

[COMMITTEE PRINT]

SEPTEMBER 22, 1999

[Text is a complete substitute for text of H.R. 202, as introduced in the House on January 6, 1999]

1 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Preserving Affordable Housing for Senior Citizens and
4 Families into the 21st Century Act”.

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

- Sec. 1. Short title and table of contents.
- Sec. 2. Regulations.
- Sec. 3. Effective date.

TITLE I—CONVERSION OF FINANCING AND REFINANCING FOR SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY

- Sec. 101. Conversion of financing
- Sec. 102. Prepayment and refinancing.

TITLE II—AUTHORIZATION OF APPROPRIATIONS FOR SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

- Sec. 201. Supportive housing for elderly persons.
- Sec. 202. Supportive housing for persons with disabilities.
- Sec. 203. Service coordinators and congregate services for elderly and disabled housing.

TITLE III—EXPANDING HOUSING OPPORTUNITIES FOR THE ELDERLY AND PERSONS WITH DISABILITIES

Subtitle A—Housing for the Elderly

- Sec. 301. Matching grant program.
- Sec. 302. Eligibility of for-profit limited partnerships.
- Sec. 303. Mixed funding sources.
- Sec. 304. Authority to acquire structures.
- Sec. 305. Mixed-income occupancy.
- Sec. 306. Use of project reserves.
- Sec. 307. Commercial activities.
- Sec. 308. Mixed use pilot program.

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- Sec. 309. Grants for conversion of elderly housing to assisted living facilities.
- Sec. 310. Grants for conversion of public housing projects to assisted living facilities.
- Sec. 311. Use of section 8 assistance for assisted living facilities.
- Sec. 312. Annual HUD inventory of assisted housing designated for elderly persons.

Subtitle B—Housing for Persons With Disabilities

- Sec. 321. Matching grant program.
- Sec. 322. Eligibility of for-profit limited partnerships.
- Sec. 323. Mixed funding sources.
- Sec. 324. Tenant-based assistance.
- Sec. 325. Project size.
- Sec. 326. Use of project reserves.
- Sec. 327. Commercial activities.

Subtitle C—Other Provisions

- Sec. 341. Service coordinators.
- Sec. 342. Commission on Affordable Housing and Health Care Facility Needs in the 21st Century.

TITLE IV—RENEWAL OF EXPIRING RENTAL ASSISTANCE
CONTRACTS AND PROTECTION OF RESIDENTS

- Sec. 401. Findings and purpose.
- Sec. 402. Renewal of expiring contracts and enhanced vouchers for project residents.
- Sec. 403. Section 236 assistance.
- Sec. 404. Matching grant program for affordable housing preservation.
- Sec. 405. Rehabilitation of assisted housing.
- Sec. 406. Technical assistance.
- Sec. 407. Termination of section 8 contract and duration of renewal contract.
- Sec. 408. Enhanced voucher eligibility for residents of flexible subsidy properties.
- Sec. 409. Enhanced disposition authority.

TITLE V—MORTGAGE INSURANCE FOR HEALTH CARE FACILITIES
AND HOME EQUITY CONVERSION MORTGAGES

- Sec. 501. Purchase and rehabilitation of existing hospitals, nursing homes, and other facilities.
- Sec. 502. New health care facilities.
- Sec. 503. Hospitals and hospital-based health care facilities.
- Sec. 504. Insurance for mortgages to refinance existing home equity conversion mortgages.

1 SEC. 2. REGULATIONS.

2 The Secretary of Housing and Urban Development
3 shall issue any regulations to carry out this Act and the
4 amendments made by this Act that the Secretary deter-

1 mines may or will affect tenants of federally assisted hous-
2 ing only after notice and opportunity for public comment
3 in accordance with the procedure under section 553 of title
4 5, United States Code, applicable to substantive rules
5 (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of
6 such section). Notice of such proposed rulemaking shall
7 be provided by publication in the Federal Register. In
8 issuing such regulations, the Secretary shall take such ac-
9 tions as may be necessary to ensure that such tenants are
10 notified of, and provided an opportunity to participate in,
11 the rulemaking.

12 **SEC. 3. EFFECTIVE DATE.**

13 (a) IN GENERAL.—The provisions of this Act and the
14 amendments made by this Act shall take effect and shall
15 apply upon the date of the enactment of this Act, unless
16 such provisions or amendments specifically provide for ef-
17 fectiveness or applicability upon another date certain.

18 (b) EFFECT OF REGULATORY AUTHORITY.—Any au-
19 thority in this Act or the amendments made by this Act
20 to issue regulations, and any specific requirement to issue
21 regulations by a date certain, may not be construed to af-
22 fect the effectiveness or applicability of the provisions of
23 this Act or the amendments made by this Act under such
24 provisions and amendments and subsection (a) of this sec-
25 tion.

1 (c) IMPLEMENTATION.—The Secretary of Housing
2 and Urban Development or any other Federal officer spe-
3 cifically required (by the provisions of this Act or the
4 amendments made by this Act) to carry out any such pro-
5 vision or amendment, as applicable, shall carry out such
6 provision or amendment upon the effectiveness or applica-
7 bility of the provision or amendment, notwithstanding the
8 absence of any regulations relating to such provision or
9 amendment or any requirement to issue such regulations.

10 **TITLE I—CONVERSION OF FI-**
11 **NANCING AND REFINANCING**
12 **FOR SECTION 202 SUPPORT-**
13 **IVE HOUSING FOR THE EL-**
14 **DERLY**

15 **SEC. 101. CONVERSION OF FINANCING**

16 (a) IN GENERAL.—Subject to the provisions of this
17 section, at the request of the owner of a project assisted
18 under section 202 of the Housing Act of 1959 (as in effect
19 before the enactment of the Cranston-Gonzalez National
20 Affordable Housing Act) and section 8 of the United
21 States Housing Act of 1937 (or any other rental housing
22 assistance programs of the Department of Housing and
23 Urban Development, including the rent supplement pro-
24 gram under section 101 of the Housing and Urban Devel-
25 opment Act of 1965 (12 U.S.C. 1701s)), the Secretary

1 shall convert the financing of any such housing project to
2 financing under section 202 of the Housing Act of 1959,
3 as amended by section 801 of the Cranston-Gonzalez Na-
4 tional Affordable Housing Act (12 U.S.C. 1701q). In such
5 a conversion, the Secretary shall, if requested by the
6 owner, convert loans made under such section 202 (as in
7 effect before enactment of the Cranston-Gonzalez National
8 Affordable Housing Act), and shall convert section 8 con-
9 tracts (or such other contracts for rental housing assist-
10 ance) provided in connection with such loans, into capital
11 advances and project rental assistance under section 202
12 (as amended by section 801 of the Cranston-Gonzalez Na-
13 tional Affordable Housing Act), respectively, in accordance
14 with this section.

15 (b) DEBT FORGIVENESS.—

16 (1) IN GENERAL.—Subject to paragraph (2), in
17 converting the financing of any housing project pur-
18 suant to this section, the Secretary shall cancel any
19 indebtedness to the Secretary relating to any re-
20 maining principal and interest under any loan for
21 the project made under section 202 of the Housing
22 Act of 1959 (as in effect before the enactment of the
23 Cranston-Gonzalez National Affordable Housing
24 Act).

1 (2) BUDGET ACT COMPLIANCE.—The authority
2 of the Secretary to cancel indebtedness under para-
3 graph (1) shall be effective only to the extent or in
4 such amounts as are or have been provided in ad-
5 vance in appropriation Acts.

6 (c) CANCELLATION OF RENTAL ASSISTANCE CON-
7 TRACTS AND USE OF PROJECT FUNDS.—

8 (1) IN GENERAL.—For each housing project for
9 which debt is canceled under subsection (b) of this
10 section pursuant to a request for conversion under
11 subsection (a), the Secretary shall cancel any con-
12 tract for rental assistance for the project under sec-
13 tion 8 of the United States Housing Act of 1937 (or
14 any other contract for rental housing assistance
15 under a program of the Department of Housing and
16 Urban Development, including the rent supplement
17 program under section 101 of the Housing and
18 Urban Development Act of 1965 (12 U.S.C.
19 1701s)).

20 (2) USE OF UNEXPENDED AMOUNTS.—
21 Amounts previously obligated for such contract that
22 remain unexpended shall be used as follows:

23 (A) PROJECT RENTAL ASSISTANCE CON-
24 TRACT.—Remaining amounts shall be used
25 first, to the extent necessary, to provide rental

1 assistance for the project, under a contract for
2 project rental assistance under section
3 202(c)(2) of the Housing Act of 1959 (12
4 U.S.C. 1701q(e)(2)), that—

5 (i) has a duration that is not less than
6 the remainder of the section 8 or other
7 rental housing assistance contract can-
8 celed; and

9 (ii) provides assistance in an annual
10 amount that is equal to the aggregate
11 amount provided during the last 12-month
12 period under the section 8 or other rental
13 housing assistance contract for the project
14 canceled (pursuant to paragraph (1) of
15 this subsection), less the portion of such
16 assistance that is attributable to debt serv-
17 ice for the loan on the project canceled
18 under subsection (b) of this section, sub-
19 ject to an annual adjustment of existing
20 rents under the contract by an operating
21 cost adjustment factor established by the
22 Secretary (which shall not result in a nega-
23 tive adjustment).

24 (B) CREDIT AGAINST LOAN CANCELLA-
25 TION.—Amounts remaining after compliance

1 with subparagraph (A) shall, on a fiscal year
2 basis, be transferred to the account covering the
3 loan for the project canceled pursuant to sub-
4 section (b) and shall be credited as offsetting
5 collection to such account, in an amount for
6 each fiscal year that is equal to the amount of
7 indebtedness canceled for such year pursuant
8 such subsection.

9 (C) RETROFITTING, RENOVATION, AND
10 SERVICE COORDINATORS.—Any amounts re-
11 maining after compliance with subparagraphs
12 (A) and (B) may be used, to the extent the Sec-
13 retary considers appropriate, to retrofit or ren-
14 ovate the project or provide a service coordina-
15 tor for residents of the project, to the same ex-
16 tent that such activities are authorized to be
17 provided under section 802 of the Cranston-
18 Gonzalez National Affordable Housing Act to
19 housing assisted under such section.

20 Any such unexpended amounts in excess of the
21 amount used in accordance with subparagraphs (A)
22 through (C) shall be recaptured by the Secretary.

23 (3) USE OF PROJECT FUNDS.—In converting
24 the financing of any housing project pursuant to this
25 section, the Secretary may authorize the owner of

1 the project to use any residual receipts held for the
2 project that exceed \$500 per unit (or such other
3 amount as the Secretary may prescribe based on the
4 needs of the project) in accordance with paragraph
5 (2) to improve the market viability, affordability, or
6 service to low-income elderly residents of the project.

7 (d) THIRD PARTY PROCESSING.—The Secretary may
8 enter into contracts with public or private entities as the
9 Secretary considers appropriate to facilitate efficient proc-
10 essing of elderly housing project conversions under this
11 section.

12 (e) TENANT PROTECTIONS.—Notwithstanding any
13 provision of section 202 of the Housing Act of 1959, as
14 amended by section 801 of the Cranston-Gonzalez Na-
15 tional Affordable Housing Act (12 U.S.C. 1701q)—

16 (1) any tenant who, at the time of the conver-
17 sion under this section of the financing for a housing
18 project, is lawfully residing in a dwelling unit in the
19 project, may not be considered to be ineligible for
20 continued residency in the project after such date
21 because such tenant is not a very low-income elderly
22 person; and

23 (2) very low-income persons with disabilities (as
24 such term is defined in section 811 of the Cranston-
25 Gonzalez National Affordable Housing Act) shall be

1 eligible for occupancy in such project, and units in
2 the project shall be reserved for occupancy by such
3 persons in not less than the same ratio that units
4 in such project are occupied, upon the date of con-
5 version under this section, by handicapped families
6 (as such term is defined in section 202 of the Hous-
7 ing Act of 1959, as in effect before the enactment
8 of the Cranston-Gonzalez National Affordable Hous-
9 ing Act).

10 (f) WAIVER AUTHORITY.—The Secretary may waive
11 the applicability of any provision of law or regulation nec-
12 essary to carry out this section.

13 (g) STUDY OF DEBT FORGIVENESS.—

14 (1) IN GENERAL.—The Secretary shall conduct
15 an analysis of the net impact on the Federal budget
16 deficit or surplus of making available, on a one-time
17 basis, to sponsors of projects assisted under section
18 202 of the Housing Act of 1959 (as in effect before
19 the enactment of the Cranston-Gonzalez National
20 Affordable Housing Act), forgiveness of any indebt-
21 edness to the Secretary relating to any remaining
22 principal and interest under loans made under such
23 section, together with a dollar for dollar reduction in
24 the amount of rental assistance under section 8 of
25 the United States Housing Act of 1937 or other

1 rental assistance provided for such project. Such
2 analysis shall take into consideration the full cost of
3 future appropriations for rental assistance under
4 such section 8 expected to be provided if such debt
5 forgiveness does not take place, notwithstanding cur-
6 rent budgetary treatment of such actions pursuant
7 to the Congressional Budget Act of 1974.

8 (2) REPORT.—Not later than the expiration of
9 the 3-month period beginning on the date of the en-
10 actment of this Act, the Secretary shall submit a re-
11 port to the Congress containing the quantitative re-
12 sults of the analysis and an enumeration of any
13 project or administrative benefits of such actions.

14 **SEC. 102. PREPAYMENT AND REFINANCING.**

15 (a) APPROVAL OF PREPAYMENT OF DEBT.—Upon
16 request of the project sponsor of a project assisted with
17 a loan under section 202 of the Housing Act of 1959 (as
18 in effect before the enactment of the Cranston-Gonzalez
19 National Affordable Housing Act), the Secretary shall ap-
20 prove the prepayment of any indebtedness to the Secretary
21 relating to any remaining principal and interest under the
22 loan as part of a prepayment plan under which—

23 (1) the project sponsor agrees to operate the
24 project until the maturity date of the original loan
25 under terms at least as advantageous to existing and

1 future tenants as the terms required by the original
2 loan agreement or any rental assistance payments
3 contract under section 8 of the United States Hous-
4 ing Act of 1937 (or any other rental housing assist-
5 ance programs of the Department of Housing and
6 Urban Development, including the rent supplement
7 program under section 101 of the Housing and
8 Urban Development Act of 1965 (12 U.S.C. 1701s))
9 relating to the project; and

10 (2) the prepayment may involve refinancing of
11 the loan if such refinancing results in a lower inter-
12 est rate on the principal of the loan for the project
13 and in reductions in debt service related to such
14 loan.

15 (b) SOURCES OF REFINANCING.—In the case of pre-
16 payment under this section involving refinancing, the
17 project sponsor may refinance the project through any
18 third party source, including financing by State and local
19 housing finance agencies, use of tax-exempt bonds, multi-
20 family mortgage insurance under the National Housing
21 Act, reinsurance, or other credit enhancements, including
22 risk sharing as provided under section 542 of the Housing
23 and Community Development Act of 1992 (12 U.S.C.
24 1707 note). For purposes of underwriting a loan insured
25 under the National Housing Act, the Secretary may as-

1 sume that any section 8 rental assistance contract relating
2 to a project will be renewed for the term of such loan.

3 (c) USE OF UNEXPENDED AMOUNTS.—Upon execu-
4 tion of the refinancing for a project pursuant to this sec-
5 tion, the Secretary shall make available at least 50 percent
6 of the annual savings resulting from reduced section 8 or
7 other rental housing assistance contracts in a manner that
8 is advantageous to the tenants, including—

9 (1) not more than 15 percent of the cost of in-
10 creasing the availability or provision of supportive
11 services, which may include the financing of service
12 coordinators and congregate services;

13 (2) rehabilitation, modernization, or retrofitting
14 of structures, common areas, or individual dwelling
15 units;

16 (3) construction of an addition or other facility
17 in the project, including assisted living facilities (or,
18 upon the approval of the Secretary, facilities located
19 in the community where the project sponsor refi-
20 nances a project under this section, or pools shared
21 resources from more than one such project); or

22 (4) rent reduction of unassisted tenants resid-
23 ing in the project according to a pro rata allocation
24 of shared savings resulting from the refinancing.

1 (d) USE OF CERTAIN PROJECT FUNDS.—The Sec-
2 retary shall allow a project sponsor that is prepaying and
3 refinancing a project under this section—

4 (1) to use any residual receipts held for that
5 project in excess of \$500 per individual dwelling unit
6 for not more than 15 percent of the cost of activities
7 designed to increase the availability or provision of
8 supportive services; and

9 (2) to use any reserves for replacement in ex-
10 cess of \$1,000 per individual dwelling unit for activi-
11 ties described in paragraphs (2) and (3) of sub-
12 section (c).

13 **TITLE II—AUTHORIZATION OF**
14 **APPROPRIATIONS FOR SUP-**
15 **PORTIVE HOUSING FOR THE**
16 **ELDERLY AND PERSONS WITH**
17 **DISABILITIES**

18 **SEC. 201. SUPPORTIVE HOUSING FOR ELDERLY PERSONS.**

19 Section 202 of the Housing Act of 1959 (12 U.S.C.
20 1701q) is amended by adding at the end the following new
21 subsection:

22 “(m) AUTHORIZATION OF APPROPRIATIONS.—There
23 is authorized to be appropriated for providing assistance
24 under this section \$700,000,000 for fiscal year 2000 and
25 such sums as may be necessary for each of fiscal years

1 2001, 2002, 2003, and 2004. Of the amount provided in
2 appropriation Acts for assistance under this section in
3 each such fiscal year, 5 percent shall be available only for
4 providing assistance in accordance with the requirements
5 under subsection (c)(4) (relating to matching funds), ex-
6 cept that if there insufficient eligible applicants for such
7 assistance, any amount remaining shall be used for assist-
8 ance under this section.”.

9 **SEC. 202. SUPPORTIVE HOUSING FOR PERSONS WITH DIS-**
10 **ABILITIES.**

11 Section 811 of the Cranston-Gonzalez National Af-
12 fordable Housing Act (42 U.S.C. 8013) is amended—

13 (1) by redesignating subsection (m) as sub-
14 section (n); and

15 (2) by inserting after subsection (l) the follow-
16 ing new subsection:

17 “(m) AUTHORIZATION OF APPROPRIATIONS.—There
18 is authorized to be appropriated for providing assistance
19 under this section \$225,000,000 for fiscal year 2000 and
20 such sums as may be necessary for each of fiscal years
21 2001, 2002, 2003, and 2004. Of the amount provided in
22 appropriation Acts for assistance under this section in
23 each such fiscal year, 5 percent shall be available only for
24 providing assistance in accordance with the requirements
25 under subsection (d)(5) (relating to matching funds), ex-

1 cept that if there insufficient eligible applicants for such
2 assistance, any amount remaining shall be used for assist-
3 ance under this section.”.

4 **SEC. 203. SERVICE COORDINATORS AND CONGREGATE**
5 **SERVICES FOR ELDERLY AND DISABLED**
6 **HOUSING.**

7 (a) AUTHORIZATION OF APPROPRIATIONS FOR FED-
8 ERALLY ASSISTED HOUSING.—There is authorized to be
9 appropriated to the Secretary of Housing and Urban De-
10 velopment \$50,000,000 for fiscal year 2000, and such
11 sums as may be necessary for each of fiscal years 2001
12 and 2002, for the following purposes:

13 (1) GRANTS FOR SERVICE COORDINATORS FOR
14 CERTAIN FEDERALLY ASSISTED MULTIFAMILY HOUS-
15 ING.—For grants under section 676 of the Housing
16 and Community Development Act of 1992 (42
17 U.S.C. 13632) for providing service coordinators.

18 (2) CONGREGATE SERVICES FOR FEDERALLY
19 ASSISTED HOUSING.—For contracts under section
20 802 of the Cranston-Gonzalez National Affordable
21 Housing Act (42 U.S.C. 8011) to provide congregate
22 services programs for eligible residents of eligible
23 housing projects under subparagraphs (B) through
24 (D) of subsection (k)(6) of such section.

1 (b) PUBLIC HOUSING.—There is authorized to be ap-
2 propriated to the Secretary of Housing and Urban Devel-
3 opment for fiscal year 2000 for grants for use only for
4 activities described in paragraph (2) of section 34(b) of
5 the United States Housing Act of 1937 (42 U.S.C. 1437z-
6 6(b)(2))—

7 (1) such sums as may be necessary for renewal
8 of all grants made in prior fiscal years for providing
9 service coordinators and congregate services for the
10 elderly and disabled in public housing; and

11 (B) \$11,000,000 for grants in addition to
12 such renewal grants.

13 **TITLE III—EXPANDING HOUSING**
14 **OPPORTUNITIES FOR THE EL-**
15 **DERLY AND PERSONS WITH**
16 **DISABILITIES**

17 **Subtitle A—Housing for the Elderly**

18 **SEC. 301. MATCHING GRANT PROGRAM.**

19 Section 202 of the Housing Act of 1959 (12 U.S.C.
20 1701q) is amended—

21 (1) in subsection (b), in the second sentence, by
22 inserting “or through matching grants under sub-
23 section (c)(4)” after “subsection (c)(1)”; and

24 (2) in subsection (c), by adding at the end the
25 following new paragraph:

1 “(4) MATCHING GRANTS.—

2 “(A) IN GENERAL.—Amounts made avail-
3 able for assistance under this paragraph shall
4 be used only for capital advances in accordance
5 with paragraph (1), except that the Secretary
6 shall require that, as a condition of providing
7 assistance under this paragraph for a project,
8 the applicant for assistance shall supplement
9 the assistance with amounts from sources other
10 than this section in an amount that is not less
11 than 25 to 50 percent (as the Secretary may
12 determine) of the amount of assistance provided
13 pursuant to this paragraph for the project.

14 “(B) REQUIREMENT FOR NON-FEDERAL
15 FUNDS.—Not less than 50 percent of supple-
16 mental amounts provided for a project pursuant
17 to subparagraph (A) shall be from non-Federal
18 sources. Such supplemental amounts may in-
19 clude the value of any in-kind contributions, in-
20 cluding donated land, structures, equipment,
21 and other contributions as the Secretary consid-
22 ers appropriate, but only if the existence of
23 such in-kind contributions results in the con-
24 struction of more dwelling units than would

1 have been constructed absent such contribu-
2 tions.

3 “(C) INCOME ELIGIBILITY.—Notwithstand-
4 ing any other provision of this section, the Sec-
5 retary shall provide that, in a project assisted
6 under this paragraph, a number of dwelling
7 units may be made available for occupancy by
8 elderly persons who are not very low-income
9 persons in a number such that the ratio that
10 the number of dwelling units in the project so
11 occupied bears to the total number of units in
12 the project does not exceed the ratio that the
13 amount from non-Federal sources provided for
14 the project pursuant to this paragraph bears to
15 the sum of the capital advances provided for the
16 project under this paragraph and all supple-
17 mental amounts for the project provided pursu-
18 ant to this paragraph.”.

19 **SEC. 302. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNER-**
20 **SHIPS.**

21 Section 202(k)(4) of the Housing Act of 1959 (12
22 U.S.C. 1701q(k)(4)) is amended by adding after and
23 below subparagraph (C) the following new sentence:

24 “Such term includes a for-profit limited partnership
25 the sole general partner of which is an organization

1 meeting the requirements under subparagraphs (A),
2 (B), and (C) and a corporation wholly owned by an
3 organization meeting the requirements under sub-
4 paragraphs (A), (B), and (C).”.

5 **SEC. 303. MIXED FUNDING SOURCES.**

6 Section 202(h)(6) of the Housing Act of 1959 (12
7 U.S.C. 1701q(h)(6)) is amended by striking “non-Federal
8 sources” and inserting “sources other than this section”.

9 **SEC. 304. AUTHORITY TO ACQUIRE STRUCTURES.**

10 Section 202 of the Housing Act of 1959 (12 U.S.C.
11 1701q) is amended—

12 (1) in subsection (b), by striking “from the
13 Resolution Trust Corporation”; and

14 (2) in subsection (h)(2)—

15 (A) in the heading for subparagraph (A),
16 by striking “RTC PROPERTIES” and inserting
17 “ACQUISITION”; and

18 (B) by striking “from the Resolution” and
19 all that follows through “Insurance Act”.

20 **SEC. 305. MIXED-INCOME OCCUPANCY.**

21 (a) IN GENERAL.—The first sentence of section
22 202(i)(1) of the Housing Act of 1959 (12 U.S.C.
23 1701q(i)(1)) is amended by striking “and (B)” and insert-
24 ing the following: “(B) notwithstanding clause (A) and in
25 the case only of a supportive housing project for the elder-

1 ly which has a high vacancy level (as such term is defined
2 by the Secretary, but which shall not include vacancy upon
3 the initial availability of units in a building), consistent
4 with the purpose of improving housing opportunities for
5 very low- and low-income elderly persons; and (C).”.

6 (b) AVAILABILITY OF UNITS.—Section 202(i) of the
7 Housing Act of 1959 (12 U.S.C. 1701q(i)) is amended by
8 adding at the end the following new paragraph:

9 “(3) AVAILABILITY OF UNITS.—In the case of
10 a supportive housing project described in subsection
11 (i)(1)(B) that has a vacant dwelling unit, an owner
12 may not make a dwelling unit available for occu-
13 pancy by, nor make any commitment to provide oc-
14 cupancy in the unit to, a low-income family that is
15 not a very low-income family unless each eligible
16 very low-income family that has applied for occu-
17 pancy in the project has been offered an opportunity
18 to accept occupancy in a unit in the project.”.

19 (b) CONFORMING AMENDMENTS.—Section 202 of the
20 Housing Act of 1959 (12 U.S.C. 1701q) is amended—

21 (1) in subsection (c)—

22 (A) in paragraph (1), by inserting after
23 “elderly persons” the following: “, and for low-
24 income elderly persons to the extent such occu-

1 pancy is made available pursuant to subsection
2 (i)(1)(B),”;

3 (B) in the first sentence of paragraph (2),
4 by inserting after “elderly persons” the follow-
5 ing: “or by low-income elderly persons (to the
6 extent such occupancy is made available pursu-
7 ant to subsection (i)(1)(B))”; and

8 (C) in paragraph (3), by inserting after
9 “very low-income person” the following: “or a
10 low-income person (to the extent such occu-
11 pancy is made available pursuant to subsection
12 (i)(1)(B))”;

13 (2) in subsection (d)(1), by inserting after “el-
14 derly persons” the following: “, and low-income el-
15 derly persons to the extent such occupancy is made
16 available pursuant to subsection (i)(1)(B),”; and

17 (3) in subsection (k)—

18 (A) by redesignating paragraphs (3)
19 through (8) as paragraphs (4) through (9), re-
20 spectively; and

21 (B) by inserting after paragraph (2) the
22 following new paragraphs:

23 “(3) LOW-INCOME.—The term ‘low-income’ has
24 the same meaning given the term ‘low-income fami-

1 lies' under section 3(b)(2) of the United States
2 Housing Act of 1937 (42 U.S.C. 1437a(b)(2)).”.

3 **SEC. 306. USE OF PROJECT RESERVES.**

4 Section 202(j) of the Housing Act of 1959 (12 U.S.C.
5 1701q(j)) is amended by adding at the end the following
6 new paragraph:

7 “(8) USE OF PROJECT RESERVES.—Amounts
8 for project reserves for a project assisted under this
9 section may be used for costs, subject to reasonable
10 limitations as the Secretary determines appropriate,
11 for reducing the number of dwelling units in the
12 project. Such use shall be subject to the approval of
13 the Secretary to ensure that the use is designed to
14 retrofit units that are currently obsolete or unmar-
15 ketable.”.

16 **SEC. 307. COMMERCIAL ACTIVITIES.**

17 (a) SUPPORTIVE HOUSING FOR THE ELDERLY.—Sec-
18 tion 202(h)(1) of the Housing Act of 1959 (12 U.S.C.
19 1701q(h)(1)) is amended by adding at the end the follow-
20 ing new sentence: “Neither this section nor any other pro-
21 vision of law may be construed as prohibiting or prevent-
22 ing the location and operation, in a project assisted under
23 this section, of commercial facilities for the benefit of resi-
24 dents of the project and the community in which the
25 project is located.”.

1 **SEC. 308. MIXED FINANCE PILOT PROGRAM.**

2 (a) **AUTHORITY.**—The Secretary of Housing and
3 Urban Development shall carry out a pilot program under
4 this section to determine the effectiveness and feasibility
5 of providing assistance under section 202 of the Housing
6 Act of 1959 (12 U.S.C. 1701q) for housing projects that
7 are used both for supportive housing for the elderly and
8 for other types of housing, which may include market rate
9 housing.

10 (b) **SCOPE.**—Under the pilot program the Secretary
11 shall provide, to the extent that sufficient approvable ap-
12 plications for such assistance are received, assistance in
13 the manner provided under subsection (d) for not more
14 than 5 housing projects.

15 (c) **MIXED USE.**—The Secretary shall require, for a
16 project to be assisted under the pilot program—

17 (1) that a portion of the dwelling units in the
18 project be reserved for use in accordance with, and
19 subject to, the requirements applicable to units as-
20 sisted under section 202 of the Housing Act of
21 1959; and

22 (2) that the remainder of the dwelling units be
23 used for other purposes.

24 (d) **FINANCING.**—The Secretary may use amounts
25 provided for assistance under section 202 of the Housing
26 Act of 1959 for assistance under the pilot program for

1 capital advances in accordance with subsection (d)(1) of
2 such section and project rental assistance in accordance
3 with subsection (d)(2) of such section, only for dwelling
4 units described in subsection (c)(1) of this section. Any
5 assistance provided pursuant to subsection (d)(1) of such
6 section 202 shall be provided in the form of a capital ad-
7 vance, subject to repayment as provided in such sub-
8 section, and shall not be structured as a loan. The Sec-
9 retary shall take such action as may be necessary to en-
10 sure that the repayment contingency under such sub-
11 section is enforceable for projects assisted under the pilot
12 program and to provide for appropriate protections of the
13 interests of the Secretary in relation to other interests in
14 the projects so assisted.

15 (e) WAIVER AUTHORITY.—Notwithstanding sub-
16 section (c)(1) of this section, the Secretary may waive the
17 applicability of any provision of section 202 of the Hous-
18 ing Act of 1959 for any project assisted under the pilot
19 program under this section as may be appropriate to carry
20 out the program, except to the extent inconsistent with
21 this section.

1 **SEC. 309. GRANTS FOR CONVERSION OF ELDERLY HOUSING**
2 **TO ASSISTED LIVING FACILITIES.**

3 Title II of the Housing Act of 1959 is amended by
4 inserting after section 202a (12 U.S.C. 1701q-1) the fol-
5 lowing new section:

6 **“SEC. 202b. GRANTS FOR CONVERSION OF ELDERLY HOUS-**
7 **ING TO ASSISTED LIVING FACILITIES.**

8 “(a) **GENERAL AUTHORITY.**—The Secretary of Hous-
9 ing and Urban Development may make grants in accord-
10 ance with this section to owners of eligible projects de-
11 scribed in subsection (b) for one or both of the following
12 activities:

13 “(1) **REPAIRS.**—Substantial capital repairs to a
14 project that are needed to rehabilitate, modernize, or
15 retrofit aging structures, common areas, or individ-
16 ual dwelling units.

17 “(2) **CONVERSION.**—Activities designed to con-
18 vert dwelling units in the eligible project to assisted
19 living facilities for elderly persons.

20 “(b) **ELIGIBLE PROJECTS.**—An eligible project de-
21 scribed in this subsection is a multifamily housing projects
22 that is—

23 “(1)(A) described in subparagraph (B), (C),
24 (D), (E), (F), or (G) of section 683(2) of the Hous-
25 ing and Community Development Act of 1992 (42
26 U.S.C. 13641(2)), or (B) only to the extent amounts

1 of the Department of Agriculture are made available
2 to the Secretary of Housing and Urban Development
3 for such grants under this section for such projects,
4 subject to a loan made or insured under section 515
5 of the Housing Act of 1949 (42 U.S.C. 1485);

6 “(2) owned by a private nonprofit organization
7 (as such term is defined in section 202); and

8 “(3) designated primarily for occupancy by el-
9 derly persons.

10 “(c) APPLICATIONS.—Applications for grants under
11 this section shall be submitted to the Secretary in accord-
12 ance with such procedures as the Secretary shall establish.
13 Such applications shall contain—

14 “(1) a description of the substantial capital re-
15 pairs or the proposed conversion activities for which
16 a grant under this section is requested;

17 “(2) the amount of the grant requested to com-
18 plete the substantial capital repairs or conversion ac-
19 tivities;

20 “(3) a description of the resources that are ex-
21 pected to be made available, if any, in conjunction
22 with the grant under this section; and

23 “(4) such other information or certifications
24 that the Secretary determines to be necessary or ap-
25 propriate.

1 “(d) FUNDING FOR SERVICES.—The Secretary may
2 not make a grant under this section for conversion activi-
3 ties unless the application contains sufficient evidence, in
4 the determination of the Secretary, of firm commitments
5 for the funding of services to be provided in the assisted
6 living facility, which may be provided by third parties.

7 “(e) SELECTION CRITERIA.—The Secretary shall se-
8 lect applications for grants under this section based upon
9 selection criteria, which shall be established by the Sec-
10 retary and shall include—

11 “(1) in the case of a grant for substantial cap-
12 ital repairs, the extent to which the project to be re-
13 paired is in need of such repair, including such fac-
14 tors as the age of improvements to be repaired, and
15 the impact on the health and safety of residents of
16 failure to make such repairs;

17 “(2) in the case of a grant for conversion activi-
18 ties, the extent to which the conversion is likely to
19 provide assisted living facilities that are needed or
20 are expected to be needed by the categories of elder-
21 ly persons that the assisted living facility is intended
22 to serve, with a special emphasis on very low-income
23 elderly persons who need assistance with activities of
24 daily living;

1 “(3) the inability of the applicant to fund the
2 repairs or conversion activities from existing finan-
3 cial resources, as evidenced by the applicant’s finan-
4 cial records, including assets in the applicant’s resid-
5 ual receipts account and reserves for replacement ac-
6 count;

7 “(4) the extent to which the applicant has evi-
8 denced community support for the repairs or conver-
9 sion, by such indicators as letters of support from
10 the local community for the repairs or conversion
11 and financial contributions from public and private
12 sources;

13 “(5) in the case of a grant for conversion activi-
14 ties, the extent to which the applicant demonstrates
15 a strong commitment to promoting the autonomy
16 and independence of the elderly persons that the as-
17 sisted living facility is intended to serve;

18 “(6) in the case of a grant for conversion activi-
19 ties, the quality, completeness, and managerial capa-
20 bility of providing the services which the assisted liv-
21 ing facility intends to provide to elderly residents,
22 especially in such areas as meals, 24-hour staffing,
23 and on-site health care; and

1 “(7) such other criteria as the Secretary deter-
2 mines to be appropriate to ensure that funds made
3 available under this section are used effectively.

4 “(f) DEFINITIONS.—For the purposes of this
5 section—

6 “(1) the term ‘assisted living facility’ has the
7 meaning given that term in section 232(b) of the
8 National Housing Act (12 U.S.C. 1715w(b))

9 “(2) the definitions in section 202(k) shall
10 apply.

11 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
12 is authorized to be appropriated for providing grants
13 under this section such sums as may be necessary for each
14 of fiscal years 2000, 2001, 2002, 2003, and 2004.”.

15 **SEC. 310. GRANTS FOR CONVERSION OF PUBLIC HOUSING**
16 **PROJECTS TO ASSISTED LIVING FACILITIES.**

17 Title I of the United States Housing Act of 1937 (42
18 U.S.C. 1437 et seq.) is amended by adding at the end
19 the following new section:

20 **“SEC. 36. GRANTS FOR CONVERSION OF PUBLIC HOUSING**
21 **TO ASSISTED LIVING FACILITIES.**

22 “(a) GENERAL AUTHORITY.—The Secretary may
23 make grants in accordance with this section to public
24 housing agencies for use for activities designed to convert

1 dwelling units in an eligible projects described in sub-
2 section (b) to assisted living facilities for elderly persons.

3 “(b) ELIGIBLE PROJECTS.—An eligible project de-
4 scribed in this subsection is a public housing project (or
5 a portion thereof) that has been designated under section
6 7 for occupancy only by elderly persons.

7 “(c) APPLICATIONS.—Applications for grants under
8 this section shall be submitted to the Secretary in accord-
9 ance with such procedures as the Secretary shall establish.
10 Such applications shall contain—

11 “(1) a description of the proposed conversion
12 activities for which a grant under this section is re-
13 quested;

14 “(2) the amount of the grant requested;

15 “(3) a description of the resources that are ex-
16 pected to be made available, if any, in conjunction
17 with the grant under this section; and

18 “(4) such other information or certifications
19 that the Secretary determines to be necessary or ap-
20 propriate.

21 “(d) FUNDING FOR SERVICES.—The Secretary may
22 not make a grant under this section unless the application
23 contains sufficient evidence, in the determination of the
24 Secretary, of firm commitments for the funding of services
25 to be provided in the assisted living facility.

1 “(e) SELECTION CRITERIA.—The Secretary shall se-
2 lect applications for grants under this section based upon
3 selection criteria, which shall be established by the Sec-
4 retary and shall include—

5 “(1) the extent to which the conversion is likely
6 to provide assisted living facilities that are needed or
7 are expected to be needed by the categories of elder-
8 ly persons that the assisted living facility is intended
9 to serve;

10 “(2) the inability of the public housing agency
11 to fund the conversion activities from existing finan-
12 cial resources, as evidenced by the agency’s financial
13 records;

14 “(3) the extent to which the agency has evi-
15 denced community support for the conversion, by
16 such indicators as letters of support from the local
17 community for the conversion and financial contribu-
18 tions from public and private sources;

19 “(4) extent to which the applicant demonstrates
20 a strong commitment to promoting the autonomy
21 and independence of the elderly persons that the as-
22 sisted living facility is intended to serve;

23 “(5) the quality, completeness, and managerial
24 capability of providing the services which the as-
25 sisted living facility intends to provide to elderly

1 residents, especially in such areas as meals, 24-hour
2 staffing, and on-site health care; and

3 “(6) such other criteria as the Secretary deter-
4 mines to be appropriate to ensure that funds made
5 available under this section are used effectively.

6 “(f) DEFINITION.—For the purposes of this section,
7 the term ‘assisted living facility’ has the meaning given
8 such term in section 232(b) of the National Housing Act
9 (12 U.S.C. 1715w(b)).

10 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
11 is authorized to be appropriated for providing grants
12 under this section such sums as may be necessary for each
13 of fiscal years 2000, 2001, 2002, 2003, and 2004.”.

14 **SEC. 311. USE OF SECTION 8 ASSISTANCE FOR ASSISTED**
15 **LIVING FACILITIES.**

16 (a) VOUCHER ASSISTANCE.—Section 8(o) of the
17 United States Housing Act of 1937 (42 U.S.C. 1437f(o))
18 is amended by adding at the end the following new para-
19 graph:

20 “(18) RENTAL ASSISTANCE FOR ASSISTED LIV-
21 ING FACILITIES.—

22 “(A) IN GENERAL.—A public housing
23 agency may make assistance payments on be-
24 half of a family that uses an assisted living fa-
25 cility as a principal place of residence and that

1 uses such supportive services made available in
2 the facility as the agency may require. Such
3 payments may be made only for covering costs
4 of rental of the dwelling unit in the assisted liv-
5 ing facility and not for covering any portion of
6 the cost of residing in such facility that is at-
7 tributable to service relating to assisted living.

8 “(B) RENT CALCULATION.—

9 “(i) CHARGES INCLUDED.—For as-
10 sistance pursuant to this paragraph, the
11 rent of the dwelling unit that is a assisted
12 living facility with respect to which assist-
13 ance payments are made shall include
14 maintenance and management charges re-
15 lated to the dwelling unit and tenant-paid
16 utilities. Such rent shall not include any
17 charges attributable to services relating to
18 assisted living.

19 “(ii) PAYMENT STANDARD.—In deter-
20 mining the monthly assistance that may be
21 paid under this paragraph on behalf of any
22 family residing in an assisted living facil-
23 ity, the public housing agency shall utilize
24 the payment standard established under
25 paragraph (1), for the market area in

1 which the assisted living facility is located,
2 for the applicable size dwelling unit.

3 “(iii) MONTHLY ASSISTANCE PAY-
4 MENT.—The monthly assistance payment
5 for a family assisted under this paragraph
6 shall be determined in accordance with
7 paragraph (2) (using the rent and payment
8 standard for the dwelling unit as deter-
9 mined in accordance with this subsection).

10 “(C) DEFINITION.—For the purposes of
11 this paragraph, the term ‘assisted living facility’
12 has the meaning given that term in section
13 232(b) of the National Housing Act (12 U.S.C.
14 1715w(b)), except that such a facility may be
15 contained within a portion of a larger multifam-
16 ily housing project.”.

17 (b) PROJECT-BASED ASSISTANCE.—Section 202b of
18 the Housing Act of 1959, as added by section 2 of this
19 Act, is amended—

20 (1) by redesignating subsections (f) and (g) as
21 subsections (g) and (h), respectively; and

22 (2) by inserting after subsection (e) the follow-
23 ing new subsection:

24 “(f) SECTION 8 PROJECT-BASED ASSISTANCE.—

1 “(1) ELIGIBILITY.—Notwithstanding any other
2 provision of law, a multifamily project which in-
3 cludes one or more dwelling units that have been
4 converted to assisted living facilities using grants
5 made under this section shall be eligible for project-
6 based assistance under section 8 of the United
7 States Housing Act of 1937, in the same manner in
8 which the project would be eligible for such assist-
9 ance but for the assisted living facilities in the
10 project.

11 “(2) CALCULATION OF RENT.—For assistance
12 pursuant to this subsection, the maximum monthly
13 rent of a dwelling unit that is an assisted living fa-
14 cility with respect to which assistance payments are
15 made shall not include charges attributable to serv-
16 ices relating to assisted living.”.

17 **SEC. 312. ANNUAL HUD INVENTORY OF ASSISTED HOUSING**
18 **DESIGNATED FOR ELDERLY PERSONS.**

19 Subtitle D of title VI of the Housing and Community
20 Development Act of 1992 (42 U.S.C. 13611 et seq.) is
21 amended by adding at the end the following new section:

1 **“SEC. 662. ANNUAL INVENTORY OF ASSISTED HOUSING**
2 **DESIGNATED FOR ELDERLY PERSONS.**

3 “(a) IN GENERAL.—The Secretary shall establish
4 and maintain, and on an annual basis shall update and
5 publish, an inventory of housing that—

6 “(1) is assisted under a program of the Depart-
7 ment of Housing and Urban Development, including
8 all federally assisted housing; and

9 “(2) is designated, in whole or in part, for occu-
10 pancy by elderly families or disabled families, or
11 both.

12 “(b) CONTENTS.—The inventory required under this
13 section shall identify housing described in subsection (a)
14 and the number of dwelling units in such housing that—

15 “(1) are in projects designated for occupancy
16 only by elderly families;

17 “(2) are in projects designated for occupancy
18 only by disabled families;

19 “(3) contain special features or modifications
20 designed to accommodate persons with disabilities
21 and are in projects designated for occupancy only by
22 disabled families;

23 “(4) are in projects for which a specific per-
24 centage or number of the dwelling units are des-
25 ignated for occupancy only by elderly families;

1 “(5) are in projects for which a specific per-
2 centage or number of the dwelling units are des-
3 ignated for occupancy only by disabled families; and

4 “(6) are in projects designed for occupancy only
5 by both elderly or disabled families.

6 “(c) PUBLICATION.—The Secretary shall annually
7 publish the inventory required under this section in the
8 Federal Register and shall make the inventory available
9 to the public by posting on a World Wide Web site of the
10 Department.”.

11 **Subtitle B—Housing for Persons** 12 **With Disabilities**

13 **SEC. 321. MATCHING GRANT PROGRAM.**

14 Section 811 of the Cranston-Gonzalez National Af-
15 fordable Housing Act (42 U.S.C. 8013) is amended—

16 (1) in subsection (b)(2)(A), by inserting “or
17 through matching grants under subsection (d)(5)”
18 after “subsection (d)(1)”; and

19 (2) in subsection (d), by adding at the end the
20 following new paragraph:

21 “(5) MATCHING GRANTS.—

22 “(A) IN GENERAL.—Amounts made avail-
23 able for assistance under this paragraph shall
24 be used only for capital advances in accordance
25 with paragraph (1), except that the Secretary

1 shall require that, as a condition of providing
2 assistance under this paragraph for a project,
3 the applicant for assistance shall supplement
4 the assistance with amounts from sources other
5 than this section in an amount that is not less
6 than 25 to 50 percent (as the Secretary may
7 determine) of the amount of assistance provided
8 pursuant to this paragraph for the project.

9 “(B) REQUIREMENT FOR NON-FEDERAL
10 FUNDS.—Not less than 50 percent of supple-
11 mental amounts provided for a project pursuant
12 to subparagraph (A) shall be from non-Federal
13 sources. Such supplemental amounts may in-
14 clude the value of any in-kind contributions, in-
15 cluding donated land, structures, equipment,
16 and other contributions as the Secretary consid-
17 ers appropriate, but only if the existence of
18 such in-kind contributions results in the con-
19 struction of more dwelling units than would
20 have been constructed absent such contribu-
21 tions.

22 “(C) INCOME ELIGIBILITY.—Notwithstand-
23 ing any other provision of this section, the Sec-
24 retary shall provide that, in a project assisted
25 under this paragraph, a number of dwelling

1 units may be made available for occupancy by
2 persons with disabilities who are not very low-
3 income persons in a number such that the ra-
4 tion that the number of dwelling units in the
5 project so occupied bears to the total number of
6 units in the project does not exceed the ratio
7 that the amount from non-Federal sources pro-
8 vided for the project pursuant to this paragraph
9 bears to the sum of the capital advances pro-
10 vided for the project under this paragraph and
11 all supplemental amounts for the project pro-
12 vided pursuant to this paragraph.”.

13 **SEC. 322. ELIGIBILITY OF FOR-PROFIT LIMITED PARTNER-**
14 **SHIPS.**

15 (b) HOUSING FOR PERSONS WITH DISABILITIES.—
16 Section 811(k)(6) of the Housing Act of 1959 (42 U.S.C.
17 8013(k)(6)) is amended by adding after and below sub-
18 paragraph (D) the following new sentence:

19 “Such term includes a for-profit limited partnership
20 the sole general partner of which is an organization
21 meeting the requirements under subparagraphs (A),
22 (B), (C), and (D) and a corporation wholly owned
23 by an organization meeting the requirements under
24 subparagraphs (A), (B), (C), and (D).”.

1 **SEC. 323. MIXED FUNDING SOURCES.**

2 (b) HOUSING FOR PERSONS WITH DISABILITIES.—
3 Section 811(h)(5) of the Cranston-Gonzalez National Af-
4 fordable Housing Act (42 U.S.C. 8013(h)(5)) is amended
5 by striking “non-Federal sources” and inserting “sources
6 other than this section”.

7 **SEC. 324. TENANT-BASED ASSISTANCE.**

8 Section 811 of the Cranston-Gonzalez National Af-
9 fordable Housing Act (42 U.S.C. 8013) is amended—
10 (1) in subsection (d), by striking paragraph (4)
11 and inserting the following new paragraph:

12 “(4) TENANT-BASED RENTAL ASSISTANCE.—
13 “(A) ADMINISTERING ENTITIES.—Tenant-
14 based rental assistance provided under sub-
15 section (b)(1) may be provided only through a
16 public housing agency that has submitted and
17 had approved an plan under section 7(d) of the
18 United States Housing Act of 1937 (42 U.S.C.
19 1437e(d)) that provides for such assistance, or
20 through a private nonprofit organization. A
21 public housing agency shall be eligible to apply
22 under this section only for the purposes of pro-
23 viding such tenant-based rental assistance.

24 “(B) PROGRAM RULES.—Tenant-based
25 rental assistance under subsection (b)(1) shall
26 be made available to eligible persons with dis-

1 abilities and administered under the same rules
2 that govern tenant-based rental assistance made
3 available under section 8 of the United States
4 Housing Act of 1937, except that the Secretary
5 may waive or modify such rules, but only to the
6 extent necessary to provide for administering
7 such assistance under subsection (b)(1) through
8 private nonprofit organizations rather than
9 through public housing agencies.

10 “(C) ALLOCATION OF ASSISTANCE.—In de-
11 termining the amount of assistance provided
12 under subsection (b)(1) for a private nonprofit
13 organization or public housing agency, the Sec-
14 retary shall consider the needs and capabilities
15 of the organization or agency, in the case of a
16 public housing agency, as described in the plan
17 for the agency under section 7 of the United
18 States Housing Act of 1937.”; and

19 (2) in subsection (l)(1)—

20 (A) by striking “subsection (b)” and in-
21 serting “subsection (b)(2)”;

22 (B) by striking the last comma and all
23 that follows through “subsection (n)”;

24 (C) by inserting after the last period the
25 following new sentence: “Notwithstanding any

1 other provision of this section, the Secretary
2 may use not more than 25 percent of the total
3 amounts made available for assistance under
4 this section for any fiscal year for tenant-based
5 rental assistance under subsection (b)(1) for
6 persons with disabilities, and no authority of
7 the Secretary to waive provisions of this section
8 may be used to alter the percentage limitation
9 under this sentence.”.

10 **SEC. 325. PROJECT SIZE.**

11 (a) LIMITATION.—Section 811 of the Cranston-Gon-
12 zalez National Affordable Housing Act (42 U.S.C. 8013)
13 is amended—

14 (1) in subsection (k)(4), by inserting “, subject
15 to the limitation under subsection (h)(6)” after
16 “prescribe”; and

17 (2) in subsection (l), by adding at the end the
18 following new paragraph:

19 “(4) SIZE LIMITATION.—Of any amounts made
20 available for any fiscal year and used for capital ad-
21 vances or project rental assistance under paragraphs
22 (1) and (2) of subsection (d), not more than 25 per-
23 cent may be used for supportive housing which con-
24 tains more than 24 separate dwelling units.”.

1 (b) STUDY.—Not later than December 31, 1999, the
2 Secretary of Housing and Urban Development shall con-
3 duct a study and submit a report to the Congress
4 regarding—

5 (1) the extent to which the authority of the Sec-
6 retary under section 811(k)(4) of the Cranston-Gon-
7 zalez National Affordable Housing Act (42 U.S.C.
8 8013(k)(4)), as in effect immediately before the en-
9 actment of this Act, has been used in each year
10 since 1990 to provide for assistance under such sec-
11 tion for supportive housing for persons with disabil-
12 ities having more than 24 separate dwelling units;
13 and

14 (2) the per-unit costs of, and the benefits and
15 problems associated with, providing such housing in
16 projects having 8 or less dwelling units, 8 to 24
17 units, and more than 24 units.

18 **SEC. 326. USE OF PROJECT RESERVES.**

19 Section 811(j) of the Cranston-Gonzalez National Af-
20 fordable Housing Act (42 U.S.C. 8013(j)) is amended by
21 adding at the end the following new paragraph:

22 “(7) USE OF PROJECT RESERVES.—Amounts
23 for project reserves for a project assisted under this
24 section may be used for costs, subject to reasonable
25 limitations as the Secretary determines appropriate,

1 for reducing the number of dwelling units in the
2 project. Such use shall be subject to the approval of
3 the Secretary to ensure that the use is designed to
4 retrofit units that are currently obsolete or unmar-
5 ketable.”.

6 **SEC. 327. COMMERCIAL ACTIVITIES.**

7 Section 811(h)(1) of the Cranston-Gonzalez National
8 Affordable Housing Act (42 U.S.C. 8013(h)(1)) is amend-
9 ed by adding at the end the following new sentence: “Nei-
10 ther this section nor any other provision of law may be
11 construed as prohibiting or preventing the location and op-
12 eration, in a project assisted under this section, of com-
13 mercial facilities for the benefit of residents of the project
14 and the community in which the project is located.”.

15 **Subtitle C—Other Provisions**

16 **SEC. 341. SERVICE COORDINATORS.**

17 (a) INCREASED FLEXIBILITY FOR USE OF SERVICE
18 COORDINATORS IN CERTAIN FEDERALLY ASSISTED
19 HOUSING.—Section 676 of the Housing and Community
20 Development Act of 1992 (42 U.S.C. 13632) is
21 amended—

22 (1) in the section heading, by striking “**MULTI-**
23 **FAMILY HOUSING ASSISTED UNDER THE NA-**
24 **TIONAL HOUSING ACT**” and inserting “**CERTAIN**
25 **FEDERALLY ASSISTED HOUSING**”;

1 (2) in subsection (a)—

2 (A) in the first sentence, by striking “(E)
3 and (F)” and inserting “(B), (C), (D), (E),
4 (F), and (G)”; and

5 (B) in the last sentence—

6 (i) by striking “section 661” and in-
7 serting “section 671”; and

8 (ii) by adding after the period at the
9 end the following new sentence: “A service
10 coordinator funded with a grant under this
11 section for a project may provide services
12 to low-income elderly or disabled families
13 living in the vicinity of such project.”;

14 (3) in subsection (d)—

15 (A) by striking “(E) or (F)” and inserting
16 “(B), (C), (D), (E), (F), or (G)”; and

17 (B) by striking “section 661” and insert-
18 ing “section 671”; and

19 (4) by striking subsection (c) and redesignating
20 subsection (d) (as amended by paragraph (3) of this
21 subsection) as subsection (c).

22 (b) REQUIREMENT TO PROVIDE SERVICE COORDINA-
23 TORS.—Section 671 of the Housing and Community De-
24 velopment Act of 1992 (42 U.S.C. 13631) is amended—

1 (1) in the first sentence of subsection (a), by
2 striking “to carry out this subtitle pursuant to the
3 amendments made by this subtitle” and inserting
4 the following: “for providing service coordinators
5 under this section”;

6 (2) in subsection (d), by inserting “)” after
7 “section 683(2)”; and

8 (3) by adding at the end following new sub-
9 section:

10 “(e) SERVICES FOR LOW-INCOME ELDERLY OR DIS-
11 ABLED FAMILIES RESIDING IN VICINITY OF CERTAIN
12 PROJECTS.—To the extent only that this section applies
13 to service coordinators for covered federally assisted hous-
14 ing described in subparagraphs (B), (C), (D), (E), (F),
15 and (G) of section 683(2), any reference in this section
16 to elderly or disabled residents of a project shall be con-
17 strued to include low-income elderly or disabled families
18 living in the vicinity of such project.”.

19 **SEC. 342. COMMISSION ON AFFORDABLE HOUSING AND**
20 **HEALTH CARE FACILITY NEEDS IN THE 21ST**
21 **CENTURY.**

22 (a) ESTABLISHMENT.—There is hereby established a
23 commission to be known as the Commission on Affordable
24 Housing and Health Care Facility Needs in the 21st Cen-
25 tury (in this section referred to as the “Commission”).

1 (b) STUDY.—The duty of the Commission shall be to
2 conduct a study that—

3 (1) compiles and interprets information regard-
4 ing the expected increase in the population of per-
5 sons 62 years of age or older, particularly informa-
6 tion regarding distribution of income levels, home-
7 ownership and home equity rates, and degree or ex-
8 tent of health and independence of living;

9 (2) provides an estimate of the future needs of
10 seniors for affordable housing and assisted living
11 and health care facilities;

12 (3) provides a comparison of estimate of such
13 future needs with an estimate of the housing and fa-
14 cilities expected to be provided under existing public
15 programs, and identifies possible actions or initia-
16 tives that may assist in providing affordable housing
17 and assisted living and health care facilities to meet
18 such expected needs;

19 (4) identifies and analyzes methods of encour-
20 aging increased private sector participation, invest-
21 ment, and capital formation in affordable housing
22 and assisted living and health care facilities for sen-
23 iors through partnerships between public and private
24 entities and other creative strategies;

1 (5) analyzes the costs and benefits of com-
2 prehensive aging-in-place strategies, taking into con-
3 sideration physical and mental well-being and the
4 importance of coordination between shelter and sup-
5 portive services; and

6 (6) identifies and analyzes methods of promot-
7 ing a more comprehensive approach to dealing with
8 housing and supportive service issues involved in
9 aging and the multiple governmental agencies in-
10 volved in such issues, including the Department of
11 Housing and Urban Development and the Depart-
12 ment of Health and Human Services.

13 (c) MEMBERSHIP.—

14 (1) NUMBER AND APPOINTMENT.—The Com-
15 mission shall be composed of 14 members, appointed
16 not later than January 1, 2000, as follows:

17 (A) 2 co-chairpersons appointed by—

18 (i) 1 co-chairperson appointed by a
19 committee consisting of the chairman of
20 the Subcommittee on Housing and Com-
21 munity Opportunities of the House of Rep-
22 resentatives and the chairman of the Sub-
23 committee on Housing and Transportation
24 of the Senate, and the chairmen of the
25 Subcommittees on the Departments of Vet-

1 erans Affairs and Housing and Urban De-
2 velopment, and Independent Agencies of
3 the Committees on Appropriations of the
4 House of Representatives and the Senate;
5 and

6 (ii) 1 co-chairperson appointed by a
7 committee consisting of the ranking minor-
8 ity member of the Subcommittee on Hous-
9 ing and Community Opportunities of the
10 House of Representatives and the ranking
11 minority member of the Subcommittee on
12 Housing and Transportation of the Senate,
13 and the ranking minority members of the
14 Subcommittees on the Departments of Vet-
15 erans Affairs and Housing and Urban De-
16 velopment, and Independent Agencies of
17 the Committees on Appropriations of the
18 House of Representatives and the Senate.

19 (B) 6 members appointed by the Chairman
20 and Ranking Minority Member of the Commit-
21 tee on Banking and Financial Services of the
22 House of Representatives and the Chairman
23 and Ranking Minority Member of the Commit-
24 tee on Appropriations of the House of Rep-
25 resentatives.

1 (C) 6 members appointed by the Chairman
2 and Ranking Minority Member of the Commit-
3 tee on Banking, Housing, and Urban Affairs of
4 the Senate and the Chairman and Ranking Mi-
5 nority Member of the Committee on Appropria-
6 tions of the Senate.

7 (2) QUALIFICATIONS.—Appointees should have
8 proven expertise in directing, assembling, or apply-
9 ing capital resources from a variety of sources to the
10 successful development of affordable housing, as-
11 sisted living facilities, or health care facilities.

12 (3) VACANCIES.—Any vacancy on the Commis-
13 sion shall not affect its powers and shall be filled in
14 the manner in which the original appointment was
15 made.

16 (4) CHAIRPERSONS.—The members appointed
17 pursuant to paragraph (1)(A) shall serve as co-
18 chairpersons of the Commission.

19 (5) PROHIBITION OF PAY.—Members of the
20 Commission shall serve without pay.

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

1 (7) QUORUM.—A majority of the members of
2 the Commission shall constitute a quorum but a
3 lesser number may hold hearings.

4 (8) MEETINGS.—The Commission shall meet at
5 the call of the Chairpersons.

6 (d) DIRECTOR AND STAFF.—

7 (1) DIRECTOR.—The Commission shall have a
8 Director who shall be appointed by the Chairperson.
9 The Director shall be paid at a rate not to exceed
10 the rate of basic pay payable for level V of the Exec-
11 utive Schedule.

12 (2) STAFF.—The Commission may appoint per-
13 sonnel as appropriate. The staff of the Commission
14 shall be appointed subject to the provisions of title
15 5, United States Code, governing appointments in
16 the competitive service, and shall be paid in accord-
17 ance with the provisions of chapter 51 and sub-
18 chapter III of chapter 53 of that title relating to
19 classification and General Schedule pay rates.

20 (3) EXPERTS AND CONSULTANTS.—The Com-
21 mission may procure temporary and intermittent
22 services under section 3109(b) of title 5, United
23 States Code, but at rates for individuals not to ex-
24 ceed the daily equivalent of the maximum annual
25 rate of basic pay payable for the General Schedule.

1 (4) STAFF OF FEDERAL AGENCIES.—Upon re-
2 quest of the Commission, the head of any Federal
3 department or agency may detail, on a reimbursable
4 basis, any of the personnel of that department or
5 agency to the Commission to assist it in carrying out
6 its duties under this Act.

7 (e) POWERS.—

8 (1) HEARINGS AND SESSIONS.—The Commis-
9 sion may, for the purpose of carrying out this sec-
10 tion, hold hearings, sit and act at times and places,
11 take testimony, and receive evidence as the Commis-
12 sion considers appropriate.

13 (2) POWERS OF MEMBERS AND AGENTS.—Any
14 member or agent of the Commission may, if author-
15 ized by the Commission, take any action which the
16 Commission is authorized to take by this section.

17 (3) OBTAINING OFFICIAL DATA.—The Commis-
18 sion may secure directly from any department or
19 agency of the United States information necessary
20 to enable it to carry out this Act. Upon request of
21 the Chairpersons of the Commission, the head of
22 that department or agency shall furnish that infor-
23 mation to the Commission.

24 (4) GIFTS, BEQUESTS, AND DEVISES.—The
25 Commission may accept, use, and dispose of gifts,

1 bequests, or devises of services or property, both real
2 and personal, for the purpose of aiding or facilitat-
3 ing the work of the Commission. Gifts, bequests, or
4 devises of money and proceeds from sales of other
5 property received as gifts, bequests, or devises shall
6 be deposited in the Treasury and shall be available
7 for disbursement upon order of the Commission.

8 (5) **MAILS.**—The Commission may use the
9 United States mails in the same manner and under
10 the same conditions as other departments and agen-
11 cies of the United States.

12 (6) **ADMINISTRATIVE SUPPORT SERVICES.**—
13 Upon the request of the Commission, the Adminis-
14 trator of General Services shall provide to the Com-
15 mission, on a reimbursable basis, the administrative
16 support services necessary for the Commission to
17 carry out its responsibilities under this section.

18 (7) **CONTRACT AUTHORITY.**—The Commission
19 may contract with and compensate government and
20 private agencies or persons for services, without re-
21 gard to section 3709 of the Revised Statutes (41
22 U.S.C. 5).

23 (f) **REPORT.**—The Commission shall submit to the
24 Committees on Banking and Financial Services and Ap-
25 propriations of the House of Representatives and the

1 Committees on Banking, Housing, and Urban Affairs and
2 Appropriations of the Senate, a final report not later than
3 December 31, 2001. The report shall contain a detailed
4 statement of the findings and conclusions of the Commis-
5 sion with respect to the study conducted under subsection
6 (b), together with its recommendations for legislation, ad-
7 ministrative actions, and any other actions the Commis-
8 sion considers appropriate.

9 (g) FUNDING.—Of any amounts appropriated for fis-
10 cal year 2000 to carry out title V of the Housing and
11 Urban Development Act of 1970 (12 U.S.C. 1701z–1 et
12 seq.) \$500,000 shall be available to the Commission for
13 carrying out this section.

14 (h) TERMINATION.—The Commission shall terminate
15 on June 30, 2002. Section 14(a)(2)(B) of the Federal Ad-
16 visory Committee Act (5 U.S.C. App.; relating to the ter-
17 mination of advisory committees) shall not apply to the
18 Commission.

19 **TITLE IV—RENEWAL OF EXPIR-**
20 **ING RENTAL ASSISTANCE**
21 **CONTRACTS AND PROTEC-**
22 **TION OF RESIDENTS**

23 **SEC. 401. FINDINGS AND PURPOSE.**

24 (a) FINDINGS.—The Congress finds that—

1 (1) there exists throughout the United States a
2 need for decent, safe and affordable housing;

3 (2) affordable housing is critical to the well-
4 being of seniors, persons with disabilities, and vul-
5 nerable families;

6 (3) an unprecedented number of contracts for
7 Federal rental assistance are expiring now and will
8 expire in the near future;

9 (4) a significant number of private owners of
10 affordable housing developments are choosing to not
11 renew their subsidy contracts with the Federal gov-
12 ernment;

13 (5) in cases where assistance contracts are not
14 renewed, rent levels in the affected developments
15 may rise dramatically;

16 (6) a significant number of residents in these
17 developments are seniors or persons with disabilities
18 or are otherwise vulnerable because of scarcity of
19 available affordable housing in the neighborhood,
20 and have little or no means of paying additional rent
21 from personal income, putting at risk what have
22 been their homes for almost a quarter of a century;
23 and

24 (7) the Federal Government should continue to
25 work to ensure that those least able to provide for

1 themselves enjoy the protection and welfare of the
2 people of the United States.

3 (b) PURPOSE.—The purpose of this title is to protect
4 seniors, persons with disabilities, and other vulnerable
5 residents of affordable housing and to help provide those
6 residents with peace of mind and security for living—

7 (1) by providing greater rental assistance flexi-
8 bility to ensure that vulnerable populations are not
9 forced to move from their homes when rent levels
10 rise; and

11 (2) where appropriate, by encouraging private
12 owners of affordable housing developments to con-
13 tinue serving low-income families by providing ap-
14 propriate levels of Federal resources, by allowing
15 greater flexibility for refinancing, and by ensuring
16 more effective administration by the Federal Govern-
17 ment of rental assistance contract renegotiations.

18 **SEC. 402. RENEWAL OF EXPIRING CONTRACTS AND EN-**
19 **HANCED VOUCHERS FOR PROJECT RESI-**
20 **DENTS.**

21 (a) IN GENERAL.—Section 524 of the Multifamily
22 Assisted Housing Reform and Affordability Act of 1997
23 (42 U.S.C. 1437f note) is amended to read as follows:

1 **“SEC. 524. RENEWAL OF EXPIRING PROJECT-BASED SEC-**
2 **TION 8 CONTRACTS.**

3 “(a) IN GENERAL.—

4 “(1) RENEWAL.—Subject to paragraph (2),
5 upon termination or expiration of a contract for
6 project-based assistance under section 8 for a multi-
7 family housing project (and notwithstanding section
8 8(v) of the United States Housing Act of 1937 for
9 loan management assistance), the Secretary shall, at
10 the request of the owner of the project and to the
11 extent sufficient amounts are made available in ap-
12 propriation Acts, use amounts available for the re-
13 newal of assistance under section 8 of such Act to
14 provide such assistance for the project. The assist-
15 ance shall be provided under a contract having such
16 terms and conditions as the Secretary considers ap-
17 propriate, subject to the requirements of this sec-
18 tion. This section shall not require contract renewal
19 for a project that is eligible under this subtitle for
20 a mortgage restructuring and rental assistance suffi-
21 ciency plan, if there is no approved plan for the
22 project and the Secretary determines that such an
23 approved plan is necessary.

24 “(2) PROHIBITION ON RENEWAL.—Notwith-
25 standing part 24 of title 24 of the Code of Federal
26 Regulations, the Secretary may elect not to renew

1 assistance for a project otherwise required to be re-
2 newed under paragraph (1) or provide comparable
3 benefits under paragraph (1) or (2) of subsection (e)
4 for a project described in either such paragraph, if
5 the Secretary determines that a violation under
6 paragraph (1) through (4) of section 516(a) has oc-
7 curred with respect to the project. For purposes of
8 such a determination, the provisions of section 516
9 shall apply to a project under this section in the
10 same manner and to the same extent that the provi-
11 sions of such section apply to eligible multifamily
12 housing projects, except that the Secretary shall
13 make the determination under section 516(a)(4).

14 “(3) CONTRACT TERM FOR MARK-UP-TO-MAR-
15 KET CONTRACTS.—In the case of an expiring or ter-
16 minating contract that has rent levels less than com-
17 parable market rents for the market area, if the rent
18 levels under the renewal contract under this section
19 are equal to comparable market rents for the market
20 area, the contract shall have a term of not less than
21 5 years, subject to the availability of sufficient
22 amounts in appropriation Acts.

23 “(4) RENEWAL RENTS.—Except as provided in
24 subsection (b), the contract for assistance shall pro-
25 vide assistance at the following rent levels:

1 “(A) MARKET RENTS.—At the request of
2 the owner of the project, at rent levels equal to
3 the lesser of comparable market rents for the
4 market area or 150 percent of the fair market
5 rents, in the case only of a project that—

6 “(i) has rent levels under the expiring
7 or terminating contract that do not exceed
8 such comparable market rents;

9 “(ii) does not have a low- and mod-
10 erate-income use restriction that can not
11 be eliminated by unilateral action by the
12 owner;

13 “(iii) is decent, safe, and sanitary
14 housing, as determined by the Secretary;

15 “(iv) is not—

16 “(I) owned by a nonprofit entity;

17 “(II) subject to a contract for
18 moderate rehabilitation assistance
19 under section 8(e)(2) of the United
20 States Housing Act of 1937, as in ef-
21 fect before October 1, 1991; or

22 “(III) a project for which the
23 public housing agency issued provided
24 voucher assistance to one or more of
25 the tenants after the owner has pro-

1 vided notice of termination of the con-
2 tract covering the tenant's unit; and

3 “(v)(I) has units assisted under the
4 contract for which the comparable market
5 rent exceeds 110 percent of the fair mar-
6 ket rent but do not exceed 150 percent of
7 such fair market rents; or

8 “(II) is primarily occupied by elderly
9 or disabled families.

10 The Secretary may adjust the percentages of
11 fair market rent (as specified in the matter pre-
12 ceding clause (i) and in clause (v)(I)), but only
13 upon a determination and written notification
14 to the Congress within 10 days of making such
15 determination, that such adjustment is nec-
16 essary to ensure that this subparagraph covers
17 projects with a high risk of nonrenewal of expir-
18 ing contracts for project-based assistance.

19 “(B) REDUCTION TO MARKET RENTS.—In
20 the case of a project that has rent levels under
21 the expiring or terminating contract that exceed
22 comparable market rents for the market area,
23 at rent levels equal to such comparable market
24 rents.

1 “(C) RENTS NOT EXCEEDING MARKET
2 RENTS.—In the case of a project that is not
3 subject to subparagraph (A) or (B), at rent lev-
4 els that—

5 “(i) are not less than the existing
6 rents under the terminated or expiring
7 contract, as adjusted by an operating cost
8 adjustment factor established by the Sec-
9 retary (which shall not result in a negative
10 adjustment), if such adjusted rents do not
11 exceed comparable market rents for the
12 market area; and

13 “(ii) do not exceed comparable market
14 rents for the market area.

15 “(5) COMPARABLE MARKET RENTS AND COM-
16 PARISON WITH FAIR MARKET RENTS.—The Sec-
17 retary shall prescribe the method for determining
18 comparable market rent by comparison with rents
19 charged for comparable properties (as such term is
20 defined in section 512), which may include appro-
21 priate adjustments for utility allowances and adjust-
22 ments to reflect the value of any subsidy (other than
23 section 8 assistance) provided by the Department of
24 Housing and Urban Development.

25 “(b) EXCEPTION RENTS.—

1 “(1) RENEWAL.—In the case of a multifamily
2 housing project described in paragraph (3), pursuant
3 to the request of the owner of the project, the con-
4 tract for assistance for the project pursuant to sub-
5 section (a) shall provide assistance at the lesser of
6 following rent levels:

7 “(A) ADJUSTED EXISTING RENTS.—The
8 existing rents under the expiring contract, as
9 adjusted by an operating cost adjustment factor
10 established by the Secretary (which shall not re-
11 sult in a negative adjustment).

12 “(B) BUDGET-BASED RENTS.—Subject to
13 a determination by the Secretary that a rent
14 level under this subparagraph is appropriate for
15 a project, a rent level that provides income suf-
16 ficient to support a budget-based rent (includ-
17 ing a budget-based rent adjustment if justified
18 by reasonable and expected operating expenses).

19 “(2) PROJECTS OWNED BY NONPROFIT ORGANI-
20 ZATIONS.—Notwithstanding paragraph (1), in the
21 case of a project described in paragraph (3) that is
22 owned by a nonprofit organization, pursuant to the
23 request of the owner of the project, the contract for
24 assistance for the project pursuant to subsection (a)
25 shall provide assistance at the rent levels under sub-

1 paragraph (A) or (B) of paragraph (1), as chosen by
2 the owner.

3 “(3) PROJECTS COVERED.—A multifamily
4 housing project described in this paragraph is an
5 multifamily housing project that—

6 “(A) is not an eligible multifamily housing
7 project under section 512(2); or

8 “(B) is exempt from mortgage restructur-
9 ing under this subtitle pursuant to section
10 514(h).

11 “(c) RENT ADJUSTMENTS AFTER RENEWAL OF CON-
12 TRACT.—

13 “(1) REQUIRED.—After the initial renewal of a
14 contract for assistance under section 8 of the United
15 States Housing Act of 1937 pursuant to subsection
16 (a), (b), or (e)(2), the Secretary shall annually ad-
17 just the rents using an operating cost adjustment
18 factor established by the Secretary (which shall not
19 result in a negative adjustment) or, upon the request
20 of the owner and subject to approval of the Sec-
21 retary, on a budget basis. In the case of projects
22 with contracts renewed pursuant to subsection (a) or
23 pursuant to subsection (e)(2) at rent levels equal to
24 comparable market rents for the market area, at the
25 expiration of each 5-year period, the Secretary shall

1 compare existing rents with comparable market
2 rents for the market area and may make any adjust-
3 ments in the rent necessary to maintain the contract
4 rents at a level not greater than comparable market
5 rents or to increase rents to comparable market
6 rents.

7 “(2) DISCRETIONARY.—In addition to review
8 and adjustment required under paragraph (1), in the
9 case of projects with contracts renewed pursuant to
10 subsection (a) or pursuant to subsection (e)(2) at
11 rent levels equal to comparable market rents for the
12 market area, the Secretary may, at the discretion of
13 the Secretary but only once within each 5-year pe-
14 riod referred to in paragraph (1), conduct a com-
15 parison of rents for a project and adjust the rents
16 accordingly to maintain the contract rents at a level
17 not greater than comparable market rents or to in-
18 crease rents to comparable market rents.

19 “(d) ENHANCED VOUCHERS UPON CONTRACT EXPI-
20 RATION.—

21 “(1) IN GENERAL.—In the case of a contract
22 for project-based assistance under section 8 for a
23 covered project that is not renewed under subsection
24 (a) or (b) of this section (or any other authority),
25 to the extent that amounts for assistance under this

1 subsection are provided in advance in appropriation
2 Acts, upon the date of the expiration of such con-
3 tract the Secretary shall make enhanced voucher as-
4 sistance under this subsection available on behalf of
5 each low-income family who, upon the date of such
6 expiration, is residing in an assisted dwelling unit in
7 the covered project.

8 “(2) ENHANCED ASSISTANCE.—Enhanced
9 voucher assistance under this subsection for a family
10 shall be voucher assistance under section 8(o) of the
11 United States Housing Act of 1937 (42 U.S.C.
12 1437f(o)), except that under such enhanced voucher
13 assistance—

14 “(A) during any period that the assisted
15 family continues residing in the covered project
16 in which the family was residing on the date of
17 the expiration of such contract and the rent for
18 the dwelling unit of the family in such project
19 exceeds the applicable payment standard estab-
20 lished pursuant to section 8(o) for the unit, the
21 amount of rental assistance provided on behalf
22 of the family shall be determined using a pay-
23 ment standard that is equal to the rent for the
24 dwelling unit (as such rent may be increased

1 from time to time), subject to paragraph
2 (10)(A) of such section 8(o); and

3 “(B) subparagraph (A) of this paragraph
4 shall not apply and the payment standard for
5 the dwelling unit occupied by the family shall be
6 determined in accordance with section 8(o) if—

7 “(i) the assisted family moves, at any
8 time, from such covered project; or

9 “(ii) the voucher is made available for
10 use by any family other than the original
11 family on behalf of whom the voucher was
12 provided pursuant to paragraph (1).

13 “(3) DEFINITIONS.—For purposes of this sub-
14 section, the following definitions shall apply:

15 “(A) ASSISTED DWELLING UNIT.—The
16 term ‘assisted dwelling unit’ means a dwelling
17 unit that—

18 “(i) is in a covered project; and

19 “(ii) is covered by rental assistance
20 provided under the contract for project-
21 based assistance for the covered project.

22 “(B) COVERED PROJECT.—The term ‘cov-
23 ered project’ means any housing that—

24 “(i) consists of more than 4 dwelling
25 units;

1 “(ii) is covered in whole or in part by
2 a contract for project-based assistance
3 under—

4 “(I) the new construction or sub-
5 stantial rehabilitation program under
6 section 8(b)(2) of the United States
7 Housing Act of 1937 (as in effect be-
8 fore October 1, 1983),

9 “(II) the property disposition
10 program under section 8(b) of the
11 United States Housing Act of 1937,

12 “(III) the moderate rehabilitation
13 program under section 8(e)(2) of the
14 United States Housing Act of 1937
15 (as in effect before October 1, 1991);

16 “(IV) the loan management as-
17 sistance program under section 8 of
18 the United States Housing Act of
19 1937,

20 “(V) section 23 of the United
21 States Housing Act of 1937 (as in ef-
22 fect before January 1, 1975),

23 “(VI) the rent supplement pro-
24 gram under section 101 of the Hous-

1 ing and Urban Development Act of
2 1965, or

3 “(VII) section 8 of the United
4 States Housing Act of 1937, following
5 conversion from assistance under sec-
6 tion 101 of the Housing and Urban
7 Development Act of 1965,
8 which contract will (under its own terms)
9 expire during the period consisting of fiscal
10 years 2000 through 2004; and

11 “(iii) is not housing for which resi-
12 dents are eligible for enhanced voucher as-
13 sistance as provided, pursuant to the ‘Pre-
14 serving Existing Housing Investment’ ac-
15 count in the Departments of Veterans Af-
16 fairs and Housing and Urban Develop-
17 ment, and Independent Agencies Appro-
18 priations Act, 1997 (Public Law 104–204;
19 110 Stat. 2884) or any other subsequently
20 enacted provision of law, in lieu of any
21 benefits under section 223 of the Low-In-
22 come Housing Preservation and Resident
23 Homeownership Act of 1990 (12 U.S.C.
24 4113).

1 “(4) AUTHORIZATION OF APPROPRIATIONS.—

2 There are authorized to be appropriated for each of
3 fiscal years 2000, 2001, 2002, 2003, and 2004 such
4 sums as may be necessary for enhanced voucher as-
5 sistance under this subsection.

6 “(e) CONTRACTUAL COMMITMENTS UNDER PRESER-
7 VATION LAWS.—Except as provided in subsection (a)(2)
8 and notwithstanding any other provision of this subtitle,
9 the following shall apply:

10 “(1) PRESERVATION PROJECTS.—Upon expira-
11 tion of a contract for assistance under section 8 for
12 a project that is subject to an approved plan of ac-
13 tion under the Emergency Low Income Housing
14 Preservation Act of 1987 (12 U.S.C. 1715l note) or
15 the Low-Income Housing Preservation and Resident
16 Homeownership Act of 1990 (12 U.S.C. 4101 et
17 seq.), to the extent sufficient amounts are made
18 available in appropriation Acts, the Secretary shall
19 provide to the owner benefits comparable to those
20 provided under such plan of action, including dis-
21 tributions, rent increase procedures, and duration of
22 low-income affordability restrictions. This paragraph
23 shall apply to projects with contracts expiring be-
24 fore, on, or after the date of the enactment of this
25 section.

1 “(2) DEMONSTRATION PROJECTS.—

2 “(A) IN GENERAL.—Upon expiration of a
3 contract for assistance under section 8 for a
4 project entered into pursuant to any authority
5 specified in subparagraph (B) where a use
6 agreement has been executed and recorded, the
7 Secretary shall, at the request of the owner of
8 the project and to the extent sufficient amounts
9 are made available in appropriation Acts, pro-
10 vide benefits to the owner comparable to those
11 provided under such contract, including annual
12 distributions, rent increase procedures, and du-
13 ration of low-income affordability restrictions.
14 This paragraph shall apply to projects with con-
15 tracts expiring before, on, or after the date of
16 the enactment of this section.

17 “(B) DEMONSTRATION PROGRAMS.—The
18 authority specified in this subparagraph is the
19 authority under—

20 “(i) section 210 of the Departments
21 of Veterans Affairs and Housing and
22 Urban Development, and Independent
23 Agencies Appropriations Act, 1996 (Public
24 Law 104-134; 110 Stat. 1321–285; 42
25 U.S.C. 1437f note);

1 “(ii) section 212 of the Departments
2 of Veterans Affairs and Housing and
3 Urban Development, and Independent
4 Agencies Appropriations Act, 1997 (Public
5 Law 104–204; 110 Stat. 2897; 42 U.S.C.
6 1437f note); and

7 “(iii) either of such sections, pursuant
8 to any provision of this title.

9 “(f) PREEMPTION OF CONFLICTING STATE LAWS
10 LIMITING DISTRIBUTIONS.—No State or political subdivi-
11 sion of a State may establish, continue in effect, or enforce
12 any law or regulation that limits or restricts, to an amount
13 that is less than the amount provided for under the regula-
14 tions of the Secretary establishing allowable project dis-
15 tributions to provide a return on investment, the amount
16 of surplus funds that may be distributed from any project
17 assisted under a contract for rental assistance renewed
18 under any provision of this section to the owner of the
19 project.

20 “(g) RULE OF CONSTRUCTION.—Expiring contracts
21 for moderate rehabilitation assistance under section
22 8(e)(2) of the United States Housing Act of 1937, as in
23 effect before October 1, 1991, shall be subject to renewal
24 under the provisions of this section and such renewal con-
25 tract may not be considered, construed, or administered

1 as providing moderate rehabilitation assistance under such
2 section 8(e)(2). If the owner of a project with such an
3 expiring contract requests renewal of the contract, the
4 Secretary shall renew the expiring contract, subject to the
5 provisions of this section, within 6 months of the date of
6 such expiration, notwithstanding whether any tenant-
7 based rental assistance has been provided to tenants of
8 the project. This subsection shall apply to projects with
9 contracts expiring before, on, or after the date of the en-
10 actment of this section.

11 “(h) APPLICABILITY.—Except to the extent otherwise
12 specifically provided in this section, this section shall apply
13 with respect to any multifamily housing project having a
14 contract for project-based assistance under section 8 that
15 terminates or expires during fiscal year 2000 or there-
16 after.”.

17 (b) DEFINITION OF ELIGIBLE MULTIFAMILY HOUS-
18 ING PROJECT.—Section 512(2) of the Multifamily As-
19 sisted Housing Reform and Affordability Act of 1997 (42
20 U.S.C. 1437f note) is amended by inserting after and
21 below subparagraph (C) the following:

22 “Such term does not include any project with an ex-
23 piring contract described in paragraph (1) or (2) of
24 section 524(e).”.

1 (c) PROJECTS EXEMPTED FROM RESTRUCTURING
2 AGREEMENTS.—Section 514(h) of the Multifamily As-
3 sisted Housing Reform and Affordability Act of 1997 (42
4 U.S.C. 1437f note) is amended by inserting before the
5 semicolon at the end the following: “and the financing in-
6 volves mortgage insurance under the National Housing
7 Act, such that the implementation of a mortgage restruc-
8 turing and rental assistance sufficiency plan under this
9 subtitle is in conflict with applicable law or agreements
10 governing such financing”.

11 (d) CONFORMING AMENDMENTS.—Section 8 of the
12 United States Housing Act of 1937 (42 U.S.C. 1437f) is
13 amended—

14 (1) by designating as subsection (v) the sen-
15 tence added by section 405(c) of The Balanced
16 Budget Downpayment Act, I (Public Law 104–99;
17 110 Stat. 44); and

18 (2) by striking subsection (w).

19 (e) CERTAIN PRE-1996 EXPIRING CONTRACTS.—At
20 the request of the owner of a project assisted under the
21 new construction or substantial rehabilitation program
22 under section 8(b)(2) of the United States Housing Act
23 of 1937 (as in effect before October 1, 1983) with a con-
24 tract for rental assistance under section 8 of such Act
25 which covers a portion of the dwelling units in the project

1 and which initially expired before January 1, 1996, the
2 contract shall be amended, subject to the availability of
3 sufficient amounts being provided in appropriation Acts,
4 to cover the same number of dwelling units covered by
5 such initial contract.

6 **SEC. 403. SECTION 236 ASSISTANCE.**

7 (a) ELIGIBLE PURPOSES OF INTEREST REDUCTION
8 PAYMENT GRANTS.—Section 236(s)(3) of the National
9 Housing Act (12 U.S.C. 1715z-1(s)(3)) is amended—

10 (1) in subparagraph (B), by striking “and” at
11 the end:

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

14 (3) by adding at the end the following new sub-
15 paragraph:

16 “(D) refinancing of the mortgage on the
17 project.”

18 (b) RETENTION OF EXCESS INCOME.—Section
19 236(g) of the National Housing Act (12 U.S.C. 1715z-
20 1(g)) is amended by striking the last sentence and insert-
21 ing the following: “Notwithstanding any other require-
22 ments of this subsection, the project owner may retain
23 some or all of such excess charges for project use if au-
24 thorized by the Secretary. Such use shall be for project
25 use and upon terms and conditions established by the Sec-

1 retary, unless the Secretary permits the owner to retain
2 funds for non-project use after a determination that the
3 project is well-maintained housing in good condition and
4 that the owner has not engaged in material adverse finan-
5 cial or managerial actions or omissions as described in sec-
6 tion 516 of the Multifamily Assisted Housing Reform and
7 Affordability Act of 1997.”.

8 (c) FLEXIBILITY REGARDING OUTLAYS FOR GRANT
9 FUNDS.—Section 236(s)(6) of the National Housing Act
10 (12 U.S.C. 1715z-1(s)(6)) is amended by striking sub-
11 paragraph (C).

12 (d) FLEXIBILITY REGARDING BASIC RENTS AND
13 MARKET RENTS.—Section 236(f) of the National Housing
14 Act (12 U.S.C. 1715z-1(f)(1)) is amended by striking the
15 subsection designation and all that follows through the
16 end of paragraph (1) and inserting the following:

17 “(f)(1)(A)(i) For each dwelling unit there shall be es-
18 tablished, with the approval of the Secretary, a basic rent-
19 al charge and fair market rental charge.

20 “(ii) The basic rental charge shall be—

21 “(I) the amount needed to operate the project
22 with payments of principal and interest due under a
23 mortgage bearing interest at the rate of 1 percent
24 per annum; or

1 “(II) an amount greater than that determined
2 under clause (iii)(I), but not greater than the mar-
3 ket rent for a comparable unassisted unit, reduced
4 by the value of the interest reduction payments sub-
5 sidy.

6 “(iii) The fair market rental charge shall be—

7 “(I) the amount needed to operate the project
8 with payments of principal, interest, and mortgage
9 insurance premium which the mortgagor is obligated
10 to pay under the mortgage covering the project; or

11 “(II) an amount greater than that determined
12 under clause (iii)(I), but not greater than the mar-
13 ket rent for a comparable unassisted unit.

14 “(iv) The Secretary may approve a basic rental
15 charge and fair market rental charge for a unit that ex-
16 ceeds the minimum amounts permitted by this subpara-
17 graph for such charges only if—

18 “(I) the approved basic rental charge and fair
19 market rental charges each exceed the applicable
20 minimum charge by the same amount; and

21 “(II) the project owner agrees to restrictions on
22 project use or mortgage prepayment that are accept-
23 able to the Secretary.

24 “(v) The Secretary may approve a basic rental charge
25 and fair market rental charge under this paragraph for

1 a unit with assistance under section 8 of the United States
2 Housing Act of 1937 (42 U.S.C. 1437f) that differs from
3 the basic rental charge and fair market rental charge for
4 a unit in the same project that is similar in size and amen-
5 ities but without such assistance, as needed to ensure equi-
6 table treatment of tenants in units without such assist-
7 ance.

8 “(B)(i) The rental charge for each dwelling unit shall
9 be a the basic rental charge or such greater amount, not
10 exceeding the fair market rental charge determined pursu-
11 ant to subparagraph (A), as represents 30 percent of the
12 tenant’s adjusted income, except as otherwise provided in
13 this subparagraph.

14 “(ii) In the case of a project which contains more
15 than 5000 units, is subject to an interest reduction pay-
16 ments contract, and is financed under a State or local
17 project, the Secretary may reduce the rental charge ceil-
18 ing, but in no case shall the rental charge be below the
19 basic rental charge set forth in subparagraph (A)(ii)(I).

20 “(iii) For plans of action approved for Capital Grants
21 under the Low-Income Housing Preservation and Resi-
22 dent Homeownership Act of 1990 or the Emergency Low
23 Income Housing Preservation Act of 1987, the rental
24 charge for each dwelling unit shall be at the minimum
25 basic rental charge set forth in subparagraph (A)(ii)(I) or

1 such greater amount, not exceeding the lower of (I) the
2 fair market rental charge set forth in subparagraph
3 (A)(iii)(I), or (II) the actual rent paid for a comparable
4 unit in comparable unassisted housing in the market area
5 in which the housing assisted under this section is located,
6 as represents 30 percent of the tenant's adjusted income.

7 “(C) With respect to those projects which the Sec-
8 retary determines have separate utility metering paid by
9 the tenants for some or all dwelling units, the Secretary
10 may—

11 “(i) permit the basic rental charge and the fair
12 market rental charge to be determined on the basis
13 of operating the project without the payment of the
14 cost of utility services used by such dwelling units;
15 and

16 “(ii) permit the charging of a rental for such
17 dwelling units at such an amount less than 30 per-
18 cent of a tenant's adjusted income as the Secretary
19 determines represents a proportionate decrease for
20 the utility charges to be paid by such tenant, but in
21 no case shall rental be lower than 25 percent of a
22 tenant's adjusted income.”.

23 (c) EFFECTIVE DATE OF 1998 PROVISIONS.—Sec-
24 tion 236(g) of the National Housing Act (12 U.S.C.
25 1715z-1(g)), as amended by section 227 of the Depart-

1 ments of Veterans Affairs and Housing and Urban Devel-
2 opment, and Independent Agencies Appropriations Act,
3 1999 (Public Law 105–276; 112 Stat. 2490) shall be ef-
4 fective on the date of the enactment of such Public Law
5 105–276, and any excess rental charges referred to in
6 such section that have been collected since such date of
7 enactment with respect to projects with mortgages insured
8 under section 207 of the National Housing Act (12 U.S.C.
9 1713) may be retained by the project owner unless the
10 Secretary of Housing and Urban Development specifically
11 provides otherwise. The Secretary may return any excess
12 charges remitted to the Secretary since such date of enact-
13 ment.

14 (d) PREVIOUSLY OWED EXCESS INCOME.—Section
15 236(g) of the National Housing Act (12 U.S.C. 1715z–
16 1(g)) is amended by adding at the end the following new
17 sentence: “The Secretary shall not withhold approval of
18 the retention by the owner of such excess charges because
19 of the existence of unpaid excess charges if such unpaid
20 amount is being remitted to the Secretary over a period
21 of time in accordance with a workout agreement with the
22 Secretary.”.

23 (e) EFFECTIVE DATE.—This section shall take effect,
24 and the amendments made by this section are made and
25 shall apply, on the date of the enactment of this Act.

1 **SEC. 404. MATCHING GRANT PROGRAM FOR AFFORDABLE**
2 **HOUSING PRESERVATION.**

3 (a) AMENDMENT TO LOW-INCOME HOUSING PRES-
4 ERVATION AND RESIDENT HOMEOWNERSHIP ACT OF
5 1990.—Title II of the Housing and Community Develop-
6 ment Act of 1987 (12 U.S.C. 4101 et seq.) is amended—

7 (1) by striking subtitles C and D (as enacted by
8 Public Law 100–242; 101 Stat. 1886); and

9 (2) by adding at the end the following new sub-
10 title:

11 **“Subtitle D—Matching Grants for**
12 **States**

13 **“SEC. 261. AUTHORITY.**

14 “The Secretary of Housing and Urban Development
15 shall, to the extent amounts are made available pursuant
16 to section 269, make grants under this subtitle to States
17 and qualified units of general local government for low-
18 income housing preservation.

19 **“SEC. 262. USE OF GRANTS.**

20 “(a) IN GENERAL.—Amounts from grants under this
21 subtitle may be used only for assistance for acquisition,
22 preservation incentives, operating costs, and capital ex-
23 penditures for a housing project that—

24 “(1) is at risk of loss for use as affordable
25 housing;

1 “(2)(A) is primarily occupied by elderly or dis-
2 abled families;

3 “(B) contains one or more dwelling units with
4 3 or more bedrooms that are occupied by large fami-
5 lies;

6 “(C) is located in a rural area with an inad-
7 equate supply of comparable housing, as determined
8 by the Secretary; or

9 “(D) is located in a neighborhood or area—

10 “(i) that is geographically smaller
11 than a market area; and

12 “(ii) within which, in the determina-
13 tion of the Secretary, rental assistance
14 vouchers would be difficult to use, as dem-
15 onstrated by a low vacancy rate for afford-
16 able housing, a high turnback rate for such
17 vouchers, or a lack of comparable rental
18 housing;

19 “(3) meets the requirements under subsection
20 (b), (c), or (d); and

21 “(4) is subject to such binding commitments as
22 the Secretary shall require (which shall be applicable
23 to any subsequent owner) to ensure that all low-in-
24 come affordability restrictions for the project in con-
25 nection with Federal assistance for the project have

1 been extended and that, upon the expiration of the
2 low-income affordability restrictions applicable to the
3 project under any other provision of Federal law, the
4 owner will continue to operate the project in accord-
5 ance with such restrictions for the 5-year period be-
6 ginning upon such expiration.

7 “(b) PROJECTS WITH HUD-ASSISTED MORT-
8 GAGES.—A project meets the requirements under this sub-
9 section only if—

10 “(1) the project is financed by a loan or mort-
11 gage that is—

12 “(A) insured or held by the Secretary
13 under section 221(d)(3) of the National Hous-
14 ing Act and receiving loan management assist-
15 ance under section 8 of the United States
16 Housing Act of 1937 due to a conversion from
17 section 101 of the Housing and Urban Develop-
18 ment Act of 1965;

19 “(B) insured or held by the Secretary and
20 bears interest at a rate determined under the
21 proviso of section 221(d)(5) of the National
22 Housing Act;

23 “(C) insured, assisted, or held by the Sec-
24 retary or a State or State agency under section
25 236 of the National Housing Act;

1 “(D) held by the Secretary and formerly
2 insured under a program referred to in sub-
3 paragraph (A), (B), or (C); or

4 “(E) insured or held by the Secretary of
5 Agriculture under section 514 or 515 of the
6 Housing Act of 1949; and

7 “(2) the project is subject to an unconditional
8 waiver of, with respect to the mortgage referred to
9 in paragraph (1)—

10 “(A) all rights to any prepayment of the
11 mortgage; and

12 “(B) all rights to any voluntary termi-
13 nation of the mortgage insurance contract for
14 the mortgage.

15 “(c) PROJECTS WITH SECTION 8 PROJECT-BASED
16 ASSISTANCE.—A project meets the requirements under
17 this subsection only if—

18 “(1) the project is subject to a contract for
19 project-based assistance; and

20 “(2) the owner of the project has entered into
21 binding commitments (applicable to any subsequent
22 owner) to extend such assistance for the maximum
23 period allowable under law (subject to the availabil-
24 ity of amounts for such purpose).

1 “(d) PROJECTS PURCHASED BY RESIDENTS.—A
2 project meets the requirements under this subsection only
3 if the project—

4 “(1) is or was eligible low-income housing (as
5 such term is defined in section 229 (42 U.S.C.
6 4119)); and

7 “(2) has been purchased by a resident council
8 for the housing or is approved by the Secretary for
9 such purchase, for conversion to homeownership
10 housing under a resident homeownership program
11 meeting the requirements under section 226 (12
12 U.S.C. 4116).

13 “(e) COMBINATION OF ASSISTANCE.—Notwithstand-
14 ing subsection (a), any project that is otherwise eligible
15 for assistance with grant amounts provided under this
16 subtitle because the project meets the requirements under
17 subsection (b) or (c) and that also meets the requirements
18 under paragraph (1) of the other of such subsections, shall
19 be eligible for such assistance only if the project complies
20 with all of the requirements under such other subsection.

21 **“SEC. 263. GRANT AMOUNT LIMITATION.**

22 ““The Secretary shall limit the portion of the aggre-
23 gate amount of grants under this subtitle made available
24 for any fiscal year that may be provided to a single State
25 or qualified unit of general local government based upon

1 the proportion of such State's or unit's need (as deter-
2 mined by the Secretary) for such assistance to the aggre-
3 gate need among all States and qualified units of general
4 local government approved for such assistance for such fis-
5 cal year.

6 **“SEC. 264. MATCHING REQUIREMENT.**

7 “(a) IN GENERAL.—The Secretary may not make a
8 grant under this subtitle to any State or qualified unit
9 of general local government for any fiscal year in a total
10 amount that exceeds the sum of the following amounts:

11 “(1) 100 percent of the amount that the State
12 or qualified unit of general local government cer-
13 tifies, as the Secretary shall require, that the State
14 or qualified unit will contribute for such fiscal year,
15 or has contributed since January 1, 1999, for the
16 purposes under section 262(a).

17 “(2) 50 percent of the amount that the State
18 or qualified unit of general local government certifies
19 will be or have been so contributed from Federal
20 sources.

21 “(b) TREATMENT OF PREVIOUS CONTRIBUTIONS.—
22 Any portion of amounts contributed after January 1,
23 1999, that are counted for purposes of meeting the appli-
24 cable requirement under subsection (a) for a fiscal year

1 may not be counted for such purposes for any subsequent
2 fiscal year.

3 “(c) TREATMENT OF TAX CREDITS.—Tax credits
4 provided under section 42 of the Internal Revenue Code
5 of 1986 and proceeds from the sale of tax-exempt revenue
6 bonds, by any State, county, or local government entity,
7 which are subject to volume limitation under Federal law,
8 shall not be considered non-Federal sources for purposes
9 of this section.

10 **“SEC. 265. TREATMENT OF SUBSIDY LAYERING REQUIRE-**
11 **MENTS.**

12 “Neither section 264 nor any other provision of this
13 subtitle may be construed to prevent the use of tax credits
14 provided under section 42 of the Internal Revenue Code
15 of 1986 in connection with housing assisted with grant
16 amounts provided under this subtitle, to the extent that
17 such use is in accordance with section 102(d) of the De-
18 partment of Housing and Urban Development Reform Act
19 of 1989 (42 U.S.C. 3545(d)) and section 911 of the Hous-
20 ing and Community Development Act of 1992 (42 U.S.C.
21 3545 note).

22 **“SEC. 266. APPLICATIONS AND PRIORITY.**

23 “(a) APPLICATIONS.—The Secretary shall provide for
24 States and units of general local government (through ap-
25 propriate State and local government agencies, including

1 State and local housing finance agencies) to submit appli-
2 cations for grants under this subtitle. The Secretary shall
3 require the applications to contain any information and
4 certifications necessary for the Secretary to determine
5 whether the State or unit of general local government is
6 eligible to receive such a grant.

7 “(b) PRIORITY.—In making grants under this sub-
8 title during fiscal years 2001 and thereafter, the Secretary
9 shall give priority—

10 “(1) to eligible States, and qualified units of
11 general local government located in States, that have
12 not previously received a grant under this subtitle.

13 “(2) grants for eligible housing projects that
14 are subject to such binding commitments as the Sec-
15 retary may require to ensure that the project will be
16 sold or transferred to an owner that is a nonprofit
17 organization.

18 **“SEC. 267. DEFINITIONS.**

19 “For purposes of this subtitle, the following defini-
20 tions shall apply:

21 “(1) LOW-INCOME AFFORDABILITY RESTRIC-
22 TIONS.—The term ‘low-income affordability restric-
23 tions’ has the meaning given such term in section
24 229.

1 “(2) PROJECT-BASED ASSISTANCE.—The term
2 ‘project-based assistance’ has the meaning given
3 such term in section 16(c) of the United States
4 Housing Act of 1937 (42 U.S.C. 1437n(c)), except
5 that such term includes assistance under any succes-
6 sor programs to the programs referred to in such
7 section.

8 “(3) QUALIFIED UNIT OF GENERAL LOCAL GOV-
9 ERNMENT.—The term ‘qualified unit of general local
10 government’ means, with respect to a fiscal year, a
11 unit of general local government that is located with-
12 in a State that—

13 “(A) has not applied, and has indicated (in
14 accordance with such requirements as the Sec-
15 retary shall establish) that it will not apply, to
16 the Secretary for a grant under this subtitle for
17 the fiscal year; or

18 “(B) has been determined by the Secretary
19 not to be eligible for a grant under this subtitle
20 for the fiscal year.

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

23 “(5) STATE.—The term ‘State’ means the
24 States of the United States, the District of Colum-
25 bia, the Commonwealth of Puerto Rico, the Com-

1 monwealth of the Northern Mariana Islands, Guam,
2 the Virgin Islands, American Samoa, and any other
3 territory or possession of the United States.

4 “(6) UNIT OF GENERAL LOCAL GOVERN-
5 MENT.—The term ‘unit of general local government’
6 has the meaning given such term in section 102 of
7 the Housing and Community Development Act of
8 1974 (42 U.S.C. 5302).

9 **“SEC. 268. REGULATIONS.**

10 “The Secretary may issue any regulations necessary
11 to carry out this subtitle.

12 **“SEC. 269. AUTHORIZATION OF APPROPRIATIONS.**

13 “There are authorized to be appropriated for grants
14 under this subtitle such sums as may be necessary for each
15 of fiscal years, 2000, 2001, and 2002.”.

16 (b) RULE OF CONSTRUCTION.—The amendment
17 made by subsection (a)(1) of this section (relating to strik-
18 ing subtitles C and D of title II of the Housing and Com-
19 munity Development Act of 1987) may not be construed
20 to repeal or otherwise affect any provision of law that was
21 amended by such subtitles.

22 **SEC. 405. REHABILITATION OF ASSISTED HOUSING.**

23 (a) REHABILITATION LOANS FROM RECAPTURED
24 IRP AMOUNTS.—Section 236(s) of the National Housing
25 Act (12 U.S.C. 1715z-1) is amended—

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

3 “(s) GRANTS AND LOANS FOR REHABILITATION OF
4 MULTIFAMILY PROJECTS.—”;

5 (2) in paragraph (1), by inserting “and loans”
6 after “grants”;

7 (3) in paragraph (2)—

8 (A) in the matter preceding subparagraph
9 (A), by striking “capital grant assistance under
10 this subsection” and inserting “capital assist-
11 ance under this subsection under a grant or
12 loan only”; and

13 (B) in subparagraph (D)(i), by striking
14 “capital grant assistance” and inserting “cap-
15 ital assistance under this subsection from a
16 grant or loan (as appropriate)”;

17 (4) in paragraph (3), by striking all of the mat-
18 ter that precedes subparagraph (A) and inserting
19 the following:

20 “(3) ELIGIBLE USES.—Amounts from a grant
21 or loan under this subsection may be used only for
22 projects eligible under paragraph (2) for the pur-
23 poses of—”;

24 (5) in paragraph (4)—

1 (A) by striking the paragraph heading and
2 inserting “GRANT AND LOAN AGREEMENTS”;
3 and

4 (B) by inserting “or loan” after “grant”,
5 each place it appears;

6 (6) in paragraph (5), by inserting “or loan”
7 after “grant”, each place it appears;

8 (7) in paragraph (6), as amended by the pre-
9 ceding provisions of this Act, by adding at the end
10 the following new subparagraph:

11 “(C) LOANS.—In making loans under this
12 subsection using the amounts that the Sec-
13 retary has recaptured from contracts for inter-
14 est reduction payments pursuant to clause (i)
15 or (ii) of paragraph (7)(A)—

16 “(i) the Secretary may use such re-
17 captured amounts for costs (as such term
18 is defined in section 502 of the Congres-
19 sional Budget Act of 1974) of such loans;

20 “(ii) the Secretary may make loans in
21 any fiscal year only to the extent or in
22 such amounts that amounts are used
23 under clause (i) to cover costs of such
24 loans.

1 “(iii) the authority of the Secretary to
2 enter into commitments to make such
3 loans shall be effective for any fiscal year
4 only to the extent that (I) there is enacted
5 in advance, in an appropriations Act, a
6 maximum limitation on the aggregate prin-
7 cipal amount of such commitments for
8 such fiscal year, and (II) the aggregate
9 principal amount of such commitments en-
10 tered into by the Secretary does not exceed
11 such maximum amount.”;

12 (8) by redesignating paragraphs (5) and (6) (as
13 amended by the preceding provisions of this sub-
14 section) as paragraphs (6) and (7); and

15 (9) by inserting after paragraph (4) the follow-
16 ing new paragraph:

17 “(5) LOAN TERMS.—A loan under this
18 subsection—

19 “(A) shall provide amounts for the eligible
20 uses under paragraph (3) in a single loan dis-
21 bursement of loan principal;

22 “(B) shall be repaid, as to principal and
23 interest, on behalf of the borrower using
24 amounts recaptured from contracts for interest

1 reduction payments pursuant to clause (i) or
2 (ii) of paragraph (7)(A);

3 “(C) shall have a term to maturity of the
4 same duration as the remaining period for
5 which the interest reduction payments for the
6 insured mortgage that funds repayment of the
7 loan would have continued after extinguishment
8 or writedown of the mortgage (in accordance
9 with the terms of such mortgage in effect im-
10 mediately before such extinguishment or
11 writedown);

12 “(D) shall bear interest at a rate, as deter-
13 mined by the Secretary of the Treasury, that is
14 based upon the current market yields on out-
15 standing marketable obligations of the United
16 States having comparable maturities; and

17 “(E) shall involve a principal obligation of
18 an amount not exceeding the amount that can
19 be repaid using amounts described in subpara-
20 graph (B) over the term determined in accord-
21 ance with subparagraph (C), with interest at
22 the rate determined under subparagraph (D).”.

23 (b) ELIGIBILITY OF NONINSURED PROJECTS FOR
24 IRP CAPITAL GRANTS.—Section 236(s)(2) of the Na-
25 tional Housing Act (12 U.S.C. 1715z-1(s)(2)(A)) is

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

3 “(A) if the project is federally assisted
4 housing described in subparagraph (B), (C),
5 (D), (E), (F) or (G) of section 683(2) of the
6 Housing and Community Development Act of
7 1992 (42 U.S.C. 13641(2));”.

8 (c) IRP CAPITAL GRANTS REQUIREMENT FOR EX-
9 TENSION OF LOW-INCOME AFFORDABILITY REQUIRE-
10 MENTS.—Section 236(s) of the National Housing Act (12
11 U.S.C. 1715z-1(s)) is amended—

12 (1) in paragraph (2)—

13 (A) by redesignating subparagraphs (C)
14 and (D), as amended by the preceding provi-
15 sions of this section, as subparagraphs (D) and
16 (E), respectively; and

17 (B) by inserting after subparagraph (B)
18 the following new subparagraph:

19 “(C) the project owner enters into such
20 binding commitments as the Secretary may re-
21 quire (which shall be applicable to any subse-
22 quent owner) to ensure that the owner will con-
23 tinue to operate the project in accordance with
24 all low-income affordability restrictions for the
25 project in connection with the Federal assist-

1 ance for the project for a period having a dura-
2 tion that is not less than the period referred to
3 in paragraph (5)(C);” and
4 (2) in paragraph (4)(B), by inserting “and con-
5 sistent with paragraph (2)(C)” before the period at
6 the end.

7 **SEC. 406. TECHNICAL ASSISTANCE.**

8 Section 514(f)(3) of the Multifamily Assisted Hous-
9 ing Reform and Affordability Act of 1997 (42 U.S.C.
10 1437f note) is amended by inserting after “new owners)”
11 the following: “, for technical assistance for preservation
12 of low-income housing for which project-based rental as-
13 sistance is provided at below market rent levels and may
14 not be renewed (including transfer of developments to ten-
15 ant groups, nonprofit organizations, and public entities),”.

16 **SEC. 407. TERMINATION OF SECTION 8 CONTRACT AND DU-**
17 **RATION OF RENEWAL CONTRACT.**

18 Section 8(c)(8) of the United States Housing Act of
19 1937 (42 U.S.C. 1437f(c)(8)) is amended—

20 (1) in subparagraph (A)—

21 (A) by striking “terminating” and insert-
22 ing “termination of”; and

23 (B) by striking the third comma of the
24 first sentence and all that follows through the
25 end of the subparagraph and inserting the fol-

1 lowing: “. The notice shall also include a state-
2 ment that, if the Congress makes funds avail-
3 able, the owner and the Secretary may agree to
4 a renewal of the contract, thus avoiding termi-
5 nation, and that in the event of termination the
6 Department of Housing and Urban Develop-
7 ment will provide tenant-based rental assistance
8 to all eligible residents, enabling them to choose
9 the place they wish to rent, which is likely to
10 include the dwelling unit in which they cur-
11 rently reside. Any contract covered by this
12 paragraph that is renewed may be renewed for
13 a period of up to one year or any number or
14 years, with payments subject to the availability
15 of appropriations for any year.”;

16 (2) by striking subparagraph (B);

17 (3) in subparagraph (C)—

18 (A) by striking the first sentence;

19 (B) by striking “in the immediately pre-
20 ceding sentence”;

21 (C) by striking “180-day” each place it ap-
22 pears;

23 (D) by striking “such period” and insert-
24 ing “one year”; and

1 (E) by striking “180 days” and inserting
2 “one year”; and
3 (4) by redesignating subparagraphs (C), (D),
4 and (E), as amended by the preceding provisions of
5 this subsection, as subparagraphs (B), (C), and (D),
6 respectively.

7 **SEC. 408. ENHANCED VOUCHER ELIGIBILITY AND BENE-**
8 **FITS.**

9 (a) **ELIGIBILITY OF RESIDENTS OF FLEXIBLE SUB-**
10 **SIDY PROJECTS.**—Section 201 of the Housing and Com-
11 munity Development Amendments of 1978 (12 U.S.C.
12 1715z-1a) is amended by adding at the end the following
13 new subsection:

14 “(p) **ENHANCED VOUCHER ELIGIBILITY.**—Notwith-
15 standing any other provision of law, any project that re-
16 ceives or has received assistance under this section and
17 which is the subject of a transaction under which the
18 project is preserved as affordable housing, as determined
19 by the Secretary, shall be considered eligible low-income
20 housing under section 229 of the Low-Income Housing
21 Preservation and Resident Homeownership Act of 1990
22 (12 U.S.C. 4119) for purposes of eligibility of residents
23 of such project for enhanced voucher assistance provided
24 in accordance with the ‘Preserving Existing Housing In-
25 vestment’ account in the Departments of Veterans Affairs

1 and Housing and Urban Development, and Independent
2 Agencies Appropriations Act, 1997 (Public Law 104–204;
3 110 Stat. 2884) and pursuant to such provision or any
4 other subsequently enacted provision of law.”.

5 (b) EFFECT OF RENTAL INCREASES ON OTHER EN-
6 HANCED VOUCHERS.—To the extent that amounts are
7 provided in advance in appropriations Acts for enhanced
8 vouchers (including amendments and renewals) pursuant
9 to the authority under the heading “Preserving Existing
10 Housing Investment” in the Departments of Veterans Af-
11 fairs and Housing and Urban Development, and Inde-
12 pendent Agencies Appropriations Act, 1997 (Public Law
13 104–204; 110 Stat. 2884), each family receiving such en-
14 hanced voucher assistance after the date of prepayment
15 or voluntary termination which continues to reside in the
16 housing occupied on the date of prepayment or voluntary
17 termination and the rent of which, absent enhanced vouch-
18 er assistance, would exceed the greater of 30 percent of
19 adjusted income or the rent paid by the family on such
20 date, may continue to receive such enhanced voucher as-
21 sistance indefinitely, subject to other requirements of that
22 authority, as amended: *Provided*, That rent resulting from
23 rent increases occurring later than 1 year after the date
24 of prepayment or voluntary termination may be used to
25 increase the applicable payment standard: *Provided fur-*

1 *ther*, That the rent for the dwelling unit is reasonable in
2 comparison to the rent charged for comparable dwelling
3 units in the private, unassisted local market.

4 **SEC. 409. ENHANCED DISPOSITION AUTHORITY.**

5 Section 204 of the Departments of Veterans Affairs
6 and Housing and Urban Development, and Independent
7 Agencies Appropriations Act, 1997 (12 U.S.C. 1715z–
8 11a) is amended—

9 (1) by striking “and 1999” and inserting
10 “1999, and 2000”; and

11 (2) by striking “or demolition” and inserting “,
12 demolition, or construction on the properties (which
13 shall be eligible whether vacant or occupied)”.

14 **TITLE V—MORTGAGE INSUR-**
15 **ANCE FOR HEALTH CARE FA-**
16 **CILITIES AND HOME EQUITY**
17 **CONVERSION MORTGAGES**

18 **SEC. 501. PURCHASE AND REHABILITATION OF EXISTING**
19 **HOSPITALS, NURSING HOMES, AND OTHER**
20 **FACILITIES.**

21 Section 223(f) of the National Housing Act (12
22 U.S.C. 1715n(f)) is amended—

23 (1) in paragraph (1)—

24 (A) by striking “refinancing of existing
25 debt” and inserting “purchase or refinancing”

1 (B) by inserting “existing health care facil-
2 ity,” after “existing board and care home,”;

3 (2) in paragraph (4)—

4 (A) by inserting “existing health care facil-
5 ity,” after “board and care home,” each place
6 it appears;

7 (B) in subparagraph (A), by inserting be-
8 fore the semicolon at the end the following: “,
9 which refinancing, in the case of a loan on a
10 hospital, home, or facility that is within 5 years
11 of maturity, shall include a mortgage made to
12 prepay such loan;” .

13 (C) in subparagraph (B), by inserting after
14 “indebtedness” the following: “, pay the costs
15 of any repairs, maintenance, improvements, or
16 additional equipment which may be approved by
17 the Secretary;” and

18 (D) in subparagraph (D)—

19 (i) by inserting “existing” before “in-
20 termediate care facility”; and

21 (ii) by inserting “existing” before
22 “board and care home”; and

23 (3) by adding at the end the following new
24 paragraph:

1 “(6) In the case of the purchase of an existing
2 hospital (or existing nursing home, existing assisted
3 living facility, existing intermediate care facility, ex-
4 isting board and care home, existing health care fa-
5 cility, or any combination thereof) the Secretary
6 shall prescribe such terms and conditions as the Sec-
7 retary deems necessary to ensure that—

8 “(A) the proceeds of the mortgage loan in-
9 sured under this section will be used only for
10 the purchase of the existing hospital (or exist-
11 ing nursing home, existing assisted living facil-
12 ity, existing intermediate care facility, existing
13 board and care home, existing health care facil-
14 ity, or any combination thereof), including the
15 retirement of existing debt (if any), necessary
16 costs associated with the purchase and the in-
17 sured mortgage financing, and such other costs
18 (including costs of repairs, maintenance, im-
19 provements and additional equipment) as may
20 be approved by the Secretary;

21 “(B) such existing hospital (or existing
22 nursing home existing assisted living facility,
23 existing intermediate care facility, existing
24 board and care home, existing health care facil-

1 ity, or any combination thereof) is economically
2 viable; and

3 “(C) the applicable requirements for cer-
4 tificates, studies, and statements of section 232
5 (for the existing nursing home, existing assisted
6 living facility, intermediate care facility, board
7 and care home, existing health care facility, or
8 any combination thereof, proposed to be pur-
9 chased) or of section 242 (for the existing hos-
10 pital proposed to be purchased) have been
11 met.”.

12 **SEC. 502. NEW HEALTH CARE FACILITIES.**

13 Section 232 of the National Housing Act (12 U.S.C.
14 1715w) is amended—

15 (1) in subsection (a), by adding at the end the
16 following new paragraph:

17 “(4) The development of health care facilities
18 for the care and treatment of the elderly and other
19 persons in need of health care and related services,
20 but who are not acutely ill and do not require hos-
21 pital care, and the support of health care facilities
22 which provide such health care and related services
23 (including those which support hospitals, as defined
24 in section 242(b)).”;

25 (2) in subsection (b)—

1 (A) in paragraph (4), by inserting after
2 the first period the following new sentence:
3 “Such term includes a parity first mortgage or
4 parity first deed of trust, subject to such terms
5 and conditions as the Secretary may provide.”;

6 (B) in paragraph (6)—

7 (i) by striking subparagraph (A) and
8 inserting the following new subparagraph:

9 “(A) meets all licensing and regulatory re-
10 quirements of the State, or if there is no State
11 law providing for such licensing and regulation
12 by the State, meets all licensing and regulatory
13 requirements of the municipality or other politi-
14 cal subdivision in which the facility is located,
15 or, in the absence of any such requirements,
16 meets any requirements of the Secretary for
17 such purposes;”; and

18 (ii) in subparagraph (C), by striking
19 “and” at the end;

20 (C) in paragraph (7), by striking the pe-
21 riod at the end and inserting “; and”; and

22 (D) by adding at the end the following new
23 paragraph:

24 “(8) the term ‘health care facility’ means a
25 facility—

1 “(A) providing integrated health care deliv-
2 ery services designed and operated to provide
3 medical, convalescent, skilled and intermediate
4 nursing, board and care services, assisted living,
5 rehabilitation, custodial, personal care services,
6 or any combination thereof;

7 “(B) designed, in whole or in part, to pro-
8 vide a continuum of care, as determined by the
9 Secretary;

10 “(C) providing clinical services, out patient
11 services, including community health services
12 and medical practice facilities and group prac-
13 tice facilities to persons not in need of the serv-
14 ices rendered in other facilities insurable under
15 this title; or

16 “(D)(i) designed, in whole or in part—

17 “(I) to provide health care services
18 which are not acute care in nature to per-
19 sons (including the elderly and infirm); or

20 “(II) to provide supportive or ancil-
21 lary services to hospitals (as defined in sec-
22 tion 242(b)), which services may include
23 services provided by special use health care
24 facilities, professional office buildings, lab-
25 oratories, administrative offices, and other

1 facilities supportive or ancillary to health
2 care delivery; and

3 “(ii) that meet standards acceptable to the
4 Secretary, which may include standards govern-
5 ing licensure or State or local approval and reg-
6 ulation of a mortgagor; or

7 “(E) that provides any combination of the
8 services under subparagraphs (a) through
9 (D).”;

10 (3) in subsection (d)—

11 (A) in the matter preceding paragraph
12 (1)—

13 (i) by inserting “board and care
14 home,” after “rehabilitated nursing
15 home,”;

16 (ii) by inserting “health care facility,”
17 after “assisted living facility,” the first 2
18 places it appears;

19 (iii) by inserting “board and care
20 home,” after “existing nursing home,”;
21 and

22 (iv) by striking “or a board and care
23 home” and inserting “, board and care
24 home or health care facility”;

1 (B) in paragraph (2), in the matter pre-
2 ceding subparagraph (A), by inserting after
3 “including” the following: “or a public body,
4 public agency, or public corporation eligible
5 under this section”;

6 (C) in paragraph (4)(A)—

7 (i) in the first sentence—

8 (I) by inserting “, and health
9 care facilities which include such
10 nursing home and intermediate care
11 facilities,” before “, the Secretary”;

12 (II) by inserting “or the portion
13 of a health care facility providing such
14 services” before “covered by the mort-
15 gage,”; and

16 (III) by inserting “or for such
17 nursing or intermediate care services
18 within a health care facility” before “,
19 and (ii)”;

20 (ii) in the second sentence, by insert-
21 ing “(which may be within a health care
22 facility)” after “home and facility”; and

23 (iii) in the third sentence—

24 (I) by striking “mortgage under
25 this section” and all that follows

1 through “feasibility” and inserting the
2 following: “such mortgage under this
3 section unless (i) the proposed mort-
4 gator or applicant for the mortgage
5 insurance for the home or facility or
6 combined home or facility, or the
7 health care facility containing such
8 services, has commissioned and paid
9 for the preparation of an independent
10 study of market need for the project”;
11 (II) in clause (i)(II), by striking
12 “and its relationship to, other health
13 care facilities and” and inserting “or
14 such facilities within a health care fa-
15 cility, and its relationship to, other fa-
16 cilities providing health care”;
17 (III) in clause (i)(IV), by striking
18 “in the event the State does not pre-
19 pare the study,”; and
20 (IV) in clause (i)(IV), by striking
21 “the State or”;
22 (iv) by striking the penultimate sen-
23 tence and inserting the following new sen-
24 tences: “A study commissioned or under-
25 taken by the State in which the facility will

1 be located shall be considered to satisfy
2 such market study requirement. The pro-
3 posed mortgagor or applicant may reim-
4 burse the State for the cost of an inde-
5 pendent study referred to in the preceding
6 sentence.”; and

7 (v) in the last sentence—

8 (I) by inserting “the proposed
9 mortgagor or applicant for mortgage
10 insurance may obtain from” after “10
11 individuals,”;

12 (II) by striking “may” and in-
13 serting “and”; and

14 (III) by inserting a comma before
15 “written support”; and

16 (D) in paragraph (4)(C)(iii), by striking
17 “the appropriate State” and inserting “any ap-
18 propriate”; and

19 (4) in subsection (i)(1) by inserting “health
20 care facilities,” after “assisted living facilities,”.

21 **SEC. 503. HOSPITALS AND HOSPITAL-BASED HEALTH CARE**
22 **FACILITIES.**

23 Section 242 of the National Housing Act (12 U.S.C.
24 1715z-7) is amended—

25 (1) in subsection (b)—

- 1 (A) in paragraph (1)—
- 2 (i) in subparagraph (A), by inserting
- 3 “and” after the semicolon at the end;
- 4 (ii) by striking subparagraph (B);
- 5 (iii) in subparagraph (C), by striking
- 6 the period at the end and inserting “;
- 7 and”; and
- 8 (iv) by redesignating subparagraph
- 9 (C) as subparagraph (B);
- 10 (B) in paragraph (2), by striking “respect-
- 11 fully” and all that follows and inserting “given
- 12 such terms in section 207(a), except that the
- 13 term ‘mortgage’ shall include a parity first
- 14 mortgage or parity first deed of trust, subject
- 15 to such terms and conditions as the Secretary
- 16 may provide.’; and
- 17 (C) by adding at the end the following new
- 18 paragraph:
- 19 “(3) the term ‘health care facility’ has the
- 20 meaning given such term in section 232(b).”;
- 21 (2) in subsection (d)—
- 22 (A) in the matter preceding paragraph (1),
- 23 by inserting after “operation,” the following:
- 24 “or which covers a health care facility owned or
- 25 to be owned by an applicant or proposed mort-

1 gagor which also owns a hospital, including
2 equipment to be used in its operation,”;

3 (B) in paragraph (1)—

4 (i) in the first sentence, by inserting
5 before the period at the end the following:
6 “and who, in the case of a mortgage cover-
7 ing a health care facility, is also the owner
8 of a hospital facility”; and

9 (ii) by adding at the end the following
10 new sentence: “A mortgage covering a
11 health care facility may only cover the
12 property on which the eligible facility will
13 be located.”;

14 (C) in paragraph (2)(A) by inserting “or
15 health care facility” before the comma; and

16 (D) in paragraph (4)—

17 (i) in the first sentence, by inserting
18 “for a hospital” after “any mortgage”;

19 (ii) by striking the third sentence and
20 inserting the following: “If no such State
21 agency exists, or if the State agency exists
22 but is not empowered to provide a certifi-
23 cation that there is a need for the hospital
24 as set forth in clause (A) of the first sen-
25 tence, the Secretary shall not insure any

1 such mortgage under this section unless
2 (A) the proposed mortgagor or applicant
3 for the hospital has commissioned and paid
4 for the preparation of an independent
5 study of market need for the proposed
6 project that (i) is prepared in accordance
7 with the principles established by the Sec-
8 retary, in consultation with the Secretary
9 of Health and Human Services (to the ex-
10 tent the Secretary of Housing and Urban
11 Development considers appropriate); (ii)
12 assesses, on a marketwide basis, the im-
13 pact of the proposed hospital on, and its
14 relationship to, other facilities providing
15 health care services, the percentage of ex-
16 cess beds, demographic projections, alter-
17 native health care delivery systems, and
18 the reimbursement structure of the hos-
19 pital; (iii) is addressed to and is acceptable
20 to the Secretary in form and substance;
21 and (iv) is prepared by a financial consult-
22 ant selected by the proposed mortgagor or
23 applicant and approved by the Secretary;
24 and (B) the State complies with the other
25 provisions of this paragraph that would

1 otherwise be required to be met by a State
2 agency designated in accordance with sec-
3 tion 604(a)(1) or section 1521 of the Pub-
4 lic Health Service Act. A study commis-
5 sioned or undertaken by the State in which
6 the hospital will be located shall be consid-
7 ered to satisfy such market study require-
8 ment.”; and

9 (iii) in the last sentence, by striking
10 “feasibility”; and

11 (3) in subsection (f), by inserting “and public
12 health care facilities” after “public hospitals”.

13 **SEC. 504. HOME EQUITY CONVERSION MORTGAGES.**

14 (a) INSURANCE FOR MORTGAGES TO REFINANCE EX-
15 ISTING HECMs.—

16 (1) IN GENERAL.—Section 255 of the National
17 Housing Act (12 U.S.C. 1715z-20) is amended—

18 (A) by redesignating subsection (k) as sub-
19 section (l); and

20 (B) by inserting after subsection (j) the
21 following new subsection:

22 “(k) INSURANCE AUTHORITY FOR REFINANCINGS.—

23 “(1) IN GENERAL.—The Secretary may, upon
24 application by a mortgagee, insure under this sub-
25 section any mortgage given to refinance an existing

1 home equity conversion mortgage insured under this
2 section.

3 “(2) APPLICABILITY OF REQUIREMENTS.—The
4 provisions of this section shall apply to the insurance
5 of mortgages under this subsection, except that the
6 mortgagor may elect not to be subject to the require-
7 ments under subsection (d)(2)(B) (relating to third
8 party counseling), but only if (A) the additional net
9 benefits to the mortgagor resulting from the mort-
10 gage insured under this subsection exceed the total
11 costs of the mortgage, and (B) the mortgage insured
12 under this subsection is executed not more than 5
13 years after the execution of the existing home equity
14 conversion mortgage that is refinanced through the
15 mortgage insured under this subsection.

16 “(3) CREDIT FOR PREMIUMS PAID.—Notwith-
17 standing section 203(c)(2)(A), the Secretary shall,
18 by regulation and on an actuarially sound basis, es-
19 tablish standards for mortgage insurance premiums
20 for mortgages insured under this subsection that
21 provide credit for premiums paid by the mortgagor
22 with respect to the home equity conversion mortgage
23 that is refinanced and insured under this subsection.

24 “(4) DISCLOSURE FORM.—The Secretary shall
25 establish a disclosure form for use in connection

1 with mortgages insured under this subsection. A
2 mortgage insured under this subsection shall not be
3 considered to comply with the requirements of sub-
4 section (d)(2)(C) unless such form is used. The form
5 shall meet the requirements of subsection (d)(2)(C)
6 and, in addition, shall fully disclose the total costs
7 of the mortgage and net principal limit under the
8 home equity mortgage that is being refinanced and
9 under the refinancing mortgage to be insured under
10 this subsection in a manner designed to clearly show
11 the mortgagor the potential costs and benefits in-
12 volved in the refinancing.”.

13 (2) REGULATIONS.—The Secretary shall issue
14 any final regulations necessary to implement the
15 amendments made by subsection (a), which shall
16 take effect not later than the expiration of the 120-
17 day period beginning on the date of the enactment
18 of this Act. The regulations shall be issued after no-
19 tice and opportunity for public comment in accord-
20 ance with the procedure under section 553 of title
21 5, United States Code, applicable to substantive
22 rules (notwithstanding subsections (a)(2), (b)(B),
23 and (d)(3) of such section).

24 (b) STUDY OF SINGLE NATIONAL MORTGAGE
25 LIMIT.—The Secretary of Housing and Urban Develop-

1 ment shall conduct an actuarially based study of the ef-
2 fects of establishing, for mortgages insured under section
3 255 of the National Housing Act (12 U.S.C. 1715z-20),
4 a single maximum mortgage amount limitation in lieu of
5 applicability of section 203(b)(2) of such Act (12 U.S.C.
6 1709(b)(2)). The study shall—

7 (1) examine the effects of establishing such lim-
8 itation at different dollar amounts;

9 (2) examine the effects of such various limita-
10 tions on—

11 (A) the risks to the General Insurance
12 Fund established under section 519 of such
13 Act; and

14 (B) the mortgage insurance premiums that
15 would be required to be charged to mortgagors
16 to ensure actuarial soundness of such Fund;
17 and

18 (C) take into consideration the various ap-
19 proaches to providing credit to borrowers who
20 refinance home equity conversion mortgages in-
21 sured under section 255 of such Act.

22 Not later than 120 days after the date of the enactment
23 of this Act, the Secretary shall complete the study under
24 this subsection and submit a report describing the study
25 and the results of the study to the Committee on Banking

1 and Financial Services of the House of Representatives
2 and to the Committee on Banking, Housing, and Urban
3 Affairs of the Senate.

Amend the title so as to read: "A bill to provide for the preservation of assisted housing for low-income elderly persons, disabled persons, and other families."