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Folder Title:
Housing - Section 8 Homeownership [1]

Stack:	Row:	Section:	Shelf:	Position:
S	96	5	1	3

Section 8 Homeownership Final Rule
DPC Questions

Eligibility Criteria for Families

p. 5, l. 21
Who are the groups, other than first-time homeowners, cooperative members, and families with disabilities, that you anticipate will be eligible for homeownership assistance through exercise of the PHAs' discretion?

p. 5, l. 16
How does the statute give authority for HUD to extend homeownership assistance to families with disabilities, even if they are not first-time homebuyers, or acquiring shares in a cooperative?

p. 81
While the statutory language clearly indicates that families who purchase shares in a coop qualify for the homeownership assistance, without being first-time purchasers, can you explain to us the policy reason behind giving special attention to coops?

p. 30
Does the first-time home-owner requirement accommodate a woman who initially owns a home with her spouse, but later is living in the home by herself, and having to cover the homeownership costs?

Income and Employment Requirements for Eligibility

p. 3., l. 24; p. 6, l. 4; p. 81, l. 18
What constitutes income and how is "welfare assistance," as defined in 24 CFR 5.603 interpreted? Would a woman engaged in part-time work, but receiving child support be treated differently from a woman engaged in part-time work who receives welfare because the child-support obligor does not pay? Who were the commenters on this section?

p. 25; p. 82, l. 13
Why allow the income requirement to be met by aggregating the contributions of adults in the family, but not allow aggregate consideration of the family for the purpose of meeting the employment requirement?

p. 34 - 35
Explain the interaction of the income requirement, defined in terms of full-time employment at minimum wage, with the separate employment requirement. If a family meets the employment requirement, why impose a separate income requirement defined by full-time work? Conversely, if a family meets the income requirement, and is employed, why require that employment to be full-time, rather than part-time?

Other

p. 3, l. 8
Could we repeat the cited preamble language from the proposed rule, providing additional details regarding the amendments to 24 CFR part 982, subpart M, here? ~~(MM)~~

p. 6, l. 24
The rule requires that the ~~home~~ either be under construction or already existing. What will this mean in a tight market? or slow

p. 19, l. 21
Why did the language ~~on the~~ minimal impact of income targeting requirements come out? Moreover, even if the families who opt for homeownership assistance are drawn from Section 8 participants, rather than Section 8 applicants, over time, won't the income targeting requirements ~~will~~ have an effect?

p. 42, l. 31, p. 84 l. 5
Why were the counseling items merely suggested rather than mandatory? Shouldn't some be mandatory

p. 45, l. 31, p. 51, l. 29
Why use the language, "After careful consideration of comments" in only certain HUD responses?

p. 6, l. 18
Will the work requirements apply only as initial eligibility criteria, or as ongoing criteria? If it is the latter will the PHA's discretion to overlook breaks in employment extend to interruptions after the initial eligibility determination?

PHA Discretion over Lender Qualifications and Loan Terms

p. 8, l.6
If the PHA review lender qualifications case-by-case, rather than establishing standards at the outset, ~~will~~ can similarly situated families be treated differently?

p. 46
Because the protections against predatory lending are mostly within PHA discretion, they are ~~quite~~ too weak.

Terminations of Homeownership Assistance

p. 10, l. 8
Are there any good cause exceptions to the automatic termination of homeownership assistance 180 days after last housing assistance payment on behalf of the family?

p. 10, l. 32 and p. 58, l. 25
How do the portability provisions apply if ~~different~~ participating PHAs have different standards for eligibility?

p. 10, l. 27
Should there be a work-move exception to the prohibition of continued assistance to a family with interest in a prior home?

1) ~~what happens to their~~ assistance in both places
2) selling, how

p. 11, l. 19
Should PHA's have the flexibility to decide whether someone can return to rental assistance after default? Clarity

p. 12, l. 7
Will the requirement that refinancing be subordinate to the recapture lien serve as a barrier to financing? ~~(N/A)~~

p. 40, l. 1, p. 83, l. 29
The delegation of discretion to the local PHA over whether to issue rental vouchers if the individual cannot find a home within the allotted time, may discourage use of the homeownership option.

p. 87, l. 9
Does the requirement that a family reside in the home to qualify for continued homeownership assistance accommodate emergency moves, or job-related moves?

July 23rd

'93 → done by Demo

'98 → Housing Act Reform

use it to pay toward mortgage

OMB

↳ fraud + Abuse

want people to use it

~~2nd~~ Final Rule

Recapture (re: foreclosure)

Comments

→ List of all comments + questions.

(ii) Section 5.615 (Utility reimbursement) and the definition of *utility reimbursement* found in § 5.603 also do not apply to the Section 8 Rental Voucher Program. For the Voucher Program, in cases where the amount of the HAP payment exceeds the rent to owner, the excess will be paid to the family.

(iii) Section 5.607 (Income limits for admission) does not apply to the Section 8 Rental Voucher and Rental Certificate Programs.

(3) Applicants and tenants assisted under sections 10(c) and 23 of the 1937 Act as in effect before amendment by the Housing and Community Development Act of 1974 (42 U.S.C. 1410 and 1421b (1970 ed.)).

(b) This subpart does not apply to HUD's Indian housing programs. The analogous rule that applies to Indian housing is located at 24 CFR part 950.

§ 5.603 Definitions.

As used in this subpart:

(a) The terms *elderly person, low-income family, person with disabilities, State,* and *very low-income family* are defined in section 3(b) of the 1937 Act (42 U.S.C. 1437a(b)).

(b) The terms *1937 Act* and *public housing agency (PHA)* are defined in § 5.100.

(c) The terms *disabled family, elderly family, family,* and *live-in aide* are defined in § 5.403.

(d) The following terms shall have the meanings set forth below:

Adjusted income. See § 5.611.

Annual income. See § 5.609.

Child care expenses. Amounts anticipated to be paid by the family for the care of children under 13 years of age during the period for which annual income is computed, but only where such care is necessary to enable a family member to actively seek employment, be gainfully employed, or to further his or her education and only to the extent such amounts are not reimbursed. The amount deducted shall reflect reasonable charges for child care. In the case of child care necessary to permit employment, the amount deducted shall not exceed the amount of employment income that is included in annual income.

Dependent. A member of the family (except foster children and foster adults) other than the family head or spouse, who is under 18 years of age, or is a person with a disability, or is a full-time student.

Disability assistance expenses. Reasonable expenses that are anticipated, during the period for which annual income is computed, for attendant care and auxiliary apparatus for a disabled family member and that are necessary to enable a family member (including the disabled member) to be employed, provided that the expenses are neither paid to a member of the family nor reimbursed by an outside source.

Full-time student. A person who is carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended. An educational institution includes a vocational school with a diploma or certificate program, as well as an institution offering a college degree.

Medical expenses. Medical expenses, including medical insurance premiums, that are anticipated during the period for which annual income is computed, and that are not covered by insurance.

Monthly adjusted income. One twelfth of adjusted income.

Monthly income. One twelfth of annual income.

Net family assets. (1) Net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment, excluding interests in Indian trust land and excluding equity accounts in HUD homeownership programs. The value of necessary items of personal property such as furniture and automobiles shall be excluded.

(2) In cases where a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of the trust fund will not be considered an asset so long as the fund continues to be held in trust. Any income distributed from the trust fund shall be counted when determining annual income under § 5.609.

(3) In determining net family assets, PHAs or owners, as applicable, shall include the value of any business or family assets disposed of by an applicant or tenant for less than fair market

value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of application for the program or reexamination, as applicable, in excess of the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the applicant or tenant receives important consideration not measurable in dollar terms.

Owner has the meaning provided in the relevant program regulations. As used in this subpart, where appropriate, the term "owner" shall also include a "borrower" as defined in 24 CFR part 885.

Tenant rent. The amount payable monthly by the family as rent to the PHA or owner, as applicable. Where all utilities (except telephone) and other essential housing services are supplied by the PHA or owner, tenant rent equals total tenant payment. Where some or all utilities (except telephone) and other essential housing services are supplied by the PHA or owner and the cost thereof is not included in the amount paid as rent, tenant rent equals total tenant payment less the utility allowance.

Total tenant payment. See § 5.613.

Utility allowance. If the cost of utilities (except telephone) and other housing services for an assisted unit is not included in the tenant rent but is the responsibility of the family occupying the unit, an amount equal to the estimate made or approved by a PHA or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy-conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.

Utility reimbursement. The amount, if any, by which the utility allowance for the unit, if applicable, exceeds the total tenant payment for the family occupying the unit.

Welfare assistance. Welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by Federal, State or local governments.

§ 5.605 Overall income eligibility for assistance.

No family other than a low-income family shall be eligible for admission to a program covered by this part.

§ 5.607 Income limits for admission.

(a) *General*—(1) *Admission to units available before October 1, 1981.* Not more than 25 percent of the dwelling units that were available for occupancy under Annual Contributions Contracts (ACC) and Section 8 Housing Assistance Payments (HAP) Contracts taking effect before October 1, 1981 and that are leased on or after that date shall be available for leasing by low-income families other than very low-income families. HUD reserves the right to limit the admission of low-income families other than very low-income families to these units.

(2) *Admission to units available on or after October 1, 1981.* Not more than 15 percent of the dwelling units that initially become available for occupancy under Annual Contributions Contracts (ACC) and Section 8 Housing Assistance Payments (HAP) Contracts on or after October 1, 1981 shall be available for leasing by low-income families other than very low-income families. Except with the prior approval of HUD under paragraphs (b) and (c) of this section, no low-income family, other than a very low-income family shall be admitted to these units.

(b) *Request for exception.* A request by a PHA or owner for approval of admission of low-income families other than very low-income families to units described in paragraph (a)(2) of this section must state the basis for requesting the exception and provide supporting data. Bases for exceptions that may be considered include the following:

(1) *For Section 8 Programs.* (i) Low-income families that would otherwise be displaced from Section 8 Substantial Rehabilitation or Moderate Rehabilitation projects;

(ii) Low-income families that are displaced as a result of Rental Rehabilitation or Development activities assisted under section 17 of the 1937 Act (42 U.S.C. 1437o), or as a result of activities under the Rental Rehabilitation Demonstration Program;

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Could we repeat the cited preamble language from the proposed rule, providing additional details regarding the amendments to 24 CFR part 982, subpart M, here? (MW)

p. 3., l. 24
How is "welfare assistance" currently defined? (MW) (24 CFR 5.603) look this up.

p. 4, l. 12
Why remove the language clarifying the inapplicability of homeownership assistance to purchase 2 or 3 family homes?

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To whom may the PHA extend eligibility for homeownership assistance other than first-time homeowners, cooperative members, and families with disabilities, ~~or elderly~~ (TK)? (MW)

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single mom living in home (p. 30)

p. 6, l. 4
How do you interpret this section? Why both 2000 hrs, and yearly full-time work? Do you consider just wages, pre-tax? Do you count earned income only? Food Stamps? EITC? Who were the commentors on this section? (MW/AK) CFR
See p. 34 requirement of FTE might be too stringent. Not statutorily mandated p. 38 PHA discret.
p. 35 need definition of income p. 25
consistent

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The rule requires that the home either be under construction or already existing. What will this mean in a tight market, or a slow market? (MW). See also p. 28. This requirement has not bee sufficiently loosened (MW)

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Eligibility/Entrance? (AK) ongoing elig. or entrance

p. 7, l. 21
Does this mean that there are no underwriting requirements at all? It seems on p. 37, the lender can determine underwriting requirements and can therefore impose more stringent ones. Will this exclude too many potential families from being able to participate in the program?

Margy Waller
06/15/2000 04:38:30 PM

Record Type: Record

To: Christina S. Ho/OPD/EOP@EOP

cc:
Subject: Homeownership Vouchers Rule

OMB thoughts...

---------------------- Forwarded by Margy Waller/OPD/EOP on 06/15/2000 04:38 PM ---------------------------

Francis S. Redburn 06/06/2000 10:01:10 AM

Record Type: Record

To: James F. Jordan/OMB/EOP@EOP, Andrea E. Jacobson/OMB/EOP@EOP

cc: Margy Waller/OPD/EOP@EOP, Joseph F. Lackey Jr./OMB/EOP@EOP
Subject: Homeownership Vouchers Rule

I spoke to Doug Kantor late yesterday and gave him a progress report on our review of this rule. I told him that we had flagged one issue that needed more work but may surface other issues as we read the rule and that we would have a better sense of timing sometime Wednesday. He is casting about for an alternative announcement in case we are not ready to clear the rule this week.

We need to think very carefully about the incentives that PHAs, lenders, and low-income families will face under this program as currently presented:

- Lenders are partly shielded from losses because families have a cushion to help them pay the rent; ceteris paribus, this weakens their incentives to underwrite carefully and to service delinquent loans aggressively.
- Borrowers are protected from the worst consequences of default because they will continue to pay 30 percent of income whether they continue to be owners or default and again become renters. This weakens their incentive to continue paying the mortgage; and since they have typically will have made small down payments and are subject in early years to equity recapture, they are likely to default at much higher rates than other borrowers.
- PHAs are inexperienced in screening families for homeownership or qualifying lenders but may, in some cases, have an incentive to offer homeownership opportunities to the families they serve.

PHA could counsel them

Possible ways to address these structural problems include:

- Asking HUD to set and publish separate specific qualifying criteria for lender participation in local homeownership programs. These criteria could be parallel to the standards for lender eligibility for participation in federally guaranteed loan progams as spelled out in the newly revised Circular A-129, Appendix A. why not?
- Requiring in the rule that PHAs partner with a qualified nonprofit organization that is experienced in screening and preparing low-income families for homeownership, including the national network of

Is this what PHA's want

Neighborworks organizations overseen by the Neighborhood Reinvestment Corporation; and spelling out in the rule the tasks that these organizations would perform for the PHA, including screening and qualifying the families.

- That homeownership education and counseling provided to prospective buyers meet or be consistent with the national curricular guidelines and certification standards for HEC established by the American Homeownership Education and Counseling Institute, as determined either by the AHECI or by HUD or its designee.
- Either specifying minimum underwriting standards in the rule, e.g., FHA as in the proposed rule, ~~or~~ providing a process by which underwriting standards would be set, e.g., qualifying lenders specify standards and these are reviewed in turn by the partnering nonprofit.

but access

Francis S. Redburn 06/05/2000 11:12:37 AM

Record Type: Record

To: Joseph F. Lackey Jr./OMB/EOP@EOP, Andrea E. Jacobson/OMB/EOP@EOP, James F. Jordan/OMB/EOP@EOP, Margy Waller/OPD/EOP@EOP

cc: Chandini M. Bachman/OMB/EOP@EOP

Subject: Homeownership Vouchers Meeting - 4 p.m today - 9226 NEOB

Just confirming the time and place for this mtg. I will email Rod Solomon and Camille Acevedo to make clear that we regard this is a preliminary discussion/briefing given that we have not had an opportunity to read the new version received Friday.

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certify ahead of time

also p. 46 posed along lending → treat people differently

p. 8, l.6
Is the PHA responsible, then, for establishing lender qualifications? (MW)

~~p. 9~~
~~The maximum term does not apply to elderly and disabled. (AK, MW)~~

p. 10, l. 8
Provides for automatic termination of homeownership assistance 180 days after last housing assistance payment on behalf of the family. When would this take place? How does this afect incentives? Will they be afraid of losing the certificate? (MW, AK) (AK's notes—so 30 percent of income>the homeownership lost or the amount they can get, they are out.)

If your income is too high for 6 mo.

p. 10, l. 32 and p. 58, l. 25

On the portability provisions, what if the different PHA's have different standards for eligibility (MW)

can PHAs open up selectively

p. 10, l. 27
Should there be a work-move exception? (MW)

p. 11, l. 19 Do we want PHA's having this flexibility
Under what circumstances could someone return to rental assistance (PHA option), ~~and would this be using the same certificate? (AK/MW)~~

p. 12, l. 7
Will the requirement that refinancing be subordinate to the recapture lien serve as a barrier to financing? (MW)

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Will the program continue to draw mostly those who already participate in Section 8, rather than new applicants, or will that change? (MW)

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The PHA could choose to lengthen the employment requirement. (AK)

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Currently it's a local PHA option whether to issue rental vouchers if the individual cannot find a home within the allotted time. This could discourage use of homeownership option. (MW/AK)

should allow people to Δ their minds & switch

p. 42, l. 31, p. 84 l. 5
Why aren't the counseling items mandatory?

fair housing ~~...~~

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Why selectively include the language about "careful consideration of comments" here?

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The rule is pretty weak on predatory lending. (mostly left to PHA discretion).

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Why remove this language giving PHA authority to deny voucher assistance upon default on non-FHA mortgage? (MW)

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Inequity issue

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comment

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Seems like a bad idea to [illegible]
[illegible]

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Title V: Public Housing and Tenant-Based Assistance Reform - Quality Housing and Work Responsibility Act of 1998 - Subtitle A: General Provisions - Declares that housing policy should
promote decent and affordable housing through public and private sector efforts.

Requires, with specified exceptions, tenant membership on public housing agency (PHA) board of
directors.

(Sec. 506) Amends the Housing Act of 1937 (Act) to define specified terms.

(Sec. 507) Establishes, with hardship exceptions, minimum rents of not more than $50 per month for
specified tenants.

(Sec. 508) Revises adjusted income determinations.

Disallows, for 12 months with a subsequent phase-in, from public housing rent determinations income earned by a family member previously unemployed for at least one year.

Removes Rockland County, New York, from the metropolitan statistical area in which it is located
for purposes of assisted housing income determinations.

Authorizes PHAs not conducting a family self-sufficiency program to do so. Terminates the program
expansion requirement.

(Sec. 510) Prohibits use of Department of Housing and Urban Development (HUD) funds to indemnify contractors against judgments associated with intellectual property infringement.

(Sec. 511) Requires PHAs to submit annual and five-year plans to the Secretary. Requires annual plans to contain provisions concerning: (1) local housing needs; (2) PHA financial resources; (3) admissions policies; (4) rent determinations; (5) operations and management; (6) grievance procedures; (7) capital improvements; (8) demolition and disposition; (9) designation of housing for
elderly and disabled families; (10) public housing conversion; (11) home ownership; (12) economic
self-sufficiency and cooperation with welfare and other agencies; (13) safety and crime prevention;
(14) pets; and (15) annual certification and audits. Authorizes streamlined plans for PHAs that: (1)
are high performing; (2) have less than 250 units and are not designated as troubled; and (3) do not
own or operate public housing.

Requires: (1) plan submission to HUD within 75 days of the start of a PHAs fiscal year; and (2) General Accounting Office audit and review of a representative plan sampling.

(Sec. 512) Requires public housing tenants (other than the elderly, disabled, employed, or otherwise
work-exempt) to participate at least eight hours monthly in a community service or self-sufficiency
program.

(Sec. 513) Prohibits low-income family concentration and provides for mixed-income housing.

(Sec. 514) Eliminates Federal preferences for public housing admissions. Expresses the sense of the
Congress that PHAs should consider preferences for victims of domestic violence.

(Sec. 515) Authorizes PHAs to form consortia and joint ventures and operate subsidiaries. Eliminates certain energy conservation requirements.

(Sec. 516) Authorizes the Secretary to permit PHAs to mortgage or otherwise grant a security interest in public housing projects.

(Sec. 517) Directs the Secretary to develop a mental health services plan for public housing residents.

Subtitle B: Public Housing - Part 1: Operating and Capital Assistance - Amends the Act to consolidate public housing assistance (other than section 8 assistance) into a Capital Fund and an Operating Fund. (Establishes such Funds.) Directs the Secretary to establish assistance formulae. Authorizes FY 1999 through 2003 appropriations.

Authorizes: (1) PHAs to use not more than 20 percent of capital funds for operations as of FY 2000; and (2) full spending flexibility for PHAs with less than 250 units. Limits, with exceptions, fund
use for new construction. Obligates emergency reserve funding.

Authorizes the New York City Housing Authority to use specified funds for: (1) reduction of asthma
incidence; and (2) services for elderly residents.

(Sec. 520) Revises the definition of "development costs" with respect to public housing.

(Sec. 521) Sets forth additional sanctions for improper PHA fund use.

(Sec. 522) Repeals modernization fund authority.

Part 2: Admissions and Occupancy Requirements - Amends the Act to permit tenants to annually choose either a flat or income-based rent.

(Sec. 524) Authorizes PHAs to: (1) permit tenancy for police officers and over-income families not
otherwise eligible; (2) establish site-based waiting lists; and (3) permit reasonable pet ownership.

Part 3: Management, Homeownership, and Demolition and Disposition - Amends the Act to repeal the contract requirement that excess funds be used to reduce subsequent annual contributions.

(Sec. 530) Provides that public housing contracts shall require PHAs to maintain housing quality standards. Directs the Secretary to establish quality standards.

(Sec. 531) Revises public housing demolition and disposition provisions. Requires a PHA to certify:
(1) in the case of a demolition, that the project is obsolete and not cost effective to rehabilitate; and
(2) in the case of a disposition, project retention is not in the best interests of the tenants or the PHA.
Authorizes HUD disapproval of a demolition or disposition application under specified circumstances. Provides for resident organization purchase opportunity in a proposed disposition. Eliminates the one-for-one replacement requirement. Authorizes replacement units to be built on the
demolition site only if fewer than the original number of demolished units are built.

(Sec. 523) Provides for direct provision of operating and capital assistance to resident management
corporations that assume primary housing management responsibility.

(Sec. 533) Authorizes PHAs to convert public housing to vouchers. Sets forth related assessment and plan requirements. Eliminates family investment center authority.

(Sec. 534) Authorizes upon tenant request, and sets forth the conditions for, transfer of a distressed
housing project from a PHA to a specified management entity.

(Sec. 535) Authorizes the Secretary to make grants through September 30, 2002, to certain PHAs for improving severely distressed public housing. Sets forth eligible activity and related provisions.
Authorizes FY 1999 through 2002 appropriations.

(Sec. 536) Authorizes PHAs to develop homeownership programs to sell public housing units to: (1)
residents or other low-income buyers; or (2) entities for resale to such buyers. Provides for: (1) resident right of first refusal; and (2) rental and relocation assistance to nonpurchasing tenants. Sets
forth resale limitations.

(Sec. 537) Requires the conversion of specified distressed public housing to tenant-based assistance. Sets forth conversion requirements.

(Sec. 538) Authorizes the Secretary to make matching grants to PHAs or resident organizations for
supportive services and resident empowerment activities to assist resident economic self-sufficiency.

(Sec. 539) Authorizes PHAs to own or operate mixed-finance projects.

Subtitle C: Section 8 Rental and Homeownership Assistance - Amends the Act to merge the section 8 voucher and certificate programs into a single voucher program. Sets forth program provisions, including: (1) a payment standard and discretionary set-aside; (2) monthly assistance amounts; (3) tenant rent contribution and rent cap; (4) family contribution, including local preferences; (5) annual family income review; (6) one-year (or less if PHA-approved) lease provisions; (7) PHA unit inspections; (8) vacated units; (9) reasonable market rents; (10) manufactured housing eligibility; (11) homeownership option; and (12) witness relocation participation.

(Sec. 546) Amends the definition of "public housing agency" for section 8 purposes to include: (1)
consortia of PHAs; (2) other public or private nonprofit entities administering tenant-based assistance pursuant to a contract with the Secretary or a PHA; or (3) a PHA serving more than one
local jurisdiction.

(547) Revises fee provisions.

(Sec. 548) Authorizes section 8 tenant eligibility for law enforcement and security personnel not otherwise eligible.

(Sec. 549) Revises and makes permanent tenant notification and endless lease provisions.

Makes conforming amendments with respect to such voucher program to the: (1) Cranston-Gonzalez National Affordable Housing Act (grants for community residences and services); (2) Housing and Community Development Act of 1987 (displaced resident assistance); (3) Housing Act of 1949 (rural housing preservation grants); (4) Housing and Community Development Act of 1992 (fair housing demonstration); and (5) Housing and Community Development Amendments of 1978 (troubled multifamily housing assistance).

(Sec. 552) Requires section 8 contracts to permit law enforcement access to project common areas.

(Sec. 553) Provides for voucher portability.

(Sec. 555) Provides for a section 8 home ownership option. Authorizes the Secretary to carry out a
home ownership demonstration program.

(Sec. 557) Directs the Secretary to carry out a manufactured housing demonstration program for FY
1999 through 2001.

(Sec. 558) Authorizes section 8 FY 1999 through 2003 appropriations for: (1) incremental dwelling
units; (2) relocation units for demolished housing; (3) resident relocation; (4) conversion of family
self-sufficiency housing to section 8 housing; (5) family unification plan; (6) witness relocation; (7)
nonelderly disabled families; and (8) housing vouchers for the homeless and portability changes of
residence.

Authorizes appropriations for disabled family assistance.

Subtitle D: Home Rule Flexible Grant Demonstration - Amends the Act to direct the Secretary to carry out a five-year home rule flexible grant demonstration program that authorizes local jurisdictions to receive and combine housing assistance and enter into performance contracts to:
(1) provide housing assistance that facilitates employment transition of low-income families, (2) provide permanent housing for the homeless; and (3) increase low-income family home ownership.

Subtitle E: Accountability and Oversight of Public Housing Agencies - Directs the Secretary to provide for a study of alternative methods for evaluating PHAs and other providers of Federal housing assistance.

(Sec. 564) Amends the Act to revise public housing management assessment criteria.

(Sec. 565) Revises HUD powers concerning troubled PHAs to permit the Secretary to: (1) take possession of a troubled PHA, including any of its projects or functions, or provide for alternative
management, including section 8 housing; and (2) grant such PHA a two- part probationary period
to demonstrate satisfactory improvement, and , upon inability to make such improvement, either take
over the PHA or appoint a receiver to do so.

(Sec. 567) Directs the Secretary and the Housing Authority of New Orleans to establish an Authority advisory council which shall: (1) establish guidelines to assess the Authority's performance and improvement; (2) file quarterly performance reports; and (3) submit a final report with respect to whether the Authority's performance has improved sufficiently for it to continue to manage its projects, or whether a receivership should be established.

(Sec. 568) Amends the Cranston-Gonzalez Affordable Housing Act to require the comprehensive housing affordability strategy (CHAS) for a State or unit of general local government in which a troubled PHA is located to include a performance improvement plan for such PHA.

Subtitle F: Safety and Security in Public and Assisted Housing - Amends the Act to include felonies among the activities for which an expedited eviction grievance procedure shall apply.

Sets forth provisions concerning the availability of tenant screening and eviction information. Provides for limited use confidentiality.

Authorizes: (1) a PHA or owner of assisted housing to require adult household members to sign a release permitting access to certain law enforcement information; and (2) a PHA to require household members to sign a release permitting access to drug abuse treatment information.

(Sec. 576) Makes a person evicted from federally assisted housing because of drug-related activity ineligible for such housing for three years unless he or she successfully completes a drug rehabilitation program.

(Sec. 577) Requires a PHA or owner of federally assisted housing to establish admission and eviction standards for a person: (1) using a controlled substance; or (2) reasonably believed to be using a controlled substance or abusing alcohol in a way that would interfere with other tenants' safety, health, or peaceful enjoyment of the premises.

(Sec. 578) Prohibits public housing admission for any household with a member who is subject to lifetime registration under a State sex offender registration program. Directs PHAs to conduct related applicant information checks.

Subtitle G: Repeals and Related Provisions - Directs the Secretary to annually report on the impact of this Act upon resident demographics, PHA viability, and rent policies.

(Sec. 582) Eliminates specified programs and studies under the following Acts: (1) Cranston-Gonzalez National Affordable Housing Act (public housing rent waivers for police, Indian housing childhood development, public housing one-stop perinatal services demonstration, public housing mixed-income new communities demonstration, public housing energy efficiency

demonstration, and public and assisted housing youth sports programs); (2) Housing and Community
Development Act of 1987 (public housing comprehensive transition demonstration); (3) Housing and
Community Development Act of 1992 (fair housing report); (4) Housing and Community Development Amendments of 1981 (payment for development managers); (5) Housing and Urban-Rural Recovery Act of 1983 (public housing childhood development); (6) Housing and Community Development Act of 1992 (Omaha home ownership demonstration); (7) National Housing Act and the Emergency Home Finance Act of 1970 (multifamily financing); and (8) Housing
and Community Development Act of 1974 (special projects for elderly or handicapped families).

(Sec. 584) Expresses the sense of the Congress that, to the greatest extent possible, equipment and
services purchased under this Act should be American made.

(Sec. 585) Directs the Comptroller General to conduct a study of housing assistance program costs.

(Sec. 586) Public and Assisted Housing Drug Elimination Program Amendments of 1998 - Amends
the Anti-Drug Abuse Act of 1988 to make public housing drug elimination grants available: (1) to
recipients of assistance under the Native Americans Housing Assistance and Self- Determination Act
of 1996 (currently available to tribally designated housing entities); (2) to PHA consortia; (3) for violent crime elimination; and (4) for sports programs.

Authorizes: (1) FY 1999 through 2003 appropriations; and (2) set- asides for PHAs with serious crime problems, federally assisted low- income housing, and program oversight.

(Sec. 587) Directs the Secretary to review drug elimination program security contracts with respect
to hiring discrimination, emergency contracting procedures, and contract effectiveness.

(Sec. 588) Amends the Housing and Community Development Act of 1974 to prohibit assistance to
be used for employment relocation.

(Sec. 589) Prohibits the Secretary from establishing a national occupancy standard.

(Sec. 590) Directs the Secretary , for at least ten metropolitan or urban county jurisdictions, to provide certain income eligibility exceptions for community block grant and HOME investment partnership purposes.

(Sec. 591) Directs the Inspector General of HUD to report on HUD- owned single family and multifamily home occupancy and conditions.

(Sec. 592) Amends the Housing and Community Development Act of 1980, as amended by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, with respect to the use of assisted housing by aliens.

(Sec. 593) Amends the National Housing Act to increase (to 150,000) the aggregate number of mortgages under the senior home owners equity conversion mortgage demonstration program. Obligates specified funding for FY 2000 through 2003 for equity conversion counseling and consumer education. Requires disclosure of costs which are necessary for such mortgage and those
which are related but not required to obtain the mortgage.

(Sec. 594) Amends the Housing and Urban Development Act of 1968 to: (1) extend emergency home ownership counseling authority through FY 2000; and (2) require notification of delinquency
on veterans home loans.

(Sec. 595) Makes specified technical changes to the Native American Housing Assistance and Self-Determination Act of 1996, The United States Housing Act of 1937, the Housing and Community Development Act of 1992, the Cranston-Gonzalez National Affordable Housing Act,
and the Balanced Budget Downpayment Act, I.

Amends the Native American Housing Assistance and Self- Determination Act of 1996 concerning:
(1) the definition of "Indian area"; (2) block grant tax exemption; (3) civil rights applicability; (4) low-income requirements; (5) tenant selection; (6) environmental review under the Indian housing
loan guarantee program; (7) public availability of information; and (8) local cooperation agreements.

(Sec. 597) Directs the Secretary, to the extent specifically provided for in an appropriations Act, to
reprogram specified HUD contract funds to the City of New Rochelle, New York.

(Sec. 598) Transfers specified recaptured funds to the National Cities in Schools Community Development Program account.

(Sec. 599) Amends the Housing and Community Development Amendments of 1978 to provide for
tenant participation in multifamily housing projects.

(Sec. 599A) Amends the Manufactured Housing Construction and Safety Standards Act of 1974 to
exempt self-propelled recreational vehicles from the definition of "manufactured home."

(Sec. 599B) Amends the Cranston-Gonzalez National Affordable Act concerning home ownership
low-income and affordable housing determinations under the HOME investment partnerships program.

(Sec. 599C) Amends the Housing Act of 1949 to make permanent: (1) set-aside authority for targeted rural underserved areas and colonias, and for rural rental housing funds; (2) loan authority
for housing and related facilities for elderly persons and families; (3) set-aside authority for nonprofit
entities; and (4) loan guarantee authority for multifamily rental housing (prohibits guarantee denial due
to tax- exempt financing).

Makes a nonprofit limited partnership in which the general partner is a nonprofit entity an eligible
farm labor housing insured lender.

Authorizes conversion of rental assistance payments to operating subsidies for migrant farmworker
projects.

(Sec. 599D) Amends the National Flood Insurance Act of 1968 to extend flood insurance and emergency implementation authorities through FY 2001.

(Sec. 599E) Amends the Housing Opportunity Program Extension Act of 1996 to authorize FY 1999 and 2000 appropriations for self-help housing providers. Provides for consortia awards through a national grant competition. Eliminates the Habitat for Humanity International as a named
grant recipient.

(Sec. 599F) Amends the National Housing Act concerning special mortgage insurance assistance to:
(1) increase the limit on covered principal obligations; (2) increase the allowable percentage of rent
to income; (3) limit principal obligations to not more than 90 percent of the property's value; and (4)
subject obligations to a capped premium fee.

(Sec. 599G) Authorizes, under specified conditions, the use of HOME funds for certain public housing modernization in Bismarck, North Dakota, or in North Dakota.

States that during the two-year period after enactment of this Act, the Secretary shall: (1) take no action to reduce senior citizen housing inventory if the Housing Authority of Las Vegas, Nevada, is otherwise in compliance with a specified repayment agreement; and (2) assist in identifying alternative repayment options.

Authorizes the Secretary, upon owner request, to establish ceiling rents for the Marshall Field Garden Apartments Homes, Chicago, Illinois.

Directs the Secretary, notwithstanding specified limitations, to consider the moving to work demonstration program applications of the Charlotte Housing Authority, Charlotte, North Carolina,
or the Housing Authority of the City of Pittsburgh, Pittsburgh, Pennsylvania.

Provides that a specified project (Royal Pointe) under the supportive housing program shall be considered to have been approved as of December 31, 1995, for low-income benefit.

Amends the Housing Act of 1949 to provide that Altus, Oklahoma, shall be considered a rural area
until receipt of census 2000 data.

Authorizes the Secretary to make specified funds available to the Lockport Housing Authority, Lockport, New York, for the purchase and rehabilitation of certain existing housing.

Directs the Secretary to set aside, if otherwise unobligated, specified community development block
grant funds for: (1) seed money for a specified multi-State rural home ownership campaign; and (2)
the Rural Housing Institute of the Muscatine Center for Strategic Action.

Directs the Secretary to provide financial assistance to the Bethune-Cookman College in Volusia County, Florida, to establish the Bethune-Cookman Community Services Student Union as a community services demonstration. Authorizes appropriations.

Directs the Secretary to enforce the use agreement entered into between the Secretary and the Independence Square Foundation of Newport, Rhode Island.

Authorizes the Secretary to approve otherwise qualified HOPE VI applications without regard to the
demolition requirement.

SEC. 555. HOMEOWNERSHIP OPTION.

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

(1) in paragraph (1)--

(A) in the matter preceding subparagraph (A), by striking `A family receiving' and all that follows through `if the family' and inserting the following: `A public housing agency providing tenant-based assistance on behalf of an eligible family under this section may provide assistance for an eligible family that purchases a dwelling unit (including a unit under a lease-purchase agreement) that will be owned by 1 or more members of the family, and will be occupied by the family, if the family';

(B) in subparagraph (A), by inserting before the semicolon `, or owns or is acquiring shares in a cooperative'; and

(C) in subparagraph (B)--

(i) by striking `(i) participates' and all that follows through `(ii) demonstrates' and inserting `demonstrates'; and

(ii) by inserting `, except that the Secretary may provide for the consideration of public assistance in the case of an elderly family or a disabled family' after `other than public assistance';

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

`(2) Determination of amount of assistance-

`(A) MONTHLY EXPENSES NOT EXCEEDING PAYMENT STANDARD- If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard, the monthly assistance payment shall be the amount by which the homeownership expenses exceed the highest of the following amounts, rounded to the nearest dollar:

`(i) 30 percent of the monthly adjusted income of the family.

`(ii) 10 percent of the monthly income of the family.

`(iii) If the family is receiving payments for welfare assistance from a public agency, and a portion of those payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by that agency to meet the housing costs of the family, the portion of those payments that is so designated.

`(B) MONTHLY EXPENSES EXCEED PAYMENT STANDARD- If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, exceed the payment standard, the monthly assistance payment shall be the amount by which the applicable payment standard exceeds the highest of the amounts under clauses (i), (ii), and (iii) of subparagraph (A).';

(3) by striking paragraphs (3), (4), and (5) and inserting the following new paragraphs:

`(3) INSPECTIONS AND CONTRACT CONDITIONS-

`(A) IN GENERAL- Each contract for the purchase of a unit to be assisted under this section shall--

`(i) provide for pre-purchase inspection of the unit by an independent professional; and

`(ii) require that any cost of necessary repairs be paid by the seller.

`(B) ANNUAL INSPECTIONS NOT REQUIRED- The requirement under subsection (o)(8)(A)(ii) for annual inspections shall not apply to units assisted under this section.

`(4) OTHER AUTHORITY OF THE SECRETARY- The Secretary may--

`(A) limit the term of assistance for a family assisted under this subsection; and

`(B) modify the requirements of this subsection as the Secretary determines to be necessary to make appropriate adaptations for lease-purchase agreements.'; and

(4) by redesignating paragraphs (6), (7) (as previously amended by this Act), and (8) as paragraphs (5), (6), and (7), respectively.

(b) DEMONSTRATION PROGRAM-

(1) IN GENERAL- With the consent of the affected public housing agencies, the Secretary may carry out (or contract with 1 or more entities to carry out) a demonstration program under section 8(y) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)) to expand homeownership opportunities for low-income families.

(2) REPORT- The Secretary shall report annually to Congress on activities conducted under this subsection.

(c) APPLICABILITY- This section shall take effect on, and the amendments made by this section are made on, and shall apply beginning upon, the date of the enactment of this Act.

SEC. 559. RULEMAKING AND IMPLEMENTATION.

(a) INTERIM REGULATIONS- The Secretary of Housing and Urban Development shall issue such interim regulations as may be necessary to implement the amendments made by this subtitle and other provisions in this title which relate to section 8(o) of the United States Housing Act of 1937.

(b) FINAL REGULATIONS- The Secretary shall issue final regulations necessary to implement the amendments made by this subtitle and other provisions in this title which relate to section 8(o) of the United States Housing Act of 1937 not later then 1 year after the date of the enactment of this Act.

(c) FACTORS FOR CONSIDERATION- Before the publication of the final regulations under subsection (b), in addition to public comments invited in connection with the publication of the interim rule, the Secretary shall--

(1) seek recommendations on the implementation of sections 8(o)(6)(B), 8(o)(7)(B), and 8(o)(10)(D) of the United States Housing Act of 1937 and ~~of~~ renewals of expiring tenant-based assistance from organizations representing--

(A) State or local public housing agencies;

(B) owners and managers of tenant-based housing assisted under section 8 of the United States Housing Act of 1937;

(C) families receiving tenant-based assistance under section 8 of the United States Housing Act of 1937; and

(D) legal service organizations; and

(2) convene not less than 2 public forums at which the persons or organizations making recommendations under paragraph (1) may express views concerning the proposed disposition of the recommendations.

(d) CONVERSION ASSISTANCE-

(1) IN GENERAL- The Secretary may provide for the conversion of assistance under the certificate and voucher programs under subsections (b) and (o) of section 8 of the United States Housing Act of 1937, as in effect before the applicability of the amendments made by this subtitle, to the voucher program established by the

amendments made by this subtitle.

(2) CONTINUED APPLICABILITY- The Secretary may apply the provisions of the United States Housing Act of 1937, or any other provision of law amended by this subtitle, as those provisions were in effect immediately before the date of the enactment of this Act (except that such provisions shall be subject to any amendments to such provisions that may be contained in title II of this Act), to assistance obligated by the Secretary before October 1, 1999, for the certificate or voucher program under section 8 of the United States Housing Act of 1937, if the Secretary determines that such action is necessary for simplification of program administration, avoidance of hardship, or other good cause.

(e) EFFECTIVE DATE- This section shall take effect on the date of the enactment of this Act.

1, ~~3~~, 4, 5, 6, 8

Jim Coles

other continuing req'ts. Sec'y defines 1st time homeowner don't have to limit term of assistance
Sec'y can determine E'ment period

~~6 12 → why is there an income req't~~

look for comment on

~~7, 17 why is fair housing only "suggested"~~

9, 14 (why not from the time the condition ceases → + why the extra 6 months?. worded strangely

~~9, 24 → why would you want PHA determining that~~

~~10, §30 + §31 → ??~~

~~5 → 16 (where's the auth for this?)~~

25 change so that stricter w.r.t. community owning home

~~6 → 7~~

15 → why Δ it just to the owners.

p. 5 + p. 6 (§13) PHA has auth given to Sec'y.

2,14 what are the req'ts for alternatives for Basic §8

Find Subpart M of 24 CFR part 982

Oct 12, 98 Quality Housing + W R Act of '98

April 30, 1999 proposed Rule

In Title V of 99 HUD Approps
P.L. 105-276
112 Stat. 2461, 2518

3,17 only asset exclusion for §8 purposes? how does this work

4-5 ~~at~~ It looks like orig. this homeownership voucher was available to
1) 1st time
2) coop members
3) disabled w/ reasonable accomod. needs

but now, PHA's can give it to anyone

6-1 ~~why get rid of this~~.

~~7, 8 21 why remove?~~
~~don't have underwriting req'ts~~
~~But PHA can disapprove lender qual.~~
~~can have more unit inspections~~
~~(is this more necessary than underwriting~~

~~10 8 38 I don't understand this.~~
~~37 Work-Move~~

~~12 8 18 The idea is to keep them in 10 yrs.~~

~~14, 18 23 I agree~~
~~19-22 → do you want that~~

p21 6-16: Are they sure there won't be discrimination

p23 bottom → what about other asset tests.

~~p. 24, 1 What happens after they ~~come off~~~~
~~The home go back to tenant, will~~
~~that still count~~

30 Now single parents are 1st time homebuyers

32 1+2 → does the earlier lang restrict it to single unit

35 l 16 → is this the income ~~for~~ report the whole family?

36 → HUD has more flexibility

37 → Lender can impose more stringent underwriting criteria?

38 Check statute: defaults on homeownership ass't really disqualify you?

44 Is this true? Maybe they can't pay for inspections

47 PHA has auth to set payments

48 → ~~must~~ non-FHA need not comply w/ FHA underwriting criteria

52 → "in making"

59 → lack of portability is a problem.

60 → If the family defaults, they can be cut from §8 altogether

p.72 What exactly is the situation w/ ~~homeownership?~~ Who's considered a homeowner?

broadly define incomes
+ ↓ e'ment req't

p.73-4 : no homeownership assistance in a lease purchase situation.

p.78 → PHA must provide live-in aide?

81 Why is this promoting Cooperatives?
you dont have to be a 1st time homeowner to join a coop w/ this $

82 Check who can fulfil the E'men req'ts
Any family member who defaults jeopardizes elig of whole family

p.83 → If in the meantime while looking for a home, they were on vouchers before, do they still get the vouchers.

p.84 → the counseling topics are ~~not~~ mandatory

85 must have contract of sale before
87 I thought you could transfer + ~ be subj. to recapture if you plowed it all back in.

Margy Waller
06/15/2000 04:44:30 PM

Record Type: Record

To: Christina S. Ho/OPD/EOP@EOP

cc:
Subject: Comments on HUD's Homeownership Rule (final)

------this just in!!!!---------------- Forwarded by Margy Waller/OPD/EOP on 06/15/2000 04:44 PM --------------------------

Francis S. Redburn 06/15/2000 04:42:58 PM

Record Type: Record

To: Margy Waller/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP

cc: James F. Jordan/OMB/EOP@EOP, Andrea E. Jacobson/OMB/EOP@EOP
Subject: Comments on HUD's Homeownership Rule (final)

Here is a preliminary draft of a passback to HUD on the rule. When you are ready to turn to the rule, could you comment on and add to this draft? HUD asks every day where we are.

--------------------- Forwarded by Francis S. Redburn/OMB/EOP on 06/15/2000 04:39 PM --------------------------

James F. Jordan
06/15/2000 03:45:24 PM

Record Type: Record

To: Francis S. Redburn/OMB/EOP@EOP

cc: Andrea E. Jacobson/OMB/EOP@EOP
Subject: Comments on HUD's Homeownership Rule (final)

Draft comments.

homeownership_final rule 2

Comments, Section 8 Homeownership Rule (Final)

We need to think very carefully about the incentives that PHAs, lenders, and low-income families will face under this program as currently presented:

- Lenders are partly shielded from losses because families have a cushion to help them pay the rent; ceteris paribus, this weakens their incentives to underwrite carefully and to service delinquent loans aggressively.
- Borrowers are protected from the worst consequences of default because they will continue to pay 30 percent of income whether they continue to be owners or default and again become renters. This weakens their incentive to continue paying the mortgage; and since they typically will have made small down payments and are subject in early years to equity recapture, they are likely to default at much higher rates than other borrowers.
- PHAs are inexperienced in screening families for homeownership or qualifying lenders but may, in some cases, have an incentive to offer homeownership opportunities to the families they serve.

The goal of the new voucher for homeownership is to help rental voucher-holders become homeowners. This goal should be accomplished in a manner that continues the positive public image for HUD's voucher program. While that overarching goal is clear, the nature of the program is still unclear. Some view the new program as a standard homeownership program where the owner successful fends for oneself with sweat equity and other measures to protect one's large financial interest. Others view it as non-standard homeownership program that may leave the "owner" with little financial self interest and therefore needs more program oversight by the PHA. The final rule not only leaves this question open but it does clearly lean to either approach. Instead, it sets a few minimum requirements and relies on PHAs to do the rest.

2 paradigms

We are nervous about this approach. If a PHA implements a narrow program with downpayment requirements from the homeowner's funds, the usual underwriting requirements by non-FHA lenders, and the usual pressures of community and financial self interest to maintain the property, then the program would have little risk but would produce few homeowners. If a PHA implements a broad program with little or no contribution of funds by the homeowner, leveraged CDBG or HOME funds from the city for the downpayment, lower interest loans or modified loan requirements by State or City or even PHAs, and more oversight by the PHA to assure maintenance of the property, then the program would involve substantial risk but would produce many more homeowners. The rule is loose enough to permit either model, or a mixture of models that could prove troublesome in terms of potential defaults with damage to the positive image of the voucher program.

→ more risk of default

If HUD sets only a few lower-bound requirements, how will the program be monitored to be sure potential problems are not arising? How quickly could HUD detect a problem and issue regulations to fix it? If monitoring is not feasible or desirable, then HUD may wish to set more rigid requirements to avoid possible future problems. PHAs might be allowed to vary from these requirements with approval from HUD field offices.

We suggest raising the standard requirements in a few areas to lower the risk of a failed homeownership program. ~~In order to~~ promote wider use of the program, HUD could approve non-standard programs at the PHA's request. Presumably, HUD would apply a loose approval standard for high-performing PHAs, especially those partnering with a lender or non-profit experienced in asisting first-time homebuyers, and a higher approval standard for poorly performing PHAs. The standard requirements could be raised as follows:

- Add a sentence in the rule encouraging PHAs to require some downpayment funds from the homeowner or other equity participation (Habitat model of sweat equity). ??
- Require private sector underwriting standards, or normal FHA underwriting standards if loans are federally guaranteed. For example, HUD could set and publish separate specific qualifying criteria for lender participation in local homeownership programs. These criteria could be parallel to the standards for lender eligibility for participation in federally guaranteed loan programs as spelled out in the newly revised Circular A-129, Appendix A.
- If PHAs choose NOT to require #1 ands 2, then the homeowner should have some risk of loss upon default (loss of good credit, loss of the rental subsidy by requiring the homeowner to reapply for a rental voucher unless the PHA determines the default was unavoidable by the homeowner).
- If PHAs choose NOT to require #1 and 2, then they should be encouraged to partner with a qualified nonprofit organization that is experienced in screening and preparing low-income families for homeownership.
- If PHAs choose NOT to do #1-4, then they must receive HUD approval for the homeownership program.

Besides the overarching question, here are some specific suggestions on the final rule or areas where we need further clarification:

- Definition -- Net family assets. The final rule adds a new definition of "net family assets" that excludes the value of a home purchased through the Section 8 homeownership program. This was not in the proposed rule. It should be deleted for the following reasons: (a) horizontal equity -- income from assets are assumed to accrue at a minimal savings rate for renters and the same should apply to homeowners; (b) bad precedent -- may lead to further loss of rental income through rule changes; (C) lowers incentive for turnover of vouchers-- makes it slightly more expensive to remain on HUD's rental subsidy roles and thus accelerates the transfer of the scarce voucher to another needy family; (c) anti-scandal provision -- a few voucher-holders will hopefully purchase a home that appreciates greatly, and, in such cases, the government subsidies should not continue on such homes in the 14th or 15th year, or longer. This change becomes more important the longer the term of subsidy, which could be the life of the tenant for an elderly or disable household.
- Definition -- First time homeowner. The final rule both tightens and loosens the definition of a first time homeowner. Why not make this definition identical to other HUD programs. For example, how does it differ from FHA programs or HOME programs?

- Definition -- Public Assistance. The specific definition of public assistance in the rule has been replaced with a more general definition of welfare assistance. Is the term welfare defined further in an existing HUD Notice or handbook; if not, it may be misinterpreted?
- Definition -- First time homeowner. Page 72, loosens up requirements for a first time homeowner to exclude disabled and others who are designated by the PHA. Is this consistent with the definitions of first time homeowner for other HUD programs?
- Minimum Income Requirement. Suggest adding a sentence to explicitly state that PHAs may establish higher standards in accordance with the administrative plan. ??
- Minimum Income Requirement. The earning test is now broadened to all adult family member who will own the home instead of the head of household or spouse. What happens if the one of the adults vacates? !!
- Family Obligations. Does the "One-strike, your out" and other "good behavior" terms of a lease apply to homeownership?
- Should HUD Housing Quality Standards apply annually? How will HUD defend continuing to make mortgage subsidy payments on a home that is dilapidated? ? intrusive
- Penalties for default. The rule permits PHAs to make exceptions to continue rental assistance for households that are "dispossessed from the home pursuant to a judgement order of foreclosure on any mortgage." Why have exceptions when a household refuses to vacate a property?
- Family Obligations. Why not strengthen the PHA by allowing termination of homeownership assistance for violations of the family obligations (page 87)?
- Homeownership counseling. Should homeownership education and counseling provided to prospective buyers meet or be consistent with the national curricular guidelines and certification standards for HEC established by the American Homeownership Education and Counseling Institute, as determined either by the AHECI or by HUD or its designee?

TITLE V--PUBLIC HOUSING AND TENANT-BASED ASSISTANCE REFORM

SEC. 501. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE- This title may be cited as the `Quality Housing and Work Responsibility Act of 1998'.

(b) TABLE OF CONTENTS- The table of contents for this title is as follows:

Subtitle B--Public Housing

SEC. 502. FINDINGS AND PURPOSES.

(a) FINDINGS- Congress finds that--

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

(2) the inventory of public housing units owned, assisted, or operated by public housing agencies, an asset in which the Federal Government has invested over $90,000,000,000, has traditionally provided rental housing that is affordable to low-income persons;

(3) despite serving this critical function, the public housing system is plagued by a series of problems, including the concentration of very poor people in very poor neighborhoods and disincentives for economic self-sufficiency;

(4) the Federal method of overseeing every aspect of public housing by detailed and complex statutes and regulations has aggravated the problem and has placed excessive administrative burdens on public housing agencies; and

(5) the interests of low-income persons, and the public interest, will best be served by a reformed public housing program that--

(A) consolidates many public housing programs into programs for the operation and capital needs of public housing;

(B) streamlines program requirements;

(C) vests in public housing agencies that perform well the maximum feasible authority, discretion, and control with appropriate accountability to public housing residents, localities, and the general public; and

(D) rewards employment and economic self-sufficiency of public housing residents.

(b) PURPOSES- The purpose of this title is to promote homes that are affordable to low-income families in safe and healthy environments, and thereby contribute to the supply of affordable housing, by--

(1) deregulating and decontrolling public housing agencies, thereby enabling them to perform as property and asset managers;

(2) providing for more flexible use of Federal assistance to public housing agencies, allowing the authorities to leverage and combine assistance amounts with amounts obtained from other sources;

(3) facilitating mixed income communities and decreasing concentrations of poverty in public housing;

(4) increasing accountability and rewarding effective management of public housing agencies;

(5) creating incentives and economic opportunities for residents of dwelling units assisted by public housing agencies to work, become self-sufficient, and transition out of public housing and federally assisted dwelling units;

(6) consolidating the voucher and certificate programs for rental assistance under section 8 of the United States Housing Act of 1937 into a single market-driven

program that will assist in making tenant-based rental assistance under such section more successful at helping low-income families obtain affordable housing and will increase housing choice for low-income families; and

(7) remedying the problems of troubled public housing agencies and replacing or revitalizing severely distressed public housing projects.

SEC. 503. EFFECTIVE DATE AND REGULATIONS.

(a) IN GENERAL- The amendments under this title are made on the date of the enactment of this Act, but this title shall take effect, and the amendments made by this title shall apply beginning upon, October 1, 1999, except--

(1) as otherwise specifically provided in this title; or

(2) as otherwise specifically provided in any amendment made by this title.

The Secretary may, by notice, implement any provision of this title or any amendment made by this title before such date, except to the extent that such provision or amendment specifically provides otherwise.

(b) SAVINGS PROVISION- Notwithstanding any amendment under this title that is made (in accordance with subsection (a)) on the date of the enactment of this Act but applies beginning on October 1, 1999, the provisions of law amended by such amendment, as such provisions were in effect immediately before the making of such amendment, shall continue to apply during the period beginning on the date of the enactment of this Act and ending upon October 1, 1999, unless otherwise specifically provided by this title.

(c) TECHNICAL RECOMMENDATIONS- Not later than 9 months after the date of the enactment of this Act, the Secretary shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking and Financial Services of the House of Representatives, recommended technical and conforming legislative changes necessary to carry out this title and the amendments made by this title.

(d) LIST OF OBSOLETE DOCUMENTS- Not later than October 1, 1999, the Secretary of Housing and Urban Development shall cause to be published in the Federal Register a list of all rules, regulations, and orders (including all handbooks, notices, and related requirements) pertaining to public housing or section 8 tenant-based programs issued or promulgated under the United States Housing Act of 1937 before the date of the enactment of this Act that are or will be obsolete because of the enactment of this Act or are otherwise obsolete.

(e) PROTECTION OF CERTAIN REGULATIONS- No provision of this title may be construed to repeal the regulations of the Secretary regarding tenant participation and tenant opportunities in public housing (24 C.F.R. 964).

(g) EFFECTIVE DATE- This section shall take effect on the date of the enactment of this Act.

Child Poverty Final Rule
DPC Questions

These are preliminary questions from DPC; we may have others during the call tomorrow.

General Question

Which organization(s) made the comments referenced on pp. 19, 28, and 37?

Specific questions

Intent of the State and the Relationship Between the TANF Program and Child Poverty

1) P. 21, Do you know which states/how many are 'using child poverty as a measure of their efforts to assist families'?
2) P. 22, Did you consider adding state EITCs to the list of state activities to address poverty?

Tribal TANF Progams and Section 413(I) of the Act

3) P. 27, Did you consider making the point directly that most Indians are served by *state* (not Tribal) TANF programs, and the rule is an opportunity to promote cooperation between states and tribes in efforts to reduce poverty regardless of how Indians are served?

Summary of the Final Rule

4) P. 34, When in 2000 does HHS expect to provide the percent and percent change in poverty to states? Why does it take so long to provide '97 data? Please remind us of the timeframe for census to produce '97 estimates. Approximately, how many states does HHS expect to have a >5% increase?
5) P. 35, While we agree with the decision to eliminate the step in the process that used food stamp participation rates to "rebut", how do we do so while still complying with the statutory requirement to use food stamp data? Will there be some other reporting of or use for the food stamp data?
6) P. 58, Regarding 'percentage' vs. 'percentage points', is there any value in also looking at referring to caseload reduction credit where it is clearly percentage points?

Proposed Section 284.25

7) P. 61, Did *state* commenters also object to the proposal to require states to submit information on the number of households receiving food stamps?
8) P. 63, Again, doesn't the statute specify that we must use food stamp and school lunch data?

Section 284.30

9) P. 67, Is one of the reasons for the additional 30 days to submit the assessment the need for more time to get data from tribes?

10)P. 69, Would HHS consider an assessment from an independent source?

Section 284.45

11) P. 73, What happens if a state's child poverty rate gets worse after the corrective action plan is submitted? P. 74, Similarly, what happens when a state notifies HHS that it is no longer required to implement the plan?

12) P. 74, So a state can stop implementing the plan when it's child poverty rate drops below the five percent threshold, but is still higher than the starting point? Were there any comments on this decision?

Executive Order

13) P. 87, What about Tribal Consultation Executive Order? Is that relevant here?

Section 284.35

14) P. 99, When would the first notice to states in response to their assessment occur?

We'll have a few specific edits that we will be sending over after the call. (They're mostly minor.)

06-05-00

Rod Solomon - PH
E.P
Jerry Benoit
Jim
Andrea Stevenson

100 comments on NPRM

differences

recaptures - see p. 97
there are other changes

1992 - homeownership statute passed in 1992
Cuomo → revised version in Public Housing Reform Act
demo authority in the law
- can follow proposed rule
14 PHAs have
There have been 10 closings
things in demos

minimum - 10 years

current Kozio bill $8 saves for DP assistance?

does not bar predatory lending / balloon payments

Burlington
Vermont } working w/ a non-profit CDBG

- work
- counselling
- earned income at min wage } other guidelines

lots of emphasis on counseling

main objection to FHA too limited

still dealing w/ FHA on how they are going to do it.

- only program participants
- FSS
- fix up credit history first
- 2 years of work

in the demo.

- NRC → as a partner?

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

6/2/00

TO: MARGIE WALLER

HERE IS THE NEW VERSION OF HUD'S Sec. 8 Homeownership Rule. WE WILL BE SURE TO INVOLVE YOU IN ANY DISCUSSIONS WITH HUD.

JOE LACKEY