

110TH CONGRESS  
1ST SESSION

# H. R. 2895

To establish the National Affordable Housing Trust Fund in the Treasury of the United States to provide for the construction, rehabilitation, and preservation of decent, safe, and affordable housing for low-income families.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2007

Mr. FRANK of Massachusetts (for himself, Ms. WATERS, Mr. GARY G. MILLER of California, Mr. RAMSTAD, Ms. VELÁZQUEZ, Mr. MCHUGH, Mr. ENGLISH of Pennsylvania, Mr. AL GREEN of Texas, Mr. SHAYS, Mr. MURPHY of Connecticut, Mr. DENT, Ms. LEE, Mr. RENZI, Mr. CLAY, Mr. SMITH of New Jersey, Mr. LYNCH, and Mr. HINOJOSA) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To establish the National Affordable Housing Trust Fund in the Treasury of the United States to provide for the construction, rehabilitation, and preservation of decent, safe, and affordable housing for low-income families.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Affordable  
5 Housing Trust Fund Act of 2007”.

1 **SEC. 2. NATIONAL AFFORDABLE HOUSING TRUST FUND.**

2 (a) IN GENERAL.—Title II of the Cranston-Gonzalez  
3 National Affordable Housing Act (42 U.S.C. 12721 et  
4 seq.) is amended by adding at the end the following new  
5 subtitle:

6 **“Subtitle G—National Affordable**  
7 **Housing Trust Fund**

8 **“SEC. 291. PURPOSES.**

9 “The purposes of this subtitle are—

10 “(1) to address the national shortage of hous-  
11 ing that is affordable to low-income families by cre-  
12 ating a permanently appropriated fund, with dedi-  
13 cated sources of funding, to finance additional hous-  
14 ing activities, without supplanting existing housing  
15 appropriations;

16 “(2) to enable rental housing to be built, for  
17 families with the greatest economic need, in mixed-  
18 income settings and in areas with the greatest eco-  
19 nomic opportunities;

20 “(3) to promote ownership of one-to-four family  
21 owner-occupied housing by low-income families; and

22 “(4) to construct, rehabilitate, and preserve at  
23 least 1,500,000 affordable dwelling units over the  
24 next decade.

1 **“SEC. 292. TRUST FUND.**

2       “(a) ESTABLISHMENT.—There is established in the  
3 Treasury of the United States a trust fund to be known  
4 as the National Affordable Housing Trust Fund.

5       “(b) DEPOSITS TO TRUST FUND.—The Trust Fund  
6 shall consist of—

7               “(1) any amounts of the Federal National  
8 Mortgage Association and the Federal Home Loan  
9 Mortgage Corporation transferred to the Trust  
10 Fund under title XIII of the Housing and Commu-  
11 nity Development Act of 1992;

12               “(2) any amounts appropriated to the Trust  
13 Fund pursuant to the authorization in the Expand-  
14 ing American Homeownership Act of 2007, relating  
15 to the use of FHA savings for an affordable housing  
16 grant fund; and

17               “(3) any amounts as are or may be appro-  
18 priated, transferred, or credited to such Fund under  
19 any other provisions of law.

20       “(c) EXPENDITURES FROM TRUST FUND.—Amounts  
21 in the Trust Fund shall be available to the Secretary of  
22 Housing and Urban Development, and are hereby appro-  
23 priated, for providing assistance under this subtitle.

24       “(d) FEDERAL ASSISTANCE.—All assistance provided  
25 using amounts in the Trust Fund shall be considered to  
26 be Federal financial assistance.

1 **“SEC. 293. ALLOCATIONS FOR STATES, INDIAN TRIBES, IN-**  
2 **SULAR AREAS, AND PARTICIPATING LOCAL**  
3 **JURISDICTIONS.**

4 “(a) DETERMINATION OF AMOUNT AVAILABLE FOR  
5 FISCAL YEAR.—For fiscal year 2008 and for each fiscal  
6 year thereafter, the Secretary shall determine the total  
7 amount available from the Trust Fund pursuant to section  
8 292(c) for assistance under this subtitle and shall use such  
9 amount to provide such assistance for such fiscal year.

10 “(b) ALLOCATION.—For each such fiscal year, of  
11 such total amount available from the Trust Fund, the Sec-  
12 retary shall allocate for use under section 294—

13 “(1) 40 percent for States, Indian tribes, and  
14 insular areas; and

15 “(2) 60 percent for participating local jurisdic-  
16 tions.

17 **“SEC. 294. ASSISTANCE FROM TRUST FUND.**

18 “(a) AFFORDABLE HOUSING NEEDS FORMULA.—

19 “(1) ESTABLISHMENT AND FACTORS.—The  
20 Secretary shall establish a formula to allocate  
21 amounts made available for a fiscal year for assist-  
22 ance under this subtitle among States, all Indian  
23 tribes, insular areas, and participating local jurisdic-  
24 tions based on the relative needs of such entities, for  
25 funds to increase the supply of decent quality afford-  
26 able housing. The formula shall be based upon a

1 comparison of the following factors with respect to  
2 each State, Indian tribes, each insular area, and  
3 each participating local jurisdiction:

4 “(A) The ratio of the population of the  
5 State, Indian tribes, insular area, or partici-  
6 pating jurisdiction, to the aggregate population  
7 of all States, Indian tribes, insular areas, and  
8 participating jurisdictions.

9 “(B) The percentage of families in the ju-  
10 risdiction of the State, of Indian tribes, or of  
11 the insular area or participating jurisdiction  
12 that live in substandard housing.

13 “(C) The percentage of families in the ju-  
14 risdiction of the State, of Indian tribes, or of  
15 the insular area or participating jurisdiction  
16 that pay more than 50 percent of their annual  
17 income for housing costs.

18 “(D) The percentage of persons in the ju-  
19 risdiction of the State, of Indian tribes, or of  
20 the insular area or participating jurisdiction  
21 having an income at or below the poverty line.

22 “(E) The cost of constructing or carrying  
23 out rehabilitation of housing in the jurisdiction  
24 of the State, of Indian tribes, or of the insular  
25 area or participating jurisdiction.

1           “(F) The percentage of the population of  
2 the State, of Indian tribes, or of the insular  
3 area or participating jurisdiction that resides in  
4 counties having extremely low vacancy rates.

5           “(G) The percentage of housing stock in  
6 the jurisdiction of the State, of Indian tribes, or  
7 of the insular area or participating jurisdiction  
8 that is extremely old housing.

9           “(H) Any other factors that the Secretary  
10 determines to be appropriate.

11           “(2) FAILURE TO ESTABLISH.—If, in any fiscal  
12 year referred to in section 293(a), the regulations  
13 establishing the formula required under paragraph  
14 (1) of this subsection have not been issued by the  
15 date that the Secretary determines the total amount  
16 available from the Trust Fund for assistance under  
17 this subtitle for such fiscal year pursuant to section  
18 292(c), for purposes of such fiscal year—

19           “(A) section 293(b), paragraphs (2) and  
20 (3) of subsection (b) of this section, and sub-  
21 section (c) of this section shall not apply;

22           “(B) the allocation for Indian tribes shall  
23 be such amount as the Secretary shall establish;  
24 and

1           “(C) the formula amount for each State,  
2           insular area, or participating local jurisdiction  
3           shall be determined by applying, for such State,  
4           insular area, or participating local jurisdiction,  
5           the percentage that is equal to the percentage  
6           of the total amounts made available for such  
7           fiscal year for allocation under subtitle A of this  
8           title (42 U.S.C. 12741 et seq.) that are allo-  
9           cated in such year, pursuant to such subtitle, to  
10          such State, insular area, or participating local  
11          jurisdiction, respectively, and the allocation for  
12          each State, insular area, or participating juris-  
13          diction, for purposes of subsection (e) shall, ex-  
14          cept as provided in subsection (d), be the for-  
15          mula amount for the State, insular area, or  
16          participating jurisdiction, respectively.

17          “(b) FORMULA AMOUNT.—

18                 “(1) IN GENERAL.—For each fiscal year re-  
19                 ferred to in section 293(a), the Secretary shall deter-  
20                 mine the formula amount under this subsection for  
21                 each State, for Indian tribes, for each insular area,  
22                 and for each participating local jurisdiction.

23                 “(2) STATES, INDIAN TRIBES, AND INSULAR  
24                 AREAS.—The formula amount for each State, for In-  
25                 dian tribes, and for each insular area shall be the

1 amount determined for such State, for Indian tribes,  
2 or for such insular area by applying the formula  
3 under subsection (a) of this section to the total  
4 amount allocated under section 293(b)(1) for all  
5 States, Indian tribes, and insular areas for the fiscal  
6 year.

7 “(3) PARTICIPATING LOCAL JURISDICTIONS.—  
8 The formula amount for each participating local ju-  
9 risdiction shall be the amount determined for such  
10 participating local jurisdiction by applying the for-  
11 mula under subsection (a) of this section to the total  
12 amount allocated under section 293(b)(2) for all  
13 participating local jurisdictions for the fiscal year.

14 “(4) NOTICE.—For each fiscal year referred to  
15 in section 293(a), not later than 60 days after the  
16 date that the Secretary determines the total amount  
17 available from the Trust Fund for such fiscal year  
18 pursuant to section 292(c) for assistance under this  
19 subtitle, the Director shall cause to be published in  
20 the Federal Register a notice that such amounts  
21 shall be so available.

22 “(c) ALLOCATION BASED ON AFFORDABLE HOUSING  
23 NEEDS FORMULA.—The allocation under this subsection  
24 for a State, for Indian tribes, for an insular area, or for

1 a local participating jurisdiction for a fiscal year shall be  
2 determined as follows:

3 “(1) STATES.—Subject to subsection (d), the  
4 allocation for a State shall be as follows:

5 “(A) MINIMUM AMOUNT.—If the formula  
6 amount determined under subsection (b)(2) for  
7 the State for the fiscal year is less than 1 per-  
8 cent of the total amount allocated for such fis-  
9 cal year under section 293(b)(1), the allocation  
10 for the State shall be 1 percent of the total  
11 amount allocated for such fiscal year under sec-  
12 tion 293(b)(1).

13 “(B) FORMULA AMOUNT.—If the formula  
14 amount determined under subsection (b)(2) for  
15 the State for the fiscal year is 1 percent or  
16 more of the total amount allocated for such fis-  
17 cal year under section 293(b)(1), the allocation  
18 for the State shall be the formula amount for  
19 the State, except that the Secretary shall re-  
20 duce such formula amounts for all States whose  
21 allocations are determined under this subpara-  
22 graph on a pro rata basis by the amount nec-  
23 essary to account for any increases from the  
24 formula amount for allocations made under  
25 subparagraph (A) so that the total of the allo-

1 cations for all States pursuant to this para-  
2 graph is equal to the aggregate of the formula  
3 amounts under subsection (b)(2) for all States.

4 “(2) INDIAN TRIBES AND INSULAR AREAS.—  
5 The allocation for Indian tribes and for each insular  
6 area shall be the formula amount for Indian tribes  
7 or for the insular area, respectively, determined  
8 under subsection (b), as applicable.

9 “(3) PARTICIPATING LOCAL JURISDICTIONS.—  
10 Subject to subsection (d), the allocation for each  
11 participating local jurisdiction shall be the formula  
12 amount for the jurisdiction determined under sub-  
13 section (b).

14 “(d) ALLOCATION EXCEPTION FOR YEARS IN WHICH  
15 LESS THAN \$2 BILLION IS AVAILABLE.—If, for any fiscal  
16 year, the total amount available pursuant to section  
17 293(a) for assistance under this subtitle is less than  
18 \$2,000,000,000—

19 “(1) for each participating local jurisdiction  
20 having a formula amount of less than \$1,000,000,  
21 the allocation shall be \$0; and

22 “(2) the allocation for the State in which such  
23 participating local jurisdiction is located shall be in-  
24 creased by the amount of the formula amount for  
25 the participating local jurisdiction.

1 Any adjustments pursuant to paragraphs (1) and (2) shall  
2 be made notwithstanding the allocation percentages under  
3 section 293(b).

4 “(e) GRANT AWARDS.—For each fiscal year referred  
5 to in section 293(a), using the amounts made available  
6 to the Secretary from the Trust Fund for such fiscal year  
7 under section 292(e), the Secretary shall, subject to sub-  
8 section (f), make a grant to each State, insular area, and  
9 participating local jurisdiction in the amount of the alloca-  
10 tion under subsection (a)(2), (c), or (d), as applicable, for  
11 the State, area, or jurisdiction, respectively.

12 “(f) MATCHING REQUIREMENT.—

13 “(1) IN GENERAL.—Each grantee for a fiscal  
14 year shall contribute to eligible activities funded with  
15 Trust Fund grant amounts, or require the contribu-  
16 tion to such eligible activities by recipients of such  
17 Trust Fund grant amounts of, in addition to any  
18 such grant amounts, not less than the following  
19 amount:

20 “(A) STATE, LOCAL, OR PRIVATE RE-  
21 SOURCES.—To the extent that such contributed  
22 amounts are derived from State, local, or pri-  
23 vate resources, one dollar for every two dollars  
24 of such grant amounts.

1           “(B) FEDERAL AMOUNTS.—To the extent  
2           that such contributed amounts are derived from  
3           State- or locally-controlled amounts from Fed-  
4           eral assistance, or from amounts made available  
5           under the affordable housing program of a Fed-  
6           eral Home Loan Bank pursuant to section 10(j)  
7           of the Federal Home Loan Bank Act (12  
8           U.S.C. 1430(j)), one dollar for every dollar of  
9           such grant amounts.

10          Nothing in this paragraph may be construed to pre-  
11          vent a grantee or recipient from complying with this  
12          paragraph only by contributions in accordance with  
13          subparagraph (A), only by contributions in accord-  
14          ance with subparagraph (B), or by a combination of  
15          such contributions.

16          “(2) REDUCTION OR WAIVER FOR RECIPIENTS  
17          IN FISCAL DISTRESS.—The Secretary may reduce or  
18          waive the requirement under paragraph (1) with re-  
19          spect to any grantee that the Secretary determines,  
20          pursuant to such demonstration by the recipient as  
21          the Secretary shall require, is in fiscal distress. The  
22          Secretary shall make determinations regarding fiscal  
23          distress for purposes of this paragraph in the same  
24          manner, and according to the same criteria, as fiscal

1 distress is determined with respect to jurisdictions  
2 under section 220(d) (42 U.S.C. 12750(d)).

3 “(3) QUALIFICATION OF SERVICES FUNDING  
4 FOR MATCH.—For purposes of meeting the require-  
5 ments of paragraph (1), amounts that a grantee, re-  
6 cipient, or other governmental or private agency or  
7 entity commits to contribute to provide services to  
8 residents of affordable housing provided using grant  
9 amounts under this subtitle, by entering into a bind-  
10 ing commitment for such contribution as the Sec-  
11 retary shall require, shall be considered contribu-  
12 tions to eligible activities.

13 “(4) REDUCTION OR WAIVER FOR CERTAIN AC-  
14 TIVITIES.—With respect to Trust Fund grant  
15 amounts made available for a fiscal year, the Sec-  
16 retary shall reduce or waive the amount of contribu-  
17 tions otherwise required under paragraph (1) to be  
18 made with respect to eligible activities to be carried  
19 out with such grant amounts and for which any vari-  
20 ance from zoning laws or other waiver of regulatory  
21 requirements was approved by the local jurisdiction.  
22 Such reduction may be implemented in the year fol-  
23 lowing the year in which such activities are funded  
24 with Trust Fund grant amounts.

1           “(g) COMPETITIVE GRANTS FOR INDIAN TRIBES.—  
2 For each fiscal year referred to in section 293(a), the Sec-  
3 retary shall, using amounts allocated for Indian tribes  
4 pursuant to subsection (a)(2)(B) or (c)(2), as applicable,  
5 and subject to subsection (f), make grants to Indian tribes  
6 on a competitive basis, based upon such criteria as the  
7 Secretary shall establish, which shall include the factors  
8 specified in section 295(c)(2)(B).

9           “(h) USE BY STATE OF UNUSED FUNDS OF LOCAL  
10 JURISDICTIONS.—If any participating local jurisdiction  
11 for which an allocation is made for a fiscal year pursuant  
12 to this section notifies the Secretary of an intent not to  
13 use all or part of such funds, any such funds that will  
14 not be used by the jurisdiction shall be added to the grant  
15 award under subsection (e) for the State in which such  
16 jurisdiction is located.

17           “(i) COMPETITIVE GRANTS FOR AREAS WITHOUT  
18 ALLOCATION PLANS AND RECIPIENTS WITH INSUFFI-  
19 CIENT MATCHING CONTRIBUTIONS.—

20                   “(1) AVAILABLE AMOUNTS.—For a fiscal year,  
21 the following amounts shall be available for grants  
22 under this subsection:

23                           “(A) ALLOCATION FOR AREAS NOT SUB-  
24 MITTING ALLOCATION PLANS.—With respect to  
25 each State, insular area, or participating local

1 jurisdiction that has not, before the expiration  
2 of the 12-month period beginning upon the date  
3 of the publication of the notice of funding avail-  
4 ability for such fiscal year under subsection  
5 (b)(4), submitted to and had approved by the  
6 Secretary an allocation plan for such fiscal year  
7 meeting the requirements of section 295, the  
8 amount of the allocation for such State, insular  
9 area, or participating local jurisdiction for such  
10 fiscal year determined under this section.

11 “(B) UNMATCHED PORTION OF ALLOCA-  
12 TION.—With respect to any grantee for which  
13 the Trust Fund grant amount awarded for such  
14 fiscal year is reduced from the amount of the  
15 allocation determined under this section for the  
16 grantee by reason of failure comply with the re-  
17 quirements under subsection (f), the amount by  
18 which such allocation for the grantee for the  
19 fiscal year exceeds the Trust Fund grant  
20 amount for the grantee for the fiscal year.

21 “(C) UNCOMMITTED AMOUNTS.—Any  
22 Trust Fund grant amounts for a fiscal year  
23 that are not committed for use for eligible ac-  
24 tivities before the expiration of the 24-month  
25 period beginning upon the date of the publica-

1           tion of the notice of availability of amounts  
2           under subsection (b)(4) for such fiscal year.

3           “(D) UNUSED AMOUNTS.—Any Trust  
4           Fund grant amounts for which the grantee no-  
5           tifies the Secretary that such funds will not be  
6           used under this subtitle.

7           “(2) NOTICE.—For each fiscal year, not later  
8           than 60 days after the date that the Secretary deter-  
9           mines that the amounts described in paragraph (1)  
10          shall be available for grants under this subsection,  
11          the Secretary shall cause to be published in the Fed-  
12          eral Register a notice that such amounts shall be so  
13          available.

14          “(3) APPLICATIONS.—The Secretary shall pro-  
15          vide for nonprofit and public entities (and consortia  
16          thereof, which may include regional consortia of  
17          units of local government) to submit applications,  
18          during the 9-month period beginning upon publica-  
19          tion of a notice of funding availability under para-  
20          graph (2) for a fiscal year, for a grant of all or a  
21          portion of the amounts referred to in paragraph (1)  
22          for such fiscal year. Such an application shall in-  
23          clude a certification that the applicant will comply  
24          with all requirements of this subtitle applicable to a  
25          grantee under this subsection.

1           “(4) SELECTION CRITERIA.—The Secretary  
2 shall, by regulation, establish criteria for selecting  
3 applicants that meet the requirements of paragraph  
4 (3) for funding under this subsection. Such criteria  
5 shall give priority to applications that provide that  
6 grant amounts under this subsection will be used for  
7 eligible activities relating to affordable housing that  
8 is located in the State or insular area, as applicable,  
9 for which such grant funds were originally allocated  
10 under this section.

11           “(5) AWARD AND USE OF GRANT ASSIST-  
12 ANCE.—

13           “(A) AWARD.—Subject only to the absence  
14 of applications meeting the requirements of  
15 paragraph (3), upon the expiration of the pe-  
16 riod referred to in such paragraph, the Sec-  
17 retary shall select an applicant or applicants  
18 under this subsection to receive the amounts  
19 available under paragraph (1) and shall make a  
20 grant or grants to such applicant or applicants.  
21 The selection shall be based upon the criteria  
22 established under paragraph (4).

23           “(B) USE.—Amounts from a grant under  
24 this subsection shall be Trust Fund grant  
25 amounts for purposes of this subtitle.

1 **“SEC. 295. ALLOCATION PLANS.**

2 “(a) IN GENERAL.—Each grantee that is a State, in-  
3 sular area, participating local jurisdiction, or grantee  
4 under section 294(i) for a fiscal year, shall establish an  
5 allocation plan in accordance with this section for the dis-  
6 tribution of Trust Fund grant amounts provided to the  
7 grantee for such fiscal year, which shall be a plan that—

8 “(1) provides for use of such amounts in ac-  
9 cordance with section 296;

10 “(2) is based on priority housing needs, as de-  
11 termined by the grantee; and

12 “(3) is consistent with the comprehensive hous-  
13 ing affordability strategy under section 105 (42  
14 U.S.C. 12705) or any applicable consolidated sub-  
15 mission used for purposes of applying for other com-  
16 munity planning and development and housing as-  
17 sistance programs administered by the Secretary, for  
18 the applicable State, insular area, jurisdiction, or  
19 grantee under section 294(i).

20 “(b) ESTABLISHMENT.—In establishing an allocation  
21 plan, a grantee described in subsection (a) shall notify the  
22 public of the establishment of the plan, provide an oppor-  
23 tunity for public comments regarding the plan, consider  
24 any public comments received, and make the completed  
25 plan available to the public.

1       “(c) CONTENTS.—Each allocation plan of a grantee  
2 described in subsection (a) shall comply with the following  
3 requirements:

4           “(1) APPLICATION REQUIREMENTS FOR ELIGI-  
5 BLE RECIPIENTS.—The allocation plan shall set  
6 forth the requirements for eligible recipients to apply  
7 to the grantee to receive assistance from Trust Fund  
8 grant amounts of the grantee for use for eligible ac-  
9 tivities, including a requirement that each such ap-  
10 plication include—

11           “(A) a description of the eligible activities  
12 to be conducted using such assistance; and

13           “(B) a certification by the eligible recipient  
14 applying for such assistance that any housing  
15 assisted with such grant amounts will comply  
16 with—

17           “(i) all of the requirements under this  
18 subtitle, including the targeting require-  
19 ments under section 296(c) and the afford-  
20 able housing requirements under section  
21 297;

22           “(ii) section 808(d) of the Fair Hous-  
23 ing Act (relating to the obligation to af-  
24 firmatively further fair housing); and

1                   “(iii) section 504 of the Rehabilitation  
2                   Act of 1973 (relating to prohibition of dis-  
3                   crimination on the basis of disability).

4                   “(2) SELECTION PROCESS AND CRITERIA FOR  
5 ASSISTANCE.—

6                   “(A) SELECTION PROCESS.—The allocation  
7                   plan shall set forth a process for the grantee to  
8                   select eligible activities meeting the grantee’s  
9                   priority housing needs for funding with Trust  
10                  Fund grant amounts of the grantee, which shall  
11                  comply with requirements for such process as  
12                  the Secretary shall, by regulation, establish.

13                  “(B) SELECTION CRITERIA.—The alloca-  
14                  tion plan shall set forth the factors for consid-  
15                  eration in selecting among applicants that meet  
16                  the application requirements established pursu-  
17                  ant to paragraph (1), which shall provide for  
18                  geographic diversity among eligible activities to  
19                  be assisted with Trust Fund grant amounts of  
20                  the grantee and shall include—

21                         “(i) the merits of the proposed eligible  
22                         activity of the applicant, including the ex-  
23                         tent to which the activity addresses hous-  
24                         ing needs identified in the allocation plan  
25                         of the grantee and the applicable com-

1           prehensive housing affordability strategy or  
2           consolidated submission referred to in sub-  
3           section (a)(3);

4           “(ii) the ability of the applicant to ob-  
5           ligate grant amounts for the proposed eli-  
6           gible activities and to undertake such ac-  
7           tivities in a timely manner;

8           “(iii) the amount of assistance lever-  
9           aged by the applicant from private and  
10          other non-Federal sources for carrying out  
11          the eligible activities to be funded with  
12          Trust Fund grant amounts, including as-  
13          sistance made available under section 8 of  
14          the United States Housing Act of 1937  
15          (42 U.S.C. 1437f) that is devoted to the  
16          project that contains the affordable hous-  
17          ing to be assisted with such assistance;

18          “(iv) the extent of local assistance  
19          that will be provided in carrying out the eli-  
20          gible activities, including financial assist-  
21          ance;

22          “(v) the degree to which the project in  
23          which the affordable housing will be lo-  
24          cated will have residents of various in-  
25          comes;

1           “(vi) the extent of employment and  
2 other economic opportunities for low-in-  
3 come families in the area in which the  
4 housing will be located;

5           “(vii) the extent to which the appli-  
6 cant demonstrates the ability to maintain  
7 dwelling units as affordable housing  
8 through the use of assistance made avail-  
9 able under this subtitle, assistance lever-  
10 aged from non-Federal sources, assistance  
11 made available under section 8 of the  
12 United States Housing Act of 1937 (42  
13 U.S.C. 1437f), State or local assistance,  
14 programs to increase tenant income, cross-  
15 subsidization, and any other resources;

16           “(viii) the extent to which the appli-  
17 cant demonstrates that the county in  
18 which the housing is to be located is expe-  
19 riencing an extremely low vacancy rate;

20           “(ix) the extent to which the percent-  
21 age of the housing located in such county  
22 that is extremely old housing exceeds 35  
23 percent;

1           “(x) the extent to which the housing  
2 assisted with the grant amounts will be ac-  
3 cessible to persons with disabilities;

4           “(xi) the extent to which the applicant  
5 demonstrates that the affordable housing  
6 assisted with the grant amounts will be lo-  
7 cated in proximity to public transportation,  
8 job opportunities, child care, and commu-  
9 nity revitalization projects;

10           “(xii) the extent to which the appli-  
11 cant has provided that assistance from  
12 grant amounts will be used for eligible ac-  
13 tivities relating to housing located in cen-  
14 sus tracts in which the number of families  
15 having incomes less than the poverty line is  
16 less than 20 percent; and

17           “(xiii) the extent to which the housing  
18 assisted with grant amounts will comply  
19 with energy efficiency standards and the  
20 national Green Communities criteria  
21 checklist for residential construction that  
22 provides criteria for the design, develop-  
23 ment, and operation of affordable housing,  
24 as the Secretary shall by regulation pro-  
25 vide.

1           “(3) PERFORMANCE GOALS, BENCHMARKS, AND  
2           TIMETABLES.—The allocation plan shall include per-  
3           formance goals, benchmarks, and timetables for the  
4           grantee for the conducting of eligible activities with  
5           Trust Fund grant amounts that comply with re-  
6           quirements and standards for such goals, bench-  
7           marks, and timetables as the Secretary shall, by reg-  
8           ulation, establish.

9           “(d) REVIEW AND APPROVAL BY SECRETARY.—

10           “(1) SUBMISSION.—A grantee described in sub-  
11           section (a) shall submit an allocation plan for the  
12           fiscal year for which the grant is made to the Sec-  
13           retary not later than the expiration of the 6-month  
14           period beginning upon the notice of funding avail-  
15           ability under section 294(b)(4) for such fiscal year  
16           amounts.

17           “(2) REVIEW AND APPROVAL OR DIS-  
18           APPROVAL.—The Secretary shall review and approve  
19           or disapprove an allocation plan not later than the  
20           expiration of the 3-month period beginning upon  
21           submission of the plan.

22           “(3) STANDARD FOR DISAPPROVAL.—The Sec-  
23           retary may disapprove an allocation plan only if the  
24           plan fails to comply with requirements of this sec-  
25           tion or section 296.

1           “(4) RESUBMISSION UPON DISAPPROVAL.—If  
2           the Secretary disapproves a plan, the grantee may  
3           submit to the Secretary a revised plan for review  
4           and approval or disapproval under this subsection.

5           “(5) TIMING FOR FISCAL YEAR 2008.—With re-  
6           spect only to fiscal year 2008, the Secretary may ex-  
7           tend each of the periods referred to in paragraphs  
8           (1) and (2), and the period referred to in section  
9           294(i)(1)(A), by not more than 6 months.

10 **“SEC. 296. USE OF ASSISTANCE BY RECIPIENTS.**

11           “(a) DISTRIBUTION TO RECIPIENTS; USE REQUIRE-  
12           MENTS.—Each grantee shall distribute Trust Fund grant  
13           amounts of the grantee to eligible recipients for use in ac-  
14           cordance with this section. Trust Fund grant amounts of  
15           a grantee may be used, or committed for use, only for eli-  
16           gible activities that—

17           “(1) are conducted in the jurisdiction of the  
18           grantee;

19           “(2) in the case of a grantee that is a State,  
20           insular area, participating local jurisdiction, or  
21           grantee under section 294(i), comply with the alloca-  
22           tion plan of the grantee under section 295;

23           “(3) are selected for funding by the grantee in  
24           accordance with the process and criteria for such se-

1       lection established pursuant to section 295(c)(2);  
2       and

3               “(4) comply with the targeting requirements  
4       under subsection (c) of this section and the afford-  
5       able housing requirements under section 297.

6       “(b) ELIGIBLE RECIPIENTS.—Trust Fund grant  
7       amounts of a grantee may be provided only to an organiza-  
8       tion, agency, or other entity (including a for-profit entity,  
9       a nonprofit entity, and a faith-based organization) that—

10              “(1) demonstrates the experience, ability, and  
11       capacity (including financial capacity) to undertake,  
12       comply, and manage the eligible activity;

13              “(2) demonstrates its familiarity with the re-  
14       quirements of any other Federal, State or local  
15       housing program that will be used in conjunction  
16       with such grant amounts to ensure compliance with  
17       all applicable requirements and regulations of such  
18       programs; and

19              “(3) makes such assurances to the grantee as  
20       the Secretary shall, by regulation, require to ensure  
21       that the recipient will comply with the requirements  
22       of this subtitle during the entire period that begins  
23       upon selection of the recipient to receive such grant  
24       amounts and ending upon the conclusion of all eligi-

1 ble activities that are engaged in by the recipient  
2 and funded with such grant amounts.

3 “(c) TARGETING REQUIREMENTS.—The targeting re-  
4 quirements under this subsection are as follows:

5 “(1) REQUIREMENT OF USE OF ALL AMOUNTS  
6 FOR AFFORDABLE HOUSING FOR LOW-INCOME FAMI-  
7 LIES.—All Trust Fund grant amounts of a grantee  
8 shall be distributed for use only for eligible activities  
9 relating to affordable housing that are for the ben-  
10 efit only of families whose incomes do not exceed 80  
11 percent of the greater of—

12 “(A) the median family income for the  
13 area in which the housing is located, as deter-  
14 mined by the Secretary with adjustments for  
15 smaller and larger families; and

16 “(B) the median family income for the  
17 State or insular area in which the housing is lo-  
18 cated, as determined by the Secretary with ad-  
19 justments for smaller and larger families.

20 “(2) USE OF 75 PERCENT FOR AFFORDABLE  
21 HOUSING FOR EXTREMELY LOW-INCOME FAMI-  
22 LIES.—Not less than 75 percent of the Trust Fund  
23 grant amounts of a grantee for each fiscal year shall  
24 be used only for eligible activities relating to afford-

1       able housing that are for the benefit only of families  
2       whose incomes do not exceed the higher of—

3               “(A) 30 percent of the median family in-  
4               come for the area in which the housing is lo-  
5               cated, as determined by the Secretary with ad-  
6               justments for smaller and larger families; and

7               “(B) the poverty line (as such term is de-  
8               fined in section 673 of the Omnibus Budget  
9               Reconciliation Act of 1981 (42 U.S.C. 9902),  
10              including any revision required by such section)  
11              applicable to a family of the size involved.

12              “(3) USE OF 30 PERCENT FOR AFFORDABLE  
13              HOUSING FOR VERY POOR FAMILIES.—Not less than  
14              30 percent of the Trust Fund grant amounts of a  
15              grantee for each fiscal year shall be used only for el-  
16              igible activities relating to affordable housing that  
17              are for the benefit only of families whose incomes do  
18              not exceed the maximum amount of income that an  
19              individual or family could have, taking into consider-  
20              ation any income disregards, and remain eligible for  
21              benefits under the Supplemental Security Income  
22              program under title XVI of the Social Security Act  
23              (42 U.S.C. 1381 et seq.).

24              “(4) LIMITATION FOR YEARS IN WHICH LESS  
25              THAN \$2 BILLION IS AVAILABLE.—If, for any fiscal

1 year, the total amount available pursuant to section  
2 293(a) for assistance under this subtitle is less than  
3 \$2,000,000,000, in addition to the other require-  
4 ments under this subsection—

5 “(A) all such amounts shall be used only  
6 for eligible activities relating to affordable hous-  
7 ing that are for the benefit only of families  
8 whose incomes do not exceed the amount de-  
9 scribed in paragraph (2) of this subsection; and

10 “(B) not less than 40 percent of such  
11 amounts shall be used only for eligible activities  
12 relating to affordable housing that is for use  
13 only by families whose incomes do not exceed  
14 the greater of the amounts described in para-  
15 graphs (2) and (3) of this subsection.

16 “(d) USE FOR RURAL AREAS.—Of the Trust Fund  
17 grant amounts for any fiscal year for any grantee that  
18 is a State or participating jurisdiction that includes any  
19 rural areas, the State or participating jurisdiction shall  
20 use a portion for eligible activities located in rural areas  
21 that is proportionate to the identified need for such activi-  
22 ties in such rural areas.

23 “(e) COST LIMITS.—The Secretary shall establish  
24 limitations on the amount of Trust Fund grant amounts  
25 that may be used, on a per unit basis, for eligible activi-

1 ties. Such limitations shall be the same as the per unit  
2 cost limits established pursuant to section 212(e) (42  
3 U.S.C. 12742(e)), as adjusted annually, and established  
4 by number of bedrooms, market area, and eligible activity.

5 “(f) FORMS OF ASSISTANCE.—

6 “(1) IN GENERAL.—Assistance may be distrib-  
7 uted pursuant to this section in the form of—

8 “(A) capital grants, noninterest-bearing or  
9 low-interest loans or advances, deferred pay-  
10 ment loans, guarantees, and loan loss reserves;

11 “(B) in the case of assistance for owner-  
12 ship of one- to four-family owner-occupied hous-  
13 ing, downpayment assistance, closing cost as-  
14 sistance, and assistance for interest rate buy-  
15 downs; and

16 “(C) any other forms of assistance ap-  
17 proved by the Secretary.

18 “(2) REPAYMENTS.—If a grantee awards as-  
19 sistance under this section in the form of a loan or  
20 other mechanism by which funds are later repaid to  
21 the grantee, any repayments and returns received by  
22 the grantee shall be distributed by the grantee in ac-  
23 cordance with the allocation plan under section 295  
24 for the grantee for the fiscal year in which such re-  
25 payments are made or returns are received.

1       “(g) COORDINATION WITH OTHER ASSISTANCE.—In  
2 distributing assistance pursuant to this section, each  
3 grantee shall, to the maximum extent practicable, coordi-  
4 nate such distribution with the provision of other Federal,  
5 State, tribal, and local housing assistance, including—

6           “(1) in the case of any State, housing credit  
7 dollar amounts allocated by the State under section  
8 42(h) of the Internal Revenue Code of 1986;

9           “(2) assistance made available under subtitles  
10 A through F (42 U.S.C. 12721 et seq.) or the com-  
11 munity development block grant program under title  
12 I of the Housing and Community Development Act  
13 of 1974 (42 U.S.C. 5301 et seq.);

14           “(3) private activity bonds;

15           “(4) assistance made available under section 9  
16 of the United States Housing Act of 1937 (42  
17 U.S.C. 1437g);

18           “(5) assistance made available under section  
19 8(o) of the United States Housing Act of 1937 (42  
20 U.S.C. 1437f(o));

21           “(6) assistance made available under title V of  
22 the Housing Act of 1949 (42 U.S.C. 1471 et seq.);

23           “(7) assistance made available under section  
24 101 of the Native American Housing Assistance and  
25 Self-Determination Act of 1996 (25 U.S.C. 4111);

1           “(8) assistance made available from any State  
2           or local housing trust fund established to provide or  
3           assist in making available affordable housing; and

4           “(9) any other housing assistance programs.

5           “(h) PROHIBITED USES.—The Secretary shall—

6           “(1) by regulation, set forth prohibited uses of  
7           grant amounts under this subtitle, which shall in-  
8           clude use for—

9                   “(A) political activities;

10                   “(B) advocacy;

11                   “(C) lobbying, whether directly or through  
12           other parties;

13                   “(D) counseling services;

14                   “(E) travel expenses; and

15                   “(F) preparing or providing advice on tax  
16           returns;

17           “(2) by regulation, provide that, except as pro-  
18           vided in paragraph (3), grant amounts under this  
19           subtitle may not be used for administrative, out-  
20           reach, or other costs of—

21                   “(A) a grantee; or

22                   “(B) any recipient of such grant amounts;

23           and

24           “(3) by regulation, limit the amount of any  
25           Trust Fund grant amounts for a fiscal year that

1       may be used for administrative costs of the grantee  
2       of carrying out the program required under this sub-  
3       title to a percentage of such grant amounts of the  
4       grantee for such fiscal year, which may not exceed  
5       10 percent.

6       “(i) LABOR STANDARDS.—Each grantee receiving  
7 Trust Fund grant amounts shall ensure that contracts for  
8 eligible activities assisted with such amounts comply with  
9 the same requirements under section 286 (42 U.S.C.  
10 12836) that are applicable to contracts for construction  
11 of affordable housing assisted under such Act.

12       “(j) COMPLIANCE WITH OTHER FEDERAL LAWS.—  
13 All amounts from the Trust Fund shall be allocated in  
14 accordance with, and any eligible activities carried out in  
15 whole or in part with grant amounts under this subtitle  
16 (including housing provided with such grant amounts)  
17 shall comply with and be operated in compliance with,  
18 other applicable provisions of Federal law, including—

19               “(1) laws relating to tenant protections and  
20       tenant rights to participate in decision making re-  
21       garding their residences;

22               “(2) laws requiring public participation, includ-  
23       ing laws relating to Consolidated Plans, Qualified  
24       Allocation Plans, and Public Housing Agency Plans;  
25       and

1           “(3) fair housing laws and laws regarding ac-  
2           cessibility in federally assisted housing, including  
3           section 504 of the Rehabilitation Act of 1973.

4   **“SEC. 297. AFFORDABLE HOUSING.**

5           “(a) RENTAL HOUSING.—A rental dwelling unit  
6           (which may include a dwelling unit in limited equity coop-  
7           erative housing, as such term is defined in section 143(k)  
8           of the Internal Revenue Code of 1986 (26 U.S.C. 143(k))  
9           or in housing of a cooperative housing corporation, as such  
10          term is defined in section 216(b) of the Internal Revenue  
11          Code of 1986 (26 U.S.A. 216(b))), shall be considered af-  
12          fordable housing for purposes of this subtitle only if the  
13          dwelling unit is subject to legally binding commitments  
14          that ensure that the dwelling unit meets all of the fol-  
15          lowing requirements:

16                 “(1) RENTS.—The dwelling unit bears a rent  
17                 not greater than the lesser of—

18                         “(A) the existing fair market rental estab-  
19                         lished by the Secretary under section 8(c) of  
20                         the United States Housing Act of 1937 (42  
21                         U.S.C. 1437f(c)) for a dwelling unit of the  
22                         same size in the same market area, or the ap-  
23                         plicable payment standard for assistance under  
24                         section 8(o) of such Act, if higher; and

1           “(B) a rent that does not exceed 30 per-  
2           cent of the adjusted income of a family whose  
3           income equals 65 percent of the median income  
4           for the area, as determined by the Secretary,  
5           with adjustment for number of bedrooms in the  
6           unit, except that the Secretary may establish  
7           income ceilings higher or lower than 65 percent  
8           of the median for the area on the basis of the  
9           findings of the Secretary that such variations  
10          are necessary because of prevailing levels of  
11          construction costs or fair market rents, or un-  
12          usually high or low family incomes.

13           “(2) TENANT RENT CONTRIBUTION.—The con-  
14          tribution toward rent by the family residing in the  
15          dwelling unit will not exceed 30 percent of the ad-  
16          justed income of such family.

17           “(3) NON-DISCRIMINATION AGAINST VOUCHER  
18          HOLDERS.—The dwelling unit is located in a project  
19          in which all dwelling units are subject to enforceable  
20          restrictions that provide that a unit may not be re-  
21          fused for leasing to a holder of a voucher of eligi-  
22          bility under section 8 of the United States Housing  
23          Act of 1937 (42 U.S.C. 1437f) because of the status  
24          of the prospective tenant as a holder of such vouch-  
25          er.

1 “(4) MIXED INCOME.—

2 “(A) IN GENERAL.—The dwelling unit is  
3 located in a project in which not more than 50  
4 percent of the rental units in the project that  
5 receive assistance under this subtitle and are  
6 not previously occupied may be rented initially  
7 to families with incomes described in section  
8 295(c)(2), as determined at a reasonable time  
9 before occupancy.

10 “(B) EXCEPTIONS.—Subparagraph (A)  
11 shall not apply in the case of a project having  
12 25 or fewer dwelling units that is—

13 “(i) located in a census tract in which  
14 the number of families having incomes less  
15 than the poverty line is less than 20 per-  
16 cent;

17 “(ii) located in a rural area, as such  
18 term is defined in section 520 of the Hous-  
19 ing Act of 1949 (42 U.S.C. 1490); or

20 “(iii) specifically made available only  
21 for households comprised of elderly fami-  
22 lies or disabled families.

23 “(5) VISITABILITY.—To the extent the dwelling  
24 unit is not required under Federal law to comply  
25 with standards relating to accessibility to persons

1 with disabilities, the dwelling unit complies with  
2 such basic visitability standards as the Secretary  
3 shall by regulation provide.

4 “(6) DURATION OF USE.—The dwelling unit  
5 will continue to be subject to all requirements under  
6 this subsection for not less than 50 years.

7 “(b) OWNER-OCCUPIED HOUSING.—For purposes of  
8 any eligible activity involving one- to four-family owner-  
9 occupied housing (which may include housing of a cooper-  
10 ative housing corporation, as such term is defined in sec-  
11 tion 216(b) of the Internal Revenue Code of 1986 (26  
12 U.S.A. 216(b))), such a residence shall be considered af-  
13 fordable housing for purposes of this subtitle only if—

14 “(1) in the case of housing to be made available  
15 for purchase—

16 “(A) the housing is available for purchase  
17 only for use as a principal residence by families  
18 that qualify as first-time homebuyers, as such  
19 term is defined in section 104 (42 U.S.C.  
20 12704), except that any reference in such sec-  
21 tion to assistance under title II of this Act shall  
22 for purposes of this section be considered to  
23 refer to assistance from Trust Fund grant  
24 amounts;

1           “(B) the housing has an initial purchase  
2 price that meets the requirements of section  
3 215(b)(1); and

4           “(C) the housing is subject to the same re-  
5 sale restrictions established under section  
6 215(b)(3) and applicable to the participating  
7 jurisdiction that is the State in which such  
8 housing is located; and

9           “(2) the housing is made available for purchase  
10 only by, or in the case of assistance to a homebuyer  
11 pursuant to this subsection, the assistance is made  
12 available only to, homebuyers who have, before pur-  
13 chase, completed a program of counseling with re-  
14 spect to the responsibilities and financial manage-  
15 ment involved in homeownership that is approved by  
16 the Secretary; except that the Secretary may, at the  
17 request of a State, waive the requirements of this  
18 paragraph with respect to a geographic area or  
19 areas within the State if—

20           “(A) the travel time or distance involved in  
21 providing counseling with respect to such area  
22 or areas, as otherwise required under this para-  
23 graph, on an in-person basis is excessive or the  
24 cost of such travel is prohibitive; and

1           “(B) the State provides alternative forms  
2 of counseling for such area or areas, which may  
3 include interactive telephone counseling, on-line  
4 counseling, interactive video counseling, and  
5 interactive home study counseling and a pro-  
6 gram of financial literacy and education to pro-  
7 mote an understanding of consumer, economic,  
8 and personal finance issues and concepts, in-  
9 cluding saving for retirement, managing credit,  
10 long-term care, and estate planning and edu-  
11 cation on predatory lending, identity theft, and  
12 financial abuse schemes relating to homeownership  
13 that is approved by the Secretary, except  
14 that entities providing such counseling shall not  
15 discriminate against any particular form of  
16 housing; and

17 **“SEC. 298. OTHER PROVISIONS.**

18           “(a) EFFECT OF ASSISTANCE UNDER PROGRAM.—  
19 Notwithstanding any other provision of law, the provision  
20 of assistance under this subtitle for a project shall not re-  
21 duce the amount of assistance for which such project is  
22 otherwise eligible under subtitles A through F of this title,  
23 if the project does not exceed the cost limits established  
24 pursuant to section 296(e).

1       “(b) ACCOUNTABILITY OF GRANTEES AND RECIPI-  
2 ENTS.—

3               “(1) RECIPIENTS.—

4                       “(A) TRACKING OF FUNDS.—The Sec-  
5 retary shall—

6                               “(i) require each grantee to develop  
7 and maintain a system to ensure that each  
8 recipient of assistance from Trust Fund  
9 grant amounts of the grantee uses such  
10 amounts in accordance with this subtitle,  
11 the regulations issued under this subtitle,  
12 and any requirements or conditions under  
13 which such amounts were provided; and

14                               “(ii) establish minimum requirements  
15 for agreements, between the grantee and  
16 recipients, regarding assistance from the  
17 Trust Fund grant amounts of the grantee,  
18 which shall include—

19                                       “(I) appropriate continuing fi-  
20 nancial and project reporting, record  
21 retention, and audit requirements for  
22 the duration of the grant to the re-  
23 cipient to ensure compliance with the  
24 limitations and requirements of this

1 subtitle and the regulations under this  
2 subtitle; and

3 “(II) any other requirements that  
4 the Secretary determines are nec-  
5 essary to ensure appropriate grant ad-  
6 ministration and compliance.

7 “(B) MISUSE OF FUNDS.—

8 “(i) REIMBURSEMENT REQUIRE-  
9 MENT.—If any recipient of assistance from  
10 Trust Fund grant amounts of a grantee is  
11 determined, in accordance with clause (ii),  
12 to have used any such amounts in a man-  
13 ner that is materially in violation of this  
14 subtitle, the regulations issued under this  
15 subtitle, or any requirements or conditions  
16 under which such amounts were provided,  
17 the grantee shall require that, within 12  
18 months after the determination of such  
19 misuse, the recipient shall reimburse the  
20 grantee for such misused amounts and re-  
21 turn to the grantee any amounts from the  
22 Trust Fund grant amounts of the grantee  
23 that remain unused or uncommitted for  
24 use. The remedies under this clause are in

1 addition to any other remedies that may be  
2 available under law.

3 “(ii) DETERMINATION.—A determina-  
4 tion is made in accordance with this clause  
5 if the determination is—

6 “(I) made by the Secretary ; or

7 “(II)(aa) made by the grantee;

8 “(bb) the grantee provides notifi-  
9 cation of the determination to the  
10 Secretary for review, in the discretion  
11 of the Secretary, of the determination;  
12 and

13 “(cc) the Secretary does not sub-  
14 sequently reverse the determination.

15 “(2) GRANTEES.—

16 “(A) REPORT.—

17 “(i) IN GENERAL.—The Secretary  
18 shall require each grantee receiving Trust  
19 Fund grant amounts for a fiscal year to  
20 submit a report, for such fiscal year, to the  
21 Secretary that—

22 “(I) describes the activities fund-  
23 ed under this subtitle during such  
24 year with the Trust Fund grant  
25 amounts of the grantee; and

1                   “(II) the manner in which the  
2                   grantee complied during such fiscal  
3                   year with the allocation plan estab-  
4                   lished pursuant to section 295 for the  
5                   grantee.

6                   “(ii) PUBLIC AVAILABILITY.—The  
7                   Secretary shall make such reports pursu-  
8                   ant to this subparagraph publicly available.

9                   “(B) MISUSE OF FUNDS.—If the Secretary  
10                  determines, after reasonable notice and oppor-  
11                  tunity for hearing, that a grantee has failed to  
12                  comply substantially with any provision of this  
13                  subtitle and until the Secretary is satisfied that  
14                  there is no longer any such failure to comply,  
15                  the Secretary shall—

16                  “(i) reduce the amount of assistance  
17                  under this section to the grantee by an  
18                  amount equal to the amount of Trust  
19                  Fund grant amounts which were not used  
20                  in accordance with this subtitle;

21                  “(ii) require the grantee to repay the  
22                  Secretary an amount equal to the amount  
23                  of the Trust Fund grant amounts which  
24                  were not used in accordance with this sub-  
25                  title;

1           “(iii) limit the availability of assist-  
2           ance under this subtitle to the grantee to  
3           activities or recipients not affected by such  
4           failure to comply; or

5           “(iv) terminate any assistance under  
6           this subtitle to the grantee.

7   **“SEC. 299. DEFINITIONS.**

8           “For purposes of this subtitle, the following defini-  
9           tions shall apply:

10           “(1) ELIGIBLE ACTIVITIES.—The term ‘eligible  
11           activities’ means activities relating to the construc-  
12           tion, preservation, or rehabilitation of affordable  
13           rental housing or affordable one- to four-family  
14           owner-occupied housing, including—

15                   “(A) the construction of new housing;

16                   “(B) the acquisition of real property;

17                   “(C) site preparation and improvement, in-  
18                   cluding demolition;

19                   “(D) rehabilitation of existing housing;

20                   “(E) use of funds to facilitate affordability  
21                   for homeless and other extremely low-income  
22                   households of dwelling units assisted with Trust  
23                   Fund grant amounts, in a combined amount  
24                   not to exceed 20 percent of the project grant  
25                   amount, for—

1           “(i) project-based rental assistance for  
2           not more than 12 months for a project as-  
3           sisted with Trust Fund grant amounts;

4           “(ii) project operating reserves for use  
5           to cover the loss of rental assistance or in  
6           conjunction with a project loan; or

7           “(iii) project operating accounts used  
8           to cover net operating income shortfalls for  
9           dwelling units assisted with Trust Fund  
10          grant amounts; and

11          “(F) providing incentives to maintain ex-  
12          isting housing (including manufactured hous-  
13          ing) as affordable housing and to establish or  
14          extend any low-income affordability restrictions  
15          for such housing, including covering capital ex-  
16          penditures and costs of establishing community  
17          land trusts to provide sites for manufactured  
18          housing provided such incentives;

19          “(2) ELIGIBLE RECIPIENT.—The term ‘eligible  
20          recipient’ means an entity that meets the require-  
21          ments under section 296(b) for receipt of Trust  
22          Fund grant amounts of a grantee.

23          “(3) EXTREMELY LOW VACANCY RATE.—The  
24          term ‘extremely low vacancy rate’ means a housing  
25          or rental vacancy rate of 2 percent or less.

1           “(4) EXTREMELY OLD HOUSING.—The term  
2           ‘extremely old housing’ means housing that is 45  
3           years old or older.

4           “(5) FAMILIES.—The term ‘families’ has the  
5           meaning given such term in section 3(b) of the  
6           United States Housing Act of 1937 (42 U.S.C.  
7           1437a(b)).

8           “(6) FISCAL DISTRESS; SEVERE FISCAL DIS-  
9           TRESS.—The terms ‘fiscal distress’ and ‘severe fiscal  
10          distress’ have the meanings given such terms in sec-  
11          tion 220(d).

12          “(7) GRANTEE.—The term ‘grantee’ means—

13                 “(A) a State, insular area, or participating  
14                 local jurisdiction for which a grant is made  
15                 under section 294(e);

16                 “(B) an Indian tribe for which a grant is  
17                 made under section 294(g); or

18                 “(C) a nonprofit or public entity for which  
19                 a grant is made under section 294(i).

20          “(8) INDIAN TRIBE.—The term ‘Indian tribe’  
21          means a federally recognized Indian tribe.

22          “(9) INSULAR AREA.—The term ‘insular area’  
23          has the meaning given such term in section 104.

1           “(10) PARTICIPATING LOCAL JURISDICTION.—

2           The term ‘participating local jurisdiction’ means,  
3           with respect to a fiscal year—

4                   “(A) any unit of general local government  
5                   (as such term is defined in section 104 (42  
6                   U.S.C. 12704) that qualifies as a participating  
7                   jurisdiction under section 216 (42 U.S.C.  
8                   12746) for such fiscal year; and

9                   “(B) at the option of such a consortium,  
10                  any consortium of units of general local govern-  
11                  ments that is designated pursuant to section  
12                  216 (42 U.S.C. 12746) as a participating juris-  
13                  diction for purposes of title II.

14           “(11) POVERTY LINE.—The term ‘poverty line’  
15           has the meaning given such term in section 673(2)  
16           of the Omnibus Budget Reconciliation Act of 1981,  
17           including any revision required by such section.

18           “(12) RECIPIENT.—The term ‘recipient’ means  
19           an entity that receives assistance from a grantee,  
20           pursuant to section 296(a), from Trust Fund  
21           amounts of the grantee.

22           “(13) RURAL AREA.—The term ‘rural area’ has  
23           the meaning given such term in section 520 of the  
24           Housing Act of 1949 (42 U.S.C. 1490).

1           “(14) SECRETARY.—The term ‘Secretary’  
2 means the Secretary of Housing and Urban Develop-  
3 ment.

4           “(15) STATE.—The term ‘State’ has the mean-  
5 ing given such term in section 104.

6           “(16) TRUST FUND.—The term ‘Trust Fund’  
7 means the National Affordable Housing Trust Fund  
8 established under section 292.

9           “(17) TRUST FUND GRANT AMOUNTS.—The  
10 term ‘Trust Fund grant amounts’ means amounts  
11 from the Trust Fund that are provided to a grantee  
12 pursuant to subsection (e), (g), or (i) of section 294.

13 **“SEC. 300. INAPPLICABILITY OF HOME PROVISIONS.**

14           “Except as specifically provided otherwise in this sub-  
15 title, no requirement under, or provision of, title I or sub-  
16 titles A through F of this title shall apply to assistance  
17 provided under this subtitle.

18 **“SEC. 301. REGULATIONS.**

19           “Not later than 6 months after the date of enactment  
20 of the National Affordable Housing Trust Fund Act of  
21 2007, the Secretary of Housing and Urban Development  
22 shall promulgate regulations to carry out this subtitle,  
23 which shall include regulations establishing the affordable  
24 housing needs formula in accordance with section  
25 294(a).”.

1           (b) CONFORMING AMENDMENT.—Section 201 of the  
2 Cranston-Gonzalez National Affordable Housing Act (42  
3 U.S.C. 12701 note) is amended by striking “This title”  
4 and inserting “Subtitles A through F of this title”.

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