MTW agreement, is meeting its MTW plan goals and objectives, and is complying with any rules the IG previously determined it was not complying with. Such agencies must

make changes to existing policies to bring them in line with the program's new rules within two years of bill enactment. Existing MTWs may elect to sign new agreements in lieu of existing MTW agreements with HUD.

No more than five newly selected HIP agencies may be "near-troubled agencies," and agencies shall be selected to provide for diversity with respect to size, geography, and areas served (urban, suburban, and rural). Applicants must have held two public meetings on their HIP proposal, preceded by 30 days prior notice to residents and the local community. Agencies shall be selected based on criteria to be established by HUD which shall include: the extent to which the proposal is likely to achieve the priority strategy identified in the proposal; the extent to which the proposal generally identifies statutory provisions and existing rules and regulations to be waived and why a waiver is necessary; the extent to which the applicant has a successful history in pursuing similar strategies; the extent of local commitment and funding; and such other factors as the Secretary may establish.

Identifies a list of activities which can by undertaken using HIP funds. Allows an agency to combine voucher funds with public housing funds, provided the agency used at least 95 percent of vouchers or voucher funds prior used prior to MTW status. Requires that a PHA must assist not less than substantially the same number of eligible low-income families it served prior to MTW status, with a comparable mix of families by family size. A number of existing statutory requirements are retained, including income targeting, Section 18 demolition and disposition rules, a number of tenant protections including lease requirements and eviction protections, and other provisions. A number of procedural, PHA plan, and tenant participation requirements are spelled out for any PHA policy changes under the program that would make a material change to tenant rents or contributions or to conditions of continued occupancy or participation. A PHA may not adopt rent policies which result in rents that result in families making substantially higher rent payments than would customarily be made by families of comparable income under program rent rules. PHAs may impose time limits, but only for a period of not less than 5 years, and enforcement must be suspended for any period in which the unemployment rate in the area exceeds 10 percent. PHAs may impose employment conditions, but only if they are consistent with TANF requirements, the PHA establishes reasonable hardship exemptions, and enforcement is suspended for any period in which the unemployment rate in the area exceeds 10 percent.

Additionally, the HIP-lite agencies must comply with statutory rent requirements, may not impose time limits or work requirements, are subject to a one for one replacement requirement, and must include more extensive resident participation in any plan which provides for demolition or disposition of public housing units.

HUD must perform evaluations of agencies participating in the program (or may contract out such responsibility to an independent entity qualified to perform such task). Such evaluations must use performance measures and identify models that can be replicated by other agencies to achieve success. HUD is required to submit evaluation reports at 2 years after naming new PHAs, 4 years after such date, and at the end of the 10-year time period for the pro-

gram. Pursuant to an evaluation of an agency under one of these reports, the Secretary has the authority to require an agency to modify policies that are harmful to assisted families, based on a determination that such policies are causing or have caused measurable harm to families, based on factors which include fewer families receiving assistance or specific types of families losing their assistance, noncompliance with the rent burden requirement, a reduction in the number of affordable units, noncompliance with targeting requirements, or a combination of these factors.

$10 million is authorized in each of the years FY 2010 through FY 2014 for capacity building and technical assistance to enhance capabilities of low income families assisted under the program. In addition, $15 million is authorized for HUD to conduct the required evaluations. No later than 48 months after the bill's enactment, the GAO is required to submit a report to Congress on the program.

Section 27. Study of use of income databases to reduce subsidy errors

Requires the GAO to conduct a study to identify databases regarding assisted family incomes that may be used in conjunction with assisted housing programs, to reduce error rates in subsidy amounts, within 9 months of bill enactment.

Section 28. Acceptable identification requirement

Requires as a condition of assistance that each person or member of a household receiving assistance provide a valid personal identification, in the form of either (a) a Social Security card with photo ID or Real ID Act ID, (b) a driver's license or identification card issued by a state, (c) a passport, or (d) a USCIS photo ID card.

Section 29. Effective date

Establishes an effective of January 1, 2010 for Sections 3, 4, 6, and 7, except HUD may extend for one more year for Sections 3, 4, and 7 if necessary to give participants time to. Establishes an effective date for all other provisions as such time as HUD establishes implementing regulations (as appropriate) or notice, to be issued not later than 12 months after enactment.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

UNITED STATES HOUSING ACT OF 1937

TITLE I—GENERAL PROGRAM OF ASSISTED HOUSING

* * * * * * *

RENTAL PAYMENTS; DEFINITIONS

SEC. 3. (a)(1) *LOW-INCOME OCCUPANCY REQUIREMENT AND RENTAL PAYMENTS.*—[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.] *Dwelling units assisted under this Act may be rented, and assistance under this Act may be provided, whether initially or at time of recertification, only to families who are low-income families at the time such initial or continued assistance, respectively, is provided, except that families residing in dwelling units as of the date of the enactment of the Section 8 Voucher Reform Act of 2009 that, under agreements in effect on such date of enactment, may have incomes up to 95 percent of local area median income shall continue to be eligible for assistance at recertification as long as they continue to comply with such income restrictions. When recertifying family income with respect to families residing in public housing dwelling units, a public housing agency may, in the discretion of the agency and only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency, choose not to enforce the prohibition under the preceding sentence. When recertifying family income with respect to families residing in dwelling units for which project-based assistance is provided, a project owner may, in the owner's discretion and only pursuant to a policy adopted by such owner, choose not to enforce such prohibition. In the case of a family residing in a dwelling unit assisted under this Act who does not meet the requirements under the first sentence of this paragraph or the requirements under section 8(o)(4), the public housing agency or project owner may delay eviction or termination of the family based on such noncompliance for a period of not more than 6 months.* Reviews of family income shall be made at least annually. Except as provided in [paragraph (2)] *paragraphs (2) and (3)* and subject to the requirement under [paragraph (3)] *paragraph (4)*, 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) * * *

* * * * * * *

(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)] *paragraph (4)* (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.

* * * * * * *

(3) PHA AUTHORITY TO ESTABLISH ALTERNATIVE RENTS.—

(A) RENT FLEXIBILITY FOR PUBLIC HOUSING.—Subject to the requirements under subparagraph (B), a public housing agency may establish for public housing—

(i) a tenant rent structure in which—

(I) the public housing agency establishes, based on the rental value of the unit, as determined by the public housing agency, a ceiling rent for each dwelling unit that it owns and operates; and

(II) such ceiling rent is adjusted periodically on the basis of an inflation index or a recalculation of the rental value of the unit (which may be recalculated by unit or by building);

(ii) an income-tiered tenant rent structure in which the amount of rent a family shall pay is set and distributed on the basis of broad tiers of income and such tiers and rents are adjusted on the basis of an annual cost index except that families shall not be offered a rent lower than the rent corresponding to their income tier; or

(iii) a tenant rent structure in which the amount of rent a family shall pay is based on a percentage of family income, except that lower percentages may apply only with respect to earned income; such a rent structure may provide for an amount of rent based on a calculation of earned income that provides for disregard of a higher percentage or higher dollar amount, or both, than provided for in paragraph (8)(B).

(B) LIMITATION.—Notwithstanding the authority provided under subparagraph (A), the amount paid for rent (including the amount allowed for tenant-paid utilities) by any family for a dwelling unit in public housing may not exceed the amount determined under subsection (a)(1) of this section. The Secretary shall issue regulations and establish procedures for public housing agency calculations and documentation as are necessary to ensure compliance with this subparagraph.

(C) ELDERLY FAMILIES AND DISABLED FAMILIES.—Notwithstanding any other provision of this Act, this paragraph shall not apply to elderly families and disabled families.

[(3)**]** *(4)* MINIMUM RENTAL AMOUNT.—

(A) * * *

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[(4)**]** *(5)* OCCUPANCY BY POLICE OFFICERS.—

(A) * * *

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[(5)**]** *(6)* OCCUPANCY BY OVER-INCOME FAMILIES IN CERTAIN PUBLIC HOUSING.—

(A) * * *

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(7) 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 subparagraph (B)(i);

(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 $1,200 (or such lower amount as the public housing agency or owner may, at the option of the agency or owner, 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 $1,200 or more in annual adjusted income, 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) FIXED-INCOME FAMILIES.—

(i) SELF CERTIFICATION AND 3-YEAR REVIEW.—In the case of any family described in clause (ii), after the initial review of the family's income pursuant to subparagraph (A)(i), the public housing agency or owner shall not be required to conduct a review of the family's income pursuant to subparagraph (A)(ii) for any year for which such family certifies, in accordance with such requirements as the Secretary shall establish, that the income of the family meets the requirements of clause (ii) of this subparagraph 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.

(ii) ELIGIBLE FAMILIES.—A family described in this clause is a family who has an income, as of the most recent review pursuant to subparagraph (A) or clause (i) of this subparagraph, of which 90 percent or more consists of fixed income, as such term is defined in clause (iii).

(iii) FIXED INCOME.—For purposes of this subparagraph, the term "fixed income" includes income from—

(I) the supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66;

(II) Social Security payments;

(III) Federal, State, local and private pension plans; and

(IV) other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic receipts

that are of substantially the same amounts from year to year.

(C) 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.

(8) 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 (7)(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 (7)(A)(ii), a public housing agency or owner shall, except as otherwise provided in this paragraph, 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 (7)(A).

(C) INFLATIONARY ADJUSTMENT FOR FIXED INCOME FAMILIES.—

(i) IN GENERAL.—In any year in which a public housing agency or owner does not conduct a review of income for any family described in clause (ii) of paragraph (7)(B) pursuant to the authority under clause (i) of such paragraph to waive such a review, such family's prior year's income determination shall, subject to clauses (ii) and (iii), be adjusted by applying an inflationary factor as the Secretary shall, by regulation, establish.

(ii) EXEMPTION FROM ADJUSTMENT.—A public housing agency or owner may exempt from an adjustment pursuant to clause (i) any income source for which income does not increase from year to year.

(iii) APPLICABILITY OF INFLATIONARY FACTOR.—The inflationary factor adjustment referred to in clause (i) shall not be made with respect to the first year after the year in which housing is occupied or housing assistance is initially provided for a family.

(D) 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.

(E) 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 food stamp program as defined in section 3(h) of the Food Stamp Act of 1977). The Secretary

shall, in consultation with other appropriate Federal agencies, develop procedures to enable public housing agencies and owners to have access to such income 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)).

(F) PHA AND OWNER COMPLIANCE.—A public housing agency or owner may not be considered to fail to comply with this paragraph or paragraph (7) due solely to any de minimus errors made by the agency or owner in calculating family incomes.

(b) When used in this Act:

(1) * * *

* * * * * * *

[(4) The term "income" means income from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary, in consultation with the Secretary of Agriculture, except that any amounts not actually received by the family and any amounts which would be eligible for exclusion under section 1613(a)(7) of the Social Security Act (42 U.S.C. 1382b(a)(7)) or any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts may not be considered as income under this paragraph.

[(5) ADJUSTED INCOME.—The term "adjusted income" means, with respect to a family, the amount (as determined by the public housing agency) of the income of the members of the family residing in a dwelling unit or the persons on a lease, after any income exclusions as follows:

[(A) MANDATORY EXCLUSIONS.—In determining adjusted income, a public housing agency shall exclude from the annual income of a family the following amounts:

[(i) ELDERLY AND DISABLED FAMILIES.—$400 for any elderly or disabled family.

[(ii) MEDICAL EXPENSES.—The amount by which 3 percent of the annual family income is exceeded by the sum of—

[(I) unreimbursed medical expenses of any elderly family or disabled family;

[(II) unreimbursed medical expenses of any family that is not covered under subclause (I), except that this subclause shall apply only to the extent approved in appropriation Acts; and

[(III) unreimbursed reasonable attendant care and auxiliary apparatus expenses for each handicapped member of the family, to the extent necessary to enable any member of such family (including such handicapped member) to be employed.

[(iii) CHILD CARE EXPENSES.—Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

[(iv) 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.

[(v) CHILD SUPPORT PAYMENTS.—Any payment made by a member of the family for the support and maintenance of any child who does not reside in the household, except that the amount excluded under this clause may not exceed $480 for each child for whom such payment is made; except that this clause shall apply only to the extent approved in appropriations Acts.

[(vi) SPOUSAL SUPPORT EXPENSES.—Any payment made by a member of the family for the support and maintenance of any spouse or former spouse who does not reside in the household, except that the amount excluded under this clause shall not exceed the lesser of (I) the amount that such family member has a legal obligation to pay, or (II) $550 for each individual for whom such payment is made; except that this clause shall apply only to the extent approved in appropriations Acts.

[(vii) EARNED INCOME OF MINORS.—The amount of any earned income of a member of the family who is not—

[(I) 18 years of age or older; and

[(II) the head of the household (or the spouse of the head of the household).

[(B) PERMISSIVE EXCLUSIONS FOR PUBLIC HOUSING.—In determining adjusted income, a public housing agency may, in the discretion of the agency, establish exclusions from the annual income of a family residing in a public housing dwelling unit. Such exclusions may include the following amounts:

[(i) EXCESSIVE TRAVEL EXPENSES.—Excessive travel expenses in an amount not to exceed $25 per family per week, for employment- or education-related travel.

[(ii) EARNED INCOME.—An amount of any earned income of the family, established at the discretion of the public housing agency, which may be based on—

[(I) all earned income of the family,

[(II) the amount earned by particular members of the family;

[(III) the amount earned by families having certain characteristics; or

[(IV) the amount earned by families or members during certain periods or from certain sources.

[(iii) OTHERS.—Such other amounts for other purposes, as the public housing agency may establish.]

(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;

(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)); and

(iii) deferred disability benefits from the Department of Veterans Affairs that are received in a lump sum amount or in prospective monthly amounts.

(C) EARNED INCOME OF STUDENTS.—Such term does not include earned income of any dependent earned during any period that such dependent is attending school or vocational training on a full-time basis or any grant-in-aid or scholarship amounts related to such attendance used for the cost of tuition or books.

(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) OTHER EXCLUSIONS.—Such term shall not include other exclusions from income as are established by the Secretary or any amount required by Federal law to be excluded from consideration as income. 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) EARNED INCOME DISREGARD.—An amount equal to 10 percent of the lesser of—

(i) the family's earned income; or

(ii) $9,000, except that such amount shall be adjusted annually by applying to such amount (as it may have been previously adjusted) an inflationary factor as the Secretary shall, by regulation, establish and except that for purposes of adjusted income determinations each year such amount shall be established by rounding the amount calculated down to the next lowest multiple of $1,000.

The deduction under this subparagraph shall not be considered in determining adjusted income for the purposes of section 16 (relating to eligibility for assisted housing and income mix).

(B) ELDERLY AND DISABLED FAMILIES.—$725 in the case of any family that is an elderly family or a disabled family.

(C) DEPENDENTS.—In the case of any family that includes a member or members who—

(i) are less than 18 years of age or attending school or vocational training on a full-time basis; or

(ii) is a person with disabilities who is 18 years of age or older and resides in the household,

$500 for each such member.

(D) CHILD CARE.—The amount, if any, that exceeds 10 percent of annual family income that is used to pay for unreimbursed child care expenses, which shall include child care for preschool-age children, for before- and after-care for children in school, and for other child care necessary to enable a member of the family to be employed or further his or her education.

(E) 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, to the extent necessary to enable any member of such family to be employed.

(F) 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 (B) and (C), 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.

* * * * * * *

[(d) DISALLOWANCE OF EARNED INCOME FROM RENT DETERMINATIONS.—

[(1) IN GENERAL.—Notwithstanding any other provision of law, the rent payable under subsection (a) by a family described in paragraph (3) of this subsection may not be increased as a result of the increased income due to such employment during the 12-month period beginning on the date on which the employment is commenced.

[(2) PHASE-IN OF RENT INCREASES.—Upon the expiration of the 12-month period referred to in paragraph (1), the rent payable by a family described in paragraph (3) may be increased due to the continued employment of the family member described in paragraph (3)(B), except that during the 12-month period beginning upon such expiration the amount of the increase may not be greater than 50 percent of the amount of the total rent increase that would be applicable but for this paragraph.

[(3) ELIGIBLE FAMILIES.—A family described in this paragraph is a family—

[(A) that—

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

[(ii) receives assistance under section 8; and

[(B)(i) whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years;

[(ii) whose earned income increases during the participation of a family member in any family self-sufficiency or other job training program; or

[(iii) who is or was, within 6 months, assisted under any State program for temporary assistance for needy families funded under part A of title IV of the Social Security Act and whose earned income increases.

[(4) APPLICABILITY.—This subsection and subsection (e) shall apply beginning upon October 1, 1999, except that this subsection and subsection (e) shall apply with respect to any family described in paragraph 3(A)(ii) only to the extent provided in advance in appropriations Acts.

[(e) INDIVIDUAL SAVINGS ACCOUNTS.—

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

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

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

[(A) purchasing a home;

[(B) paying education costs of family members;

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

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

[(f)] *(d)* AVAILABILITY OF INCOME MATCHING INFORMATION.—

(1) * * *

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(e) PHA REPORTING OF RENT PAYMENTS TO CREDIT REPORTING AGENCIES.—

(1) AUTHORITY.—To the extent that an individual receiving tenant-based housing choice vouchers under section 8 by a public housing agency agrees in writing to reporting under this subsection, the public housing agency may submit to consumer reporting agencies described in section 603(p) of the Fair Credit Reporting Act (15 U.S.C. 1681a) information regarding the past rent payment history of the individual with respect to the dwelling unit for which such assistance is provided.

(2) FORMAT.—The Secretary, after consultation with consumer reporting agencies referred in paragraph (1), shall establish a system and format to be used by public housing agencies

for reporting of information under such paragraph that provides such information in a format and manner that is similar to other credit information submitted to such consumer reporting agencies and is usable by such agencies.

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SEC. 5A. PUBLIC HOUSING AGENCY PLANS.

(a) * * *

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

(1) * * *

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(4) RENT DETERMINATION.—A statement of the policies of the public housing agency governing rents charged for public housing dwelling units and rental contributions of families assisted under section 8(o)*, including the report with respect to the agency furnished by the Secretary pursuant to section 8(o)(1)(E) concerning rent burdens and, if applicable, geographic concentration of voucher holders, any changes in rent or other policies the public housing agency is making to address excessive rent burdens or concentration, and if the public housing agency is not adjusting its payment standard, its reasons for not doing so*.

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LOWER INCOME HOUSING ASSISTANCE

SEC. 8. (a) * * *

* * * * * * *

(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. Proposed fair market rentals for an area shall be published in the Federal Register with reasonable time for public comment, and shall become effective upon the date of publication in final form in the Federal Register. 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. [The Secretary shall establish separate fair market rentals under this paragraph for Westchester County in the State of New York. The Secretary shall also establish separate fair market rentals under this paragraph for Monroe County in the Commonwealth of Pennsylvania. In establishing fair market rentals for the remaining portion of the market area in which Monroe County is located, the Secretary shall establish the fair market rentals as if such portion included Monroe County.] 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)(i) The Secretary shall define market areas for purposes of this paragraph in areas sufficiently distinct as is necessary—

(I) to establish fair market rentals that accurately reflect typical rental costs of units suitable for occupancy by persons assisted under this section in communities in metropolitan and non-metropolitan areas (including low poverty areas); and

(II) to avoid concentration of voucher holders;

while taking into consideration the factors specified in clause (ii).

(ii) The factors specified in this clause are—

(I) the efficient administration of the program by public housing agencies and the administrative costs of the Secretary of establishing additional areas;

(II) the availability of data for a sufficient number of dwelling units to establish accurate fair market rentals; and

(III) the ability of public housing agencies to adjust the payment standard to more accurately reflect typical rental costs.

(iii) The Secretary shall establish procedures to permit a public housing agency to request the establishment of a separate market areas for either all or contiguous parts of the areas under the jurisdiction of such agency. The Secretary shall consider and approve any such request using the criteria established in clause (i) and the considerations under clause (ii).

(iv) The Secretary shall not reduce the fair market rental in a market area as a result of a change in the percentile of the distribution of market rents used to establish the fair market rental.

(v) The Secretary shall phase in large increases or decreases in the fair market rentals that result from changes in market area boundaries or other methodological changes that do not reflect ac-

tual year-to-year trends in rents by limiting such increases or decreases to not more than 5 percent each year.

* * * * * * *

(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. [Reviews of family income shall be made no less frequently than annually.]

(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] *according to the restrictions under section 3(a)(1)*, 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.

* * * * * * *

(o) VOUCHER PROGRAM.—

(1) AUTHORITY.—

(A) * * *

(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*.

* * * * * * *

(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 seek approval of the Secretary to use a payment standard greater than 120 percent of the fair market rent as a reasonable accommodation for a person with a disability. 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.]

(E) REVIEWS.—

(i) RENT BURDENS.—The Secretary shall monitor rent burdens and submit a report to the Congress annually on the percentage of families assisted under this subsection, occupying dwelling units of any size, that pay more than 30 percent of their adjusted incomes for rent and such percentage that pay more than 40 percent of their adjusted incomes for rent. Using information regularly reported by public housing agencies, the Secretary shall provide public housing agencies, on an annual basis, a report with the information described in the first sentence of this clause, and may require a public housing agency to modify a payment standard that results in a significant percentage of families assisted under this subsection, occupying dwelling units of any size, paying more than 30 percent of their adjusted incomes for rent. In implementing the requirements of this clause, the Secretary shall separate out calculations and consideration of families whose rent contributions are calculated under section 3(a)(3) and clauses (ii) and (iii) of paragraph (2)(A) of this subsection.

(ii) CONCENTRATION OF POVERTY.—The Secretary shall submit a report to the Congress annually on the degree to which families assisted under this subsection in each metropolitan area are clustered in lower rent, higher poverty areas, which shall include reporting of data by race and ethnicity, and how, and the extent to which, greater geographic distribution of such assisted families could be achieved, including by increasing payment standards for particular communities within such metropolitan areas.

(iii) PUBLIC HOUSING AGENCY RESPONSIBILITIES.—Each public housing agency shall make publicly available the information on rent burdens provided by the

Secretary pursuant to clause (i), and, for agencies located in metropolitan areas, the information on concentration provided by the Secretary pursuant to clause (ii). If a public housing agency has a high degree of concentration of poverty, as determined under a standard to be developed by the Secretary in accordance with clause (ii), or if the percentage of families paying more than 40 percent of their adjusted net income exceeds a percentage level, to be established by the Secretary, the public housing agency shall adjust the payment standard to eliminate excessive rent burdens within a reasonable time period or explain its reasons for not making such adjustment. The Secretary may not deny the request of a public housing agency to set a payment standard up to 120 percent of the fair market rent to eliminate excessive rent burdens in accordance with the preceding sentence, except on the basis that an agency has not demonstrated that its request meets these criteria. If a request of a public housing agency has not been denied or approved with 45 days after the request is made, the request shall be considered to have been approved.

* * * * * * *

[(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—**]**

(4) ELIGIBLE FAMILIES.—Assistance under this subsection may be provided, whether initially or at each recertification, only pursuant to subsection (t) to a family eligible for assistance under such subsection or to a family who at the time of such initial or continued assistance, respectively, is a low-income family that is—

(A) * * *

* * * * * * *

(5) **[**ANNUAL REVIEW**]** *REVIEWS* OF FAMILY INCOME.—

(A) IN GENERAL.—Reviews of family incomes for purposes of this section shall be subject to **[**the provisions of**]** *paragraphs (7) and (8) of section 3(a) and to* section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 **[**and shall be conducted upon the initial provision of housing assistance for the family and thereafter not less than annually**]**.

(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. **[**Each public housing agency shall, not less frequently than annually, conduct a review of the family income of each family receiving assistance under this subsection.**]**

(6) SELECTION OF FAMILIES AND DISAPPROVAL OF OWNERS.—

(A) * * *

[(B) SELECTION OF TENANTS.—Each]
(B) SELECTION OF TENANTS.—

(i) FUNCTION OF OWNER.—Each housing assistance payment contract entered into by the public housing agency and the owner of a dwelling [unit)] *unit* shall provide that the screening and selection of families for those units shall be the function of the owner. [In addition]

(ii) SCREENING.—In addition, the public housing agency may elect to screen applicants for the program in accordance with such requirements as the Secretary may establish. *A public housing agency's elective screening shall be limited to criteria that are directly related to an applicant's ability to fulfill the obligations of an assisted lease and shall consider mitigating circumstances related to such applicant. The requirements of the preceding sentence shall not limit the ability of a public housing agency to deny assistance based on an applicant's criminal background or any other permissible grounds for denial under subtitle F of title V of the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 13661 et seq.; relating to safety and security in public and assisted housing), subject to the procedural requirements of this section. Any applicant or participant determined to be ineligible for admission or continued participation to the program shall be notified of the basis for such determination and provided, within a reasonable time after the determination, an opportunity for an informal hearing on such determination at which mitigating circumstances, including remedial conduct subsequent to the conduct that is the basis of such determination, shall be considered.* That an applicant or participant is or has been a victim of domestic violence, dating violence, or stalking is not an appropriate basis for denial of program assistance by or for denial of admission if the applicant otherwise qualifies for assistance for admission, and that nothing in this section shall be construed to supersede any provision of any Federal, State, or local law that provides greater protection than this section for victims of domestic violence, dating violence, or stalking.

(iii) EXISTING ASSISTED FAMILIES.—Families being provided enhanced vouchers pursuant to subsection (t), families receiving assistance under this Act that are subsequently provided tenant-based assistance pursuant to subsection (dd)(1)(B), and families residing in multifamily housing subject to a mortgage insured under the National Housing Act that are provided tenant-based assistance pursuant to subsection (dd)(1)(B)(xiv) of this section shall not be considered new applicants under this paragraph and shall not be subject to elective re-screening by a public housing agency.

* * * * * * *

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

(A) * * *

* * * * * * *

(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 *termination or* 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, *and if a public housing agency is unable to make payments under the contract to the immediate successor in interest after foreclosure, due to action or inaction by the successor in interest, including the rejection of payments or the failure of the successor to maintain the unit in compliance with paragraph (8), or an inability to identify the successor, the agency may use funds that would have been used to pay the rental amount on behalf of the family—*

(i) to pay for utilities that are the responsibility of the owner under the lease or applicable law, after taking reasonable steps to notify the owner that it intends to make payments to a utility provider in lieu of payments to the owner, except prior notification shall not be required in any case in which the unit will be or has been rendered uninhabitable due to the termination or threat of termination of service, in which case the public housing agency shall notify the owner within a reasonable time after making such payment; or

(ii) for the family's reasonable moving costs, including security deposit costs. [except that this provision and the provisions related to foreclosure in subparagraph (C) shall not]

The provisions related to foreclosure in subparagraphs (C) and (F) shall not affect any State or local law that provides longer time periods or other additional protections for tenants. *For purposes of subparagraphs (C) and (F), the term "immediate successor in interest" includes a purchaser who purchases a property from an immediate successor in interest.*

(8) INSPECTION OF UNITS BY PHA'S.—

[(A) IN GENERAL.—Except as provided in paragraph (11), for each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency shall inspect the unit before any as-

sistance payment is made to determine whether the dwelling unit meets the housing quality standards under subparagraph (B).]

(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, suspend any assistance payments for the unit if any deficiency resulting in noncompliance with the housing quality standards has not been corrected by such time, and may not resume such payments until each such deficiency has been corrected.

(iii) USE OF ALTERNATIVE INSPECTION METHOD FOR INTERIM PERIOD.—In the case of any property that within the previous 12 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).

* * * * * * *

[(D) ANNUAL INSPECTIONS.—Each public housing agency providing assistance under this subsection (or other entity, as provided in paragraph (11)) shall make an annual inspection of each assisted dwelling unit during the term of the housing assistance payments contract for the unit to determine whether the unit is maintained in accordance with the requirements under subparagraph (A). The agency (or other entity) shall retain the records of the inspection for a reasonable time and shall make the records available upon request to the Secretary, the Inspector General for the Department of Housing and Urban Development, and any auditor conducting an audit under section 5(h).]

(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 requirement 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 agency (or other entity) shall retain the records of the inspection for a reasonable time and shall make the records available upon request to the Secretary, the Inspector General for the Department of Housing and Urban Development, and any auditor conducting an audit under section 5(h).

(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 assistance program (including the HOME investment partnerships program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) 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 units assisted under such program, and, if a non-Federal standard was used, the public housing agency has certified to the Secretary that such standards or requirements provide the same protection to occupants of dwelling units meeting such standards or requirements as, or greater protection than, 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 agency shall inspect the dwelling unit—

(i) in the case of any condition that is life-threatening, within 24 hours after receipt of such notice; and

(ii) in the case of any condition that is not life-threatening, within 15 days after receipt of such notice.

(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 that does not comply with housing quality standards under subparagraph (B) as determined pursuant to an inspection conducted under subparagraph (D) or (F). 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) USE OF ABATED ASSISTANCE TO PAY FOR REPAIRS.—

(I) AUTHORITY.—The public housing agency may use such amounts abated to make repairs to the dwelling unit or to contract to have repairs made, except that a contract to make repairs may not be entered into with the inspector for the dwelling unit referred to in clause (i)(I).

(II) ABATED FUNDS.—For purposes of this clause, abated amounts may include amounts withheld during the correction period described in clause (ii) of this subparagraph with respect to a dwelling

unit that is subsequently determined under clause (i) to be in noncompliance with housing quality standards.

(III) LIMITATION OF LIABILITY OF PUBLIC HOUSING AGENCIES.—A public housing agency that uses its authority under this clause shall not, if the agency accomplishes the work through a contractor that is licensed, bonded, and insured in amounts and with coverage as required by the Secretary, be liable for any injury or damages that may result to persons or to any property owned by the tenant or owner.

(v) 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.

(vi) 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.

(vii) 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, and the agency does not use its authority under clause (iv), the agency shall terminate the housing assistance payments contract for the dwelling unit.

(viii) 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 is 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 shall provide reasonable assistance to the family in finding a new residence, including use of up to two months of any assistance amounts abated pursuant to clause (iii) for costs directly associated with relocation of the family to a new residence, which may include moving expenses and security deposits. 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.

(ix) 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.

(x) 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.

[(E)**]** *(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.

* * * * * * *

(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**[**. Such payments may be made

only for the rental of] *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, [the rent for the space on which a manufactured home is located and with respect to which assistance payments are to be made shall include maintenance and management charges and tenant-paid utilities.] *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) PAYMENT STANDARD.—The public housing agency shall establish a payment standard for the purpose of determining the monthly assistance that may be paid for any family under this paragraph. The payment standard may not exceed an amount approved or established by the Secretary.]

[(iii)] *(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) * * *

[(B) PERCENTAGE LIMITATION.—Not more than 20 percent of the funding available for tenant-based assistance under this section that is administered by the agency may be attached to structures pursuant to this paragraph.]

(B) PERCENTAGE LIMITATION.—

(i) IN GENERAL.—Subject to clause (ii), not more than 25 percent of the funding available for tenant-based assistance under this section that is administered by the agency may be attached to structures pursuant to this paragraph.

(ii) EXCEPTION.—An agency may attach up to an additional 5 percent of the funding available for tenant-based assistance under this section to structures pursuant to this paragraph for dwelling 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 provide supportive housing to persons with disabilities, or

that are located in areas where vouchers under this subsection are difficult to use, as specified in subparagraph (D)(ii)(II). The Secretary may, by regulation, establish additional categories for the exception under this clause.

* * * * * * *

[(D) INCOME MIXING REQUIREMENT.—

[(i) IN GENERAL.—Not more than 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.—The limitation under clause (i) shall not apply in the case of assistance under a contract for housing consisting of single family properties or for dwelling units that are specifically made available for households comprised of elderly families, disabled families, and families receiving supportive services.]

(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 HOUSING.—The limitation under clause (i) shall not apply in the case of assistance under a contract for housing consisting of single family properties, or for dwelling units that are exclusively made available for households comprised of elderly families, disabled families, and families receiving supportive services for special needs populations, such as individuals who were formerly homeless. For purposes of the preceding sentence, the term "single family properties" means buildings with no more than four dwelling units.

(II) CERTAIN AREAS.—

(aa) With respect to areas in which fewer than 75 percent of families issued vouchers become participants in the program, the public housing agency has established the payment standard at 110 percent of the fair market rent for all census tracts in the area for the previous six months, the public housing agency has requested a higher payment standard, and the public housing agency grants an automatic extension of 90 days (or longer) to families with vouchers who are attempting to find

housing, clause (i) shall be applied by substituting "40 percent" for "25 percent"; and

(bb) With respect to census tracts with a poverty rate of 20 percent or less, clause (i) shall be applied by substituting "50 percent" for "25 percent" and the Secretary may, by regulation, establish additional conditions.

* * * * * * *

(J) TENANT SELECTION.—A public housing agency shall select families to receive project-based assistance pursuant to this paragraph from its waiting list for assistance under this subsection. Eligibility for such project-based assistance shall be subject to the provisions of section 16(b) that apply to tenant-based assistance. The agency may establish preferences or criteria for selection for a unit assisted under this paragraph that are consistent with the public housing agency plan for the agency approved under section 5A. *Any family who resides in a dwelling unit proposed to be assisted under this paragraph, or in a unit to be replaced by a proposed unit to be assisted under this paragraph shall be given an absolute preference for selection for placement in the proposed unit, if the family is otherwise eligible for assistance under this subsection.* Any family that rejects an offer of project-based assistance under this paragraph or that is rejected for admission to a structure by the owner or manager of a structure assisted under this paragraph shall retain its place on the waiting list as if the offer had not been made. ❲The owner or manager of a structure assisted under this paragraph shall not admit any family to a dwelling unit assisted under a contract pursuant to this paragraph other than a family referred by the public housing agency from its waiting list. Subject to its waiting list policies and selection preferences, a public housing agency may place on its waiting list a family referred by the owner or manager of a structure and may maintain a separate waiting list for assistance under this paragraph, but only if all families on the agency's waiting list for assistance under this subsection are permitted to place their names on the separate list.❳ *A public housing agency may establish and utilize procedures for maintaining site-based waiting lists under which applicants may apply directly 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. All such procedures shall comply with title VI of the Civil Rights Act of 1964, the Fair Housing Act, and other applicable civil rights laws. The owner or manager of a structure assisted under this paragraph shall not admit any family to a dwelling unit assisted under a contract pursuant to this paragraph other than a family referred by the public housing agency from its waiting list, 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.

* * * * * * *

(N) STRUCTURE OWNED BY AGENCY.—Notwithstanding any other provision of law, as part of an initiative to improve, develop, or replace a public housing site, a public housing agency 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, but only if the agency includes such initiative in its public housing agency plan approved under section 5A and the units that receive such assistance will not receive assistance under section 9. The preceding sentence may not be construed to limit the ability of a public housing agency to attach assistance to structures under other applicable law.

(O) LEASES AND TENANCY.—Assistance provided under this paragraph shall be subject to the provisions of paragraph (7), except that subparagraph (A) of such paragraph shall not apply. Notwithstanding any other provision of law, for the term of the contract under this paragraph, the owner may terminate tenancy only for serious or repeated violations of the terms and conditions of the lease or for violation of applicable law.

(P) ALLOWABLE TRANSFERS.—A public housing agency may, subject to the agreement of the receiving agency, transfer a portion of its vouchers and related budget authority to a public housing agency that administers a program under this subsection in another jurisdiction located in the same or a contiguous metropolitan area or county.

(Q) RENT FLEXIBILITY.—If a dwelling unit assisted under this paragraph also receives funding from either of the funds established under section 1138 or 1339 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4568, 4569), the rent for the unit, if agreed upon by both the public housing agency and the owner, may be established at an amount that is less than would otherwise be permitted under paragraphs (1)(B) or (10)(A) of this section.

(R) PRESERVATION ASSISTANCE.—

(i) AUTHORITY.—Project-based voucher assistance under this paragraph shall be made available in accordance with this subparagraph for multifamily housing projects for which an eligibility event (as such term is defined in subsection (t)) occurs or has occurred and for which enhanced voucher assistance would otherwise be, or has been, provided under subsection (t). Any such assistance shall be in lieu of enhanced voucher assistance under subsection (t) for tenants residing in the project and shall be provided by the Secretary to a public housing agency.

(ii) REQUEST AND PROVISION.—If the owner of a multifamily housing project makes a request for project-based voucher assistance pursuant to this subpara-

graph for the project to a public housing agency that administers a program for assistance under subsection (o) for a jurisdiction within which the project is located, a contract for assistance under this subparagraph shall be provided with respect to the project, subject to clause (v).

(iii) TIMING, COVERAGE, AND UNIT RENTS.—

(I) REQUEST MADE BEFORE ELIGIBILITY EVENT.—In the case of a contract for assistance under this subparagraph with respect to a project that is requested prior to the occurrence of the eligibility event, the contract for assistance shall be provided, subject to clause (v), upon the occurrence of the eligibility event. Such contract shall cover all dwelling units in the project for which enhanced voucher assistance under subsection (t) would otherwise be provided.

(II) REQUEST MADE AFTER ISSUANCE OF ENHANCED VOUCHERS.—In the case of a contract for assistance under this subparagraph with respect to a project that is requested after the issuance of enhanced vouchers under subsection (t) for the project, the contract shall be provided, subject to clause (v), as soon as possible. Such contract shall cover all dwelling units in the project that are occupied by tenants receiving such enhanced voucher assistance at the time the contract is effective.

(III) COVERAGE OF ADDITIONAL DWELLING UNITS.—At the request of the owner of a multifamily housing project for which a contract for assistance is to be provided under this subparagraph, the public housing agency may contract with the owner for project-based voucher assistance under this subparagraph to cover additional dwelling units, if the public housing agency determines that such additional assistance is necessary or desirable to further the purposes reflected in clause (v).

(IV) APPROVAL OF HIGHER RENTS.—At the request of the owner of a multifamily housing project for a contract for assistance under this subparagraph to establish rents at levels above those permitted by subparagraph (H), a public housing agency that has made the determinations required by clause (v) may request, and the Secretary may approve, higher unit rents if necessary to preserve housing opportunities that further the purposes of clause (v).

(iv) PROJECTS IN MULTIPLE PHA JURISDICTIONS.—If the Secretary has not entered into a contract with a public housing agency to provide enhanced voucher assistance under subsection (t) for the project at the time the owner of a multifamily housing project requests assistance under this subparagraph, and the project is located within the jurisdiction for the program under

subsection (o) of more than one public housing agency, in determining which agency will administer such assistance, the Secretary shall—

(I) consider the ratio of the number of vouchers to be awarded under this subparagraph and of other project-based vouchers administered under this paragraph to the total number of vouchers administered by an agency; and

(II) among other factors, provide preference to an agency for which the total number of project-based vouchers administered under this paragraph, including vouchers to be awarded pursuant to this subparagraph, would not exceed 50 percent of the total number of all vouchers to be administered by the agency after such award.

The Secretary shall establish guidelines for determining which agency will administer assistance if a unit is not located within the jurisdiction of any public housing agency that administers vouchers.

(v) REQUIRED DETERMINATIONS.—As a condition of entering into a contract pursuant to this subparagraph, the public housing agency shall have determined, before entering into such contract that—

(I) the housing to be assisted under the contract is economically viable; and

(II)(aa) there is a significant demand for the housing;

(bb) the housing will contribute to a community revitalization plan or to deconcentrating poverty and expanding housing and economic opportunities; or

(cc) the continued affordability of the housing otherwise is an important asset to the community.

(vi) INAPPLICABILITY OF GOALS.—Subparagraph (C) shall not apply to a housing assistance payment contract pursuant to this subparagraph.

(vii) DISREGARD OF ASSISTANCE UNDER PERCENTAGE LIMITATION.—Amounts provided pursuant to this subparagraph shall not be considered for purposes of calculating the limitation under subparagraph (B).

(viii) INAPPLICABILITY OF INCOME-MIXING REQUIREMENT.—Subparagraph (D) shall not apply with respect to a housing assistance payments contract pursuant to this subparagraph.

(ix) ELIGIBILITY.—Subject only to clause (iii) and notwithstanding any other provision of law, any family residing in a multifamily housing project on the date of the eligibility event for the project who would otherwise be eligible for enhanced voucher assistance under subsection (t) shall be eligible for project-based voucher assistance pursuant to this subparagraph.

* * * * * * *

(21) PERFORMANCE ASSESSMENTS.—

(A) ESTABLISHMENT.—The Secretary shall, by regulation, establish standards and procedures for assessing the per-

formance of public housing agencies in carrying out the programs for tenant-based rental assistance under this subsection and for homeownership assistance under subsection (y).

(B) CONTENTS.—The standards and procedures under this paragraph shall provide for assessment of the performance of public housing agencies in the following areas:

(i) Extent to which dwelling units comply with housing quality standards, including compliance with inspection requirements.

(ii) Extent of utilization of assistance amounts provided to the agency and of authorized vouchers, using appropriate adjustments for vouchers set aside to meet commitments under paragraph (13).

(iii) Timeliness and accuracy of reporting by the agency to the Secretary.

(iv) Effectiveness in carrying out policies that result in deconcentration of poverty and reduction of racial segregation.

(v) Reasonableness of rent burdens, consistent with public housing agency responsibilities under section 8(o)(1)(E)(iii).

(vi) Accurate calculations of rent, utility allowances, and subsidy payments.

(vii) Effectiveness in carrying out family self-sufficiency activities.

(viii) Timeliness of actions related to landlord participation.

(ix) Compliance with targeting requirements under section 16(b).

(x) Such other areas as the Secretary considers appropriate, which may only be established by regulation.

(C) BIENNIAL ASSESSMENT.—Not later than 2 years after the date of enactment of this paragraph, and at least every 2 years thereafter, the Secretary, using the standards and procedures established under this paragraph, shall—

(i) conduct an assessment of the performance of each public housing agency carrying out a program referred to in subparagraph (A);

(ii) make such assessment available to the public housing agency and to the public via the website of the Department of Housing and Urban Development; and

(iii) submit a report to Congress regarding the results of each such assessment.

(D) APPLICABILITY.—When implemented, the performance assessment standards and procedures under this paragraph shall supercede the Section 8 Management Assessment Program of the Secretary then in effect.

(22) AUTHORITY OF PUBLIC HOUSING AGENCIES TO MAKE DIRECT PAYMENTS FOR UTILITIES WHEN OWNER FAILS TO PAY.—

(A) IN GENERAL.—If the owner has failed to pay for utilities that are the responsibility of the owner under the lease or applicable law, the public housing agency is authorized to utilize subsidy payments otherwise due the owner to pay

for continued utility service to avoid hardship to program participants.

(B) NOTICE.—Before making utility payments as described in subparagraph (A), the public housing agency shall take reasonable steps to notify the owner that it intends to make payments to a utility provider in lieu of payments to the owner, except prior notification shall not be required in any case in which the unit will be or has been rendered uninhabitable due to the termination or threat of termination of service, in which case the public housing agency shall notify the owner within a reasonable time after making such payment.

(23) UTILITY DATA.—

(A) PUBLICATION.—The Secretary shall 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) GUIDELINES FOR USE.—The Secretary shall establish guidelines providing for the use of such data in a manner that—

(i) avoids unnecessary administrative burdens for public housing agencies; 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.

* * * * * * *

(q) ADMINISTRATIVE FEES.—

(1) FEE FOR ONGOING COSTS OF ADMINISTRATION.—

(A) * * *

[(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.]

(B) CALCULATION.—The fee under this subsection shall—

(i) be payable to each public housing agency for each month for which a dwelling unit is covered by an assistance contract;

(ii) be based on a per-unit fee, which shall be based on the per-unit fee payable to the agency in fiscal year 2003 and updated for each subsequent year as specified in subsection (iv), or on such formula which the Secretary may, by regulation, establish using a per-unit fee structure which shall provide for the payment of the full cost of administering vouchers, and which may include performance incentives consistent with subsection (o)(21);

(iii) include an amount for the cost of issuing a voucher to new participants;

(iv) be updated each year using an index of changes in wage and benefit data or other objectively measurable data that reflect the costs of administering the program for such assistance, as determined by the Secretary; and

(v) include an amount for the cost of family self-sufficiency coordinators, as provided in section 23(h)(1).

(C) PUBLICATION.—The Secretary shall cause to be published in the Federal Register the fee rate for each geographic area.

* * * * * * *

[(E) DECREASE.—The Secretary may decrease the fee for units owned by a public housing agency to reflect reasonable costs of administration.]

(E) FEE FOR AGENCY-OWNED UNITS.—The Secretary shall establish a fee for dwelling units owned by a public housing agency that reflects reasonable costs of administration, which shall take into consideration the third-party inspection and rent determination expenses incurred in compliance with the requirements of subsection (o)(11).

* * * * * * *

(4) APPLICABILITY.—This subsection shall apply to fiscal year [1999] *2010* and fiscal years thereafter.

* * * * * * *

(t) ENHANCED VOUCHERS.—

(1) IN GENERAL.—Enhanced voucher assistance under this subsection for a family shall be voucher assistance under subsection (o) *and shall not require that the family requalify under the selection standards for a public housing agency in order to be eligible for such assistance*, except that under such enhanced voucher assistance—

(A) * * *

[(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;]

(B)(i) 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 regardless of unit and family size standards normally used by the administering public housing agency (except that tenants may be required to move to units of appropriate size if available on the premises), and the owner of the unit shall accept the enhanced voucher and terminate the tenancy only for serious or repeated violation of the terms and conditions of the lease or for violation of applicable law; and

(ii) 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;

* * * * * * *

(D) if the [income] *annual adjusted income* of the assisted family declines to a significant extent, the percentage of [income] *annual adjusted income* paid by the family for rent shall not exceed the greater of 30 percent or

the percentage of [income] *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. *Such term includes, with respect to an assisted multifamily housing project (as such term is defined in section 16(b) of the Section 8 Voucher Reform Act of 2009), the occurrence of the termination date for the project.*

* * * * * * *

(4) PRESERVATION PROJECT-BASED VOUCHER ASSISTANCE.—Notwithstanding any other provision of law, in the case of a multifamily housing project with respect to which an eligibility event occurs or has occurred, project-based voucher assistance may be provided in accordance with subsection (o)(13)(R) in lieu of enhanced voucher assistance under this subsection. Such project-based voucher assistance shall not be subject to the provisions of this subsection, except as otherwise specifically provided in subsection (o)(13)(R).

[(4)] *(5)* 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.

* * * * * * *

(y) HOMEOWNERSHIP OPTION.—

(1) * * *

* * * * * * *

(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.]

(A) IN GENERAL.—Subject to the provisions of this paragraph, in the case of a family on whose behalf rental assistance under section 8(o) has been provided for a period of not less than 12 months prior to the date of receipt of downpayment assistance under this paragraph, 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 agency, provide a downpayment assistance grant in accordance with subparagraph (B).

(B) GRANT REQUIREMENTS.—A downpayment assistance grant under this paragraph—

(i) shall be used by the family only as a contribution toward the downpayment and reasonable and customary closing costs required in connection with the purchase of a home;

(ii) shall be in the form of a single one-time grant; and

(iii) may not exceed $10,000.

(C) NO EFFECT ON OBTAINING OUTSIDE SOURCES FOR DOWNPAYMENT ASSISTANCE.—This Act may not be construed to prohibit a public housing agency from providing downpayment assistance to families from sources other than a grant provided under this Act, or as determined by the public housing agency.

(D) COUNSELING AND SELF-SUFFICIENCY PROGRAMS.—A public housing agency may require prepurchase housing counseling or participation in a self-sufficiency program as a condition of a family receiving downpayment assistance under this paragraph.

* * * * * * *

[(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.]

(dd) TENANT-BASED VOUCHERS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, for each of fiscal years 2010 through

2014, such sums as may be necessary for tenant-based assistance under subsection (o) for the following purposes:

(A) To renew all expiring annual contributions contracts for tenant-based rental assistance.

(B) To provide tenant-based rental assistance for—

(i) conversion of section 23 projects to assistance under this section;

(ii) the family unification program under subsection (x) of this section;

(iii) relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency;

(iv) enhanced vouchers authorized under subsection (t) of this section;

(v) relocation or replacement in connection with the HOPE VI program under section 24;

(vi) demolition or disposition of public housing units pursuant to section 18 of the United States Housing Act of 1937 (42 U.S.C. 1437p);

(vii) mandatory conversions of public housing to vouchers, pursuant to section 33 of the United States Housing Act of 1937, respectively (42 U.S.C. 1437z–5);

(viii) voluntary conversions of public housing to vouchers, pursuant to section 22 of the United States Housing Act of 1937, respectively (42 U.S.C. 1437t);

(ix) vouchers necessary to comply with a consent decree or court order;

(x) tenant protection vouchers in connection with dwelling units that cease to receive project-based assistance under subsection (b), (c), (d), (e), or (v) of this section;

(xi) relocation and replacement vouchers in connection with public housing units that are demolished or disposed of pursuant to eminent domain, pursuant to a homeownership program, or in connection with a mixed finance development method under section 35 or otherwise;

(xii) vouchers used for the preservation of public housing units not included in the operating formula under section 9(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437g(e)(2));

(xiii) emergency voucher assistance for the protection of victims of domestic violence, dating violence, sexual assault, or stalking;

(xiv) tenant protection vouchers in connection with the foreclosure or disposition of multifamily housing subject to a mortgage insured and subsidized under the National Housing Act; and

(xv) tenant protection assistance, including replacement and relocation assistance.

Subject only to the availability of sufficient amounts provided in appropriation Acts, the Secretary shall provide tenant-based rental assistance in connection with all dwell-

ing units that cease to be available as assisted housing as a result of clauses (i), (iv), (v), (vi), (vii), (x), (xi), and (xiv).

(2) ALLOCATION OF RENEWAL FUNDING AMONG PUBLIC HOUSING AGENCIES.—

(A) From amounts appropriated for each year pursuant to paragraph (1)(A), the Secretary shall provide renewal funding for each public housing agency—

(i) based on leasing and cost data from the preceding calendar year, as adjusted by an annual adjustment factor to be established by the Secretary, which shall be established using the smallest geographical areas for which data on changes in rental costs are annually available;

(ii) by making any adjustments necessary to provide for the first-time renewal of vouchers funded under paragraph (1)(B) and of any incremental vouchers funded in previous years;

(iii) by making any adjustments necessary for full year funding of vouchers moved into and out of the jurisdiction of the public housing agency in the prior calendar year pursuant to portability procedures under subsection (r)(2); and

(iv) by making such other adjustments as the Secretary considers appropriate, including adjustments necessary to address changes in voucher utilization rates and voucher costs related to natural and other major disasters.

(B) LEASING AND COST DATA.—For purposes of subparagraph (A)(i), leasing and cost data shall be calculated annually by using the average for the preceding calendar year. Such leasing and cost data shall be adjusted to include vouchers that were set aside under a commitment to provide project-based assistance under subsection (o)(13) and to exclude amounts funded through advances under paragraph (3). Such leasing and cost data shall not include funds not appropriated for tenant-based assistance under section 8(o), unless the agency's funding was prorated in the prior year and the agency used other funds to maintain vouchers in use.

(C) OVERLEASING.—For the purpose of determining allocations under subsection (A)(i), the leasing rate calculated for the prior calendar year may exceed an agency's authorized voucher level, except that such calculation shall not utilize a leasing rate in excess of 103 percent of the leasing rate in the year preceding such prior year (after making appropriate adjustments for incremental and new enhanced vouchers) which results from the use of accumulated amounts, as referred to in the last sentence of paragraph (4)(A).

(D) MOVING TO WORK; HOUSING INNOVATION PROGRAM.—Notwithstanding subparagraphs (A) and (B), each public housing agency participating in any year in the moving to work program or the housing innovation program under section 37 of this Act shall be funded pursuant to its agree-

ment under such program and shall be subject to any pro rata adjustment made under subparagraph (F)(i).

(E) UNREIMBURSED PORTABILITY COSTS.—The Secretary may reimburse public housing agencies for increased costs related to portability incurred during the prior year that were not reimbursed pursuant to paragraph (4)(B)(i).

(F) PRO RATA ALLOCATION.—

(i) INSUFFICIENT FUNDS.—To the extent that amounts made available for a fiscal year are not sufficient to provide each public housing agency with the full allocation for the agency determined pursuant to subparagraphs (A) and (D), the Secretary shall reduce such allocation for each agency on a pro rata basis, except that renewal funding of enhanced vouchers under section 8(t) shall not be subject to such proration.

(ii) EXCESS FUNDS.—To the extent that amounts made available for a fiscal year exceed the amount necessary to provide each housing agency with the full allocation for the agency determined pursuant to subparagraphs (A) and (D), such excess amounts shall be used for the purposes specified in paragraph (4)(B).

(G) PROMPT FUNDING ALLOCATION.—The Secretary shall allocate all funds under this subsection for each year before the latter of (i) February 15, or (ii) the expiration of the 45-day period beginning upon the enactment of the appropriations Act funding such renewals.

(3) ADVANCES.—

(A) AUTHORITY.—During the last 3 months of each calendar year, the Secretary shall provide amounts out of any appropriations made pursuant to paragraph (1) for the fiscal year beginning on October 1 of that calendar year to any public housing agency, at the request of the agency, in an amount up to two percent of the allocation for the agency for such calendar year, subject to subparagraph (C).

(B) USE.—Amounts advanced under subparagraph (A) may be used to pay for additional voucher costs, including costs related to temporary overleasing.

(C) USE OF PRIOR YEAR AMOUNTS.—During the last 3 months of a calendar year, if amounts previously provided to a public housing agency for tenant-based assistance for such year or for previous years remain unobligated and available to the agency—

(i) the agency shall exhaust such amounts to cover any additional voucher costs under subparagraph (B) before amounts advanced under subparagraph (A) may be so used; and

(ii) the amount that may be advanced under subparagraph (A) to the agency shall be reduced by an amount equal to the total of such previously provided and unobligated amounts.

(D) REPAYMENT.—Amounts advanced under subparagraph (A) in a calendar year shall be repaid to the Secretary in the subsequent calendar year by offsetting the amounts made available for such agency for such subsequent calendar year pursuant to allocation under para-

graph (2) by an amount equal to the amount so advanced to the agency.

(4) OFFSET.—

(A) IN GENERAL.—The Secretary shall offset, from amounts provided under the annual contributions contract for a public housing agency for a calendar year, all accumulated amounts allocated under paragraph (2) and from previous years that are unused by the agency at the end of each calendar year, except for an amount not less than 6 percent of such amount allocated to the agency pursuant to paragraph (2) for the preceding calendar year. Notwithstanding any other provision of law, each public housing agency may retain all amounts not offset under this subparagraph, and may use such amounts for all authorized purposes.

(B) REALLOCATION.—Not later than the latter of April 1 of each calendar year or 75 days after the enactment of an appropriations Act providing funding for voucher renewal costs, the Secretary shall, from amounts available pursuant to paragraph (2)(E) and from any other available amounts appropriated for such purpose—

(i) set aside and subsequently make available such amounts as the Secretary considers likely to be needed, when combined with funds from a central fund or any other source of funds appropriated or made available for such purpose, to reimburse public housing agencies for increased costs related to portability and family self-sufficiency activities pursuant to section 23(h) during such year; and

(ii) reallocate all remaining amounts among public housing agencies, with priority given based on the extent to which an agency has utilized the amount allocated under paragraph (2) for the agency to serve eligible families and the relative need for additional voucher assistance for use only to increase voucher leasing rates.

* * * * * * *

ELIGIBILITY FOR ASSISTED HOUSING

SEC. 16. (a) INCOME ELIGIBILITY FOR PUBLIC HOUSING.—

(1) * * *

(2) PHA INCOME MIX.—

(A) TARGETING.—Except as provided in paragraph (4), of the public housing dwelling units of a public housing agency made available for occupancy in any fiscal year by eligible families, not less than 40 percent shall be occupied by families whose incomes at the time of commencement of occupancy do not exceed *the higher of (i) the poverty line (as such term is defined in section 673 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902), including any revision required by such section) applicable to a family of the size involved, or (ii)* 30 percent of the area median income, 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 area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes*; and except that clause (i) of this sentence shall not apply in the case of projects located in Puerto Rico or any other territory or possession of the United States*.

* * * * * * *

(b) INCOME ELIGIBILITY FOR TENANT-BASED SECTION 8 ASSISTANCE.—

(1) IN GENERAL.—Of the families initially provided tenant-based assistance under section 8 by a public housing agency in any fiscal year, not less than 75 percent shall be families whose incomes do not exceed *the higher of (A) the poverty line (as such term is defined in section 673 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902), including any revision required by such section) applicable to a family of the size involved, or (B)* 30 percent of the area median income, 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 area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes*; and except that clause (A) of this sentence shall not apply in the case of public housing agencies located in Puerto Rico or any other territory or possession of the United States*.

* * * * * * *

(c) INCOME ELIGIBILITY FOR PROJECT-BASED SECTION 8 ASSISTANCE.—

(1) * * *

* * * * * * *

(3) TARGETING.—For each project assisted under a contract for project-based assistance, of the dwelling units that become available for occupancy in any fiscal year that are assisted under the contract, not less than 40 percent shall be available for leasing only by families whose incomes at the time of commencement of occupancy do not exceed *the higher of (A) the poverty line (as such term is defined in section 673 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902), including any revision required by such section) applicable to a family of the size involved, or (B)* 30 percent of the area median income, 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 area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes*; and except that clause (A) of this sentence shall not apply in the case of projects located in Puerto Rico or any other territory or possession of the United States*.

* * * * * * *

(e) ELIGIBILITY FOR ASSISTANCE BASED ON ASSETS.—

(1) LIMITATION ON ASSETS.—Subject to paragraph (3) and notwithstanding any other provision of this Act, a dwelling unit

assisted under this Act may not be rented and assistance under this Act may not be provided, either initially or at each recertification of family income, to any family—

(A) whose net family assets exceed $100,000, as such amount is adjusted annually by applying an inflationary factor as the Secretary considers appropriate; or

(B) who has a present ownership interest in, a legal right to reside in, and the effective legal authority to sell, real property that is suitable for occupancy as a residence, except that the prohibition under this subparagraph shall not apply to—

(i) any property for which the family is receiving assistance under this Act;

(ii) any person that is a victim of domestic violence; or

(iii) any family that is offering such property for sale.

(2) NET FAMILY ASSETS.—

(A) IN GENERAL.—For purposes of this subsection, the term "net family assets" means, for all members of the household, the net cash value of all assets after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment. Such term does not include interests in Indian trust land, equity accounts in homeownership programs of the Department of Housing and Urban Development, or Family Self Sufficiency accounts.

(B) EXCLUSIONS.—Such term does not include—

(i) the value of personal property, except for items of personal property of significant value, as the Secretary may establish or the public housing agency may determine;

(ii) the value of any retirement account;

(iii) real property for which the family does not have the effective legal authority necessary to sell such property;

(iv) any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a member of the family and arising out of law, that resulted in a member of the family being disabled;

(v) the value of 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; and

(vi) such other exclusions as the Secretary may establish.

(C) TRUST FUNDS.—In cases in which a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund shall not be considered an asset of a family if the fund continues to be held in trust. Any income distributed from the trust fund shall be considered income for purposes of section 3(b) and any calculations of annual family income, except in the case of medical expenses for a minor.

(3) SELF-CERTIFICATION.—

(A) NET FAMILY ASSETS.—A public housing agency or owner may determine the net assets of a family, for purposes of this section, based on a certification by the family that the net assets of such family do not exceed $50,000.

(B) NO CURRENT REAL PROPERTY OWNERSHIP.—A public housing agency or owner may determine compliance with paragraph (1)(B) based on a certification by the family that such family does not have any current ownership interest in any real property at the time the agency or owner reviews the family's income.

(C) STANDARDIZED FORMS.—The Secretary may develop standardized forms for the certifications referred to in subparagraphs (A) and (B).

(4) COMPLIANCE FOR PUBLIC HOUSING DWELLING UNITS.—When recertifying family income with respect to families residing in public housing dwelling units, a public housing agency may, in the discretion of the agency and only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency, choose not to enforce the limitation under paragraph (1).

(5) ELDERLY AND DISABLED FAMILIES.—When recertifying the income of an elderly or disabled family residing in a dwelling unit assisted under this Act, a public housing agency or owner may choose not to enforce the limitation under paragraph (1) or may establish exceptions to such limitation based on eligibility criteria, but only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency or under a policy adopted by the owner. Eligibility criteria for establishing exceptions may provide for separate treatment for elderly and disabled families and may be based on different factors, such as age, income, the ability of the family to find suitable alternative housing, and whether supportive services are being provided.

(6) AUTHORITY TO DELAY EVICTIONS.—In the case of a family residing in a dwelling unit assisted under this Act who does not comply with the limitation under paragraph (1), the public housing agency or project owner may delay eviction or termination of the family based on such noncompliance for a period of not more than 6 months.

* * * * * * *

SEC. 23. FAMILY SELF-SUFFICIENCY PROGRAM.

(a) * * *

* * * * * * *

(h) ALLOWABLE PUBLIC HOUSING AGENCY ADMINISTRATIVE FEES AND COSTS.—

[(1) SECTION 8 FEES.—The Secretary shall establish a fee under section 8(q) for the costs incurred in administering the provision of certificate and voucher assistance under section 8 through the self-sufficiency program under this section. The fee shall be the fee in effect under such section on June 1, 1990, except that for purposes of the fee under this paragraph the applicable dollar amount for preliminary expenses under section 8(q)(2)(A)(i) shall, subject to approval in appropriations

Acts, be $300. Upon the submission by the Comptroller General of the United States of the report required under section 554(b) of the Cranston-Gonzalez National Affordable Housing Act, the Secretary shall revise the fee under this paragraph, taking into consideration the report of the Comptroller General.]

(1) SECTION 8 FEES.—

(A) IN GENERAL.—The Secretary shall establish a fee under section 8(q) for the costs incurred in administering the self-sufficiency program under this section to assist families receiving voucher assistance through section 8(o).

(B) ELIGIBILITY FOR FEE.—The fee shall provide funding for family self-sufficiency coordinators as follows:

(i) BASE FEE.—A public housing agency serving 25 or more participants in the family self-sufficiency program under this section shall receive a fee equal to the costs of employing one full-time family self-sufficiency coordinator. An agency serving fewer than 25 such participants shall receive a prorated fee.

(ii) ADDITIONAL FEE.—An agency that meets minimum performance standards shall receive an additional fee sufficient to cover the costs of employing a second family self-sufficiency coordinator if the agency has 75 or more participating families, and a third such coordinator if it has 125 or more participating families.

(iii) PREVIOUSLY FUNDED AGENCIES.—An agency that received funding from the Department of Housing and Urban Development for more than three such coordinators in any of fiscal years 1998 through 2009 shall receive funding for the highest number of coordinators funded in a single fiscal year during that period, provided they meet applicable size and performance standards.

(iv) INITIAL YEAR.—For the first year in which a public housing agency exercises its right to develop an family self-sufficiency program for its residents, it shall be entitled to funding to cover the costs of up to one family self-sufficiency coordinator, based on the size specified in its action plan for such program.

(v) STATE AND REGIONAL AGENCIES.—For purposes of calculating the family self-sufficiency portion of the administrative fee under this subparagraph, each administratively distinct part of a State or regional public housing agency shall be treated as a separate agency.

(vi) DETERMINATION OF NUMBER OF COORDINATORS.—In determining whether a public housing agency meets a specific threshold for funding pursuant to this paragraph, the number of participants being served by the agency in its family self-sufficiency program shall be considered to be the average number of families enrolled in such agency's program during the course of the most recent fiscal year for which the Department of Housing and Urban Development has data.

(C) PRORATION.—If insufficient funds are available in any fiscal year to fund all of the coordinators authorized under this section, the first priority shall be given to funding one coordinator at each agency with an existing family self-sufficiency program. The remaining funds shall be prorated based on the number of remaining coordinators to which each agency is entitled under this subparagraph.

(D) RECAPTURE.—Any fees allocated under this subparagraph by the Secretary in a fiscal year that have not been spent by the end of the subsequent fiscal year shall be recaptured by the Secretary and shall be available for providing additional fees pursuant to subparagraph (B)(ii).

(E) PERFORMANCE STANDARDS.—Within six months after the date of the enactment of this paragraph, the Secretary shall publish a proposed rule specifying the performance standards applicable to funding under clauses (ii) and (iii) of subparagraph (B). Such standards shall include requirements applicable to the leveraging of in-kind services and other resources to support the goals of the family self-sufficiency program.

(F) DATA COLLECTION.—Public housing agencies receiving funding under this paragraph shall collect and report to the Secretary, in such manner as the Secretary shall require, information on the performance of their family self-sufficiency programs.

(G) EVALUATION.—The Secretary shall conduct a formal and scientific evaluation of the effectiveness of well-run family self-sufficiency programs, comparing outcomes of families participating in such programs with families who are not, using random assignment of participants to the extent practicable. Not later than the expiration of the 4-year period beginning upon the enactment of this paragraph, the Secretary shall submit an interim evaluation report to the Congress. Not later than the expiration of the 8-year period beginning upon such enactment, the Secretary shall submit a final evaluation report to the Congress. There is authorized to be appropriated $10,000,000 to carry out the evaluation under this subparagraph.

(H) INCENTIVES FOR INNOVATION AND HIGH PERFORMANCE.—The Secretary may reserve up to 10 percent of the amounts made available for administrative fees under this paragraph to provide support to or reward family self-sufficiency programs that are particularly innovative or highly successful in achieving the goals of the program.

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SEC. 37. HOUSING INNOVATION PROGRAM.

(a) PURPOSE.—The purpose of this section is to establish a program under which public housing agencies are given the flexibility to design, and the Secretary is given the responsibility to evaluate, innovative approaches to providing housing assistance that—

(1) increase housing opportunities for low-, very low-, and extremely low-income families, including preserving, modernizing, rehabilitating, reconfiguring, or replacing public housing at risk of physical deterioration or obsolescence, developing addi-

tional affordable housing, providing supportive housing, and increasing the number of families receiving tenant-based rental assistance;

(2) provide financial incentives and other support mechanisms to families to obtain employment and increase earned income, and achieve economic self-sufficiency, while protecting very low- and extremely low-income families from increased rent burdens;

(3) utilize funds in a more effective or cost-efficient manner, including achieving energy, administrative, and other cost savings;

(4) leverage other Federal, State, and local funding sources, including the low-income housing tax credit program, to expand and preserve affordable housing opportunities, including public housing;

(5) test alternative rent-setting policies to determine whether rent determinations can be simplified and administrative cost savings can be realized while protecting extremely low- and very low-income families from increased rent burdens;

(6) are subject to rigorous evaluation to test the effectiveness of such innovative approaches; and

(7) are developed with the support of the local community and with the substantial participation of affected residents.

(b) PROGRAM AUTHORITY.—

(1) SCOPE.—

(A) PRIORITY STRATEGY AGENCIES.—The Secretary shall carry out a housing innovation program under this section under which the Secretary shall designate such number of public housing agencies, which shall not exceed 60, to participate in the housing innovation program as may be necessary, in conjunction with agencies approved for continued program participation pursuant to subsection (c), to demonstrate the effectiveness of the priority strategies identified in subsection (d)(2).

(B) ADDITIONAL PROGRAM AGENCIES.—The Secretary shall also designate such number of additional agencies, which shall not exceed 20, to participate in the program under the terms of subsection (i) as may be necessary to demonstrate other innovative strategies as the Secretary or applicants may propose.

(C) TRANSFER OF EXISTING MTW AGENCIES.—The Secretary shall also approve and transfer into the program existing MTW agencies pursuant to subsection (c).

(2) DURATION.—The Secretary may carry out the housing innovation program under this section only during the 10-year period beginning on the date of the enactment of the Section 8 Voucher Reform Act of 2009.

(c) PARTICIPATION OF EXISTING MTW AGENCIES.—

(1) IN GENERAL.—Subject to the requirements of paragraph (2), all existing MTW agencies shall be designated to participate in the program.

(2) CONDITIONS OF PARTICIPATION.—The Secretary shall approve and transfer into the housing innovation program under this section each existing MTW agency that the Secretary determines—

(A) is not in default under such agreement;

(B) is meeting the goals and objectives of its moving to work plan; and

(C) with respect to any agency that has been audited by the Inspector General of the Department of Housing and Urban Development and that the Inspector General has determined was not complying with program rules, is currently complying with such rules; the Secretary shall provide an agency that the Secretary determines is not in compliance a reasonable period of time to achieve such compliance.

(3) TERMS OF PARTICIPATION.—Any agency approved for transfer into the housing innovation program may, at its option, be subject to the provisions of subsection (d)(3), in lieu of an agreement currently in place with the Secretary for participation in the Moving to Work program. Each agency shall, within two years after the date of the enactment of the Section 8 Voucher Reform Act of 2009, make changes to its policies that were implemented before such date of enactment in order to comply with the requirements of this section. Existing MTW agencies shall not be required to comply with any requirements under subsection (d).

(d) ADDITIONAL AGENCIES.—

(1) PROPOSALS; SELECTION PROCESS.—In addition to agencies participating in the program pursuant to subsection (c), the Secretary shall, within 12 months after such date of enactment, select public housing agencies to participate in the program pursuant to a competitive process that meets the following requirements:

(A) Any public housing agency may be selected to participate in the program, except that not more than 5 agencies that are near-troubled under the public housing assessment system and/or section 8 management assessment program may be selected, and except that any agency that is a troubled agency under either such assessment program or for which the Secretary has hired an alternative management entity for such agency or has taken possession of all or any part of such agency's public housing program shall not be eligible for participation. Any near-troubled public housing agency participating in the program shall remain subject to the requirements of this Act governing tenant rent contributions, eligibility, and continued participation, and may not adopt policies described in subsection (e)(4) (relating to rents and requirements for continued occupation and participation).

(B) The process provides, to the extent possible based on eligible agencies submitting applications and taking into account existing MTW agencies participating pursuant to subsection (c), for representation among agencies selected of agencies having various characteristics, including both large and small agencies, agencies serving urban, suburban, and rural areas, and agencies in various geographical regions throughout the United States, and which may include the selection of agencies that only administer the voucher program under section 8(o).

(C) Any agency submitting a proposal under this paragraph shall have provided notice to residents and the local community, not later than 30 days before the first of the two public meetings required under subparagraph (D).

(D) The agency submitting a proposal shall hold two public meetings to receive comments on the agency's proposed application, on the implications of changes under the proposal, and the possible impact on residents.

(E) The process includes criteria for selection, as follows:

(i) The extent to which—

(I) if proposal is for the purpose of carrying out the priority strategy under paragraph (2)(A) of this subsection, the proposal is likely to achieve the purposes of increasing housing opportunities for low-, very low-, and extremely low-income families, including preserving, modernizing, rehabilitating, reconfiguring, or replacing public housing at risk of physical deterioration or obsolescence, developing additional affordable housing, providing supportive housing, or increasing the number of families receiving tenant-based rental assistance, or a combination of these purposes;

(II) if the proposal is for the purpose of carrying out the priority strategy under paragraph (2)(B) of this subsection, the proposal is likely to achieve the purposes of families obtaining employment, increasing earned income, or achieving economic self-sufficiency, while protecting extremely low- and very low-income families from increased rent burdens;

(III) if the proposal is for the purpose of carrying out an innovative strategy under paragraph (2)(C) of this subsection, the proposal is likely to utilize funds in a more effective or cost-efficient manner, including achieving energy, administrative, or other cost-savings; or

(IV) if the proposal is for the purpose of carrying out an innovative strategy pursuant to subsection (b)(1)(B), the proposal is likely to achieve the goals and objectives of such strategy.

(ii) The extent to which the proposal generally identifies statutory provisions and existing rules and regulations that impede achievement of the goals and objectives of the proposal and an explanation of why a waiver of such statutory provisions, rules, and regulations is necessary to achieve such goals and objectives.

(iii) The extent to which the agency has a successful history of implementing or has expertise in strategies similar to those set forth in the agency's proposal.

(iv) The extent of commitment and funding for carrying out the proposal by local and State government agencies and nonprofit organizations, including the provision of additional funding and other services, and the extent of support for the proposal by residents, resi-

dent advisory boards, and members of the local community.

(v) Such other factors as the Secretary may establish, in consultation with participating agencies and agencies interested in participating in the program, program stakeholders, and any entity conducting evaluations pursuant to subsection (f).

(2) PRIORITY STRATEGIES.—For purposes of the first sentence of paragraph (b)(1), the following are priority strategies:

(A) INCREASING HOUSING OPPORTUNITIES.—A strategy of development of increasing housing opportunities for low-, very low-, and extremely low-income families, including preserving, modernizing, rehabilitating, reconfiguring, or replacing public housing at risk of physical deterioration or obsolescence, developing additional affordable housing, providing supportive housing, or increasing the number of families receiving tenant-based rental assistance, or a combination of these purposes, and which may include leveraging other Federal, State, and local funding sources.

(B) RENT REFORMS AND FAMILY SELF-SUFFICIENCY.—A strategy to implement rent reforms and other self-sufficiency incentives or resources, which shall be designed to help families obtain employment, increase their earned income, or achieve economic self-sufficiency, while protecting extremely low- and very low-income families from increased rent burdens.

(C) COST-EFFECTIVENESS.—A strategy to utilize funds in a more effective or cost-efficient manner, including achieving energy, administrative, or other cost-savings.

(3) CONTRACT AMENDMENT.—After selecting agencies under this subsection, the Secretary shall promptly amend the applicable annual contributions contracts of such agencies to provide that—

(A) subject to compliance with all program rules under this section, such agencies may implement any policies and activities that are not inconsistent with this section, without specifying such policies and activities in such amendment and without negotiating or entering into any other agreements with the Secretary specifying such policies and activities; and

(B) the policies and activities to be implemented by an agency under the program in a given year shall be described in and subject to the requirements of the annual plan under subsection (e)(11).

(4) MAINTAINING PARTICIPATION RATE.—If, at any time after the initial selection period under paragraph (1), the number of public housing agencies participating in the program falls below the number selected pursuant to paragraph (1), the Secretary shall promptly solicit applications from and select public housing agencies to participate in the program under the terms and conditions for application and selection provided in this section to increase the number of participating agencies to the number initially selected pursuant to paragraph (1).

(e) PROGRAM REQUIREMENTS.—

(1) PROGRAM FUNDS.—

(A) IN GENERAL.—To carry out a housing innovation program under this section, the participating agency may use amounts provided to the agency from the Operating Fund under section 9(e), amounts provided to the agency from the Capital Fund under section 9(d), and amounts provided to the agency for voucher assistance under section 8(o). Such program funds may be used for any activities that are authorized by section 8(o) or 9, or for other activities that are not inconsistent with this section, which may include, without limitation—

(i) providing capital and operating assistance, and financing for housing previously developed or operated pursuant to a contract between the Secretary and such agency;

(ii) the acquisition, new construction, rehabilitation, financing, and provision of capital or operating assistance for low-income housing (including housing other than public housing) and related facilities, which may be for terms exceeding the term of the program under this section in order to secure other financing for such housing;

(iii) costs of site acquisition and improvement, providing utility services, demolition, planning, and administration of activities under this paragraph;

(iv) housing counseling for low-income families in connection with rental or homeownership assistance provided under the program;

(v) safety, security, law enforcement, and anticrime activities appropriate to protect and support families assisted under the program;

(vi) tenant-based rental assistance, which may include the project-basing of such assistance;

(vii) appropriate and reasonable financial assistance that is required to preserve low-income housing otherwise assisted under programs administered by the Secretary or under State or local low-income housing or public housing programs; and

(viii) family self-sufficiency activities for low-income families in connection with rental or homeownership assistance provided under the program.

(B) COMBINING FUNDS.—Notwithstanding any other provision of law, a participating agency may combine and use program funds for any activities authorized under this section, except that a participating agency may use funds provided for assistance under section 8(o) for activities other than those authorized under section 8(o) only if (i) in the calendar year prior to its participation in the program, the agency utilized not less than 95 percent of such funds allocated for that calendar year for such authorized activities or 95 percent of its authorized vouchers; or (ii) after approval to participate in the program, the agency achieves such utilization for a 12-month period. Such limitation shall not apply to participating agencies approved by the Secretary to combine funds from sections 8 and 9 of the Act prior to enactment of this section. A public housing agency

that uses funds provided from assistance under section 8(o) for activities not authorized under such subsection may not terminate assistance to families assisted under such subsection on the grounds of inadequate funding to the extent such inadequacy is caused by such use of funds for purposes not authorized under section 8(o).

(2) USE OF PROGRAM FUNDS.—In carrying out the housing innovation program under this section, each participating agency shall continue to assist—

(A) not less than substantially the same number of eligible low-income families under the program as it assisted in the base year for the agency; and

(B) a comparable mix of families by family size, subject to adjustment to reflect changes in the agency's waiting list, except that the Secretary may approve exceptions to such requirements for up to 3 years based on modernization or redevelopment activities proposed in an annual plan submitted and approved in accordance with paragraph (11).

Determinations with respect to the number of families required to be served shall be adjusted to reflect any allocation of additional vouchers under section 8(o), any change in annual voucher proration factor, or such other appropriate adjustments as the Secretary may establish. For purposes of subparagraphs (A) and (B), the term "base year" means, with respect to existing MTW agencies, the first full calendar year prior to approval for entry into the moving to work demonstration. The Secretary shall monitor and enforce compliance with the requirements of subparagraph (A) on an annual basis.

(3) RETAINED PROVISIONS.—Each agency that is approved for program participation pursuant to subparagraph (A) or (B) of subsection (b)(1) shall comply with all provisions of this Act except those statutory provisions and existing rules and regulations generally identified in the application for participation in the program, except that the Secretary may approve requests by an agency to waive compliance with other statutes, regulations, and rules pursuant to this Act, consistent with other program rules, if the Secretary determines that such a request would further the goals and objectives identified in the application for participation in the program (taking into consideration public and resident input pursuant to the procedure under paragraph (4)) or would further the purposes identified in subparagraphs (B) and (C) of subsection (f)(1). Notwithstanding any other provision of this section, families receiving assistance under this section shall retain the same rights of judicial review of agency action as they would otherwise have had if the agency were not participating in the program, and each participating agency, including existing MTW agencies that are approved for transfer into the program pursuant to subsection (c), shall comply with the following provisions of this Act:

(A) Subsections (a)(2)(A) and (b)(1) of section 16 (relating to targeting for new admissions in the public housing and voucher programs).

(B) Section 2(b) (relating to tenant representatives on the public housing agency board of directors).

(C) Section 3(b)(2) (relating to definitions for the terms "low-income families" and "very low-income families").

(D) Section 5(A)(e) (relating to the formation of and consultation with a resident advisory board).

(E) Sections 6(f)(1) and 8(o)(8)(B) (relating to compliance of units assisted with housing quality standards or other codes).

(F) Sections 6(c)(3), 6(c)(4)(i), and 8(o)(6)(B) (relating to rights of public housing applicants and existing procedural rights for applicants under section 8(o)).

(G) Section 6(k) (relating to grievance procedures for public housing tenants) and comparable procedural rights for families assisted under section 8(o).

(H) Section 6(l) (relating to public housing lease requirements), except that for units assisted both with program funds and low-income housing tax credits, the initial lease term may be less than 12 months if required to conform lease terms with such tax credit requirements.

(I) Section 7 (relating to designation of housing for elderly and disabled households), except that a participating agency may make such designations (at initial designation or upon renewal) for a term of up to 5 years if the agency includes in its annual plan under paragraph (11) an analysis of the impact of such designations on affected households and such designation is subject to the program evaluation. Any participating agency with a designated housing plan that was approved under the moving to work demonstration may continue to operate under the terms of such plan for a term of 5 years (with an option to renew on the same terms for an additional 5 years) if it includes in its annual plan an analysis of the impact of such designations on affected households and is subject to evaluation under subsection (f).

(J) Subparagraphs (C) through (E) of section 8(o)(7) and section 8(o)(20) (relating to lease requirements and eviction protections for families assisted with tenant-based assistance).

(K) Section 8(o)(13)(B) (relating to a percentage limitation on project-based assistance), except that for purposes of this subparagraph such section shall be applied by substituting "50 percent" for "20 percent", and all voucher funding that is used for non-tenant based assistance purposes shall count towards this calculation.

(L) Section 8(o)(13)(E) (relating to resident choice for tenants of units with project-based vouchers), except with respect to—

(i) in the case of agencies participating in the moving to work demonstration, any housing assistance payment contract entered into before or within 2 years after the enactment of this section;

(ii) project-based vouchers that replace public housing units;

(iii) not more than 10 percent of the vouchers available to the participating agency upon entering the housing innovation program under this section; and

(iv) any project-based voucher program that is subject to evaluation under subsection (f).

Notwithstanding the exceptions under this subparagraph, an agency may not eliminate resident choice under section 8(o)(13)(E) for more than 25 percent of its authorized vouchers.

(M) Section 8(r) (relating to portability of voucher assistance), except that a participating agency may receive funding for portability obligations under section 8(dd) in the same manner as other public housing agencies.

(N) Sections 8(ee) and 6(u) (relating to records, certification and confidentiality regarding domestic violence).

(O) Subsections (a) and (b) of section 12 (relating to payment of prevailing wages).

(P) Section 18 (relating to demolition and disposition of public housing).

(Q) Requirements regarding—

(i) establishment of resident councils and jurisdiction-wide resident organizations;

(ii) public housing agency support for such councils and organizations; and

(iii) involvement of such councils and organizations in public housing agency operations;.

as authorized under sections 3(c)(2), 6(c)(5)(C), and 9(e) and implemented by applicable regulations.

(4) RENTS AND REQUIREMENTS FOR CONTINUED OCCUPANCY OR PARTICIPATION.—

(A) BEFORE POLICY CHANGE.—Before adopting any policy pursuant to participation in the housing innovation program under this section that would make a material adverse change to the requirements of this Act regarding tenant rents or contributions, or conditions of continued occupancy or participation, a participating agency shall complete each of the following actions:

(i) The agency shall conduct an impact analysis of the proposed policy on families the agency is assisting under the program under this section and on applicants on the waiting list, including analysis of the incidence and severity of rent burdens greater than 30 percent of adjusted income on households of various sizes and types and in various income tiers, that would result, if any, without application of the hardship provisions. The analysis with respect to applicants on the waiting list may be limited to demographic data provided by the applicable consolidated plan, information provided by the Secretary, and other generally available information. The proposed policy, including provisions for addressing hardship cases and transition provisions that mitigate the impact of any rent increases or changes in the conditions of continued occupancy or participation, and data from this analysis shall be made available for public inspection and copying, on request, and for access through the Internet, for at least 60 days in advance of the public meeting described in clause (ii).

(ii) The agency shall hold a public meeting regarding the proposed change, including the hardship provisions, which may be combined with a public meeting on the draft annual plan under paragraph (11) or the annual report under subsection (h)(2).

(iii) The board of directors or other similar governing body of the agency shall approve the change in public session.

(iv) The agency shall obtain approval from the Secretary of the annual plan or plan amendment. The Secretary may approve a plan or amendment containing a material change to the requirements of this Act regarding tenant rents or contributions, or conditions of continued occupancy or participation, only if the agency agrees that such policy may be included as part of the national evaluation.

(B) AFTER POLICY CHANGE.—After adopting a policy described in subparagraph (A), a program agency shall complete each of the following actions:

(i) The agency shall provide adequate notice to residents, which shall include a description of the changes in the public housing lease or participation agreement that may be required and of the hardship or transition protections offered.

(ii) In the case of any additional requirements for continued occupancy or participation, the agency shall execute a lease addendum or participation agreement specifying the requirements applicable to both the resident and the agency. A resident may bring a civil action to enforce commitments of the agency made through the lease addendum or participation agreement.

(iii) The agency shall reassess rent, subsidy level, and policies on program participation no less often than every two years, which shall include preparing a revised impact analysis, and make available for public inspection and copying, on request, and for access through the Internet, the results of such reassessment and impact analysis. The requirement under this clause may be met by sufficiently detailed interim reports, if any, by the national evaluating entity.

(iv) The agency shall include in the annual report under subsection (h)(2) information sufficient to describe any hardship requests, including the number and types of requests made, granted, and denied, the use of transition rules, and adverse impacts resulting from changes in rent or continued occupancy policies, including actions taken by the agency to mitigate such impacts and impacts on families no longer assisted under the program.

(C) APPLICABILITY TO EXISTING MTW AGENCIES.—An existing MTW agency that, before the date of the enactment of this section, implemented material changes to the requirements of this Act regarding tenant rents or contributions, or conditions of continued occupancy or participation, as

part of the moving to work demonstration shall not be subject to subparagraph (A) with regard to such previously implemented changes, but shall comply with the requirements of subparagraph (B)(ii) and provide the evaluation and impact analysis required by subparagraph (B)(iii) by the end of the second agency fiscal year ending after such date of enactment.

(5) PROHIBITION AGAINST DECREASE IN PROGRAM FUNDS.—The amount of program funds a participating agency receives shall not be diminished by its participation in the housing innovation program under this section.

(6) RENT BURDEN.—A participating agency may not adopt rent policies that result in families making substantially higher rent payments than would customarily be made by families of comparable income under the program under which assistance is provided.

(7) TIME LIMITS.—A participating agency may implement time limits on the term of housing assistance received by families under the program only if—

(A) such limits are for a period of time not shorter than 5 years; and

(B) enforcement of such limits is suspended for any period of time during which the unemployment rate in the area exceeds 10 percent.

(8) EMPLOYMENT CONDITIONS.—A participating agency may condition the receipt of housing assistance by families under the program on requirements relating to the employment status or related activities of one or more family members only if—

(A) such requirements are consistent with the program for block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act;

(B) the agency establishes reasonable hardship exemptions; and

(C) enforcement of such requirements is suspended for any period of time during which the unemployment rate in the area exceeds 10 percent.

(9) SUBMISSION OF INFORMATION.—As part of the annual report required under subsection (h)(2), each participating agency shall submit information annually to the Secretary regarding families assisted under the program of the agency and comply with any other data submissions required by the Secretary for purposes of evaluation of the program under this section.

(10) PUBLIC AND RESIDENT PARTICIPATION.—Each participating agency shall provide opportunities for resident and public participation in the annual plan under paragraph (11), as follows:

(A) NOTICE TO RESIDENTS.—

(i) NOTICE.—Each year, the agency shall provide notice to the low-income families it serves under the programs authorized by this section as to the impact of proposed policy changes and program initiatives and of the schedule of resident advisory board and public meetings for the annual plan.

(ii) MEETING.—The agency shall hold at least one meeting with the resident advisory board (including representatives of recipients of assistance under section 8) to review the annual plan for each year.

(B) PUBLIC MEETING.—With respect to each annual plan, the agency shall hold at least one annual public meeting to obtain comments on the plan, which may be combined with a meeting to review the annual report. In the case of any agency that administers, in the aggregate, more than 15,000 public housing units and vouchers, or that operates in more than one county, the agency shall hold additional meetings in locations that promote attendance by residents and other stakeholders.

(C) PUBLIC AVAILABILITY.—Before adoption of any annual plan, and not less than 30 days before the public meeting required under subparagraph (A)(ii) with respect to the plan, the agency shall make the proposed annual plan available for public inspection and copying, on request, and for access through the Internet. The annual plan shall be made available for public inspection not less than 30 days before approval by the board of directors (or other similar governing body) of the agency and shall remain publicly available.

(D) BOARD APPROVAL.—Before submitting an annual plan or annual report to the Secretary, the plan or report, as applicable, shall be approved in a public meeting by the board of directors or other governing body of the agency.

(11) ANNUAL PLAN.—

(A) REQUIREMENT.—For each year that a participating agency participates in the housing innovation program under this section, the agency shall submit to the Secretary, in lieu of all other planning requirements, an annual plan under this paragraph.

(B) CONTENTS.—Each annual plan shall include the following information:

(i) A list and description of all program initiatives and generally applicable policy changes, including references to affected provisions of law or the implementing regulations affected.

(ii) A description and comparison of changes under the housing innovation program of the agency from the plan for such program for the preceding year.

(iii) A description of property redevelopment or portfolio repositioning strategies and proposed changes in policies or uses of funds required to implement such strategies.

(iv) Documentation of public and resident participation sufficient to comply with the requirements under paragraphs (4) and (10), including a copy of any recommendations submitted in writing by the resident advisory board of the agency and members of the public, a summary of comments, and a description of the manner in which the recommendations were addressed.

(v) Certifications by the agency that—

(I) the annual plan will be carried out in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act of 1990, and the rules, standards, and policies in the approved plan;

(II) the agency will affirmatively further fair housing; and

(III) the agency has complied and will continue to comply with its obligations under the national evaluation.

(vi) A description of the agency's local asset management strategy for public housing properties, which shall be in lieu of any other asset management, project based management or accounting, or other system of allocating resources and costs to participating agency assets or cost centers that the Secretary may otherwise impose under this Act.

(C) CHANGES.—If the agency proposes to make material changes in policies or initiatives in the plan during the year covered by the plan, the agency shall consult with the resident advisory board for the agency established pursuant to section 5A(e) and the public regarding such changes before their adoption.

(D) APPROVAL PROCESS.—

(i) TIMING.—The Secretary shall review and approve or disapprove each annual plan submitted to the Secretary within 45 days after such submission. The Secretary, directly or through the public housing agency, shall make information relating to such approval or disapproval available to all members of the Resident Advisory Board of the public housing agency.

(ii) STANDARDS FOR DISAPPROVAL.—The Secretary may disapprove a plan only if—

(I) the Secretary reasonably determines, based on information contained in the annual plan or annual report, that the agency is not in compliance with the requirements of this section;

(II) the annual plan or most recent annual report is not consistent with other reliable information available to the Secretary; or

(III) the annual plan or annual report or the agency's activities under the program are not otherwise in accordance with applicable law.

(iii) FAILURE TO DISAPPROVE.—If a submitted plan is not disapproved within 45 days after submission, the plan shall be considered to be approved for purposes of this section. The preceding sentence shall not preclude judicial review regarding such compliance pursuant to chapter 7 of title 5, United States Code, or an action regarding such compliance under section 1979 of the Revised Statutes of the United States (42 U.S.C. 1983).

(f) EVALUATION OF PERFORMANCE.—

(1) IN GENERAL.—The Secretary shall conduct detailed evaluations of all public housing agencies participating in the program under this section—

(A) to determine the level of success of each public housing agency in achieving the goals and objectives of the application to participate in the program;

(B) to determine the level of success of different types of proposals in achieving the priority strategies of subsection (d)(2) or other innovative strategies identified pursuant to subsection (b)(1); and

(C) to identify program models that can be replicated by other agencies to achieve such success.

(2) EVALUATION METHODOLOGY.—Evaluations under this subsection shall be conducted utilizing rigorous research methodology which shall incorporate, where appropriate and to the extent funding is available, the following:

(A) Comparison of the impact on families to similar types of families not subject to such policies.

(B) Comparisons of alternative strategies for advancing common goals.

(C) An examination of the costs, outputs, and outcomes of tested strategies.

(D) A process evaluation that examines the challenges faced in implementing tested strategies and how those challenges were overcome.

(E) A qualitative examination of the impacts of tested strategies on affected families, including families on agency waiting lists.

(F) An examination of the impact of tested strategies on the housing needs and conditions of the jurisdiction in which the agency works.

(G) Appropriate sensitivity to the costs that evaluation places on participating agencies, including a recognition that smaller agencies may have more difficulty than larger agencies in responding to data requests.

(3) ADVISORY COUNCIL.—The Secretary shall establish an Advisory Council to provide input on the policies and strategies to be tested in evaluations under this subsection, data collection protocols, and other matters related to the success of the evaluation, and to assist the evaluating entity and the Secretary in interpreting the findings and formulating recommendations to the Congress to be included in the final report. The Secretary may also establish a separate Technical Advisory Group to provide input on technical issues associated with the evaluation.

(4) REPORTS.—

(A) IN GENERAL.—The Secretary shall submit three reports to the Congress, as provided in subparagraph (B), evaluating the programs of all public housing agencies participating in the program under this section and all agencies participating in the moving to work demonstration. Each such report shall include findings and recommendations for any appropriate legislative action.

(B) TIMING.—The reports under this paragraph shall include—

(i) an initial report, which shall be submitted before the expiration of the 2-year period beginning on the date on which additional agencies are approved for participation pursuant to subsection (d);

(ii) an interim report, which shall be submitted before the expiration of the 4-year period beginning on such date of approval; and

(iii) a final report, which shall be submitted before the expiration of the 10-year period beginning on the date of the enactment of the Section 8 Voucher Reform Act of 2009.

(5) EVALUATING ENTITY.—The Secretary may contract out the responsibilities under this paragraphs (1) and (2) to an independent entity that is qualified to perform such responsibilities.

(6) PERFORMANCE MEASURES.—The Secretary or the evaluating entity, as applicable, shall establish performance measures, which may include—

(A) a baseline performance level against which program activities may be evaluated; and

(B) performance measures for each of the five purposes identified in paragraphs (1) through (5) of subsection (a).

(g) IMPACT OF POLICY ON FAMILIES BEING ASSISTED.—

(1) MODIFICATION OF POLICY.—If an evaluation of an agency pursuant to subsection (f)(1)(A) includes evidence that a policy adopted by an agency is or has been harmful to families assisted by the agency, the Secretary may, after the publication of either the initial or the interim report pursuant to subsection (f)(4)(B), require such agency to take appropriate actions to modify such policy to ameliorate such harm.

(2) DETERMINATION.—The Secretary may not take such action unless the Secretary has made a determination that such policy is causing or has caused measurable harm to families currently or previously assisted, based on a reduction in the overall number of families receiving housing assistance, noncompliance with the provision of subsection (e)(6) (relating to rent burdens), specific types of families losing their housing assistance, a reduction in the number of affordable rental housing units operated by the agency, noncompliance with the requirements of subsection (e)(3)(A) (relating to targeting), or a combination of such factors.

(3) ADVICE AND OPPORTUNITY TO CONTEST.—Before taking such action, the Secretary shall advise the agency and give the agency a fair opportunity to contest such determination or action. If an agency contests such a determination or action, the Secretary shall provide an opportunity for interested parties to submit additional relevant evidence.

(h) RECORDKEEPING, REPORTS, AND AUDITS.—

(1) RECORDKEEPING.—Each public housing agency participating in the program under this section shall keep such records as the Secretary may prescribe as reasonably necessary to disclose the amounts and the disposition of amounts under the program, to ensure compliance with the requirements of this section, and to measure performance.

(2) REPORTS.—In lieu of all other reporting requirements, each such agency participating in the program shall submit to

the Secretary an annual report in a form and at a time specified by the Secretary. Each annual report shall include the following information:

(A) A description, including an annual consolidated financial report, of the sources and uses of funds of the agency under the program, which shall account separately for funds made available under section 8 and subsections (d) and (e) of section 9, and shall compare the agency's actions under the program with its annual plan for the year.

(B) An annual audit that complies with the requirements of Circular A–133 of the Office of Management and Budget, including the OMB Compliance Supplement.

(C) A description of each hardship exception requested and granted or denied, and of the use of any transition rules.

(D) Documentation of public and resident participation sufficient to comply with the requirements under paragraph (7).

(E) A comparison of income and the sizes and types of families assisted by the agency under the program compared to those assisted by the agency in the base year.

(F) Every two years, an evaluation of rent policies, subsidy level policies, and policies on program participation.

(G) A description of any ongoing local evaluations and the results of any local evaluations completed during the year.

(3) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this section.

(4) ACCESS TO DOCUMENTS BY THE COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this section.

(5) REPORTS REGARDING EVALUATIONS.—The Secretary shall require each public housing agency participating in the program under this section to submit to the Secretary such information as the Secretary considers appropriate to permit the Secretary to evaluate (pursuant to subsection (f)) the performance and success of the agency in achieving the purposes of the program.

(i) ADDITIONAL PROGRAM AGENCIES.—In participating in the program under the terms of this subsection, the public housing agencies designated for such participation shall be subject to the requirements of this section, and the additional following requirements:

(1) APPLICABILITY OF CERTAIN EXISTING PROVISIONS.—Such agencies shall be subject to the provisions of—

(A) subsections (a) and (b) of section 3; and

(B) section 8(o), except for paragraph (11) and except as the requirements of section 8(o) are modified by subsection (e)(3) of this section.

(2) NO TIME LIMITS.—Such agencies may not impose time limits on the term of housing assistance received by families under the program.

(3) NO EMPLOYMENT CONDITIONS.—Such agencies may not condition the receipt of housing assistance by families under the program on the employment status of one or more family members.

(4) ONE-FOR-ONE REPLACEMENT.—

(A) CONDITIONS ON DEMOLITION.—Such agencies may not demolish or dispose of any dwelling unit of public housing operated or administered by such agency (including any uninhabitable unit and any unit previously approved for demolition) except pursuant to a plan for replacement of such units in accordance with, and approved by the Secretary of Housing and Urban Development pursuant to, subparagraph (B).

(B) PLAN REQUIREMENTS.—The Secretary may not approve a plan that provides for demolition or disposition of any dwelling unit of public housing referred to in subparagraph (A) unless—

(i) such plan provides for outreach to public housing agency residents in accordance with paragraph (5);

(ii) not later than 60 days before the date of the approval of such plan, such agency has convened and conducted a public hearing regarding the demolition or disposition proposed in the plan;

(iii) such plan provides that for each such dwelling unit demolished or disposed of, such public housing agency will provide an additional dwelling unit through—

(I) the acquisition or development of additional public housing dwelling units; or

(II) the acquisition, development, or contracting (including through project-based assistance) of additional dwelling units that are subject to requirements regarding eligibility for initial or continued occupancy, tenant contribution toward rent, and long-term affordability restrictions which are comparable to public housing units, except that no household may be prevented from occupying a replacement dwelling unit provided pursuant to clause (iii) except to the extent specifically provided by any other provision of Federal law (including subtitle F of title V of the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 13661 et seq.; relating to safety and security in public and assisted housing, subtitle D of title VI of the Housing and Community Development Act of 1992 (42 U.S.C. 13611 et seq.; relating to preferences for elderly and disabled residents), and section 16(f) of this Act (42 U.S.C. 1437n(f)); relating to ineligibility of persons convicted of methamphetamine offenses);

(iv) such plan provides for a right, and implementation of such right, to occupancy of additional dwelling

units provided in accordance with clause (iii), for households who, as of the time that dwelling units demolished or disposed of were vacated to provide for such demolition or disposition, were occupying such dwelling units;

(v) such plan provides that the proposed demolition or disposition and relocation will be carried out in a manner that affirmatively furthers fair housing, as described in subsection (e) of section 808 of the Civil Rights Act of 1968;

(vi) such plan provides for a mixed-income development on the site of the original public housing, with at least one-third of all dwelling units being provided through the development of additional public housing dwelling units, except that upon a showing by the agency, if the Secretary determines that such location is infeasible, an agency may locate such a development in areas within the jurisdiction of the agency having low concentrations of poverty; and

(vii) to the extent that such plan provides for the provision of replacement or additional dwelling units, or redevelopment, in phases over time, such plan provides that the ratio of dwelling units described in subclauses (I) and (II) of clause (iii) that are provided in any such single phase to the total number of dwelling units provided in such phase is not less than the ratio of the aggregate number of such dwelling units provided under the plan to the total number of dwelling units provided under the plan.

(C) INAPPLICABLE PROVISIONS.—Subparagraphs (B) and (D) of section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) shall not apply with respect to vouchers used to comply with the requirements of subparagraph (B)(iii) of this paragraph.

(D) MONITORING.—The Secretary shall provide for the appropriate field offices of the Department to monitor and supervise the enforcement of this paragraph and plans approved under this paragraph and to consult, regarding such monitoring and enforcement, with resident councils of, and resident of public housing operated or administered by, the agency.

(5) COMPREHENSIVE OUTREACH PLAN.—No program funds of such agencies may be use to demolish or dispose of any public housing dwelling units except in accordance with a comprehensive outreach plan for such activities, developed by the agency in conjunction with the residents of the public housing agency, as follows:

(A) The plan shall be developed by the agency and a resident task force, which may include members of the Resident Council, but may not be limited to such members, and which shall represent all segments of the population of residents of the agency, including single parent-headed households, the elderly, young employed and unemployed adults, teenage youth, and disabled persons.

(B) The votes and agreements regarding the plan shall involve—

(i) in the case of any public housing agency that administers 250 or fewer public housing dwelling units, not less than 10 percent of affected residents; and

(ii) in the case of any public housing agency that administers more than 250 public housing dwelling units, not less than 25 affected residents.

(C) The plan shall provide for and describe outreach efforts to inform residents of the program under this subsection, including a door-to-door information program, monthly newsletters to each resident household, monthly meetings dedicated solely to every aspect of the proposed development, including redevelopment factors, which shall include the one-for-one replacement requirement under paragraph (4), resident rights to return, the requirements of the program under this subsection, new resident support and community services to be provided, opportunities for participation in architectural design, and employment opportunities for residents, which shall make available at least 30 percent of the total hours worked at all such employment, and shall also make available at least 25 percent of unskilled jobs in demolition activities and 25 percent of unskilled jobs in construction activities related to the redevelopment project, including job training, apprenticeships, union membership assistance.

(D) The plan shall provide for regularly scheduled monthly meeting updates and a system for filing complaints about any aspect of the redevelopment process.

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

(1) EXISTING MTW AGENCY.—The term "existing MTW agency" means a public housing agency that as of the date of the enactment of the Section 8 Voucher Reform Act of 2009 has an existing agreement with the Secretary pursuant to the moving to work demonstration, or is authorized to enter into such an agreement under section 230 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2008 (Public Law 110–161; 121 Stat. 2438) or section 236 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2009 (Division I of Public Law 111–8).

(2) BASE YEAR.—The term "base year" means, with respect to a participating agency, the agency fiscal year or calendar year, as appropriate, most recently completed prior to selection and approval for participation in the housing innovation program under this section.

(3) MOVING TO WORK DEMONSTRATION.—The term "moving to work demonstration" means the moving to work demonstration 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).

(4) PARTICIPATING AGENCIES.—The term "participating agencies" means public housing agencies designated and approved

for participation, and participating, in the housing innovation program under this section.

(5) PROGRAM FUNDS.—The term "program funds" means, with respect to a participating agency, any amounts that the agency is authorized, pursuant to subsection (e)(1), to use to carry out the housing innovation program under this section of the agency.

(6) RESIDENTS.—The term "residents" means, with respect to a public housing agency, tenants of public housing of the agency and participants in the voucher or other housing assistance programs of the agency funded under section 8(o), or tenants of other units owned by the agency and assisted under this section.

(k) RESIDENT TECHNICAL ASSISTANCE.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for each of fiscal years 2010 through 2014 $10,000,000, for providing capacity building and technical assistance to enhance the capabilities of low-income families assisted or eligible for assistance under the program under this section to participate in the process for establishment and revision of annual plans under this section for participating agencies, including review and comment on impact analyses and demolition or disposition proposals.

(2) CRITERIA FOR AWARD OF FUNDS.—The Secretary shall publish the criteria to be used to award funds on a competitive basis, in an amount appropriate to the number of households affected by the program of the participating agency or agencies that such participating agency assists, to local, regional, State, or national organizations that—

(A)(i) have members who are predominantly low-income;

(ii) have low-income individuals on their boards of directors; or

(iii) directly work with or represent low-income individuals;

(B) have the legal, policy, and development expertise to provide such assistance or will subcontract for such services; and

(C) have a demonstrated capacity to manage similar grants.

(3) PUBLIC HOUSING AGENCIES.—

(A) INELIGIBILITY; NONLIABILITY.—Public housing agencies shall not be eligible to receive funds under this subsection, and shall not be liable for the action of any grantee.

(B) COOPERATION WITH GRANTEES.—Public housing agencies participating in the program under this section shall cooperate with grantees receiving technical assistance funds under this subsection, to assist such grantees to reach families assisted under the program.

(l) AUTHORIZATION OF APPROPRIATIONS FOR EVALUATIONS.—There is authorized to be appropriated $15,000,000 to the Department of Housing and Urban Development for the purpose of conducting the evaluations required under subsection (f)(1).

* * * * * * *

SECTION 202 OF THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

[SEC. 202. ADMINISTRATIVE FEES.— Notwithstanding section 8(q) of the United States Housing Act of 1937, as amended—

[(a) The Secretary shall establish fees for the cost of administering the certificate, voucher and moderate rehabilitation programs.

[(1)(A) For fiscal year 1997, the fee for each month for which a dwelling unit is covered by an assistance contract shall be 7.5 percent of the base amount, adjusted as provided herein, in the case of an agency that, on an annual basis, is administering a program of no more than 600 units, and 7 percent of the base amount, adjusted as provided herein, for each additional unit above 600.

[(B) The base amount shall be the higher of—

[(i) the fair market rental for fiscal year 1993 for a 2-bedroom existing rental dwelling unit in the market area of the agency; and

[(ii) such fair market rental for fiscal year 1994, but not more than 103.5 percent of the amount determined under clause (i).

[(C) The base amount shall be adjusted to reflect changes in the wage data or other objectively measurable data that reflect the costs of administering the program during fiscal year 1996; except that the Secretary may require that the base amount be not less than a minimum amount and not more than a maximum amount.

[(2) 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 the agencies administering the program, based on changes in wage data or other objectively measurable data that reflect the cost of administering the program, as determined by the Secretary.

[(3) The Secretary may increase the fee if necessary to reflect higher costs of administering small programs and programs operating over large geographic areas.

[(4) The Secretary may decrease the fee for PHA-owned units.

[(b) Beginning in fiscal year 1997 and thereafter, the Secretary shall also establish reasonable fees (as determined by the Secretary) for—

[(1) the costs of preliminary expenses, in the amount of $500, for a public housing agency, but only in the first year it administers a tenant-based assistance program under the United States Housing Act of 1937 and only if, immediately before the effective date of this Act, it was not administering a tenant-based assistance program under the 1937 Act (as in effect immediately before the effective date of this Act), in connection with its initial increment of assistance received;

[(2) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the program; and

[(3) extraordinary costs approved by the Secretary.]

QUALITY HOUSING AND WORK RESPONSIBILITY ACT OF 1998

TITLE V—PUBLIC HOUSING AND TENANT-BASED ASSISTANCE REFORM

* * * * * * *

Subtitle F—Safety and Security in Public and Assisted Housing

* * * * * * *

SEC. 576. SCREENING OF APPLICANTS FOR FEDERALLY ASSISTED HOUSING.

(a) * * *

[(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—

[(1) IN GENERAL.—Notwithstanding]

(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding any other provision of law, a public housing agency or an owner of federally assisted housing, as determined by the Secretary, shall establish standards that prohibit admission to the program or admission to federally assisted housing for any household with a member—

[(A)] *(1)* who the public housing agency or owner determines*, based on documented evidence that is credible and objective,* is illegally using a controlled substance; or

[(B)] *(2)* with respect to whom the public housing agency or owner determines [that it has reasonable cause to believe that such household member's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents]*, based on documented evidence that is credible and objective, is a chronic abuser of alcohol, and who is not currently participating in a supervised alcohol rehabilitation program*.

[(2) CONSIDERATION OF REHABILITATION.—In determining whether, pursuant to paragraph (1)(B), to deny admission to the program or federally assisted housing to any household based on a pattern of illegal use of a controlled substance or a pattern of abuse of alcohol by a household member, a public housing agency or an owner may consider whether such household member—

[(A) has successfully completed a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable);

[(B) has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable); or

[(C) is participating in a supervised drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable).]

(c) AUTHORITY TO DENY ADMISSION TO *CERTAIN* CRIMINAL OFFENDERS.—Except as provided in subsections (a) and (b) of this section and in addition to any other authority to screen applicants, in selecting among applicants for admission to the program or to federally assisted housing, if the public housing agency or owner of such housing (as applicable) determines*, based on documented evidence that is credible and objective,* that an applicant or any member of the applicant's household is or was, during [a reasonable time] *the 5-year period* preceding the date when the applicant household would otherwise be selected for admission, engaged in any drug-related or violent criminal activity [or other criminal activity] which would adversely affect the health, safety, or right to peaceful enjoyment of the premises by other residents, the owner, or public housing agency employees, the public housing agency or owner may—

(1) * * *

(2) after the expiration of the [reasonable] *5-year* period beginning upon such activity, require the applicant, as a condition of admission to the program or to federally assisted housing, to submit to the public housing agency or owner evidence sufficient (as the Secretary shall by regulation provide) to ensure that the individual or individuals in the applicant's household who engaged in criminal activity for which denial was made under paragraph (1) have not engaged in any criminal activity during such [reasonable] *5-year* period.

No denial of admission may be made pursuant to this subsection based on a misdemeanor charge and conviction unless such denial is based on a pattern of activity, the commission of any offense against a child (including child pornography offenses), the commission of any offense involving a child victim, the commission of a sexual assault, the commission of an assault, or the commission of violent, disruptive (as such term is defined by the Secretary), or illegal behavior that interferes with the right to peaceful enjoyment of the premises by other residents.

* * * * * * *

SEC. 578A. PROHIBITION ON FIREARMS RESTRICTIONS IN FEDERALLY ASSISTED HOUSING.

Neither the Secretary of Housing and Urban Development, nor any public housing agency, nor any owner of federally assisted housing may establish any prohibition or restriction on the otherwise lawful possession or use of firearms in federally assisted housing.

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HELPING FAMILIES SAVE THEIR HOMES ACT

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DIVISION A—PREVENTING MORTGAGE FORECLOSURES

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TITLE VII—PROTECTING TENANTS AT FORECLOSURE ACT

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SEC. 704. SUNSET.

[This title, and any amendments made by this title are] *Section 702 is* repealed, and the requirements under [this title] *such section* shall terminate, on December 31, 2012.

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MCKINNEY-VENTO HOMELESS ASSISTANCE ACT

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TITLE II—UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS

* * * * * * *

SEC. 202. MEMBERSHIP.

(a) * * *

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(e) ADMINISTRATION.—The Executive Director of the Council shall report to the [Chairman] *Chairperson* of the Council.

SEC. 203. FUNCTIONS.

(a) DUTIES.—The Council shall—

(1) not later than 12 months after the date of the enactment of the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009, develop, make available for public comment, and submit to the President and to Congress a National Strategic Plan to End Homelessness, *which shall set forth actions to accomplish the goal of ending homelessness,* and shall update such plan annually;

* * * * * * *

(3) take such actions as may be necessary to reduce duplication among programs and activities by Federal agencies to assist homeless individuals *and ensure that related programs and activities to assist homeless individuals of Federal agencies are coordinated with each other*;

* * * * * * *

(6) make recommendations, in the reports submitted pursuant to subsection (c) on—

(A) long-term goals for the Congress to reduce homelessness; and

(B) legislative strategies for the Congress to achieve such goals;

(7) evaluate the Federal role in interacting and coordinating with State and local entities that address homelessness;

(8) conduct research and develop methods—

(A) through consultation with State and local agencies, to improve coordination between the Council and Federal agencies in existence upon the date of enactment of the Interagency Council on Homelessness Reform Act of 2009 that specifically deal with homelessness; and

(B) to minimize the period during which individuals remain homeless;

[(6)**]** *(9)* encourage the creation of State Interagency Councils on Homelessness and the formulation of jurisdictional 10-year plans to end homelessness at State, city, and county levels;

[(7)**]** *(10)* annually obtain from Federal agencies their identification of consumer-oriented entitlement and other resources for which persons experiencing homelessness may be eligible and the agencies' identification of improvements to ensure access; develop mechanisms to ensure access by persons experiencing homelessness to all Federal, State, and local programs for which the persons are eligible, and to verify collaboration among entities within a community that receive Federal funding under programs targeted for persons experiencing homelessness, and other programs for which persons experiencing homelessness are eligible, including mainstream programs identified by the Government Accountability Office in the reports entitled "Homelessness: Coordination and Evaluation of Programs Are Essential", issued February 26, 1999, and "Homelessness: Barriers to Using Mainstream Programs", issued July 6, 2000;

[(8)**]** *(11)* conduct research and evaluation related to its functions as defined in this section;

[(9)**]** *(12)* develop joint Federal agency and other initiatives to fulfill the goals of the agency;

(9) collect and disseminate information relating to homeless individuals;

[(10)**]** *(13)* prepare the annual reports required in subsection (c)(2);

[(11)**]** *(14)* prepare and distribute to States (including State contact persons), local governments, and other public and private nonprofit organizations, a bimonthly bulletin that describes the Federal resources available to them to assist the homeless, including current information regarding application deadlines and appropriate persons to contact in each Federal agency providing the resources;

[(12)**]** *(15)* develop constructive alternatives to criminalizing homelessness and laws and policies that prohibit sleeping, feeding, sitting, resting, or lying in public spaces when there are no suitable alternatives, result in the destruction of a homeless person's property without due process, or are selectively enforced against homeless persons; and

[(13)] *(16)* not later than the expiration of the 6-month period beginning upon completion of the study requested in a letter to the Acting Comptroller General from the Chair and Ranking Member of the House Financial Services Committee and several other members regarding various definitions of homelessness in Federal statutes, convene a meeting of representatives of all Federal agencies and committees of the House of Representatives and the Senate having jurisdiction over any Federal program to assist homeless individuals or families, local and State governments, academic researchers who specialize in homelessness, nonprofit housing and service providers that receive funding under any Federal program to assist homeless individuals or families, organizations advocating on behalf of such nonprofit providers and homeless persons receiving housing or services under any such Federal program, and homeless persons receiving housing or services under any such Federal program, at which meeting such representatives shall discuss all issues relevant to whether the definitions of "homeless" under paragraphs (1) through (4) of section 103(a) of the McKinney-Vento Homeless Assistance Act, as amended by section 1003 of the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009, should be modified by the Congress, including whether there is a compelling need for a uniform definition of homelessness under Federal law, the extent to which the differences in such definitions create barriers for individuals to accessing services and to collaboration between agencies, and the relative availability, and barriers to access by persons defined as homeless, of mainstream programs identified by the Government Accountability Office in the two reports identified in paragraph (7) of this subsection; and shall submit transcripts of such meeting, and any majority and dissenting recommendations from such meetings, to each committee of the House of Representatives and the Senate having jurisdiction over any Federal program to assist homeless individuals or families not later than the expiration of the 60-day period beginning upon conclusion of such meeting.

* * * * * * *

(c) REPORTS.—

(1) * * *

* * * * * * *

(3) BIENNIAL REPORT.—The Council shall prepare and transmit to the President and the Congress a biennial report detailing the efforts of the Council to address homelessness.

(4) PUBLIC AVAILABILITY.—The Council shall make each report submitted to the Congress pursuant to paragraph (1), (2), or (3) of this subsection, and the national plan and updates of such plan submitted pursuant to paragraph (1) of subsection (a), publicly available, including through posting on a World Wide Web site maintained by the Council.

* * * * * * *

SEC. 208. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this title $3,000,000 for fiscal year 2010 and such sums as may be necessary for [fiscal years 2011] *each of fiscal years 2011 through 2015*. Any amounts appropriated to carry out this title shall remain available until expended.

* * * * * * *

ADDITIONAL VIEWS

During the Financial Services Committee markup of H.R. 3045, the Section 8 Voucher Reform Act of 2009, with bipartisan support, Members passed two common sense amendments to strengthen Constitutional rights in publicly assisted housing and ensure those benefitting from the Section 8 voucher program are legally present in this country.

One of the cornerstones of our nation rests in the Constitution and the Bill of Rights. The Second Amendment states: "A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed."

Sadly, for many, this fundamental right has been taken away. Across the country, public housing authorities are restricting their residents from legally possessing a firearm while living in public housing. In 2008, San Francisco attempted to ban handguns in public housing, but the San Francisco Housing Authority agreed not to enforce this provision, which prohibited the otherwise legal possession of firearms and ammunition.

My amendment would prohibit HUD, public housing agencies, and other owners of federally assisted housing from prohibiting the otherwise lawful possession and use of firearms. This amendment passed by a bipartisan vote of 38–31.

Likewise, American taxpayers deserve to know those utilizing the Section 8 voucher program are legally present in this country. Thus, to obtain federal housing assistance, I offered an amendment to require individuals to present a passport; a Citizenship and Immigration Services (CIS) photo ID card; or a Social Security card in conjunction with a state or federal ID to obtain a voucher.

Everyone who is in the U.S. legally can easily obtain one of the three identification forms, but illegal immigrants, criminals, and terrorists will have to go to lengthy steps to obtain or forge one. We should not reward those coming here illegally by allowing them the services afforded to American citizens.

As we have seen in townhall meetings, the issue of taxpayer money assisting those not legally present in the United States has resonated with many Americans. As such, this amendment also passed by a bipartisan vote of 37–31.

I implore the Committee and the Congress to resist attempts to remove these common sense amendments from this legislation.

TOM PRICE.

DISSENTING VIEWS

H.R. 3045, the Section 8 Voucher Reform Act of 2009, despite modest improvements, will continue to take our country down a path of higher government spending with little accountability at a time when we can least afford it. Therefore, Committee Republicans do not support this bill in its current form.

Established in 1974, the section 8 program provides a necessary safety net for vulnerable elderly and disabled Americans seeking affordable housing. It is the country's largest low-income housing assistance program helping over 2 million low-income households afford rental housing in the private market and was considered, at its creation, as an alternative to government-owned public housing. Unfortunately, over the years, section 8 has become overly complex and burdensome to administer, making it more difficult to serve families that need help, and discouraging work and self-sufficiency. Core components of the program have faced scrutiny and criticism, such as tenant eligibility standards, unit quality inspections, the portability of vouchers, income and rent calculation formulas, and eligible uses of program funds.

The most troubling aspect of H.R. 3045 for Republicans is the authorization of 150,000 new incremental vouchers for FY 2010. The estimated cost of a tenant-based voucher is $7,500 annually. Multiplying that figure by 150,000 translates into over $1 billion in new deficit spending. Republicans understand the importance of section 8 to many families in need; however, these incremental vouchers will further contribute to an unsustainable Federal deficit and will overwhelm the Department of Housing and Urban Development's (HUD's) annual budget to the detriment of its other programs. Currently, over 40 percent of HUD's total budget is consumed by the Section 8 program.

Prior to FY 2003, the section 8 voucher program was funded much like an entitlement program in which Public Housing Authorities (PHAs) were reimbursed for expenses incurred through their participation in the program. From 2003 through 2006, Congress made changes to the section 8 funding formula through the appropriations process that moved the program to a budget-based system designed to halt the rapidly escalating and unsustainable increases in voucher program costs, while at the same time maximizing the number of families served. According to HUD data, these changes to the funding formula led to a leveling off of voucher costs and declines in utilization rates in 2005 and 2006. Slowing the growth of the section 8 program was critical because it was threatening to consume the overall HUD budget. In fact, in 2004, other HUD programs such as the Community Development Block Grant (CDBG) program and HOME were forced to absorb budget cuts to fund the Housing Choice Voucher program. Since 2007, changes have been made through the appropriations process to re-

turn the funding formula to one that mirrors an entitlement program, similar to the one in place in FY 2004.

Committee Republicans believe that any attempt to improve the housing voucher program must achieve certain key objectives. Committee Republicans support a formula that will provide PHAs the certainty they need to effectively and efficiently provide affordable housing to low-income families, and Republicans believe in establishing a funding formula that includes incentives for agencies to improve their performance and to serve the maximum number of families in need.

Republicans also support a funding formula that will be reasonable, fair and predictable. While Republicans appreciate the spirit of the funding formula provisions included in H.R. 3045, Republicans believe that any changes to the funding formula must move us closer to achieving the above-mentioned goals. H.R. 3045, in its current form, fails to meet these key objectives.

In addition, Republicans remain concerned that H.R. 3045 does not address the rising costs associated with the section 8 program as more individuals continue to receive assistance for longer periods. Any assistance to able-bodied low-income participants should be temporary. Unfortunately, for too many able-bodied voucher holders, section 8 assistance has ceased to be a temporary step on the path to self-sufficiency and instead become more like a permanent entitlement. The lack of turnover among the able-bodied in the section 8 program has led to long waiting lists and increased costs.

It is critical to make improvements in the delivery of housing assistance to families in need. Committee Republicans believe this can be achieved by providing flexibility to local public housing authorities. Such flexibility would enable PHAs to manage their programs to the needs of the families they serve in the local community instead of through a one-size-fits-all approach. This is important because the program faces longer waiting lists for section 8 vouchers without the resources to serve everyone. The program should move current section 8 able-bodied recipients to self-sufficiency so that there can be similar opportunities to those who have patiently waited, in some cases for almost ten years, for assistance. Simply increasing Federal funding is not a solution. Rather, the goal of any section 8 reform bill should be to allow PHAs flexibility to use their appropriated funds to help voucher holders transition off public assistance to self-sufficiency.

Another troubling aspect of H.R. 3045 is a provision that would relax assisted housing eligibility standards for persons who have engaged in criminal activities. Given the long section 8 waiting lists, it is inappropriate to open section 8 housing to persons who may pose a risk to other residents, when deserving law-abiding families have been waiting for housing assistance for years. Furthermore, language in the bill establishes vague and unworkable standards and removes the tools available to owners and managers to ensure the safety of their communities.

H.R. 3045 does contain several important modifications to the existing section 8 program, including how portability is treated, how inspections are conducted, how income is calculated for purposes of determining eligibility for vouchers, and an expansion of the Mov-

ing to Work Program, which Republicans strongly support. Republicans support enhancements to HUD's Family Self-Sufficiency Act (FSS) program that provide housing authorities with consistent coordinator funding, allowing them to help more individuals move from public assistance to self-sufficiency.

Committee Republicans believe the legislative goal of reforming Section 8 should not be to expand the program, but to make the changes necessary to allow PHAs to serve more low-income families and communities across the country. Because H.R. 3045 falls short of these objectives while also contributing to our country's fiscal crisis, we are unable to support it.

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