LRM ID: MYC2

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001
12/31/96
LEGISLATIVE REFERRAL MEMORANDUM

TO:	Legislative Liaison Officer - See Distribution below
FROM:	Janet R. Forsgren (for) Assistant Director for Legislative Reference
OMB CONTACT:	Anna Briatico FAX: (202)395-6148 PHONE: (202)395-7887
SUBJECT:	HUD Proposed Draft Bill on Public Housing Amendments Act of 1997
DEADLINE:	C.O.B. Thursday, January 9, 1997

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

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LRM ID: MYC2 **SUBJECT:** HUD Proposed Draft Bill on Public Housing Amendments Act of 1997

RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Anna Briatico FAX: (202)395-6148 PHONE: (202)395-7887
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): LWP (202)395-7362

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

______________________ (Telephone)

The following is the reponse of our agency to your request for views on the above-captioned subject:

______ Concur

______ No Objection

______ No Comment

______ See proposed edits on pages ________

______ Other: ______________

______ FAX RETURN of _____ pages, attached to this reponse sheet

DRAFT 12/24/96

Honorable Al Gore
President of the Senate
Washington, DC 20510

Dear Mr. President:

I am pleased to transmit proposed legislation, entitled the "Public Housing Amendments Act of 1997," to strengthen the Department's Public Housing programs. The bill would (1) give PHAs permanent authority to spend their assistance in a more flexible manner, (2) make permanent the suspension of the public housing one-for-one replacement housing requirement that applies in cases of demolition or disposition of public housing; (3) make permanent the temporary authority that provides incentives for public housing residents to work; (4) facilitate homeownership under the Public Housing and Section 8 Housing Assistance Payments programs; (5) give HUD and court-appointed receivers more powers for dealing with public housing agencies in substantial default under their contracts; and (6) make other miscellaneous changes.

This bill would make permanent a number of the public housing and tenant-based assistance reforms that have been enacted on an annual basis in the last two HUD appropriations Acts. The reforms, including suspension of the public housing one-for-one replacement requirement, broader ability of housing authorities to implement ceiling rents, and several others, are fundamental to a public housing transformation in which the worst projects will be demolished and replaced, management will be upgraded, working households will be supported and crime will not be tolerated. Most of these reforms will not fully take hold until they are enacted on a more permanent basis. The bill also includes several measures that are critical to reform efforts and appeared not to be controversial in last year's authorizing bill debates, notably additional powers to help HUD or court-appointed receivers turn around troubled authorities and improvements to public housing and Section 8 homeownership programs.

The bill proposes measures that would substantially improve public housing and tenant-based assistance, can be enacted quickly and should not await enactment of a more sweeping public housing reform bill. The measures proposed would complement any further legislative action in this area, but should not await such action.

An explanation and justification accompanies this letter and more fully sets out the contents of the bill. I request that the bill be referred to the appropriate committee and strongly urge its early enactment.

This draft bill could affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. The Office of Management and Budget estimates that the bill's pay-as-you-go impact will be ____________.

The Office of Management and Budget advises that there is no objection to the enactment of this legislation from the standpoint of the Administration's program.

I am sending a similar letter to the Speaker of the House of Representatives, Newt Gingrich.

Sincerely Yours,

DRAFT
Henry G. Cisneros

Enclosures

12/24/96

SECTION-BY-SECTION EXPLANATION AND JUSTIFICATION

"PUBLIC HOUSING AMENDMENTS ACT OF 1997"

SHORT TITLE AND TABLE OF CONTENTS

Section 1(a) would provide that this Act may be cited as the "Public Housing Amendments Act of 1997".

Section 1(b) would contain the table of contents for the Act.

PUBLIC HOUSING FUNDING FLEXIBILITY AND MIXED-FINANCE DEVELOPMENTS

Section 2(a) would permanently extend temporary authority provided in HUD's FY 1996 and 1997 appropriations Acts that gives PHAs more flexibility on the use of their public housing modernization and development assistance. It would also permanently extend temporary authority in such Acts that established rules governing mixed-finance developments.

The permanent authority in section 14(q)(1) of the 1937 Act would specifically enable PHAs to use their modernization assistance under section 14 and their development assistance under section 5 for any eligible activity authorized under sections 14, 5, or applicable Appropriations Acts (HOPE VI), and for up to 10% of such assistance, any operating subsidy purpose authorized by section 9.

PHAs need to be able to use their modernization funds more flexibly in these times of reduced resources, particularly to provide for critical replacement housing and to cover operating subsidy shortfalls. Except for Hope VI grants, there is now no other source of funding for hard replacement units. PHAs need to know that these uses of modernization funds will continue to be authorized so that they can plan accordingly.

Section 2(b) would increase from 20 years to 30 years the length of time units in mixed-financed developments are required to be available for occupancy by low-income and very low-income families. See sections 14(q)(2)-(4) of the 1937 Act.

Mixed-financed developments are a promising means of replacing traditional public housing projects, because they leverage resources other than public housing dollars and are likely to attract households with a broader range of incomes. To invest the substantial front-end effort required for these transactions, PHAs need to know that the transactions will continue to be authorized. The proposed lengthening of the minimum term of low-income use restriction for the transactions to thirty years would result in additional years of low-income housing for the same Federal investment, and makes this required minimum term closer to the forty-year requirement now applicable to public housing.

REPEAL OF ONE-FOR-ONE REPLACEMENT REQUIREMENT FOR PUBLIC AND INDIAN HOUSING

Section 3 would make permanent the suspension of the one-for-one replacement requirement for public and Indian housing. The requirement mandates that PHAs provide an additional unit of public housing for each unit demolished or disposed of. This requirement has been suspended since the 1995 Rescissions Act.

The one-for-one requirement has been counterproductive. Because there typically have been no funds to fulfill it and insufficient suitable sites, it has simply prevented the demolition of obsolete and dangerous projects. PHAs will be able to plan and proceed to rationalize their stock more effectively if the one-for-one replacement requirement is permanently eliminated.

PUBLIC HOUSING CEILING RENTS; DEFINITION OF ADJUSTED INCOME FOR PUBLIC HOUSING

Section 4 would make permanent the temporary authority provided in sections 402(b) and (c) of The Balanced Budget Downpayment Act, I (extended in HUD's FY 1997 appropriations Act) regarding public housing ceiling rents and the definition of adjusted income for public housing.

This section would make permanent the improvements to the public housing ceiling rent authority.

It would also make permanent the amendment to the definition of adjusted income for public housing to permit a PHA to adopt additional adjustments to earned income in section 3(b)(5)(H) of the 1937 Act.

These measures will help PHAs obtain working families and create communities that are less isolated from the working world. Yet, some PHAs will not go through local processes to adopt these measures (particularly earned income deductions, where PHAs will require several years of increases in family earned incomes to offset initial losses in operating subsidy) unless the changes are adopted permanently.

PUBLIC HOUSING HOMEOWNERSHIP

Section 5 would amend section 5(h) of the 1937 Act to permit intermediate sales of public housing to any organization serving as a conduit for sales to eligible families. An organization must sell the units to eligible families within 5 years of acquiring the units. Current law requires direct transfer to eligible families.

This provision will facilitate the sale of public housing to eligible families, by allowing conduit organizations to hold the properties temporarily. Such organizations could manage and organize the individual unit sales and work with individual households to establish specific timetables and address specific problems.

APPLICABILITY TO IHAS

Section 6 would make sections 2, 3, 4, and 5 applicable to Indian housing under the 1937 Act. The new Native American block grant program, established by the Native American Housing Assistance and Self-Determination Act of 1996, is not scheduled to take effect until FY 1998.

IHAs should be able to take advantage of these more flexible statutory provisions in the period prior to the effective date of the new block grant program.

EXPANSION OF POWERS FOR DEALING WITH PHAS IN SUBSTANTIAL DEFAULT

Section 7 would amend the provisions in section 6(j)(3) of the 1937 Act that give HUD options for dealing with PHAs in substantial default under their ACCs.

Section 6(j)(3)(A), which gives HUD four options for responding to substantial defaults, would be amended in several respects. Clause (i) (providing for solicitation of proposals for alternative management of public housing) and clause (iv) redesignated as clause (v) (permitting HUD to require an agency to provide for alternative management of public housing) would be extended to cover section 8 and any other program of an agency. Clause (ii), permitting HUD to petition for the appointment of a receiver, would not be amended. Clause (iii), permitting HUD to solicit proposals for alternative construction management to oversee use of modernization assistance, would not be amended. Finally, a new clause (iv) would be added to authorize HUD to take possession of the PHA, including all or part of any project or program (including the section 8 program) of the agency.

Proposed sections 6(j)(3)(B) and 6(j)(3)(C)(i) would give both a court appointed receiver and HUD express authority to (1) abrogate any contract that substantially impedes correction of the substantial default; (2) demolish and dispose of the assets of the PHA in accordance with section 18, including the disposition by transfer of properties to resident supported nonprofit entities; (3) seek the establishment (as permitted by applicable State and local law) of one or more new PHAs; and (4) seek consolidation of all or part of a PHA into other well-managed PHAs, with the consent of the well-managed PHA. In addition, HUD would be given such additional powers as a district court of the United States could confer on a receiver to achieve the purposes of the receivership. Under the proposed legislation, a receiver would only be permitted to exercise the powers set forth in (3) and (4), above, if HUD determines such action to be appropriate. Neither the receiver nor HUD would be required to comply with any State or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the written determination of the receiver or HUD, substantially impedes correction of the substantial default.

Proposed section 6(j)(3)(C)(ii) would permit HUD, upon taking possession of a PHA, to appoint an administrative receiver to assume HUD's responsibilities for the administration of a PHA. HUD could delegate to the administrative receiver any or all of the powers given HUD by this section, except that an administrative receiver could not, absent HUD approval, seek the establishment of one or more new PHAs, or seek to consolidate all or part of a PHA (including all or part of any project or program of the PHA) into other well-managed PHAs.

This proposal would retain, with minor changes, subparagraphs (B), (C), and (D), as currently found in section 6(j)(3), redesignating them as subparagraphs (D), (E), and (F). Subparagraph (D), authorizing HUD to provide necessary assistance to receivers and other entities, would be extended to include other programs of the agency. Subparagraph (E), concerning a court's appointment of a receiver, would be amended to add a new second sentence specifying whom the court may appoint. Subparagraph (F), permitting termination of receivership upon the petition of any party, would be amended to permit a court to terminate the receivership if the PHA could make the same amount of progress as the receiver. Under current law the test is whether the PHA can operate the housing in accordance with all program requirements.

A new subparagraph (G) contains a hold harmless clause which would deem HUD (or administrative receiver appointed by HUD) or the court appointed receiver to be acting in the capacity of the PHA. Any liability incurred, regardless of whether the incident giving rise to that liability occurred while HUD or the receiver was in possession of the PHA (including any project or function of the agency), would be imputed to the PHA.

Finally, subsection (b) of this proposal would make this section applicable to actions taken before, on, or after the effective date of this Act. This subsection would also make clear that it is applicable to any receivers appointed for a PHA before the date of enactment of this section, even if not petitioned for by HUD.

Turning around severely troubled authorities must be an urgent priority, for the sake of both those authorities' residents and the taxpayers. This section would provide HUD and court-appointed receivers key additional tools to do so, where they ~~are managing~~ the authorities as a last resort. The section also ~~authorizes HUD to appoint~~ administrative receivers, to enable HUD to step back further from day-to-day management involvement, and clarifies that HUD and receivers do not assume the housing authorities' liabilities when they assume PHA management responsibilities.

STREAMLINING SECTION 8 TENANT-BASED ASSISTANCE

Section 8 would make permanent the suspension of three section 8 tenant-based assistance requirements ("take-one, take-all," 90-day notice for the Certificate and voucher programs, and endless lease) that have been suspended since HUD's FY 1996 appropriations Act.

The "take-one, take-all" provision in section 8(t) of the 1937 Act required owners who have entered into a housing assistance payment (HAP) contact on behalf of any tenant in a multifamily housing project to lease any available unit in the project to an otherwise qualified holder of a certificate or voucher.

The 90 day notice provision for the Certificate and Voucher programs required that owners notify tenants 90 days prior to the termination (and expiration if a rent increase will result) of a contract.

The endless lease provision required that owners not terminate tenancy, except for serious or repeated violations of the lease, the law, or for other good cause. This section would limit this requirement to the lease term.

The effect of these amendments is to reduce the Section 8 tenant-based assistance program's administrative burden, reduce potential exposure of participant landlords litigation, and make the landlord-tenant relationship more closely resemble that of the private market. Permanent enactment of these measures should encourage landlords to participate in the program, thus expanding the program's available housing stock.

SECTION 8 ADMINISTRATIVE FEES

Section 9 would make a technical correction in the calculation of administrative fees for FY 1997 in connection with the Certificate, Voucher, and Moderate Rehabilitation programs.

This section would establish FY 1997 fees equal to 7.65% of the base amount for the first 600 units, whereas HUD's FY 1997 appropriations Act provides for 7.5% of the base amount.

This amendment would restore the Section 8 administrative fee provisions to those proposed in the Administration's budget for fiscal year 1997.

SECTION 8 HOMEOWNERSHIP

Section 10 would make several improvements to the authority in section 8(y) of the 1937 Act that permits families to use section 8 tenant based assistance under the Certificate and Voucher programs for homeownership.

Paragraph (1) would give PHAs the discretion to determine whether families may use certificates and vouchers for homeownership and would make use of lease-purchase agreements explicitly eligible. Current law gives families the discretion to use their assistance for homeownership.

Paragraph (2) would permit families that own or are acquiring shares in a cooperative to receive section 8(y) homeownership assistance.

Paragraph (3) would eliminate the alternative requirement that a family participate in the Family Self-Sufficiency program under section 23 of the 1937 Act. Current law requires that a family participate in the FSS program or demonstrate it has sufficient income.

Paragraph (4) would modify eligibility requirements to exempt disabled families from the requirements that they have income (other than public assistance) that is not less than twice the payment standard and that they be employed.

Paragraph (5) would modify the subsidy formula by removing the shopping incentive under the homeownership program. The shopping incentive for the rental Voucher program permits a family to retain the savings if it rents a unit for less than the payment standard so long as it pays at least 10% of gross income for rent. In addition, paragraph (5) would amend the assistance formula so assistance is based on the highest of 30% of adjusted income, 10% of gross income, or welfare rent, as is the case for the rental program. PHAs would have the option to base the assistance on the fair market rent or payment standard, regardless of whether the family is under the Certificate or Voucher program. Paragraph (5) would also remove the requirement that HUD exclude from family income an amount imputed from the equity of the family in the home.

Paragraph (6) would remove the complicated and restrictive recapture rule, downpayment requirements, and limitation on assistance being provided under other programs.

These provisions would make the Section 8 homeownership program workable, by allowing lease-purchase and cooperative arrangements; eliminating unnecessary recapture, downpayment, and rigid self-sufficiency requirements as well as the bar on receipt of other subsidies; eliminating overly restrictive provisions with respect to the disabled; and clarifying the subsidy structure.

EXPANDING THE COVERAGE OF THE PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION ACT OF 1990 TO INCLUDE OTHER TYPES OF CRIME

Section 11 would amend the Public and Assisted Housing Drug Elimination Act of 1990 to include other types of crime as determined by the Secretary, in addition to drug related crime. HUD's FY 1996 and 1997 appropriations Acts expanded the definition for those years.

This provision would eliminate the sometimes artificial distinction between drug-related crime and other crime. In any event, there is no reason why scarce Drug Elimination funds should be limited only to addressing one type of serious crime rather than be available for more flexible anti-crime use.

h:\gll\98-bill.1\-qs.sec

12/24/96

A BILL

To provide for the permanent extension of public and assisted housing reforms, expand powers for dealing with troubled public housing agencies, amend the section 8(y) homeownership authority, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.--This Act may be cited as the "Public Housing Amendments Act of 1997".

(b) TABLE OF CONTENTS.

Sec. 1. Short title and table of contents.
Sec. 2. Public housing funding flexibility and mixed-finance developments.
Sec. 3. Repeal of one-for-one replacement requirement for public and Indian housing.
Sec. 4. Public housing ceiling rents; definition of adjusted income for public housing.
Sec. 5. Public housing homeownership.
Sec. 6. Applicability to IHAs.
Sec. 7. Expansion of powers for dealing with PHAs in substantial default.
Sec. 8. Streamlining section 8 tenant-based assistance.
Sec. 9. Section 8 administrative fees.
Sec. 10. Section 8 homeownership.
Sec. 11. Expanding the coverage of the Public and Assisted Housing Drug Elimination Act of 1990 to include other types of crime.

SEC. 2. PUBLIC HOUSING FUNDING FLEXIBILITY AND MIXED-FINANCE DEVELOPMENTS.

(a) Section 201(a)(2) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by--

(1) striking "only";

(2) striking "fiscal year" and all that follows through the period; and

(3) inserting in lieu thereof "any fiscal year.".

(b) The second sentence of section 14(q)(2) of the United States Housing Act of 1937, as amended by section 201(a) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996, is amended by striking "20 years" and inserting "30 years".

SEC. 3. REPEAL OF ONE-FOR-ONE REPLACEMENT REQUIREMENT FOR PUBLIC AND INDIAN HOUSING.

Section 1002(d) of Public Law 104-19 is amended by striking "and on or before September 30, 1997".

SEC. 4. PUBLIC HOUSING CEILING RENTS; DEFINITION OF ADJUSTED INCOME FOR PUBLIC HOUSING.

Section 402(f) of The Balanced Budget Downpayment Act, I is amended by inserting before the period the following: ", except that subsections (b) and (c) shall not be subject to such fiscal year limitation".

SEC. 5. PUBLIC HOUSING HOMEOWNERSHIP.

Section 5(h) of the United States Housing Act of 1937 is amended--

(1) in the first sentence, by striking "lower income tenants," and inserting the following: "low-income tenants, or to any organization serving as a conduit for sales to such tenants,"; and

(2) by adding the following two sentences at the end:

"In the case of purchase by an entity that is an organization serving as a conduit for sales to such tenants, the entity shall sell the units to low-income families within 5 years from the date of its acquisition of the units. The entity shall use any net proceeds from the resale and from managing the units, as determined in accordance with guidelines of the Secretary, for housing purposes, such as funding resident organizations and reserves for capital replacements.".

SEC. 6. APPLICABILITY TO IHAS.

In accordance with section 201(b)(2) of the United States Housing Act of 1937, the amendments made by sections 2, 3, 4 and 5 shall apply to public housing developed or operated pursuant to a contract between the Secretary of Housing and Urban Development and an Indian housing authority.

SEC. 7. EXPANSION OF POWERS FOR DEALING WITH PHAS IN SUBSTANTIAL DEFAULT.

(a) **IN GENERAL.**--Section 6(j)(3) of the United States Housing Act of 1937 is amended--

(1) in subparagraph (A)

(A) by amending clause (i) to read as follows:

"(i) solicit competitive proposals from other public housing agencies and private housing management agents which, in the discretion of the Secretary, may be selected by existing public housing residents through administrative procedures established by the Secretary; if appropriate, these proposals shall provide for such agents to manage all, or part, of the housing administered by the public housing agency or all or part of the other programs of the agency;";

(B) by redesignating clause (iv) as clause (v) and revising it to read as follows:

"(v) require the agency to make other arrangements acceptable to the Secretary and in the best interests of the public housing residents and families assisted under section 8 for managing all, or part, of the public housing administered by the agency or of the programs of the agency."; and

(C) by inserting a new clause (iv), as follows:

"(iv) take possession of all or part of the public housing agency, including all or part of any project or program of the agency, including any project or program under any other provision of this title; and"; and

(2) by striking subparagraphs (B) through (D) and inserting in lieu thereof the following:

"(B) If a receiver is appointed pursuant to subparagraph (A)(ii), in addition to the powers accorded by the court appointing the receiver, the receiver--

"(i) may abrogate any contract that, in the receiver's written determination (which shall include the basis for such determination), substantially impedes correction of the substantial default, but only after the receiver determines that reasonable efforts to renegotiate such contract have failed;

"(ii) may demolish and dispose of all or part of the assets of the public housing agency (including all or part of any project of the agency) in accordance with section 18, including disposition by transfer of properties to resident-supported nonprofit entities;

"(iii) if determined to be appropriate by the Secretary, may seek the establishment, as permitted by applicable State and local law, of one or more new public housing agencies;

"(iv) if determined to be appropriate by the Secretary, may seek consolidation of all or part of the agency (including all or part of any project or program of the agency), as permitted by applicable State and local laws, into other well-managed public housing agencies with the consent of such well-managed agencies; and

"(v) shall not be required to comply with any State or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the receiver's written determination (which shall include the basis for such determination), substantially impedes correction of the substantial default.

"(C)(i) If the Secretary takes possession of all or part of a public housing agency, or all or part of any project or program of the agency, pursuant to subparagraph (A)(iii), the Secretary--

"(I) may abrogate any contract that, in the Secretary's written determination (which shall include the basis for such determination), substantially impedes correction of the substantial default, but only after the Secretary determines that reasonable efforts to renegotiate such contracts have failed;

"(II) may demolish and dispose of all or part of the assets of the public housing agency (including all or part of any project of the agency) in accordance with section 18, including disposition by transfer of properties to resident-supported nonprofit entities;

"(III) may seek the establishment, as permitted by applicable State and local law, of one or more new public housing agencies;

"(IV) may seek consolidation of all or part of the agency (including all or part of any project or program of the agency), as permitted by applicable State and local laws, into other well-managed public housing agencies with the consent of such well-managed agencies;

"(V) shall not be required to comply with any State or local law relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the Secretary's written determination (which shall include the basis for such determination), substantially impedes correction of the substantial default; and

"(VI) shall, without any action by a district court of the United States, have such additional authority as a district court of the United States would have the authority to confer upon a receiver to achieve the purposes of the receivership.

"(ii) The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary under this subparagraph for the administration of all or part of a public housing agency (including all or part of any project or program of the agency). The Secretary may delegate to the administrative receiver any or all of the powers given the Secretary by this subparagraph, as the Secretary determines to be appropriate.

"(iii) Regardless of any delegation under this subparagraph, an administrative receiver may not seek the establishment of one or more new public housing agencies pursuant to clause (i)(III) or the consolidation of all or part of an agency into other well-managed agencies pursuant to clause (i)(IV), unless the Secretary first approves an application by the administrative receiver to authorize such action.

"(D) The Secretary may make available to receivers and other entities selected or appointed pursuant to this paragraph such assistance as is necessary to remedy the substantial deterioration of living conditions in individual public housing developments or other related emergencies that endanger the health, safety, and welfare of public housing residents or families assisted under section 8.

"(E) In any proceeding under subparagraph (A)(ii), upon a determination that a substantial default has occurred, and without regard to the availability of alternative remedies, the court shall appoint a receiver to conduct the affairs of all or part of the public housing agency in a manner consistent with this Act and in accordance with such further terms and conditions as the court may provide. The receiver appointed may be another public housing agency, a private management corporation, or any other person or appropriate entity. The court shall have power to grant appropriate temporary or preliminary relief pending final disposition of the petition by the Secretary.

"(F) The appointment of a receiver pursuant to this paragraph may be terminated, upon the petition of any party, when the court determines that all defaults have been cured or the public housing agency will be able to make the same amount of progress in correcting the management of the housing as the receiver.

"(G) If the Secretary (or an administrative receiver appointed by the Secretary) takes possession of all or part of a public housing agency (including all or part of any project or program of the agency), or if a receiver is appointed by a court, the Secretary or receiver shall be deemed to be acting not in the official capacity of that person or entity, but rather in the capacity of the public housing agency, and any liability incurred, regardless of whether the incident giving rise to that liability occurred while the Secretary or receiver was in possession of all or part of the public housing agency (including all or part of any project or program of the agency), shall be the liability of the public housing agency.".

(b) EFFECTIVENESS.--The provisions of this section shall apply with respect to actions taken before, on, or after the effective date of this Act and shall apply to any receivers appointed for a public housing agency before the date of enactment of this Act.

SEC. 8. STREAMLINING SECTION 8 TENANT-BASED ASSISTANCE.

Section 203(d) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is hereby repealed.

SEC. 9. SECTION 8 ADMINISTRATIVE FEES.

Section 202(a)(1)(A) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies

Appropriations Act, 1997 is amended by striking "7.5 percent" and inserting "7.65 percent".

SEC. 10. SECTION 8 HOMEOWNERSHIP.

Section 8(y) of the United States Housing Act of 1937 is amended--

(1) in paragraph (1), by striking "A family receiving" through "if the family" and inserting the following: "A public housing agency providing tenant-based assistance under this section may provide homebuyer assistance for eligible families to purchase a dwelling unit (including a unit under a lease-purchase agreement) owned by one or more members of the family if the family";

(2) in paragraph (1)(A), by inserting before the semicolon the following: ", or owns or is acquiring shares in a cooperative";

(3) in paragraph (1)(B), by striking "(i) participates" and all that follows through "(ii) demonstrates" and inserting "demonstrates";

(4)(A) in paragraph (1)(B)(ii), by inserting after "public assistance" the following: ", except in the case of disabled families"; and

(B) in paragraph (1)(C), by striking "except as" and inserting "except in the case of disabled families and as otherwise";

(5) by amending paragraph (2) to read as follows:

"(2) **DETERMINATION OF AMOUNT OF ASSISTANCE.**--

"(A) **MONTHLY EXPENSES DO NOT EXCEED PAYMENT STANDARD.**-- If the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, do not exceed the payment standard or fair market rental for the area, whichever the agency determines to be appropriate, 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) Thirty percent of the monthly adjusted income of the family;

"(ii) Ten percent of the monthly income of the family; or

"(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 or fair market rental for the area, whichever the agency determines to be appropriate, the monthly assistance payment shall be the amount by which the payment standard or fair market rental exceeds the highest of the following amounts, rounded to the nearest dollar:

"(i) Thirty percent of the monthly adjusted income of the family;

"(ii) Ten percent of the monthly income of the family; or

"(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."; and

(6) by striking paragraphs (3) through (5) and redesignating paragraphs (6) through (8) as paragraphs (3) through (5), respectively.

SEC. 11. EXPANDING THE COVERAGE OF THE PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION ACT OF 1990 TO INCLUDE OTHER TYPES OF CRIME.

The Public and Assisted Housing Drug Elimination Act of 1990 is amended--

(1) in section 5126(2)--

(A) in the heading, by inserting "AND OTHER" after "RELATED";

(B) by striking "drug related crime" and inserting "drug related and other crime"; and

(C) by inserting before the period the following: "and, as determined by the Secretary, other types of crime"; and

(2) in sections 5122(2), 5122(4), 5123, 5124(a)(4)(A), 5124(b), 5125(a), 5125(b)(1), 5125(c)(2), 5125(d), and 5128, by striking "drug-related crime" and inserting "drug-related and other crime".

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