

HOMELESS HOUSING PROGRAMS CONSOLIDATION AND
FLEXIBILITY ACT

DECEMBER 19, 1997.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. LEACH, from the Committee on Banking and Financial
Services, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 217]

The Committee on Banking and Financial Services, to whom was referred the bill (H.R. 217) to amend title IV of the Stewart B. McKinney Homeless Assistance Act to consolidate the Federal programs for housing assistance for the homeless into a block grant program that ensures that States and communities are provided sufficient flexibility to use assistance amounts effectively, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Homeless Housing Programs Consolidation and Flexibility Act”.

SEC. 2. FINDINGS; PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) the United States faces a crisis of individuals and families who lack basic affordable housing and appropriate shelter;

(2) assistance from the Federal Government is an important factor in the success of efforts by State and local governments and the private sector to address the problem of hopelessness in a comprehensive manner;

(3) there are a multitude of Federal Government programs to assist the homeless, including programs for elderly persons, with disabilities, Native Americans, and veterans;

(4) many of the Federal programs for the homeless have overlapping objectives, resulting in multiple sources of Federal funding for the same or similar purposes;

(5) while the results of Federal programs to assist the homeless generally have been positive, it is clear that there is a need for consolidation and simplification of such programs to better support local efforts;

(6) increasing resources available to reduce hopelessness are utilized in the development of services rather than the creation of housing;

(7) housing programs must be evaluated on the basis of their effectiveness in reducing hopelessness, transitioning individuals to permanent housing and self-sufficiency, and creating an adequate plan to discharge homeless persons to and from mainstream service systems;

(8) effective hopelessness treatment should provide a comprehensive housing system (including transitional and permanent housing) and, while not all homeless individuals and families attain self-sufficiency and independence by utilizing transitional housing and then permanent housing, in many cases such individuals and families are best able to reenter society directly through permanent, supportive housing;

(9) supportive housing activities support homeless persons in an environment that can meet their short-term or long-term needs and prepare them to reenter society as appropriate;

(10) hopelessness should be treated as part of a symptom of many neighborhood and community problems, whose remedies require a holistic approach integrating all available resources;

(11) there are many private sector entities, particularly nonprofit organizations, that have successfully operated homeless programs;

(12) government restrictions and regulations may discourage and impede innovative approaches to hopelessness, such as coordination of the various types of assistance that are required by homeless persons; and

(13) the Federal Government has a responsibility to establish partnerships with State and local governments and the private sector to address comprehensively the problems of hopelessness.

(b) PURPOSE.—It is the purpose of this Act—

(1) to consolidate the existing housing programs for homeless persons under title IV of the Stewart B. McKinney Homeless Assistance Act into a single block grant program for housing assistance for the homeless;

(2) to allow flexibility and creativity in rethinking solutions to hopelessness, including alternative housing strategies and an improved service sector;

(3) to provide Federal assistance to reduce hopelessness on a basis that requires recipients of such assistance to supplement the federally provided amounts and thereby guarantee the provision of a certain level of housing and complementary services necessary to meet the needs of the homeless population; and

(4) to ensure that multiple Federal agencies are involved in the provision of housing, human services, employment, and education assistance both through the funding provided for implementation of the Stewart B. McKinney Homeless Assistance Act and mainstream funding and to encourage entrepreneurial approaches in the provision of housing for homeless people.

SEC. 3. GENERAL PROVISIONS.

Title I of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.) is amended—

(1) by striking section 102;

(2) in section 103—

(A) in subsection (a), by striking “the term ‘homeless’ or ‘homeless individual or homeless person’ includes” and inserting “the terms ‘homeless’, ‘individual’, and ‘homeless person’ include”; and

(B) in subsection (c), by striking “the term ‘homeless’ or ‘homeless individual’ does not include” and inserting “the terms ‘homeless’, ‘individual’, and ‘homeless person’ do not include”; and

(3) by redesignating sections 103, 104, and 105 as sections 102, 103, and 104, respectively.

SEC. 4. FEDERAL EMERGENCY MANAGEMENT AGENCY FOOD AND SHELTER PROGRAM.

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

“SEC. 322. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 1998, 1999, 2000, 2001, and 2002.”.

SEC. 5. PERMANENT HOUSING DEVELOPMENT AND FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE PROGRAM.

(a) IN GENERAL.—Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11361 et seq.) is amended to read as follows:

“TITLE IV—PERMANENT HOUSING DEVELOPMENT AND FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE PROGRAM

“Subtitle A—General Provisions

“SEC. 401. PURPOSE; PERFORMANCE MEASURES.

“(a) PURPOSE.—The purpose of the program under this title is to provide assistance for permanent housing development for homeless persons and promote the development of a comprehensive housing system that transitions homeless persons to live as independently as possible, including assistance in the form of permanent housing development, supportive housing, emergency shelters, supportive services, and activities to prevent hopelessness.

“(b) PERFORMANCE MEASURES.—Consistent with the purposes and requirements of the Government Performance and Results Act of 1993, the programs under this title and the implementation of such programs by the Department of Housing and Urban Development shall comply with the following performance goals:

“(1) The Federal Government shall ensure an effective grant allocation process and sound financial management of the process. Such grant allocation process shall be implemented to ensure that—

“(A) local governments shall work with the appropriate Local Board to create innovative plans sufficient to address the needs of homeless people in their community; and

“(B) all eligible communities receive funds to address the needs of homeless people in such communities through local governments or private non-profit organizations.

“(2) The financial resources provided under this title shall be used effectively to create more low-cost permanent housing and to transition homeless people to self-sufficiency and permanent housing.

“(3) The Federal Government shall use the Interagency Council on the Homeless as a vehicle to coordinate services, programs, and funds to promote the transition of homeless people to self-sufficiency in permanent housing.

“SEC. 402. GRANT AUTHORITY.

“(a) IN GENERAL.—The Secretary may make grants as provided under this title to eligible grantees for States, metropolitan cities and urban counties, consortia, and insular areas for carrying out eligible activities under subtitles B and C.

“(b) GRANT AMOUNTS.—Except as otherwise provided under this title, amounts for a fiscal year allocated under section 406 shall be used as follows:

“(1) INSULAR AREAS.—Any amounts for the fiscal year allocated under section 406(a) for an insular area shall be used for a grant to the eligible grantee for the insular area for such fiscal year.

“(2) PERMANENT HOUSING DEVELOPMENT.—Any amounts allocated under section 406(b) for use under subtitle B shall be used for grants under section 406(b)(2) to States, metropolitan cities, urban counties, and consortia for such fiscal year.

“(3) FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE.—Any amounts allocated under section 406(c) for a State, metropolitan city or urban county, or consortium shall be used for a grant under section 406(c) to the eligible grantee for the State, metropolitan city or urban county, or consortium respectively, for the fiscal year.

“(c) USE FOR ELIGIBLE ACTIVITIES.—Grant amounts provided under this title and any supplemental funds provided under section 407 may be used only as follows:

“(1) INSULAR AREA GRANTS.—In the case of a grant under subsection (b)(1) for an insular area, for eligible activities under subtitle C benefiting the insular area.

“(2) PERMANENT HOUSING DEVELOPMENT GRANTS.—In the case of a grant under subsection (b)(2) to a State, metropolitan city or urban county, or consortium, for eligible activities under subtitle B within the State, metropolitan city or urban county, or consortium, respectively.

“(3) FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE.—In the case of a grant under subsection (b)(3) for a State, metropolitan city or urban county, or consortium, for eligible activities under subtitle C benefiting the State, city or county, or consortium and carried out only within non entitlement areas of the State, within the city or county, or consortium, as applicable.

“SEC. 403. ELIGIBLE GRANTEES.

“For purposes of this title, the term ‘eligible grantee’ has the following meaning:

“(1) GRANTS FOR INSULAR AREAS.—In the case of a grant from amounts allocated under section 406(a) for an insular area, such term means—

“(A) the insular area, or an agency, office, or other entity of the area; or

“(B) to the extent that an entity that is a private nonprofit organization is authorized by the government of the insular area to act as the grantee for the area for purposes of this title, such private nonprofit entity.

“(2) GRANTS FOR PERMANENT HOUSING DEVELOPMENT AND FLEXIBLE ASSISTANCE.—In the case of a grant from amounts allocated under section 406(b) or section 406(c) for a State, or for a metropolitan city or urban county, such term means—

“(A) the State, or the metropolitan city or urban county, respectively, or an agency, office, or other entity of the State, or the city or county, respectively;

“(B) a consortium of units of general local governments which shall be deemed to be a metropolitan city, but only if the Secretary determines that the consortium—

“(i) is comprised of units of general local government which are geographically contiguous (which may include all units of general local government within a State);

“(ii) has sufficient authority and administrative capability to carry out the purposes of this title on behalf of its member jurisdictions; and

“(iii) will, according to a written certification by the State (or States, if the consortium includes jurisdictions in more than one State) in which its member jurisdictions are located, direct its activities to alleviation of hopelessness problems within the State (or States); and

“(C) to the extent that a private nonprofit organization is authorized by the government of the State or the city or county under subparagraph (B) to act as the grantee for the State, or the city or county, respectively, for purposes of this title, such private nonprofit organization.

“SEC. 404. USE OF PROJECT SPONSORS.

“(a) TRANSFER OF GRANT AMOUNTS BY GRANTEES.—Eligible activities assisted with grant amounts provided under this title may be carried out directly by the grantee or by other entities serving as project sponsors, which are provided such grant amounts by the grantee or a subgrantee of the grantee.

“(b) COMPETITIVE SELECTION CRITERIA.—To the extent that a grantee does not use grant amounts for eligible activities carried out directly by the grantee, the grantee shall select eligible activities for assistance and project sponsors to carry out such eligible activities pursuant to a competition based on criteria established by the Secretary, which shall include—

“(1) whether the project sponsor that will carry out the activity is financially responsible;

“(2) the ability of the project sponsor to carry out the eligible activity and the project sponsor’s experience in successfully transitioning homeless persons into stable, long-term housing;

“(3) the need for the type of eligible activity in the area to be served;

“(4) the extent to which the amount of assistance to be provided with grant amounts will be supplemented with resources from other public and private sources;

“(5) the cost-effectiveness of the proposed eligible activity, considered in relation to the ultimate goal of moving people out of hopelessness permanently, including consideration of high-cost area services, and other necessary amenities;

“(6) the extent to which the project sponsor carrying out the eligible activity will coordinate with Federal, State, local, and private entities serving homeless persons in the development of a comprehensive housing system and in the planning and operation of the activity, to the extent practicable, and pursuant to

section 408(m)(3) will carry out the activity in coordination and conjunction with federally funded activities for the homeless;

“(7) the extent to which the project sponsor employs homeless persons or involves homeless persons or formerly homeless persons in the operation and design of its programs; and

“(8) such other factors as the Secretary determines to be appropriate to carry out this title in an effective and efficient manner.

“SEC. 405. COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY COMPLIANCE.

“A grant under this title may be provided to an eligible grantee only if—

“(1) the applicable jurisdiction for which the grant amounts are allocated under section 406 has submitted to the Secretary a comprehensive housing affordability strategy in accordance with section 105 of the Cranston-Gonzalez National Affordable Housing Act and any other requirement established by the Secretary and which is in effect for the fiscal year for which such grant amounts are to be provided; and

“(2) the public official of such applicable jurisdiction who is responsible for submitting the comprehensive housing affordability strategy certifies to the Secretary that the eligible activities to be assisted with such grant amounts are or will be consistent with the comprehensive housing affordability strategy for the jurisdiction and the plans in such strategy for addressing housing needs for homeless families.

“SEC. 406. ALLOCATION AND AVAILABILITY OF AMOUNTS.

“(a) ALLOCATION FOR INSULAR AREAS.—Of the amount made available for grants under this title for a fiscal year, the Secretary shall reserve for grants for each of the insular areas amounts in accordance with an allocation formula established by the Secretary.

“(b) ALLOCATION FOR PERMANENT HOUSING DEVELOPMENT GRANTS UNDER SUBTITLE B.—

“(1) ANNUAL PORTION OF APPROPRIATED AMOUNT AVAILABLE.—Of the amount made available for grants under this title for a fiscal year that remains after amounts are reserved under subsection (a), the Secretary shall allocate for use under subtitle B, 30 percent of such funds (except that for fiscal years 1998 and 1999, the Secretary shall allocate 25 percent of such funds for use under such subtitle).

“(2) GRANTS.—Using the amounts allocated for use under subtitle B for a fiscal year, the Secretary shall make grants to States, metropolitan cities and urban counties, and consortia pursuant to a national competition based on the criteria specified in section 404(b) and in accordance with such other factors as the Secretary determines to be appropriate to carry out this title in an effective and efficient manner.

“(3) LIMITATION.—In making grants using amounts allocated for use under subtitle B for any fiscal year, the Secretary shall ensure that not more than 35 percent of the total amount allocated for such use for such fiscal year is used for activities under section 441 of the Stewart B. McKinney Homeless Assistance Act, as in effect on October 31, 1997.

“(c) ALLOCATION FOR FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE UNDER SUBTITLE C.—

“(1) ANNUAL PORTION OF APPROPRIATED AMOUNT AVAILABLE FOR SUBTITLE C ACTIVITIES.—Of the amount made available for grants under this title for a fiscal year that remains after amounts are reserved under subsection (a), the Secretary shall allocate for use under subtitle C 70 percent of such funds (except that for fiscal years 1998 and 1999, the Secretary shall allocate 75 percent of such funds for use under such subtitle).

“(2) ALLOCATION OF AMOUNT AVAILABLE BETWEEN METROPOLITAN CITIES AND URBAN COUNTIES AND STATES.—Of the amount allocated pursuant to paragraph (1) for use under subtitle C for a fiscal year, 70 percent shall be allocated for metropolitan cities and urban counties and 30 percent shall be allocated for States.

“(3) INTERIM DETERMINATION OF ALLOCATED AMOUNT.—Except as provided in subparagraph (A) the Secretary shall allocate amounts available for use under subtitle C for a fiscal year so that—

“(A) for each metropolitan city and urban county, the percentage of the total amount allocated under this subsection for cities and counties that is allocated for such city or county is equal to the percentage of the total amount available for the preceding fiscal year under section 106(b) of the Housing and Community Development Act of 1974 for grants to metropolitan cities and urban counties that was allocated for such city or county; and

“(B) for each State, the percentage of the total amount allocated under this subsection for States that is allocated for such State is equal to the percentage of the total amount available for the preceding fiscal year under section 106(d) of the Housing and Community Development Act of 1974 for grants to States that was allocated for such State.

“(4) MINIMUM APPROPRIATION REQUIREMENT.—If, by December 1 of any fiscal year, the amount appropriated for grants under this title for such fiscal year is less than \$750,000,000—

“(A) the Secretary shall not allocate amounts for such fiscal year under subsection (b) and this subsection;

“(B) subsection (d) shall not apply to amounts for such fiscal year; and

“(C) notwithstanding any other provision of this title, the Secretary shall make grants under this title from such amounts to States, units of general local government, and private nonprofit organizations, pursuant to a national competition based on the criteria specified in section 404(b).

“(5) STUDY; SUBMISSION OF INFORMATION TO CONGRESS RELATED TO ALTERNATIVE METHODS OF ALLOCATION.—Not later than 1 year after the date of the enactment of the Homeless Housing Program Consolidation and Flexibility Act, the Secretary shall—

“(A) submit to Congress—

“(i) the best available methodology for determining a formula relative to the geographic allocation of funds under this subtitle among entitlement communities and nonentitlement areas based on the incidence of homelessness and factors that lead to homelessness;

“(ii) proposed alternatives to the formula submitted pursuant to clause (i) for allocating funds under this section, including an evaluation and recommendation on a 75/25 percent allocation of flexible block grant homeless assistance between metropolitan cities and urban counties and States under paragraph (2);

“(iii) an analysis of the deficiencies in the current allocation formula described in section 106(b) of the Housing and Community Development Act of 1974, and an analysis of the adequacy of current indices used as proxies for measuring homelessness; and

“(iv) an analysis of the bases underlying each of the proposed allocation methods;

“(B) perform the duties required by this paragraph in ongoing consultation with—

“(i) the Subcommittee on Housing Opportunity and Community Development of the Committee on Banking, Housing, and Urban Affairs of the Senate;

“(ii) the Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services of the House of Representatives;

“(iii) organizations representing States, metropolitan cities and urban counties;

“(iv) organizations representing rural communities;

“(v) organizations representing veterans;

“(vi) organizations representing persons with disabilities;

“(vii) members of the academic community; and

“(viii) national homelessness advocacy groups; and

“(C) estimate the amount of funds that will be received annually by each entitlement community and nonentitlement area under each such alternative allocation system and compare such amounts to the amount of funds received by each entitlement community and nonentitlement area in prior years under this section.

“(6) MINIMUM GRANT AMOUNT.—Notwithstanding paragraph (3), a State or metropolitan city or urban county shall receive no less funding under this subsection in the first full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act than 90 percent of the average of the amounts awarded annually to that jurisdiction for homeless assistance programs administered by the Secretary (not including allocations for shelter plus care and single room occupancy programs as defined in, and in effect pursuant to, this Act prior to the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act) under this title during fiscal years 1994 through 1997, no less than 85 percent in the second full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act, no less than 80 percent in the third and fourth full fiscal years after the date of the enactment of the Homeless Housing Pro-

grams Consolidation and Flexibility Act, and no less than 75 percent in the fifth full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act, but only if the amount appropriated pursuant to section 435 in each such fiscal year exceeds \$800,000,000. If that amount does not exceed \$800,000,000 in any fiscal year referred to in the first sentence of this paragraph, the jurisdiction may receive its proportionate share of the amount appropriated which may be less than the amount stated such sentence for such fiscal year.

“(7) MINIMUM STATE ALLOCATION.—Notwithstanding paragraphs (3) and (6), if in any fiscal year the allocation for a State is less than \$2,000,000, the allocation for that State shall be increased to \$2,000,000 and the increase shall be provided by deducting pro rata amounts from the allocations of States with allocations of more than \$2,000,000.

“(8) REDUCTION.—Notwithstanding paragraphs (1) through (7), in any fiscal year, the Secretary may provide a grant under this subsection for a State or metropolitan city or urban county, in an amount less than the amount allocated under those paragraphs, if the Secretary determines that the jurisdiction has failed to comply with requirements of this title, or that such action is otherwise appropriate.

“(d) RECAPTURE OF ALLOCATED AMOUNTS.—The Secretary shall recapture the following amounts:

“(1) UNUSED AMOUNTS.—Not less than once during each fiscal year, the Secretary shall recapture any amounts allocated under this section that—

“(A) are allocated for a State, metropolitan city or urban county, or insular area, but not provided to an eligible grantee for the jurisdiction because of failure to apply for a grant under this title or failure to comply with the requirements of this title;

“(B) were provided to a grantee and (i) recaptured under this title, or (ii) not utilized by the grantee in accordance with the purposes and objectives of the approved application of the grantee within a reasonable time period, which the Secretary shall establish; or

“(C) are returned to the Secretary by the time of such reallocation.

“(2) AMOUNTS ALLOCATED TO GRANTEES THAT FAIL TO COMPLY WITH COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY REQUIREMENTS.—Notwithstanding paragraph (1), if, for any fiscal year, a metropolitan city or urban county fails to comply with the requirement under section 405(1) during the 90-day period beginning on the date that amounts for grants under this title for such fiscal year first become available for allocation, the amounts that would have been allocated under subsection (c) of this section for such city or county shall be reallocated for the State in which the unit is located, but only if the State has complied with the requirement under section 405(1). Any amounts that cannot be allocated for a State under the preceding sentence shall be reallocated for other metropolitan cities and urban counties and States that comply with such requirement and demonstrate extraordinary need or large numbers of homeless persons, as determined by the Secretary.

“(e) REALLOCATION OF AMOUNTS.—Any amounts allocated under subsection (b) that are recaptured pursuant to subsection (d)(1) shall be reallocated only for use under subtitle B. Any amounts allocated under subsection (c) that are recaptured pursuant to subsection (d)(1) shall be reallocated only for use under subtitle C.

“SEC. 407. MATCHING FUNDS REQUIREMENT.

“(a) IN GENERAL.—Each State, metropolitan city or urban county, and insular area for which a grant under this title is made shall supplement the amount of the grant provided under this title with an amount that is not less than—

“(1) 50 percent of the amount of such grant, if the State, metropolitan city or urban county, and insular area has indicated in its application for such grant that it will not include as a portion of its supplementation the cost or value of donated services; or

“(2) 100 percent of the grant amount, if the State, metropolitan city or urban county, and insular area indicated in its application for such grant that it will include as a portion of its supplementation the cost or value of donated services.

“(b) MATCHING REQUIREMENT FOR USE OF MORE THAN 35 PERCENT OF FUNDS FOR SUPPORTIVE SERVICES.—In addition to the supplemental funds required pursuant to subsection (a), for the second full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act and each fiscal year thereafter, a State, consortium, or metropolitan city or urban county shall supplement the grant funds for the State, consortium, city or county in an amount equal to the amount used by that State, metropolitan city or urban county, or consortium

for supportive services in a fiscal year that exceeds 35 percent of the total grant amount for the State, metropolitan city or urban county, or consortium for that fiscal year.

“(c) TREATMENT OF INDEPENDENT STATE OR LOCAL GOVERNMENT FUNDS.—Any State or local government funds used independently from the program under this title, or designated for such use, to assist the homeless by carrying out activities that would be eligible for assistance under this subtitle may be counted toward the amount required pursuant to subsection (a).

“(d) AUTHORITY FOR GRANTEEES TO REQUIRE SUPPLEMENTATION.—

“(1) IN GENERAL.—Each grantee under this title may require any subgrantee or project sponsor to whom it provides such grant amounts to provide supplemental amounts required under subsections (a) and (b) with an amount of funds from sources other than this title.

“(2) AMOUNT ALLOWED TO BE REQUIRED BY GRANTEE.—

“(A) GRANT AMOUNT.—Except as provided in paragraph (3), a grantee may not require any subgrantee or project sponsor to whom it provides such grant amounts under this title to provide—

“(i) supplemental amounts required under subsection (a)(1) in an amount exceeding 25 percent of the grant amount provided to the grantee or project sponsor; or

“(ii) supplemental amounts required under subsection (a)(2) in an amount exceeding 50 percent of the grant amount provided to the grantee or project sponsor.

“(B) SUPPORTIVE SERVICES.—A grantee may require any subgrantee or project sponsor to whom it provides grant amounts under this title to provide supplemental amounts required under subsection (b) in an amount equal to the amount used by subgrantee or project sponsor for supportive services in a fiscal year that exceeds 35 percent of the total amount allocated pursuant to this subsection for that fiscal year.

“(3) SUPPLEMENTAL FUNDS MAY BE CONSIDERED AS MATCHING FUNDS.—Supplemental amounts provided by a subgrantee or project sponsor pursuant to this subsection may be considered supplemental amounts for purposes of compliance by any grantee with the requirement under subsections (a) and (b).

“(e) USE OF FUNDS.—Any supplemental funds made available in compliance with this section shall be available only to carry out eligible activities (1) under subtitle B, if the grant amounts are available only for such activities, or (2) under subtitle C, if the grant amounts are available only for such activities.

“(f) SUPPLEMENTAL FUNDS.—In determining the amount of supplemental funds provided in accordance with this section, the following amounts may be included:

“(1) Cash.

“(2) The value of any donated or purchased material or building.

“(3) The value of any lease on a building.

“(4) The proceeds from bond financing validly issued by a State or unit of general local government, agency, or instrumentality thereof, and repayable with revenues derived from the activity assisted under this title.

“(5) The amount of any salary paid to staff to carry out a program for eligible activities under subtitle B or C.

“(6) The cost or value of any donated goods.

“(7) The value of taxes, fees, or other charges that are normally and customarily imposed, but which are waived or foregone to assist in providing housing or services for the homeless.

“(8) The cost of on-site and off-site infrastructure that is directly related to and necessary for providing housing or services for the homeless.

“(9) The cost or value of any donated services, but only if the State, metropolitan city or urban county, and insular area has stated in its application for a grant under this title that it shall supplement the amount of such grant, in accordance with section 407(a)(2).

“(g) REDUCTION IN MATCHING REQUIREMENTS.—

“(1) IN GENERAL.—The Secretary shall reduce the matching requirement under subsection (a) during a fiscal year by—

“(A) 50 percent for a jurisdiction that certifies that it is in fiscal distress; and

“(B) 100 percent for a jurisdiction that certifies that it is in severe fiscal distress.

For purposes of subparagraphs (A) and (B), the jurisdiction shall make the certification on behalf of a recipient that is not a governmental jurisdiction.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) the term ‘fiscal distress’ means, with respect to a unit of general local government, insular area, or State recipient that is a governmental jurisdiction, that the jurisdiction satisfies one of the distress criteria set forth in paragraph (3); and

“(B) the term ‘severe fiscal distress’ means, with respect to a unit of general local government, insular area, or State recipient that is a governmental jurisdiction, that the jurisdiction satisfies both of the distress criteria set forth in paragraph (3).

“(3) DISTRESS CRITERIA.—For a unit of general local government, an insular area, or a State recipient that is a governmental jurisdiction certifying that it is distressed, the following criteria shall apply:

“(A) POVERTY RATE.—The average poverty rate in the jurisdiction for the calendar year immediately preceding the year in which its fiscal year begins was equal to or greater than 125 percent of the average national poverty rate during such calendar year (as determined according to information of the Bureau of the Census).

“(B) PER CAPITA INCOME.—The average per capita income in the jurisdiction for the calendar year immediately preceding the year in which its fiscal year begins was less than 75 percent of the average national per capita income during such calendar year (as determined according to information of the Bureau of the Census).

“(4) STATES.—In the case of a State, the Secretary shall reduce the matching requirement under subsection (a) as provided by the preceding paragraphs, except that the certification shall be made with respect to the area, as determined by the Secretary, in which the activities are to be carried out.

“(5) WAIVER IN DISASTER AREAS.—If a recipient is located in an area in which a declaration of a disaster pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act is in effect for any part of a fiscal year, the Secretary may reduce the matching requirement for that fiscal year under subsection (a) during that fiscal year by up to 100 percent.

“SEC. 408. PROGRAM REQUIREMENTS.

“(a) APPLICATIONS.—

“(1) FORM AND PROCEDURE.—The Secretary shall make a grant under this title only pursuant to an application for a grant submitted by an eligible grantee in the form and in accordance with the procedures established by the Secretary. The Secretary may not give preference or priority to any application on the basis that the application was submitted by any particular type of eligible grantee.

“(2) CONTENTS.—The Secretary shall require that applications contain at a minimum the following information:

“(A) GRANTS FOR PERMANENT HOUSING DEVELOPMENT ACTIVITIES.—In the case of an application for a grant available for use for activities under subtitle B or an application for a grant available for use under subtitle C for permanent housing development assistance—

“(i) a description of the permanent housing development activities to be assisted;

“(ii) a description of the entities that will carry out such activities and the programs for carrying out such activities; and

“(iii) assurances satisfactory to the Secretary that the facility will comply with the requirement under subsection (j).

“(B) FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE.—In the case of an application for a grant available for use for activities under subtitle C—

“(i) a description of the eligible activities to be assisted, to the extent available at the time;

“(ii) in the case of a grant for a facility assisted under paragraph (1) or (2) of section 421(a), assurances satisfactory to the Secretary that the facility will comply with the requirement under subsection (j);

“(iii) in the case of a grant for a supportive housing facility assisted under this title that does not receive assistance under paragraph (1) or (2) of section 421(a), annual assurances during the period specified in the application that the facility will be operated for the purpose specified in the application for such period; and

“(iv) in the case of a grant for a supportive housing facility, reasonable assurances that the project sponsor will own or have control of a site not later than the expiration of the 12-month period beginning upon notification of an award of grant assistance, unless the application proposes providing supportive housing assisted under section

421(a)(3) or housing that will eventually be owned or controlled by the families and individuals served; except that a project sponsor may obtain ownership or control of a suitable site different from the site specified in the application.

“(C) ALL GRANTS.—In the case of an application for any grant under this title—

“(i) a description of the size and characteristics of the population, including specific references to populations with special needs, that will be served by the eligible activities assisted with grant amounts;

“(ii) a description of the public and private resources that are expected to be made available in connection with grant amounts provided;

“(iii) a description of the process to be used in compliance with section 404(b) to select eligible activities to be assisted and project sponsors;

“(iv) a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing; and

“(v) a statement of whether the applicant will or will not include, as a portion of its supplementation amount required under section 407(a), the cost or value of donated services.

“(b) REQUIRED AGREEMENTS.—The Secretary may not provide a grant under this title for any applicant unless the applicant agrees—

“(1) to ensure that the eligible activities carried out with grant amounts will be carried out in accordance with the provisions of this title;

“(2) to conduct an ongoing assessment of the supportive services required by homeless persons assisted by the eligible activities and the availability of such services to such persons;

“(3) in the case of grant amounts to be used under subtitle C for a supportive housing facility or an emergency shelter, to ensure the provision of such residential supervision as the Secretary determines is necessary to facilitate the adequate provision of supportive services to the residents and users of the facility or shelter;

“(4) to monitor and report under section 431 to the Secretary on the progress of the eligible activities carried out with grant amounts;

“(5) to develop and implement procedures to ensure (A) the confidentiality of records pertaining to any individual provided family violence prevention or treatment services through any activities assisted with grant amounts, and (B) that the address or location of any family violence shelter facility assisted with grant amounts will not be made public, except with written authorization of the person or persons responsible for the operation of such facility;

“(6) to the maximum extent practicable, to involve homeless persons and families, through employment, volunteer services, or otherwise, in carrying out eligible activities assisted with grant amounts; and

“(7) to comply with such other terms and conditions as the Secretary may establish to carry out this title in an effective and efficient manner.

“(c) OCCUPANCY CHARGE.—Any homeless person or family residing in a dwelling unit assisted under this title may be required to pay an occupancy charge in an amount determined by the grantee providing the assistance, which may not exceed an amount equal to 30 percent of the adjusted income (as such term is defined in section 3(b) of the United States Housing Act of 1937 or any other subsequent provision of Federal law defining such term for purposes of eligibility for, or rental charges in, public housing) of the person or family. Occupancy charges paid may be reserved, in whole or in part, to assist residents in moving to permanent housing.

“(d) FLOOD PROTECTION STANDARDS.—Flood protection standards applicable to housing acquired, rehabilitated, constructed, or assisted with grant amounts provided under this title shall be no more restrictive than the standards applicable under Executive Order No. 11988 (42 U.S.C. 4321 note; relating to floodplain management) to the other programs in effect under this title immediately before the enactment of the Homeless Housing Programs Consolidation and Flexibility Act.

“(e) PARTICIPATION OF CITIZENS AND OTHERS.

“(1) IN GENERAL.—Each grantee shall—

“(A) each fiscal year, make available to its citizens, public agencies, and other interested parties information concerning the amount of assistance the jurisdiction expects to receive and the range of activities that may be undertaken with the assistance;

“(B) publish the proposed application in a manner that, in the determination of the Secretary, affords affected citizens, public agencies, and other in-

interested parties a reasonable opportunity to examine its content and to submit comments on it;

“(C) each fiscal year, hold one or more public hearings to obtain the views of citizens, public agencies, and other interested parties on the housing needs of the jurisdiction; and

“(D) provide citizens, public agencies, and other interested parties with reasonable access to records regarding any uses of any assistance the grantee may have received under this subtitle during the preceding 5 years.

“(2) ELECTRONIC ACCESS.—A grantee may comply with the requirement under subparagraphs (A), (B), and (D) of paragraph (1) by making the information available through interactive computer or telephone services or other electronic information networks and systems appropriate for making such information widely available to the public.

“(3) NOTICE AND COMMENT.—Before submitting any substantial amendment to an application under this Act, a grantee shall provide citizens with reasonable notice of, and opportunity to comment on, the amendment.

“(4) CONSIDERATION OF COMMENTS.—A grantee shall consider any comments or views of citizens in preparing a final application or amendment to an application for submission. A summary of such comments or views shall be attached when an application or amendment to an application is submitted. The submitted application or amendment shall be made available to the public.

“(5) AUTHORITY OF SECRETARY.—The Secretary shall establish procedures appropriate and practicable for providing a fair hearing and timely resolution of citizen complaints related to applications under this subtitle.

“(6) HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each grantee to ensure that each project sponsor assisted by the grantee provides for the participation of not less than 1 homeless person or former homeless person on the board of directors or other equivalent policymaking entity of the project sponsor, to the extent that such sponsor considers and makes policies and decisions regarding any activity or facility, supportive services, or assistance provided with grant amounts under this title. The Secretary shall provide that a grantee may grant waivers to project sponsors unable to meet the requirement under the preceding sentence if the sponsor agrees to otherwise consult with homeless or formerly homeless persons in considering and making such policies and decisions.

“(f) LIMITATION ON USE OF FUNDS.—No grant amounts received under this title (or any funds provided under section 407 or otherwise to supplement such grants) may be used to replace other State or local funds previously used, or designated for use, to assist homeless persons.

“(g) LIMITATION ON ADMINISTRATIVE EXPENSES.—Notwithstanding any other provision of this title, of any grant amounts under this title used to carry out eligible activities, the grantee or the project sponsor may use for administrative purposes—

“(1) an amount not exceeding 5 percent of such grant amount; or

“(2) if the grantee implements use of a standardized homeless database management system to record and assess data on the usage of homeless housing, services, and client needs, and on the number and other information related to populations with special needs, an amount not exceeding 7.5 percent of such grant amount.

“(h) HOUSING QUALITY.—

“(1) REQUIREMENT.—Assistance may not be provided with grant amounts made available for use under this title for any permanent housing development, dwelling unit, supportive housing facility, or emergency shelter that fails to comply with the housing quality standards applicable under paragraph (2) in the jurisdiction in which the housing is located, unless the deficiency is promptly corrected and the project sponsor verifies the correction.

“(2) APPLICABLE STANDARDS.—The housing quality standards applicable under this subsection to permanent housing, a dwelling unit, supportive housing facility, or emergency shelter shall be—

“(A) in the case of permanent housing, a unit, facility, or shelter located in a jurisdiction which has in effect laws, regulations, standards, or codes regarding habitability of such housing, units, facilities, or shelters that provide protection to residents of the dwellings that is equal to or greater than the protection provided under the housing quality standards established under paragraph (3), such applicable laws, regulations, standards, or codes; or

“(B) in the case of permanent housing, a unit, facility, or shelter located in a jurisdiction which does not have in effect laws, regulations, standards,

or codes described in subparagraph (A), the housing quality standards established under paragraph (3).

“(3) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this paragraph that ensure that permanent housing, dwelling units, supportive housing facilities, and emergency shelters assisted under this title are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings. The Secretary shall differentiate between major and minor violations of such standards and may establish separate standards for permanent housing, dwelling units, supportive housing facilities, and emergency shelters.

“(i) TERMINATION OF ASSISTANCE.—If a person or family (not including residents of an emergency shelter) who receives assistance under this title violates program requirements, the project sponsor may terminate assistance in accordance with a formal process established by such sponsor that recognizes the rights of individuals receiving such assistance to due process of law, which may include a hearing.

“(j) USE RESTRICTIONS.—

“(1) ACQUISITION, REHABILITATION, AND NEW CONSTRUCTION.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), each housing facility assisted under subtitle B or subtitle C shall be operated as housing for the purpose specified in the application for assistance with amounts under this title for not less than 20 years after such facility is initially placed in service pursuant to such assistance.

“(B) EXCEPTIONS.—

(i) INABILITY TO OPERATE FACILITY.—If, within such 20-year period, the need for maintaining the facility as housing for the purpose specified in the application for assistance ceases to exist (as determined by the Secretary pursuant to a recommendation by the chief executive officer of the appropriate unit of general local government or project sponsor, taking into consideration the comprehensive housing affordability strategy of the jurisdiction), or the project sponsor is unable to operate the facility as supportive housing, the facility may be used as affordable housing (in accordance with section 215 of the Cranston-Gonzalez National Affordable Housing Act).

“(ii) APPLICABILITY OF OTHER PROGRAM RESTRICTION.—If the housing facility receives assistance under any other Federal program (including assistance under section 42 of the Internal Revenue Code of 1986) for low-income families, homeless person, or any other use consistent with assistance under this title, and the use restriction under such program is less than 20 years, the restriction under such program shall apply.

“(2) OTHER ASSISTANCE.—Each housing facility assisted under subtitle C shall be operated for the purposes specified in the application for assistance with amounts under this title for the duration of the period covered by the grant.

“(3) CONVERSION.—Notwithstanding paragraphs (1) and (2), if the Secretary determines that a housing facility is no longer needed for use as housing for the purposes specified in the application for assistance and approves the use of the facility for the direct benefit of low-income persons pursuant to a request for such use by the project sponsor, the Secretary may authorize the sponsor to convert the facility to such use.

“(k) REPAYMENT OF ASSISTANCE AND PREVENTION OF UNDUE BENEFITS.—

“(1) REPAYMENT.—If a facility assisted under subtitle B or subtitle C violates the requirement under subsection (j)(1)(A) or (j)(1)(B)(ii) of this section during the 10-year period beginning upon placement of the facility in service pursuant to such assistance, the Secretary shall require the grantee to repay to the Secretary 100 percent of any grant amounts received for such facility under such paragraph. If such a facility violates such requirement after such 10-year period, the Secretary shall require the grantee to repay the percentage of any grant amounts received for such facility that is equal to 100 percent minus 10 percentage points for each year in excess of 10 that the facility is operated as supportive housing.

“(2) PREVENTION OF UNDUE BENEFITS.—Except as provided in paragraph (3), upon any sale or other disposition of a facility assisted under subtitle B or C occurring before the expiration of the 20-year period beginning on the date that the facility is placed in service, the project sponsor shall comply with such terms and conditions as the Secretary may prescribe to prevent the sponsor from unduly benefiting from such sale or disposition.

“(3) EXCEPTION.—Paragraphs (1) and (2) shall not apply to any sale or disposition of a facility that results in the use of the facility for the direct benefit

of very low-income families if all of the proceeds are used to provide housing meeting the requirements of subtitle B or C.

“(4) FAILURE TO OBTAIN SITE.—If a grantee of assistance made available for use under this title obligates assistance for a housing facility other than a facility under section 421(a)(3) or housing that will eventually be owned or controlled by the families and individuals served, and the project sponsor fails to obtain ownership or control of a suitable site for a proposed supportive housing facility during the 12-month period beginning upon the notification of an award of grant assistance, the grantee shall recapture the assistance and make such assistance available under this subtitle.

“(1) LOCAL BOARDS.—

“(1) ESTABLISHMENT AND FUNCTION.—The head of the executive branch of government of each grantee shall establish and appoint members to a local board, which shall assist the jurisdiction in—

“(A) determining whether the grant should be administered by the jurisdiction, a public agency, a private nonprofit organization, the State, or the Secretary;

“(B) developing the application under section 408;

“(C) overseeing the activities carried out with assistance under this title; and

“(D) preparing the performance report under section 431.

“(2) COMPOSITION OF LOCAL BOARDS.—

“(A) NOMINATION.—Members of a local board appointed to meet the requirements of subparagraph (D) shall be nominated by persons, other than governmental officials or entities, that represent the groups listed in subparagraph (D).

“(B) PRIORITY.—Persons who will improve access to a broad range of services for homeless persons and who are sensitive to the varying needs of homeless persons, including veterans, the mentally ill, families with children, young persons, battered spouses, victims of substance abuse, and persons with AIDS, shall be given preference when selecting local board members.

“(C) COMMUNITY SUPPORT CONSIDERED.—In appointing members to the local board, the chief executive of each grantee shall consider the extent of support for the nominee in the community which the board shall serve.

“(D) MAJORITY.—Not less than 51 percent of the members of a local board shall be composed of—

“(i) homeless or formerly homeless persons;

“(ii) persons who act as advocates for homeless persons; and

“(iii) persons who provide assistance to homeless persons, including representatives of local veterans organizations and veteran service providers who assist homeless veterans.

“(E) OTHER LOCAL BOARD MEMBERS.—After the requirements of subparagraph (D) are met, other members of a local board shall be chosen from—

“(i) members of the business community of the jurisdiction receiving the grant;

“(ii) members of neighborhood advocates in the jurisdiction receiving the grant; and

“(iii) government officials of the jurisdiction receiving the grant.

“(3) WAIVER OF REQUIREMENTS FOR LOCAL BOARD.—The Secretary may waive the requirements of this subsection if the jurisdiction has an existing board that substantially meets the requirements of this subsection.

“(m) COORDINATION OF HOMELESS PROGRAMS.—

“(1) PURPOSE.—The purpose of the consultation and coordination required under this subsection is to provide various services, activities, and assistance for homeless persons and families in an efficient, effective, and targeted manner designed to meet the comprehensive needs of the homeless.

“(2) IN GENERAL.—The Chairperson of the Interagency Council on the Homeless shall consult and coordinate with the Secretary of Housing and Urban Development, the Secretary of Health and Human Services, the Secretary of Labor, the Secretary of Education, the Secretary of Veterans Affairs, and the Secretary of Agriculture and shall ensure that assistance for federally funded activities for the homeless is made available, to the greatest extent practicable, in conjunction and coordination with assistance for other federally funded activities for the homeless and with assistance under this title.

“(3) REQUIREMENTS FOR HOUSING ASSISTANCE.—The Secretary shall establish such requirements as the Secretary considers necessary to ensure that grant amounts provided under this title are used by grantees and project sponsors,

to the greatest extent practicable, in coordination and in conjunction with federally funded activities for the homeless.

“(4) DEFINITION.—For purposes of this subsection, the term ‘federally funded activities for the homeless’ means activities to assist homeless persons, including homeless veterans, or homeless families that are funded (in whole or in part) with amounts provided by the Federal Government (other than amounts provided under this title) and includes—

“(A) the programs for health care under sections 340 and part C of title V of the Public Health Service Act;

“(B) the programs for education, training and community services under title VII of the Stewart B. McKinney Homeless Assistance Act;

“(C) food assistance for homeless persons and families through the food programs under the Food Stamp Act of 1977 and the Emergency Food Assistance Act of 1983;

“(D) the job training, housing, and medical programs for homeless veterans of the Department of Veterans Affairs;

“(E) the job corps centers for homeless families program under section 433A of the Job Training Partnership Act;

“(F) the program for preventive services for children of homeless families or families at risk of homelessness under title III of the Child Abuse Prevention and Treatment Act;

“(G) the programs under the Runaway and Homeless Youth Act; and

“(H) assistance for homeless persons, including homeless veterans, and families under State programs funded under supplemental security income programs under part A of title IV or under title XVI of the Social Security Act.

“(5) COMPANION SERVICES BLOCK GRANTS IN CASES OF FAILURE TO COMPLY.—

“(A) IN GENERAL.—If, for any fiscal year, the Chairperson of the Interagency Council on the Homeless determines that adequate coordination has not taken place to ensure that assistance for federally funded activities for the homeless is made available in conjunction and coordination with assistance under this title (as required under paragraph (2)), the Chairperson of the Interagency Council on the Homeless and the Secretary, in consultation with the Interagency Council on the Homeless, shall carry out a program under subparagraph (B) to make companion services block grants available for such fiscal year.

“(B) COMPANION SERVICE BLOCK GRANTS.—The block grant program under this subparagraph shall provide block grants, using amounts available pursuant to subparagraph (C), to eligible grantees under this title to provide services of the type available under the programs referred to in paragraph (4) in connection with housing assistance under this title.

“(C) FUNDING.—

“(i) IN GENERAL.—Notwithstanding any other provision of law, in any fiscal year in which block grants are to be provided in accordance with subparagraph (A), there shall be available for such block grants, of the amount made available for such fiscal year for each activity referred to in paragraph (4), 10 percent of such amount, as determined by the Secretary and the Interagency Council on the Homeless.

“(ii) LIMITATION.—Notwithstanding clause (i), the aggregate amount available for companion services block grants under this paragraph for a fiscal year shall not exceed the total amount made available pursuant to section 435 for housing assistance under this title. If, for any fiscal year, the amount determined under clause (i) exceeds such amount, the Secretary shall reduce the percentage under clause (i) for such year so that the aggregate amount made available for companion services block grants under this paragraph from the amounts for each activity referred to in paragraph (4) is equal to the total amount made available pursuant to section 435 for housing assistance under this title.

“(D) TRANSFER AUTHORITY.—Except to the extent that the authority of the Secretary and the Chairperson of the Interagency Council on the Homeless is limited by appropriations, and with the concurrence of the head of the affected agency and upon advance approval of the Committees on Appropriations and the authorizing committees of the House of Representatives, and the Senate, the Secretary and the Chairperson of the Interagency Council on the Homeless shall transfer funds made available under subparagraph (C) to the companion services block grant for federally funded activities, functions, or programs for the homeless.

“(E) REPORT.—Not later than the first quarter of the first full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act and each quarter thereafter, the Secretary and the Chairperson of the Interagency Council on the Homeless shall report to Congress on—

“(i) the need for any reprogramming or transfer of funds appropriated for federally funded activities, functions, or programs for the homeless; and

“(ii) any funds appropriated for federally funded activities, functions, or programs for the homeless that were reprogrammed or transferred during the quarter covered by the report.

“(n) CONSULTATION REGARDING USE OF NATIONAL GUARD FACILITIES AS HOMELESS SHELTERS.—The Secretary may not provide a grant for a fiscal year from amounts for such year allocated under section 406(c) for use under subtitle C for a State unless the State has, consulted with the Secretary regarding the possibility of making any space at National Guard facilities under the jurisdiction of the State available, during such fiscal year, for use by homeless organizations to provide shelter to homeless persons, but only at the times that such space is not actively being used for National Guard purposes or other public purposes already undertaken.

“SEC. 409. SUPPORTIVE SERVICES.

“(a) REQUIREMENT.—To the extent allowed by this title, each project sponsor administering permanent housing development assistance provided with amounts under this title or a supportive housing facility or emergency shelter assisted with such amounts shall provide supportive services for residents of the dwelling units or facility or shelter assisted. The array of supportive services provided may be designed by the grantee or the project sponsor administering the assistance, facility, or shelter. A project sponsor administering a supportive housing facility shall provide supportive services for other homeless persons using the facility.

“(b) TARGETING POPULATIONS WITH SPECIAL NEEDS.—Supportive services provided with grant amounts under this title shall address the special needs of homeless persons (such as homeless persons with disabilities, homeless persons with acquired immunodeficiency syndrome and related diseases, homeless persons who have chronic problems with alcohol or drugs (or both), veterans who are homeless, and homeless families with children) intended to be served.

“(c) SERVICES.—Supportive services may include activities such as—

“(1) establishing and operating a child care services program for homeless families;

“(2) establishing and operating an employment assistance program;

“(3) providing outpatient health services, food, and case management;

“(4) providing assistance in obtaining permanent housing, employment counseling, and nutritional counseling;

“(5) providing security arrangements necessary for the protection of residents of supportive housing or emergency shelters and for homeless persons using supportive housing facilities;

“(6) providing assistance in obtaining other Federal, State, and local assistance available for such residents and persons (including mental health benefits, employment counseling, and medical assistance, but not including major medical equipment); and

“(7) providing other appropriate services.

“(d) PROVISION OF SERVICES.—Supportive services provided with grant amounts under this title may be provided directly by the grantee, by the project sponsor administering the permanent housing development assistance or the facility or shelter, or by contract with other public or private service providers. Such services provided in connection with a supportive housing facility may be provided to homeless persons who do not reside in the supportive housing, but only to the extent consistent with the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the applicable jurisdiction.

“SEC. 410. NONDISCRIMINATION IN PROGRAMS AND ACTIVITIES.

No person in the United States shall on the basis of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual, as provided in section 504 of the Rehabilitation Act of 1973, shall also apply to any such program or activity.

“Subtitle B—Permanent Housing Development Activities

“SEC. 411. USE OF AMOUNTS AND GENERAL REQUIREMENTS.

“(a) USE OF AMOUNTS FOR PERMANENT HOUSING DEVELOPMENT.—

“(1) **AUTHORIZED USE.**—A State, metropolitan city, or urban county that receives a grant under section 402(b)(2) from amounts allocated for use under this subtitle may use grant amounts (and any supplemental amounts provided under section 407) only to carry out permanent housing development activities within such State, metropolitan city, or urban county. For purposes of this subtitle, the term ‘permanent housing development activities’ means activities to construct, substantially rehabilitate, or acquire structures to provide permanent housing, including the capitalization of a dedicated project account from which long-term assistance payments (which may include operating costs or rental assistance) can be made in order to facilitate such activities, and activities under section 441 of the Stewart B. McKinney Homeless Assistance Act, as in effect on October 31, 1997 (subject to the limitation in section 406(b)(3) of this Act).

“(2) **USE FOR SUPPORTIVE SERVICES PROHIBITED.**—Amounts allocated for use under this subtitle may not be used for supportive services activities.

“(b) USE THROUGH NONPROFIT ORGANIZATIONS.—

“(1) **IN GENERAL.**—A grantee that receives grant amounts for a fiscal year for use under this subtitle may, pursuant to section 404, provide such amounts to units of general local government and private nonprofit organizations for use in accordance with this subtitle, except that the grantee shall ensure that more than 50 percent of the amounts received by the grantee for the fiscal year are used through private nonprofit organizations.

“(2) **WAIVER OF USE OF NONPROFIT REQUIREMENT.**—The Secretary may waive the requirement under paragraph (1) that a grantee ensure that more than 50 percent of the amounts received by the grantee for the fiscal year are used through private nonprofit organizations if the Secretary determines that there are not sufficient private nonprofit organizations available to the grantee to meet that requirement.

“(c) **ADMINISTRATIVE FEE.**—To the extent provided in section 408(g), grant amounts provided under this subtitle may be used by the project sponsor providing such assistance for costs of administering such assistance.

“(d) **TARGETING POPULATIONS WITH SPECIAL NEEDS.**—To the maximum extent practicable, a grantee shall provide for use of grant amounts made available under this subtitle in a manner that provides permanent housing for homeless persons with disabilities, homeless persons with acquired immunodeficiency syndrome or related diseases, homeless persons who have chronic problems with alcohol or drugs (or both), homeless families with children, and veterans who are homeless.

“SEC. 412. PERMANENT HOUSING DEVELOPMENT.

“(a) **IN GENERAL.**—Housing shall be considered permanent housing for purposes of this title if the housing—

“(1) provides long-term housing for homeless persons;

“(2) complies with any applicable State and local housing codes, licensing requirements, or other requirement in the jurisdiction in which the housing is located, including any applicable State or local requirements regarding the number of occupants in such a facility; and

“(3) complies with the requirement under section 409(a) regarding providing supportive services for homeless persons.

“(b) **CLARIFICATION.**—Permanent housing may—

“(1) be restricted for occupancy by homeless persons with disabilities;

“(2) consist of or contain full dwelling units or dwelling units that do not contain bathrooms or kitchen facilities; and

“(3) be provided in the form of rental housing, cooperative housing, shared living arrangements, single family housing, or other types of housing arrangements.

“Subtitle C—Flexible Block Grant Homeless Assistance

“SEC. 421. ELIGIBLE ACTIVITIES.

“(a) IN GENERAL.—Grant amounts allocated for use under this subtitle may be used only for carrying out the following activities:

“(1) ACQUISITION AND REHABILITATION OF SUPPORTIVE HOUSING.—For acquisition or rehabilitation of an existing structure (including a small commercial property or office space) to provide supportive housing other than emergency shelter or to provide supportive services; the repayment of any outstanding debt owed on a loan made to purchase an existing structure for use as supportive housing shall be considered to be a cost of acquisition under this paragraph if the structure was not used as supportive housing or to provide supportive services, before assistance is provided using grant amounts.

“(2) NEW CONSTRUCTION OF SUPPORTIVE HOUSING.—For new construction of a structure to be used as supportive housing.

“(3) LEASING OF SUPPORTIVE HOUSING.—For leasing of an existing structure or structures, or portions thereof, to provide supportive housing or supportive services during the period covered by the application.

“(4) OPERATING COSTS FOR SUPPORTIVE HOUSING.—For covering operating costs of supportive housing (which shall include capital costs for utilizing any interactive computer or telephone services and other electronic information networks and systems appropriate for assisting homeless families); except that grant amounts provided under this subtitle may not be used to cover more than 75 percent of the annual operating costs of such housing.

“(5) HOMELESSNESS PREVENTION.—

“(A) IN GENERAL.—For activities designed to help persons (including veterans who are at risk of becoming homeless, and families avoid becoming homeless), which shall include assistance for making mortgage payments, rental payments, and utility payments and any activities other than those found by the Secretary to be inconsistent with the purposes of this Act.

“(B) PERSONS ELIGIBLE FOR ASSISTANCE.—Assistance under this paragraph may be provided only to very low-income families who have received eviction (or mortgage delinquency or foreclosure) notices or notices of termination of utility services and who—

“(i) are unable to make the required payments due to a sudden reduction in income;

“(ii) need such assistance to avoid homelessness due to the eviction or termination of services; and

“(iii) have a reasonable prospect of being able to resume payments within a reasonable period of time.

“(C) LIMITATION.—Assistance under this paragraph may be provided only if such assistance will not supplant funding for preexisting homelessness prevention activities from other services.

“(6) PERMANENT HOUSING DEVELOPMENT ACTIVITIES.—For providing permanent housing development activities as described in subtitle B.

“(7) EMERGENCY SHELTER.—For—

“(A) renovation, major rehabilitation, or conversion of a building or buildings to be used as emergency shelters;

“(B) covering costs of supportive services in connection with an emergency shelter, if such services do not supplant any services provided by the local government during any part of the 12-month period ending on the date of the commencement of the operation of the emergency shelter; and

“(C) covering costs relating to maintenance, operation, insurance, utilities, and furnishings for emergency shelters.

“(8) SUPPORTIVE SERVICES.—To the extent provided in section 406, for covering costs of supportive services provided to homeless persons in connection with a permanent or supportive housing facility or otherwise.

“(9) TECHNICAL ASSISTANCE.—For technical assistance in carrying out the purposes of this title, except that the Secretary may provide such technical assistance directly to any grantee, including nonprofit sponsors who are proposing project applications for populations with special needs.

“(b) USE FOR HOUSING ACTIVITIES.—Of the aggregate of any grant amounts provided to a grantee for a fiscal year for use under this subtitle and the supplemental amounts provided for such fiscal year by the grantee in accordance with section 407, the grantee shall ensure that an amount that is not less than such grant amounts

(less any amount used pursuant to section 408(g)) is used for eligible activities described in paragraphs (1) through (6) of subsection (a).

“SEC. 422. USE OF AMOUNTS THROUGH PRIVATE NONPROFIT PROVIDERS.

“(a) IN GENERAL.—In each fiscal year, each grantee of amounts for use under this subtitle shall ensure that more than 50 percent of the amounts received by the grantee for such fiscal year are used for carrying out eligible activities under section 421 through project sponsors that are private nonprofit organizations.

“(b) WAIVER.—The Secretary may waive the requirement under subsection (a) that a grantee ensure that more than 50 percent of the amounts received by the grantee for the fiscal year are used through private nonprofit organizations if the Secretary determines that there are not sufficient private nonprofit organizations available to the grantee to meet that requirement.

“SEC. 423. SUPPORTIVE HOUSING.

“(a) IN GENERAL.—Housing shall be considered supportive housing for purposes of this subtitle if—

“(1) the housing complies with the requirement under section 409(a) regarding providing supportive services for homeless persons;

“(2) the housing complies with any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located; and

“(3) the housing—

“(A) is transitional housing; or

“(B) is permanent supportive housing as described in section 412.

“(b) TRANSITIONAL HOUSING.—For purposes of this section, the term ‘transitional housing’ means housing, the purpose of which is to facilitate the movement of homeless persons and families to permanent housing within 24 months or such longer period as the Secretary determines necessary. Assistance may be denied for housing based on a violation of this subsection only if a substantial number of homeless persons or families have remained in the housing longer than such period.

“(c) SINGLE ROOM OCCUPANCY DWELLINGS.—For purposes of this section, a facility may provide supportive housing or supportive services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as supportive housing or in facilities containing some or all such dwelling units.

“(d) SAFE HAVEN HOUSING.—For purposes of this section, supportive housing may be a structure or a clearly identifiable portion of a structure that—

“(A) provides housing and low-demand services and referrals for homeless individual with serious mental illness—

“(i) who are currently residing primarily in places not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; and

“(ii) who have been unwilling or unable to participate in mental health or substance abuse treatment programs or to receive other supportive services; except that a person whose sole impairment is substance abuse shall not be considered an eligible person;

“(B) provides 24-hour residence for eligible individuals who may reside for an unspecified duration;

“(C) provides private or semi-private accommodations;

“(D) may provide for the common use of kitchen facilities, dining rooms, and bathrooms;

“(E) may provide supportive services to eligible persons who are not residents on a drop-in basis; and

“(F) provides occupancy limited to no more than 25 persons.

“SEC. 424. EMERGENCY SHELTER.

“(a) IN GENERAL.—A facility shall be considered emergency shelter for purposes of this subtitle if the facility is designed to provide overnight sleeping accommodations for homeless persons and complies with the requirements under this section. An emergency shelter may include appropriate eating and cooking accommodations.

“(b) REQUIREMENTS.—Grant amounts under this subtitle may be used for eligible activities under section 421(a)(7) relating to emergency shelter only if—

“(1) the Secretary determines that—

“(A) use of such amounts is necessary to meet the emergency shelter needs of the jurisdiction in which the facility is located; and

“(B) the use of such amounts for such activities will not violate the prohibition under section 408(f); and

“(2) the project sponsor agrees that it will—

“(A) in the case of assistance involving major rehabilitation or conversion of a building, maintain the building as a shelter for homeless persons and families for not less than a 10-year period unless, within such 10-year period, the need for maintaining the building as a full-time shelter ceases to exist and the building is used for the remainder of such period to carry out other eligible activities under this subtitle;

“(B) in the case of assistance involving rehabilitation (other than major rehabilitation or conversion of a building), maintain the building as a shelter for homeless persons and families for not less than a 3-year period;

“(C) in the case of assistance involving only activities described in subparagraphs (B) and (C) of section 421(a)(7), provide services or shelter to homeless persons and families at the original site or structure or other sites or structures serving the same general population for the period during which such assistance is provided;

“(D) comply with the standards of housing quality applicable under section 408(h); and

“(E) assist homeless persons in obtaining—

“(i) appropriate supportive services, including permanent housing, medical and mental health treatment (including information and counseling regarding the benefits and availability of child immunization), counseling, supervision, veterans benefits, and other services essential for achieving independent living; and

“(ii) other Federal, State, local, and private assistance available for homeless persons.

“Subtitle D—Reporting, Definitions, and Funding

“SEC. 431. PERFORMANCE REPORTS BY GRANTEES.

“(a) REQUIREMENT.—For each fiscal year, each grantee under this title shall review and report, in a form acceptable to the Secretary, on the progress it has made during such fiscal year in carrying out the activities described in the application resulting in such grant and the relationship of such activities to the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the applicable jurisdiction.

“(b) CONTENT.—Each report under this section for a fiscal year shall—

“(1) describe the use of grant amounts provided to the grantee for such fiscal year;

“(2) to the extent practicable until the development of a reasonable methodology by the Secretary and the Interagency Council on the Homeless, describe the number of homeless persons and families, including populations with special needs provided shelter, housing, or assistance using such grant amounts;

“(3) assess the relationship of such use to the goals identified pursuant to section 105(b)(2) of the Cranston-Gonzalez National Affordable Housing Act in the comprehensive housing affordability strategy for the applicable jurisdiction;

“(4) indicate the grantee’s programmatic accomplishments;

“(5) describe how the grantee would change its programs as a result of its experiences; and

“(6) describe any delays that occurred in the start up of programs and the reason for each delay.

“(c) SUBMISSION.—The Secretary shall establish dates for submission of reports under this section and review such reports and make such recommendations as the Secretary considers appropriate to carry out the purposes of this title. The Secretary may withhold or reallocate funds granted to a grantee if the Secretary finds that the grantee has complied with applicable program requirements, but not substantially complied with the application that the grantee submitted to obtain such funds.

“(d) PUBLIC AVAILABILITY.—

“(1) IN GENERAL.—A grantee preparing a report under this section shall make the report publicly available to the citizens in the jurisdiction of the grantee in sufficient time to permit such citizens to comment on such report prior to its submission to the Secretary, and in such manner and at such times as the grantee may determine. The report shall include a summary of any such comments received by the grantee regarding its program.

“(2) ELECTRONIC ACCESS.—A grantee may comply with the requirement under paragraph (1) by making the report available through interactive computer or telephone services or other electronic information networks and systems appropriate for making such information widely publicly available. The Secretary

shall make each final report submitted under this section publicly available through such a computer, telephone, or information service, network, or system.

“(e) **AUTHORITY OF SECRETARY.**—The Secretary shall establish procedures appropriate and practicable for providing a fair hearing and timely resolution of citizen complaints related to performance reports under this section.

“**SEC. 432. ANNUAL REPORT BY SECRETARY.**

“The Secretary shall include in the annual report, under section 8 of the Department of Housing and Urban Development Act, information summarizing the activities carried out under this title and setting forth the findings, conclusions, and recommendations of the Secretary as a result of the activities. Such information shall be made publicly available through interactive computer or telephone services or other electronic information networks and systems appropriate for making such information widely available to the public.

“**SEC. 433. DEFINITIONS.**

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

“(1) **APPLICANT.**—The term ‘applicant’ means an eligible grantee that submits an application under section 408(a) for a grant under this title.

“(2) **ELIGIBLE GRANTEE.**—The term ‘eligible grantee’ is defined in section 403.

“(3) **FACILITY.**—The term ‘facility’ means a structure or structures (or a portion of such structure or structures) that are assisted through eligible activities under subtitle C with grant amounts under this title (or for which the Secretary provides technical assistance under section 421(a)(9)).

“(4) **GRANTEE.**—The term ‘grantee’ means an applicant that receives a grant under this title.

“(5) **INSULAR AREA.**—The term ‘insular area’ means each of the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other territory or possession of the United States.

“(6) **METROPOLITAN CITY, URBAN COUNTY, AND UNIT OF GENERAL LOCAL GOVERNMENT.**—The terms ‘metropolitan city’, ‘urban county’, and ‘unit of general local government’ have the meanings given the terms in section 102 of the Housing and Community Development Act of 1974.

“(7) **NONENTITLEMENT AREA.**—The term ‘nonentitlement area’ means an area that is not a metropolitan city or part of an urban county and does not include Indian tribes or insular areas.

“(8) **OPERATING COSTS.**—The term ‘operating costs’ means expenses incurred by a grantee operating supportive housing assisted with grant amounts under this title, with respect to—

“(A) the administration, maintenance, repair, and security of such housing;

“(B) utilities, fuel, furnishings, and equipment for such housing; and

“(C) the conducting of the assessment under section 408(b)(2).

“(9) **OUTPATIENT HEALTH SERVICES.**—The term ‘outpatient health services’ means outpatient health care, outpatient mental health services, outpatient substance abuse services, and case management.

“(10) **PERSON WITH DISABILITIES.**—The term ‘person with disabilities’ means a person who—

“(A) has a disability as defined in section 223 of the Social Security Act;

“(B) is determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual’s ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or

“(C) has a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act.

Such term shall not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

“(11) **PRIVATE NONPROFIT ORGANIZATION.**—The term ‘private nonprofit organization’ means any private organization that—

“(A) is organized under State or local laws;

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

“(C) complies with standards of financial accountability acceptable to the Secretary; and

“(D) has among its purposes significant activities related to the provision of—

“(i) decent housing that is affordable to low-income and moderate-income families; or

“(ii) shelter, housing, or services for homeless persons or families or for persons or families at risk of becoming homeless.

“(12) PROJECT SPONSOR.—The term ‘project sponsor’ means an entity that uses grant amounts under this title to carry out a permanent housing development program under subtitle B or eligible activities under subtitle C. The term includes a grantee carrying out such a program or activities.

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

“(14) STATE.—The term ‘State’ means each of the several States and the Commonwealth of Puerto Rico.

“(15) SUPPORTIVE HOUSING.—The term ‘supportive housing’ means a facility that meets the requirements of section 423.

“(16) SUPPORTIVE SERVICES.—The term ‘supportive services’ means services under section 409.

“(17) VERY LOW-INCOME FAMILIES.—The term ‘very low-income families’ has the same meaning given the term under section 3(b) of the United States Housing Act of 1937 (or any other subsequent provision of Federal law defining such term for purposes of eligibility for, or rental charges in, public housing).

“SEC. 434. REGULATIONS.

“(a) ISSUANCE.—Not later than the expiration of the 30-day period beginning upon the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act, the Secretary shall issue interim regulations to carry out this title. The Secretary shall issue final regulations to carry out this title after notice and opportunity for public comment regarding the interim regulations in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section), but not later than the expiration of the 90-day period beginning upon the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act.

“(b) RULE OF CONSTRUCTION.—Any failure by the Secretary to issue any regulations under this section shall not affect the effectiveness of any provision of this title pursuant to section 4(b) of the Homeless Housing Programs Consolidation and Flexibility Act.

“SEC. 435. AUTHORIZATION OF APPROPRIATIONS.

“(a) IN GENERAL.—There are authorized to be appropriated for grants under this title \$1,000,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

“(b) PROHIBITION ON SET ASIDES.—Notwithstanding any other provision of law, any attempt to put any restriction on the use of funds appropriated for this title (such as for use in special projects) shall be considered an appropriation without authorization and shall be without force or effect.”.

(b) APPLICABILITY.—The provisions of the amendment made by subsection (a) shall apply with respect to fiscal year 1998 and each fiscal year thereafter.

SEC. 6. INTERAGENCY COUNCIL ON THE HOMELESS.

(a) CHAIRPERSON AND VICE CHAIRPERSON.—Section 202(b) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11312(b)) is amended to read as follows:

“(b) CHAIRPERSON AND VICE CHAIRPERSON.—

“(1) CHAIRPERSON.—The Council shall elect a Chairperson from among its members, who shall have a term of 2 years. A member of the Council by reason of any of paragraphs (1) through (16) of subsection (a) who serves as Chairperson for a term may not be elected to serve as Chairperson for the succeeding term. The preceding sentence shall not apply to any member serving as Chairperson on the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act.

“(2) VICE CHAIRPERSON.—The Vice Chairperson of the Council shall have a term of 2 years and shall be—

“(A) the Secretary of Housing and Urban Development, if such Secretary is not elected as the Chairperson of the Council; or

“(B) elected by the Council from among its members, if the Secretary of Housing and Urban Development is elected as the Chairperson of the Council.

“(3) Notwithstanding paragraphs (1) and (2), the first Chairperson elected after the date of the enactment of the Homeless Housing Programs Consolida-

tion and Flexibility Act may not be the Secretary of Housing and Urban Development.”.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—Section 208 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11318) is amended to read as follows:

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

“Of any amounts made available in any fiscal year to carry out this Act, 0.0012 of such amounts shall be available to carry out this title.”.

(c) **TERMINATION.**—Section 209 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11319) is amended by striking “October 1, 1994” and inserting “October 1, 2002”.

(d) **REPEAL.**—Section 210 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11320) is hereby repealed.

SEC. 7. INVENTORY OF FEDERAL FACILITIES SUITABLE FOR OVERNIGHT SHELTER FOR HOMELESS PERSONS.

(a) **IDENTIFICATION.**—Not later than 30 days after the date of the enactment of this Act, the Secretary of Housing and Urban Development shall request, from the head of each executive agency, information that identifies each covered facility (or any parts thereof) under the control of the executive agency that is suitable for use as temporary overnight shelter for homeless persons.

(b) **CONSULTATION.**—At the request of the head of any executive agency, the Secretary shall consult with such agency head regarding whether facilities of the agency, or a particular facility or facilities, are covered facilities or are suitable for use as temporary overnight shelter for homeless persons.

(c) **COMPILATION AND PUBLICATION.**—Not later than 60 days after the date of the enactment of this Act, the Secretary shall compile the information submitted pursuant to subsection (a) and cause the compiled information to be published in the Federal Register a list of all covered facilities identified as suitable for use as temporary overnight shelter for homeless persons.

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

(1) **COVERED FACILITY.**—The term “covered facility” means any building, structure, land, or other real property that, in the determination of the head of the Federal agency having control of the property, using standards that shall be established by the Secretary, reasonably could be made available for the use described in subsection (a) without substantial conflict with any other existing, expected, or potential use of the property to carry out the mission of the agency.

(2) **EXECUTIVE AGENCY.**—The term “executive agency” has the meaning given such term in section 105 of title 5, United States Code.

(3) **HOMELESS PERSON.**—The term “homeless person” has the meaning given such term in section 102 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302).

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

SEC. 8. REPEALS AND CONFORMING AMENDMENTS.

(a) **REPEALS.**—The following provisions of law are hereby repealed:

(1) **INNOVATIVE HOMELESS INITIATIVES DEMONSTRATION.**—Section 2 of the HUD Demonstration Act of 1993 (42 U.S.C. 11301 note).

(2) **FHA SINGLE FAMILY PROPERTY DISPOSITION FOR HOMELESS USE.**—Section 1407 of the Housing and Community Development Act of 1992 (Public Law 102–550; 106 Stat. 4034).

(3) **HOUSING FOR RURAL HOMELESS AND MIGRANT FARMWORKERS.**—Subsection (k) of section 516 of the Housing Act of 1949 (42 U.S.C. 1486(k)).

(b) **TERMINATION OF SRO ASSISTANCE PROGRAM.**—Section 8(e)(2) of the United States Housing Act of 1937 shall not be in effect on or after the date of the enactment of this Act as provided in subsections (a)(4) and (b)(2) of section 289 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12839).

(c) **CONFORMING AMENDMENTS TO YOUTHBUILD PROGRAM.**—Title IV of the Cranston-Gonzalez National Affordable Housing Act is amended—

(1) in section 455(b) (42 U.S.C. 12899d(b)) by inserting “subtitle C of” before “title IV”; and

(2) in section 457(4) (42 U.S.C. 12899f(4)), by striking “section 103” and inserting “section 102”.

(d) **CLERICAL AMENDMENT.**—The table of contents in section 101(b) of the Stewart B. McKinney Homeless Assistance Act is amended by striking the items relating to titles I, II, III, and IV (including the items relating to the subtitles, parts, and sections of such titles) and inserting the following new items:

“TITLE I—GENERAL PROVISIONS

- “Sec. 101. Short title and table of contents.
- “Sec. 102. General definition of homeless individual.
- “Sec. 103. Funding availability and limitations.
- “Sec. 104. Annual program summary by Comptroller General.

“TITLE II—INTERAGENCY COUNCIL ON THE HOMELESS

- “Sec. 201. Establishment.
- “Sec. 202. Membership.
- “Sec. 203. Functions.
- “Sec. 204. Director and staff.
- “Sec. 205. Powers.
- “Sec. 206. Transfer of functions.
- “Sec. 207. Definitions.
- “Sec. 208. Authorization of appropriations.
- “Sec. 209. Termination.

“TITLE III—FEDERAL EMERGENCY MANAGEMENT FOOD AND SHELTER PROGRAM

“Subtitle A—Administrative Provisions

- “Sec. 301. Emergency Food and Shelter Program National Board.
- “Sec. 302. Local boards.
- “Sec. 303. Role of Federal Emergency Management Agency.
- “Sec. 304. Records and audit of National Board and grantees of assistance.
- “Sec. 305. Annual report.

“Subtitle B—Emergency Food and Shelter Grants

- “Sec. 311. Grants by the Director.
- “Sec. 312. Retention of interest earned.
- “Sec. 313. Purposes of grants.
- “Sec. 314. Limitation on certain costs.
- “Sec. 315. Disbursement of funds.
- “Sec. 316. Program guidelines.

“Subtitle C—General Provisions

- “Sec. 321. Definitions.
- “Sec. 322. Authorization of appropriations.

“TITLE IV—PERMANENT HOUSING DEVELOPMENT AND FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE PROGRAM

“Subtitle A—General Provisions

- “Sec. 401. Purpose; performance measures.
- “Sec. 402. Grant authority.
- “Sec. 403. Eligible grantees.
- “Sec. 404. Use of project sponsors.
- “Sec. 405. Comprehensive housing affordability strategy compliance.
- “Sec. 406. Allocation and availability of amounts.
- “Sec. 407. Matching funds requirement.
- “Sec. 408. Program requirements.
- “Sec. 409. Supportive services.
- “Sec. 410. Nondiscrimination in programs and activities.

“Subtitle B—Permanent Housing Development Activities

- “Sec. 411. Use of amounts and general requirements.
- “Sec. 412. Permanent housing development.

“Subtitle C—Flexible Block Grant Homeless Assistance

- “Sec. 421. Eligible activities.
- “Sec. 422. Use of amounts through private nonprofit providers.
- “Sec. 423. Supportive housing.
- “Sec. 424. Emergency shelter.

“Subtitle D—Reporting, Definitions, and Funding

- “Sec. 431. Performance reports by grantees.
- “Sec. 432. Annual report by Secretary.
- “Sec. 433. Definitions.
- “Sec. 434. Regulations.
- “Sec. 435. Authorization of appropriations.”.

SEC. 9. SAVINGS PROVISION.

Nothing in this Act may be construed to affect the validity of any right, duty, or obligation of the United States or other person arising under or pursuant to any commitment or agreement entered into before the date of the enactment of this Act under any provision of law repealed or amended by this Act.

SEC. 10. TREATMENT OF PREVIOUSLY OBLIGATED AMOUNTS.

Notwithstanding the amendment or repeal of any provision of law by this Act, any amounts appropriated to carry out the provisions so amended or repealed that are obligated before the date of the enactment of this Act shall be used in the manner provided, and subject to any requirements and agreements entered into, under such

provisions as such provisions were in effect immediately before such date of enactment.

EXPLANATION OF THE LEGISLATION

The “Homeless Housing Programs Consolidation and Flexibility Act”—H.R. 217, consolidates seven existing Title IV Stewart B. McKinney Homeless Housing Assistance Programs. These programs include: Emergency Shelter Grants Program (ESG); Supportive Housing Program; Safe Havens for Homeless Individuals Demonstration Program; Shelter Plus Care Program; Section 8 Moderate Rehabilitation Assistance for Single-Room Occupancy Dwellings; Rural Homeless Housing Assistance; and Tenant/Project-Based Rental Assistance.

H.R. 217 provides for a homeless housing assistance block grant divided into two assistance funds: (1) Flexible Block Grant (initial 75% of total funds appropriated) allocated between municipalities (70%) and to the states (30%) to provide homeless housing assistance; and (2) Permanent Housing Development, allocated by national competition. After the first year of enactment, the Permanent Housing Development national competition would be allocated 30% of the total appropriated funds under this title, with the remaining appropriated funds allocated through the flexible block grant.

The bill requires HUD to develop and submit to Congress an allocation formula, based on the incidence of homelessness and other contributing factors, one year after enactment. Although the legislation contemplated an allocation for the Flexible Block Grant at 70% for entitlement communities and 30% for states, HUD will be required to provide alternative allocations between city and state communities, including the possibility of a 75% entitlement/25% state formula. An interim block grant will immediately take effect, based on the existing emergency shelter grant program formula.

While the Committee agrees that McKinney funds are more equitably allocated under a formula, it recognizes that a number of urban localities may lose a substantial amount of their McKinney funds under the interim formula (CDBG formula). In order to provide those localities time to adjust to a formula driven program, the bill also authorizes a “hold-harmless” provision. Under the hold-harmless provision, communities and states would be guaranteed 90% of the average of annual funds the jurisdiction received during the 1994-97 fiscal years. Additionally, each state entity (non-entitlement) is guaranteed a minimum of \$2 million. (The hold-harmless provision changes each year with 85% in year two; 80% in years three and four; and 75% in year five.) After each community and state is allocated the minimum amount, jurisdictions that would receive more funding under an ESG formula allocation will receive additional funding based on the remaining funds and the difference between the communities guaranteed amount and amount it would have received under the formula.

H.R. 217 provides a block grant to states and local communities (entitlement areas) to provide funds for eligible activities, including providing supportive housing with appropriate services, acquisition or rehabilitation of housing structures, leasing, operating costs,

prevention, emergency shelter, supportive services, and permanent housing development.

In recognition of the fact that homelessness is not isolated in urban areas alone, the Committee restricts States from using their formula-allocated funds in entitlement areas. The Committee is concerned that states, historically, have directed their Emergency Shelter Grant allocation into the entitlement communities and neglect the needs of the homeless in rural and non-metro areas. Certainly, the Committee understands that the large proportion of this nation's homeless needs are in the metro areas but it would like state's funds directed at finding solutions to non-metro and rural homelessness.

The legislation maintains a national competition for the permanent housing activities, such as construction, rehabilitation, or acquisition. These activities can also include the capitalization of a dedicated project amount from which long-term assistance payments, such as operating costs or rental assistance, can be made. In addition, the Committee agreed to allow up to 35% of the funds available for the competition to be used as if under Section 441 of the McKinney Act as in effect on October 31, 1997.

The legislation requires eligible grantees, defined as the municipal city, urban county, consortium of local governments, or state governments, to apply for the flexible block grant or the permanent housing fund competition, provided each entity's application is consistent with the Comprehensive Housing Affordability strategy, prepared by each jurisdiction under Section 105 of the Cranston-Gonzalez National Affordable Housing Act.

A condition of the grantee's application is that federal funds be matched with other non-McKinney housing funds. Each grantee shall select either (1) a 50% match of federal funds, provided volunteer hours are not calculated as part of the contribution; or (2) a 100% match of federal funds, which includes the value of volunteer hours, as calculated and regulated by HUD. Sources for matching funds can be cash; the value of donated or purchased materials or buildings; the value of leases; proceeds from municipal bond financing; the amount of salary paid to staff; value or cost of donated goods; value of taxes, fees or other charges foregone by the local government; cost of on-site and off-site infrastructure; and, in cases of a 100% match, donated services. Match requirements for communities in fiscal distress or severe fiscal distress may be waived partially or totally by the Secretary.

The bill provides an incentive to limit supportive service expenditures of federal funds to no more than 35%. In cases where the grantee exceeds 35%, it must contribute an additional 100% match of federal funds spent above the threshold. The Committee opted to allow total local flexibility related to the amount of funds spent on emergency shelter.

This legislation requires each grantee to establish local advisory boards, consisting of representatives of the various local homeless advocacy groups, current or former homeless individuals, representatives from veteran advocacy groups, business and other community leaders, as appointed by the head of the jurisdiction. These local boards are designed to ensure that localities work with

non-profit groups in providing the best possible coordination and leveraging of resources and services.

This legislation also requires interagency coordination to ensure that executive agencies, other than HUD, provide adequate federal assistance for supportive services to supplement and accompany the McKinney Housing Assistance program. First, the Interagency Council on the Homeless is reauthorized, including an authorization of appropriations. Second, the legislation encourages interagency participation, by requiring the first elected chairman after enactment to be a Secretary other than the HUD Secretary. Third, the Council would have the authority to provide coordination activities to ensure that supportive service funds come from non-HUD executive agencies. When the coordination is not sufficient, the Chairman could create a Companion Services Block Grant from the various federal block grants where homeless services are eligible activities. The legislation would require pro-rated funds from the affected agencies up to an amount equal to the appropriated funds for the HUD McKinney Assistance program.

Under the Flexible Block Grant or the Permanent Housing Development earmark, grantees are required to pass-through at least 50% of funds to non-profits, which meet eligibility requirements established by the HUD Secretary and the local jurisdiction.

In addition to providing performance measures, the legislation also requires performance reports by the grantees, in a form established by the Secretary, that provide information regarding the activities, accomplishments, experiences, numbers served, and goals met under the Comprehensive Housing Affordability Strategy. The application and performance reports will be public information and made available, including through the Internet or other electronic systems.

H.R. 217 authorizes an appropriation of \$1 billion for each fiscal year through Fiscal Year 2002 for Title IV McKinney Housing Assistance funds. Additionally, an authorization of appropriation for the Federal Emergency Management Agency (FEMA) Emergency Food and Shelter (EFS) program is effective through Fiscal Year 2002.

This legislation also requires each executive agency head to provide an inventory, no later than 30 days after enactment, of federal facilities under its authority that would be suitable for use as temporary, overnight shelters for homeless persons.

OVERVIEW

In the late 1970s, homelessness was again evident in our nation's urban areas with the appearance of "bag ladies" and homeless encampments, and is now widely recognized as one of our nation's most pressing social dilemmas. Until the late 1980s, homelessness was viewed as a temporary phenomenon that could be remedied by directing federal, state and local funding resources to emergency food and shelter programs. While important in addressing immediate crisis needs, these programs have not provided long-term solutions to the special needs of vulnerable individuals who are homeless or at risk of homelessness.

At least half of the adult homeless population is estimated to have a current or past substance abuse problem, and up to one-

third have severe mental illness. As a consequence of their mental and physical disabilities and their isolation from community and family support systems, many of these individuals get caught in a costly revolving door from shelters, to the streets, to hospital emergency rooms, to treatment centers, sometimes even to jails, and back again. For more than a decade, locally-based nonprofit housing organizations and social service agencies have pioneered cost-effective solutions to homelessness that combine permanent, affordable housing with supportive services. This approach is helpful for vulnerable individuals who are homeless or at risk of homelessness, especially those who are coping with mental illness, substance abuse recovery, HIV/AIDS and/or other special needs, to regain control of their lives and reclaim a stake in community life.

The Federal government's most comprehensive response to the crisis of homelessness emerged in the 1980s in the form of the Stewart B. McKinney Act of 1987 (P.L. 100-77). The McKinney Act was reauthorized for two years at the end of the 100th Congress as the McKinney Homeless Assistance Act Amendments of 1988, and was subsequently reauthorized again in the Cranston-Gonzalez National Affordable Housing Act and the Housing and Community Development Act of 1992.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 217 consolidates most McKinney programs into a flexible block grant, in order to provide comprehensive community-wide planning with a defined flow of federal funds and support over the long-term. This legislation was created to provide greater flexibility to states and local governments. In testimony before the Subcommittee on Housing and Community Opportunity, witnesses from both the private and public sector spoke to the theme of flexibility in addressing local homelessness needs. Under the current system, statutory fragmentation of homeless housing activities creates mixed signals and ties the housing and service providers' hands. Therefore, the Flexible Block Grant Homeless Assistance Program would not only ensure a consistency of funds but the necessary flexibility.

The Committee specifically chose not to consolidate permanent housing activities into the flexible block grant. Instead, the Committee earmarked funds for permanent housing development under a national competitive process. Although the Administration had originally proposed a total block grant of homeless funds in order to reduce administrative burdens, the Committee believed that a narrowly tailored national competitive program would refocus a portion of the funds on "bricks & mortar" development and not pose an administrative burden on HUD. Additionally, the national competitive fund would give each grantee or local jurisdiction an opportunity to compete for additional funds beyond the block grant formula, meeting the needs of innovative projects requiring significant financial investments. Given the ebb and flow of funding needs for permanent housing development, communities may need large funding amounts in one year and little or nothing in other years. If permanent housing funds were allocated under a block grant, many entitlement jurisdictions would not build permanent housing projects because the immense up-front funding needs

would deplete a jurisdiction's entire allocation in one funding year. A national competition that assures projects are tied to local needs will facilitate a more effective allocation of housing resources.

Because the homeless problem was thought to be temporary in nature, the McKinney Programs originally emphasized emergency food and shelter and transitional housing, along with a range of services such as primary health care, mental health care, education, and job training. As the crisis of homelessness continued to intensify, federal policy shifted in recognition of the need to support long-term and preventative strategies that enabled vulnerable populations to gain access to affordable, permanent housing and ongoing services, which help them to lead independent, productive lives.

Our nation's experience in combating homelessness has shown that without a stable, long-term living environment, most truly needy individuals are not able to take advantage of services that could help them cope with their debilitating mental and physical disabilities. The Committee believes that directing scarce public resources towards expanding the availability of quick-fix programs, such as emergency shelters, is not effective. When there is a lack of alternative permanent housing options, shelters become long-term human warehouses, and transitional programs are forced to graduate residents back to the streets, where the cycle begins again. In light of these conclusions, the McKinney Act programs have been refined over the past several years to direct significant resources to permanent housing.

Since the creation of the separate McKinney programs, there has been increasing pressure to provide supportive services, which tend to assist homeless persons with difficult and complex problems. Although McKinney housing funds were originally developed for housing assistance, HUD has increasingly awarded these funds for supportive service activities, instead of coordinating with other executive branch agencies, such as HHS, Labor, Education, and Veterans Affairs. Some observers estimate up to 51% of housing funds have been used for supportive services. While the Committee understands that a successful homeless program requires both housing and services, it recognized that appropriate interagency coordination has not occurred.

Finally, the Committee recognized that, in some cases, homelessness among Veterans requires additional review, including "veteran-specific" causes of homelessness, in order to maximize rehabilitation and coordination with other veterans programs. Therefore, the Committee ensured that: (1) veteran homeless persons would be considered "special needs" populations, which must be considered in the development of HUD's comprehensive planning at all levels; (2) HUD would coordinate with other executive branch agencies for planning services for homeless veterans; (3) state or local advisory planning boards would have representation from veterans service organizations and providers with specific expertise in providing services to homeless veterans; and, (4) in both the pre-grant application process and the post-grant reporting process, data on homeless veterans would be collected.

The pre-grant application should include an assessment of the needs of "special needs" populations, efforts to identify the existence or absence of other resources available in the community to

meet those needs, and objectives to address unmet needs. Furthermore, the Secretary, in consultation with the Interagency Council on the Homeless, veterans advocacy groups, and other advocacy groups, shall develop a methodology to gather aggregate data on special populations. The Committee expects this methodology to be completed within eighteen months after enactment. Also, the Committee requested that the Secretary make efforts to limit the administrative burdens to grantees and protect the privacy of individuals while collecting data. This legislation provides that grantees include the methodology developed by the Secretary in their performance report.

Some key findings about permanent solutions to combat homelessness include:

When provided with stable, permanent housing and flexible support services, formerly homeless persons with severe mental illness greatly decrease their use of costly acute psychiatric hospital care and emergency room treatment;

When provided with permanent supportive housing, graduates of chemical dependency treatment programs greatly increase their rates of sobriety;

The Stewart B. McKinney Programs fund the development and operation of service-enriched housing for vulnerable, special needs populations that have achieved positive cost-effective results in ending or preventing a recurrence of homelessness;

McKinney Program funds play an important role in leveraging funding from other state, local and private sector sources;

A heavy reliance on supportive services funding detracts from the program's ability to provide more housing development;

While the McKinney Programs have achieved positive outcomes, program consolidation and simplification are necessary to better support local efforts.

CONSTITUTIONAL AUTHORITY

In compliance with clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Constitutional authority for Congress to enact this legislation is derived from the general welfare clause (Article I, Sec. 8).

HEARINGS

The Subcommittee on Housing and Community Opportunity held two hearings on the "Homeless Housing Programs Consolidation and Flexibility Act".

The first hearing was held on March 5, 1997. Testifying before the Subcommittee were: E. Fuller Torrey, M.D., Research Psychiatrist at the Neuroscience Center of the National Institute of Health in Bethesda, Maryland; Brendan O'Flaherty, Ph.D., Associate Professor of Economics at Columbia University in New York, N.Y.; Martha Burt, Ph.D., Principal Research Associate at The Urban Institute in Washington, D.C.; and Dennis Culhane, Ph.D., Associate Professor of social welfare policy at the University of Pennsylvania in Philadelphia.

The second hearing was held on June 26, 1997. Testifying before the Subcommittee were: The Honorable Jack Metcalf, a Representative in Congress from the State of Washington; The Honorable Bruce F. Vento, a Representative in Congress from the State of Minnesota; Mr. Erik P. Butler, President of The Pine Street Inn, Boston, MA; Ms. Maria Foscarinis, Executive Director of the National Law Center on Homelessness and Poverty, Washington, D.C.; Ms. Mary Ann Gleason, Executive Director, National Coalition for the Homeless, Washington, D.C.; Ms. Jane M. Kenny, Commissioner of the New Jersey Department of Community Affairs; Ms. Jacquie Lawing, General Deputy Assistant Secretary for Community Planning and Development, HUD; Mr. Philip F. Mangano, Executive Director, Massachusetts Housing and Shelter Alliance, Boston, MA; Mr. George McDonald, Founder and President, The Doe Fund, New York, N.Y.; Mr. Richard McMillen, President, International Union of Gospel Missions, Kansas City, MO and Executive Director of The Water Street Rescue Mission in Lancaster, PA; Ms. Nan Roman, Vice President for Policy and Programs of the National Alliance to End Homelessness, Washington, D.C.; Ms. Julie Sandorf, President of the Corporation for Supportive Housing, New York, N.Y.; Ms. Shelley Sheehy, Executive Committee Member and Secretary of the Iowa Coalition for Housing and the Homeless, Davenport, IA; and Ms. Sally Shipman, Executive Director of the Coalition for the Homeless of Housing/ Harris County, Inc., Houston, TX.

COMMITTEE CONSIDERATION AND VOTES (RULE XI, CLAUSE
2(1)(2)(b))

The Committee met in open session to mark up H.R. 217, "Homeless Housing Programs Consolidation and Flexibility Act," on November 5, 1997. The Committee considered, as original text for purposes of amendments, a Committee Print which incorporated the provisions of H.R. 217 introduced by Mr. Lazio.

During the markup, the Committee approved 6 amendments (including a Manager's Amendment) by voice vote. The Committee defeated one amendment by voice vote. The Committee approved, by recorded voice vote, one amendment to the Committee Print. The Committee also defeated, by recorded vote, two amendments. Pursuant to the provisions of clause 2(1)(2)(b) of rule XI of the House of Representatives, the results of each roll call vote and the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NO. 1

Date: November 5, 1997.

Measure: Homeless Housing Programs Consolidation and Flexibility Act

Motion by: Mr. Sanders

Description of motion: Increases funding authorization levels to \$1.6 billion.

Results: Defeated 14 to 18.

YEAS
Mr. Campbell

NAYS
Mr. Leach

Mr. LaFalce	Mr. McCollum
Mr. Vento	Mrs. Roukema
Mr. Frank	Mr. Baker
Mr. Sanders	Mr. Lazio
Mrs. Maloney	Mr. Lucas
Mr. Gutierrez	Mr. Metcalf
Ms. Roybal-Allard	Mr. Ney
Mr. Barrett	Mr. Barr
Ms. Velazquez	Mrs. Kelly
Mr. Watt	Dr. Paul
Mr. Maloney	Dr. Weldon
Ms. Hooley	Mr. Ryun
Ms. Carson	Mr. Snowbarger
	Mr. Hill
	Mr. Manzullo
	Mr. Foley
	Mr. Redmond

ROLLCALL NO. 2

Date: November 5, 1997

Measure: Homeless Housing Programs Consolidation and Flexibility Act

Motion by: Mr. Campbell

Description of motion: Provides that a condition of receiving federal grants is the State's consulting with the HUD Secretary regarding space available at National Guard facilities that could be used by homeless organizations to provide shelter to homeless persons. Directs HUD to conduct an inventory of federal facilities suitable for emergency shelter for homeless persons and publish it in the Federal Register within 60 days after enactment of this Act.

Results: Passed 31 to 5 to 1.

YEAS	NAYS	PASS
Mr. Leach	Mr. Ney	Mr. Vento
Mr. McCollum	Mr. Barr	
Mrs. Roukema	Mr. Hill	
Mr. Bereuter	Mr. LaFalce	
Mr. Baker	Ms. Carson	
Mr. Lazio		
Mr. Castle		
Mr. Campbell		
Mr. Lucas		
Mr. Metcalf		
Dr. Paul		
Mr. Ryun		
Mr. Snowbarger		
Mr. Manzullo		
Mr. Foley		
Mr. Redmond		
Mr. Kennedy		
Ms. Waters		
Mr. Sanders		
Mrs. Maloney		

YEAS	NAYS	PASS
Mr. Gutierrez		
Ms. Roybal-Allard		
Mr. Barrett		
Ms. Velazquez		
Mr. Watt		
Mr. Bentsen		
Ms. Kilpatrick		
Mr. Maloney		
Ms. Hooley		
Mr. Weygard		
Mr. Sherman		

ROLLCALL NO. 3

Date: November 5, 1997.

Measure: Homeless Housing Programs Consolidation and Flexibility Act.

Motion by: Mr. Ryun.

Description of motion: Lowers funding authorization levels to \$850 million.

Results: Defeated 10 to 26 to 1.

YEAS	NAYS	PASS
Mr. McCollum	Mr. Leach	Mr. Metcalf
Mr. Bereuter	Mrs. Roukema	
Mr. Royce	Mr. Lazio	
Mr. Luca	Mr. Castle	
Mr. Barr	Mr. Campbell	
Dr. Paul	Mr. Ney	
Mr. Ryun	Mr. Hill	
Mr. Snowbarger	Mr. Foley	
Mr. Manzullo	Mr. LaFalce	
Mr. Redmond	Mr. Vento	
	Mr. Kennedy	
	Ms. Waters	
	Mr. Sanders	
	Mrs. Maloney	
	Mr. Gutierrez	
	Ms. Roybal-Allard	
	Mr. Barrett	
	Ms. Velazquez	
	Mr. Watt	
	Mr. Bentsen	
	Ms. Kilpatrick	
	Mr. Maloney	
	Ms. Hooley	
	Ms. Carson	
	Mr. Weygand	
	Mr. Sherman	

The Committee Print was adopted as amended by recorded vote as follows:

ROLLCALL NO. 4

Date: November 5, 1997.

Measure: Homeless Housing Programs Consolidation and Flexibility Act.

Motion by: Mr. Lazio.

Description of motion: Allows committee print as a substitute to H.R. 217 as introduced in the House.

Results: Passed 35 to 5.

YEAS	NAYS
Mr. Leach	Mr. Royce
Mr. McCollum	Mr. Barr
Mrs. Roukema	Dr. Paul
Mr. Bereuter	Mr. Ryun
Mr. Lazio	Mr. Snowbarger
Mr. Castle	
Mr. Campbell	
Mr. Lucas	
Mr. Metcalf	
Mr. Ney	
Mr. Ehrlich	
Dr. Weldon	
Mr. Cook	
Mr. Hill	
Mr. Manzullo	
Mr. Foley	
Mr. Redmond	
Mr. LaFalce	
Mr. Vento	
Mr. Kennedy	
Ms. Waters	
Mr. Sanders	
Mrs. Maloney	
Mr. Gutierrez	
Ms. Roybal-Allard	
Mr. Barrett	
Ms. Velazquez	
Mr. Watt	
Mr. Bentsen	
Ms. Kilpatrick	
Mr. Maloney	
Ms. Hooley	
Ms. Carson	
Mr. Weygand	
Mr. Sherman	

A motion to strike everything after the enacting clause in H.R. 217 and insert in lieu thereof the Committee Print as amended, was approved by voice vote. A motion to adopt and favorably report H.R. 217 as amended to the House and authorize the Chairman to make any technical or conforming amendments was approved by voice vote.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives is inapplicable because this legislation does not provide new budgetary authority for increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATES

The cost estimate pursuant to Clause 2(1)(3)(C) of rule XI, of the Rules of the House of Representatives and Section 403 of the Congressional Budget Act of 1974 has been requested, but had not been prepared as of this report. The estimate will be included in a supplement to this report to be filed at a future date.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of Section 5(b) of the Federal Advisory Committee were created by this legislation.

CONGRESSIONAL ACCOUNTABILITY ACT

The reporting requirement under Section 102(b)(3) of the Congressional Accountability Act (P.L. 104-1) is inapplicable because this legislation does not relate to terms and conditions of employment or access to public services or accommodations.

CONGRESSIONAL BUDGET OFFICE FEDERAL MANDATE COST ESTIMATE

The cost estimate pursuant to Section 424 of the Unfunded Mandates Reform Act (P.L. 104-4) has been requested, but had not been prepared as of the filing of this report. The estimate will be filed in a supplement to this report to be filed at a future date.

SECTION-BY-SECTION

Sec. 1 Short Title

“Homeless Housing Programs Consolidation and Flexibility Act.”

Sec. 2 Finding’s; purposes

Provides findings and purposes to consolidate homeless programs and allow for greater flexibility while moving towards a greater emphasis on permanent housing solutions.

Sec. 3 General provisions

Provides technical amendments to Title I of the Stewart B. McKinney Homeless Assistance Act.

Sec. 4 Federal Emergency Management Agency Food and Shelter Program

Extends authorization of the emergency and shelter program under FEMA through the end of FY2002.

Sec. 5 Permanent Housing Development and Flexible Block Grant Homeless Assistance Program

Amends and rewrites Title IV of the Stewart B. McKinney Homeless Assistance Act.

Sec. 401 Purpose; performance standards

Provides purpose and performance standards consistent with the Government Performance and Results Act of 1993.

Sec. 402 Grant authority

Provides Secretary with authority to make grants for the following: (1) Insular Areas, (2) Permanent Housing Development Fund, and (3) Flexible Block Grant Homeless Assistance.

Sec. 403 Eligible grantees

Defines grantees as (1) Insular Areas, (2) state and local municipal governments or designated entity, and (3) a consortium of units of local governments, including the entire state.

Sec. 404 Use of project sponsor

Provides grantee authority to use grant amounts through project sponsors who would manage projects qualified under eligible activities provided sponsor is fiscally responsible, has demonstrated ability to carry out eligible activity, leverages public and private resources and coordination, meets cost effectiveness, and employs homeless persons, among others.

Sec. 405 Comprehensive housing affordability strategy compliance

Requires grantee to submit comprehensive housing strategy already required under the 1990 Sec. 105 of the National Affordable Housing Act (NAHA) and requires the local public official to certify that homeless activities are consistent with strategy. This section also authorizes the Secretary to establish other requirements, in addition to the CHAS, which could include the consolidated plan requirements established by HUD regulations.

Sec. 406 Allocation and availability of amounts

Provides for division of appropriated amounts in three ways: (1) Insular Areas as determined by current and future formula; (2) Permanent Housing Development Grants/Subtitle B with a 25% earmark; and (3) Flexible Block Grant Homeless Assistance Grant/Subtitle C with a 75% earmark allocated by the Emergency Shelter Grant (ESG) Formula currently under Sec. 106(b) of the Housing and Community Development Act of 1974. After the first year of enactment, the Permanent Housing Development grant allocation would increase to 30% and the Flexible Block Grant Homeless Assistance would decrease to 70%. The HUD Secretary is required to provide a new formula for Congress' approval, based or calculated on the incidence of homelessness and other contributing factors, as

well as allocation alternatives. Until the new formula is adopted, the ESG formula is effective. HUD is required to provide an estimate of each entitlement community or non-entitlement area allocation under each formula suggested.

Under the Permanent Housing Development Grant program, this section provides a funding limitation equal to 35% of the total allocated under this grant program for activities under Section 441 of the Stewart B. McKinney Homeless Assistance Act as in effect on October 31, 1997. This activity is authorized under Section 411(a)(1) of this Act.

Under the Flexible Block Grant approach, 30% of funds are earmarked for the states and 70% of funds are earmarked for the localities or entitlement communities. A hold harmless provision is effective until a new formula or allocation is adopted. Each entitlement community and non-entitlement area would, in the first year, be guaranteed 90% of the average of the communities past 4 year allocation (FY94–FY97) under this Act's predecessor programs; 85% for the second year, 80% for the third and fourth year, and 75% for the fifth year of enactment. Each grantee is required to provide an additional match (at 50%) for all McKinney funds expended for supportive services above or exceeding a 30% threshold. Funds may be reallocated at least once a year if unused or provided the grantee fails to submit or comply with the local housing strategy plan.

A \$750 million threshold is required to provide a block grant. Otherwise, any appropriated amounts below the threshold will automatically trigger a competitive program for all the McKinney funds for that fiscal year.

Sec. 407 Matching funds requirement

Requires each grantee to match McKinney Fund grants with an option of either:

- (a) at least 50% of the McKinney Fund grants when donated services (voluntary hours) are *not* included; or,
- (b) 100% of the McKinney Fund grant amounts when donated services (voluntary hours) *are* included.

The match for either option can include cash; value of any donated or purchased material or building; value of any lease on a building; bond proceeds; salary paid to staff to carry-out eligible activities; cost or value of any donated goods; value of taxes, fees, or other charges foregone or waived; and on-site/off-site infrastructure costs. The Secretary is authorized to reduce the match requirement for grantees under fiscal or severe fiscal distress or located in a declared natural disaster area.

State or local government funds allocated to eligible activities, independent and separate from McKinney Funds, would also qualify as part of the match.

Sec. 408 Program requirements

Authorizes Secretary to require grantees to make applications for grant assistance for permanent housing fund and flexible block grant assistance fund, with application requirements and agreements by the grantee to allow monitoring and meet program requirements. Additionally, grantees are allowed to charge each resi-

dent/client up to 30% of adjusted income, which may be reserved or used to assist the resident in moving to public housing.

Citizen participation is provided by requiring each grantee to allow for public review and comment and at least one public forum or meeting. Electronic access to information is also required.

Grantees are required to have at least one current or former homeless person on the grantees' board or policymaking entity if feasible; otherwise, the Secretary may waive this requirement where impractical.

Grant funds may not be used to replace other funds currently used for homeless services. Administrative expenses are limited to 5% of total grant received or 7.5% where the grantee implements and uses a standardized homeless database management system to record and assess data on the usage of homeless housing, services and client needs. Housing quality standards must meet local and state housing code requirements; in its absence, the Secretary is authorized to implement standards.

Project Sponsors or grantees may terminate assistance to any person or family who violates program requirements so long as the affected adverse party receives appropriate due process.

Developments acquired, rehabilitated or constructed under this Act will be required to provide homeless housing for at least 20 years unless the Secretary determines that the current homeless program is no longer viable or needed. In that case, the property may be used for low-income affordable housing. In cases where the Low-Income Housing Tax Credit or other Federal program provides a building/use restriction less than 20 years, then that lower requirement shall apply.

Each grantee is required to provide for a local advisory board that will provide advice, assistance and comments on the development of the application and the performance review. Members are to be appointed by the head of the local or state entity and reflect a cross-section of residents including the homeless, homeless advocates and service providers, the business community, neighborhood advocates and government officials. The Secretary may waive the local board requirement where the grantee meets this requirement through existing boards or groups.

Sec. 408(m) Coordination of Homeless Programs

This subsection provides the Chairperson of the Interagency Council on the Homeless to coordinate with the Secretary of HUD, HHS, Labor, Education, Veterans Affairs, and Agriculture, the services that would compliment the McKinney housing fund. The HUD Secretary is required to establish program requirements with the McKinney program to meet coordination with other agencies. If the Interagency Council has determined that proper coordination has not occurred, then the Chairperson and the HUD Secretary are authorized to create and fund a companion services block grant from portions of other block grants (noted below) where homeless services are an eligible activity, limited by the amount available by this Act.

Similar to transfer authority provisions in the National Narcotics Leadership Act Amendments of 1997, (passed on October 21, 1997) the Chairperson of the Interagency Council and the HUD Secretary

would be authorized to transfer such funds, subject to approval by the Committees on Appropriations, the head of the affected agency and the respective authorizing committees of the House and Senate.

Programs identified under this coordination provision are: Sec. 340 and part C of title V of the Public Service Act; programs for education, training and community services under title VII of the Stewart B. McKinney Homeless Assistance Act; food assistance for homeless persons and families via the Food Stamp Act of 1977 and the Emergency Food Assistance Act of 1983; job training, housing, and medical programs for homeless veterans of the Department of Veterans Affairs; the job corps centers for homeless families under Sec. 433A of the Job Training Partnership Act; preventive services for children of homeless families or families at risk under title III of the Child Abuse Prevention and Treatment Act; the Runaway and Homeless Youth Act; assistance for homeless person and families under state programs funded under supplemental security income programs under part A of title IV or under title XVI of the Social Security Act.

Sec. 408(n) Consultation regarding use of National Guard facilities as homeless shelters

Requires the state to consult with the Secretary regarding the possibility of making space at National Guard facilities under the jurisdiction of the state available for use by homeless organizations to provide shelter to homeless persons when the facilities are not actively being used for National Guard purposes.

Sec. 409 Supportive services

Requires the grantee, to the extent allowable, to provide appropriate services to those residents of the assisted developments under this title. Although special populations, such as persons with disabilities, are not targeted, grantees are required to address their special needs. Support services include child care, employment assistance, outpatient health services, food and case management, permanent housing assistance, security arrangements, and coordination of services with other local and Federal entities.

Sec. 410 Nondiscrimination in programs and activities

Provides non-discrimination clause.

Subtitle B—Permanent housing development activities

Sec. 411 Use of amounts and general requirements

Authorizes Secretary to provide amounts set-aside for permanent housing development to grantees through a competitive process. Grantees are required to pass-through at least 50% of funds under this subtitle to non-profit groups selected through the local competitive selection process. Grantees are encouraged to target funds toward special need populations where practical. "Permanent Housing Development activities" means activities to construct, substantially rehabilitate, or acquire structures to provide permanent housing, including the capitalization of a dedicated project account from which long-term assistance payments can be made in order to

facilitate such activities and activities under Section 441 of the Stewart B. McKinney Homeless Assistance Act, as in effect on October 31, 1997 (subject to the limitation in Section 406(b)(3) of the Act).

Sec. 412 Permanent housing development

Defines permanent housing as long-term housing for homeless persons that meet local or state housing code requirements. Permanent housing may be restricted to homeless-only or be mixed population use or in the form of rental housing, shared living, single family or other types of housing arrangements.

Subtitle C—Flexible Block Grant Homeless Assistance

Sec. 421 Eligible activities

Provides grant funds for activities under this Subtitle including (1) acquisition or rehabilitation of supportive housing; (2) construction of new supportive housing; (3) leasing supportive housing; (4) providing operating costs for supportive housing; (5) allowing homeless prevention measures; (6) providing permanent housing development under Subtitle B; (7) funding emergency shelters; (8) providing supportive services; and, (9) allowing funding for technical assistance.

Sec. 422 Use of amounts through private non-profit providers

Grantees are required to pass through at least 50% of funds under this subtitle to non-profits.

Sec. 423 Supportive services

Supportive services are defined as meeting the criteria in Section 409, including transitional, permanent, single room occupancy or safe haven housing that meets local or state housing code requirements.

Sec. 424 Emergency shelter

Defines emergency shelters as any facility designed to provide overnight sleeping accommodations for homeless persons, provided the Secretary determines that use of the funds is necessary and the project sponsor agrees to maintain the building for at least 10 years, in cases where the building is converted or experiences major rehabilitation. Each facility is required to provide appropriate services.

Subtitle D—Reporting, definitions, and funding

Sec. 431 Performance reports by grantees

Requires each grantee to review and report to the Secretary progress made on carrying-out the eligible activities under this Act. The report and review would be available to the public and in a form acceptable to the Secretary.

Sec. 432 Annual report by Secretary

Requires the Secretary to provide a report on this Act and make it available to the public through electronic access.

Sec. 433 Definitions

Provides definitions under this Act.

Sec. 434 Regulations

Requires the Secretary to issue interim regulations within 30 days after enactment and final regulations in accordance with the Administrative Procedures Act.

Sec. 435 Authorization of appropriations

Authorizes, through FY2002, \$1 billion. Additionally, this provision prohibits any fund restrictions or set-asides, during the appropriation process, from amounts appropriated for this Act.

Sec. 6 Interagency Council on the Homeless

Amends current Sec. 202(b) of the Steward B. McKinney Homeless Assistance Act to provide for a Chairperson and Vice-Chairperson, provided the first elected Chairman is other than the HUD Secretary. The HUD Secretary is Vice-Chairman in all cases when not elected or selected Chairman. The Council is authorized up to .0012 of total appropriations or approximately \$1 million out of \$823 million appropriation, through October 1, 2002, to meet administrative needs in coordinating and disseminating information.

Sec. 7 Inventory of Federal facilities suitable for overnight shelter for homeless persons

Requires the HUD Secretary to request from each executive branch agency and inventory of facilities under their jurisdiction that could be suitable for use as temporary overnight shelters for homeless persons. The Secretary is to publish this information not later than 60 days after enactment of this Act.

Sec. 8 Repeals and conforming amendments

Repeals Innovative Homeless Initiatives Demonstration; FHA Single Family Property Disposition for Homeless Use; Housing for Rural Homeless and Migrant Farmworkers; and, SRO Assistance Program. Conforms amendments to the Youthbuild Program and makes clerical amendments to the table of contents in Section 101(B) of the Steward B. McKinney Homeless Assistance Act.

Sec. 9 Savings provisions

Provides that this Act will not abrogate existing contracts or agreements made prior to enactment of this Act.

Sec. 10 Treatments of previously obligated amounts

Provides that previous appropriated amounts obligated to grantees or recipients will be subject to the McKinney Act requirements in effect prior to enactment of this Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted

is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT

SECTION 101. SHORT TITLE AND TABLE OF CONTENTS.

(a) * * *

(b) TABLE OF CONTENTS.—

【TITLE I—GENERAL PROVISIONS

- 【Sec. 101.** Short title and table of contents.
- 【Sec. 102.** Findings and purpose.
- 【Sec. 103.** General definition of homeless individual.
- 【Sec. 104.** Funding availability and limitations.
- 【Sec. 105.** Annual program summary by Comptroller General.

【TITLE II—INTERAGENCY COUNCIL ON THE HOMELESS

- 【Sec. 201.** Establishment.
- 【Sec. 202.** Membership.
- 【Sec. 203.** Functions.
- 【Sec. 204.** Director and staff.
- 【Sec. 205.** Powers.
- 【Sec. 206.** Transfer of functions.
- 【Sec. 207.** Definitions.
- 【Sec. 208.** Authorization of appropriations.
- 【Sec. 209.** Termination.
- 【Sec. 210.** Encouragement of State involvement.

【TITLE III—FEDERAL EMERGENCY MANAGEMENT FOOD AND SHELTER PROGRAM

【Subtitle A—Administrative Provisions

- 【Sec. 301.** Emergency Food and Shelter Program National Board.
- 【Sec. 302.** Local boards.
- 【Sec. 303.** Role of Federal Emergency Management Agency.
- 【Sec. 304.** Records and audit of National Board and recipients of assistance.
- 【Sec. 305.** Annual report.

【Subtitle B—Emergency Food and Shelter Grants

- 【Sec. 311.** Grants by the Director.
- 【Sec. 312.** Retention of interest earned.
- 【Sec. 313.** Purposes of grants.
- 【Sec. 314.** Limitation on certain costs.
- 【Sec. 315.** Disbursement of funds.
- 【Sec. 316.** Program guidelines.

【Subtitle C—General Provisions

- 【Sec. 321.** Definitions.
- 【Sec. 322.** Authorization of appropriations.

【TITLE IV—HOUSING ASSISTANCE

【Subtitle A—Comprehensive Homeless Assistance Plan

- 【Sec. 401.** Housing affordability strategy.

【Subtitle B—Emergency Shelter Grants Program

- 【Sec. 411.** Definitions.
- 【Sec. 412.** Grant assistance.
- 【Sec. 413.** Allocation and distribution of assistance.
- 【Sec. 414.** Eligible activities.
- 【Sec. 415.** Responsibilities of recipients.
- 【Sec. 416.** Administrative provisions.
- 【Sec. 417.** Authorization of appropriations.
- 【Sec. 418.** Administrative costs.

【Subtitle C—Supportive Housing Program

- 【Sec. 421. Purpose.
- 【Sec. 422. Definitions.
- 【Sec. 423. Eligible activities.
- 【Sec. 424. Supportive housing.
- 【Sec. 425. Supportive services.
- 【Sec. 426. Program requirements.
- 【Sec. 427. Regulations.
- 【Sec. 428. Reports to Congress.
- 【Sec. 429. Authorization of appropriations.

【Subtitle D—Safe Havens for Homeless Individuals Demonstration Program

- 【Sec. 431. Establishment of demonstration.
- 【Sec. 432. Definitions.
- 【Sec. 433. Program assistance.
- 【Sec. 434. Program requirements.
- 【Sec. 435. Occupancy charge.
- 【Sec. 436. Termination of assistance.
- 【Sec. 437. Evaluation and report.
- 【Sec. 438. Regulations.
- 【Sec. 439. Authorization of appropriations.

【Subtitle E—Miscellaneous Programs

- 【Sec. 441. Section 8 assistance for single room occupancy dwellings.
- 【Sec. 442. Community development block grant amendment.
- 【Sec. 443. Administrative provisions.

【Subtitle F—Shelter Plus Care Program

【PART I—GENERAL REQUIREMENTS

- 【Sec. 451. Purpose.
- 【Sec. 452. Rental housing assistance.
- 【Sec. 453. Supportive services requirements.
- 【Sec. 454. Applications.
- 【Sec. 455. Selection criteria.
- 【Sec. 456. Required agreements.
- 【Sec. 457. Housing standards and rent reasonableness.
- 【Sec. 458. Tenant rent.
- 【Sec. 459. Administrative fees.
- 【Sec. 460. Occupancy.
- 【Sec. 461. Termination of assistance.
- 【Sec. 462. Definitions.
- 【Sec. 463. Authorization of appropriations.

【PART II—TENANT-BASED RENTAL ASSISTANCE

- 【Sec. 471. Authority.
- 【Sec. 472. Housing assistance.
- 【Sec. 473. Amount of assistance.

【PART III—PROJECT-BASED RENTAL ASSISTANCE

- 【Sec. 476. Authority.
- 【Sec. 477. Housing assistance.
- 【Sec. 478. Term of contract and amount of assistance.

【PART IV—SPONSOR-BASED RENTAL ASSISTANCE

- 【Sec. 481. Authority.
- 【Sec. 482. Housing assistance.
- 【Sec. 483. Term of contract and amount of assistance.

【PART V—SECTION 8 MODERATE REHABILITATION ASSISTANCE FOR SINGLE-ROOM
OCCUPANCY DWELLINGS

- 【Sec. 486. Authority.
- 【Sec. 487. Fire and safety improvements.
- 【Sec. 488. Contract requirements.

【Subtitle G—Rural Homeless Housing Assistance

- 【Sec. 491. Rural homelessness grant program.
 【Sec. 492. Use of FMHA inventory for transitional housing for homeless persons
 and for turnkey housing.】

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TITLE I—GENERAL PROVISIONS

- Sec. 101. Short title and table of contents.*
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Subtitle C—General Provisions

- Sec. 321. Definitions.*
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TITLE IV—PERMANENT HOUSING DEVELOPMENT AND FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE PROGRAM

Subtitle A—General Provisions

- Sec. 401. Purpose; performance measures.*
Sec. 402. Grant authority.
Sec. 403. Eligible grantees.
Sec. 404. Use of project sponsors.
Sec. 405. Comprehensive housing affordability strategy compliance.
Sec. 406. Allocation and availability of amounts.
Sec. 407. Matching funds requirement.
Sec. 408. Program requirements.
Sec. 409. Supportive services.
Sec. 410. Nondiscrimination in programs and activities.

Subtitle B—Permanent Housing Development Activities

- Sec. 411. Use of amounts and general requirements.*
Sec. 412. Permanent housing development.

Subtitle C—Flexible Block Grant Homeless Assistance

- Sec. 421. Eligible activities.*

Sec. 422. *Use of amounts through private nonprofit providers.*

Sec. 423. *Supportive housing.*

Sec. 424. *Emergency shelter.*

Subtitle D—Reporting, Definitions, and Funding

Sec. 431. *Performance reports by grantees.*

Sec. 432. *Annual report by Secretary.*

Sec. 433. *Definitions.*

Sec. 434. *Regulations.*

Sec. 435. *Authorization of appropriations.*

[SEC. 102. FINDINGS AND PURPOSE.]

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

[(1) the Nation faces an immediate and unprecedented crisis due to the lack of shelter for a growing number of individuals and families, including elderly persons, handicapped persons, families with children, Native Americans, and veterans;

[(2) the problem of homelessness has become more severe and, in the absence of more effective efforts, is expected to become dramatically worse, endangering the lives and safety of the homeless;

[(3) the causes of homelessness are many and complex, and homeless individuals have diverse needs;

[(4) there is no single, simple solution to the problem of homelessness because of the different subpopulations of the homeless, the different causes of and reasons for homelessness, and the different needs of homeless individuals;

[(5) due to the record increase in homelessness, States, units of local government, and private voluntary organizations have been unable to meet the basic human needs of all the homeless and, in the absence of greater Federal assistance, will be unable to protect the lives and safety of all the homeless in need of assistance; and

[(6) the Federal Government has a clear responsibility and an existing capacity to fulfill a more effective and responsible role to meet the basic human needs and to engender respect for the human dignity of the homeless.

[(b) PURPOSE.—It is the purpose of this Act—

[(1) to establish an Interagency Council on the Homeless;

[(2) to use public resources and programs in a more coordinated manner to meet the critically urgent needs of the homeless of the Nation; and

[(3) to provide funds for programs to assist the homeless, with special emphasis on elderly persons, handicapped persons, families with children, Native Americans, and veterans.]

SEC. [103] 102. GENERAL DEFINITION OF HOMELESS INDIVIDUAL.

(a) **IN GENERAL.—**For purposes of this Act, **[the term “homeless” or “homeless individual or homeless person” includes]** *the terms “homeless”, “individual”, and “homeless person” include—*

(1) * * *

* * * * *

(c) **EXCLUSION.—**For purposes of this Act, **[the term “homeless” or “homeless individual” does not include]** *the terms “homeless”, “individual”, and “homeless person” do not include* any individual imprisoned or otherwise detained pursuant to an Act of the Congress or a State law.

SEC. [104] 103. FUNDING AVAILABILITY AND LIMITATIONS.

(a) CALCULATION.—The amounts authorized in this Act shall be in addition to any amount appropriated for the programs involved before the date of the enactment of this Act.

* * * * *

SEC. [105] 104. ANNUAL PROGRAM SUMMARY BY COMPTROLLER GENERAL.

The Comptroller General of the United States may evaluate the disbursement and use of the amounts made available by appropriation Acts under the authorizations in titles III and IV.

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TITLE II—INTERAGENCY COUNCIL ON THE HOMELESS

* * * * *

SEC. 202. MEMBERSHIP.

(a) * * *

[(b) CHAIRPERSON.—The Council shall elect a Chairperson and a Vice Chairperson from among its members.]

(b) CHAIRPERSON AND VICE CHAIRPERSON.—

(1) CHAIRPERSON.—The Council shall elect a Chairperson from among its members, who shall have a term of 2 years. A member of the Council by reason of any of paragraphs (1) through (16) of subsection (a) who serves as Chairperson for a term may not be elected to serve as Chairperson for the succeeding term. The preceding sentence shall not apply to any member serving as Chairperson on the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act.

(2) VICE CHAIRPERSON.—The Vice Chairperson of the Council shall have a term of 2 years and shall be—

(A) the Secretary of Housing and Urban Development, if such Secretary is not elected as the Chairperson of the Council; or

(B) elected by the Council from among its members, if the Secretary of Housing and Urban Development is elected as the Chairperson of the Council.

(3) Notwithstanding paragraphs (1) and (2), the first Chairperson elected after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act may not be the Secretary of Housing and Urban Development.

* * * * *

[SEC. 208. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this title \$1,500,000 for fiscal year 1993 and \$1,563,000 for fiscal year 1994.]

SEC. 208. AUTHORIZATION OF APPROPRIATIONS.

Of any amounts made available in any fiscal year to carry out this Act, 0.0012 of such amounts shall be available to carry out this title.

SEC. 209. TERMINATION.

The Council shall cease to exist, and the requirements of this title shall terminate, on October 1, [1994] 2002.

[SEC. 210. ENCOURAGEMENT OF STATE INVOLVEMENT.

[(a) STATE CONTACT PERSONS.—Each State shall designate an individual to serve as a State contact person for the purpose of receiving and disseminating information and communications received from the Council, including the bimonthly bulletin described in section 203(a)(7).

[(b) STATE INTERAGENCY COUNCILS AND LEAD AGENCIES.—Each State is encouraged to establish a State interagency council on the homeless or designate a lead agency for the State for the purpose of assuming primary responsibility for coordinating and interacting with the Council and State and local agencies as necessary.]

**TITLE III—FEDERAL EMERGENCY
MANAGEMENT FOOD AND SHELTER PROGRAM**

* * * * *

Subtitle C—General Provisions

* * * * *

[SEC. 322. AUTHORIZATION OF APPROPRIATIONS.

[(There are authorized to be appropriated to carry out this title \$180,000,000 for fiscal year 1993 and \$187,560,000 for fiscal year 1994.)]

SEC. 322. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

[TITLE IV—HOUSING ASSISTANCE

**[Subtitle A—Comprehensive Homeless Assistance
Plan**

[SEC. 401. HOUSING AFFORDABILITY STRATEGY.

[(Assistance may be made under this title only if the grantee certifies that it is following—

[(1) a current housing affordability strategy which has been approved by the Secretary in accordance with section 105 of the Cranston-Gonzalez National Affordable Housing Act, or

[(2) a comprehensive homeless assistance plan which was approved by the Secretary during the 180-day period beginning on the date of enactment of the Cranston-Gonzalez National Affordable Housing Act, or during such longer period as may be prescribed by the Secretary in any case for good cause.

[Subtitle B—Emergency Shelter Grants Program

[SEC. 411. DEFINITIONS.

[For purposes of this subtitle:

[(1) The term “local government” means a unit of general purpose local government.

[(2) The term “locality” means the geographical area within the jurisdiction of a local government.

[(3) The term “metropolitan city” has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

[(4) The term “operating costs” means expenses incurred by a recipient operating a facility assisted under this subtitle with respect to—

[(A) the administration, maintenance, repair, and security of such housing; and

[(B) utilities, fuels, furnishings, and equipment for such housing.

[(5) The term “private nonprofit organization” means a secular or religious organization described in section 501(c) of the Internal Revenue Code of 1986 that is exempt from taxation under subtitle A of such Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance.

[(6) The term “recipient” means any governmental or private nonprofit entity that is approved by the Secretary as to financial responsibility.

[(7) The term “Secretary” means the Secretary of Housing and Urban Development.

[(8) The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

[(9) The term “urban county” has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

[(10) The term “Indian tribe” has the meaning given such term in section 102(a)(17) of the Housing and Community Development Act of

[SEC. 412. GRANT ASSISTANCE.

[The Secretary of Housing and Urban Development shall, to the extent of amounts approved in appropriation Acts under section 417, make grants to States and local governments, and for Indian tribes, (and to private nonprofit organizations providing assistance to homeless individuals, in the case of grants made with reallocated amounts) in order to carry out activities described in section 414.

[SEC. 413. ALLOCATION AND DISTRIBUTION OF ASSISTANCE.

[(a) **IN GENERAL.**—The Secretary shall allocate assistance under this subtitle to metropolitan cities, urban counties, and States (for

distribution to local governments and private nonprofit organizations in the States) and to Indian tribes, in a manner that ensures that the percentage of the total amount available under this subtitle for any fiscal year that is allocated to any State, metropolitan city, or urban county, or for Indian tribes is equal to the percentage of the total amount available for section 106 of the Housing and Community Development Act of 1974 for such prior fiscal year that is allocated to such State, metropolitan city, or urban county, or for Indian tribes.

[(b) MINIMUM ALLOCATION REQUIREMENT.—If, under the allocation provisions applicable under this subtitle, any metropolitan city or urban county would receive a grant of less than 0.05 percent of the amounts appropriated to carry out this subtitle for any fiscal year, such amount shall instead be reallocated to the State, except that any city that is located in a State that does not have counties as local governments, that has a population greater than 40,000 but less than 50,000 as used in determining the fiscal year 1987 community development block grant program allocation, and that was allocated in excess of \$1,000,000 in community development block grant funds in fiscal year 1987, shall receive directly the amount allocated to such city under subsection (a).

[(c) DISTRIBUTIONS TO NONPROFIT ORGANIZATIONS.—Any local government or Indian tribe receiving assistance under this subtitle may distribute all or a portion of such assistance to private nonprofit organizations providing assistance to homeless individuals. Any State receiving assistance under this subtitle may distribute all or a portion of such assistance to private nonprofit organizations providing assistance to homeless individuals, if the local government for the locality in which the project is located certifies that it approves of the project.

[(d) REALLOCATION OF FUNDS.—

[(1) The Secretary shall, not less than twice during each fiscal year, reallocate any assistance provided under this subtitle that is unused or returned or that becomes available under subsection (b).

[(2) If a city or county eligible for a grant under subsection (a) fails to obtain approval of its comprehensive plan during the 90-day period following the date funds authorized by this subtitle first become available for allocation during any fiscal year, the amount that the city or county would have received shall be available to the State in which the city or county is located if the State has obtained approval of its comprehensive plan. Any amounts that cannot be allocated to a State under the preceding sentence shall be reallocated to other States, counties, and cities that demonstrate extraordinary need or large numbers of homeless individuals, as determined by the Secretary.

[(3) If a State or Indian tribe fails to obtain approval of its comprehensive plan during the 90-day period following the date funds authorized by this subtitle first become available for allocation during any fiscal year, the amount that the State or Indian tribe would have received shall be reallocated to other States and to cities and counties, or other Indian tribes, as ap-

plicable, that demonstrate extraordinary need or large numbers of homeless individuals, as determined by the Secretary.

[(e) ALLOCATIONS TO TERRITORIES.—In addition to the other allocations required in this section, the Secretary shall (for amounts appropriated after the date of enactment of this Act) allocate assistance under this subtitle to the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States, in accordance with an allocation formula established by the Secretary.

[SEC. 414. ELIGIBLE ACTIVITIES.

[(a) IN GENERAL.—Assistance provided under this subtitle may be used for the following activities relating to emergency shelter for homeless individuals:

[(1) The renovation, major rehabilitation, or conversion of buildings to be used as emergency shelters.

[(2) The provision of essential services, including services concerned with employment, health, drug abuse, or education, if—

[(A) such services have not been provided by the local government or Indian tribe during any part of the immediately preceding 12-month period, or the use of assistance under this subtitle would complement those services; and

[(B) not more than 30 percent of the aggregate amount of all assistance to a State, local government, or Indian tribe under this subtitle is used for activities under this paragraph.

[(3) Maintenance, operation, insurance, utilities, and furnishings, except that not more than 10 percent of the amount of any grant received under this subtitle may be used for costs of staff.

[(4) Efforts to prevent homelessness such as financial assistance to families who have received eviction notices or notices of termination of utility services if—

[(A) the inability of the family to make the required payments is due to a sudden reduction in income;

[(B) the assistance is necessary to avoid the eviction or termination of services;

[(C) there is a reasonable prospect that the family will be able to resume payments within a reasonable period of time; and

[(D) the assistance will not supplant funding for pre-existing homelessness prevention activities from other sources.

Not more than 30 percent of the aggregate amount of all assistance to a State, local government, or Indian tribe under this subtitle may be used for activities under this paragraph.

[(b) WAIVER AUTHORITY.—The Secretary may waive the 20 percent limitation on the use of assistance for essential services contained in subsection (a)(2)(B), if the local government receiving the assistance demonstrates that the other eligible activities under the program are already being carried out in the locality with other resources.

[SEC. 415. RESPONSIBILITIES OF RECIPIENTS.**[(a) MATCHING AMOUNTS.—**

[(1) Except as provided in paragraph (2), each recipient under this subtitle shall be required to supplement the assistance provided under this subtitle with an equal amount of funds from sources other than this subtitle. Each recipient shall certify to the Secretary its compliance with this paragraph, and shall include with such certification a description of the sources and amounts of such supplemental funds.

[(2) Each recipient under this subtitle that is a State shall be required to supplement the assistance provided under this subtitle with an amount of funds from sources other than this subtitle equal to the difference between the amount received under this subtitle and \$100,000. If the amount received by the State is \$100,000 or less, the State may not be required to supplement the assistance provided under this subtitle.

[(3) In calculating the amount of supplemental funds provided by a recipient under this subtitle, a recipient may include the value of any donated material or building, the value of any lease on a building, any salary paid to staff to carry out the program of the recipient, and the value of the time and services contributed by volunteers to carry out the program of the recipient at a rate determined by the Secretary.

[(b) ADMINISTRATION OF ASSISTANCE.—Each recipient shall act as the fiscal agent of the Secretary with respect to assistance provided to such recipient.

[(c) CERTIFICATIONS ON USE OF ASSISTANCE.—Each recipient shall certify to the Secretary that—

[(1) it will—

[(A) in the case of assistance involving major rehabilitation or conversion, maintain any building for which assistance is used under this subtitle as a shelter for homeless individuals and families for not less than a 10-year period;

[(B) in the case of assistance involving rehabilitation (other than major rehabilitation or conversion), maintain any building for which assistance is used under this subtitle as a shelter for homeless individuals and families for not less than a 3-year period; or

[(C) in the case of assistance involving solely activities described in paragraphs (2) and (3) of section 414(a), provide services or shelter to homeless individuals and families for the period during which such assistance is provided, without regard to a particular site or structure as long as the same general population is served;

[(2) any renovation carried out with assistance under this subtitle shall be sufficient to ensure that the building involved is safe and sanitary;

[(3) it will assist homeless individuals in obtaining—

[(A) appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

[(B) other Federal, State, local, and private assistance available for such individuals;

[(4) in the case of a recipient that is a State, it will obtain any matching amounts required under subsection (a) in a manner so that local governments, Indian tribes, agencies, and local non-profit organizations receiving assistance from the grant that are least capable of providing the recipient State with such matching amounts receive the benefit of the \$100,000 subtrahend under subsection (a)(2);

[(5) it will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under this subtitle and that the address or location of any family violence shelter project assisted under this subtitle will, except with written authorization of the person or persons responsible for the operation of such shelter, not be made public;

[(6) activities undertaken by the recipient with assistance under this subtitle are consistent with any housing strategy submitted by the grantee in accordance with section 105 of the Cranston-Gonzalez National Affordable Housing Act; and

[(7) to the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this subtitle, in providing services assisted under this subtitle, and in providing services for occupants of facilities assisted under this subtitle.

[(d) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each recipient that is not a State to provide for the participation of not less than 1 homeless individual or former homeless individual on the board of directors or other equivalent policymaking entity of such recipient, to the extent that such entity considers and makes policies and decisions regarding any facility, services, or other assistance of the recipient assisted under this subtitle. The Secretary may grant waivers to recipients unable to meet the requirement under the preceding sentence if the recipient agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

[(e) TERMINATION OF ASSISTANCE.—If an individual or family who receives assistance under this subtitle from a recipient violates program requirements, the recipient may terminate assistance in accordance with a formal process established by the recipient that recognizes the rights of individuals affected, which may include a hearing.

[SEC. 416. ADMINISTRATIVE PROVISIONS.]

[(a) REGULATIONS.—Not later than 60 days after the date of enactment of this Act, the Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this subtitle. Such requirements shall be subject to section 553 of title 5, United States Code. The Secretary shall issue requirements based on the initial notice before the expiration of the 12-month period following the date of enactment of this Act. Prior to the issuance of such requirements in final form, the requirements established by the Secretary implementing the provisions of the emer-

gency shelter grants program under the provisions made effective by section 101(g) of Public Law 99–500 or Public Law 99–591 shall govern the emergency shelter grants program under this subtitle.

[(b) INITIAL ALLOCATION OF ASSISTANCE.—Not later than the expiration of the 60-day period following the date of enactment of a law providing appropriations to carry out this subtitle, the Secretary shall notify each State, Indian tribe, metropolitan city, and urban county that is to receive a direct grant of its allocation of assistance under this subtitle. Such assistance shall be allocated and may be used notwithstanding any failure of the Secretary to issue requirements under subsection (a).

[(c) MINIMUM STANDARDS OF HABITABILITY.—The Secretary shall prescribe such minimum standards of habitability as the Secretary determines to be appropriate to ensure that emergency shelters assisted under this section are environments that provide appropriate privacy, safety, and sanitary and other health-related conditions for homeless persons and families. Grantees are authorized to establish standards of habitability in addition to those prescribed by the Secretary.

[SEC. 417. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subtitle \$138,000,000 for fiscal year 1993 and \$143,796,000 for fiscal year 1994.

[SEC. 418. ADMINISTRATIVE COSTS.

A recipient may use up to 5 percent of any annual grant received under this subtitle for administrative purposes. A recipient State shall share the amount available for administrative purposes pursuant to the preceding sentence with local governments funded by the State.

[Subtitle C—Supportive Housing Program

[SEC. 421. PURPOSE.

The purpose of the program under this subtitle is to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons to enable them to live as independently as possible.

[SEC. 422. DEFINITIONS.

For purposes of this subtitle:

[(1) The term “applicant” means a State, Indian tribe, metropolitan city, urban county, governmental entity, private nonprofit organization, or community mental health association that is a public nonprofit organization, that is eligible to receive assistance under this subtitle and submits an application under section 426(a).

[(2) The term “disability” means—

[(A) a disability as defined in section 223 of the Social Security Act,

[(B) to be determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional

impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual's ability to live independently, and (iii) of such a nature that such ability could be improved by more suitable housing conditions,

[(C) a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act, or

[(D) the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agency for acquired immunodeficiency syndrome.

Subparagraph (D) shall not be construed to limit eligibility under subparagraphs (A) through (C) or the provisions referred to in subparagraphs (A) through (C).

[(3) The term "Indian tribe" has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

[(4) The term "metropolitan city" has the meaning given the term in section 102 of the Housing and Community Development Act of 1974.

[(5) The term "operating costs" means expenses incurred by a recipient operating supportive housing under this subtitle with respect to—

[(A) the administration, maintenance, repair, and security of such housing;

[(B) utilities, fuel, furnishings, and equipment for such housing; and

[(C) the conducting of the assessment under section 426(c)(2).

[(6) The term "outpatient health services" means outpatient health care, outpatient mental health services, outpatient substance abuse services, and case management.

[(7) The term "private nonprofit organization" means an organization—

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

[(B) that has a voluntary board;

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

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

[(8) The term "project" means a structure or structures (or a portion of such structure or structures) that is acquired, rehabilitated, constructed, or leased with assistance provided under this subtitle or with respect to which the Secretary provides technical assistance or annual payments for operating costs under this subtitle, or supportive services.

[(9) The term "recipient" means any governmental or nonprofit entity that receives assistance under this subtitle.

[(10) The term "Secretary" means the Secretary of Housing and Urban Development.

[(11) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the

Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and Palau.

[(12) The term “supportive housing” means a project that meets the requirements of section 424.

[(13) The term “supportive services” means services under section 425.

[(14) The term “urban county” has the meaning given the term in section 102 of the Housing and Community Development Act of 1974.

[SEC. 423. ELIGIBLE ACTIVITIES.

[(a) IN GENERAL.—The Secretary may provide any project with one or more of the following types of assistance under this subtitle:

[(1) ACQUISITION AND REHABILITATION.—A grant, in an amount not to exceed \$200,000, for the acquisition, rehabilitation, or acquisition and rehabilitation, of an existing structure (including a small commercial property or office space) to provide supportive housing other than emergency shelter or to provide supportive services; except that the Secretary may increase the dollar limitation under this sentence to not more than \$400,000 for areas that the Secretary finds have high acquisition and rehabilitation costs. The repayment of any outstanding debt owed on a loan made to purchase an existing structure shall be considered to be a cost of acquisition eligible for a grant under this paragraph if the structure was not used as supportive housing, or to provide supportive services, before the receipt of assistance.

[(2) NEW CONSTRUCTION.—A grant, in an amount not to exceed \$400,000, for new construction of a structure to provide supportive housing.

[(3) LEASING.—A grant for leasing of an existing structure or structures, or portions thereof, to provide supportive housing or supportive services during the period covered by the application. Grant recipients may reapply for such assistance as needed to continue the use of such structure for purposes of this subtitle.

[(4) OPERATING COSTS.—Annual payments for operating costs of housing assisted under this subtitle, not to exceed 75 percent of the annual operating costs of such housing. Grant recipients may reapply for such assistance as needed to continue the use of the housing for purposes of this subtitle.

[(5) SUPPORTIVE SERVICES.—A grant for costs of supportive services provided to homeless individuals. Any recipient, including program recipients under title IV of this Act before the date of the enactment of the Housing and Community Development Act of 1992, may reapply for such assistance or for the renewal of such assistance to continue services funded under prior grants or to provide other services.

[(6) TECHNICAL ASSISTANCE.—Technical assistance in carrying out the purposes of this subtitle.

[(b) USE RESTRICTIONS.—

[(1) ACQUISITION, REHABILITATION, AND NEW CONSTRUCTION.—Projects assisted under subsection (a) (1) or (2) shall be operated for not less than 20 years for the purpose specified in the application.

[(2) OTHER ASSISTANCE.—Projects assisted under subsection (a) (3), (4), (5), or (6) (but not under subsection (a) (1) or (2)) shall be operated for the purposes specified in the application for the duration of the period covered by the grant.

[(3) CONVERSION.—If the Secretary determines that a project is no longer needed for use as supportive housing and approves the use of the project for the direct benefit of low-income persons pursuant to a request for such use by the recipient operating the project, the Secretary may authorize the recipient to convert the project to such use.

[(c) REPAYMENT OF ASSISTANCE AND PREVENTION OF UNDUE BENEFITS.—

[(1) REPAYMENT.—The Secretary shall require recipients to repay 100 percent of any assistance received under subsection (a) (1) or (2) if the project ceases to be used as supportive housing within 10 years after the project is placed in service. If such project is used as supportive housing for more than 10 years, the Secretary shall reduce the percentage of the amount required to be repaid by 10 percentage points for each year in excess of 10 that the project is used as supportive housing.

[(2) PREVENTION OF UNDUE BENEFITS.—Except as provided in paragraph (3), upon any sale or other disposition of a project assisted under subsection (a) (1) or (2) occurring before the expiration of the 20-year period beginning on the date that the project is placed in service, the recipient shall comply with such terms and conditions as the Secretary may prescribe to prevent the recipient from unduly benefiting from such sale or disposition.

[(3) EXCEPTION.—A recipient shall not be required to comply with the terms and conditions prescribed under paragraphs (1) and (2) if the sale or disposition of the project results in the use of the project for the direct benefit of very low-income persons or if all of the proceeds are used to provide supportive housing meeting the requirements of this subtitle.

[(SEC. 424. SUPPORTIVE HOUSING.]

[(a) IN GENERAL.—Housing providing supportive services for homeless individuals shall be considered supportive housing for purposes of this subtitle if—

[(1) the housing is safe and sanitary and meets any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located; and

[(2) the housing—

[(A) is transitional housing;

[(B) is permanent housing for homeless persons with disabilities; or

[(C) is, or is part of, a particularly innovative project for, or alternative methods of, meeting the immediate and long-term needs of homeless individuals and families.

[(b) TRANSITIONAL HOUSING.—For purposes of this section, the term “transitional housing” means housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months or such longer period as the Secretary determines necessary. The Secretary may deny assistance for housing based on a violation of this subsection only if

the Secretary determines that a substantial number of homeless individuals or families have remained in the housing longer than such period.

[(c) PERMANENT HOUSING FOR HOMELESS PERSONS WITH DISABILITIES.—For purposes of this section, the term “permanent housing for homeless persons with disabilities” means community-based housing for homeless persons with disabilities that provides long-term housing and supportive services for not more than—

[(1) 8 such persons in a single structure or contiguous structures;

[(2) 16 such persons, but only if not more than 20 percent of the units in a structure are designated for such persons; or

[(3) more than 16 persons if the applicant demonstrates that local market conditions dictate the development of a large project and such development will achieve the neighborhood integration objectives of the program within the context of the affected community.

[(d) SINGLE ROOM OCCUPANCY DWELLINGS.—A project may provide supportive housing or supportive services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as supportive housing or in projects containing some or all such dwelling units.

[SEC. 425. SUPPORTIVE SERVICES.

[(a) IN GENERAL.—To the extent practicable, each project shall provide supportive services for residents of the project and homeless persons using the project, which may be designed by the recipient or participants.

[(b) REQUIREMENTS.—Supportive services provided in connection with a project shall address the special needs of individuals (such as homeless persons with disabilities and homeless families with children) intended to be served by a project.

[(c) SERVICES.—Supportive services may include such activities as (A) establishing and operating a child care services program for homeless families, (B) establishing and operating an employment assistance program, (C) providing outpatient health services, food, and case management, (D) providing assistance in obtaining permanent housing, employment counseling, and nutritional counseling, (E) providing security arrangements necessary for the protection of residents of supportive housing and for homeless persons using the housing or project, (F) providing assistance in obtaining other Federal, State, and local assistance available for such residents (including mental health benefits, employment counseling, and medical assistance, but not including major medical equipment), and (G) providing other appropriate services.

[(d) PROVISION OF SERVICES.—Services provided pursuant to this section may be provided directly by the recipient or by contract with other public or private service providers. Such services may be provided to homeless individuals who do not reside in supportive housing.

[(e) COORDINATION WITH SECRETARY OF HEALTH AND HUMAN SERVICES.—

[(1) APPROVAL.—Promptly upon receipt of any application for assistance under this subtitle that includes the provision of outpatient health services, the Secretary of Housing and Urban

Development shall consult with the Secretary of Health and Human Services with respect to the proposed outpatient health services. If, within 45 days of such consultation, the Secretary of Health and Human Services determines that the proposal for delivery of the outpatient health services does not meet guidelines for determining the appropriateness of such proposed services, the Secretary of Housing and Urban Development may require resubmission of the application, and the Secretary of Housing and Urban Development may not approve such portion of the application unless and until such portion has been resubmitted in a form that the Secretary of Health and Human Services determines meets such guidelines.

[(2) GUIDELINES.—The Secretary of Housing and Urban Development and the Secretary of Health and Human Services shall jointly establish guidelines for determining the appropriateness of proposed outpatient health services under this section. Such guidelines shall include any provisions necessary to enable the Secretary of Housing and Urban Development to meet the time limits under this subtitle for the final selection of applications for assistance.

[SEC. 426. PROGRAM REQUIREMENTS.

[(a) APPLICATIONS.—

[(1) FORM AND PROCEDURE.—Applications for assistance under this subtitle shall be submitted by applicants in the form and in accordance with the procedures established by the Secretary. The Secretary may not give preference or priority to any application on the basis that the application was submitted by any particular type of applicant entity.

[(2) CONTENTS.—The Secretary shall require that applications contain at a minimum—

[(A) a description of the proposed project, including the activities to be undertaken;

[(B) a description of the size and characteristics of the population that would occupy the supportive housing assisted under this subtitle;

[(C) a description of the public and private resources that are expected to be made available for the project;

[(D) in the case of projects assisted under section 423(a) (1) or (2), assurances satisfactory to the Secretary that the project will be operated for not less than 20 years for the purpose specified in the application;

[(E) in the case of projects assisted under this title that do not receive assistance under such sections, annual assurances during the period specified in the application that the project will be operated for the purpose specified in the application for such period;

[(F) a certification from the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the State or unit of general local government within which the project is located that the proposed project is consistent with the approved housing strategy of such State or unit of general local government; and

[(G) a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing.

[(3) SITE CONTROL.—The Secretary shall require that each application include reasonable assurances that the applicant will own or have control of a site for the proposed project not later than the expiration of the 12-month period beginning upon notification of an award for grant assistance, unless the application proposes providing supportive housing assisted under section 423(a)(3) or housing that will eventually be owned or controlled by the families and individuals served. An applicant may obtain ownership or control of a suitable site different from the site specified in the application. If any recipient fails to obtain ownership or control of the site within 12 months after notification of an award for grant assistance, the grant shall be recaptured and reallocated under this subtitle.

[(b) SELECTION CRITERIA.—The Secretary shall select applicants approved by the Secretary as to financial responsibility to receive assistance under this subtitle by a national competition based on criteria established by the Secretary, which shall include—

[(1) the ability of the applicant to develop and operate a project;

[(2) the innovative quality of the proposal in providing a project;

[(3) the need for the type of project proposed by the applicant in the area to be served;

[(4) the extent to which the amount of assistance to be provided under this subtitle will be supplemented with resources from other public and private sources;

[(5) the cost-effectiveness of the proposed project;

[(6) the extent to which the applicant has demonstrated coordination with other Federal, State, local, private and other entities serving homeless persons in the planning and operation of the project, to the extent practicable; and

[(7) such other factors as the Secretary determines to be appropriate to carry out this subtitle in an effective and efficient manner.

[(c) REQUIRED AGREEMENTS.—The Secretary may not provide assistance for any project under this subtitle unless the applicant agrees—

[(1) to operate the proposed project in accordance with the provisions of this subtitle;

[(2) to conduct an ongoing assessment of the supportive services required by homeless individuals served by the project and the availability of such services to such individuals;

[(3) to provide such residential supervision as the Secretary determines is necessary to facilitate the adequate provision of supportive services to the residents and users of the project;

[(4) to monitor and report to the Secretary on the progress of the project;

[(5) to develop and implement procedures to ensure (A) the confidentiality of records pertaining to any individual provided

family violence prevention or treatment services through any project assisted under this subtitle, and (B) that the address or location of any family violence shelter project assisted under this subtitle will not be made public, except with written authorization of the person or persons responsible for the operation of such project;

[(6) to the maximum extent practicable, to involve homeless individuals and families, through employment, volunteer services, or otherwise, in constructing, rehabilitating, maintaining, and operating the project assisted under this subtitle and in providing supportive services for the project; and

[(7) to comply with such other terms and conditions as the Secretary may establish to carry out this subtitle in an effective and efficient manner.

[(d) OCCUPANCY CHARGE.—Each homeless individual or family residing in a project providing supportive housing may be required to pay an occupancy charge in an amount determined by the recipient providing the project, which may not exceed the amount determined under section 3(a) of the United States Housing Act of 1937. Occupancy charges paid may be reserved, in whole or in part, to assist residents in moving to permanent housing.

[(e) MATCHING FUNDING.—Each recipient shall be required to supplement the amount of assistance provided under paragraphs (1) and (2) of section 423(a) with an equal amount of funds from sources other than this subtitle.

[(f) FLOOD PROTECTION STANDARDS.—Flood protection standards applicable to housing acquired, rehabilitated, constructed, or assisted under this subtitle shall be no more restrictive than the standards applicable under Executive Order No. 11988 (May 24, 1977) to the other programs under this title.

[(g) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each recipient to provide for the participation of not less than 1 homeless individual or former homeless individual on the board of directors or other equivalent policy-making entity of the recipient, to the extent that such entity considers and makes policies and decisions regarding any project, supportive services, or assistance provided under this subtitle. The Secretary may grant waivers to applicants unable to meet the requirement under the preceding sentence if the applicant agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

[(h) LIMITATION ON USE OF FUNDS.—No assistance received under this subtitle (or any State or local government funds used to supplement such assistance) may be used to replace other State or local funds previously used, or designated for use, to assist homeless persons.

[(i) LIMITATION ON ADMINISTRATIVE EXPENSES.—No recipient may use more than 5 percent of a grant received under this subtitle for administrative purposes.

[(j) TERMINATION OF ASSISTANCE.—If an individual or family who receives assistance under this subtitle (not including residents of an emergency shelter) from a recipient violates program requirements, the recipient may terminate assistance in accordance with a formal process established by the recipient that recognizes the

rights of individuals receiving such assistance to due process of law, which may include a hearing.

[SEC. 427. REGULATIONS.

【Not later than the expiration of the 90-day period beginning on the date of the enactment of the Housing and Community Development Act of 1992, the Secretary shall issue interim regulations to carry out this subtitle, which shall take effect upon issuance. The Secretary shall issue final regulations to carry out this subtitle after notice and opportunity for public comment regarding the interim regulations, pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section). The duration of the period for public comment shall not be less than 60 days, and the final regulations shall be issued not later than the expiration of the 60-day period beginning upon the conclusion of the comment period and shall take effect upon issuance.

[SEC. 428. REPORTS TO CONGRESS.

【The Secretary shall submit a report to the Congress annually, summarizing the activities carried out under this subtitle and setting forth the findings, conclusions, and recommendations of the Secretary as a result of the activities. The report shall be submitted not later than 4 months after the end of each fiscal year (except that, in the case of fiscal year 1993, the report shall be submitted not later than 6 months after the end of the fiscal year).

[SEC. 429. AUTHORIZATION OF APPROPRIATIONS.

【(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subtitle \$204,000,000 for fiscal year 1993 and \$212,568,000 for fiscal year 1994.

【(b) SET-ASIDES.—Of any amounts appropriated to carry out this subtitle—

【(1) not less than 25 percent shall be allocated to projects designed primarily to serve homeless families with children;

【(2) not less than 25 percent shall be allocated to projects designed primarily to serve homeless persons with disabilities; and

【(3) not less than 10 percent shall be allocated for use only for providing supportive services under sections 423(a)(5) and 425, not provided in conjunction with supportive housing.

【(c) REALLOCATIONS.—If, following the receipt of applications for the final funding round under this subtitle for any fiscal year, any amount set aside for assistance pursuant to subsection (b) will not be required to fund the approvable applications submitted for such assistance, the Secretary shall reallocate such amount for other assistance pursuant to this subtitle.

【Subtitle D—Safe Havens for Homeless Individuals Demonstration Program

[SEC. 431. ESTABLISHMENT OF DEMONSTRATION.

【(a) IN GENERAL.—The Secretary may make grants to applicants to demonstrate the desirability and feasibility of providing very low-cost housing, to be known as safe havens, to homeless persons

who, at the time, are unwilling or unable to participate in mental health treatment programs or to receive other supportive services.

[(b) PURPOSES.—The demonstration program carried out under this subtitle shall demonstrate—

[(1) whether and on what basis eligible persons choose to reside in safe havens;

[(2) the extent to which, after a period of residence in a safe haven, residents are willing to participate in mental health treatment programs, substance abuse treatment, or other treatment programs and to move toward a more traditional form of permanent housing and the availability in the community of such permanent housing and treatment programs;

[(3) whether safe havens are cost-effective in comparison with other alternatives for eligible persons; and

[(4) the various ways in which safe havens may be used to provide accommodations and low-demand services and referrals for eligible persons.

[SEC. 432. DEFINITIONS.

[For purposes of this subtitle:

[(1) APPLICANT.—The term “applicant” means a nonprofit corporation, public nonprofit organization, State, or unit of general local government.

[(2) ELIGIBLE PERSON.—The term “eligible person” means an individual who—

[(A) is seriously mentally ill and resides primarily in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings, which may include occasional residence in an emergency shelter; and

[(B) is currently unwilling or unable to participate in mental health or substance abuse treatment programs or to receive other supportive services.

Such term does not include a person whose sole impairment is substance abuse.

[(3) FACILITY.—The term “facility” means a structure or a clearly identifiable portion of a structure that is assisted under this subtitle.

[(4) LOW-DEMAND SERVICES AND REFERRALS.—The term “low-demand services and referrals” means the provision of health care, mental health, substance abuse, and other supportive services and referrals for services in a noncoercive manner, which may include medication management, education, counseling, job training, and assistance in obtaining entitlement benefits and in obtaining other supportive services including mental health treatment and substance abuse treatment.

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

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

[(B) that has a voluntary board;

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

- [(D) that practices nondiscrimination in the provision of assistance.
- [(6) OPERATING COSTS.—The term “operating costs” means expenses incurred by a recipient operating a safe haven under this subtitle with respect to—
- [(A) the operation of the facility, including the cost of 24-hour management, and maintenance, repair, and security;
- [(B) utilities, fuel, furnishings, and equipment for such housing; and
- [(C) other reasonable costs necessary to the operation of the facility, which may include appropriate outreach and drop-in services.
- [(7) RECIPIENT.—The term “recipient” means an applicant that receives assistance under this subtitle.
- [(8) SAFE HAVEN.—The term “safe haven” means a facility—
- [(A) that provides 24-hour residence for eligible persons who may reside for an unspecified duration;
- [(B) that provides private or semiprivate accommodations;
- [(C) that may provide for the common use of kitchen facilities, dining rooms, and bathrooms;
- [(D) that may provide supportive services to eligible persons who are not residents on a drop-in basis; and
- [(E) in which overnight occupancy is limited to no more than 25 persons.
- [(9) SECRETARY.—The term “Secretary” means the Secretary of Housing and Urban Development.
- [(10) SERIOUSLY MENTALLY ILL.—The term “seriously mentally ill” means having a severe and persistent mental or emotional impairment that seriously limits a person’s ability to live independently.
- [(11) STATE.—The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and Palau.
- [(12) UNIT OF GENERAL LOCAL GOVERNMENT.—The term “unit of general local government” has the meaning given the term in section 102(a) of the Housing and Community Development Act of 1974.

[SEC. 433. PROGRAM ASSISTANCE.

[(a) IN GENERAL.—

- [(1) ELIGIBLE ACTIVITIES.—The Secretary may provide assistance with respect to a program under this subtitle for the following activities:
- [(A) The construction of a structure for use in providing a safe haven or the acquisition, rehabilitation, or acquisition and rehabilitation of an existing structure for use in providing a safe haven.
- [(B) The leasing of an existing structure for use in providing a safe haven.
- [(C) To cover the operating costs of a safe haven.
- [(D) To cover the costs of administering a safe haven program, not to exceed 10 percent of the amounts made

available for activities under subparagraphs (A) through (C).

[(E) Outreach activities designed to inform eligible persons about and attract them to a safe haven program.

[(F) The provision of low-demand services and referrals for residents of a safe haven, except that grants under this subtitle may not be used to cover more than 50 percent of the cost of such services and referrals.

[(G) Other activities that further the purposes of this subtitle, including the modification of an existing facility to use a portion of the facility to provide with a safe haven.

[(2) PERIOD OF ASSISTANCE.—Assistance may be provided to any safe haven program for activities under subparagraphs (B) through (F) of paragraph (1) for a period of not more than 5 years, except that the Secretary may, upon application by the recipient, provide assistance for an additional period of time, not to exceed 5 years, subject to—

[(A) the determination of the Secretary that the performance of the recipient under this subtitle is satisfactory; and

[(B) the availability of appropriations for such purpose.

[(3) LIMIT ON AMOUNT.—The total amount of assistance provided to any recipient under this subsection may not exceed \$400,000 in any 5-year period.

[(b) MATCHING FUNDING.—

[(1) IN GENERAL.—Each recipient shall supplement a grant provided under this subtitle with an equal amount of funds from sources other than this subtitle. Each recipient shall certify to the Secretary that it has complied with this paragraph, and shall include with the certification a description of the sources and amounts of such supplemental funds.

[(2) CALCULATION OF AMOUNTS.—In calculating the amount of supplemental funds required under paragraph (1), a recipient may include any funds derived from another source, the value of any lease on a building, any salary paid to staff to carry out the program of the recipient, and the value of the time and services contributed by volunteers, at a rate determined by the Secretary, to carry out the program of the recipient.

[SEC. 434. PROGRAM REQUIREMENTS.

[(a) APPLICATIONS.—Applications for assistance under this subtitle shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish, and such applications shall contain at a minimum—

[(1) a description of the proposed facility;

[(2) a description of the number and characteristics of the eligible persons expected to occupy the safe haven;

[(3) a plan for identifying and selecting eligible persons to participate;

[(4) a program plan, containing a description of the method—

[(A) of operation of the facility, including staffing plans and facility rules;

[(B) by which the applicant will secure supportive services for residents of the safe haven;

[(C) by which the applicant will monitor the willingness of residents to engage in treatment programs and other supportive services;

[(D) by which access to supportive services will be secured for residents willing to use them;

[(E) by which access to permanent housing with appropriate services, such as the Shelter Plus Care program under subtitle F, will be sought after residents are stabilized; and

[(F) by which the applicant will conduct outreach activities to facilitate the entrance of eligible persons into the safe haven;

[(5) a plan to ensure that adequate security precautions are taken to make the facility safe for the residents;

[(6) an estimate of program costs;

[(7) a description of the resources that are expected to be made available in accordance with section 433(b);

[(8) assurances satisfactory to the Secretary that the facility will have 24-hour, on-site management, if practicable;

[(9) assurances satisfactory to the Secretary that the facility will be operated for the purpose specified in the application for each year in which assistance is provided under this subtitle;

[(10) a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the State or unit of general local government within which the facility is located that the proposed activities are consistent with the approved housing strategy for such jurisdiction;

[(11) a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing;

[(12) a plan for program evaluation based on information that is collected on a periodic basis regarding the characteristics of the residents, including their movement in and out of the safe haven, their willingness to use low-demand services and referrals, the availability and quality of services used, and the movement of residents toward a more traditional form of permanent housing after a period of residency in the safe haven; and

[(13) such other information as the Secretary may require.

[(b) SITE CONTROL.—The Secretary shall require that an applicant furnish reasonable assurances that the applicant will have control of a site for the proposed facility not later than 1 year after notification of an award of assistance under this subtitle. If an applicant fails to obtain control of the site within this period, the grant shall be recaptured by the Secretary and reallocated for use under this subtitle.

[(c) SELECTION CRITERIA.—The Secretary shall establish selection criteria for selecting applicants to receive assistance under this subtitle pursuant to a national competition, which shall include—

[(1) the extent to which the applicant demonstrates the ability to develop and operate a safe haven;

[(2) the extent to which there is a need for a safe haven in the jurisdiction in which the facility will be located;

[(3) the extent to which the program would link eligible persons to permanent housing and supportive services after stabilization in a safe haven;

[(4) the cost-effectiveness of the proposed program;

[(5) providing for geographical diversity among applicants selected to receive assistance;

[(6) the extent to which the safe haven would meet the need of the eligible persons proposed to be served by the safe haven; and

[(7) such other factors as the Secretary determines to be appropriate for purposes of carrying out the program established under this subtitle in an effective and efficient manner.

[(d) REQUIRED AGREEMENTS.—The Secretary may not provide assistance under this subtitle for any safe haven program unless the applicant agrees—

[(1) to develop and operate the proposed facility as a safe haven in accordance with the provisions of this subtitle;

[(2) to ensure that the facility meets any standards of habitability established by the Secretary;

[(3) to provide low-demand services and referrals for the residents of the safe haven;

[(4) to prohibit the use of illegal drugs and alcohol in the facility;

[(5) to ensure that adequate security precautions are taken to make the facility safe for the residents;

[(6) not to establish limitations on the duration of residency;

[(7) not to require participation in low-demand services and referrals as a condition of occupancy;

[(8) to monitor and report to the Secretary on progress in carrying out the safe haven program;

[(9) to the maximum extent practicable, to involve eligible persons, through employment, volunteer services, or otherwise, in renovating, maintaining, and operating facilities assisted under this subtitle and in providing services assisted under this subtitle;

[(10) to provide for the participation of not less than 1 homeless individual or former homeless individual on the board of directors or other equivalent policymaking entity of such recipient (in accordance with regulations that the Secretary shall issue), to the extent that such entity considers and makes policies and decisions regarding any facility or services assisted under this subtitle, or to otherwise provide for the consultation and participation of such an individual in considering and making such policies and decisions; and

[(11) to comply with such other terms and conditions as the Secretary may establish for purposes of carrying out the pro-

gram established under this subtitle in an effective and efficient manner.

The Secretary may waive the applicability of the requirement under paragraph (10) for an applicant that is unable to meet such requirement, if the applicant agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

[SEC. 435. OCCUPANCY CHARGE.

Each eligible person who resides in a facility assisted under this subtitle shall pay an occupancy charge in an amount determined by the recipient, but not to exceed the amount determined under section 3(a) of the United States Housing Act of 1937. The occupancy charge may be phased in or reduced based on the type of living accommodations provided. The recipient may waive occupancy charges for limited periods of time for residents unwilling or unable to pay them. Occupancy charges paid may be reserved to assist residents in moving to a more traditional form of permanent housing.

[SEC. 436. TERMINATION OF ASSISTANCE.

If an eligible person who resides in a safe haven or who receives low-demand services or referrals endangers the safety, welfare, or health of other residents, or repeatedly violates a condition of occupancy contained in the rules for the safe haven (as set forth in the application submitted under this subtitle), the recipient may terminate such residency or assistance in accordance with a formal process established by the rules for the safe haven, which may include a hearing.

[SEC. 437. EVALUATION AND REPORT.

The Secretary shall conduct an evaluation of the safe haven demonstration program under this subtitle and shall submit a report to the Congress, not later than December 31, 1994, which shall set forth the findings of the Secretary as a result of the evaluation.

[SEC. 438. REGULATIONS.

[(a) IN GENERAL.—The Secretary shall, by notice published in the Federal Register, establish such requirements as may be necessary to carry out the amendments made by this subtitle.

[(b) CONSULTATION.—In establishing requirements to carry out the provisions of this subtitle, and in considering applications under this subtitle, the Secretary shall consult with officials of the appropriate agencies of the Department of Health and Human Services and with representative provider and public interest groups.

[(c) ELIGIBILITY FOR SSI AND MEDICAID.—

[(1) SUPPLEMENTAL SECURITY INCOME.—All provisions of the Supplemental Security Income program under title XVI of the Social Security Act and of State programs in supplementation thereof shall apply to participants in the safe havens demonstration program under this subtitle, except that no individual living in a safe haven shall—

[(A) be considered an inmate of a public institution (as provided in section 1611(e)(1)(A) of such Act); or

[(B) have benefits under such title XVI reduced or terminated because of the receipt of support and maintenance (as provided in section 1612(a)(2)(A) of such Act), to the extent such support and maintenance is received as a result of participation in the safe havens demonstration program.

[(2) MEDICAID.—A safe haven shall not be considered a hospital, nursing facility, institution for mental disease as defined under section 1905(i) of the Social Security Act, or any other inpatient facility, for purposes of the program under title XIX of such Act, and individuals shall not be denied eligibility for medicaid because of residency in such residence.

[SEC. 439. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this subtitle \$62,000,000 for fiscal year 1993 and \$64,604,000 for fiscal year 1994.

[Subtitle E—Miscellaneous Provisions

[SEC. 441. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCUPANCY DWELLINGS.

[(a) INCREASE IN BUDGET AUTHORITY.—The budget authority available under section 5(c) of the United States Housing Act of 1937 for assistance under section 8(e)(2) of such Act is authorized to be increased by \$105,000,000 on or after October 1, 1992, and by \$109,410,000 on or after October 1, 1993.

[(b) USE OF FUNDS.—The amounts made available under this section shall be used only in connection with the moderate rehabilitation of housing described in section 8(n) of the United States Housing Act of 1937 for occupancy by homeless individuals, except that amounts made available under this section may be used in connection with the moderate rehabilitation of efficiency units if the building owner agrees to pay the additional cost of rehabilitating and operating such units, and except that the Secretary may provide amounts available under this section to private nonprofit organizations that submit applications for such assistance that are approved by the Secretary.

[(c) ALLOCATION.—The amounts made available under this section shall be allocated by the Secretary of Housing and Urban Development on the basis of a national competition to the applicants that best demonstrate a need for the assistance under this section and the ability to undertake and carry out a program to be assisted under this section. To be considered for assistance under this section, an applicant shall submit to the Secretary of Housing and Urban Development a written proposal containing—

[(1) a description of the size and characteristics of the population within the applicant's jurisdiction that would occupy single room occupancy dwellings;

[(2) a listing of additional commitments from public and private sources that the applicant might be able to provide in connection with the program;

[(3) an inventory of suitable housing stock to be rehabilitated with such assistance;

[(4) a description of the interest that has been expressed by builders, developers, and others (including profit and nonprofit organizations) in participating in the program; and

[(5) assurances satisfactory to the Secretary that the applicant, to the maximum extent practicable, will involve homeless individuals and families, through employment, volunteer services, or otherwise, in rehabilitating and operating facilities assisted under this section and in providing services for occupants of such facilities.

No single city or urban county shall be eligible to receive more than 10 percent of the assistance made available under this section.

[(d) FIRE AND SAFETY IMPROVEMENTS.—Each contract for housing assistance payments entered into with the authority provided under this section shall require the installation of a sprinkler system that protects all major spaces, hard wired smoke detectors, and such other fire and safety improvements as may be required by state or local law. For purposes of this subsection, the term “major spaces” means hallways, large common areas, and other areas specified in local fire, building, or safety codes.

[(e) COST LIMITATION.—

[(1) The total cost of rehabilitation that may be compensated for in a contract for housing assistance payments entered into with the authority provided under this section shall not exceed \$14,000 per unit, plus the expenditures required by subsection (d).

[(2) The Secretary of Housing and Urban Development shall increase the limitation contained in paragraph (1) by an amount the Secretary determines is reasonable and necessary to accommodate special local conditions, including—

[(A) high construction costs; or

[(B) stringent fire or building codes.

[(3) The Secretary of Housing and Urban Development shall increase the limitation in paragraph (1) on October 1 of each year by an amount necessary to take into account increases in construction costs during the previous 12-month period.

[(f) CONTRACT REQUIREMENTS.—Each contract for annual contributions entered into with an approved applicant to obligate the authority made available under this section shall—

[(1) commit the Secretary of Housing and Urban Development to make such authority available to the approved applicant for an aggregate period of 10 years, and require that any amendments increasing such authority shall be available for the remainder of such 10-year period;

[(2) provide the Secretary of Housing and Urban Development with the option to renew the contract for an additional period of 10 years, subject to the availability of appropriations; and

[(3) provide that, notwithstanding any other provision of law, first priority for occupancy of housing rehabilitated under this section shall be given to homeless individuals.

[(g) APPLICABILITY TO INDIAN HOUSING AUTHORITIES.—Amounts made available for assistance under this section shall be available through contracts between the Secretary and Indian housing au-

thorities, and the provisions of this section regarding public housing authorities shall include and apply to Indian housing authorities.

[(h) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each approved applicant receiving assistance under this section that is not a public housing agency or Indian housing authority to provide for the participation of not less than one homeless individual or former homeless individual on the board of directors or other equivalent policymaking entity of such applicant, to the extent that such entity considers and makes policies and decisions regarding the rehabilitation of any housing with assistance under this section. The Secretary may grant waivers to approved applicants unable to meet the requirements under the preceding sentence if the applicant agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

[(i) TERMINATION OF ASSISTANCE.—If an individual or family who receives assistance under this section violates program requirements, the recipient of amounts made available under this section may terminate assistance in accordance with a formal process established by the recipient that recognizes the rights of individuals receiving such assistance to due process of law.

[(j) DEFINITIONS.—For purposes of this section—

[(1) the term “applicant” means a public housing agency, Indian housing authority, or private nonprofit organization that applies for assistance under this section; and

[(2) the term “private nonprofit organization” means an organization—

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

[(B) that has a voluntary board;

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

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

[SEC. 442. COMMUNITY DEVELOPMENT BLOCK GRANT AMENDMENT.

[Section 102(a)(6) of the Housing and Community Development Act of 1974 is amended in the second sentence by inserting “or 1984” after “fiscal year 1983”.

[SEC. 443. ADMINISTRATIVE PROVISIONS.

[The provisions of, and regulations and procedures applicable under, section 104(g) of the Housing and Community Development Act of 1974 shall apply to assistance and projects under this title.

[Subtitle F—Shelter Plus Care Program

[PART I—GENERAL REQUIREMENTS

[SEC. 451. PURPOSE.

[The purpose of the program authorized under this subtitle is to provide rental housing assistance, in connection with supportive services funded from sources other than this subtitle, to homeless

persons with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the families of such persons.

[SEC. 452. RENTAL HOUSING ASSISTANCE.

[(a) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this subtitle, to provide rental housing assistance under parts II, III, IV, and V.

[(b) FUNDING LIMITATIONS.—To the maximum extent practicable, the Secretary shall reserve not less than 50 percent of all funds provided under this subtitle for homeless individuals who are seriously mentally ill or have chronic problems with alcohol, drugs, or both.

[SEC. 453. SUPPORTIVE SERVICES REQUIREMENTS.

[(a) MATCHING FUNDING.—

[(1) IN GENERAL.—Each recipient shall be required to supplement the assistance provided under this subtitle with an equal amount of funds for supportive services from sources other than this subtitle. Each recipient shall certify to the Secretary its compliance with this paragraph, and shall include with the certification a description of the sources and amounts of such supplemental funds.

[(2) DETERMINATION OF MATCHING AMOUNTS.—In calculating the amount of supplemental funds provided under this subtitle, a recipient may include the value of any lease on a building, any salary paid to staff to carry out the program of the recipient, and the value of the time and services contributed by volunteers to carry out the program of the recipient at a rate determined by the Secretary.

[(b) RECAPTURE.—If the supportive services and funding for the supportive services required by this section are not provided, the Secretary may recapture any unexpended housing assistance.

[SEC. 454. APPLICATIONS.

[(a) IN GENERAL.—An application for rental housing assistance under this subtitle shall be submitted by an applicant in such forms and in accordance with such procedures as the Secretary shall establish.

[(b) MINIMUM CONTENTS.—The Secretary shall require that an application identify the need for the assistance in the community to be served and shall contain at a minimum—

[(1) a request for housing assistance under part II, III, IV, or V, or a combination, specifying the number of units requested and the amount of necessary budget authority;

[(2) a description of the size and characteristics of the population of eligible persons;

[(3) an identification of the need for the program in the community to be served;

[(4) the identity of the proposed service provider or providers (which may be, or include, the applicant) and a statement of the qualifications of the provider or providers;

[(5) a description of the supportive services that the applicant proposes to assure will be available for eligible persons;

[(6) a description of the resources that are expected to be made available to provide the supportive services required by section 453;

[(7) a description of the mechanisms for developing a housing and supportive services plan for each person and for monitoring each person's progress in meeting that plan;

[(8) reasonable assurances satisfactory to the Secretary that the supportive services will be provided for the full term of the housing assistance under part II, III, IV, or V, or a combination; and a certification from the applicant that it will fund the supportive services itself if the planned resources do not become available for any reason;

[(9) a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act that the proposed activities are consistent with the approved housing strategy of the unit of general local government within which housing assistance under this subtitle will be provided;

[(10) a plan for—

[(A) in the case of rental housing assistance under part II, or III, providing housing assistance;

[(B) identifying and selecting eligible persons to participate, including a proposed definition of the term “chronic problems with alcohol, other drugs, or both”;

[(C) coordinating the provision of housing assistance and supportive services;

[(D) ensuring that the service providers are providing supportive services adequate to meet the needs of the persons served;

[(E) obtaining participation of eligible persons who have previously not been assisted under programs designed to assist the homeless or have been considered not capable of participation in these programs; this plan shall specifically address how homeless persons, as defined in section 103(a)(2)(C), (and the families of such persons) will be brought into the program;

[(11) in the case of housing assistance under part V, identification of the specific structures that the recipient is proposing for assistance; and

[(12) in the case of housing assistance under part IV, identification of the nonprofit entity that will be the owner or lessor of the property, and identification of the specific structures in which the nonprofit entity proposes to house eligible persons.

[SEC. 455. SELECTION CRITERIA.

[(a) IN GENERAL.—The Secretary shall establish selection criteria for a national competition for assistance under this subtitle, which shall include—

[(1) the ability of the applicant to develop and operate the proposed assisted housing and supportive services program, taking into account the quality of any ongoing program of the applicant;

[(2) geographic diversity among the projects to be assisted;

[(3) the need for a program providing housing assistance and supportive services for eligible persons in the area to be served;

[(4) the quality of the proposed program for providing supportive services and housing assistance;

[(5) the extent to which the proposed funding for the supportive services is or will be available;

[(6) the extent to which the project would meet the needs of the homeless persons proposed to be served by the program;

[(7) the extent to which the program integrates program recipients into the community served by the program;

[(8) the cost-effectiveness of the proposed program; and

[(9) such other factors as the Secretary specifies in regulations to be appropriate for purposes of carrying out the program established by this subtitle in an effective and efficient manner.

[(b) FUNDING LIMITATION.—No more than 10 percent of the assistance made available under this subtitle for any fiscal year may be used for programs located within any one unit of general local government.

[(c) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each recipient to provide for the consultation and participation of not less than one homeless individual or former homeless individual on the board of directors or other equivalent policymaking entity of the recipient, to the extent that such entity considers and makes policies and decisions regarding any housing assisted under this subtitle or services for such housing. The Secretary may grant waivers to recipients unable to meet the requirement under the preceding sentence if the recipient agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

[SEC. 456. REQUIRED AGREEMENTS.

[The Secretary may not approve assistance under this subtitle unless the applicant agrees—

[(1) to operate the proposed program in accordance with the provisions of this subtitle;

[(2) to conduct an ongoing assessment of the housing assistance and supportive services required by the participants in the program;

[(3) to assure the adequate provision of supportive services to the participants in the program;

[(4) to comply with such other terms and conditions as the Secretary may establish for purposes of carrying out the program in an effective and efficient manner; and

[(5) to the maximum extent practicable, to involve homeless individuals and families, through employment volunteer services, or otherwise, in constructing or rehabilitating housing assisted under this subtitle and in providing services required under this subtitle.

[SEC. 457. HOUSING STANDARDS AND RENT REASONABLENESS.

[(a) STANDARDS REQUIRED.—The Secretary shall require that—

[(1) before any assistance may be provided to or on behalf of the person, each unit shall be inspected by the applicant directly or by another entity, including the local public housing

agency, to determine that the unit meets the housing quality standards under section 8 of the United States Housing Act of 1937 and that the occupancy charge for the dwelling unit is reasonable; and

[(2) the recipient shall make at least annual inspections of each unit during the contract term.

[(b) PROHIBITION.—No assistance may be provided for a dwelling unit (1) for which the occupancy charge is not reasonable, or (2) which fails to meet the housing standards, unless the owner promptly corrects the deficiency and the recipient verifies the correction.

[SEC. 458. TENANT RENT.

[Each tenant shall pay as rent an amount determined in accordance with the provisions of section 3(a)(1) of the United States Housing Act of 1937.

[SEC. 459. ADMINISTRATIVE FEES.

[From amounts made available under appropriations Acts, the Secretary shall make amounts available to pay the entity administering the housing assistance an administrative fee in an amount determined appropriate by the Secretary for the costs of administering the housing assistance.

[SEC. 460. OCCUPANCY.

[(a) OCCUPANCY AGREEMENT.—The occupancy agreement between a tenant and an owner of a dwelling unit assisted under this subtitle shall be for at least one month.

[(b) VACANCY PAYMENTS.—If an eligible person vacates a dwelling unit assisted under this subtitle before the expiration of the occupancy agreement, no assistance payment may be made with respect to the unit after the month that follows the month during which the unit was vacated, unless it is occupied by another eligible person.

[SEC. 461. TERMINATION OF ASSISTANCE.

[(a) AUTHORITY.—If an eligible individual who receives assistance under this subtitle violates program requirements, the recipient may terminate assistance in accordance with the process established pursuant to subsection (b).

[(b) PROCEDURE.—In terminating assistance under this section, the recipient shall provide a formal process that recognizes the rights of individuals receiving such assistance to due process of law.

[SEC. 462. DEFINITIONS.

[For purposes of this subtitle:

[(1) The term “acquired immunodeficiency syndrome and related diseases” has the meaning given such term in section 853 of the Cranston-Gonzalez National Affordable Housing Act.

[(2) The term “applicant” means a State, unit of general local government, Indian tribe, or public housing agency.

[(3) The term “eligible person” means a homeless person with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and the family of such a person.

[(4) The term “Indian tribe” has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

[(5) The term “nonprofit organization” has the meaning given such term by section 104 of the Cranston-Gonzalez National Affordable Housing Act, and includes community mental health centers established as public nonprofit organizations.

[(6) The term “person with disabilities” has the same meaning given the term in section 811 of the Cranston-Gonzalez National Affordable Housing Act.

[(7) The term “public housing agency” has the meaning given such term in section 3(b)(6) of the United States Housing Act of 1937.

[(8) The term “recipient” means an applicant approved for participation in the program authorized under this subtitle.

[(9) The term “Secretary” means the Secretary of Housing and Urban Development.

[(10) The term “seriously mentally ill” means having a severe and persistent mental or emotional impairment that seriously limits a person’s ability to live independently.

[(11) The term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

[(12) The term “supportive services” means assistance that the Secretary determines (A) addresses the special needs of eligible persons; and (B) provides appropriate services or assists such persons in obtaining appropriate services, including health care, mental health services, substance and alcohol abuse services, child care services, case management services, counseling, supervision, education, job training, and other services essential for achieving and maintaining independent living. Inpatient acute hospital care shall not qualify as a supportive service.

[(13) The term “unit of general local government” has the meaning given such term in section 102 of the Housing and Community Development Act of 1974.

[SEC. 463. AUTHORIZATION OF APPROPRIATIONS.

[(a) IN GENERAL.—For purposes of the housing programs under this subtitle, there are authorized to be appropriated \$266,550,000 for fiscal year 1993 and \$277,745,100 for fiscal year 1994. Of any amount appropriated in any fiscal year to carry out this subtitle—

[(1) not less than 10 percent shall be available only for carrying out part II of this subtitle;

[(2) not less than 10 percent shall be available only for carrying out part III of this subtitle;

[(3) not less than 10 percent shall be available only for carrying out part IV of this subtitle; and

[(4) not less than 10 percent shall be available only for carrying out part V of this subtitle.

[(b) AVAILABILITY.—Sums appropriated under this section shall remain available until expended.

[PART II—TENANT-BASED RENTAL ASSISTANCE

[SEC. 471. AUTHORITY.

【The Secretary may use amounts made available under section 463 to provide tenant-based rental housing assistance for eligible persons in accordance with this part.

[SEC. 472. HOUSING ASSISTANCE.

【An eligible person on behalf of whom assistance is provided under this part shall select the unit in which such person will live using rental assistance under this part; except that where necessary to assure that the provision of supportive services to persons is feasible, a recipient may require that a person participating in the program live (1) in a particular structure or unit for up to the first year of participation, and (2) within a particular geographic area for the full period of participation or the period remaining after the period referred to in paragraph (1).

[SEC. 473. AMOUNT OF ASSISTANCE.

【The contract with a recipient for assistance under this part shall be for a term of 5 years. Each contract shall provide that the recipient shall receive aggregate amounts not to exceed the appropriate existing housing fair market rent limitation under section 8(c) of the United States Housing Act of 1937 in effect at the time the application is approved. At the option of the recipient and subject to the availability of such amounts, the recipient may receive in any year (1) up to 25 percent of such amounts or (2) such higher percentage as the Secretary may approve upon a demonstration satisfactory to the Secretary that the recipient has entered into firm financial commitments to ensure that the housing assistance described in the application will be provided for the full term of the contract. Any amounts not needed for a year may be used to increase the amount available in subsequent years.

[PART III—PROJECT-BASED RENTAL ASSISTANCE

[SEC. 476. AUTHORITY.

【The Secretary may use amounts made available under section 463 to provide project-based rental housing assistance for eligible persons in accordance with this part.

[SEC. 477. HOUSING ASSISTANCE.

【Assistance under this part shall be provided pursuant to a contract between the recipient and an owner of an existing structure. The contract shall provide that rental assistance payments shall be made to the owner and that the units in the structure shall be occupied by eligible persons for not less than the term of the contract.

[SEC. 478. TERM OF CONTRACT AND AMOUNT OF ASSISTANCE.

【(a) TERM OF CONTRACT.—Each contract with a recipient for assistance under this part shall be for a term of 5 years, and the owner shall have an option to renew the assistance for an additional 5-year term, subject to the availability of amounts provided

in appropriation Acts; except that if an expenditure of at least \$3,000 for each unit (including its prorated share of work on common areas or systems) is required to make the structure decent, safe, and sanitary, and the owner agrees to carry out the rehabilitation with resources other than assistance under this subtitle within 12 months of notification of grant approval, the contract shall be for a term of 10 years.

[(b) AMOUNT OF ASSISTANCE.—Each contract shall provide that the recipient shall receive aggregate amounts not to exceed the appropriate existing housing fair market rental under section 8(c)(1) of the United States Housing Act of 1937 in effect at the time the application is approved. Any amounts not needed for a year may be used to increase the amount available in subsequent years.

[PART IV—SPONSOR-BASED RENTAL ASSISTANCE

[SEC. 481. AUTHORITY.

[The Secretary may use amounts made available under section 463 to provide sponsor-based rental assistance for eligible persons in accordance with this part.

[SEC. 482. HOUSING ASSISTANCE.

[Assistance under this part shall be provided pursuant to a contract between the recipient and a private nonprofit sponsor that owns or leases dwelling units. The contract shall provide that rental assistance payments shall be made to the sponsor and that such assisted units shall be occupied by eligible persons.

[SEC. 483. TERM OF CONTRACT AND AMOUNT OF ASSISTANCE.

[(a) TERM OF CONTRACT.—The contract with a recipient of assistance under this part shall be for a term of 5 years.

[(b) AMOUNT OF ASSISTANCE.—Each contract shall provide that the recipient shall receive aggregate amounts not to exceed the appropriate existing housing fair market rental under section 8(c)(1) of the United States Housing Act of 1937 in effect at the time the application is approved. Any amounts not needed for a year may be used to increase the amount available in subsequent years.

[PART V—SECTION 8 MODERATE REHABILITATION ASSISTANCE FOR SINGLE-ROOM OCCUPANCY DWELLINGS

[SEC. 486. AUTHORITY.

[The Secretary may use amounts made available under section 463 in connection with the moderate rehabilitation of single room occupancy housing described in section 8(n) of the United States Housing Act of 1937 for occupancy by eligible persons in accordance with this part. Amounts available under section 463 may be used in connection with the moderate rehabilitation of efficiency units if the building owner agrees to pay the additional cost of rehabilitating and operating the efficiency units.

[SEC. 487. FIRE AND SAFETY IMPROVEMENTS.

Each contract for housing assistance payments entered into under this part shall require the installation of a sprinkler system that protects all major spaces, hard-wired smoke detectors, and any other fire safety improvements as may be required by State or local law. For purposes of this section, the term “major spaces” means hallways, large common areas, and other areas specified in local fire, building, or safety codes.

[SEC. 488. CONTRACT REQUIREMENTS.

Each contract for annual contributions entered into by the Secretary with a public housing agency to obligate the authority made available under section 463 for use under this part shall—

[(1) commit the Secretary to make the authority available to the public housing agency for an aggregate period of 10 years, and require that any amendments increasing the authority shall be available for the remainder of such 10-year period;

[(2) provide the Secretary with the option to renew the contract for an additional period of 10 years, subject to the availability of authority; and

[(3) provide that, notwithstanding any other provision of law, first priority for occupancy of housing rehabilitated under this part shall be given to homeless persons.

[Subtitle G—Rural Homeless Housing Assistance

[SEC. 491. RURAL HOMELESSNESS GRANT PROGRAM.

[(a) ESTABLISHMENT.—The Secretary of Housing and Urban Development shall establish and carry out a rural homelessness grant program. In carrying out the program, the Secretary may award grants to eligible organizations in order to pay for the Federal share of the cost of—

[(1) assisting programs providing direct emergency assistance to homeless individuals and families;

[(2) providing homelessness prevention assistance to individuals and families at risk of becoming homeless; and

[(3) assisting individuals and families in obtaining access to permanent housing and supportive services.

[(b) USE OF FUNDS.—

[(1) IN GENERAL.—An eligible organization may use a grant awarded under subsection (a) to provide, in rural areas—

[(A) rent, mortgage, or utility assistance after 2 months of nonpayment in order to prevent eviction, foreclosure, or loss of utility service;

[(B) security deposits, rent for the first month of residence at a new location, and relocation assistance;

[(C) short-term emergency lodging in motels or shelters, either directly or through vouchers;

[(D) transitional housing;

[(E) rehabilitation and repairs such as insulation, window repair, door repair, roof repair, and repairs that are necessary to make premises habitable;

[(F) development of comprehensive and coordinated support services that use and supplement, as needed, community networks of services, including—

- [(i) outreach services to reach eligible recipients;
- [(ii) case management;
- [(iii) housing counseling;
- [(iv) budgeting;
- [(v) job training and placement;
- [(vi) primary health care;
- [(vii) mental health services;
- [(viii) substance abuse treatment;
- [(ix) child care;
- [(x) transportation;
- [(xi) emergency food and clothing;
- [(xii) family violence services;
- [(xiii) education services;
- [(xiv) moving services;
- [(xv) entitlement assistance; and
- [(xvi) referrals to veterans services and legal services; and

[(G) costs associated with making use of Federal inventory property programs to house homeless families, including the program established under title V of the Stewart B. McKinney Homeless Assistance Act and the Single Family Property Disposition Program established pursuant to section 204(g) of the National Housing Act.

[(2) CAPACITY BUILDING ACTIVITIES.—Not more than 20 percent of the funds appropriated under subsection (1)(1) for a fiscal year may be used by eligible organizations for capacity building activities, including payment of operating costs and staff retention.

[(c) AWARD OF GRANTS.—

[(1) COMMUNITIES WITH POPULATIONS OF LESS THAN 10,000.—

[(A) SET ASIDE.—In awarding grants under subsection (a) for a fiscal year, the Secretary shall make available not less than 50 percent of the funds appropriated under subsection (1)(1) for the fiscal year for grants to eligible organizations serving communities that have populations of less than 10,000.

[(B) PRIORITY WITHIN SET ASIDE.—In awarding grants in accordance with subparagraph (A), the Secretary shall give priority to eligible organizations serving communities with populations of less than 5,000.

[(2) COMMUNITIES WITHOUT SIGNIFICANT FEDERAL ASSISTANCE.—In awarding grants under subsection (a), including grants awarded in accordance with paragraph (1), the Secretary shall give priority to eligible organizations serving communities not currently receiving significant Federal assistance under this Act.

[(3) STATE LIMIT.—In awarding grants under subsection (a) for a fiscal year, the Secretary shall not award to eligible organizations within a State an aggregate sum of more than 10 percent of the funds appropriated under subsection (1)(1), for the fiscal year.

[(d) APPLICATION.—In order to be eligible to receive a grant under subsection (a), an organization shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. The application shall include, at a minimum—

[(1) a description of the target population and geographic area to be served;

[(2) a description of the types of assistance to be provided;

[(3) an assurance that the assistance to be provided is closely related to the identified needs of the target population;

[(4) a description of the existing assistance available to the target population, including Federal, State, and local programs, and a description of the manner in which the organization will coordinate with and expand existing assistance or provide assistance not available in the immediate area;

[(5) an agreement by the organization that the organization will collect data on the projects conducted by the organization, including assistance provided, number and characteristics of persons served, and causes of homelessness for persons served; and

[(6) an agreement by the organization that, to the maximum extent practicable, the organization will involve homeless individuals and families through employment, volunteer services, and otherwise, in providing, operating, and rehabilitating housing assisted under this section and in providing services assisted under this section and services for occupants of housing assisted under this section.

[(e) ELIGIBLE ORGANIZATIONS.—Organizations eligible to receive a grant under subsection (a) shall include private nonprofit entities, Indian tribes (as such term is defined in section 102(a) of the Housing and Community Development Act of 1974), and county and local governments.

[(f) FEDERAL SHARE.—

[(1) IN GENERAL.—The Federal share of the costs of providing assistance under this section shall be 75 percent.

[(2) NON-FEDERAL SHARE.—The non-Federal share of the cost of providing the assistance shall be in cash or in kind, fairly evaluated, including plant, equipment, staff services, or services delivered by volunteers.

[(g) PARTICIPATION OF HOMELESS INDIVIDUALS.—The Secretary shall, by regulation, require each eligible organization receiving a grant under this section to provide for the participation of not less than 1 homeless individual or former homeless individual on the board of directors or other equivalent policy making entity of the recipient, to the extent that such entity considers and makes policies and decisions regarding any housing, services, or other assistance of the eligible organization receiving the grant under this section. The Secretary may grant waivers to recipients unable to meet the requirement under the preceding sentence if the recipient agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.

[(h) EVALUATION.—

[(1) IN GENERAL.—The Secretary shall conduct an evaluation of the program to—

[(A) determine the effectiveness of the program in providing housing and other assistance to homeless persons in the area served; and

[(B) determine the types of assistance needed to address homelessness in rural areas.

[(2) REPORT.—The Secretary shall submit to Congress, not later than 18 months after the date on which the Secretary first makes grants under the program, the evaluation of the program conducted under paragraph (1), including recommendations for any Federal administrative or legislative changes that may be necessary to improve the ability of rural communities to prevent and respond to homelessness.

[(i) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance to eligible organizations in developing programs in accordance with this section, and in gaining access to other Federal resources that may be used to assist homeless persons in rural areas. Such assistance may be provided through regional workshops, and may be provided directly or through grants to, or contracts with, nongovernmental entities.

[(j) TERMINATION OF ASSISTANCE.—If an individual or family who receives assistance under this section violates requirements of the assistance program provided by the organization receiving a grant under this section, the organization may terminate assistance in accordance with a formal process established by the organization that recognizes the rights of individuals receiving such assistance to due process of law, which may include a hearing.

[(k) DEFINITIONS.—

[(For purposes of this section:

[(1) PROGRAM.—The term “program” means the rural homelessness grant program established under this section.

[(2) RURAL AREA; RURAL COMMUNITY.—The terms “rural area” and “rural community” mean—

[(A) any area or community, respectively, no part of which is within an area designated as a standard metropolitan statistical area by the Office of Management and Budget; or

[(B) any area or community, respectively, that is—

[(i) within an area designated as a metropolitan statistical area or considered as part of a metropolitan statistical area; and

[(ii) located in a rural census tract.

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

[(l) AUTHORIZATION OF APPROPRIATIONS.—

[(1) IN GENERAL.—There are authorized to be appropriated to carry out this section \$30,000,000 for fiscal year 1993 and \$31,260,000 for fiscal year 1994.

[(2) AVAILABILITY.—Any amount paid to a grant recipient for a fiscal year that remains unobligated at the end of the year shall remain available to the recipient for the purposes for which the payment was made for the next fiscal year. The Secretary shall take such action as may be necessary to recover any amount not obligated by the recipient at the end of the

second fiscal year, and shall redistribute the amount to another eligible organization.

[SEC. 592. USE OF FMHA INVENTORY FOR TRANSITIONAL HOUSING FOR HOMELESS PERSONS AND FOR TURNKEY HOUSING.

[(a) IN GENERAL.—The Secretary of Agriculture (in this section referred to as the “Secretary”) shall, on a priority basis, lease or sell program and nonprogram inventory properties held by the Secretary under title V of the Housing Act of 1949—

[(1) to provide transitional housing; and

[(2) to provide turnkey housing for tenants of such transitional housing and for eligible families.

[(b) PRIORITY.—The priority uses of inventory property under this section shall not have a higher priority than—

[(1) the disposition of such property by sale to eligible families; or

[(2) the disposition of such property by transfer for use as rental housing by eligible families.

[(c) TRANSITIONAL HOUSING.—

[(1) LEASES AUTHORIZED.—The Secretary shall lease inventory properties to public agencies and nonprofit organizations to provide transitional housing for homeless families and individuals and to provide such agencies the option to provide turnkey housing opportunities for homeless persons and other inadequately housed families.

[(2) RENTAL TO ELIGIBLE FAMILIES.—A public agency or nonprofit organization may rent housing leased to it under paragraph (1) to a family for up to 10 years and may, during that period, assist the tenant in obtaining a loan and credit assistance under title V of the Housing Act of 1949 to purchase the housing from the Secretary.

[(d) LEASE PROCEDURES.—

[(1) IDENTIFICATION OF PROPERTY.—Upon receipt by the Secretary of written notification from a public agency or nonprofit organization that it proposes to lease a property for the purpose of providing transitional housing or for the purpose of providing transitional housing and turnkey housing opportunities, the Secretary shall—

[(A) withdraw the property from the market for not more than 30 days for the purpose of negotiations under subparagraph (B);

[(B) negotiate a lease agreement with the organization or agency; and

[(C) if a lease is agreed to, commence the repairs necessary to make the property meet standards for decent, safe, and sanitary housing.

[(2) LEASE TERMS.—A lease of inventory property under this section shall—

[(A) be for a period of not more than 10 years;

[(B) provide for the payment of \$1 for the 10-year lease;

and

[(C) provide the nonprofit organization or public agency—

[(i) the right to use the property for transitional housing; and

[(ii) the option to arrange for the sale of the property to an eligible purchaser.]

[(e) PURCHASE PROCEDURES.—

[(1) IDENTIFICATION OF PROPERTY.—Upon receipt by the Secretary of written notification from a public agency or nonprofit organization that it proposes to purchase a property for the purpose of providing transitional housing or for the purpose of providing transitional housing and turnkey housing opportunities, the Secretary shall—

[(A) withdraw the property from the market for not more than 30 days for the purpose of negotiations under subparagraph (B);

[(B) negotiate a purchase agreement with the organization or agency; and

[(C) if a purchase agreement is agreed to, commence the repairs necessary to make the property meet standards for decent, safe, and sanitary housing.]

[(2) PURCHASE TERMS.—A purchase of inventory property under this section shall provide for a purchase price equal to not more than the fair market value of the property minus 10 percent.]

[(f) EMPLOYMENT OF HOMELESS INDIVIDUALS.—A public agency or nonprofit organization may lease or purchase property under this section only if the agency or organization, to the maximum extent practicable, involves homeless individuals and families, through employment, volunteer services, or otherwise, in maintaining, operating, and renovating any properties leased or acquired under this section and in providing any services for occupants of properties assisted under this section.]

[(g) PARTICIPATION OF HOMELESS INDIVIDUALS.—

[(1) IN GENERAL.—The Secretary shall, by regulation, require each public agency and nonprofit organization leasing or purchasing property under this section to provide for the participation of not less than 1 homeless individual or former homeless individual on the board of directors or other equivalent policy making entity of such agency or organization, to the extent that such organization or applicant considers and makes policies and decisions regarding any property acquired under this section.]

[(2) WAIVER.—The Secretary may grant a waiver to a public agency or nonprofit organization that is unable to meet the requirement of paragraph (1), if the agency or organization agrees to otherwise consult with homeless or formerly homeless individuals in considering and making such policies and decisions.]

[(h) BUDGET COMPLIANCE.—The authority provided to the Secretary under this section shall be effective only to the extent approved in advance in appropriations Acts.]

TITLE IV—PERMANENT HOUSING DEVELOPMENT AND FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE PROGRAM

Subtitle A—General Provisions

SEC. 401. PURPOSE; PERFORMANCE MEASURES.

(a) *PURPOSE.*—The purpose of the program under this title is to provide assistance for permanent housing development for homeless persons and promote the development of a comprehensive housing system that transitions homeless persons to live as independently as possible, including assistance in the form of permanent housing development, supportive housing, emergency shelters, supportive services, and activities to prevent hopelessness.

(b) *PERFORMANCE MEASURES.*—Consistent with the purposes and requirements of the Government Performance and Results Act of 1993, the programs under this title and the implementation of such programs by the Department of Housing and Urban Development shall comply with the following performance goals:

(1) *The Federal Government shall ensure an effective grant allocation process and sound financial management of the process. Such grant allocation process shall be implemented to ensure that—*

(A) *local governments shall work with the appropriate Local Board to create innovative plans sufficient to address the needs of homeless people in their community; and*

(B) *all eligible communities receive funds to address the needs of homeless people in such communities through local governments or private nonprofit organizations.*

(2) *The financial resources provided under this title shall be used effectively to create more low-cost permanent housing and to transition homeless people to self-sufficiency and permanent housing.*

(3) *The Federal Government shall use the Interagency Council on the Homeless as a vehicle to coordinate services, programs, and funds to promote the transition of homeless people to self-sufficiency in permanent housing.*

SEC. 402. GRANT AUTHORITY.

(a) *IN GENERAL.*—The Secretary may make grants as provided under this title to eligible grantees for States, metropolitan cities and urban counties, consortia, and insular areas for carrying out eligible activities under subtitles B and C.

(b) *GRANT AMOUNTS.*—Except as otherwise provided under this title, amounts for a fiscal year allocated under section 406 shall be used as follows:

(1) *INSULAR AREAS.*—Any amounts for the fiscal year allocated under section 406(a) for an insular area shall be used for a grant to the eligible grantee for the insular area for such fiscal year.

(2) *PERMANENT HOUSING DEVELOPMENT.*—Any amounts allocated under section 406(b) for use under subtitle B shall be used for grants under section 406(b)(2) to States, metropolitan cities, urban counties, and consortia for such fiscal year.

(3) *FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE.*—Any amounts allocated under section 406(c) for a State, metropolitan city or urban county, or consortium shall be used for a grant under section 406(c) to the eligible grantee for the State, metropolitan city or urban county, or consortium respectively, for the fiscal year.

(c) *USE FOR ELIGIBLE ACTIVITIES.*—Grant amounts provided under this title and any supplemental funds provided under section 407 may be used only as follows:

(1) *INSULAR AREA GRANTS.*—In the case of a grant under subsection (b)(1) for an insular area, for eligible activities under subtitle C benefiting the insular area.

(2) *PERMANENT HOUSING DEVELOPMENT GRANTS.*—In the case of a grant under subsection (b)(2) to a State, metropolitan city or urban county, or consortium, for eligible activities under subtitle B within the State, metropolitan city or urban county, or consortium, respectively.

(3) *FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE.*—In the case of a grant under subsection (b)(3) for a State, metropolitan city or urban county, or consortium, for eligible activities under subtitle C benefiting the State, city or county, or consortium and carried out only within non entitlement areas of the State, within the city or county, or consortium, as applicable.

SEC. 403. ELIGIBLE GRANTEES.

For purposes of this title, the term “eligible grantee” has the following meaning:

(1) *GRANTS FOR INSULAR AREAS.*—In the case of a grant from amounts allocated under section 406(a) for an insular area, such term means—

(A) the insular area, or an agency, office, or other entity of the area; or

(B) to the extent that an entity that is a private nonprofit organization is authorized by the government of the insular area to act as the grantee for the area for purposes of this title, such private nonprofit entity.

(2) *GRANTS FOR PERMANENT HOUSING DEVELOPMENT AND FLEXIBLE ASSISTANCE.*—In the case of a grant from amounts allocated under section 406(b) or section 406(c) for a State, or for a metropolitan city or urban county, such term means—

(A) the State, or the metropolitan city or urban county, respectively, or an agency, office, or other entity of the State, or the city or county, respectively;

(B) a consortium of units of general local governments which shall be deemed to be a metropolitan city, but only if the Secretary determines that the consortium—

(i) is comprised of units of general local government which are geographically contiguous (which may include all units of general local government within a State);

(ii) has sufficient authority and administrative capability to carry out the purposes of this title on behalf of its member jurisdictions; and

(iii) will, according to a written certification by the State (or States, if the consortium includes jurisdictions in more than one State) in which its member jurisdictions are located, direct its activities to alleviation of hopelessness problems within the State (or States); and

(C) to the extent that a private nonprofit organization is authorized by the government of the State or the city or county under subparagraph (B) to act as the grantee for the State, or the city or county, respectively, for purposes of this title, such private nonprofit organization.

SEC. 404. USE OF PROJECT SPONSORS.

(a) **TRANSFER OF GRANT AMOUNTS BY GRANTEES.**—Eligible activities assisted with grant amounts provided under this title may be carried out directly by the grantee or by other entities serving as project sponsors, which are provided such grant amounts by the grantee or a subgrantee of the grantee.

(b) **COMPETITIVE SELECTION CRITERIA.**—To the extent that a grantee does not use grant amounts for eligible activities carried out directly by the grantee, the grantee shall select eligible activities for assistance and project sponsors to carry out such eligible activities pursuant to a competition based on criteria established by the Secretary, which shall include—

(1) whether the project sponsor that will carry out the activity is financially responsible;

(2) the ability of the project sponsor to carry out the eligible activity and the project sponsor's experience in successfully transitioning homeless persons into stable, long-term housing;

(3) the need for the type of eligible activity in the area to be served;

(4) the extent to which the amount of assistance to be provided with grant amounts will be supplemented with resources from other public and private sources;

(5) the cost-effectiveness of the proposed eligible activity, considered in relation to the ultimate goal of moving people out of hopelessness permanently, including consideration of high-cost area services, and other necessary amenities;

(6) the extent to which the project sponsor carrying out the eligible activity will coordinate with Federal, State, local, and private entities serving homeless persons in the development of a comprehensive housing system and in the planning and operation of the activity, to the extent practicable, and pursuant to section 408(m)(3) will carry out the activity in coordination and conjunction with federally funded activities for the homeless;

(7) the extent to which the project sponsor employs homeless persons or involves homeless persons or formerly homeless persons in the operation and design of its programs; and

(8) such other factors as the Secretary determines to be appropriate to carry out this title in an effective and efficient manner.

SEC. 405. COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY COMPLIANCE.

A grant under this title may be provided to an eligible grantee only if—

(1) the applicable jurisdiction for which the grant amounts are allocated under section 406 has submitted to the Secretary a comprehensive housing affordability strategy in accordance with section 105 of the Cranston-Gonzalez National Affordable Housing Act and any other requirement established by the Secretary and which is in effect for the fiscal year for which such grant amounts are to be provided; and

(2) the public official of such applicable jurisdiction who is responsible for submitting the comprehensive housing affordability strategy certifies to the Secretary that the eligible activities to be assisted with such grant amounts are or will be consistent with the comprehensive housing affordability strategy for the jurisdiction and the plans in such strategy for addressing housing needs for homeless families.

SEC. 406. ALLOCATION AND AVAILABILITY OF AMOUNTS.

(a) **ALLOCATION FOR INSULAR AREAS.**—Of the amount made available for grants under this title for a fiscal year, the Secretary shall reserve for grants for each of the insular areas amounts in accordance with an allocation formula established by the Secretary.

(b) **ALLOCATION FOR PERMANENT HOUSING DEVELOPMENT GRANTS UNDER SUBTITLE B.**—

(1) **ANNUAL PORTION OF APPROPRIATED AMOUNT AVAILABLE.**—Of the amount made available for grants under this title for a fiscal year that remains after amounts are reserved under subsection (a), the Secretary shall allocate for use under subtitle B, 30 percent of such funds (except that for fiscal years 1998 and 1999, the Secretary shall allocate 25 percent of such funds for use under such subtitle).

(2) **GRANTS.**—Using the amounts allocated for use under subtitle B for a fiscal year, the Secretary shall make grants to States, metropolitan cities and urban counties, and consortia pursuant to a national competition based on the criteria specified in section 404(b) and in accordance with such other factors as the Secretary determines to be appropriate to carry out this title in an effective and efficient manner.

(3) **LIMITATION.**—In making grants using amounts allocated for use under subtitle B for any fiscal year, the Secretary shall ensure that not more than 35 percent of the total amount allocated for such use for such fiscal year is used for activities under section 441 of the Stewart B. McKinney Homeless Assistance Act, as in effect on October 31, 1997.

(c) **ALLOCATION FOR FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE UNDER SUBTITLE C.**—

(1) **ANNUAL PORTION OF APPROPRIATED AMOUNT AVAILABLE FOR SUBTITLE C ACTIVITIES.**—Of the amount made available for grants under this title for a fiscal year that remains after amounts are reserved under subsection (a), the Secretary shall allocate for use under subtitle C 70 percent of such funds (except that for fiscal years 1998 and 1999, the Secretary shall allocate 75 percent of such funds for use under such subtitle).

(2) *ALLOCATION OF AMOUNT AVAILABLE BETWEEN METROPOLITAN CITIES AND URBAN COUNTIES AND STATES.*—Of the amount allocated pursuant to paragraph (1) for use under subtitle C for a fiscal year, 70 percent shall be allocated for metropolitan cities and urban counties and 30 percent shall be allocated for States.

(3) *INTERIM DETERMINATION OF ALLOCATED AMOUNT.*—Except as provided in subparagraph (A) the Secretary shall allocate amounts available for use under subtitle C for a fiscal year so that—

(A) for each metropolitan city and urban county, the percentage of the total amount allocated under this subsection for cities and counties that is allocated for such city or county is equal to the percentage of the total amount available for the preceding fiscal year under section 106(b) of the Housing and Community Development Act of 1974 for grants to metropolitan cities and urban counties that was allocated for such city or county; and

(B) for each State, the percentage of the total amount allocated under this subsection for States that is allocated for such State is equal to the percentage of the total amount available for the preceding fiscal year under section 106(d) of the Housing and Community Development Act of 1974 for grants to States that was allocated for such State.

(4) *MINIMUM APPROPRIATION REQUIREMENT.*—If, by December 1 of any fiscal year, the amount appropriated for grants under this title for such fiscal year is less than \$750,000,000—

(A) the Secretary shall not allocate amounts for such fiscal year under subsection (b) and this subsection;

(B) subsection (d) shall not apply to amounts for such fiscal year; and

(C) notwithstanding any other provision of this title, the Secretary shall make grants under this title from such amounts to States, units of general local government, and private nonprofit organizations, pursuant to a national competition based on the criteria specified in section 404(b).

(5) *STUDY; SUBMISSION OF INFORMATION TO CONGRESS RELATED TO ALTERNATIVE METHODS OF ALLOCATION.*—Not later than 1 year after the date of the enactment of the Homeless Housing Program Consolidation and Flexibility Act, the Secretary shall—

(A) submit to Congress—

(i) the best available methodology for determining a formula relative to the geographic allocation of funds under this subtitle among entitlement communities and nonentitlement areas based on the incidence of homelessness and factors that lead to homelessness;

(ii) proposed alternatives to the formula submitted pursuant to clause (i) for allocating funds under this section, including an evaluation and recommendation on a 75/25 percent allocation of flexible block grant homeless assistance between metropolitan cities and urban counties and States under paragraph (2);

(iii) an analysis of the deficiencies in the current allocation formula described in section 106(b) of the Housing and Community Development Act of 1974, and an analysis of the adequacy of current indices used as proxies for measuring homelessness; and

(iv) an analysis of the bases underlying each of the proposed allocation methods;

(B) perform the duties required by this paragraph in ongoing consultation with—

(i) the Subcommittee on Housing Opportunity and Community Development of the Committee on Banking, Housing, and Urban Affairs of the Senate;

(ii) the Subcommittee on Housing and Community Opportunity of the Committee on Banking and Financial Services of the House of Representatives;

(iii) organizations representing States, metropolitan cities and urban counties;

(iv) organizations representing rural communities;

(v) organizations representing veterans;

(vi) organizations representing persons with disabilities;

(vii) members of the academic community; and

(viii) national homelessness advocacy groups; and

(C) estimate the amount of funds that will be received annually by each entitlement community and nonentitlement area under each such alternative allocation system and compare such amounts to the amount of funds received by each entitlement community and nonentitlement area in prior years under this section.

(6) **MINIMUM GRANT AMOUNT.**—Notwithstanding paragraph (3), a State or metropolitan city or urban county shall receive no less funding under this subsection in the first full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act than 90 percent of the average of the amounts awarded annually to that jurisdiction for homeless assistance programs administered by the Secretary (not including allocations for shelter plus care and single room occupancy programs as defined in, and in effect pursuant to, this Act prior to the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act) under this title during fiscal years 1994 through 1997, no less than 85 percent in the second full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act, no less than 80 percent in the third and fourth full fiscal years after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act, and no less than 75 percent in the fifth full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act, but only if the amount appropriated pursuant to section 435 in each such fiscal year exceeds \$800,000,000. If that amount does not exceed \$800,000,000 in any fiscal year referred to in the first sentence of this paragraph, the jurisdiction may receive its proportionate share of

the amount appropriated which may be less than the amount stated such sentence for such fiscal year.

(7) *MINIMUM STATE ALLOCATION.*—Notwithstanding paragraphs (3) and (6), if in any fiscal year the allocation for a State is less than \$2,000,000, the allocation for that State shall be increased to \$2,000,000 and the increase shall be provided by deducting pro rata amounts from the allocations of States with allocations of more than \$2,000,000.

(8) *REDUCTION.*—Notwithstanding paragraphs (1) through (7), in any fiscal year, the Secretary may provide a grant under this subsection for a State or metropolitan city or urban county, in an amount less than the amount allocated under those paragraphs, if the Secretary determines that the jurisdiction has failed to comply with requirements of this title, or that such action is otherwise appropriate.

(d) *RECAPTURE OF ALLOCATED AMOUNTS.*—The Secretary shall recapture the following amounts:

(1) *UNUSED AMOUNTS.*—Not less than once during each fiscal year, the Secretary shall recapture any amounts allocated under this section that—

(A) are allocated for a State, metropolitan city or urban county, or insular area, but not provided to an eligible grantee for the jurisdiction because of failure to apply for a grant under this title or failure to comply with the requirements of this title;

(B) were provided to a grantee and (i) recaptured under this title, or (ii) not utilized by the grantee in accordance with the purposes and objectives of the approved application of the grantee within a reasonable time period, which the Secretary shall establish; or

(C) are returned to the Secretary by the time of such reallocation.

(2) *AMOUNTS ALLOCATED TO GRANTEEES THAT FAIL TO COMPLY WITH COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY REQUIREMENTS.*—Notwithstanding paragraph (1), if, for any fiscal year, a metropolitan city or urban county fails to comply with the requirement under section 405(1) during the 90-day period beginning on the date that amounts for grants under this title for such fiscal year first become available for allocation, the amounts that would have been allocated under subsection (c) of this section for such city or county shall be reallocated for the State in which the unit is located, but only if the State has complied with the requirement under section 405(1). Any amounts that cannot be allocated for a State under the preceding sentence shall be reallocated for other metropolitan cities and urban counties and States that comply with such requirement and demonstrate extraordinary need or large numbers of homeless persons, as determined by the Secretary.

(e) *REALLOCATION OF AMOUNTS.*—Any amounts allocated under subsection (b) that are recaptured pursuant to subsection (d)(1) shall be reallocated only for use under subtitle B. Any amounts allocated under subsection (c) that are recaptured pursuant to subsection (d)(1) shall be reallocated only for use under subtitle C.

SEC. 407. MATCHING FUNDS REQUIREMENT.

(a) *IN GENERAL.*—Each State, metropolitan city or urban county, and insular area for which a grant under this title is made shall supplement the amount of the grant provided under this title with an amount that is not less than—

(1) 50 percent of the amount of such grant, if the State, metropolitan city or urban county, and insular area has indicated in its application for such grant that it will not include as a portion of its supplementation the cost or value of donated services; or

(2) 100 percent of the grant amount, if the State, metropolitan city or urban county, and insular area indicated in its application for such grant that it will include as a portion of its supplementation the cost or value of donated services.

(b) *MATCHING REQUIREMENT FOR USE OF MORE THAN 35 PERCENT OF FUNDS FOR SUPPORTIVE SERVICES.*—In addition to the supplemental funds required pursuant to subsection (a), for the second full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act and each fiscal year thereafter, a State, consortium, or metropolitan city or urban county shall supplement the grant funds for the State, consortium, city or county in an amount equal to the amount used by that State, metropolitan city or urban county, or consortium for supportive services in a fiscal year that exceeds 35 percent of the total grant amount for the State, metropolitan city or urban county, or consortium for that fiscal year.

(c) *TREATMENT OF INDEPENDENT STATE OR LOCAL GOVERNMENT FUNDS.*—Any State or local government funds used independently from the program under this title, or designated for such use, to assist the homeless by carrying out activities that would be eligible for assistance under this subtitle may be counted toward the amount required pursuant to subsection (a).

(d) *AUTHORITY FOR GRANTEES TO REQUIRE SUPPLEMENTATION.*—

(1) *IN GENERAL.*—Each grantee under this title may require any subgrantee or project sponsor to whom it provides such grant amounts to provide supplemental amounts required under subsections (a) and (b) with an amount of funds from sources other than this title.

(2) *AMOUNT ALLOWED TO BE REQUIRED BY GRANTEE.*—

(A) *GRANT AMOUNT.*—Except as provided in paragraph (3), a grantee may not require any subgrantee or project sponsor to whom it provides such grant amounts under this title to provide—

(i) supplemental amounts required under subsection (a)(1) in an amount exceeding 25 percent of the grant amount provided to the grantee or project sponsor; or

(ii) supplemental amounts required under subsection (a)(2) in an amount exceeding 50 percent of the grant amount provided to the grantee or project sponsor.

(B) *SUPPORTIVE SERVICES.*—A grantee may require any subgrantee or project sponsor to whom it provides grant amounts under this title to provide supplemental amounts required under subsection (b) in an amount equal to the amount used by subgrantee or project sponsor for support-

ive services in a fiscal year that exceeds 35 percent of the total amount allocated pursuant to this subsection for that fiscal year.

(3) **SUPPLEMENTAL FUNDS MAY BE CONSIDERED AS MATCHING FUNDS.**—Supplemental amounts provided by a subgrantee or project sponsor pursuant to this subsection may be considered supplemental amounts for purposes of compliance by any grantee with the requirement under subsections (a) and (b).

(e) **USE OF FUNDS.**—Any supplemental funds made available in compliance with this section shall be available only to carry out eligible activities (1) under subtitle B, if the grant amounts are available only for such activities, or (2) under subtitle C, if the grant amounts are available only for such activities.

(f) **SUPPLEMENTAL FUNDS.**—In determining the amount of supplemental funds provided in accordance with this section, the following amounts may be included:

(1) Cash.

(2) The value of any donated or purchased material or building.

(3) The value of any lease on a building.

(4) The proceeds from bond financing validly issued by a State or unit of general local government, agency, or instrumentality thereof, and repayable with revenues derived from the activity assisted under this title.

(5) The amount of any salary paid to staff to carry out a program for eligible activities under subtitle B or C.

(6) The cost or value of any donated goods.

(7) The value of taxes, fees, or other charges that are normally and customarily imposed, but which are waived or foregone to assist in providing housing or services for the homeless.

(8) The cost of on-site and off-site infrastructure that is directly related to and necessary for providing housing or services for the homeless.

(9) The cost or value of any donated services, but only if the State, metropolitan city or urban county, and insular area has stated in its application for a grant under this title that it shall supplement the amount of such grant, in accordance with section 407(a)(2).

(g) **REDUCTION IN MATCHING REQUIREMENTS.**—

(1) **IN GENERAL.**—The Secretary shall reduce the matching requirement under subsection (a) during a fiscal year by—

(A) 50 percent for a jurisdiction that certifies that it is in fiscal distress; and

(B) 100 percent for a jurisdiction that certifies that it is in severe fiscal distress.

For purposes of subparagraphs (A) and (B), the jurisdiction shall make the certification on behalf of a recipient that is not a governmental jurisdiction.

(2) **DEFINITIONS.**—For purposes of this subsection—

(A) the term “fiscal distress” means, with respect to a unit of general local government, insular area, or State recipient that is a governmental jurisdiction, that the jurisdiction satisfies one of the distress criteria set forth in paragraph (3); and

(B) the term “severe fiscal distress” means, with respect to a unit of general local government, insular area, or State recipient that is a governmental jurisdiction, that the jurisdiction satisfies both of the distress criteria set forth in paragraph (3).

(3) **DISTRESS CRITERIA.**—For a unit of general local government, an insular area, or a State recipient that is a governmental jurisdiction certifying that it is distressed, the following criteria shall apply:

(A) **POVERTY RATE.**—The average poverty rate in the jurisdiction for the calendar year immediately preceding the year in which its fiscal year begins was equal to or greater than 125 percent of the average national poverty rate during such calendar year (as determined according to information of the Bureau of the Census).

(B) **PER CAPITA INCOME.**—The average per capita income in the jurisdiction for the calendar year immediately preceding the year in which its fiscal year begins was less than 75 percent of the average national per capita income during such calendar year (as determined according to information of the Bureau of the Census).

(4) **STATES.**—In the case of a State, the Secretary shall reduce the matching requirement under subsection (a) as provided by the preceding paragraphs, except that the certification shall be made with respect to the area, as determined by the Secretary, in which the activities are to be carried out.

(5) **WAIVER IN DISASTER AREAS.**—If a recipient is located in an area in which a declaration of a disaster pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act is in effect for any part of a fiscal year, the Secretary may reduce the matching requirement for that fiscal year under subsection (a) during that fiscal year by up to 100 percent.

SEC. 408. PROGRAM REQUIREMENTS.

(a) **APPLICATIONS.**—

(1) **FORM AND PROCEDURE.**—The Secretary shall make a grant under this title only pursuant to an application for a grant submitted by an eligible grantee in the form and in accordance with the procedures established by the Secretary. The Secretary may not give preference or priority to any application on the basis that the application was submitted by any particular type of eligible grantee.

(2) **CONTENTS.**—The Secretary shall require that applications contain at a minimum the following information:

(A) **GRANTS FOR PERMANENT HOUSING DEVELOPMENT ACTIVITIES.**—In the case of an application for a grant available for use for activities under subtitle B or an application for a grant available for use under subtitle C for permanent housing development assistance—

(i) a description of the permanent housing development activities to be assisted;

(ii) a description of the entities that will carry out such activities and the programs for carrying out such activities; and

(iii) assurances satisfactory to the Secretary that the facility will comply with the requirement under subsection (j).

(B) *FLEXIBLE BLOCK GRANT HOMELESS ASSISTANCE.*—In the case of an application for a grant available for use for activities under subtitle C—

(i) a description of the eligible activities to be assisted, to the extent available at the time;

(ii) in the case of a grant for a facility assisted under paragraph (1) or (2) of section 421(a), assurances satisfactory to the Secretary that the facility will comply with the requirement under subsection (j);

(iii) in the case of a grant for a supportive housing facility assisted under this title that does not receive assistance under paragraph (1) or (2) of section 421(a), annual assurances during the period specified in the application that the facility will be operated for the purpose specified in the application for such period; and

(iv) in the case of a grant for a supportive housing facility, reasonable assurances that the project sponsor will own or have control of a site not later than the expiration of the 12-month period beginning upon notification of an award of grant assistance, unless the application proposes providing supportive housing assisted under section 421(a)(3) or housing that will eventually be owned or controlled by the families and individuals served; except that a project sponsor may obtain ownership or control of a suitable site different from the site specified in the application.

(C) *ALL GRANTS.*—In the case of an application for any grant under this title—

(i) a description of the size and characteristics of the population, including specific references to populations with special needs, that will be served by the eligible activities assisted with grant amounts;

(ii) a description of the public and private resources that are expected to be made available in connection with grant amounts provided;

(iii) a description of the process to be used in compliance with section 404(b) to select eligible activities to be assisted and project sponsors;

(iv) a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing; and

(v) a statement of whether the applicant will or will not include, as a portion of its supplementation amount required under section 407(a), the cost or value of donated services.

(b) *REQUIRED AGREEMENTS.*—The Secretary may not provide a grant under this title for any applicant unless the applicant agrees—

(1) to ensure that the eligible activities carried out with grant amounts will be carried out in accordance with the provisions of this title;

(2) to conduct an ongoing assessment of the supportive services required by homeless persons assisted by the eligible activities and the availability of such services to such persons;

(3) in the case of grant amounts to be used under subtitle C for a supportive housing facility or an emergency shelter, to ensure the provision of such residential supervision as the Secretary determines is necessary to facilitate the adequate provision of supportive services to the residents and users of the facility or shelter;

(4) to monitor and report under section 431 to the Secretary on the progress of the eligible activities carried out with grant amounts;

(5) to develop and implement procedures to ensure (A) the confidentiality of records pertaining to any individual provided family violence prevention or treatment services through any activities assisted with grant amounts, and (B) that the address or location of any family violence shelter facility assisted with grant amounts will not be made public, except with written authorization of the person or persons responsible for the operation of such facility;

(6) to the maximum extent practicable, to involve homeless persons and families, through employment, volunteer services, or otherwise, in carrying out eligible activities assisted with grant amounts; and

(7) to comply with such other terms and conditions as the Secretary may establish to carry out this title in an effective and efficient manner.

(c) *OCCUPANCY CHARGE.*—Any homeless person or family residing in a dwelling unit assisted under this title may be required to pay an occupancy charge in an amount determined by the grantee providing the assistance, which may not exceed an amount equal to 30 percent of the adjusted income (as such term is defined in section 3(b) of the United States Housing Act of 1937 or any other subsequent provision of Federal law defining such term for purposes of eligibility for, or rental charges in, public housing) of the person or family. Occupancy charges paid may be reserved, in whole or in part, to assist residents in moving to permanent housing.

(d) *FLOOD PROTECTION STANDARDS.*—Flood protection standards applicable to housing acquired, rehabilitated, constructed, or assisted with grant amounts provided under this title shall be no more restrictive than the standards applicable under Executive Order No. 11988 (42 U.S.C. 4321 note; relating to floodplain management) to the other programs in effect under this title immediately before the enactment of the Homeless Housing Programs Consolidation and Flexibility Act.

(e) *PARTICIPATION OF CITIZENS AND OTHERS.*

(1) *IN GENERAL.*—Each grantee shall—

(A) each fiscal year, make available to its citizens, public agencies, and other interested parties information concerning the amount of assistance the jurisdiction expects to receive and the range of activities that may be undertaken with the assistance;

(B) publish the proposed application in a manner that, in the determination of the Secretary, affords affected citizens, public agencies, and other interested parties a reasonable opportunity to examine its content and to submit comments on it;

(C) each fiscal year, hold one or more public hearings to obtain the views of citizens, public agencies, and other interested parties on the housing needs of the jurisdiction; and

(D) provide citizens, public agencies, and other interested parties with reasonable access to records regarding any uses of any assistance the grantee may have received under this subtitle during the preceding 5 years.

(2) **ELECTRONIC ACCESS.**—A grantee may comply with the requirement under subparagraphs (A), (B), and (D) of paragraph (1) by making the information available through interactive computer or telephone services or other electronic information networks and systems appropriate for making such information widely available to the public.

(3) **NOTICE AND COMMENT.**—Before submitting any substantial amendment to an application under this Act, a grantee shall provide citizens with reasonable notice of, and opportunity to comment on, the amendment.

(4) **CONSIDERATION OF COMMENTS.**—A grantee shall consider any comments or views of citizens in preparing a final application or amendment to an application for submission. A summary of such comments or views shall be attached when an application or amendment to an application is submitted. The submitted application or amendment shall be made available to the public.

(5) **AUTHORITY OF SECRETARY.**—The Secretary shall establish procedures appropriate and practicable for providing a fair hearing and timely resolution of citizen complaints related to applications under this subtitle.

(6) **HOMELESS INDIVIDUALS.**—The Secretary shall, by regulation, require each grantee to ensure that each project sponsor assisted by the grantee provides for the participation of not less than 1 homeless person or former homeless person on the board of directors or other equivalent policymaking entity of the project sponsor, to the extent that such sponsor considers and makes policies and decisions regarding any activity or facility, supportive services, or assistance provided with grant amounts under this title. The Secretary shall provide that a grantee may grant waivers to project sponsors unable to meet the requirement under the preceding sentence if the sponsor agrees to otherwise consult with homeless or formerly homeless persons in considering and making such policies and decisions.

(f) **LIMITATION ON USE OF FUNDS.**—No grant amounts received under this title (or any funds provided under section 407 or other-

wise to supplement such grants) may be used to replace other State or local funds previously used, or designated for use, to assist homeless persons.

(g) *LIMITATION ON ADMINISTRATIVE EXPENSES.*—Notwithstanding any other provision of this title, of any grant amounts under this title used to carry out eligible activities, the grantee or the project sponsor may use for administrative purposes—

(1) an amount not exceeding 5 percent of such grant amount;

or

(2) if the grantee implements use of a standardized homeless database management system to record and assess data on the usage of homeless housing, services, and client needs, and on the number and other information related to populations with special needs, an amount not exceeding 7.5 percent of such grant amount.

(h) *HOUSING QUALITY.*—

(1) *REQUIREMENT.*—Assistance may not be provided with grant amounts made available for use under this title for any permanent housing development, dwelling unit, supportive housing facility, or emergency shelter that fails to comply with the housing quality standards applicable under paragraph (2) in the jurisdiction in which the housing is located, unless the deficiency is promptly corrected and the project sponsor verifies the correction.

(2) *APPLICABLE STANDARDS.*—The housing quality standards applicable under this subsection to permanent housing, a dwelling unit, supportive housing facility, or emergency shelter shall be—

(A) in the case of permanent housing, a unit, facility, or shelter located in a jurisdiction which has in effect laws, regulations, standards, or codes regarding habitability of such housing, units, facilities, or shelters that provide protection to residents of the dwellings that is equal to or greater than the protection provided under the housing quality standards established under paragraph (3), such applicable laws, regulations, standards, or codes; or

(B) in the case of permanent housing, a unit, facility, or shelter located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in subparagraph (A), the housing quality standards established under paragraph (3).

(3) *FEDERAL HOUSING QUALITY STANDARDS.*—The Secretary shall establish housing quality standards under this paragraph that ensure that permanent housing, dwelling units, supportive housing facilities, and emergency shelters assisted under this title are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings. The Secretary shall differentiate between major and minor violations of such standards and may establish separate standards for permanent housing, dwelling units, supportive housing facilities, and emergency shelters.

(i) *TERMINATION OF ASSISTANCE.*—If a person or family (not including residents of an emergency shelter) who receives assistance

under this title violates program requirements, the project sponsor may terminate assistance in accordance with a formal process established by such sponsor that recognizes the rights of individuals receiving such assistance to due process of law, which may include a hearing.

(j) USE RESTRICTIONS.—

(1) ACQUISITION, REHABILITATION, AND NEW CONSTRUCTION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each housing facility assisted under subtitle B or subtitle C shall be operated as housing for the purpose specified in the application for assistance with amounts under this title for not less than 20 years after such facility is initially placed in service pursuant to such assistance.

(B) EXCEPTIONS.—

(i) INABILITY TO OPERATE FACILITY.—If, within such 20-year period, the need for maintaining the facility as housing for the purpose specified in the application for assistance ceases to exist (as determined by the Secretary pursuant to a recommendation by the chief executive officer of the appropriate unit of general local government or project sponsor, taking into consideration the comprehensive housing affordability strategy of the jurisdiction), or the project sponsor is unable to operate the facility as supportive housing, the facility may be used as affordable housing (in accordance with section 215 of the Cranston-Gonzalez National Affordable Housing Act).

(ii) APPLICABILITY OF OTHER PROGRAM RESTRICTION.—If the housing facility receives assistance under any other Federal program (including assistance under section 42 of the Internal Revenue Code of 1986) for low-income families, homeless person, or any other use consistent with assistance under this title, and the use restriction under such program is less than 20 years, the restriction under such program shall apply.

(2) OTHER ASSISTANCE.—Each housing facility assisted under subtitle C shall be operated for the purposes specified in the application for assistance with amounts under this title for the duration of the period covered by the grant.

(3) CONVERSION.—Notwithstanding paragraphs (1) and (2), if the Secretary determines that a housing facility is no longer needed for use as housing for the purposes specified in the application for assistance and approves the use of the facility for the direct benefit of low-income persons pursuant to a request for such use by the project sponsor, the Secretary may authorize the sponsor to convert the facility to such use.

(k) REPAYMENT OF ASSISTANCE AND PREVENTION OF UNDUE BENEFITS.—

(1) REPAYMENT.—If a facility assisted under subtitle B or subtitle C violates the requirement under subsection (j)(1)(A) or (j)(1)(B)(ii) of this section during the 10-year period beginning upon placement of the facility in service pursuant to such assistance, the Secretary shall require the grantee to repay to the Secretary 100 percent of any grant amounts received for such

facility under such paragraph. If such a facility violates such requirement after such 10-year period, the Secretary shall require the grantee to repay the percentage of any grant amounts received for such facility that is equal to 100 percent minus 10 percentage points for each year in excess of 10 that the facility is operated as supportive housing.

(2) *PREVENTION OF UNDUE BENEFITS.*—Except as provided in paragraph (3), upon any sale or other disposition of a facility assisted under subtitle B or C occurring before the expiration of the 20-year period beginning on the date that the facility is placed in service, the project sponsor shall comply with such terms and conditions as the Secretary may prescribe to prevent the sponsor from unduly benefiting from such sale or disposition.

(3) *EXCEPTION.*—Paragraphs (1) and (2) shall not apply to any sale or disposition of a facility that results in the use of the facility for the direct benefit of very low-income families if all of the proceeds are used to provide housing meeting the requirements of subtitle B or C.

(4) *FAILURE TO OBTAIN SITE.*—If a grantee of assistance made available for use under this title obligates assistance for a housing facility other than a facility under section 421(a)(3) or housing that will eventually be owned or controlled by the families and individuals served, and the project sponsor fails to obtain ownership or control of a suitable site for a proposed supportive housing facility during the 12-month period beginning upon the notification of an award of grant assistance, the grantee shall recapture the assistance and make such assistance available under this subtitle.

(I) *LOCAL BOARDS.*—

(1) *ESTABLISHMENT AND FUNCTION.*—The head of the executive branch of government of each grantee shall establish and appoint members to a local board, which shall assist the jurisdiction in—

(A) determining whether the grant should be administered by the jurisdiction, a public agency, a private non-profit organization, the State, or the Secretary;

(B) developing the application under section 408;

(C) overseeing the activities carried out with assistance under this title; and

(D) preparing the performance report under section 431.

(2) *COMPOSITION OF LOCAL BOARDS.*—

(A) *NOMINATION.*—Members of a local board appointed to meet the requirements of subparagraph (D) shall be nominated by persons, other than governmental officials or entities, that represent the groups listed in subparagraph (D).

(B) *PRIORITY.*—Persons who will improve access to a broad range of services for homeless persons and who are sensitive to the varying needs of homeless persons, including veterans, the mentally ill, families with children, young persons, battered spouses, victims of substance abuse, and persons with AIDS, shall be given preference when selecting local board members.

(C) *COMMUNITY SUPPORT CONSIDERED.*—In appointing members to the local board, the chief executive of each grantee shall consider the extent of support for the nominee in the community which the board shall serve.

(D) *MAJORITY.*—Not less than 51 percent of the members of a local board shall be composed of—

- (i) homeless or formerly homeless persons;
- (ii) persons who act as advocates for homeless persons; and
- (iii) persons who provide assistance to homeless persons, including representatives of local veterans organizations and veteran service providers who assist homeless veterans.

(E) *OTHER LOCAL BOARD MEMBERS.*—After the requirements of subparagraph (D) are met, other members of a local board shall be chosen from—

- (i) members of the business community of the jurisdiction receiving the grant;
- (ii) members of neighborhood advocates in the jurisdiction receiving the grant; and
- (iii) government officials of the jurisdiction receiving the grant.

(3) *WAIVER OF REQUIREMENTS FOR LOCAL BOARD.*—The Secretary may waive the requirements of this subsection if the jurisdiction has an existing board that substantially meets the requirements of this subsection.

(m) *COORDINATION OF HOMELESS PROGRAMS.*—

(1) *PURPOSE.*—The purpose of the consultation and coordination required under this subsection is to provide various services, activities, and assistance for homeless persons and families in an efficient, effective, and targeted manner designed to meet the comprehensive needs of the homeless.

(2) *IN GENERAL.*—The Chairperson of the Interagency Council on the Homeless shall consult and coordinate with the Secretary of Housing and Urban Development, the Secretary of Health and Human Services, the Secretary of Labor, the Secretary of Education, the Secretary of Veterans Affairs, and the Secretary of Agriculture and shall ensure that assistance for federally funded activities for the homeless is made available, to the greatest extent practicable, in conjunction and coordination with assistance for other federally funded activities for the homeless and with assistance under this title.

(3) *REQUIREMENTS FOR HOUSING ASSISTANCE.*—The Secretary shall establish such requirements as the Secretary considers necessary to ensure that grant amounts provided under this title are used by grantees and project sponsors, to the greatest extent practicable, in coordination and in conjunction with federally funded activities for the homeless.

(4) *DEFINITION.*—For purposes of this subsection, the term “federally funded activities for the homeless” means activities to assist homeless persons, including homeless veterans, or homeless families that are funded (in whole or in part) with amounts provided by the Federal Government (other than amounts provided under this title) and includes—

(A) the programs for health care under sections 340 and part C of title V of the Public Health Service Act;

(B) the programs for education, training and community services under title VII of the Stewart B. McKinney Homeless Assistance Act;

(C) food assistance for homeless persons and families through the food programs under the Food Stamp Act of 1977 and the Emergency Food Assistance Act of 1983;

(D) the job training, housing, and medical programs for homeless veterans of the Department of Veterans Affairs;

(E) the job corps centers for homeless families program under section 433A of the Job Training Partnership Act;

(F) the program for preventive services for children of homeless families or families at risk of homelessness under title III of the Child Abuse Prevention and Treatment Act;

(G) the programs under the Runaway and Homeless Youth Act; and

(H) assistance for homeless persons, including homeless veterans, and families under State programs funded under supplemental security income programs under part A of title IV or under title XVI of the Social Security Act.

(5) COMPANION SERVICES BLOCK GRANTS IN CASES OF FAILURE TO COMPLY.—

(A) *IN GENERAL.*—If, for any fiscal year, the Chairperson of the Interagency Council on the Homeless determines that adequate coordination has not taken place to ensure that assistance for federally funded activities for the homeless is made available in conjunction and coordination with assistance under this title (as required under paragraph (2)), the Chairperson of the Interagency Council on the Homeless and the Secretary, in consultation with the Interagency Council on the Homeless, shall carry out a program under subparagraph (B) to make companion services block grants available for such fiscal year.

(B) *COMPANION SERVICE BLOCK GRANTS.*—The block grant program under this subparagraph shall provide block grants, using amounts available pursuant to subparagraph (C), to eligible grantees under this title to provide services of the type available under the programs referred to in paragraph (4) in connection with housing assistance under this title.

(C) *FUNDING.*—

(i) *IN GENERAL.*—Notwithstanding any other provision of law, in any fiscal year in which block grants are to be provided in accordance with subparagraph (A), there shall be available for such block grants, of the amount made available for such fiscal year for each activity referred to in paragraph (4), 10 percent of such amount, as determined by the Secretary and the Interagency Council on the Homeless.

(ii) *LIMITATION.*—Notwithstanding clause (i), the aggregate amount available for companion services block grants under this paragraph for a fiscal year shall not exceed the total amount made available pursuant to

section 435 for housing assistance under this title. If, for any fiscal year, the amount determined under clause (i) exceeds such amount, the Secretary shall reduce the percentage under clause (i) for such year so that the aggregate amount made available for companion services block grants under this paragraph from the amounts for each activity referred to in paragraph (4) is equal to the total amount made available pursuant to section 435 for housing assistance under this title.

(D) **TRANSFER AUTHORITY.**—Except to the extent that the authority of the Secretary and the Chairperson of the Interagency Council on the Homeless is limited by appropriations, and with the concurrence of the head of the affected agency and upon advance approval of the Committees on Appropriations and the authorizing committees of the House of Representatives, and the Senate, the Secretary and the Chairperson of the Interagency Council on the Homeless shall transfer funds made available under subparagraph (C) to the companion services block grant for federally funded activities, functions, or programs for the homeless.

(E) **REPORT.**—Not later than the first quarter of the first full fiscal year after the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act and each quarter thereafter, the Secretary and the Chairperson of the Interagency Council on the Homeless shall report to Congress on—

(i) the need for any reprogramming or transfer of funds appropriated for federally funded activities, functions, or programs for the homeless; and

(ii) any funds appropriated for federally funded activities, functions, or programs for the homeless that were reprogrammed or transferred during the quarter covered by the report.

(n) **CONSULTATION REGARDING USE OF NATIONAL GUARD FACILITIES AS HOMELESS SHELTERS.**—The Secretary may not provide a grant for a fiscal year from amounts for such year allocated under section 406(c) for use under subtitle C for a State unless the State has, consulted with the Secretary regarding the possibility of making any space at National Guard facilities under the jurisdiction of the State available, during such fiscal year, for use by homeless organizations to provide shelter to homeless persons, but only at the times that such space is not actively being used for National Guard purposes or other public purposes already undertaken.

SEC. 409. SUPPORTIVE SERVICES.

(a) **REQUIREMENT.**—To the extent allowed by this title, each project sponsor administering permanent housing development assistance provided with amounts under this title or a supportive housing facility or emergency shelter assisted with such amounts shall provide supportive services for residents of the dwelling units or facility or shelter assisted. The array of supportive services provided may be designed by the grantee or the project sponsor administering the assistance, facility, or shelter. A project sponsor admin-

istering a supportive housing facility shall provide supportive services for other homeless persons using the facility.

(b) **TARGETING POPULATIONS WITH SPECIAL NEEDS.**—Supportive services provided with grant amounts under this title shall address the special needs of homeless persons (such as homeless persons with disabilities, homeless persons with acquired immunodeficiency syndrome and related diseases, homeless persons who have chronic problems with alcohol or drugs (or both), veterans who are homeless, and homeless families with children) intended to be served.

(c) **SERVICES.**—Supportive services may include activities such as—

(1) establishing and operating a child care services program for homeless families;

(2) establishing and operating an employment assistance program;

(3) providing outpatient health services, food, and case management;

(4) providing assistance in obtaining permanent housing, employment counseling, and nutritional counseling;

(5) providing security arrangements necessary for the protection of residents of supportive housing or emergency shelters and for homeless persons using supportive housing facilities;

(6) providing assistance in obtaining other Federal, State, and local assistance available for such residents and persons (including mental health benefits, employment counseling, and medical assistance, but not including major medical equipment); and

(7) providing other appropriate services.

(d) **PROVISION OF SERVICES.**—Supportive services provided with grant amounts under this title may be provided directly by the grantee, by the project sponsor administering the permanent housing development assistance or the facility or shelter, or by contract with other public or private service providers. Such services provided in connection with a supportive housing facility may be provided to homeless persons who do not reside in the supportive housing, but only to the extent consistent with the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the applicable jurisdiction.

SEC. 410. NONDISCRIMINATION IN PROGRAMS AND ACTIVITIES.

No person in the United States shall on the basis of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual, as provided in section 504 of the Rehabilitation Act of 1973, shall also apply to any such program or activity.

Subtitle B—Permanent Housing Development Activities

SEC. 411. USE OF AMOUNTS AND GENERAL REQUIREMENTS.

(a) USE OF AMOUNTS FOR PERMANENT HOUSING DEVELOPMENT.—

(1) AUTHORIZED USE.—A State, metropolitan city, or urban county that receives a grant under section 402(b)(2) from amounts allocated for use under this subtitle may use grant amounts (and any supplemental amounts provided under section 407) only to carry out permanent housing development activities within such State, metropolitan city, or urban county. For purposes of this subtitle, the term “permanent housing development activities” means activities to construct, substantially rehabilitate, or acquire structures to provide permanent housing, including the capitalization of a dedicated project account from which long-term assistance payments (which may include operating costs or rental assistance) can be made in order to facilitate such activities, and activities under section 441 of the Stewart B. McKinney Homeless Assistance Act, as in effect on October 31, 1997 (subject to the limitation in section 406(b)(3) of this Act).

(2) USE FOR SUPPORTIVE SERVICES PROHIBITED.—Amounts allocated for use under this subtitle may not be used for supportive services activities.

(b) USE THROUGH NONPROFIT ORGANIZATIONS.—

(1) IN GENERAL.—A grantee that receives grant amounts for a fiscal year for use under this subtitle may, pursuant to section 404, provide such amounts to units of general local government and private nonprofit organizations for use in accordance with this subtitle, except that the grantee shall ensure that more than 50 percent of the amounts received by the grantee for the fiscal year are used through private nonprofit organizations.

(2) WAIVER OF USE OF NONPROFIT REQUIREMENT.—The Secretary may waive the requirement under paragraph (1) that a grantee ensure that more than 50 percent of the amounts received by the grantee for the fiscal year are used through private nonprofit organizations if the Secretary determines that there are not sufficient private nonprofit organizations available to the grantee to meet that requirement.

(c) ADMINISTRATIVE FEE.—To the extent provided in section 408(g), grant amounts provided under this subtitle may be used by the project sponsor providing such assistance for costs of administering such assistance.

(d) TARGETING POPULATIONS WITH SPECIAL NEEDS.—To the maximum extent practicable, a grantee shall provide for use of grant amounts made available under this subtitle in a manner that provides permanent housing for homeless persons with disabilities, homeless persons with acquired immunodeficiency syndrome or related diseases, homeless persons who have chronic problems with alcohol or drugs (or both), homeless families with children, and veterans who are homeless.

SEC. 412. PERMANENT HOUSING DEVELOPMENT.

(a) *IN GENERAL.*—Housing shall be considered permanent housing for purposes of this title if the housing—

- (1) provides long-term housing for homeless persons;
- (2) complies with any applicable State and local housing codes, licensing requirements, or other requirement in the jurisdiction in which the housing is located, including any applicable State or local requirements regarding the number of occupants in such a facility; and
- (3) complies with the requirement under section 409(a) regarding providing supportive services for homeless persons.

(b) *CLARIFICATION.*—Permanent housing may—

- (1) be restricted for occupancy by homeless persons with disabilities;
- (2) consist of or contain full dwelling units or dwelling units that do not contain bathrooms or kitchen facilities; and
- (3) be provided in the form of rental housing, cooperative housing, shared living arrangements, single family housing, or other types of housing arrangements.

Subtitle C—Flexible Block Grant Homeless Assistance

SEC. 421. ELIGIBLE ACTIVITIES.

(a) *IN GENERAL.*—Grant amounts allocated for use under this subtitle may be used only for carrying out the following activities:

(1) *ACQUISITION AND REHABILITATION OF SUPPORTIVE HOUSING.*—For acquisition or rehabilitation of an existing structure (including a small commercial property or office space) to provide supportive housing other than emergency shelter or to provide supportive services; the repayment of any outstanding debt owed on a loan made to purchase an existing structure for use as supportive housing shall be considered to be a cost of acquisition under this paragraph if the structure was not used as supportive housing or to provide supportive services, before assistance is provided using grant amounts.

(2) *NEW CONSTRUCTION OF SUPPORTIVE HOUSING.*—For new construction of a structure to be used as supportive housing.

(3) *LEASING OF SUPPORTIVE HOUSING.*—For leasing of an existing structure or structures, or portions thereof, to provide supportive housing or supportive services during the period covered by the application.

(4) *OPERATING COSTS FOR SUPPORTIVE HOUSING.*—For covering operating costs of supportive housing (which shall include capital costs for utilizing any interactive computer or telephone services and other electronic information networks and systems appropriate for assisting homeless families); except that grant amounts provided under this subtitle may not be used to cover more than 75 percent of the annual operating costs of such housing.

(5) *HOMELESSNESS PREVENTION.*—

(A) *IN GENERAL.*—For activities designed to help persons (including veterans who are at risk of becoming homeless,

and families avoid becoming homeless), which shall include assistance for making mortgage payments, rental payments, and utility payments and any activities other than those found by the Secretary to be inconsistent with the purposes of this Act.

(B) **PERSONS ELIGIBLE FOR ASSISTANCE.**—Assistance under this paragraph may be provided only to very low-income families who have received eviction (or mortgage delinquency or foreclosure) notices or notices of termination of utility services and who—

(i) are unable to make the required payments due to a sudden reduction in income;

(ii) need such assistance to avoid homelessness due to the eviction or termination of services; and

(iii) have a reasonable prospect of being able to resume payments within a reasonable period of time.

(C) **LIMITATION.**—Assistance under this paragraph may be provided only if such assistance will not supplant funding for preexisting homelessness prevention activities from other services.

(6) **PERMANENT HOUSING DEVELOPMENT ACTIVITIES.**—For providing permanent housing development activities as described in subtitle B.

(7) **EMERGENCY SHELTER.**—For—

(A) renovation, major rehabilitation, or conversion of a building or buildings to be used as emergency shelters;

(B) covering costs of supportive services in connection with an emergency shelter, if such services do not supplant any services provided by the local government during any part of the 12-month period ending on the date of the commencement of the operation of the emergency shelter; and

(C) covering costs relating to maintenance, operation, insurance, utilities, and furnishings for emergency shelters.

(8) **SUPPORTIVE SERVICES.**—To the extent provided in section 406, for covering costs of supportive services provided to homeless persons in connection with a permanent or supportive housing facility or otherwise.

(9) **TECHNICAL ASSISTANCE.**—For technical assistance in carrying out the purposes of this title, except that the Secretary may provide such technical assistance directly to any grantee, including nonprofit sponsors who are proposing project applications for populations with special needs.

(b) **USE FOR HOUSING ACTIVITIES.**—Of the aggregate of any grant amounts provided to a grantee for a fiscal year for use under this subtitle and the supplemental amounts provided for such fiscal year by the grantee in accordance with section 407, the grantee shall ensure that an amount that is not less than such grant amounts (less any amount used pursuant to section 408(g)) is used for eligible activities described in paragraphs (1) through (6) of subsection (a).

SEC. 422. USE OF AMOUNTS THROUGH PRIVATE NONPROFIT PROVIDERS.

(a) **IN GENERAL.**—In each fiscal year, each grantee of amounts for use under this subtitle shall ensure that more than 50 percent of the amounts received by the grantee for such fiscal year are used for

carrying out eligible activities under section 421 through project sponsors that are private nonprofit organizations.

(b) **WAIVER.**—The Secretary may waive the requirement under subsection (a) that a grantee ensure that more than 50 percent of the amounts received by the grantee for the fiscal year are used through private nonprofit organizations if the Secretary determines that there are not sufficient private nonprofit organizations available to the grantee to meet that requirement.

SEC. 423. SUPPORTIVE HOUSING.

(a) **IN GENERAL.**—Housing shall be considered supportive housing for purposes of this subtitle if—

- (1) the housing complies with the requirement under section 409(a) regarding providing supportive services for homeless persons;
- (2) the housing complies with any applicable State and local housing codes and licensing requirements in the jurisdiction in which the housing is located; and
- (3) the housing—
 - (A) is transitional housing; or
 - (B) is permanent supportive housing as described in section 412.

(b) **TRANSITIONAL HOUSING.**—For purposes of this section, the term “transitional housing” means housing, the purpose of which is to facilitate the movement of homeless persons and families to permanent housing within 24 months or such longer period as the Secretary determines necessary. Assistance may be denied for housing based on a violation of this subsection only if a substantial number of homeless persons or families have remained in the housing longer than such period.

(c) **SINGLE ROOM OCCUPANCY DWELLINGS.**—For purposes of this section, a facility may provide supportive housing or supportive services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as supportive housing or in facilities containing some or all such dwelling units.

(d) **SAFE HAVEN HOUSING.**—For purposes of this section, supportive housing may be a structure or a clearly identifiable portion of a structure that—

- (A) provides housing and low-demand services and referrals for homeless individual with serious mental illness—
 - (i) who are currently residing primarily in places not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; and
 - (ii) who have been unwilling or unable to participate in mental health or substance abuse treatment programs or to receive other supportive services; except that a person whose sole impairment is substance abuse shall not be considered an eligible person;
- (B) provides 24-hour residence for eligible individuals who may reside for an unspecified duration;
- (C) provides private or semi-private accommodations;
- (D) may provide for the common use of kitchen facilities, dining rooms, and bathrooms;
- (E) may provide supportive services to eligible persons who are not residents on a drop-in basis; and

(F) provides occupancy limited to no more than 25 persons.

SEC. 424. EMERGENCY SHELTER.

(a) *IN GENERAL.*—A facility shall be considered emergency shelter for purposes of this subtitle if the facility is designed to provide overnight sleeping accommodations for homeless persons and complies with the requirements under this section. An emergency shelter may include appropriate eating and cooking accommodations.

(b) *REQUIREMENTS.*—Grant amounts under this subtitle may be used for eligible activities under section 421(a)(7) relating to emergency shelter only if—

(1) the Secretary determines that—

(A) use of such amounts is necessary to meet the emergency shelter needs of the jurisdiction in which the facility is located; and

(B) the use of such amounts for such activities will not violate the prohibition under section 408(f); and

(2) the project sponsor agrees that it will—

(A) in the case of assistance involving major rehabilitation or conversion of a building, maintain the building as a shelter for homeless persons and families for not less than a 10-year period unless, within such 10-year period, the need for maintaining the building as a full-time shelter ceases to exist and the building is used for the remainder of such period to carry out other eligible activities under this subtitle;

(B) in the case of assistance involving rehabilitation (other than major rehabilitation or conversion of a building), maintain the building as a shelter for homeless persons and families for not less than a 3-year period;

(C) in the case of assistance involving only activities described in subparagraphs (B) and (C) of section 421(a)(7), provide services or shelter to homeless persons and families at the original site or structure or other sites or structures serving the same general population for the period during which such assistance is provided;

(D) comply with the standards of housing quality applicable under section 408(h); and

(E) assist homeless persons in obtaining—

(i) appropriate supportive services, including permanent housing, medical and mental health treatment (including information and counseling regarding the benefits and availability of child immunization), counseling, supervision, veterans benefits, and other services essential for achieving independent living; and

(ii) other Federal, State, local, and private assistance available for homeless persons.

Subtitle D—Reporting, Definitions, and Funding

SEC. 431. PERFORMANCE REPORTS BY GRANTEES.

(a) *REQUIREMENT.*—For each fiscal year, each grantee under this title shall review and report, in a form acceptable to the Secretary, on the progress it has made during such fiscal year in carrying out the activities described in the application resulting in such grant and the relationship of such activities to the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act for the applicable jurisdiction.

(b) *CONTENT.*—Each report under this section for a fiscal year shall—

(1) describe the use of grant amounts provided to the grantee for such fiscal year;

(2) to the extent practicable until the development of a reasonable methodology by the Secretary and the Interagency Council on the Homeless, describe the number of homeless persons and families, including populations with special needs provided shelter, housing, or assistance using such grant amounts;

(3) assess the relationship of such use to the goals identified pursuant to section 105(b)(2) of the Cranston-Gonzalez National Affordable Housing Act in the comprehensive housing affordability strategy for the applicable jurisdiction;

(4) indicate the grantee's programmatic accomplishments;

(5) describe how the grantee would change its programs as a result of its experiences; and

(6) describe any delays that occurred in the start up of programs and the reason for each delay.

(c) *SUBMISSION.*—The Secretary shall establish dates for submission of reports under this section and review such reports and make such recommendations as the Secretary considers appropriate to carry out the purposes of this title. The Secretary may withhold or reallocate funds granted to a grantee if the Secretary finds that the grantee has complied with applicable program requirements, but not substantially complied with the application that the grantee submitted to obtain such funds.

(d) *PUBLIC AVAILABILITY.*—

(1) *IN GENERAL.*—A grantee preparing a report under this section shall make the report publicly available to the citizens in the jurisdiction of the grantee in sufficient time to permit such citizens to comment on such report prior to its submission to the Secretary, and in such manner and at such times as the grantee may determine. The report shall include a summary of any such comments received by the grantee regarding its program.

(2) *ELECTRONIC ACCESS.*—A grantee may comply with the requirement under paragraph (1) by making the report available through interactive computer or telephone services or other electronic information networks and systems appropriate for making such information widely publicly available. The Secretary shall make each final report submitted under this section publicly available through such a computer, telephone, or information service, network, or system.

(e) *AUTHORITY OF SECRETARY.*—The Secretary shall establish procedures appropriate and practicable for providing a fair hearing and timely resolution of citizen complaints related to performance reports under this section.

SEC. 432. ANNUAL REPORT BY SECRETARY.

The Secretary shall include in the annual report, under section 8 of the Department of Housing and Urban Development Act, information summarizing the activities carried out under this title and setting forth the findings, conclusions, and recommendations of the Secretary as a result of the activities. Such information shall be made publicly available through interactive computer or telephone services or other electronic information networks and systems appropriate for making such information widely available to the public.

SEC. 433. DEFINITIONS.

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

(1) *APPLICANT.*—The term “applicant” means an eligible grantee that submits an application under section 408(a) for a grant under this title.

(2) *ELIGIBLE GRANTEE.*—The term “eligible grantee” is defined in section 403.

(3) *FACILITY.*—The term “facility” means a structure or structures (or a portion of such structure or structures) that are assisted through eligible activities under subtitle C with grant amounts under this title (or for which the Secretary provides technical assistance under section 421(a)(9)).

(4) *GRANTEE.*—The term “grantee” means an applicant that receives a grant under this title.

(5) *INSULAR AREA.*—The term “insular area” means each of the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other territory or possession of the United States.

(6) *METROPOLITAN CITY, URBAN COUNTY, AND UNIT OF GENERAL LOCAL GOVERNMENT.*—The terms “metropolitan city”, “urban county”, and “unit of general local government” have the meanings given the terms in section 102 of the Housing and Community Development Act of 1974.

(7) *NONENTITLEMENT AREA.*—The term “nonentitlement area” means an area that is not a metropolitan city or part of an urban county and does not include Indian tribes or insular areas.

(8) *OPERATING COSTS.*—The term “operating costs” means expenses incurred by a grantee operating supportive housing assisted with grant amounts under this title, with respect to—

(A) the administration, maintenance, repair, and security of such housing;

(B) utilities, fuel, furnishings, and equipment for such housing; and

(C) the conducting of the assessment under section 408(b)(2).

(9) *OUTPATIENT HEALTH SERVICES.*—The term “outpatient health services” means outpatient health care, outpatient mental health services, outpatient substance abuse services, and case management.

(10) *PERSON WITH DISABILITIES.*—The term “person with disabilities” means a person who—

(A) has a disability as defined in section 223 of the Social Security Act;

(B) is determined to have, pursuant to regulations issued by the Secretary, a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual’s ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or

(C) has a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act.

Such term shall not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

(11) *PRIVATE NONPROFIT ORGANIZATION.*—The term “private nonprofit organization” means any private organization that—

(A) is organized under State or local laws;

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

(C) complies with standards of financial accountability acceptable to the Secretary; and

(D) has among its purposes significant activities related to the provision of—

(i) decent housing that is affordable to low-income and moderate-income families; or

(ii) shelter, housing, or services for homeless persons or families or for persons or families at risk of becoming homeless.

(12) *PROJECT SPONSOR.*—The term “project sponsor” means an entity that uses grant amounts under this title to carry out a permanent housing development program under subtitle B or eligible activities under subtitle C. The term includes a grantee carrying out such a program or activities.

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

(14) *STATE.*—The term “State” means each of the several States and the Commonwealth of Puerto Rico.

(15) *SUPPORTIVE HOUSING.*—The term “supportive housing” means a facility that meets the requirements of section 423.

(16) *SUPPORTIVE SERVICES.*—The term “supportive services” means services under section 409.

(17) *VERY LOW-INCOME FAMILIES.*—The term “very low-income families” has the same meaning given the term under section 3(b) of the United States Housing Act of 1937 (or any other subsequent provision of Federal law defining such term for purposes of eligibility for, or rental charges in, public housing).

SEC. 434. REGULATIONS.

(a) *ISSUANCE.*—Not later than the expiration of the 30-day period beginning upon the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act, the Secretary shall

issue interim regulations to carry out this title. The Secretary shall issue final regulations to carry out this title after notice and opportunity for public comment regarding the interim regulations in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of such section), but not later than the expiration of the 90-day period beginning upon the date of the enactment of the Homeless Housing Programs Consolidation and Flexibility Act.

(b) RULE OF CONSTRUCTION.—Any failure by the Secretary to issue any regulations under this section shall not affect the effectiveness of any provision of this title pursuant to section 4(b) of the Homeless Housing Programs Consolidation and Flexibility Act.

SEC. 435. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for grants under this title \$1,000,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

(b) PROHIBITION ON SET ASIDES.—Notwithstanding any other provision of law, any attempt to put any restriction on the use of funds appropriated for this title (such as for use in special projects) shall be considered an appropriation without authorization and shall be without force or effect.

* * * * *

SECTION 2 OF THE HUD DEMONSTRATION ACT OF 1993

[SEC. 2. INNOVATIVE HOMELESS INITIATIVES DEMONSTRATION PROGRAM.]

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

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

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

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

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

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

[(3) INCORPORATED DEFINITIONS.—The terms “State”, “metropolitan city”, “urban county”, “unit of general local govern-

ment”, and “Indian tribe” have the meanings given such terms in section 102(a) of the Housing and Community Development Act of 1974.

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

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

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

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

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

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

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

[(c) COMPREHENSIVE HOMELESS INITIATIVE.—

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

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

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

[(B) nonprofit organizations operating within such jurisdictions,

establish comprehensive homeless initiatives to carry out the purpose of this section.

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

[(A) the extent of homelessness in the jurisdiction;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

【(d) INNOVATIVE PROJECT FUNDING.—

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

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

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

【(B) an explanation of the extent to which the existing systems, both public and private, for homelessness preven-

tion, outreach, assessment, shelter, services, transitional services, transitional housing, and permanent housing available within the jurisdiction would benefit from additional resources to achieve a comprehensive approach to meeting the needs of individuals and families who are homeless, or who are very low-income and at risk of homelessness;

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

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

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

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

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

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

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

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

[(D) diversity by geography and community type; and

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

[(e) REPORTS.—

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

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

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

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

pursuant to paragraph (1) and shall contain recommendations for future action.

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

[(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$200,000,000 for fiscal year 1994 to carry out this section. Of the amounts appropriated pursuant to this subsection, not less than 25 percent shall be used to carry out innovative project funding under subsection (d). All funds shall remain available until expended.]

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

SECTION 1407 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992

[SEC. 1407. FHA SINGLE FAMILY PROPERTY DISPOSITION.]

[(a) 30-DAY MARKETING PERIOD.—Except as provided in subsection (b), in carrying out the program for disposition of single family properties acquired by the Department of Housing and Urban Development for use by the homeless under subpart E of part 291 of title 24, Code of Federal Regulations, the Secretary of Housing and Urban Development may not make any eligible property available for lease under such program that has not been listed and made generally available for sale by the Secretary for a period of at least 30 days.]

[(b) EXCEPTION.—With respect to any area for which the Secretary determines that there will not be a sufficient quantity of decent, safe, and sanitary affordable housing available for use under the program referred to in subsection (a) if eligible properties located in the area are made generally available for the 30-day period under subsection (a), the Secretary shall reserve for disposition under such program not more than 10 percent of the total number of eligible properties located in the area and shall not market such properties as provided under subsection (a). The Secretary shall consult with the unit of general local government for an area in determining which properties should be reserved for disposition under this subsection.]

[(c) STATE AND LOCAL TAXES.—

[(1) REQUIREMENT TO PROVIDE INFORMATION UPON REQUEST.—In carrying out the program referred to in subsection (a), the Secretary of Housing and Urban Development shall provide the information described in paragraph (2) to any lessee or applicant under the program who requests such information.]

[(2) CONTENT.—The information referred in paragraph (1) shall identify and describe any exemptions or reductions relating to payment of property taxes under State and local laws]

(for the jurisdictions for which the lessee or applicant requests such information) that may be applicable to lessees or applicants, or to properties leased, under such program.

[(3) EXEMPTION FROM ESCROW REQUIREMENT.—To the extent any lessee of a property under the program referred to in subsection (a) is provided an exemption from any requirement to pay State or local taxes, or a reduction in the amount of any such taxes, the Secretary may not require the lessee to pay or deposit in any escrow account amounts for the payment of such taxes.]

SECTION 516 OF THE HOUSING ACT OF 1949

FINANCIAL ASSISTANCE TO PROVIDE LOW-RENT HOUSING FOR
DOMESTIC FARM LABOR

SEC. 516. (a) * * *

* * * * *

[(k) HOUSING FOR RURAL HOMELESS AND MIGRANT FARMWORKERS.—

[(1) IN GENERAL.—The Secretary may provide financial assistance for providing affordable rental housing and related facilities for migrant farmworkers and homeless individuals (and the families of such individuals) to applicants as provided in this subsection.

[(2) TYPES OF ASSISTANCE.—

[(A) IN GENERAL.—The Secretary may provide the following assistance for housing under this subsection:

[(i) An advance, in an amount not to exceed \$400,000, of the cost of acquisition, substantial rehabilitation, or acquisition and rehabilitation of an existing structure or construction of a new structure for use in the provision of housing under this subsection. The repayment of any outstanding debt owed on a loan made to purchase an existing structure shall be considered to be a cost of acquisition eligible for an advance under this subparagraph if the structure was not used for the purposes under this subsection prior to the receipt of assistance.

[(ii) A grant, in an amount not to exceed \$400,000, for moderate rehabilitation of an existing structure for use in the provision of housing under this subsection.

[(iii) Annual payments for operating costs of such housing (without regard to whether the housing is an existing structure), not to exceed 75 percent of the annual operating costs of such housing.

[(B) AVAILABLE ASSISTANCE.—A recipient may receive assistance under both clauses (i) and (ii) of subparagraph (A). The Secretary may increase the limit contained in such clauses to \$800,000 in areas which the Secretary finds have high acquisition and rehabilitation costs.

[(C) REPAYMENT OF ADVANCE.—Any advance provided under subparagraph (A)(i) shall be repaid on such terms as

may be prescribed by the Secretary when the project ceases to be used as housing in accordance with the provisions of this subsection. Recipients shall be required to repay 100 percent of the advance if the housing is used for purposes under this subsection for fewer than 10 years following initial occupancy. If the housing is used for such purposes for more than 10 years, the percentage of the amount that shall be required to be repaid shall be reduced by 10 percentage points for each year in excess of 10 that the property is so used.

[(D) PREVENTION OF UNDUE BENEFITS.—Upon any sale or other disposition of housing acquired or rehabilitated with assistance under this subsection prior to the close of 20 years after the housing is placed in service, other than a sale or other disposition resulting in the use of the project for the direct benefit of low income persons or where all of the proceeds are used to provide housing for migrant farmworkers and homeless individuals (and the families of such individuals), the recipient shall comply with such terms and conditions as the Secretary may prescribe to prevent the recipient from unduly benefiting from the sale or other disposition of the project.

[(3) PROGRAM REQUIREMENTS.—

[(A) APPLICATIONS.—

[(i) Applications for assistance under this subsection shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

[(ii) The Secretary shall require that applications contain at a minimum (I) a description of the proposed housing, (II) a description of the size and characteristics of the population that would occupy the housing, (III) a description of any public and private resources that are expected to be made available in connection with the housing, (IV) a description of the housing needs for migrant farmworkers and homeless individuals (and the families of such individuals) in the area to be served by the housing, and (V) assurances satisfactory to the Secretary that the housing assisted will be operated for not less than 10 years for the purpose specified in the application.

[(iii) The Secretary shall require that an application furnish reasonable assurances that the housing will be available for occupancy by homeless individuals (and the families of such individuals) only on an emergency and temporary basis during the offseason and shall be otherwise available for occupancy by migrant farmworkers (and their families).

[(iv) The Secretary shall require that an application furnish reasonable assurances that the applicant will own or have control of a site for the proposed housing not later than 6 months after notification of an award for grant assistance. An applicant may obtain ownership or control of a suitable site different from the site

specified in the application. If an applicant fails to obtain ownership or control of the site within 1 year after notification of an award for grant assistance, the grant shall be recaptured and reallocated.

[(B) SELECTION CRITERIA.—The Secretary shall establish selection criteria for a national competition for assistance under this subsection, which shall include—

[(i) the ability of the applicant to develop and operate the housing;

[(ii) the feasibility of the proposal in providing the housing;

[(iii) the need for such housing in the area to be served;

[(iv) the cost effectiveness of the proposed housing;

[(v) the extent to which the project would meet the needs of migrant farmworkers and homeless individuals (and the families of such individuals) in the State;

[(vi) the extent to which the applicant has control of the site of the proposed housing; and

[(vii) such other factors as the Secretary determines to be appropriate for purposes of this subsection.

[(C) REQUIRED AGREEMENTS.—The Secretary may not approve assistance for any housing under this subsection unless the applicant agrees—

[(i) to operate the proposed project as housing for migrant farmworkers and homeless individuals (and the families of such individuals) in compliance with the provisions of this subsection and the application approved by the Secretary;

[(ii) to monitor and report to the Secretary on the progress of the housing; and

[(iii) to comply with such other terms and conditions as the Secretary may establish for purposes of this subsection.

[(D) OCCUPANT RENT.—Each migrant farmworker and homeless individual residing in a facility assisted under this subsection shall pay as rent an amount determined in accordance with the provisions of section 3(a) of the United States Housing Act of 1937.

[(4) GUIDELINES.—

[(A) REGULATIONS.—Not later than 120 days after the date of enactment of the Cranston-Gonzalez National Affordable Housing Act, the Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this subsection.

[(B) LIMITATION ON USE OF FUNDS.—No assistance received under this subsection (or any State or local government funds used to supplement such assistance) may be used to replace other public funds previously used, or designated for use, to assist homeless individuals (and the families of such individuals) or migrant farmworkers.

[(5) LIMITATION ON ADMINISTRATIVE EXPENSES.—No recipient may use more than 5 percent of an advance or grant received under this subsection for administrative purposes.]

[(6) REPORTS TO CONGRESS.—The Secretary shall submit annually to the Congress a report summarizing the activities carried out under this subsection and setting forth the findings, conclusions, and recommendations of the Secretary as a result of the activities. The report shall be submitted not later than 3 months after the end of each fiscal year.]

[(7) DEFINITIONS.—For purposes of this subsection:

[(A) The term “applicant” means a State, political subdivision thereof, Indian tribe, any private nonprofit organization incorporated within the State that has applied for a grant under this subsection.]

[(B) The term “homeless individual” has the same meaning given the term under section 103 of the Stewart B. McKinney Homeless Assistance Act.]

[(C) The term “migrant farmworker”—

[(i) means any person (and the family of such person) who (I) receives a substantial portion of his or her income from primary production of agricultural or aquacultural commodities, the handling of such commodities in the unprocessed stage, or the processing of such commodities, without respect to the source of employment, and (II) establishes residence in a location on a seasonal or temporary basis, in an attempt to receive an income as described in subclause (I); and

[(ii) includes any person (and the family of such person) who is retired or disabled, but who met the requirements of clause (i) at the time of retirement or becoming disabled.]

[(D) The term “operating costs” means expenses incurred by a recipient providing housing under this subsection with respect to the administration, maintenance, repair, and security of such housing and utilities, fuel, furnishings, and equipment for such housing.]

THE CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT

* * * * *

TITLE IV—HOMEOWNERSHIP AND OPPORTUNITY FOR PEOPLE EVERYWHERE PROGRAMS

* * * * *

Subtitle D—HOPE for Youth: Youthbuild

* * * * *

SEC. 455. YOUTHBUILD PROGRAM REQUIREMENTS.

(a) * * *

(b) TRANSITIONAL HOUSING.—Each transitional housing project receiving assistance under this subtitle shall adhere to the requirements regarding service delivery, housing standards, and rent limitations applicable to comparable housing receiving assistance under *subtitle C* of title IV of the Stewart B. McKinney Homeless Assistance Act.

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SEC. 457. DEFINITIONS.

For purposes of this subtitle:

(1) * * *

* * * * *

(4) HOMELESS INDIVIDUAL.—The term “homeless individual” has the meaning given the term in section **[103]** 102 of the Stewart B. McKinney Homeless Assistance Act.

* * * * *

ADDITIONAL VIEWS OF CONGRESSMAN METCALF

Studies by the National Conference of Mayors and the International Union of Gospel Missions have shown that veterans constitute approximately twenty to thirty-four percent of the homeless population. Yet, Stewart McKinney funding for veteran specific programs has not been adequate. According to the Congressional Research Service, HUD awarded a total of \$713 million in competitive grants to 1,100 McKinney projects for fiscal year 1996. Of the 1,100 funded projects, 48 projects, with grants totaling \$25 million, were designed primarily for homeless veterans. In addition, The National Coalition for Homeless Veterans estimated that only one to three percent of HUD's Continuum of Care grants were awarded to veteran specific programs.

While veterans have access to general homeless programs, these programs do not necessarily address the unique needs of veterans or lack adequate coordination with VA medical facilities, veteran service providers and local veteran organizations. Many homeless advocacy groups expect the Department of Veterans Affairs to meet the needs of homeless veterans. I agree that this agency must allocate greater resources to assist homeless veterans. At the same time, HUD must also recognize that it needs to do more for homeless veterans.

As a hospital system, the VA was never designed to meet the comprehensive needs of homeless veterans. Trends in managed medical care and federal budget cuts, which are causing the VA to emphasize outpatient programs for substance abuse and mental health, are diminishing the Department of Veterans Affairs' capacity to meet the needs of homeless veterans as inpatient beds are reduced. Consequently, the need for transitional housing for veterans who are receiving benefits from VA outpatient and partial-hospitalization services are rapidly increasing.

Today, many homeless service providers which target the special needs of veterans are unable to get a seat at the table in the local homeless planning boards, let alone receive federal grant monies administered by HUD. To rectify these problems, I introduced H.R. 1754, the Robert Stodola Homeless Veterans Assistance Act which would require at least twenty percent of HUD's Stewart McKinney funds be allocated for homeless veterans programs. This legislation received overwhelming support from many veteran organizations and veteran service providers.

Working with both Chairman Lazio and Representative Kennedy, the Ranking Minority Member of the Subcommittee, we included provisions to help homeless veterans in H.R. 217. These provisions will achieve the following:

Identify veterans who are homeless as a "special needs" population, which must be incorporated into the development of HUD comprehensive plans at all levels—federal, state and local. This

should also be a part of HUD's reporting requirements to Congress under the Government Performance and Results Act (GPRA).

Increase data collection on homeless veterans in both the pre-grant application process as well as in the post-grant reporting process. Additional data on homeless veterans will encourage all grantees to provide effective case management in a holistic, continuum of care approach to service, rather than simply warehousing the homeless.

Provide veteran organizations and veteran service providers an opportunity to be represented in the local or state planning boards which will administer HUD block grants.

The goal of the veteran provisions of this bill is to foster programs which target the special needs of veterans, and to encourage HUD and local entities to allocate a share of federal homeless dollars in meeting these needs, while not excluding veterans from mainstream homeless programs. These provisions were not simply added on as an afterthought, but were intended to rectify the lack of funding and representation of veteran advocacy groups at the federal, state and local levels.

To help facilitate a better transition from the current McKinney Act program to the new block grant approach, I have listed some suggestions below.

Technical assistance—HUD should develop and make available computerized programs which include (1) the community assessment planning, (2) the grantee's application, (3) the standardized homeless database management system as described in the legislation and (4) post-grant reporting. This would reduce the costs for grantees and standardizes information for the agency. These software programs should also list homeless veterans and other "populations with special needs" in the appropriate question fields so as to strongly encourage compliance with assessment and reporting procedures. HUD should consult with homeless providers and advocacy groups, including veteran advocacy groups, in the development of the software. This software package should assist the agency with compliance with the Government Performance Results Act (GPRA) and the Paperwork Reduction Act, and allow communities to focus on providing services to the homeless.

Regional Conferences—The Secretary should organize regional conferences to assist those who are interested in assisting the homeless population and provide hands-on training.

Definition for "Veterans Specific" Programs—To coordinate with VA regulations and policy for the Homeless Grant and Per Diem Program, HUD should define programs that are designed to meet specific needs of veterans as those serving at least 75 percent veterans and about 25 percent veterans' family members and others. This definition is aimed to encourage programs serving veterans to treat the family as a unit, in cases where the veteran has a dependent spouse and/or children.

Replication of Successful Service Models—HUD should assess and share information on successful models of treating and providing service to the homeless. This may be done via HUD's Internet web site, as one example of carrying out this information clearing-house objective. The assessment and information sharing should in-

clude veterans-specific programs, such as VA, state and community-based programs that may or may not receive HUD funding.

Section 8 Transitional Housing Grants—HUD should review the dissemination of Section 8 vouchers to determine if enough are available to meet the transitional housing needs of homeless veterans and other population with special needs. Should there appear to be unmet needs, HUD is encouraged to devote more resources from the Section 8 program to address this need. Particular attention should be devoted to veterans receiving regular outpatient services and/or participating in partial-hospitalization programs.

The primary objective of any homeless program is not only to get these individuals off the streets, but to bring them back into society as self-sufficient, productive citizens. Veterans who are homeless have perhaps a better possibility to achieve rehabilitation by virtue of the skills, pride and responsibility gained in their military service. The committee, through the language in this bill, hopes to recoup these lives in the most efficient manner, thereby saving federal resources along the way and compiling data to better plan for future needs and to duplicate successful treatment and rehabilitation programs.

The veteran language of this bill is designed to give community-based providers the tools to make these federal homeless programs accessible and effective in addressing homelessness among veterans. Care of veterans with problems resulting from their military service is both a moral and legal obligation of the U.S. government. The provisions relating to homeless veterans in this act are meant to reinforce and redirect these services to accomplish the goal of fulfilling this national obligation better.

JACK METCALF.

ADDITIONAL VIEW BY RON PAUL

Despite the lofty ideals and good intentions of the supporters of this bill, the House Committee on Banking and Financial Services should oppose this legislation. No piece of paper issued by this body will solve the problem of homelessness in this country. No amount of hyperbole by politicians in Washington will put a roof over someone's head. This body should focus on the job it was assigned.

When I was sworn in as a U.S. Congressman, I pledged to uphold the Constitution. This document detailed an agenda of limited government: Article One, Section 8 (the enumerated powers clause) and the ninth and tenth amendments (reserving to the states and people those powers not specifically granted to the federal government). A careful reading of the Constitution, Bill of Rights, and Declaration of Independence make the unconstitutional status of this vast expansion of federal powers easy to discern.

H.R. 217, the Homeless Housing Programs Consolidation and Flexibility Act, continues not only the expansion of federal powers beyond the bounds set by the Constitution but increases its unconstitutional expenditure to one billion dollars, a jump of over 20% from the current appropriation of other people's money of \$823 million.

The answer to the problem of homelessness will not be found in Federal government programs. Indeed, previous expenditures to fund an increasing number of expanding programs has not solved the problem. Yet the problem remains—to listen to the supporters of this bill who call for ever-increasing funding for programs that have not worked, the problem is actually worsening.

I applaud the efforts of Representative Jim Ryun who tried to limit the fiscal irresponsibility of the bill. The eloquent and reasoned defense by Representative Jesse Jackson of the ability of local officials to handle a problem more effectively than Federal bureaucrats deserves to be commended. We should rely on ourselves, families, churches and private charities first, turning to government only as a last resort—even then, the best option is for local control with local financing.

RON PAUL.

ADDITIONAL VIEWS

The House Committee on Banking and Financial Services passed legislation reforming federal housing programs to assist the homeless. By providing these funds in block grants, states and communities will have more flexibility to help the homeless. We commend Chairmen Leach and Lazio for their efforts in bringing these important reforms before the Committee.

The Committee reported H.R. 217 with a \$1 billion authorization level each year for the next five fiscal years. This new authorization level is \$177 million per year over the FY 1997 appropriation of \$823 million, resulting in an \$885 million increase in spending over five years. Therefore, the vote in committee for H.R. 217 was a vote to increase spending by 20% over the next five years. As we approach our first balanced budget in 30 years, it is important to vote for such an increase. That is why we supported an amendment that was offered during the markup of H.R. 217 which would have increased spending to \$850 million; a 3% increase over FY 1997.

A 3% increase in spending will maintain current services and increase spending levels for the homeless. In fact, it represents an increase in spending that is greater than inflation and recognizes the nature of the reforms contained in H.R. 217. The proposed 3% increase will have a greater effect due to the block grant mechanism which will ensure that more money is spent on direct services than on administration and bureaucracy. The Committee, however, chose to reject this fiscally sound proposal.

We understand that authorization levels are often ignored in the appropriations process. In fact, federal funds have been appropriated each year since 1992 for McKinney Act programs that had not received federal authorization. Increasing funds during the authorization process will most likely signal appropriators to appropriate even more federal funding. As the United States approaches an historic balanced budget, we should exhibit prudence as we consider increased funding for federal programs.

The Committee is to be commended for its efforts to alleviate unnecessary bureaucracy and ensure that more dollars reach the homeless for whom they were intended. H.R. 217 is another important step toward a less intrusive federal government. It is unfortunate that the Committee did not also show the American people its commitment to balancing the federal budget.

JIM RYUN.
RON PAUL.
VINCE SNOWBARGER.

ADDITIONAL VIEWS

While Democrats are in general agreement with Republicans as to the advisability of consolidating federal homeless programs and giving local homeless providers more flexibility, we disagree sharply over the issue of an adequate funding level.

The Fiscal Year 1995 rescissions bill slashed funding for federal homeless programs by 25%, from an approved level of \$1.12 billion to \$823 million. In subsequent years, Congress has continued this inadequate funding level. We believe that the time has come for dramatic funding increases.

In spite of sustained economic growth, the benefits of such growth have not accrued to those at the lower ends of the economic spectrum. The dearth of well paying jobs, combined with our declining investments in affordable housing, means and even the working poor may be unable to afford decent shelter in most urban areas. Time limits on welfare assistance, which will soon kick in, may well translate into an increase in homelessness among poor single mothers. And, reports from homeless shelters indicate increased demand for shelter and services—in spite of the strong economy.

Testimony taken on H.R. 217 clearly indicates that homeless providers have developed increasingly sophisticated and effective continuum of care systems, to transition the homeless off the street, move them into permanent housing, and provide supportive services, to help people with problems lead a more productive life. Yet, flat federal funding, combined with an increase in need, has led to severe financial pressures on many delivery systems. If these systems are to succeed, they need adequate funding.

We are pleased to see that the Committee print recognizes that the current funding level is inadequate. As a start, appropriators would do well this next year to at least increase funding from the current \$823 million to the bill's level of \$1 billion.

But, this level is still more than 10% lower than the level approved four years ago. Inflation, increased need, and cuts in federal support programs like welfare, food stamps, and SSI all combine to justify a substantial increase in homeless funding. Therefore, during markup of H.R. 217, committee Democrats offered an amendment to increase funding to \$1.6 billion. Unfortunately, this amendment was defeated.

During committee consideration of this bill, other amendments were offered to alter the bill's funding formula. The fierce debate over the allocation between urban areas and smaller communities, and between block grant funds and permanent housing funds vividly illustrates that members believe there are simply not sufficient federal resources to deal with the real problems of homelessness. The easiest way to resolve these fights is not to pit some communities against others, or to pit one program against another, but to

provide sufficient funds for all needed programs and needy communities.

Therefore, we advocate higher funding levels in H.R. 217. More importantly, we urge the appropriators next year to use some of the discretionary funding increases provided under the budget agreement to increase our financial commitment to fighting homelessness.

JOE KENNEDY.
BARNEY FRANK.

ADDITIONAL VIEWS OF CONGRESSMAN JESSE L. JACKSON,
JR.

I am pleased that the House Banking Committee overwhelmingly approved H.R. 217, the Homeless Housing Programs Consolidation Act. This bill creates a more effective framework for empowering communities to address the plight of homelessness. Substantial improvements have been made to H.R. 217 since its introduction. Specifically, I am pleased the Committee included two amendments that I offered which will enable localities to perform this critical role.

The consolidation of the seven McKinney housing programs under Title IV of the Stewart B. McKinney Homeless Assistance Act is a matter which will have great implications for the Nation. It is incumbent upon us to protect the interests of homeless Americans who require supportive services as they transition to decent, clean, and safe permanent housing. The amendment I offered along with my colleagues Mr. Gutierrez, Mr. Sanders and Ms. Roybal-Al-lard replaced the 30% cap on supportive services outlined by the bill and replaced it with a 35% cap. Above this level the "super match" is required.

The primary premise of block granting funds is to provide jurisdictions with the flexibility they need in order to address their local priorities. This is why many believe that the supportive services cap should be completely eliminated.

In the alternative, a standard cap of less than 35% would not allow many local governments, including the City of Chicago, to readily support individuals and families through the homeless continuum of care system toward self-sufficiency and independent living. Such critical services include: substance abuse treatment, treatment for mental illness, counseling and case management, health care, job training and placement, basic education and literacy training, advocacy for public benefits, domestic violence intervention, etc. We cannot downplay the importance of supportive services. These services keep homeless people off the streets and help them transition into stable situations.

I am also pleased that the Committee accepted an amendment offered by Mr. Sanders and myself to which eliminates the cap on funds used for emergency shelters. The manager's amendment prohibited a grantee from using more than 15% of its funds on emergency shelter activities. I opposed any spending cap on such funds, so that our localities may have the flexibility to meet the sometimes unpredictable needs of their homeless populations. For example, extreme heat and cold emergencies require that emergency shelter services be available to all who need them. Many cities can accurately estimate such costs for any given year. However, other cities with more extreme climates, like Chicago, necessarily have greater difficulties with such estimates. Emergency shelter activi-

ties will always be an essential component of any homeless system. The existence of such a cap does not negate the existence

In no way do these provisions eliminate homelessness, but they do make a way for local governments to provide the necessary services that translate into an outstretched arm and a helping hand. Enabling the homeless to attain lives of self-sufficiency and independence is our goal. In light of these and additional provisions I supported the bill in committee and intend to vote in favor of H.R. 217 in its current form on the floor.

JESSE L. JACKSON, Jr.

