

[DISCUSSION DRAFT]111TH CONGRESS
2^D SESSION**H. R.** _____

To authorize the Department of Housing and Urban Development to initiate a voluntary multi-year effort to transform properties with rental assistance contracts under various programs into properties with long-term, property-based sustainable rental assistance contracts that include flexibility to address capital requirements, to enhance resident choice, and to streamline and simplify the administration of rental assistance.

IN THE HOUSE OF REPRESENTATIVES

Mr. ELLISON introduced the following bill; which was referred to the Committee on _____

A BILL

To authorize the Department of Housing and Urban Development to initiate a voluntary multi-year effort to transform properties with rental assistance contracts under various programs into properties with long-term, property-based sustainable rental assistance contracts that include flexibility to address capital requirements, to enhance resident choice, and to streamline and simplify the administration of rental assistance.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Preservation, Enhancement, and Transformation of
4 Rental Assistance Act of 2010”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Transforming rental assistance.
- Sec. 4. Property-based contracts.
- Sec. 5. Property-based voucher contracts.
- Sec. 6. Conforming amendments.

7 **SEC. 2. FINDINGS AND PURPOSES.**

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

9 (1) the Department of Housing and Urban De-
10 velopment (HUD) currently provides rental assist-
11 ance to more than 4.8 million households through at
12 least 13 different programs that are implemented
13 through an infrastructure comprised of some 4,200
14 public housing agencies (PHAs), more than 18,000
15 individual Federal contracts with private owners,
16 and hundreds of non-profit rental program adminis-
17 trators;

18 (2) the substantial unmet capital needs of the
19 aging public and assisted housing stock hinder Fed-
20 eral efforts to provide safe, high-quality, sustainable,
21 energy-efficient affordable housing; and

1 (3) the current rental assistance structure un-
2 necessarily increases transaction costs for developers
3 and communities, makes it more difficult for families
4 in need to obtain rental assistance, impedes fair ac-
5 cess to scarce resources, and fails to decrease the
6 concentration of poor and minority families in dis-
7 tressed or isolated neighborhoods or to expand op-
8 portunities to live in mixed-income sustainable
9 neighborhoods or to expand opportunities to live in
10 mixed income sustainable neighborhoods, while at
11 the same time worst-case housing needs and home-
12 lessness are increasing significantly.

13 (b) PURPOSES.—The purposes of this Act are to—

14 (1) preserve affordable housing opportunities
15 for the long term by providing the opportunity for
16 public housing agencies and private owners to con-
17 vert from current forms of rental assistance under
18 a variety of programs to long-term, property-based
19 contracts that will enhance market-based discipline
20 and enable owners to sustain operations and lever-
21 age private financing to address immediate and
22 long-term capital needs;

23 (2) enhance housing choice for residents;

24 (3) streamline and improve the delivery and
25 oversight of rental assistance across all rental assist-

1 ance programs by such means as promoting con-
2 sortia, consolidation and other locally designed
3 structures for administrative functions;

4 (4) create more uniform policies across all rent-
5 al assistance programs funded by the Secretary of
6 Housing and Urban Development to increase admin-
7 istrative efficiency at all levels of program oper-
8 ations; and

9 (5) facilitate the adoption of energy-efficient
10 and green technologies in HUD-assisted housing in
11 order to reduce operating costs, improve residents'
12 quality of life, and enhance and protect the value of
13 such housing.

14 **SEC. 3. TRANSFORMING RENTAL ASSISTANCE.**

15 Section 8 of the United States Housing Act of 1937
16 (42 U.S.C. 1437f) is amended by inserting, after sub-
17 section (l), the following new subsection (m):

18 “(m) TRANSFORMATION OF RENTAL ASSISTANCE.—

19 “(1) TRANSFORMATION AUTHORITY.—

20 “(A) RESIDENT CHOICE.—The Secretary
21 shall promote informed choice regarding hous-
22 ing opportunities for families in units with rent-
23 al assistance converted under subsection (m)(2)
24 by establishing procedures to implement a resi-
25 dent choice option as follows:

1 “(i) To the extent of available re-
2 sources, each low-income family lawfully
3 residing in a unit converted under sub-
4 section (m)(2) may move at any time after
5 residing in the property for a period of not
6 less than 24 months (which period shall
7 run from the date of the tenant’s initial oc-
8 cupancy, or, if the property is rehabilitated
9 in conjunction with the conversion, from
10 the date of conversion or the tenant’s ini-
11 tial occupancy, whichever is later), or such
12 other period as provided in section
13 8(o)(13) or as determined by the Sec-
14 retary, and may continue to receive rental
15 assistance that is subject to policies com-
16 parable to those that apply to assistance
17 under section 8 concerning income, assist-
18 ance, rent contribution, affordability, and
19 other policies as the Secretary may specify
20 by regulation.

21 “(ii) A public housing agency admin-
22 istering a tenant-based voucher program
23 under section 8(o) whose property is se-
24 lected for conversion or that is selected to
25 administer a rental assistance contract

1 pursuant to subsection (m)(2) shall provide
2 vouchers to low-income families lawfully re-
3 siding in units converted under subsection
4 (m)(2) who exercise their rights under the
5 resident choice option provided in clause
6 (i) as required by the Secretary, but not
7 more than one-third of the vouchers that
8 become available each year as a result of
9 turnover. A public housing agency may es-
10 tablish a separate waiting list for families
11 eligible to exercise the resident choice op-
12 tion if demand for vouchers exceeds one-
13 third of turnover vouchers.

14 “(B) AUTHORITY TO STREAMLINE RENTAL
15 ASSISTANCE PROGRAMS.—In addition to the au-
16 thority of the Secretary under any other provi-
17 sion of law or as specified below in this sub-
18 paragraph (B), the Secretary is authorized to
19 establish uniform policies and procedures gov-
20 erning properties with rental assistance con-
21 verted under this subsection, including policies
22 and procedures with respect to

23 “(i) TENANT ORGANIZATION
24 RIGHTS.—In implementing the authority
25 under this section 8(m)(1) with respect to

1 tenants' rights to organize, the Secretary
2 shall provide that—

3 “(I) owners of properties funded
4 under a rental assistance program
5 and public housing agencies admin-
6 istering rental assistance shall not im-
7 pede the reasonable efforts of tenants
8 to organize or of tenant organizations
9 to represent their members;

10 “(II) property owners and public
11 housing agencies administering rental
12 assistance under section 8 shall recog-
13 nize legitimate tenant organizations
14 and give reasonable consideration to
15 concerns raised by legitimate tenant
16 organizations;

17 “(III) properties with only a por-
18 tion of the units funded under a rent-
19 al assistance program may, at the op-
20 tion of the tenants of units with such
21 assistance, have a single tenant orga-
22 nization representing all tenants;

23 “(IV) a tenant organization is le-
24 gitimate if it meets regularly, is elect-
25 ed and operates democratically, is

1 broadly representative, and is inde-
2 pendent of the public housing agency,
3 owners, management, and their rep-
4 resentatives and has been estab-
5 lished—

6 “(aa) by the tenants in a
7 property funded under a rental
8 assistance program administered
9 by the Secretary for purposes of
10 addressing issues related to the
11 tenants’ living environment,
12 which includes the terms and
13 conditions of their tenancy and
14 other issues as determined by the
15 Secretary; or

16 “(bb) by the participants in
17 a rental assistance program
18 under section 8(o), for purposes
19 of addressing issues related to
20 policies governing payment
21 standards, conditions of occupied
22 units, or other discretionary poli-
23 cies and program implementation
24 issues; or

1 “(cc) through a combination
2 of tenant organizations, including
3 jurisdiction-wide or area-wide or-
4 ganizations; and
5 “(V) a portion of funds made
6 available for renewal of rental assist-
7 ance shall be allocated to tenant
8 groups, non-profit organizations, or
9 public entities to facilitate tenants’
10 rights to organize. Such amounts,
11 which shall not be less than the
12 amount that would have been provided
13 for such purposes under previously
14 applicable funding formulas if the
15 properties had not converted pursuant
16 to this subsection (m), may fund tech-
17 nical assistance and organizing activi-
18 ties that empower residents to partici-
19 pate meaningfully in planning proc-
20 esses and other activities related to
21 improving or preserving the quality of
22 their housing, subject to such terms
23 and conditions as the Secretary may
24 establish. Allocation of funds to legiti-
25 mate tenant organizations as defined

1 in subclause (IV) will not require a
2 competitive process.

3 “(ii) APPLICANT AND TENANT PROCE-
4 DURAL RIGHTS.—

5 “(I) IN GENERAL.—Applicants
6 for, and tenants of, units with assist-
7 ance converted under section 8(m)(2)
8 or with assistance under section 8(o)
9 shall be timely notified of and pro-
10 vided the rights listed in this clause
11 upon receiving notification of, includ-
12 ing a statement of the specific
13 grounds for—

14 “(aa) ineligibility for assist-
15 ance or for admission to a unit
16 assisted under this subsection;

17 “(bb) adverse actions involv-
18 ing income determinations, ten-
19 ant contributions, unit size, other
20 conditions of continuing eligi-
21 bility, or such other issues as de-
22 termined by the Secretary; and

23 “(cc) eviction or termination
24 of assistance.

25 “(II) PROCEDURES REQUIRED.—

1 “(aa) An applicant for, and
2 a tenant of, units with assistance
3 converted under section 8(m)(2)
4 or with assistance under section
5 8(o) may request a review of an
6 action for which the applicant or
7 tenant receives notification pur-
8 suant to this clause, within 10
9 days of receipt of the notice or
10 such longer time as the owner or
11 agency, consistent with its writ-
12 ten administrative policies, may
13 permit, and before the action
14 may be initiated or carried out.
15 For any review concerning an
16 eviction or termination of ten-
17 ancy that involves any activity
18 that threatens the health, safety,
19 or right to peaceful enjoyment of
20 the premises of other tenants or
21 employees of the owner or agency
22 or any violent or drug-related
23 criminal activity on or off such
24 premises, or any activity result-
25 ing in a felony conviction, the

1 agency or owner may establish an
2 expedited review procedure as the
3 Secretary shall provide, or ex-
4 clude from its review procedure
5 any such matter, in any jurisdic-
6 tion which requires that prior to
7 eviction, a tenant be given a
8 hearing in court, which the Sec-
9 retary determines provides the
10 basic elements of due process.
11 Such elements of due process
12 shall not include a requirement
13 that the tenant be provided an
14 opportunity to examine relevant
15 documents within the possession
16 of the agency or owner. The
17 agency or owner shall provide to
18 the tenant a reasonable oppor-
19 tunity, prior to hearing or trial,
20 to examine any relevant docu-
21 ments, records, or regulations di-
22 rectly related to the eviction or
23 termination.

24 “(bb) The review shall be
25 conducted by a person or panel

1 with authority to approve,
2 amend, or withdraw the action,
3 but not the person, or a subordi-
4 nate of the person, that made the
5 initial decision to take the action.

6 “(cc) The entity that made
7 the decision for which a review is
8 requested shall permit the inspec-
9 tion of documents claimed to
10 support the action at a reason-
11 able time in advance of the re-
12 view.

13 “(dd) The applicant or ten-
14 ant may bring a representative to
15 the review and such person may
16 make statements on the
17 applicant’s or tenant’s behalf.
18 The applicant or tenant shall
19 have the right to present evidence
20 and arguments, to controvert evi-
21 dence relied on by the entity, and
22 to confront and cross-examine
23 any witness who testifies at the
24 review on behalf of the entity.
25 The applicant or tenant may

1 present arguments as to why the
2 agency or owner should not exer-
3 cise discretionary authority to
4 undertake the action being chal-
5 langed.

6 “(ee) A written notice of the
7 outcome of the review and the
8 reasons in support of the out-
9 come shall be provided to the ap-
10 plicant or tenant and representa-
11 tive, if any. The decision shall be
12 based solely on the facts pre-
13 sented at the review.

14 “(III) The reasonable costs,
15 which shall not include attorney’s
16 fees, of providing the applicant and
17 tenant rights under this clause shall
18 be considered operating costs of a
19 property.

20 “(iii) NONDISCRIMINATION AND AF-
21 FIRMATIVELY FURTHERING FAIR HOUS-
22 ING.—

23 “(I) NONDISCRIMINATION.—All
24 programs and activities related to pro-
25 viding or administering rental housing

1 assistance including, but not limited
2 to, admissions, demolition or dispo-
3 sition, relocation, replacement, or re-oc-
4 cupancy of housing units, shall be
5 conducted in compliance with the civil
6 rights laws and their implementing
7 regulations, including, but not limited
8 to, the Fair Housing Act of 1968, as
9 amended (42 U.S.C. 3601 et seq.);
10 Title VI of the Civil Rights Act of
11 1964 (42 U.S.C. 2000d et seq.); sec-
12 tion 504 of the Rehabilitation Act of
13 1973 of the Rehabilitation Act of
14 1973 (29 U.S.C. 794); and Executive
15 Orders 11063 and 13166, and shall
16 not have the purpose or effect of dis-
17 criminating against a section 8 tenant
18 or prospective tenant because of such
19 person's receipt of a section 8 vouch-
20 er.

21 “(II) AFFIRMATIVELY FUR-
22 THERING FAIR HOUSING.—Owners
23 and public housing agencies shall con-
24 duct all rental housing assistance pro-
25 grams and activities funded by the

1 Secretary authorized under this Act,
2 including but not limited to admis-
3 sions, demolition or disposition, relo-
4 cation, replacement, and re-occupancy
5 of housing units, in a manner that af-
6 firmatively furthers fair housing as re-
7 quired by section 808(e)(5) of the
8 Fair Housing Act (42 U.S.C.
9 3608(e)(5)).

10 “(iv) ADMINISTRATION OF RENTAL
11 ASSISTANCE.—In implementing the author-
12 ity under this section 8(m)(1) with respect
13 to the administration of rental assistance,
14 the Secretary may—

15 “(I) facilitate the implementa-
16 tion, by public housing agencies that
17 administer tenant-based voucher pro-
18 grams under section 8(o), of regional
19 portability agreements, consortia, and
20 such other or additional methods of
21 streamlining administration of vouch-
22 ers and other rental assistance on an
23 area-wide basis as the Secretary de-
24 termines appropriate to promote
25 greater efficiency in the use of re-

1 sources and to increase informed resi-
2 dent choice and mobility;

3 “(II) allocate funds to administer
4 contracts for properties converted
5 under subsection (m)(2) to entities
6 authorized to administer rental assist-
7 ance under section 3(b)(6)(B) pursu-
8 ant to such conditions and procedures
9 as the Secretary may establish by no-
10 tice, following an opportunity for com-
11 ment. In awarding such funding, the
12 Secretary shall promote administra-
13 tive efficiency and advance the policy
14 of resident choice as specified in sec-
15 tion 8(m)(1)(A); and

16 “(III) establish mechanisms, pro-
17 cedures, and policies to initiate in a
18 single location the application process
19 for all waiting lists for rental assist-
20 ance programs administered by the
21 Secretary in a metropolitan or rural
22 area and to minimize the burdens on
23 owners, public housing agencies, and
24 applicants, including through provi-
25 sion of technical assistance.

1 “(v) PHYSICAL CONDITION STAND-
2 ARDS.—In implementing the authority
3 under this section 8(m)(1) with respect to
4 the inspection of properties, the Secretary
5 may establish or provide for the use of uni-
6 form physical condition standards.

7 “(vi) PROPERTIES IN DEFAULT,
8 FORECLOSURE OR BANKRUPTCY.—

9 “(I) PROPERTIES IN DEFAULT.—

10 “(aa) Any mortgage made
11 on, or security interest otherwise
12 granted in, any property with a
13 rental assistance contract or
14 agreement converted pursuant to
15 section 8(m)(2) shall include a
16 provision for simultaneous notifi-
17 cation to the owner of the prop-
18 erty and the Secretary of any de-
19 fault under the mortgage or
20 other security agreement.

21 “(bb) After receiving notifi-
22 cation of a default as provided in
23 item (aa), the Secretary may sus-
24 pend all or a portion of any rent-
25 al assistance payments funded by

1 the Secretary under any contract
2 on behalf of the property in de-
3 fault and use amounts from such
4 suspended payments to cure the
5 default. Such suspension shall
6 not be cause for eviction of any
7 tenant assisted under this sec-
8 tion.

9 “(cc) The Secretary may
10 conduct an audit of any property
11 that has had rental assistance
12 payments suspended under item
13 (bb). The owner of such property
14 shall make available all records
15 of the property to the Secretary,
16 including books of account, bank
17 statements, and contracts for
18 purposes of the audit.

19 “(dd) Following cure of the
20 default and subject to the results
21 of any audit conducted under
22 item (cc), the Secretary may ter-
23minate, in whole or in part, the
24 suspension of payments and re-
25sume payment in accordance with

1 the contract. The Secretary may
2 require the payee under the con-
3 tract to take such corrective ac-
4 tions as the Secretary determines
5 to be appropriate as a condition
6 of resuming payments under the
7 contract.

8 “(II) PROPERTIES IN FORE-
9 CLOSURE OR BANKRUPTCY.—In the
10 event of a foreclosure of a property
11 described in this clause or bankruptcy
12 of an owner of a property described in
13 this clause, notwithstanding any pro-
14 vision of Federal or State law, a prop-
15 erty with units assisted under a rental
16 assistance contract pursuant to sec-
17 tion 8(o)(13), on or after May 20,
18 2009, the date of enactment of the
19 Protecting Tenants at Foreclosure Act
20 (Title VII of Public Law 111-22), or
21 with a rental assistance contract
22 under section 8(n), shall remain sub-
23 ject to such rental assistance contract
24 and any extensions or renewal agree-
25 ments thereof, the lease between the

1 prior owner and tenants assisted
2 under such contract, and any use
3 agreement related to such contract in
4 effect immediately before the fore-
5 closure or bankruptcy filing, and any
6 and all successors in interest in such
7 property shall assume such contract,
8 extensions or renewal agreements,
9 leases, and related use agreement obli-
10 gations. In the case of a property con-
11 verted from assistance under section
12 9, prior to the sale or other transfer
13 of the ownership of such property pur-
14 suant to a foreclosure or bankruptcy,
15 the Secretary shall be provided a first
16 option to purchase consistent with
17 section 8(m)(2)(Q)(i)(II), and shall
18 exercise such option or may assign
19 such option to a public entity pur-
20 chaser that exercises such option in
21 accordance with implementing regula-
22 tions pursuant to this clause and sec-
23 tion 8(m)(2)(Q)(i)(IV). If the Sec-
24 retary determines the property is not
25 physically viable, he or she may re-

1 quire the transfer of the contract for
2 assistance and use agreement to one
3 or more other properties in accord-
4 ance with the procedures and require-
5 ments of 8(m)(1)(B)(vii)(II).

6 “(vii) ENFORCEMENT.—

7 “(I) AUTHORITY TO BRING AC-
8 TION.—The Secretary is authorized to
9 commence any action in an appro-
10 priate United States district court to
11 obtain a monetary judgment or such
12 other relief, or both, as may be avail-
13 able with respect to a rental assist-
14 ance contract, an annual contributions
15 contract, a use agreement, or any
16 statute other than the Fair Housing
17 Act of 1968, as amended (42 U.S.C.
18 3601 et seq.), or regulation applicable
19 to any rental assistance program
20 under the authority of the Secretary
21 or the property assisted under such
22 program, or to protect or enforce any
23 obligation to, or right or requirement
24 of, the Secretary under any such con-
25 tract, agreement, or law. The mone-

1 tary judgment or other relief may, in
2 the court's discretion, include the at-
3 torneys' fees and other expenses in-
4 curred by the Secretary in connection
5 with the action.

6 “(II) TERMINATION AND TRANS-
7 FER OF ASSISTANCE.—Upon repeated
8 or continued violation of applicable re-
9 quirements, or upon substantial de-
10 fault of any covenants or conditions of
11 a use agreement or rental assistance
12 contract by the owner of a property
13 with rental assistance, and following
14 consultation with the primary and
15 subordinate mortgagees of the prop-
16 erty, if any, the Secretary may termi-
17 nate the rental assistance contract
18 with such owner and, through a selec-
19 tion process established by regulation,
20 transfer the rental assistance by en-
21 tering into a new contract with the
22 owner or owners of a property or
23 properties that have the capacity to
24 accept all assisted tenants who choose
25 to move to such properties from the

1 property that has had its assistance
2 terminated. Assisted tenants that do
3 not choose to move to the replacement
4 properties, or if replacement prop-
5 erties are not available, shall be pro-
6 vided voucher assistance under section
7 8(o) which may be funded initially by
8 the remaining funds on the termi-
9 nated contract. No additional units of
10 section 8 assistance are authorized to
11 be created as a result of such termi-
12 nation and transfer.

13 “(III) ADDITIONAL EQUITABLE
14 REMEDIES.—Notwithstanding any
15 other provision of law or of any con-
16 tract for contributions, upon the oc-
17 currence of events or conditions that
18 constitute a default by a public hous-
19 ing agency with which the Secretary
20 contracts for administration of rental
21 assistance under section 8 with re-
22 spect to the covenants or conditions to
23 which the public housing agency is
24 subject, the Secretary may—

1 “(aa) take possession of
2 properties solely owned by a pub-
3 lic housing authority, rights or
4 interests held in connection with
5 the section 8 program, including
6 funds held by a depository, pro-
7 gram receipts, and rights or in-
8 terests under a housing assist-
9 ance payments contract with an
10 owner;

11 “(bb) appoint a receiver
12 which may be another public
13 housing agency or other entity at
14 the Secretary’s discretion regard-
15 less of jurisdictional limitations;

16 “(cc) transfer the program
17 to another public housing agency
18 or other entity at the discretion
19 of the Secretary regardless of ju-
20 risdictional limitations;

21 “(dd) seek the establishment
22 of one or more new public hous-
23 ing agencies; or

24 “(ee) require the agency to
25 make other arrangements accept-

1 able to the Secretary for man-
2 aging all or part of the programs
3 administered by the agency or
4 other programs of the agency
5 under this section 8.

6 “(IV) DEPOSIT OF PENALTIES.—
7 Notwithstanding any other provision
8 of law, the Secretary shall apply
9 amounts collected under this clause to
10 the Rental Assistance Conversion
11 Trust Fund established under section
12 8(m)(1)(F) or shall authorize the
13 owner of the property or project at
14 issue in the action to use the
15 amounts, in accordance with the re-
16 quirements of the Secretary, for the
17 improvement of that property or
18 project.

19 “(viii) RESIDENT ACCESS TO BUILD-
20 ING INFORMATION.—

21 “(I) Upon a written request by a
22 legitimate tenants’ association, as de-
23 fined by section 8(m)(1)(B)(i)(IV), es-
24 tablished with respect to a multifamily
25 housing property covered under 24

1 C.F.R. part 245 or assisted by a con-
2 tract under section 8(n) or section
3 8(o)(13) that has been converted pur-
4 suant to section 8(m)(2), by or
5 through its duly appointed designee or
6 representative, the Secretary shall
7 make available to that association des-
8 ignee or representative—

9 “(aa) information identi-
10 fying the legal entities that own
11 and manage the property, includ-
12 ing identification of general part-
13 ners and other principals;

14 “(bb) an annual operating
15 statement of profit and loss of
16 the ownership and management
17 entities identified in item (aa);

18 “(cc) any subsidy contracts
19 between the ownership entities
20 and the Secretary, and related,
21 non-privileged correspondence be-
22 tween those ownership entities
23 and the Department of Housing
24 and Urban Development;

1 “(cc) any management re-
2 views of entities identified in item
3 (aa) that are conducted by the
4 Department of Housing and
5 Urban Development and which
6 may, pursuant to the regulations
7 of the Department of Housing
8 and Urban Development, be pub-
9 licly disclosed; and

10 “(dd) an annual statement,
11 prepared by the Department’s
12 contract administrator for the
13 subject property, of the balances
14 of, and expenditures from, any
15 replacement reserves and other
16 escrow funds for the property.

17 “(II) Such a request shall be
18 subject to the applicability of all laws
19 and regulations governing proprietary
20 information, privacy rights, privileges
21 and other established legal protections
22 for individuals and entities, and shall
23 not be construed to limit or otherwise
24 alter such laws, regulations, rights,
25 privileges, and protections, or to re-

1 quire disclosure of social security
2 numbers, personal tax returns, or any
3 other personal financial information of
4 or concerning individuals who have an
5 interest in the ownership or manage-
6 ment entities referred to in item (aa).

7 “(ix) STREAMLINED REGULATIONS.—
8 The Secretary may establish streamlined
9 review and compliance requirements for
10 small or partially assisted properties, or
11 both, regardless of the form of assistance
12 provided such properties under section 8.

13 “(C) AUTHORITY FOR CONVERSION OF
14 RENTAL ASSISTANCE.—The Secretary is author-
15 ized, subject to the availability of amounts pro-
16 vided in appropriations Acts and that otherwise
17 become available, and to the control of the Sec-
18 retary of applicable accounts in the Treasury of
19 the United States, to allocate amounts to public
20 housing agencies and other owners of eligible
21 properties for the voluntary conversion of exist-
22 ing project-based rental housing assistance con-
23 tracts, as listed below, including annual con-
24 tributions contracts, through the execution of
25 long-term, property-based assistance contracts

1 under section 8(n) (in this section 8(m) re-
2 ferred to as ‘PB contracts’) or of project-based
3 voucher rental assistance contracts for addi-
4 tional units of assistance under section 8(o)(13)
5 (in this section 8(m) referred to as ‘PBV con-
6 tracts’) with public and private owners of prop-
7 erties assisted under—

8 “(i) section 8 of the United States
9 Housing Act of 1937 (42 U.S.C. 1437f),
10 excluding owners that continue to request
11 renewal of rental assistance contracts
12 under section 524 of the Multifamily As-
13 sisted Housing Reform and Affordability
14 Act of 1997 (42 U.S.C. 1437f note);

15 “(ii) section 9 of the United States
16 Housing Act of 1937 (42 U.S.C. 1437g);

17 “(iii) the rent supplement program
18 under section 101 of the Housing and
19 Urban Development Act of 1965 (12
20 U.S.C. 1701s);

21 “(iv) the rental assistance program
22 under section 236(f)(2) of the National
23 Housing Act (12 U.S.C. 1715z-1); and

24 “(v) other Federal affordable housing
25 programs, as authorized by statute.

1 “(D) AUTHORITY FOR FUNDING.—There
2 are authorized to be appropriated for the trans-
3 formation of rental assistance under this section
4 8(m) \$350,000,000 for fiscal year 2011 and
5 such sums as may be necessary in fiscal years
6 2012, 2013, 2014, and 2015.

7 “(E) RECOVERIES.—To the extent pro-
8 vided in advance in appropriations Acts, funds
9 obligated with respect to a property under a
10 rental assistance program, for years beyond the
11 fiscal year in which conversion of rental assist-
12 ance under this section 8(m) takes place, shall
13 be deobligated and collected by the Secretary.

14 “(F) ACCOUNT ESTABLISHED.—

15 “(i) There is established in the Treas-
16 ury of the United States a fund to be
17 known as the ‘Rental Assistance Conver-
18 sion Trust Fund’ (‘the Fund’) for deposit
19 of amounts, to be used for the costs of the
20 resident choice option under section
21 8(m)(1)(A), of conversions under section
22 8(m)(2), including the actions under sec-
23 tions 8(m)(2)(M)(ii), and of the exercise of
24 the Secretary’s first option to purchase

1 under sections 8(m)(1)(B)(vi)(II) and
2 8(m)(2)(Q), from:

3 “(I) To the extent provided in
4 advance in appropriations Acts, the
5 collection of costs as authorized by
6 this section 8(m), which shall not ex-
7 ceed \$100,000 per property (or such
8 other higher limit as the Secretary
9 may establish after providing public
10 notice and an opportunity to com-
11 ment), as may be necessary for pay-
12 ment of expenses incurred by the Sec-
13 retary in connection with assessing
14 such properties for conversion, includ-
15 ing the costs of rental comparability
16 studies and physical needs and finan-
17 cial assessments, as the Secretary
18 may require; and

19 “(II) The amounts deobligated
20 and collected under section
21 8(m)(1)(E).

22 “(ii) Amounts in the Fund shall be
23 available only to the extent provided in ad-
24 vance in appropriations Acts.

1 “(G) ALLOCATION.—The Secretary may
2 allocate amounts for the transformation of rent-
3 al assistance under this section 8(m), including
4 for a portion of the funding of PB and PBV
5 contracts, the costs of administration of a PB
6 or PBV contract for a particular property, pro-
7 motion of tenant organizing rights and resident
8 mobility (including of participants in the ten-
9 ant-based voucher program under section 8(o)),
10 relocation assistance pursuant to section
11 8(m)(2)(H), efforts to affirmatively further fair
12 housing, and expenses of combining administra-
13 tive components of local programs under section
14 8(o) by competition or such other procedure the
15 Secretary determines appropriate, upon publica-
16 tion of a Federal Register notice at least 30
17 days before such allocation is made. Except in
18 the case of a competitive allocation, if the meth-
19 od of allocation from year to year does not
20 change, publication of a new notice is not re-
21 quired.

22 “(2) CONVERSION OF RENTAL ASSISTANCE.—

23 “(A) CONDITIONS AND PROCEDURES FOR
24 THE CONVERSION PROCESS.—The Secretary
25 shall provide, by notice inviting owners of eligi-

1 ble properties to request conversion of assist-
2 ance pursuant to this section 8(m), conditions
3 and procedures for approval of such requests as
4 the Secretary determines appropriate, including
5 conditions and procedures that—

6 “(i) promote the rehabilitation, includ-
7 ing energy-efficiency improvements and
8 sustainable design features, and long-term
9 financial and physical sustainability of
10 properties;

11 “(ii) deconcentrate poverty;

12 “(iii) increase administrative effi-
13 ciency; or

14 “(iv) promote physical accessibility for
15 persons with disabilities.

16 “(B) REQUIRED CONDITIONS.—In addition
17 to any other conditions of conversion the Sec-
18 retary may require, the Secretary shall ensure
19 through measures including requirements for
20 conversion requests, contract provisions, and
21 the control of the allocation of amounts that—

22 “(i) any property that is proposed for
23 conversion of assistance under this section
24 8(m)(2) and will undergo substantial reha-
25 bilitation shall be subject to a detailed

1 physical condition assessment that will
2 identify rehabilitation needs, estimate re-
3 pair and replacement needs, and identify
4 opportunities to implement cost-effective,
5 energy-efficient and green technologies;

6 “(ii) the number of affordable units
7 with property-based assistance is not de-
8 creased by the conversion of assistance
9 under this section 8(m) except as provided
10 in section 8(m)(2)(D);

11 “(iii) there is no reduction in the
12 number of families receiving rental assist-
13 ance as a result of the conversion under
14 this section 8(m);

15 “(iv) conversion under this section
16 8(m) shall not be grounds for termination
17 of tenancy; and

18 “(v) the owner has complied with re-
19 quirements established by the Secretary for
20 consultation with residents about the own-
21 er’s intention to apply for conversion under
22 this section 8(m)(2), and any related reha-
23 bilitation or demolition of units in which
24 tenants reside and any resulting relocation

1 of tenants to other units, including the ap-
2 plicable rights of return.

3 “(I) Such requirements shall in-
4 clude—

5 “(aa) resident involvement
6 in planning for and implementa-
7 tion of conversion, including rea-
8 sonable steps to help ensure
9 meaningful participation for resi-
10 dents who are limited in their
11 English proficiency;

12 “(bb) meetings with resi-
13 dents to ensure that each tenant
14 wishing to return to revitalized
15 on-site housing has the oppor-
16 tunity to express that wish and
17 be accorded preference for ten-
18 ancy; and

19 “(cc) public meetings prior
20 to implementing any significant
21 amendments or changes to a con-
22 version plan.

23 “(II) For a public housing agen-
24 cy, a plan to convert under this sec-
25 tion 8(m)(2) shall be considered a sig-

1 nificant amendment to the agency
2 plan under section 5A (42 U.S.C.
3 1437e-1), and the agency shall comply
4 with applicable requirements to con-
5 sult with the resident advisory board
6 and the public concerning significant
7 amendments.

8 “(C) AGREEMENT TO PROVIDE ASSIST-
9 ANCE.—The Secretary may provide for an
10 agreement to provide assistance under a PB or
11 PBV contract with an owner of a property in
12 advance of final approval of conversion, to fa-
13 cilitate the owner’s ability to obtain financing
14 or for other reasons.

15 “(D) ONE-FOR-ONE REPLACEMENT OF AS-
16 SISTED UNITS.—Properties converted to assist-
17 ance under this section 8(m) may have fewer
18 assisted units under a PB contract or under a
19 PBV contract after conversion than the prop-
20 erty had immediately prior to the conversion of
21 assistance (including vacant units) only if the
22 assistance from such reduced number of units
23 is transferred to an equal number of units in a
24 replacement property or properties, as follows:

1 “(i) NUMBER OF UNITS.—For 100
2 percent of all such units in existence, as of
3 the date of the request for conversion, that
4 are to be demolished or disposed or con-
5 verted to a unit that is not assisted under
6 this Act, the owner shall provide a plan ac-
7 ceptable to the Secretary for timely re-
8 placement of each unit.

9 “(ii) NUMBER OF BEDROOMS.—Re-
10 placement housing shall reflect the number
11 of bedrooms that are needed to adequately
12 serve returning tenants, households cur-
13 rently on the waiting list and to meet fu-
14 ture needs based on other market data, as
15 determined by the Secretary.

16 “(iii) LOCATION.—Replacement hous-
17 ing units shall be developed—

18 “(I) on the site of the property
19 being converted; and

20 “(II) in the neighborhood or
21 within the metropolitan area up to 25
22 miles from the property being con-
23 verted, as necessary to—

24 “(aa) comply with fair hous-
25 ing requirements;

1 “(bb) deconcentrate poverty;

2 “(cc) provide appropriate
3 densities for the property being
4 converted;

5 “(dd) promote location-effi-
6 cient communities; or

7 “(ee) meet other factors as
8 determined by the Secretary in
9 order to further the purposes of
10 this section 8(m).

11 “(iv) OFF-SITE REPLACEMENT.—

12 “(I) Off-site replacement housing
13 shall offer access to economic opportu-
14 nities and public transportation and
15 be accessible to social, recreational,
16 educational, commercial, health facili-
17 ties and services, and other municipal
18 services and facilities that are com-
19 parable under such standards as the
20 Secretary may prescribe.

21 “(II) Off-site replacement hous-
22 ing shall not be located in areas of mi-
23 nority concentration, defined in rela-
24 tion to the metropolitan area or rural
25 county in which the project is located,

1 or in areas of extreme poverty, except
2 in areas that qualify as revitalizing
3 neighborhoods, as defined by the Sec-
4 retary.

5 “(III) Replacement housing shall
6 not result in a decrease in available
7 inventory of disability accessible hous-
8 ing, and all housing, where otherwise
9 covered, shall comply with the accessi-
10 bility requirements of the Fair Hous-
11 ing Act (42 U.S.C. 3601 et seq.) and
12 section 504 of the Rehabilitation Act
13 of 1973 (29 U.S.C. 794).

14 “(v) TENANT-BASED VOUCHERS AS
15 REPLACEMENT HOUSING.—An owner may
16 replace up to half of the units that are de-
17 molished or disposed of or permitted to be
18 unassisted under the conversion in accord-
19 ance with this section 8(m) with tenant-
20 based vouchers in housing markets where
21 there is—

22 “(I) an adequate supply of af-
23 fordable rental housing in areas of low
24 poverty. This supply shall be dem-
25 onstrated by data that show within

1 the housing market area of the prop-
2 erty that—

3 “(aa) at least 80 percent of
4 vouchers under section 8(o)
5 issued over the last 24 months to
6 comparable families were success-
7 fully leased within 120 days of
8 issuance, or, if a sufficient num-
9 ber of comparable families have
10 not received vouchers, an alter-
11 native measure, as the Secretary
12 shall design, is met;

13 “(bb) existing voucher hold-
14 ers are widely dispersed geo-
15 graphically in areas of low pov-
16 erty with access to public trans-
17 portation, education, and other
18 amenities, as determined by the
19 Secretary, among the available
20 private rental housing stock; and

21 “(cc) the applicant provides
22 a market analysis demonstrating
23 that—

24 “(AA) there is a rel-
25 atively high vacancy rate

1 among units that would
2 meet or exceed housing qual-
3 ity standards within the
4 market area as determined
5 by the Secretary with rent
6 and utility costs not exceed-
7 ing the applicable payment
8 standard under section 8(o);
9 and

10 “(BB) such high va-
11 cancy rate within the market
12 area is expected to continue
13 for the next 5 years or
14 longer; or

15 “(II) a judgment, consent decree,
16 or other order of a court limits the
17 ability of the owner to comply with
18 the requirements under this subpara-
19 graph (D).

20 “(vi) DE MINIMIS REDUCTION.—Not-
21 withstanding any other provision of this
22 paragraph, the owner of a property con-
23 verting under section 8(m) may demolish
24 not more than the lesser of 5 dwelling
25 units or 5 percent of the total dwelling

1 units at the converting property, but
2 only—

3 “(I) to reconfigure units to serve
4 returning tenants or households cur-
5 rently on the waiting list;

6 “(II) if the space occupied by the
7 demolished unit is used for meeting
8 the service or other needs of residents;
9 or

10 “(III) if the demolished unit was
11 beyond repair.

12 “(E) USE RESTRICTIONS.—The Secretary
13 shall require use and affordability restrictions
14 as a condition of conversion of each property to
15 a PB contract or PBV contract as follows:

16 “(i) PUBLIC HOUSING.—

17 “(I) BASIC REQUIREMENTS.—An
18 owner of a property assisted under
19 section 9 approved for conversion of
20 assistance pursuant to section 8(m)(2)
21 shall agree to provide the number of
22 units, as required under section
23 8(m)(2)(D), subject to the eligibility,
24 targeting, and rent rules as provided
25 under the PB or PBV contract for

1 use as affordable housing for at least
2 30 years from the date of execution of
3 the initial section 8 contract after
4 conversion and continuously for the
5 duration of each extension or renewal
6 of such contract offered by the Sec-
7 retary or a public housing agency pur-
8 suant to section 8(n) or 8(o)(13).

9 “(II) TRANSFER OR SALE OF
10 PROPERTY.—No sale or transfer of a
11 property subject to a use agreement
12 under this clause (i), except those
13 properties subject to the provisions of
14 section 8(m)(1)(B)(vi), shall be per-
15 mitted without the prior approval of
16 the Secretary. The Secretary shall not
17 approve a sale or transfer to a for-
18 profit entity, except as permitted
19 under section 8(m)(2)(L)(ii) to facili-
20 tate the use of tax credits under sec-
21 tion 42 of the Internal Revenue Code
22 of 1986, and shall not approve a sale
23 or transfer to a nonprofit entity un-
24 less the Secretary determines that

1 there is no capable public entity will-
2 ing to take ownership of the property.

3 “(ii) OTHER HOUSING.—An owner of
4 a property other than a property assisted
5 under section 9 entering into a contract for
6 rental assistance pursuant to section
7 8(m)(2) shall agree to provide the number
8 of units, as required under section
9 8(m)(2)(D), subject to the eligibility, tar-
10 geting, and rent rules as provided under
11 the PB or PBV contract for use as afford-
12 able housing for the greater of the remain-
13 ing term of any prior use restriction exist-
14 ing at the time of conversion to the new
15 rental assistance contract or the initial
16 term of the new rental assistance contract.

17 “(iii) MODIFICATION OF USE AGREE-
18 MENT WITH TRANSFER OF ASSISTANCE.—
19 The Secretary shall establish procedures to
20 allow for the transfer of assistance from all
21 or part of the units in a property with con-
22 verted assistance, at the request of an
23 owner or upon expiration or termination of
24 a rental assistance contract, to a new con-
25 tract for rental assistance at a replacement

1 property or properties, subject to the re-
2 quirements in section 8(m)(2)(D), other-
3 wise applicable legal requirements, and to
4 a continuation of use restrictions at the
5 new property. The Secretary shall require
6 owners requesting such modifications to
7 provide notice and consultation with ten-
8 ants as provided in section 8(m)(2)(B)(v)
9 and to assist tenants to relocate, in accord-
10 ance with section 8(m)(2)(H).

11 “(F) TENANTS RESIDING IN UNITS AT
12 TIME OF CONVERSION.—Notwithstanding any
13 other provision of law, a family lawfully residing
14 in an assisted unit in a property at the time of
15 a conversion of assistance under section
16 8(m)(2) shall be considered eligible for assist-
17 ance under section 8(n) or 8(o)(13), as applica-
18 ble, and shall not be subject to rescreening or
19 termination of assistance or eviction from the
20 unit or denial of reoccupancy after rehabilita-
21 tion because of the conversion or the require-
22 ments of any other funds used to finance the
23 rehabilitation, and the requirements of section
24 16 shall not apply to such family, but must be
25 complied with upon turnover of tenants. For

1 purposes of section 42 of the Internal Revenue
2 Code of 1986, such otherwise compliant tenan-
3 cies shall be considered to be in compliance with
4 income requirements.

5 “(G) ENERGY EFFICIENCY.—The Sec-
6 retary is authorized to implement measures to
7 facilitate the cost-effective adoption of energy-
8 efficient and green technologies in properties
9 converting to assistance under this section and
10 in replacement units newly constructed with as-
11 sistance under this section.

12 “(H) RELOCATION ASSISTANCE.—

13 “(i) The Uniform Relocation and Real
14 Property Acquisition Policies Act of 1970
15 (42 U.S.C. 4601) shall apply to displace-
16 ment and relocation activities pursuant to
17 the conversion of rental assistance under
18 section 8(m) except as otherwise provided
19 in this subparagraph.

20 “(ii) A public housing agency or
21 owner that acquires, rehabilitates, or de-
22 molishes any project or building, or portion
23 thereof, in connection with the conversion
24 or transfer of assistance under section
25 8(m) may temporarily, for a period not to

1 exceed 12 months, or such other period,
2 not to exceed 24 months, as the Secretary
3 may authorize, relocate families lawfully
4 residing in a unit on the property and pro-
5 vide such families notice and relocation as-
6 sistance as required by the Secretary. A re-
7 located family shall have, upon completion
8 of the project and consistent with any
9 guidelines issued by the Secretary, the
10 right to return if the tenant has not com-
11 mitted serious or repeated violations of
12 material terms of the lease or occupancy
13 agreement at the time of departure from
14 the housing subject to rehabilitation or
15 demolition, or during the temporary reloca-
16 tion period.

17 “(iii) When assistance is transferred
18 to another property pursuant to section
19 8(m) without a period of temporary reloca-
20 tion, the public housing agency or owner
21 shall offer each family that chooses to relo-
22 cate from the property from which assist-
23 ance is transferred to the property to
24 which assistance is transferred payment of
25 actual, reasonable, and necessary moving

1 expenses, including utility deposits, and, if
2 the newly assisted units are not owned by
3 the public housing agency or owner, pay-
4 ment of security deposits, credit checks,
5 and other moving-related expenses.

6 “(iv) Displacement and relocation
7 costs as required by law or as the Sec-
8 retary may direct as authorized by this
9 subparagraph shall be paid from any rent-
10 al assistance or other funds provided by
11 the Secretary or otherwise available to a
12 public housing agency or owner that may
13 be used for this purpose. A displaced fam-
14 ily may receive an incremental, tenant-
15 based voucher under section 8, if such a
16 voucher is made available.

17 “(I) AMOUNT OF MONTHLY ASSISTANCE
18 PAYMENT TO OWNER.—The amount of the
19 monthly assistance payment with respect to any
20 unit upon conversion shall be the difference be-
21 tween the maximum monthly rent that the PB
22 or PBV contract provides the owner is to re-
23 ceive for the unit plus the allowance for tenant-
24 paid utilities and the rent that the family is re-
25 quired to pay under section 3 of this Act.

1 “(J) TENANTS OVER-INCOME FOR CON-
2 TINUING SUBSIDY.—If the required contribution
3 of a family toward rent under section 3 exceeds
4 the rent established for the unit and the appli-
5 cable utility allowance, the family may continue
6 to reside in the unit and pay the established
7 rent. The Secretary or the public housing agen-
8 cy shall not reduce the number of units assisted
9 under the PB or PBV contract due to residency
10 by such a family, and may use funds not re-
11 quired for assistance under the contract in any
12 year for other authorized rental assistance.

13 “(K) DESIGNATED HOUSING.—If the units
14 proposed to be converted pursuant to this sub-
15 section are subject to an approved designation
16 plan under section 7 (42 U.S.C. 1437e) or are
17 designed to accommodate tenants with special
18 needs under any other authority, the Secretary
19 shall permit the designation or accommodation
20 to continue to apply to the converted units
21 under the same terms and conditions as would
22 otherwise have applied, and may permit addi-
23 tional designations consistent with Federal stat-
24 ute or executive order.

1 “(L) CONVERSION OF PUBLIC HOUSING.—
2 In addition to such other conditions as the Sec-
3 retary may require, the following conditions
4 shall apply to a property assisted under section
5 9 that is converting to rental assistance under
6 this section 8(m):

7 “(i) TREATMENT OF CONVERTED
8 UNITS.—The conversion of units assisted
9 under section 9 to assistance in accordance
10 with this section 8(m) shall not be consid-
11 ered a disposition under section 18 (42
12 U.S.C. 1437p).

13 “(ii) REQUIREMENTS FOR PROP-
14 ERTIES WITH HOUSING TAX CREDITS.—
15 Public housing agencies that utilize tax
16 credits under section 42 of the Internal
17 Revenue Code of 1986 for rental housing
18 units converted under this section 8(m)(2)
19 with respect to such units shall provide
20 for—

21 “(I) an option for the public
22 housing agency to purchase limited
23 partnership interests in a property
24 containing such units after the tax
25 compliance period under section 42;

1 “(II) a provision to give a public
2 housing agency an active role in prop-
3 erty management decisions of such
4 housing; or

5 “(III) such other provision or
6 provisions as the Secretary may estab-
7 lish to ensure the preservation of the
8 interest of the public housing agency
9 in the property.

10 “(iii) RESIDENT MEMBERSHIP ON
11 BOARD.—A public housing agency that
12 converts some or all of its units to assist-
13 ance in accordance with this section 8(m)
14 shall comply with the resident board mem-
15 bership requirement of section 2(b) (42
16 U.S.C. 1437), as applicable.

17 “(iv) EXISTING CONTRACTS.—The
18 Secretary shall require, following conver-
19 sion of assistance in accordance with this
20 section 8(m), that the Secretary and the
21 public housing agency shall continue to
22 meet obligations associated with financing
23 pursuant to section 30 (42 U.S.C. 1437z-
24 2), including financing obligations for
25 which capital funds or operating funds pro-

1 vided under section 9 are pledged for re-
2 payment, if such obligations are not refi-
3 nanced or otherwise paid off, using assist-
4 ance provided under the PB or PBV con-
5 tract or otherwise; and shall comply with
6 the terms and conditions of contracts asso-
7 ciated with such financings, energy per-
8 formance contracts, and similar contracts,
9 as specified by the Secretary, in effect be-
10 fore conversion of assistance in accordance
11 with this subsection. The Secretary may
12 require the allocation of an equitable per-
13 centage of repayment obligations to be re-
14 paid from assistance under the PB or PBV
15 contracts or impose such other require-
16 ments as are necessary to ensure that the
17 requirements of the preceding sentence are
18 met, without imposing greater restrictions
19 on the public housing agency than the
20 agency would have had under the original
21 financing.

22 “(v) USE OF CAPITAL FUNDS.—Not-
23 withstanding any other law, capital funds
24 provided pursuant to section 9(d) (42
25 U.S.C. 1437g(d)) may be used for assist-

1 ance in the financing of necessary improve-
2 ments or other capital expenses for any
3 project or units assisted under section 9
4 and to be converted to assistance in ac-
5 cordance with this section 8(m), including
6 making a capital contribution to such a
7 project where needed to make the financ-
8 ing feasible, the purchase or provision of
9 letters of credit or other credit enhance-
10 ments necessary to carry out successful
11 conversions, initial contributions to any
12 necessary reserves, and other financing ex-
13 penses approved by the Secretary. The
14 Secretary may waive or modify require-
15 ments otherwise applicable to such capital
16 funds as necessary to facilitate their use in
17 connection with conversions as authorized
18 by this section 8(m).

19 “(vi) TRANSITION RENTS FOR TEN-
20 ANTS IN CONVERTED PUBLIC HOUSING
21 PROPERTIES.—The Secretary shall require
22 a public housing agency to implement such
23 changes in rental payment requirements
24 otherwise applicable to tenants at the time
25 of conversion under this section 8(m) as

1 are necessary to prevent such tenants from
2 having rents increased solely as a result of
3 the conversion by more than 10 percent
4 per year. The Secretary may require or au-
5 thorize a public housing agency to adopt a
6 specific time after which such transitional
7 provisions no longer will be effective.

8 “(M) TRANSFER AND USE OF FUNDS.—

9 “(i) Following conversion under this
10 section 8(m), additional assistance for a
11 property shall not be provided under the
12 previous contract, agreement, or authority.

13 “(ii) The Secretary shall take nec-
14 essary actions to provide that, as a condi-
15 tion of conversion of a property, the unex-
16 pended assistance, including capital funds,
17 made available for such property under a
18 previous contract, agreement, or authority
19 (up to and including the Federal fiscal
20 year of conversion) shall be transferred to
21 accounts applicable to assistance provided
22 under section 8(m) to pay all or a portion
23 of—

24 “(I) the up-front costs of conver-
25 sion;

1 “(II) the initial contributions to
2 any necessary reserves;

3 “(III) the funding of the initial
4 year or years of the new PB or PBV
5 contract of assistance entered into
6 pursuant to this section 8(m);

7 “(IV) the financing of necessary
8 renovations to, or other capital ex-
9 penses for, the property, including the
10 making of capital contributions and
11 the provision of letters of credit or
12 other credit enhancements or financ-
13 ing expenses approved by the Sec-
14 retary; and

15 “(V) contract administration of
16 converted rental assistance properties
17 under this section 8(m).

18 “(iii) To the extent provided in ad-
19 vance in appropriations Acts, the Secretary
20 may transfer funds between accounts ap-
21 plicable to assistance provided under sec-
22 tion 9 and accounts applicable to assist-
23 ance provided under sections 8(m), 8(n)
24 and 8(o).

1 “(N) RELEASE OF PRIOR REQUIRE-
2 MENTS.—A property assisted under a PB or
3 PBV contract following conversion under this
4 section 8(m) shall not be subject to any terms,
5 conditions, and requirements of the previous as-
6 sistance from which it was converted, except as
7 provided for by sections 8(m), 8(n), or 8(o)(13)
8 and by such terms, conditions, and require-
9 ments as established for the new assistance by
10 the Secretary.

11 “(O) CONVERSION FROM A PB CONTRACT
12 TO A PBV CONTRACT.—A property under a PB
13 contract may convert to a PBV contract at the
14 request of the owner of the property and at the
15 discretion of, and upon approval by, the Sec-
16 retary if the property meets the applicable re-
17 quirements under section 8(o)(13) and a public
18 housing agency eligible to administer the con-
19 tract agrees to such administration.

20 “(P) NOTICE OF TERMINATION OF AF-
21 FORDABILITY RESTRICTIONS.—

22 “(i) IN GENERAL.—An owner of a
23 property that has been converted to a
24 property-based contract pursuant to this
25 paragraph shall, if the owner intends not

1 to renew or extend the rental assistance
2 contract at the property, provide written
3 notice of such intent at least 12 months in
4 advance of the intended termination date.
5 Notice shall be provided to the Secretary,
6 the chief executive officer of the State and
7 the unit of general local government (as
8 such term is defined in section 4 of the
9 Cranston-Gonzalez National Affordable
10 Housing Act (42 U.S.C. 12704)) in which
11 the property is located, and to each tenant
12 of the property at such time and in such
13 form as may be prescribed by the Sec-
14 retary through regulation.

15 “(ii) FAILURE TO PROVIDE NOTICE.—
16 If an owner fails to provide notice as re-
17 quired in clause (i), the owner may not
18 evict the tenants or increase the tenants’
19 rent payments based upon the change in
20 subsidy status of the property until such
21 time as the owner has provided the notice
22 and the 12-month period beginning upon
23 the provision of such notice has elapsed.

24 “(Q) FEDERAL OPTION TO PURCHASE.—

25 “(i) IN GENERAL.—

1 “(I) OPPORTUNITY FOR PUR-
2 CHASE BY THE SECRETARY.—Except
3 as provided in subclause (VI), an
4 owner of a covered property, as de-
5 fined in subclause (V), shall not sell
6 the covered property at any time be-
7 fore—

8 “(aa) providing notice within
9 the time periods and to the par-
10 ties described in subparagraph
11 (P) of the owner’s intent to sell
12 the property; and

13 “(bb) offering the Secretary
14 the opportunity to purchase the
15 property pursuant to subclause
16 (II).

17 “(II) RIGHT OF SECRETARY TO
18 MAKE OFFER.—Upon receipt of the
19 notice required in subclause (I)(aa),
20 the Secretary shall have the right ei-
21 ther to purchase the property subject
22 to terms and conditions established
23 through regulation or to select an as-
24 signee to act on behalf of the Sec-
25 retary as the purchaser before the

1 owner enters into any agreement to
2 sell to a third party. Failure by the
3 Secretary or the Secretary's assignee
4 to submit an offer to purchase the
5 property in compliance with the condi-
6 tions specified in regulation shall con-
7 stitute an irrevocable waiver of the
8 Secretary's right under this subpara-
9 graph.

10 “(III) RELATIONSHIP WITH
11 OTHER LAWS.—The requirements of
12 this paragraph are in addition to, and
13 not in lieu of, any State or local law
14 that has established a right of first re-
15 fusal to preserve affordable housing.

16 “(IV) REGULATIONS.—The Sec-
17 retary shall issue regulations to carry
18 out this subparagraph. The regula-
19 tions to be issued by the Secretary
20 may define such terms as the Sec-
21 retary determines necessary to facili-
22 tate the understanding of the rights
23 and obligations of the owner of the
24 property, the Secretary, the Sec-
25 retary's assignee, or tenants; address

1 any agreement that may be appro-
2 priate between the Secretary and the
3 Secretary's assignee; provide for the
4 timing of any offer made by the Sec-
5 retary to purchase the owner's prop-
6 erty and the acceptance or refusal of
7 the Secretary's purchase offer; and es-
8 tablish the conditions for sale of a
9 property to the Secretary.

10 “(V) COVERED PROPERTIES.—
11 Properties covered by this paragraph
12 include those with assistance con-
13 verted pursuant to section 8(m)(2)
14 after receiving assistance under sec-
15 tion 8(e)(2) or section 9, section
16 236(f)(2) of the National Housing Act
17 (12 U.S.C. 1715z-1(f)(2)), or section
18 101 of the Housing and Urban Devel-
19 opment Act of 1965 (12 U.S.C.
20 1701s). For other converted prop-
21 erties, the Secretary and owner may
22 agree to be bound by this subpara-
23 graph.

24 “(VI) INAPPLICABILITY OF SEC-
25 RETARY'S RIGHT TO PURCHASE.—

1 Subclauses (I) through (V) of this
2 clause shall not apply to any of the
3 following actions:

4 “(aa) A government taking
5 of covered housing by eminent
6 domain or a negotiated purchase
7 in lieu of eminent domain.

8 “(bb) A proposed transfer of
9 assistance from the property to
10 another property with the same
11 owner, subject to terms and con-
12 ditions established by the Sec-
13 retary.

14 “(ii) PUBLIC HOUSING.—For prop-
15 erties converted from assistance under sec-
16 tion 9, the Secretary shall provide a pri-
17 ority, first, to a public entity, and next to
18 a nonprofit entity, including a tenant orga-
19 nization, in selecting an assignee under
20 this clause.

21 “(iii) OTHER HOUSING.—For prop-
22 erties other than properties converted from
23 assistance under section 9, subclauses (I)
24 through (IV) of clause (i) shall not apply
25 to a proposed sale pursuant to terms and

1 conditions that preserve affordability, as
2 determined by the Secretary.

3 “(R) FINANCING OF PROPERTIES WITH
4 CONVERTED ASSISTANCE.—The Secretary shall
5 establish policies and procedures governing the
6 use of sound financing and underwriting stand-
7 ards for properties with assistance converted
8 under this subsection, to ensure that such prop-
9 erties are financially sustainable for the term of
10 the assistance contract.”.

11 **SEC. 4. PROPERTY-BASED CONTRACTS.**

12 Section 8 of the United States Housing Act of 1937
13 (42 U.S.C. 1437f) is amended by inserting, after sub-
14 section (m), the following new subsection (n):

15 “(n) PROJECT-BASED CONTRACTS.—

16 “(1) AUTHORITY.—Subject to the availability of
17 amounts provided in appropriations Acts and that
18 otherwise become available, and to the control of the
19 Secretary of applicable accounts in the Treasury of
20 the United States, the Secretary may enter into a
21 project-based housing assistance payment contract
22 (in this subsection referred to as a ‘PB contract’)
23 with respect to a property converted pursuant to
24 subsection (m) or a replacement property, and may
25 provide funds pursuant to such conditions and pro-

1 cedures as the Secretary may establish for a public
2 housing agency to administer or assist in the admin-
3 istration of such PB contract.

4 “(2) CONTRACT TERM.—The Secretary may
5 enter into a multi-year PB contract for assistance
6 pursuant to this subsection, subject to the avail-
7 ability of appropriations for each year of such con-
8 tract, for the following terms:

9 “(A) INITIAL TERM.—

10 “(i) PUBLIC HOUSING.—A PB con-
11 tract between the Secretary and the owner
12 of a property assisted, prior to conversion,
13 under section 9 shall have an initial term
14 of no less than 20 years.

15 “(ii) OTHER HOUSING.—A PB con-
16 tract between the Secretary and the owner
17 of any other property shall have a term at
18 least equal to the term remaining on the
19 contract being converted to a contract for
20 rental assistance under this subsection, or
21 may have a term of up to 20 years, as de-
22 termined by the Secretary.

23 “(B) CONTRACT RENEWALS AND EXTEN-
24 SIONS.—

1 “(i) AGREEMENT TO EXTEND OR
2 RENEW.—At any time during the term of
3 a PB contract, the Secretary may, at the
4 request of the owner, agree to extend or
5 renew the PB contract for up to a 20-year
6 period beyond the initial contract term or
7 the term of any renewal contract, subject
8 to the availability of appropriations for
9 each year of such extension or renewal. In
10 the initial contract or any renewal con-
11 tract, the Secretary and the owner may
12 agree to have such extensions or renewals
13 of the PB contract accepted by the owner
14 and by the successors in interest of the
15 owner.

16 “(ii) RENEWAL CONTRACT.—

17 “(I) In the 2-year period before
18 the expiration of a PB contract, the
19 Secretary shall offer, and at the re-
20 quest of the owner shall agree to, a
21 renewal contract for a term of up to
22 20 years, subject to the requirements
23 of subclause (II) and the availability
24 of appropriations for each year of
25 such renewal.

1 “(II) The Secretary shall not
2 offer or agree to renew a contract if—
3 “(aa) the Secretary deter-
4 mines, in consultation with the
5 tenants and the local govern-
6 ment, that the property is obso-
7 lete as to physical condition, loca-
8 tion or other factors which can-
9 not be remedied with available
10 Federal, State and local re-
11 sources, making it unsuitable as
12 low-income housing; or
13 “(bb) the owner has been
14 debarred or suspended, or found
15 in to be in serious and repeated
16 non-compliance with applicable
17 requirements established by the
18 Secretary as provided in section
19 8(m)(1)(B)(vii)(II).
20 “(III) An owner of a property
21 converted from assistance under sec-
22 tion 9 shall agree to accept a renewal
23 contract offered by the Secretary un-
24 less the Secretary determines that the

1 property meets the grounds for non-
2 renewal in subclause (II)(aa).

3 “(C) RENEWALS UPON EXPIRATION.—

4 “(i) At the request of an owner of a
5 property with a PB contract that expires
6 or otherwise terminates to renew such ex-
7 pired or terminated contract in whole or in
8 part, the Secretary shall, subject to the re-
9 quirements of clause (B)(ii)(II), renew
10 such contract if eligible tenants in the
11 property have not yet been issued tenant
12 protection vouchers and if the rental as-
13 sistance formerly provided to the property
14 has not been transferred to another prop-
15 erty or properties.

16 “(ii) In the case of a partial renewal,
17 the assistance not renewed may be trans-
18 ferred to another property or properties or
19 vouchers shall be provided in accordance
20 with section 8(n)(11).

21 “(3) CALCULATION OF RENT TO OWNER.—

22 “(A) INITIAL CALCULATION.—

23 “(i) IN GENERAL.—The Secretary
24 shall establish rents for each unit assisted
25 under a PB contract at the level requested

1 by the owner but not to exceed the rents
2 derived from comparable unassisted prop-
3 erties in the area, up to 110 percent of the
4 applicable area rental established by the
5 Secretary or such higher amount approved
6 by the Secretary based on a determination
7 by the Secretary that such higher amount
8 is cost-effective considering the need for
9 affordable housing by the types of house-
10 holds served by the property and the qual-
11 ity and location of the property. For a
12 property for which the Secretary has ap-
13 proved under the Multifamily Assisted
14 Housing Reform and Affordability Act of
15 1997 (42 U.S.C. 1437f note) a rent not in
16 excess of the comparable rent at the time
17 of such approval, the Secretary shall estab-
18 lish rents for each unit assisted under a
19 PB contract at the higher of the level most
20 recently approved or the rent established
21 under the preceding sentence. Prior to the
22 agreement to enter into a contract under
23 this section 8(n), the Secretary may ap-
24 prove upon an owner's request a lower rent
25 than that permitted under this clause if

1 such lower rent is sufficient to meet the fi-
2 nancial and physical sustainability needs of
3 the property.

4 “(ii) EXCEPTION PROPERTIES.—

5 “(I) The maximum monthly rent
6 may exceed the rents derived from
7 comparable unassisted properties in
8 the area upon a determination by the
9 Secretary that such exception rents
10 are necessary to meet the financial
11 and physical sustainability needs of
12 the property, and that—

13 “(aa) the property is not (or
14 after planned rehabilitation, will
15 not be) obsolete as to physical
16 condition, location, or other fac-
17 tors, making it unsuitable for
18 housing purposes; and

19 “(bb) a reasonable program
20 of property modifications in com-
21 bination with rents determined
22 under this clause will be cost-ef-
23 fective to extend the useful life of
24 the property.

1 “(II) The Secretary may not ap-
2 prove an exception above the higher of
3 110 percent of the applicable area
4 rental or 120 percent of the rent for
5 comparable unassisted properties in
6 the area. The limitations of this sub-
7 clause shall not apply if the property
8 was, prior to conversion of assistance,
9 subject to a rental assistance contract
10 that has been renewed under section
11 515 of the Multifamily Assisted Hous-
12 ing Reform and Affordability Act of
13 1997 (42 U.S.C. 1437f note) with
14 rents established under section
15 514(g)(2) of such Act that, at the
16 time of conversion of assistance, ex-
17 ceed the limit established in the pre-
18 ceding sentence.

19 “(III) In determining whether to
20 allow an exception rent, the Secretary
21 shall consider the availability of unex-
22 pended funds that may be used to re-
23 duce or eliminate the need for an ex-
24 ception rent.

1 “(iii) UNITS EXEMPT FROM RENT
2 CONTROL.—If a unit for which a PB con-
3 tract is established is exempt from local
4 rent control provisions during the term of
5 that contract, the rent for that unit shall
6 be reasonable in comparison with other
7 units in the area that are exempt from
8 local rent control provisions.

9 “(B) RENT ADJUSTMENTS.—A PB con-
10 tract pursuant to this subsection shall provide
11 for annual rent adjustments using one or more
12 indices established by the Secretary (which shall
13 not result in a negative adjustment) by notice
14 published in the Federal Register to reflect the
15 change in the rents and costs of multifamily
16 rental housing, except that—

17 “(i) the contract may provide that the
18 maximum rent permitted for a unit shall
19 not be less than the initial rent for the unit
20 under the initial PB contract under this
21 subsection;

22 “(ii) an owner may request a rent in-
23 crease above the index based on significant
24 improvements to the property, subject to
25 limitations in subparagraph (A) and any

1 additional standards issued by the Sec-
2 retary; and

3 “(iii) the Secretary may at any time,
4 and at least every 5 years, compare the
5 maximum rent to the level of rents charged
6 for comparable units in the private, unas-
7 sisted local market, and shall, if appro-
8 priate, decrease the contract rent, subject
9 to the limitations in clause (i) or any ex-
10 ception approved by the Secretary, and
11 may, if appropriate, increase the contract
12 rent, subject to the limitations in subpara-
13 graph (A) and clause (ii).

14 “(C) TAX CREDIT OR HOME PROJECTS.—
15 In the case of a unit receiving tax credits pur-
16 suant to section 42 of title 26 or for which as-
17 sistance is provided under subtitle A of Title II
18 of the Cranston-Gonzalez National Affordable
19 Housing Act of 1990 (42 U.S.C. 12701 note, et
20 seq.) for which a PB contract is established
21 under this subsection, rent reasonableness shall
22 be determined as otherwise provided by this sec-
23 tion 8(n)(3), except that comparison with rents
24 for units in the private, unassisted local market
25 shall not be required if the rent is equal to or

1 less than the rent for other comparable units
2 receiving such tax credits or assistance in the
3 project that are not occupied by families as-
4 sisted under a PB contract.

5 “(4) TENANT CONTRIBUTION.—A family shall
6 pay as rent for a unit assisted under section 8(n)
7 the amount determined in accordance with section 3
8 (42 U.S.C. 1437a).

9 “(5) ELIGIBLE TENANTS.—To be eligible as a
10 tenant for a unit assisted under this subsection, a
11 family shall, at the time a family initially receives
12 assistance under this subsection, be—

13 “(A) a family lawfully residing in a unit at
14 the time of a conversion of assistance under
15 section 8(m); or

16 “(B) a low-income family meeting eligi-
17 bility criteria specified by the Secretary that
18 fulfill the requirements under section 16(c)(3)
19 and (4) (42 U.S.C. 1437n(c)(3) and (4)) of this
20 Act.

21 “(6) SELECTION OF TENANTS.—

22 “(A) WAITING LISTS.—Subject to such
23 conditions as may be established by the Sec-
24 retary—

1 “(i) The owner shall select families for
2 units assisted under a PB contract from a
3 waiting list for applicants for housing as-
4 sistance under this section 8(n). If a prop-
5 erty has rental assistance that has been
6 converted under section 8(m), any waiting
7 list for the property prior to conversion
8 shall continue to apply after the conver-
9 sion.

10 “(ii) Notwithstanding clause (i), the
11 Secretary may establish policies to permit
12 applicants on a tenant-based voucher wait-
13 ing list whose receipt of assistance is de-
14 layed due to the resident choice option
15 under section 8(m)(1)(A) to exercise the
16 option to be placed on a waiting list for ap-
17 plicants for housing assistance under this
18 section 8(n) or section 8(o)(13).

19 “(iii) An owner may maintain a wait-
20 ing list or may use a waiting list main-
21 tained by a public housing agency on such
22 terms and conditions as agreed to by the
23 owner and public housing agency and per-
24 mitted by the Secretary.

1 “(iv) An owner of more than one
2 property, or a public housing agency ad-
3 ministering waiting lists for properties as-
4 sisted under this subsection, may maintain
5 a single waiting list for all or some of such
6 properties or may establish a site-based
7 waiting list for individual properties. An
8 owner or public housing agency shall dis-
9 close to each applicant all other options in
10 the selection of a property in which to re-
11 side that are provided by the owner or ad-
12 ministered by the public housing agency
13 and are available to the applicant. If a
14 public housing agency administers site-
15 based waiting lists for more than one prop-
16 erty assisted under this section 8(n), an
17 applicant may apply in a single location to
18 all site-based waiting lists maintained by
19 such an entity.

20 “(v) The owner or the public housing
21 agency administering the waiting list for
22 the property may establish preferences or
23 criteria for tenant selection for a unit that
24 are consistent with the affordable housing
25 needs established for the area in which a

1 property is located in the Consolidated
2 Plan prepared pursuant to 24 C.F.R. part
3 91, or successor regulation.

4 “(vi) The owner or the public housing
5 agency administering the waiting list for
6 the property shall adopt affirmative mar-
7 keting procedures and undertake affirma-
8 tive marketing activities. These special out-
9 reach efforts shall be targeted to those who
10 are least likely to apply for the housing to
11 ensure that all persons regardless of their
12 race, color, national origin, religion, sex,
13 disability, or familial status are aware of
14 the housing opportunities in each of the
15 owner’s properties with rental assistance.

16 “(vii) All procedures, preferences, and
17 criteria for waiting lists shall comply with
18 Title VI of the Civil Rights Act of 1964
19 (42 U.S.C. 2000d et seq.), the Fair Hous-
20 ing Act (42 U.S.C. 3601 et seq.), section
21 504 of the Rehabilitation Act of 1973 (29
22 U.S.C. 794), and other applicable civil
23 rights laws.

24 “(B) SELECTION BY OWNER.—Each PB
25 contract entered into by the Secretary and an

1 owner shall provide that the screening and se-
2 lection of families shall be the function of the
3 owner.

4 “(C) PREVENTION OF DISPLACEMENT.—
5 Any family who resides in a unit proposed to be
6 assisted under this section 8(n), or in a unit to
7 be replaced by a unit proposed to be assisted
8 under this section 8(n), shall be given an abso-
9 lute preference for selection for placement in
10 the unit proposed to be assisted, if the family
11 is otherwise eligible for assistance under this
12 section 8(n).

13 “(7) LEASES AND TENANCY.—Each property-
14 based contract for a property converted under sec-
15 tion 8(m) shall provide that the lease between the
16 tenant and the owner—

17 “(A) shall be for an initial term of 1 year,
18 automatically renewable at the expiration of
19 each term, and that the owner may terminate
20 a tenancy only for serious or repeated violations
21 of the terms and conditions of the lease or for
22 a violation of applicable law;

23 “(B) shall comply with section 8(e)(9); and

24 “(C) shall contain provisions required by
25 the Secretary and State and local law.

1 “(8) VACANCY PAYMENTS.—

2 “(A) IN GENERAL.—For each property
3 with assistance converted under this section
4 8(n), the owner may receive, as permitted by
5 the Secretary, for a reasonable period not ex-
6 ceeding 60 days, vacancy payments for a unit
7 that becomes vacant, but only if—

8 “(i) the vacancy was not the fault of
9 the owner of the dwelling unit; and

10 “(ii) the owner has taken and con-
11 tinues to take every reasonable action to
12 minimize the likelihood and extent of any
13 such vacancy.

14 “(B) LIMITATION.—Rental assistance may
15 not be provided for a vacant unit after the expi-
16 ration of the 60-day period in subparagraph
17 (A).

18 “(C) PROHIBITION OF DOUBLE COMPENSA-
19 TION FOR VACANCIES.—If the owner collects
20 payments for vacancies from other sources, the
21 owner shall not be entitled to collect vacancy
22 payments to the extent these collections from
23 other sources plus the vacancy payment exceed
24 contract rent.

1 “(9) PHYSICAL INSPECTIONS OF PROP-
2 ERTIES.—

3 “(A) REQUIREMENT.—The Secretary shall,
4 for each property receiving assistance under
5 this subsection, provide for inspections during
6 the term of the PB contract to determine
7 whether the property is maintained in accord-
8 ance with the physical condition standards es-
9 tablished or provided by the Secretary under
10 section 8(m)(1)(B)(v). The schedule of the in-
11 spections shall be determined by the Secretary.

12 “(B) FAILURE OF INSPECTION.—The Sec-
13 retary may take such actions as provided by law
14 or contract to enforce and maintain compliance
15 with applicable inspection standards.

16 “(C) RECORDS.—The owner shall retain
17 the records of the inspection for a reasonable
18 time and shall make the records available upon
19 request to the Secretary, the Inspector General
20 for the Department of Housing and Urban De-
21 velopment, and any auditor conducting an audit
22 under section 5(h) (42 U.S.C. 1437c(h)).

23 “(D) STATE AND LOCAL INSPECTIONS.—
24 The Secretary may accept inspection results
25 from inspections conducted by a State or local-

1 ity or a program funded or administered by a
2 State or locality if such inspection employs
3 standards equivalent to or exceeding the phys-
4 ical condition standards established by the Sec-
5 retary.

6 “(10) USE OF RENTAL AMOUNTS.—

7 “(A) RESERVE REQUIREMENTS.—An
8 owner of a property with rental assistance
9 under this section 8(n) shall comply with oper-
10 ating and replacement reserve requirements es-
11 tablished by the Secretary. Such reserve re-
12 quirements shall vary based on the anticipated
13 physical needs of the property.

14 “(B) CASH FLOW LIMITATION.—The Sec-
15 retary may establish standards for the cash
16 flow of a property, including standards applica-
17 ble upon suspension, expiration, or termination
18 of rental assistance, with assistance under this
19 subsection. Any access to cash flow shall not be
20 limited based on the tax status of the property
21 owner or project sponsor or whether the prop-
22 erty was formerly assisted under section 9.

23 “(11) EXPIRATION OR TERMINATION OF CON-
24 TRACT OR USE AGREEMENT.—

1 “(A) In the case of a PB contract that is
2 no longer in effect and the property is no longer
3 subject to a use agreement, in whole or in part,
4 to the extent that amounts are provided in ad-
5 vance in appropriation Acts, upon the date of
6 expiration of such contract or use agreement,
7 whichever is later, the Secretary shall make
8 voucher assistance under section 8(t), or in the
9 case of a contract that expires or is terminated
10 because it does not meet the requirements of
11 section 8(n)(2)(B)(ii)(II), voucher assistance
12 under sec. 8(o), available on behalf of each low-
13 income family who, upon the date of such expi-
14 ration, is residing in an assisted dwelling unit
15 in the property, and shall, subject to the avail-
16 ability of appropriations, provide replacement
17 vouchers under section 8(o) for any vacant
18 units subject to the contract at the time of expi-
19 ration or termination.

20 “(B) In lieu of providing vouchers when a
21 contract expires or is terminated, the Secretary
22 may, following notice and consultation by the
23 Secretary with tenants as provided in section
24 8(m)(2)(B)(v)(I), transfer assistance from a
25 contract that is not renewed in whole or in part

1 to a new contract with another property or
2 properties, and in the case of a property con-
3 verted from assistance under section 9, shall
4 transfer such assistance to a new contract with
5 another property or properties with priority for
6 a public entity owner, followed by a priority for
7 a nonprofit entity owner.

8 “(12) FINANCIAL REVIEWS.—The owner of a
9 property assisted under this section 8(n) shall pro-
10 vide the Secretary an annual financial report of the
11 property, prepared and submitted in accordance with
12 the requirements of the Secretary, which may in-
13 clude certification by the owner, a Certified Public
14 Accountant, or other person acceptable to the Sec-
15 retary.”.

16 **SEC. 5. PROPERTY-BASED VOUCHER CONTRACTS.**

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

19 (1) by striking “structure” in every place it ap-
20 pears in paragraph (13) and inserting “project”;

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

23 “(B) PERCENTAGE LIMITATION.—

24 “(i) IN GENERAL.—Subject to clauses

25 (ii) and (iii), not more than 20 percent of

1 the dwelling units assisted by the agency
2 under this subsection may be assisted with
3 project-based assistance under this para-
4 graph.

5 “(ii) EXCEPTION.—Up to an addi-
6 tional 5 percent of the dwelling units as-
7 sisted by an agency under this subsection
8 may be assisted with project-based assist-
9 ance under this paragraph to provide
10 dwelling units that house individuals and
11 families that meet the definition of home-
12 less under section 103 of the McKinney-
13 Vento Homeless Assistance Act (42 U.S.C.
14 11302), that provide supportive housing to
15 elderly persons or persons with disabilities,
16 or that are located in areas where vouchers
17 under this subsection are difficult to use,
18 as specified in subparagraph (D)(ii)(II).
19 The Secretary may, by regulation, estab-
20 lish additional categories for the exception
21 under this clause.

22 “(iii) EXCEPTION FOR PROJECTS CON-
23 VERTED UNDER SECTION 8(M)(2).—An
24 agency administering project-based assist-
25 ance under this paragraph pursuant to a

1 conversion under section 8(m)(2) may at-
2 tach project-based assistance under this
3 paragraph to up to 40 percent of the
4 dwelling units assisted by the agency under
5 this subsection, but in no event may an
6 agency attach project-based assistance
7 through means other than conversion to
8 more than the share of units permitted by
9 clauses (i) and (ii).”;

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

12 “(D) INCOME MIXING REQUIREMENT.—

13 “(i) IN GENERAL.—Except as pro-
14 vided in clause (ii), not more than the
15 greater of 25 dwelling units or 25 percent
16 of the dwelling units in any project may be
17 assisted under a housing assistance pay-
18 ment contract for project-based assistance
19 pursuant to this paragraph. For purposes
20 of this subparagraph, the term ‘project’
21 means a single building, multiple contig-
22 uous buildings, or multiple buildings on
23 contiguous parcels of land.

24 “(ii) EXCEPTIONS.—

1 “(I) CERTAIN HOUSEHOLDS.—
2 The limitation under clause (i) shall
3 not apply to dwelling units assisted
4 under a contract that are exclusively
5 made available to elderly families or
6 to households eligible for comprehen-
7 sive social services that are made
8 available to residents of the property.
9 The Secretary may establish addi-
10 tional requirements for the monitoring
11 and oversight of projects in which
12 more than 40 percent of the dwelling
13 units are assisted;

14 “(II) CERTAIN AREAS.—With re-
15 spect to areas in which tenant-based
16 vouchers are difficult to use, as deter-
17 mined by the Secretary, and with re-
18 spect to census tracts with a poverty
19 rate of 20 percent or less, clause (i)
20 shall be applied by substituting ‘40
21 percent’ for ‘25 percent’ and the Sec-
22 retary may, by regulation, establish
23 additional conditions;

24 “(III) EXCEPTION FOR PROJECTS
25 CONVERTED UNDER SECTION

1 8(M)(2).—In the case of a project as-
2 sisted under this paragraph pursuant
3 to a conversion under section 8(m)(2),
4 the exception in subclause (I) shall
5 apply to not more than 40 percent of
6 the dwelling units.”.

7 (4) by striking subparagraph (F) and inserting
8 the following new subparagraph:

9 “(F) CONTRACT TERM.—A housing assist-
10 ance payment contract pursuant to this para-
11 graph between a public housing agency and the
12 owner of a project may have a term of up to
13 20 years, subject to

14 “(i) the availability of sufficient ap-
15 propriated funds for the purpose of renew-
16 ing expiring contracts for assistance pay-
17 ments, as provided in appropriations Acts
18 and in the agency’s annual contributions
19 contract with the Secretary, provided that
20 in the event of insufficient appropriated
21 funds, payments due under contracts
22 under this paragraph shall take priority if
23 other cost-saving measures that do not re-
24 quire the termination of an existing con-
25 tract are available to the agency; and

1 “(ii) compliance with the inspection
2 requirements under paragraph (8), except
3 that the Secretary may modify the applica-
4 tion of paragraph (8) to properties assisted
5 under this paragraph, through actions in-
6 cluding permitting inspection of a sample
7 of dwelling units in a project, avoiding du-
8 plicative requirements, and incentivizing
9 high performance.

10 The contract may specify additional conditions,
11 including with respect to continuation, termi-
12 nation, or expiration.”;

13 (5) in subparagraph (G)—

14 (A) by inserting “(i) IN GENERAL” pre-
15 ceding the start of the first sentence of the sub-
16 paragraph;

17 (B) by striking “15” and inserting “20”;

18 (C) by inserting “extension” following the
19 phrase “A public housing agency may enter into
20 a contract”;

21 (D) by inserting “extension” following the
22 phrase “A public housing agency may agree to
23 enter into such a contract”; and

24 (E) by adding at the end the following new
25 clause:

1 “(ii) CONVERTED PROPERTIES.—In
2 the case of projects converted from other
3 forms of rental assistance pursuant to sub-
4 section (m), a public housing agency may
5 decline to offer to extend the term of the
6 underlying housing assistance payment
7 contract for the maximum period per-
8 mitted under the prior clause only with the
9 advance approval of the Secretary. The
10 Secretary may grant such approval only
11 if—

12 “(I) the property is obsolete as to
13 physical condition, location, or other
14 factors which cannot be remedied with
15 available Federal, State, and local re-
16 sources, making it unsuitable as low-
17 income housing;

18 “(II) the owner has been
19 debarred or suspended, or found in to
20 be in serious and repeated non-compli-
21 ance with applicable requirements es-
22 tablished by the Secretary as provided
23 in section 8(m)(2)(B)(vii)(II); or

1 “(III) no funding is available
2 that can be used for such exten-
3 sions.”.

4 (6) in subparagraph (H)—

5 (A) by inserting “(i) IN GENERAL” pre-
6 ceding the start of the first sentence of the sub-
7 paragraph;

8 (B) by striking “(or any exception pay-
9 ment standard approved by the Secretary pur-
10 suant to paragraph (1)(D)),” and inserting “(or
11 any exception payment standard approved by
12 the Secretary for the area pursuant to para-
13 graph (1)(D) or for the project),”; and

14 (C) by adding at the end the following new
15 clause:

16 “(ii) TENANTS OVER INCOME FOR
17 CONTINUING SUBSIDY.—Section
18 8(m)(2)(J) shall apply to all contracts
19 under this paragraph, except that the pub-
20 lic housing agency and the owner may
21 agree to retain the number of dwelling
22 units subject to a contract for assistance
23 under this subparagraph, subject to poli-
24 cies issued by the Secretary.”;

1 (7) by striking subparagraph (I) and inserting
2 the following new subparagraph:

3 “(I) RENT ADJUSTMENTS.—

4 “(i) IN GENERAL.—A housing assist-
5 ance payment contract pursuant to this
6 paragraph shall provide for reasonable rent
7 adjustments if requested by the owner, ex-
8 cept that—

9 “(I) the adjusted rent for any
10 unit assisted shall be reasonable in
11 comparison with rents charged for
12 comparable dwelling units in the pri-
13 vate, unassisted, local market and
14 may not exceed the maximum rent
15 permitted under subparagraph (H);
16 and

17 “(II) the contract may provide
18 that the maximum rent permitted for
19 a dwelling unit shall not be less than
20 the initial rent for the dwelling unit
21 under the initial housing assistance
22 payments contract covering the unit.

23 “(ii) SCHEDULED RENT ADJUST-
24 MENTS.—A housing assistance payment
25 contract pursuant to this paragraph may,

1 at the discretion of the Secretary, provide
2 for annual rent adjustments using an index
3 determined by the Secretary for adjust-
4 ment of contracts under section 8(n). Such
5 a contract shall provide that—

6 “(I) an owner may request a rent
7 increase above the index based on sig-
8 nificant improvements to the project,
9 subject to limitations in subparagraph
10 (H) and any additional standards
11 issued by the Secretary; and

12 “(II) the public housing agency
13 shall, at least every 5 years, compare
14 the maximum rent to the level of
15 rents charged for comparable dwelling
16 units in the private, unassisted local
17 market, and shall, if appropriate, de-
18 crease the contract rent, subject to
19 the limitations in clause (i) or any ex-
20 ception approved by the Secretary,
21 and may, if appropriate, increase the
22 contract rent, subject to the limita-
23 tions in subparagraph (H).”;

24 (8) in subparagraph (J)—

1 (A) by inserting “(i) IN GENERAL.—” fol-
2 lowing “(J) TENANT SELECTION.—”;

3 (B) by striking the fifth and sixth sen-
4 tences of clause (i), as designated in paragraph
5 (A);

6 (C) by inserting after the third sentence
7 the following new sentence in clause (i), as des-
8 ignated in paragraph (A): “Any family who re-
9 sides in a dwelling unit proposed to be assisted
10 under this paragraph, or in a unit to be re-
11 placed by a unit proposed to be assisted under
12 this paragraph, shall be given an absolute pref-
13 erence for selection for placement in the pro-
14 posed unit, if the family is otherwise eligible for
15 assistance under this subsection.”; and

16 (D) by adding at the end the following new
17 clause—

18 “(ii) SITE-BASED WAITING LISTS.—A
19 public housing agency may establish and
20 utilize procedures for maintaining site-
21 based waiting lists under which applicants
22 may apply directly at, or otherwise des-
23 ignate to the public housing agency, the
24 project or projects in which they seek to
25 reside, except that all eligible applicants on

1 the waiting list of an agency for assistance
2 under this subsection shall be permitted to
3 place their names on such separate lists,
4 subject to policies and procedures specified
5 by the Secretary. All such procedures shall
6 comply with Title VI of the Civil Rights
7 Act of 1964 (42 U.S.C. 2000d
8 et seq.), the Fair Housing Act (42 U.S.C.
9 3601 et seq.), section 504 of the Rehabili-
10 tation Act of 1973 (29 U.S.C. 794), and
11 other applicable civil rights laws. The
12 owner or manager of a project assisted
13 under this paragraph shall not admit any
14 family to a dwelling unit assisted under a
15 contract pursuant to this paragraph other
16 than a family referred by the public hous-
17 ing agency from its waiting list, or a fam-
18 ily on a site-based waiting list that com-
19 plies with the requirements of this sub-
20 paragraph. A public housing agency shall
21 disclose to each applicant all other options
22 in the selection of a project in which to re-
23 side that are provided by the public hous-
24 ing agency and are available to the appli-
25 cant.”;

1 (9) in subparagraph (K)(ii) by striking “the
2 owner has notified the agency of the vacancy” and
3 inserting “the unit has become vacant”; and

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

6 “(N) LEASES AND TENANCY.—Notwith-
7 standing any other provision of law, for the
8 term of the contract under this paragraph, the
9 owner may terminate a tenancy only for serious
10 or repeated violations of the terms and condi-
11 tions of the lease or for violation of applicable
12 law.

13 “(O) CONVERSION FROM A PROJECT-
14 BASED VOUCHER CONTRACT TO A PROJECT-
15 BASED CONTRACT.—A property assisted under
16 this paragraph (in this subparagraph referred
17 to as a ‘PBV contract’) may convert to a
18 project-based housing assistance payment con-
19 tract under section 8(n) (in this subparagraph
20 referred to as a ‘PB contract’) at the request
21 of the owner of the property and at the discre-
22 tion of, and upon approval by, the Secretary if
23 the property meets the applicable requirements
24 under section 8(n).

1 “(i) If the PBV contract resulted
2 from a conversion under section 8(m)(2),
3 the Secretary, upon approval of the request
4 to convert to a PB contract, shall reduce
5 the annual contributions contract under
6 section 8(o) of the public housing agency
7 administering the PBV contract by the ap-
8 propriate number of units and related
9 funding, and transfer the funding to the
10 entity administering the PB contract.

11 “(ii) If the PBV contract did not re-
12 sult from a conversion under section
13 8(m)(2), and the public housing agency
14 has not breached its contractual obliga-
15 tions concerning the property, the Sec-
16 retary may approve the request only with
17 the agreement of the public housing agency
18 administering the PBV contract to the re-
19 duction of its annual contributions contract
20 under section 8(o) by the appropriate num-
21 ber of units and related funding.

22 “(P) CONVERSION FROM TENANT-BASED
23 VOUCHERS TO A PROJECT-BASED CONTRACT.—
24 A property with units assisted under this sub-
25 section 8(o) or subsection 8(t) may convert to

1 a project-based housing assistance payment
2 contract under section 8(n) (in this subpara-
3 graph referred to as a ‘PB contract’), rather
4 than to assistance under this paragraph (13),
5 at the request of the owner of the property and
6 agreement of the public housing agency and at
7 the discretion of, and upon approval by, the
8 Secretary if the property meets the applicable
9 requirements under section 8(n).

10 “(i) The Secretary, upon approval of
11 the request to convert to a PB contract,
12 shall reduce the annual contributions con-
13 tract of the public housing agency admin-
14 istering the tenant-based vouchers by the
15 appropriate number of units and related
16 funding, and transfer the funding to the
17 entity administering the PB contract.

18 “(ii) Tenants in units with assistance
19 converted under this subparagraph shall be
20 provided with a resident choice option as
21 provided for in section 8(m)(1)(A).

22 “(iii) The percentage limitation on a
23 public housing agency’s tenant-based
24 vouchers converted to project-based assist-
25 ance under section 8(o)(13)(B)(iii) shall

1 include vouchers converted under this sub-
2 paragraph.

3 “(iv) Conversion under this subpara-
4 graph shall qualify as a substantial amend-
5 ment to the public housing agency’s plan
6 under section 5A(g).

7 “(v) The owner shall comply with the
8 requirements established by the Secretary
9 in section 8(m)(2)(B)(v)(I) for consultation
10 with residents about the owner’s intention
11 to apply for conversion under this section
12 8(o)(13)(P).”.

13 **SEC. 6. CONFORMING AMENDMENTS.**

14 (a) DEFINITION.—Subparagraph (B) of section
15 3(b)(6) of the United States Housing Act of 1937 (42
16 U.S.C. 1437a(b)(6)) is amended—

17 (1) by striking “tenant-based” each place that
18 term appears;

19 (2) in the subparagraph heading and in the
20 matter preceding clause (i), by striking “program”
21 and inserting “programs”;

22 (3) by amending clause (i) to read as follows:

23 “(i) any State, county, municipality,
24 or other governmental entity or public
25 body, or an agency or instrumentality of

1 such an entity, and a nonprofit entity, that
2 has the capability to administer a program
3 for assistance under such section in an ef-
4 ficient manner and, notwithstanding any
5 provision of State or local law, without re-
6 gard to any otherwise applicable limita-
7 tions on its area of operation, as deter-
8 mined by the Secretary;” and

9 (4) by amending clause (ii) to read as follows:

10 “(ii) a consortium of public housing
11 agencies, which shall have a legal entity or
12 entities authorized to act as the legal rep-
13 resentative of the consortium members;
14 and”.

15 (b) ADMINISTRATIVE FEE.—Section 8(q)(1) of the
16 United States Housing Act of 1937 (42 U.S.C. 1437f) is
17 amended by adding at the end the following new subpara-
18 graph:

19 “(F) CONVERSION RENTAL ASSISTANCE
20 ADMINISTRATOR.—The Secretary may establish
21 and allocate a fee, as determined by the Sec-
22 retary, for the administration of the rental as-
23 sistance for properties converted to a property-
24 based voucher contract under section 8(m)(2) of
25 this Act.”.

1 (c) RENEWAL OF MAINSTREAM TENANT-BASED
2 RENTAL ASSISTANCE PROGRAM THROUGH SECTION
3 8(o).—

4 (1) Section 811 of the Cranston-Gonzalez Na-
5 tional Affordable Housing Act (42 U.S.C. 8013) is
6 amended in subsection (d), by striking paragraph
7 (4) and inserting the following:

8 “(4) TENANT-BASED RENTAL ASSISTANCE.—

9 “(A) IN GENERAL.—Tenant-based rental
10 assistance provided under subsection (b)(1)
11 shall be provided under section 8(o) of the
12 United States Housing Act of 1937 (42 U.S.C.
13 1437f(o)).

14 “(B) CONVERSION OF EXISTING ASSIST-
15 ANCE.—There is authorized to be appropriated
16 for tenant-based rental assistance under section
17 8(o) of the United States Housing Act of 1937
18 (42 U.S.C. 1437f(o)) for persons with disabil-
19 ities an amount not less than the amount nec-
20 essary to convert the number of authorized
21 vouchers and funding under an annual con-
22 tributions contract in effect on the date of en-
23 actment of the Preservation, Enhancement, and
24 Transformation of Rental Assistance Act of
25 2010. Such converted vouchers may be adminis-

1 tered by the entity administering the vouchers
2 prior to conversion. Such entities shall be con-
3 sidered a public housing agency authorized to
4 engage in the operation of tenant-based assist-
5 ance under section 8(o).

6 “(C) REQUIREMENTS UPON TURNOVER.—
7 The Secretary shall develop and issue, to public
8 housing agencies that receive voucher assistance
9 made available under this subsection and to
10 public housing agencies that received voucher
11 assistance under section 8(o) of the United
12 States Housing Act of 1937 (42 U.S.C.
13 1437f(o)) for non-elderly disabled families pur-
14 suant to appropriation Acts for fiscal years
15 1997 through 2002 or any other subsequent ap-
16 propriations for incremental vouchers for non-
17 elderly disabled families, guidance to ensure
18 that such vouchers continue to be provided
19 upon turnover to qualified persons with disabil-
20 ities or to qualified non-elderly disabled fami-
21 lies, respectively.”.

22 (2) Unexpended amounts made available in
23 prior year appropriations Acts under the heading
24 “Housing for Persons with Disabilities” or the head-
25 ing “Housing for Special Populations” for contracts

1 under section 811 of the Cranston-Gonzalez Na-
2 tional Affordable Housing Act (42 U.S.C. 8013)
3 shall be available until expended for renewal of
4 vouchers converted under subsection (d)(4)(B), not-
5 withstanding the period of availability for such
6 amounts established in such prior appropriations
7 Acts. The Secretary may reallocate such amounts to
8 administering entities for the purpose of establishing
9 a reserve in an amount determined by the Secretary
10 up to the amount as may be otherwise established by
11 law.

12 (3) The Secretary is authorized, to the extent
13 amounts are made available in appropriations Acts,
14 to provide technical assistance to public housing
15 agencies and other administering entities to facili-
16 tate using vouchers to provide permanent supportive
17 housing for persons with disabilities, to help States
18 reduce reliance on segregated restrictive settings for
19 people with disabilities to meet community care re-
20 quirements, to end chronic homelessness, as “chron-
21 ically homeless” is defined in section 401 of the
22 McKinney-Vento Homeless Assistance Act (42
23 U.S.C. 11361), and for other related purposes.

1 (d) INCOME ELIGIBILITY.—Paragraph (6) of section
2 16(e) (42 U.S.C. 1437n(e)) is amended by adding at the
3 end the following new subparagraph (H):

4 “(H) The project-based contract program
5 under subsection (n) of section 8.”.

6 (e) ENFORCEMENT PROVISIONS.—Section 29 of the
7 United States Housing Act of 1937 (42 U.S.C. 1437z-1)
8 is amended—

9 (1) in subsection (b)(1)—

10 (A) in subparagraph (B) by striking “and”
11 after the semicolon;

12 (B) in subparagraph (C) by inserting “;
13 and” after “any agent employed to manage the
14 property,” and by striking “that has an identity
15 of interest with the owner or the general part-
16 ner of a partnership owner of the property.”;
17 and

18 (C) by inserting, after subparagraph (C),
19 the following new subparagraph:

20 “(D) any member of a limited liability
21 company that is the owner of such property or
22 is the general partner of a limited partnership
23 owner or is a partner of a general partnership
24 owner.”;

25 (2) in subsection (b)(2)—

1 (A) in the matter preceding subparagraph
2 (A) by inserting “ or use agreement,” after
3 “housing assistance payments contract”;

4 (B) in subparagraph (A) by striking “ or”
5 after the semicolon;

6 (C) in subparagraph (B) by replacing the
7 period after “United States” with a semicolon;
8 and

9 (D) by inserting, after subparagraph (B),
10 the following new subparagraphs:

11 “(C) failure of an owner of a property re-
12 ceiving project-based assistance under Section 8
13 to submit an annual audited financial statement
14 to the Department in the form and manner es-
15 tablished by the Secretary;

16 “(D) failure of an owner of a property re-
17 ceiving project-based assistance under Section 8
18 to provide management for the property that is
19 acceptable to the Secretary pursuant to regula-
20 tions and requirements of the Secretary, includ-
21 ing—

22 “(i) proper fiscal management;

23 “(ii) proper handling of vacancies and
24 tenanting in accordance with regulations
25 set forth by the Secretary;

1 “(iii) appropriate handling of rent col-
2 lection;

3 “(iv) proper property maintenance;
4 and

5 “(v) compliance with regulations set
6 forth by the Secretary on tenant organiza-
7 tion;

8 “(E) failure to provide access to the books,
9 records, and accounts related to the operations
10 of the project; or

11 “(F) failure to permit physical access to
12 the property or any unit of the property.”;

13 (3) in subsection (b)(3) by striking “\$25,000”
14 and inserting “\$37,500”;

15 (4) in subsection (c)(1) by redesignating sub-
16 paragraphs (B) and (C) as (C) and (D), accordingly,
17 and inserting after subparagraph (A) a new sub-
18 paragraph:

19 “(B) shall provide the Secretary the discre-
20 tion to investigate any facts, conditions, prac-
21 tices, or matters that may be deemed necessary
22 or proper to aid in the enforcement of the pro-
23 visions of this Act. To aid in the investigations,
24 the Secretary is authorized to hold such hear-
25 ings, administer such oaths, and require by sub-

1 poena the attendance and testimony of such
2 witnesses and production of such documents as
3 the Secretary deems advisable. The subpoena
4 authority shall include—

5 “(i) LOCATION OF PRODUCTION.—The
6 attendance of any witness and the produc-
7 tion of documentary evidence may be re-
8 quired from any place in the United States
9 at any designated place of hearing; and

10 “(ii) ENFORCEMENT OF SUBPOENA.—
11 Any district court of the United States
12 within the jurisdiction of which an inquiry
13 is carried on may, in the case of contu-
14 macy or refusal to obey a subpoena of the
15 Secretary issued under this section, issue
16 an order requiring compliance therewith;
17 any failure to obey such order of the court
18 may be punished by such court as a con-
19 tempt thereof;”;

20 (5) in subsection (g) by amending paragraph
21 (1) to read as follows:

22 “(1) IN GENERAL.—Notwithstanding any other
23 provision of law, the Secretary shall apply civil
24 money penalties collected under this section to the
25 Rental Assistance Conversion Trust Fund, estab-

1 lished under section 8(m)(1)(F), or shall authorize
2 the owner of the property or project at issue in the
3 penalty action to use the penalty funds, in accord-
4 ance with the requirements of the Secretary, for the
5 improvement of that property or project.”.

6 (f) AMENDMENTS TO SECTION 3 OF THE HOUSING
7 AND URBAN DEVELOPMENT ACT OF 1968.—Section 3(c)
8 of the Housing and Urban Development Act of 1968 (12
9 U.S.C. 1701u) is amended—

10 (1) in paragraph (1)—

11 (A) by inserting “(i) IN GENERAL.—”; and

12 (B) by striking subparagraph (B);

13 (2) in paragraph (2)—

14 (A) by inserting “(i) IN GENERAL.—”; and

15 (B) by striking subparagraph (B); and

16 (3) by adding at the end the following new
17 paragraphs (3) and (4):

18 “(3) PRIORITY.—The efforts required under
19 paragraphs (1) and (2) of this subsection shall be di-
20 rected in the following order of priority:

21 “(A) To recipients of Federal rental assist-
22 ance, including public housing residents, resi-
23 dents of other federally subsidized properties, or
24 participants in the program under section 8(o)

1 of the U.S. Housing Act in the service area and
2 metropolitan area (or nonmetropolitan county).

3 “(B) To low- and very low-income resi-
4 dents in the service area and metropolitan area
5 (or nonmetropolitan county).

6 “(C) To other residents, as designated by
7 the Secretary by regulation.

8 “(4) SCOPE.—For properties with rental assist-
9 ance converted under section 8(m)(2) of the United
10 States Housing Act of 1937, the requirements of
11 subsections (c)(1)(A) and (c)(2)(A) in effect prior to
12 the date of enactment of the Preservation, Enhance-
13 ment, and Transformation of Rental Assistance Act
14 of 2010 shall continue to apply.”