

111TH CONGRESS
2D SESSION

H. R. 6468

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

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 1, 2010

Mr. ELLISON (for himself, Mr. AL GREEN of Texas, Ms. EDWARDS of Maryland, Mr. HIMES, and Mr. CLEAVER) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

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

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

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

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Rental Housing Revitalization Act of 2010”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Conversion of rental assistance.
- Sec. 4. Transformation authority.
- Sec. 5. Property-based contracts.
- Sec. 6. Project-based voucher contracts.
- Sec. 7. Conforming amendments.

6 **SEC. 2. FINDINGS AND PURPOSES.**

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

8 (1) the Department of Housing and Urban De-
9 velopment (in this section referred to as HUD) cur-
10 rently provides rental assistance to more than 4.8
11 million households through at least 13 different pro-
12 grams that are implemented through an infrastruc-
13 ture comprised of approximately public housing
14 agencies, more than 18,000 individual Federal con-
15 tracts with private owners, and hundreds of non-
16 profit rental program administrators;

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

21 (3) the current rental assistance structure un-
22 necessarily increases transaction costs for developers

1 and communities, makes it more difficult for families
2 in need to obtain rental assistance, impedes fair ac-
3 cess to scarce resources, and fails to decrease the
4 concentration of poor and minority families in dis-
5 tressed or isolated neighborhoods, to expand oppor-
6 tunities to live in mixed-income sustainable neigh-
7 borhoods, or to expand opportunities to live in
8 mixed-income sustainable neighborhoods, while at
9 the same time worst-case housing needs and home-
10 lessness are increasing significantly.

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

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

21 (2) to enhance housing choice for residents;

22 (3) to streamline and improve the delivery and
23 oversight of rental assistance across all rental assist-
24 ance programs by such means as promoting con-

1 sortia, consolidation, and other locally designed
2 structures for administrative functions;

3 (4) to create more uniform policies across all
4 rental assistance programs funded by the Secretary
5 of Housing and Urban Development to increase ad-
6 ministrative efficiency at all levels of program oper-
7 ations; and

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

13 **SEC. 3. CONVERSION OF RENTAL ASSISTANCE.**

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

17 “(1) CONVERSION OF RENTAL ASSISTANCE.—

18 “(1) AUTHORITY FOR CONVERSION OF RENTAL
19 ASSISTANCE.—The Secretary may, subject to the
20 availability of amounts provided in appropriations
21 Acts and that otherwise become available, and to the
22 control of the Secretary of applicable accounts in the
23 Treasury of the United States, allocate amounts to
24 public housing agencies and other owners of eligible
25 properties for the voluntary conversion of existing

1 project-based rental housing assistance contracts, as
2 specified in this subsection, including annual con-
3 tributions contracts, through the execution of long-
4 term, property-based assistance contracts under sub-
5 section (n) (in this subsection referred to as ‘prop-
6 erty-based contracts’) or of project-based voucher
7 rental assistance contracts for additional units of as-
8 sistance under subsection (o)(13) (in this subsection
9 referred to as ‘project-based voucher contracts’) with
10 public and private owners of properties assisted
11 under—

12 “(A) this section, excluding owners that
13 continue to request renewal of rental assistance
14 contracts under section 524 of the Multifamily
15 Assisted Housing Reform and Affordability Act
16 of 1997 (42 U.S.C. 1437f note);

17 “(B) section 9 of this Act (42 U.S.C.
18 1437g);

19 “(C) the rent supplement program under
20 section 101 of the Housing and Urban Develop-
21 ment Act of 1965 (12 U.S.C. 1701s);

22 “(D) the rental assistance program under
23 section 236(f)(2) of the National Housing Act
24 (12 U.S.C. 1715z-1(f)(2)); and

1 “(E) other Federal affordable housing pro-
2 grams, as authorized by statute.

3 “(2) CONDITIONS AND PROCEDURES FOR CON-
4 VERSION PROCESS.—The Secretary shall provide, by
5 notice inviting owners of eligible properties to re-
6 quest conversion of assistance pursuant to this sub-
7 section, conditions and procedures for approval of
8 such requests as the Secretary determines appro-
9 priate, including conditions and procedures that—

10 “(A) promote the rehabilitation, including
11 energy-efficiency improvements and sustainable
12 design features, and long-term financial and
13 physical sustainability of properties;

14 “(B) deconcentrate poverty;

15 “(C) increase administrative efficiency; or

16 “(D) promote physical accessibility for per-
17 sons with disabilities.

18 “(3) REQUIRED CONDITIONS.—In addition to
19 any other conditions of conversion the Secretary may
20 require, the Secretary shall ensure, through meas-
21 ures including requirements for conversion requests,
22 contract provisions, and the control of the allocation
23 of amounts, that—

24 “(A) any property that is proposed for con-
25 version of assistance under this subsection and

1 will undergo substantial rehabilitation shall be
2 subject to a detailed physical condition assess-
3 ment that will identify rehabilitation needs, esti-
4 mate repair and replacement needs, and iden-
5 tify opportunities to implement cost-effective,
6 energy-efficient and green technologies;

7 “(B) the number of affordable units with
8 property-based assistance is not decreased by
9 the conversion of assistance under this sub-
10 section, except as provided in paragraph (5) of
11 this subsection;

12 “(C) there is no reduction in the number
13 of families receiving rental assistance as a re-
14 sult of the conversion under this subsection;

15 “(D) conversion under this subsection shall
16 not be grounds for termination of tenancy; and

17 “(E) the owner has complied with require-
18 ments established by the Secretary for consulta-
19 tion with residents about the owner’s intention
20 to apply for conversion under this subsection,
21 and any related rehabilitation or demolition of
22 units in which tenants reside and any resulting
23 relocation of tenants to other units, including
24 the applicable rights of return, which require-
25 ments shall include—

1 “(i) resident involvement in planning
2 for and implementation of conversion, in-
3 cluding reasonable steps to help ensure
4 meaningful participation for residents who
5 are limited in their English proficiency;

6 “(ii) meetings with residents to ensure
7 that each tenant wishing to return to re-
8 talized on-site housing has the opportunity
9 to express that wish and be accorded pref-
10 erence for tenancy; and

11 “(iii) public meetings prior to imple-
12 menting any significant amendments or
13 changes to a conversion plan.

14 For a public housing agency, a plan to convert
15 under this subsection shall be considered a sig-
16 nificant amendment to the agency plan under
17 section 5A (42 U.S.C. 1437c-1), and the agen-
18 cy shall comply with applicable requirements to
19 consult with the resident advisory board and
20 the public concerning significant amendments.

21 “(4) AGREEMENT TO PROVIDE ASSISTANCE.—

22 The Secretary may provide for an agreement to pro-
23 vide assistance under a property-based or project-
24 based voucher contract with an owner of a property
25 in advance of final approval of conversion, to facili-

1 tate the owner’s ability to obtain financing or for
2 other reasons.

3 “(5) ONE-FOR-ONE REPLACEMENT OF AS-
4 SISTED UNITS.—Properties converted to assistance
5 under this subsection may have fewer assisted units
6 under a property-based contract or under a project-
7 based voucher contract after conversion that the
8 property had immediately prior to the conversion of
9 assistance (including vacant units) only if the assist-
10 ance from such reduced number of units is trans-
11 ferred to an equal number of units in a replacement
12 property or properties, as follows:

13 “(A) NUMBER OF UNITS.—For 100 per-
14 cent of all such units in existence, as of the
15 date of the request for conversion, that are to
16 be demolished or disposed or converted to a
17 unit that is not assisted under this Act, the
18 owner shall provide a plan acceptable to the
19 Secretary for timely replacement of each unit.

20 “(B) NUMBER OF BEDROOMS.—Replace-
21 ment housing shall reflect the number of bed-
22 rooms that are needed to adequately serve re-
23 turning tenants, households currently on the
24 waiting list and to meet future needs based on

1 other market data, as determined by the Sec-
2 retary.

3 “(C) DISABILITY ACCESSIBLE HOUSING.—
4 Off-site replacement housing shall not result in
5 a decrease in available inventory of disability
6 accessible housing, and all housing, where oth-
7 erwise covered, shall comply with the accessi-
8 bility requirements of the Fair Housing Act (42
9 U.S.C. 3601 et seq.) and section 504 of the Re-
10 habilitation Act of 1973 (29 U.S.C. 794).

11 “(D) LOCATION.—Replacement housing
12 units shall be developed—

13 “(i) on the site of the property being
14 converted; and

15 “(ii) in the neighborhood or within the
16 metropolitan area up to 25 miles from the
17 property being converted, as necessary
18 to—

19 “(I) comply with fair housing re-
20 quirements;

21 “(II) deconcentrate poverty;

22 “(III) provide appropriate den-
23 sities for the property being con-
24 verted;

1 “(IV) promote location-efficient
2 communities; or

3 “(V) meet other factors as deter-
4 mined by the Secretary in order to
5 further the purposes of this subsection
6 and subsection (m).

7 “(E) OFF-SITE REPLACEMENT.—Replace-
8 ment housing developed off the site of the prop-
9 erty being converted as provided under subpara-
10 graph (D)(ii) shall meet the following require-
11 ments:

12 “(i) ECONOMIC OPPORTUNITIES.—
13 Off-site replacement housing shall offer ac-
14 cess to economic opportunities and public
15 transportation and be accessible to social,
16 recreational, educational, commercial,
17 health facilities and services, and other
18 municipal services and facilities that are
19 comparable under such standards as the
20 Secretary may prescribe.

21 “(ii) PROHIBITION OF INCREASE OF
22 CONCENTRATION OF MINORITIES.—Off-site
23 replacement housing shall not be located in
24 areas of minority concentration, defined in
25 relation to the metropolitan area or rural

1 county in which the project is located, or
2 in areas of extreme poverty, except in
3 areas that qualify as revitalizing neighbor-
4 hoods, as defined by the Secretary.

5 “(F) TENANT-BASED VOUCHERS AS RE-
6 PLACEMENT HOUSING.—An owner may replace
7 up to half of the units that are demolished or
8 disposed of or permitted to be unassisted under
9 the conversion in accordance with this sub-
10 section with tenant-based vouchers in housing
11 markets where there is—

12 “(i) an adequate supply of affordable
13 rental housing in areas of low poverty,
14 which supply shall be demonstrated by
15 data that show within the housing market
16 area of the property that—

17 “(I) at least 80 percent of vouch-
18 ers under subsection (o) issued over
19 the last 24 months to comparable
20 families were successfully leased with-
21 in 120 days of issuance, or, if a suffi-
22 cient number of comparable families
23 have not received vouchers, an alter-
24 native measure, as the Secretary shall
25 design, is met;

1 “(II) existing voucher holders are
2 widely dispersed geographically in
3 areas of low poverty with access to
4 public transportation, education, and
5 other amenities, as determined by the
6 Secretary, among the available private
7 rental housing stock; and

8 “(III) the applicant provides a
9 market analysis demonstrating that—

10 “(aa) there is a relatively
11 high vacancy rate among units
12 that would meet or exceed hous-
13 ing quality standards within the
14 market area, as determined by
15 the Secretary, with rent and util-
16 ity costs not exceeding the appli-
17 cable payment standard under
18 subsection (o); and

19 “(bb) such high vacancy rate
20 within the market area is ex-
21 pected to continue for the next 5
22 years or longer; or

23 “(ii) a judgment, consent decree, or
24 other order of a court limits the ability of

1 the owner to comply with the requirements
2 under this paragraph.

3 “(G) DE MINIMIS REDUCTION.—Notwith-
4 standing any other provision of this subsection,
5 the owner of a property converting under this
6 subsection may demolish not more than the
7 lesser of 5 dwelling units or 5 percent of the
8 total dwelling units at the converting property,
9 but only—

10 “(i) to reconfigure units to serve re-
11 turning tenants or households currently on
12 the waiting list;

13 “(ii) if the space occupied by the de-
14 molished unit is used for meeting the serv-
15 ice or other needs of residents; or

16 “(iii) if the demolished unit was be-
17 yond repair.

18 “(6) USE RESTRICTIONS.—The Secretary shall
19 require use and affordability restrictions as a condi-
20 tion of conversion of each property to a property-
21 based contract or project-based voucher contract, as
22 follows:

23 “(A) PUBLIC HOUSING.—

24 “(i) BASIC REQUIREMENTS.—An
25 owner of a property assisted under section

1 9 approved for conversion of assistance
2 pursuant to this subsection shall agree to
3 provide the number of units, as required
4 under paragraph (5), subject to the eligi-
5 bility, targeting, and rent rules as provided
6 under the property-based contract or
7 project-based voucher contract for use as
8 affordable housing for at least 30 years
9 from the date of execution of the initial
10 section 8 contract after conversion and
11 continuously for the duration of each ex-
12 tension or renewal of such contract offered
13 by the Secretary or a public housing agen-
14 cy pursuant to subsection (n) or (o)(13).

15 “(ii) TRANSFER OR SALE OF PROP-
16 ERTY.—No sale or transfer of a property
17 subject to a use agreement under this sub-
18 paragraph, except properties subject to
19 paragraph (18), shall be permitted without
20 the prior approval of the Secretary. The
21 Secretary shall not approve a sale or trans-
22 fer to a for-profit entity, except as per-
23 mitted under paragraph (13)(B) of this
24 subsection to facilitate the use of tax cred-
25 its under section 42 of the Internal Rev-

1 enue Code of 1986, and shall not approve
2 a sale or transfer to a non-profit entity un-
3 less the Secretary determines that there is
4 no capable public entity willing to take
5 ownership of the property.

6 “(B) OTHER HOUSING.—An owner of a
7 property other than a property assisted under
8 section 9 entering into a contract for rental as-
9 sistance pursuant to this subsection shall agree
10 to provide the number of units, as required
11 under paragraph (5), subject to the eligibility,
12 targeting, and rent rules as provided under the
13 property-based or project-based voucher con-
14 tract for use as affordable housing for the
15 greater of the remaining term of any prior use
16 restriction existing at the time of conversion to
17 the new rental assistance contract or the initial
18 term of the new rental assistance contract.

19 “(C) MODIFICATION OF USE AGREEMENT
20 WITH TRANSFER OF ASSISTANCE.—The Sec-
21 retary shall establish procedures to allow for
22 the transfer of assistance from all or part of the
23 units in a property with converted assistance, at
24 the request of an owner or upon expiration or
25 termination of a rental assistance contract, to a

1 new contract for rental assistance at a replace-
2 ment property or properties, subject to the re-
3 quirements of paragraph (5), otherwise applica-
4 ble legal requirements, and to a continuation of
5 use restriction at the new property. The Sec-
6 retary shall require owners requesting such
7 modifications to provide notice and consultation
8 with tenants as provided in paragraph (3)(E)
9 and to assist tenants to relocate, in accordance
10 with paragraph (9).

11 “(7) TENANTS RESIDING IN UNITS AT TIME OF
12 CONVERSION.—Notwithstanding any other provision
13 of law, a family lawfully residing in an assisted unit
14 in a property at the time of a conversion of assist-
15 ance under this subsection shall be considered eligi-
16 ble for assistance under subsections (n) and (o)(13),
17 as applicable, and shall not be subject to rescreening
18 or termination of assistance or eviction from the unit
19 or denial of reoccupancy after rehabilitation because
20 of the conversion or the requirements of any other
21 funds used to finance the rehabilitation, and the re-
22 quirements of section 16 shall not apply to such
23 family, but shall be complied with upon turnover of
24 tenants. For purposes of section 42 of the Internal
25 Revenue Code of 1986, such otherwise compliant

1 tenancies shall be considered to be in compliance
2 with income requirements.

3 “(8) ENERGY EFFICIENCY.—The Secretary may
4 implement measures to facilitate the cost-effective
5 adoption of energy-efficient and green technologies
6 in properties converting to assistance under this sub-
7 section and in replacement units newly constructed
8 with assistance under this section.

9 “(9) RELOCATION ASSISTANCE.—

10 “(A) APPLICABILITY OF UNIFORM RELOCA-
11 TION AND REAL PROPERTY ACQUISITION POLI-
12 CIES ACT.—The Uniform Relocation and Real
13 Property Acquisition Policies Act of 1970 (42
14 U.S.C. 4601 et seq.) shall apply to displace-
15 ment and relocation activities pursuant to the
16 conversion of rental assistance under this sub-
17 section except as otherwise provided in this
18 paragraph.

19 “(B) TEMPORARY RELOCATION.—A public
20 housing agency or owner that acquires, rehabili-
21 tates, or demolishes any project or building, or
22 portion thereof, in connection with the conver-
23 sion or transfer of assistance under this sub-
24 section may temporarily, for a period not to ex-
25 ceed 12 months, or such other period, not to ex-

1 ceed 24 months, as the Secretary may author-
2 ize, relocate families lawfully residing in a unit
3 on the property and provide such families notice
4 and relocation assistance as required by the
5 Secretary. A relocated family shall have, upon
6 completion of the project and consistent with
7 any guidelines issued by the Secretary, the
8 right to return if the tenant has not committed
9 serious or repeated violations of material terms
10 of the lease or occupancy agreement at the time
11 of departure from the housing subject to reha-
12 bilitation or demolition, or during the tem-
13 porary relocation period.

14 “(C) MOVING EXPENSES.—When assist-
15 ance is transferred to another property pursu-
16 ant to this subsection without a period of tem-
17 porary relocation, the public housing agency or
18 owner shall offer each family that chooses to re-
19 locate from the property from which assistance
20 is transferred to the property to which assist-
21 ance is transferred payment of actual, reason-
22 able, and necessary moving expenses, including
23 utility deposits, and, if the newly assisted units
24 are not owned by the public housing agency or

1 owner, payment of security deposits, credit
2 checks, and other moving-related expenses.

3 “(D) COSTS.—Displacement and relocation
4 costs as required by law or as the Secretary
5 may direct as authorized by this paragraph
6 shall be paid from any rental assistance or
7 other funds provided by the Secretary or other-
8 wise available to a public housing agency or
9 owner that may be used for such purpose. A
10 displaced family may receive an incremental,
11 tenant-based voucher under this section, if such
12 a voucher is made available.

13 “(10) AMOUNT OF MONTHLY ASSISTANCE PAY-
14 MENT TO OWNER.—The amount of the monthly as-
15 sistance payment with respect to any unit upon con-
16 version shall be the difference between the maximum
17 monthly rent that the property-based or project-
18 based voucher contract provides the owner is to re-
19 ceive for the unit plus the allowance for tenant-paid
20 utilities and the rent that the family is required to
21 pay under section 3 of this Act.

22 “(11) TENANTS OVER-INCOME FOR CON-
23 TINUING SUBSIDY.—If the required contribution of a
24 family toward rent under section 3 exceeds the rent
25 established for the unit and the applicable utility al-

1 lowance, the family may continue to reside in the
2 unit and pay the established rent. The Secretary or
3 the public housing agency shall not reduce the num-
4 ber of units assisted under the property-based or
5 project-based voucher contract due to residency by
6 such a family, and may use funds not required for
7 assistance under the contract in any year for other
8 authorized rental assistance.

9 “(12) DESIGNATED HOUSING.—If the units
10 proposed to be converted pursuant to this subsection
11 are subject to an approved designation plan under
12 section 7 (42 U.S.C. 1437e) or are designed to ac-
13 commodate tenants with special needs under any
14 other authority, the Secretary shall permit the des-
15 ignation or accommodation to continue to apply to
16 the converted units under the same terms and condi-
17 tions as would otherwise have applied, and may per-
18 mit additional designations consistent with Federal
19 statute or executive order.

20 “(13) CONVERSION OF PUBLIC HOUSING.—In
21 addition to such other conditions as the Secretary
22 may require, the following conditions shall apply to
23 a property assisted under section 9 that is con-
24 verting to rental assistance under this subsection:

1 “(A) TREATMENT OF CONVERTED
2 UNITS.—The conversion of units assisted under
3 section 9 to assistance in accordance with this
4 subsection shall not be considered a disposition
5 under section 18 (42 U.S.C. 1437p).

6 “(B) REQUIREMENTS FOR PROPERTIES
7 WITH HOUSING TAX CREDITS.—Public housing
8 agencies that utilize tax credits under section
9 42 of the Internal Revenue Code of 1986 for
10 rental housing units converted under this sub-
11 section with respect to such units shall provide
12 for—

13 “(i) an option for the public housing
14 agency to purchase limited partnership in-
15 terests in a property containing such units
16 after the tax compliance period under such
17 section 42;

18 “(ii) a provision to give a public hous-
19 ing agency an active role in property man-
20 agement decisions of such housing; or

21 “(iii) such other provision or provi-
22 sions as the Secretary may establish to en-
23 sure the preservation of the interest of the
24 public housing agency in the property.

1 “(C) RESIDENT MEMBERSHIP ON
2 BOARD.—A public housing agency that converts
3 some or all of its units to assistance in accord-
4 ance with this subsection shall comply with the
5 resident board membership requirement of sec-
6 tion 2(b) (42 U.S.C. 1437(b)), as applicable.

7 “(D) EXISTING CONTRACTS.—The Sec-
8 retary shall require, following conversion of as-
9 sistance in accordance with this subsection, that
10 the Secretary and the public housing agency
11 shall continue to meet obligations associated
12 with financing pursuant to section 30 (42
13 U.S.C. 1437z-2), including financing obliga-
14 tions for which capital funds or operating funds
15 provided under section 9 are pledged for repay-
16 ment, if such obligations are not refinanced or
17 otherwise paid off, using assistance provided
18 under the property-based or project-based
19 voucher contract or otherwise, and shall comply
20 with the terms and conditions of contracts asso-
21 ciated with such financings, energy performance
22 contracts, and similar contracts, as specified by
23 the Secretary, in effect before conversion of as-
24 sistance in accordance with this subsection. The
25 Secretary may require the allocation of an equi-

1 table percentage of repayment obligations to be
2 repaid from assistance under the property-based
3 or project-based voucher contracts or impose
4 such other requirements as are necessary to en-
5 sure that the requirements of the preceding
6 sentence are met, without imposing greater re-
7 strictions on the public housing agency than the
8 agency would have had under the original fi-
9 nancing.

10 “(E) USE OF CAPITAL FUNDS.—Notwith-
11 standing any other provision of law, capital
12 funds provided pursuant to section 9(d) (42
13 U.S.C. 1437g(d)) may be used for assistance in
14 the financing of necessary improvements or
15 other capital expenses for any project or units
16 assisted under section 9 and to be converted to
17 assistance in accordance with this subsection,
18 including making a capital contribution to such
19 a project where needed to make the financing
20 feasible, the purchase or provision of letters of
21 credit or other credit enhancements necessary
22 to carry out successful conversions, initial con-
23 tributions to any necessary reserves, and other
24 financing expenses approved by the Secretary.
25 The Secretary may waive or modify require-

1 ments otherwise applicable to such capital
2 funds as necessary to facilitate their use in con-
3 nection with conversions as authorized by this
4 subsection.

5 “(F) TRANSITION RENTS FOR TENANTS IN
6 CONVERTED PUBLIC HOUSING PROPERTIES.—
7 The Secretary shall require a public housing
8 agency to implement such changes in rental
9 payment requirements otherwise applicable to
10 tenants at the time of conversion under this
11 subsection as are necessary to prevent such ten-
12 ants from having rents increased solely as a re-
13 sult of the conversion by more than 10 percent
14 per year. The Secretary may require or author-
15 ize a public housing agency to adopt a specific
16 time after which such transitional provisions no
17 longer will be effective.

18 “(14) TRANSFER AND USE OF FUNDS.—

19 “(A) TERMINATION OF ASSISTANCE
20 UNDER PREVIOUS CONTRACT.—Following con-
21 version under this subsection, additional assist-
22 ance for a property shall not be provided under
23 the previous contract, agreement, or authority.

24 “(B) UNEXPENDED ASSISTANCE.—The
25 Secretary shall take necessary actions to pro-

1 vide that, as a condition of conversion of a
2 property, the unexpended assistance, including
3 capital funds, made available for such property
4 under a previous contract, agreement, or au-
5 thority (up to and including the Federal fiscal
6 year of conversion) shall be transferred to ac-
7 counts applicable to assistance provided under
8 this subsection to pay all or a portion of—

9 “(i) the up-front costs of conversion;

10 “(ii) the initial contributions to any
11 necessary reserves;

12 “(iii) the funding of the initial year or
13 years of the new property-based or project-
14 based voucher contract of assistance en-
15 tered into pursuant to this subsection;

16 “(iv) the financing of necessary ren-
17 ovations to, or other capital expenses for,
18 the property, including the making of cap-
19 ital contributions and the provision of let-
20 ters of credit or other credit enhancements
21 or financing expenses approved by the Sec-
22 retary; and

23 “(v) contract administration of con-
24 verted rental assistance properties under
25 this subsection.

1 “(C) TRANSFER OF FUNDS.—To the ex-
2 tent provided in advance in appropriations Acts,
3 the Secretary may transfer funds between ac-
4 counts applicable to assistance provided under
5 section 9 and accounts applicable to assistance
6 provided under this subsection and subsections
7 (n) and (o).

8 “(15) RELEASE OF PRIOR REQUIREMENTS.—A
9 property assisted under a property-based or project-
10 based voucher contract following conversion under
11 this section shall not be subject to any terms, condi-
12 tions, and requirements of the previous assistance
13 from which it was converted, except as provided for
14 by this subsection and subsections (n) and (o), and
15 by such terms, conditions, and requirements as es-
16 tablished for the new assistance by the Secretary.

17 “(16) CONVERSION FROM PROPERTY-BASED
18 CONTRACT TO PROJECT-BASED VOUCHER CON-
19 TRACT.—A property under a property-based contract
20 may convert to a project-based voucher contract at
21 the request of the owner of the property and at the
22 discretion of, and upon approval by, the Secretary if
23 the property meets the applicable requirements
24 under subsection (o)(13) and a public housing agen-

1 cy eligible to administer the contract agrees to such
2 administration.

3 “(17) NOTICE OF TERMINATION OF AFFORD-
4 ABILITY RESTRICTIONS.—

5 “(A) IN GENERAL.—An owner of a prop-
6 erty that has been converted to a property-
7 based contract pursuant to this subsection
8 shall, if the owner intends not to renew or ex-
9 tend the rental assistance contract at the prop-
10 erty, provide written notice of such intent at
11 least 12 months in advance of the intended ter-
12 mination date. Notice shall be provided to the
13 Secretary, the chief executive officer of the
14 State and the unit of general local government
15 (as such term is defined in section 4 of the
16 Cranston-Gonzalez National Affordable Hous-
17 ing Act (42 U.S.C. 12704)) in which the prop-
18 erty is located, and to each tenant of the prop-
19 erty at such time and in such form as may be
20 prescribed by the Secretary through regulation.

21 “(B) FAILURE TO PROVIDE NOTICE.—If
22 an owner fails to provide notice as required in
23 subparagraph (A), the owner may not evict the
24 tenants or increase the tenants’ rent payments
25 based upon the change in subsidy status of the

1 property until such time as the owner has pro-
2 vided the notice and the 12-month period begin-
3 ning upon the provision of such notice has
4 elapsed.

5 “(18) PROPERTIES IN DEFAULT, FORE-
6 CLOSURE, OR BANKRUPTCY.—

7 “(A) PROPERTIES IN DEFAULT.—

8 “(i) MORTGAGE REQUIREMENT.—Any
9 mortgage made on, or security interest
10 otherwise granted in, any property with a
11 rental assistance contract or agreement
12 converted pursuant to this subsection shall
13 include a provision for simultaneous notifi-
14 cation to the owner of the property and the
15 Secretary of any default under the mort-
16 gage or other security agreement.

17 “(ii) CONVERSION CONTRACT RE-
18 QUIREMENT.—Any contract or agreement
19 to convert assistance pursuant to this sub-
20 section shall include a provision requiring
21 the owner to notify the Secretary of any
22 default under a mortgage made on, or se-
23 curity interest otherwise granted in, any
24 property with a rental assistance contract

1 or agreement converted pursuant to this
2 subsection.

3 “(iii) AUTHORITY TO SUSPEND RENT-
4 AL ASSISTANCE.—After receiving notifica-
5 tion of a default as provided in clause (i),
6 the Secretary may suspend all or a portion
7 of any rental assistance payments funded
8 by the Secretary under any contract on be-
9 half of the property in default and use
10 amounts from such suspended payments to
11 cure the default. Such suspension shall not
12 be cause for eviction of any tenant assisted
13 under this section.

14 “(iv) AUDIT.—The Secretary may
15 conduct an audit of any property that has
16 had rental assistance payments suspended
17 under clause (i). The owner of such prop-
18 erty shall make available all records of the
19 property to the Secretary, including books
20 of account, bank statements, and contracts
21 for purposes of the audit.

22 “(v) RESUMPTION OF RENTAL ASSIST-
23 ANCE.—Following cure of the default and
24 subject to the results of any audit con-
25 ducted under clause (iv), the Secretary

1 may terminate, in whole or in part, the
2 suspension of payments and resume pay-
3 ment in accordance with the contract. The
4 Secretary may require the payee under the
5 contract to take such corrective actions as
6 the Secretary determines to be appropriate
7 as a condition of resuming payments under
8 the contract.

9 “(B) PROPERTIES IN FORECLOSURE OR
10 BANKRUPTCY.—Notwithstanding any provision
11 of Federal or State law, in the event of a fore-
12 closure, or the bankruptcy of an owner, of a
13 property converted under this subsection, such
14 property shall remain subject to—

15 “(i) such rental assistance contract
16 and any extensions or renewal agreements
17 thereof;

18 “(ii) all leases between the prior
19 owner and tenants assisted under such
20 contract; and

21 “(iii) any use agreement related to
22 such contract in effect immediately before
23 the foreclosure or bankruptcy filing.

24 Any and all successors in interest in such prop-
25 erty shall assume such contract, extensions or

1 renewal agreements, leases, and related use
2 agreement obligations. In the case of a property
3 converted from assistance under section 9, prior
4 to the sale or other transfer of any ownership
5 interest in such property pursuant to a fore-
6 closure or bankruptcy, the Secretary shall have
7 a first option to purchase, and the Secretary
8 shall exercise such option or may assign such
9 option to a public entity purchaser that exer-
10 cises such option in accordance with imple-
11 menting regulations pursuant to this subpara-
12 graph and paragraph (19)(A)(iv). If the Sec-
13 retary determines the property is not physically
14 viable, the Secretary may require the transfer
15 of the contract for assistance, including month-
16 ly assistance payments, and use agreement to
17 one or more other properties in accordance with
18 the procedures and requirements of subsection
19 (m)(F)(ii).

20 “(19) FEDERAL OPTION TO PURCHASE.—

21 “(A) IN GENERAL.—

22 “(i) OPPORTUNITY FOR PURCHASE BY
23 SECRETARY.—Except as provided in clause
24 (vi), an owner of a covered property, as de-

1 fined in clause (v), shall not sell the cov-
2 ered property at any time before—

3 “(I) providing notice within the
4 time periods and to the parties de-
5 scribed in paragraph (17) of the own-
6 er’s intent to sell the property; and

7 “(II) offering the Secretary the
8 opportunity to purchase the property
9 pursuant to clause (ii) of this sub-
10 paragraph.

11 “(ii) RIGHT OF SECRETARY TO MAKE
12 OFFER.—Upon receipt of the notice re-
13 quired in clause (i)(I), the Secretary shall
14 have the right either to purchase the prop-
15 erty subject to terms and conditions estab-
16 lished through regulation or to select an
17 assignee to act on behalf of the Secretary
18 as the purchaser before the owner enters
19 into any agreement to sell to a third party.
20 Failure by the Secretary or the Secretary’s
21 assignee to submit an offer to purchase the
22 property in compliance with the conditions
23 specified in regulation shall constitute an
24 irrevocable waiver of the Secretary’s right
25 under this paragraph.

1 “(iii) RELATIONSHIP WITH OTHER
2 LAWS.—The requirements of this para-
3 graph are in addition to, and not in lieu of,
4 any State or local law that has established
5 a right of first refusal to preserve afford-
6 able housing.

7 “(iv) REGULATIONS.—The Secretary
8 shall issue regulations to carry out this
9 paragraph, which may—

10 “(I) define such terms as the
11 Secretary determines necessary to fa-
12 cilitate the understanding of the
13 rights and obligations of the owner of
14 the property, the Secretary, the Sec-
15 retary’s assignee, or tenants;

16 “(II) address any agreement that
17 may be appropriate between the Sec-
18 retary and the Secretary’s assignee;

19 “(III) provide for the timing of
20 any offer made by the Secretary to
21 purchase the owner’s property and the
22 acceptance or refusal of the Sec-
23 retary’s purchase offer; and

24 “(IV) establish the conditions for
25 sale of a property to the Secretary.

1 “(v) COVERED PROPERTIES.—Prop-
2 erties covered by this paragraph include
3 properties with assistance converted pursu-
4 ant to this subsection after receiving as-
5 sistance under subsection (e)(2) or section
6 9 of this Act, section 236(f)(2) of the Na-
7 tional Housing Act (12 U.S.C. 1715z-
8 1(f)(2)), or section 101 of the Housing and
9 Urban Development Act of 1965 (12
10 U.S.C. 1701s). For other converted prop-
11 erties, the Secretary and owner may agree
12 to be bound by this paragraph.

13 “(vi) INAPPLICABILITY OF SEC-
14 RETARY’S RIGHT TO PURCHASE.—Clauses
15 (i) through (v) of this subparagraph shall
16 not apply to any of the following actions:

17 “(I) A government taking of cov-
18 ered housing by eminent domain or a
19 negotiated purchase in lieu of eminent
20 domain.

21 “(II) A proposed transfer of as-
22 sistance from the property to another,
23 subject to terms and conditions estab-
24 lished by the Secretary.

1 “(B) PUBLIC HOUSING.—For properties
2 converted from assistance under section 9, the
3 Secretary shall provide a priority, first, to a
4 public entity, and next to a non-profit entity,
5 including a tenant organization, in selecting an
6 assignee under this paragraph.

7 “(C) OTHER HOUSING.—For properties
8 other than properties converted from assistance
9 under section 9, clauses (i) through (v) of sub-
10 paragraph (A) shall not apply to a proposed
11 sale pursuant to terms and conditions that pre-
12 serve affordability, as determined by the Sec-
13 retary.

14 “(20) FINANCING OF PROPERTIES WITH CON-
15 VERTED ASSISTANCE.—The Secretary shall establish
16 policies and procedures governing the use of sound
17 financing and underwriting standards for properties
18 with assistance converted under this subsection, to
19 ensure that such properties are financially sustain-
20 able for the term of the assistance contract.

21 “(21) RECOVERIES.—To the extent provided in
22 advance in appropriations Acts, amounts obligated
23 with respect to a property under a rental assistance
24 program, for years beyond the fiscal year in which
25 conversion of rental assistance under this subsection

1 takes place, shall be deobligated and collected by the
2 Secretary.

3 “(22) RENTAL ASSISTANCE CONVERSION TRUST
4 FUND.—

5 “(A) ESTABLISHMENT.—There is estab-
6 lished in the Treasury of the United States a
7 fund to be known as the ‘Rental Assistance
8 Conversion Trust Fund’ (in this paragraph re-
9 ferred to as the ‘Fund’) for deposit of amounts,
10 to be used for the costs of the resident choice
11 option under subsection (m)(1), of conversions
12 under this subsection, including the actions
13 under paragraph (14)(B), and of the exercise of
14 the Secretary’s first option to purchase under
15 paragraphs (18)(B) and (19) of this subsection,
16 from—

17 “(i) to the extent provided in advance
18 in appropriations Acts, the collection of
19 costs as authorized by this subsection,
20 which shall not exceed \$100,000 per prop-
21 erty (or such other higher limit as the Sec-
22 retary may establish after providing public
23 notice and an opportunity to comment), as
24 may be necessary for payment of expenses
25 incurred by the Secretary in connection

1 with assessing such properties for conver-
2 sion, including the costs of rental com-
3 parability studies and physical needs and
4 financial assessments, as the Secretary
5 may require; and

6 “(ii) the amounts deobligated and col-
7 lected under paragraph (21).

8 “(B) AVAILABILITY.—Amounts in the
9 Fund shall be available only to the extent pro-
10 vided in advance in appropriations Acts.”.

11 **SEC. 4. TRANSFORMATION AUTHORITY.**

12 Section 8 of the United States Housing Act of 1937
13 (42 U.S.C. 1437f), as amended by the preceding provi-
14 sions of this Act, is further amended by inserting after
15 subsection (l) the following new subsection:

16 “(m) TRANSFORMATION AUTHORITY.—

17 “(1) RESIDENT CHOICE.—The Secretary shall
18 promote informed choice regarding housing opportu-
19 nities for families in dwelling units with rental as-
20 sistance converted under subsection (l) of this sec-
21 tion by establishing procedures to implement a resi-
22 dent choice option as follows:

23 “(A) RIGHT TO MOVE.—To extent of avail-
24 able resources, each low-income family lawfully
25 residing in a unit converted under subsection (l)

1 may move at any time after residing in the
2 property for a period of not less than 24
3 months (which period shall run from the date
4 of the tenant's initial occupancy or, if the prop-
5 erty is rehabilitated in conjunction with the
6 conversion, from the date of conversion or the
7 tenant's initial occupancy, whichever is later),
8 or such other period as provided in subsection
9 (o)(13) or as determined by the Secretary, and
10 may continue to receive rental assistance that is
11 subject to policies comparable to those that
12 apply to assistance under subsection (o) con-
13 cerning income, assistance, rent contribution,
14 affordability, and other policies as the Secretary
15 may specify by regulation.

16 “(B) PROVISION OF VOUCHERS.—A public
17 housing agency administering a tenant-based
18 voucher program under subsection (o) whose
19 property is selected for conversion or that is se-
20 lected to administer a rental assistance contract
21 pursuant to subsection (l) shall provide vouch-
22 ers to low-income families lawfully residing in
23 units converted under subsection (l) who exer-
24 cise their rights under the resident choice op-
25 tion provided under subparagraph (A) as re-

1 required by the Secretary, but not more than one-
2 third of the vouchers that become available each
3 year as a result of turnover may be used for
4 such purpose.

5 “(C) SEPARATE WAITING LIST.—A public
6 housing agency may establish a separate wait-
7 ing list for families eligible to exercise such resi-
8 dent choice option if demand for vouchers ex-
9 ceeds one-third of turnover vouchers.

10 “(2) STREAMLINING RENTAL ASSISTANCE PRO-
11 GRAMS.—In addition to the authority of the Sec-
12 retary under any other provision of law or as speci-
13 fied in this paragraph, the Secretary may establish
14 uniform policies and procedures governing properties
15 with rental assistance converted under subsection
16 (l), including policies and procedures with respect to
17 the following:

18 “(A) TENANT ORGANIZATION RIGHTS.—In
19 implementing the authority under this para-
20 graph with respect to tenants’ rights to orga-
21 nize, the Secretary shall provide that—

22 “(i) owners of properties funded
23 under a rental assistance program and
24 public housing agencies administering rent-
25 al assistance shall not impede the reason-

1 able efforts of tenants to organize or of
2 tenant organizations to represent their
3 members;

4 “(ii) tenants and tenant organizations
5 shall have the right to hold meetings, in-
6 cluding meetings concerning the formation
7 of a tenant organization, in a building re-
8 ceiving funding from a rental assistance
9 program;

10 “(iii) property owners and public
11 housing agencies administering rental as-
12 sistance under subsection (l) shall recog-
13 nize legitimate tenant organizations and
14 give reasonable consideration to concerns
15 raised by legitimate tenant organizations;

16 “(iv) properties with only a portion of
17 the units funded under a rental assistance
18 program may, at the option of the tenants
19 of units with such assistance, have a single
20 tenant organization representing all ten-
21 ants;

22 “(v) a tenant organization shall be
23 considered legitimate if it meets regularly,
24 operates democratically, is broadly rep-
25 resentative, is independent of the public

1 housing agency, owners, management, and
2 their representatives, and has been estab-
3 lished—

4 “(I) by the tenants in a property
5 funded under a rental assistance pro-
6 gram administered by the Secretary
7 for purposes of addressing issues re-
8 lated to the tenants’ living environ-
9 ment, which shall include the terms
10 and conditions of their tenancy and
11 other issues as determined by the Sec-
12 retary;

13 “(II) by the participants in a
14 rental assistance program under sub-
15 section (o), for purposes of addressing
16 issues related to policies governing
17 payment standards, conditions of oc-
18 cupied units, or other discretionary
19 policies and program implementation
20 issues; or

21 “(III) through a combination of
22 tenant organizations, including juris-
23 diction-wide or area-wide organiza-
24 tions; and

1 “(vi) a portion of funds made avail-
2 able for renewal of rental assistance shall
3 be allocated to tenant groups, non-profit
4 organizations, or public entities to facili-
5 tate tenants’ rights to organize; such
6 amounts, which shall not be less than the
7 amount that would have been provided for
8 such purposes under previously applicable
9 funding formulas if the properties had not
10 converted pursuant to subsection (l), may
11 fund technical assistance and organizing
12 activities that empower residents to partici-
13 pate meaningfully in planning processes
14 and other activities related to improving or
15 preserving the quality of their housing,
16 subject to such terms and conditions as the
17 Secretary may establish; allocation of
18 funds to legitimate tenant organizations
19 meeting the requirements of clause (v)
20 shall not require a competitive process.

21 “(B) APPLICANT AND TENANT PROCE-
22 DURAL RIGHTS.—

23 “(i) IN GENERAL.—Applicants for,
24 and tenants of, units with assistance con-
25 verted under subsection (l) or with assist-

1 ance under subsection (o) shall be timely
2 notified of and provided the rights speci-
3 fied in this subparagraph upon receiving
4 notification of, including a statement of
5 the specific grounds for—

6 “(I) ineligibility for assistance or
7 for admission to a unit assisted under
8 this subsection;

9 “(II) adverse actions involving in-
10 come determinations, tenant contribu-
11 tions, unit size, other conditions of
12 continuing eligibility, or such other
13 issues as determined by the Secretary;
14 and

15 “(III) eviction or termination of
16 assistance.

17 “(ii) PROCEDURES REQUIRED.—

18 “(I) An applicant for, and a ten-
19 ant of, a unit with assistance con-
20 verted under subsection (l) or with as-
21 sistance under subsection (o) may re-
22 quest a review of an action for which
23 the applicant or tenant receives notifi-
24 cation pursuant to this subparagraph.
25 Such request for a review must be

1 made within 30 days of receipt of any
2 notice concerning ineligibility for as-
3 sistance or for admission to a unit as-
4 sisted under this section, or termi-
5 nation of assistance or eviction. For
6 notices concerning any other matter,
7 such request for a review must be
8 made within 10 days of receipt of the
9 notice or such longer time as the
10 owner or agency, consistent with its
11 written administrative policies, may
12 permit, and before the action may be
13 initiated or carried out.

14 “(II) An applicant for, and a ten-
15 ant of, a unit with assistance con-
16 verted under subsection (l) or with as-
17 sistance under subsection (o) may re-
18 quest a review within a reasonable pe-
19 riod of time of any agency or owner
20 failure to act that has had a direct
21 adverse impact on the applicant or
22 tenant.

23 “(III) For any review concerning
24 an eviction or termination of tenancy
25 that involves any activity that threat-

1 ens the health, safety, or right to
2 peaceful enjoyment of the premises of
3 other tenants or employees of the
4 owner or agency or any violent or
5 drug-related criminal activity on or off
6 such premises, or any activity result-
7 ing in a felony conviction, the agency
8 or owner may establish an expedited
9 review procedure as the Secretary
10 shall provide, or exclude from its re-
11 view procedure any such matter, in
12 any jurisdiction which requires that
13 prior to eviction, a tenant be given a
14 hearing in court, which the Secretary
15 determines provides the basic ele-
16 ments of due process. Such elements
17 of due process shall not include a re-
18 quirement that the tenant be provided
19 an opportunity to examine relevant
20 documents within the possession of
21 the agency or owner. The agency or
22 owner shall provide to the tenant a
23 reasonable opportunity, prior to hear-
24 ing or trial, to examine and obtain
25 copies of any relevant documents,

1 records, or regulations directly related
2 to the eviction or termination.

3 “(IV) The review shall be con-
4 ducted by a person or panel with au-
5 thority to approve, amend, or with-
6 draw the action, but not the person,
7 or a subordinate of the person, that
8 made the initial decision to take the
9 action.

10 “(V) The entity that made the
11 decision for the action or that failed
12 to take an action for which a review
13 is requested shall permit a reasonable
14 opportunity in advance of the review
15 for the applicant or tenant to inspect
16 and obtain copies of documents
17 claimed to support the action or fail-
18 ure to act.

19 “(VI) The applicant’s or tenant’s
20 entire file shall be made available for
21 review by the applicant or tenant
22 upon request.

23 “(VII) The applicant or tenant
24 may bring a representative to the re-
25 view and such person may make state-

1 ments on the applicant’s or tenant’s
2 behalf. The applicant or tenant shall
3 have the right to present evidence and
4 arguments, to controvert evidence re-
5 lied on by the entity, and to confront
6 and cross-examine any witness who
7 testifies at the review on behalf of the
8 entity. The applicant or tenant may
9 present arguments as to why the
10 agency or owner should not exercise
11 discretionary authority to undertake
12 the action being challenged.

13 “(VIII) A written notice of the
14 outcome of the review and the reasons
15 in support of the outcome shall be
16 provided to the applicant or tenant
17 and representative, if any. The deci-
18 sion shall be based solely on the facts
19 presented at the review.

20 “(iii) COSTS.—The reasonable costs,
21 which shall not include attorney’s fees, of
22 providing the applicant and tenant rights
23 under this subparagraph shall be consid-
24 ered operating costs of a property.

1 “(C) NONDISCRIMINATION AND AFFIRMA-
2 TIVELY FURTHERING FAIR HOUSING.—

3 “(i) NONDISCRIMINATION.—All pro-
4 grams and activities related to providing or
5 administering rental housing assistance,
6 including admissions, demolition or disposi-
7 tion, relocation, replacement, re-occupancy
8 of housing units, and transfer of any con-
9 tracts for rental assistance, shall be con-
10 ducted in compliance with the civil rights
11 laws and their implementing regulations,
12 including the Fair Housing Act (42 U.S.C.
13 3601 et seq.), title VI of the Civil Rights
14 Act of 1964 (42 U.S.C. 2000d et seq.),
15 section 504 of the Rehabilitation Act of
16 1973 (29 U.S.C. 794), and Executive Or-
17 ders 11063 and 13166, and shall not have
18 the purpose or effect of discriminating
19 against a tenant or prospective tenant as-
20 sisted under this subsection because of
21 such person’s receipt of a voucher under
22 this section.

23 “(ii) AFFIRMATIVELY FURTHERING
24 FAIR HOUSING.—Owners and public hous-
25 ing agencies shall conduct all rental hous-

1 ing assistance programs and activities
2 funded by the Secretary authorized under
3 this Act, including admissions, demolition
4 or disposition, relocation, replacement, re-
5 occupancy of housing units, and transfer of
6 any contracts for rental assistance, in a
7 manner that affirmatively furthers fair
8 housing as required by section 808(e)(5) of
9 the Fair Housing Act (42 U.S.C.
10 3608(e)(5)).

11 “(D) ADMINISTRATION OF RENTAL ASSIST-
12 ANCE.—In implementing the authority under
13 this subsection with respect to the administra-
14 tion of rental assistance, the Secretary may—

15 “(i) facilitate the implementation, by
16 public housing agencies that administer
17 tenant-based voucher programs under sub-
18 section (o), of regional portability agree-
19 ments, consortia, and such other or addi-
20 tional methods of streamlining administra-
21 tion of vouchers and other rental assist-
22 ance on an area-wide basis as the Sec-
23 retary determines appropriate to promote
24 greater efficiency in the use of resources

1 and to increase informed resident choice
2 and mobility;

3 “(ii) allocate funds to administer con-
4 tracts for properties converted under sub-
5 section (l) to entities authorized to admin-
6 ister rental assistance under section
7 3(b)(6)(B) pursuant to such conditions
8 and procedures as the Secretary may es-
9 tablish by notice, following an opportunity
10 for comment. In awarding such funding,
11 the Secretary shall promote administrative
12 efficiency and advance the policy of resi-
13 dent choice as specified in paragraph (1)
14 of this subsection; and

15 “(iii) establish mechanisms, proce-
16 dures, and policies to initiate in a single lo-
17 cation the application process for all wait-
18 ing lists for rental assistance programs ad-
19 ministered by the Secretary in a metropoli-
20 tan or rural area and to minimize the bur-
21 dens on owners, public housing agencies,
22 and applicants, including through provision
23 of technical assistance.

24 “(E) PHYSICAL CONDITION STANDARDS.—

25 In implementing the authority under this sub-

1 section with respect to the inspection of prop-
2 erties, the Secretary may establish or provide
3 for the use of uniform physical condition stand-
4 ards.

5 “(F) ENFORCEMENT.—

6 “(i) AUTHORITY TO BRING ACTION.—

7 The Secretary may commence any action
8 in an appropriate United States district
9 court to obtain a monetary judgment or
10 such other relief, or both, as may be avail-
11 able with respect to a rental assistance
12 contract, an annual contributions contract,
13 a use agreement, or any statute other than
14 the Fair Housing Act (42 U.S.C. 3601 et
15 seq.), or regulation applicable to any rental
16 assistance program under the authority of
17 the Secretary or the property assisted
18 under such program, or to protect or en-
19 force any obligation to, or right or require-
20 ment of, the Secretary under any such con-
21 tract, agreement, or law. The monetary
22 judgment or other relief may, in the
23 court’s discretion, include the attorneys’
24 fees and other expenses incurred by the
25 Secretary in connection with the action.

1 “(ii) TERMINATION AND TRANSFER
2 OF ASSISTANCE.—Upon repeated or con-
3 tinued violation of applicable requirements,
4 or upon substantial default of any cov-
5 enants or conditions of a use agreement or
6 rental assistance contract by the owner of
7 a property with rental assistance, and fol-
8 lowing consultation with the primary and
9 subordinate mortgages of the property, if
10 any, the Secretary may terminate the rent-
11 al assistance contract with such owner and,
12 through a selection process established by
13 regulation, transfer the rental assistance
14 by entering into a new contract with the
15 owner or owners of a property or prop-
16 erties that have the capacity to accept all
17 assisted tenants who choose to move to
18 such properties from the property that has
19 had its assistance terminated. Assisted ten-
20 ants that do not choose to move to the re-
21 placement properties, or if replacement
22 properties are not available, shall be pro-
23 vided voucher assistance under subsection
24 (o), which may be funded initially by the
25 remaining funds on the terminated con-

1 tract. No additional units of assistance
2 under this section are authorized to be cre-
3 ated as a result of such termination and
4 transfer.

5 “(iii) ADDITIONAL EQUITABLE REM-
6 EDIES.—Notwithstanding any other provi-
7 sion of law or of any contract for contribu-
8 tions, upon the occurrence of events or
9 conditions that constitute a default by a
10 public housing agency with which the Sec-
11 retary contracts for administration of rent-
12 al assistance under this section with re-
13 spect to the covenants or conditions to
14 which the public housing agency is subject,
15 the Secretary may—

16 “(I) take possession of properties
17 solely owned by a public housing au-
18 thority, rights or interests held in con-
19 nection with the program for rental
20 assistance under this section, includ-
21 ing funds held by a depository, pro-
22 gram receipts, and rights or interests
23 under a housing assistance payments
24 contract with an owner;

1 “(II) appoint a receiver, which
2 may be another public housing agency
3 or other entity at the Secretary’s dis-
4 cretion regardless of jurisdictional
5 limitations;

6 “(III) transfer the program to
7 another public housing agency or
8 other entity at the discretion of the
9 Secretary regardless of jurisdictional
10 limitations;

11 “(IV) seek the establishment of
12 one or more new public housing agen-
13 cies; or

14 “(V) require the agency to make
15 other arrangements acceptable to the
16 Secretary for managing all or part of
17 the programs administered by the
18 agency or other programs of the agen-
19 cy under this section.

20 “(iv) DEPOSIT OF PENALTIES.—Not-
21 withstanding any other provision of law,
22 the Secretary shall apply amounts collected
23 under this subparagraph to the Rental As-
24 sistance Conversion Trust Fund estab-
25 lished under subsection (l)(22) or shall au-

1 thorize the owner of the property or
2 project at issue in the action to use the
3 amounts, in accordance with the require-
4 ments of the Secretary, for the improve-
5 ment of such property or project.

6 “(G) RESIDENT ACCESS TO BUILDING IN-
7 FORMATION.—

8 “(i) IN GENERAL.—Upon a written
9 request by a legitimate tenants’ organiza-
10 tion meeting the requirements of subpara-
11 graph (A)(v) of this paragraph, established
12 with respect to a multifamily housing prop-
13 erty covered under part 245 of the Sec-
14 retary’s regulations (24 C.F.R. part 245)
15 or assisted by a contract that has been
16 converted pursuant to subsection (l), by or
17 through its duly appointed designee or rep-
18 resentative, the Secretary shall make avail-
19 able to that organization designee or rep-
20 resentative—

21 “(I) information identifying the
22 legal entities that own and manage
23 the property, including identification
24 of general partners and other prin-
25 cipals;

1 “(II) an annual operating state-
2 ment of profit and loss of the owner-
3 ship and management entities identi-
4 fied in subclause (I);

5 “(III) any subsidy contracts be-
6 tween the ownership entities and the
7 Secretary, and related, non-privileged
8 correspondence between those owner-
9 ship entities and the Department of
10 Housing and Urban Development;

11 “(IV) any management reviews
12 of entities identified in subclause (I)
13 that are conducted by the Department
14 of Housing and Urban Development
15 and which may, pursuant to the regu-
16 lations of the Department of Housing
17 and Urban Development, be publicly
18 disclosed; and

19 “(V) an annual statement, pre-
20 pared by the Department’s contract
21 administrator for the subject property,
22 of the balances of, and expenditures
23 from, any replacement reserves and
24 other escrow funds for the property.

1 “(ii) PROTECTION OF INFORMA-
2 TION.—Such a request shall be subject to
3 the applicability of all laws and regulations
4 governing proprietary information, privacy
5 rights, privileges and other established
6 legal protections for individuals and enti-
7 ties, and shall not be construed to limit or
8 otherwise alter such laws, regulations,
9 rights, privileges, and protections, or to re-
10 quire disclosure of Social Security num-
11 bers, personal tax returns, or any other
12 personal financial information of or con-
13 cerning individuals who have an interest in
14 the ownership or management entities re-
15 ferred to in subclause (I) of clause (i).

16 “(H) STREAMLINED REGULATIONS.—The
17 Secretary may establish streamlined review and
18 compliance requirements for small or partially
19 assisted properties, or both, regardless of the
20 form of assistance provided such properties
21 under this section.

22 “(3) AUTHORIZATION OF APPROPRIATIONS.—
23 There is authorized to be appropriated for the trans-
24 formation of rental assistance, including conversions
25 under subsection (l), \$350,000,000 for fiscal year

1 2011 and such sums as may be necessary for each
2 of fiscal years 2012, 2013, 2014, and 2015.

3 “(4) ALLOCATION.—The Secretary may allocate
4 amounts for the transformation of rental assistance
5 under this subsection, including for a portion of the
6 funding of property-based and project-based voucher
7 contracts, the costs of administration of a property-
8 based or project-based voucher contract for a par-
9 ticular property, promotion of tenant organizing
10 rights and resident mobility (including of partici-
11 pants in the tenant-based voucher program under
12 subsection (o)), relocation assistance pursuant to
13 subsection (l)(9), efforts to affirmatively further fair
14 housing, and expenses of combining administrative
15 components of local programs under subsection (o)
16 by competition or such other procedure the Sec-
17 retary determines appropriate, upon publication of
18 notice in the Federal Register notice not later than
19 30 days before such allocation is made. Except in
20 the case of a competitive allocation, if the method of
21 allocation from year to year does not change, publi-
22 cation of a new notice shall not be required.”.

23 **SEC. 5. PROPERTY-BASED CONTRACTS.**

24 Section 8 of the United States Housing Act of 1937
25 (42 U.S.C. 1437f), as amended by the preceding provi-

1 sions of this Act, is further amended by inserting after
2 subsection (m) the following new subsection:

3 “(n) PROPERTY-BASED CONTRACTS.—

4 “(1) AUTHORITY.—Subject to the availability of
5 amounts provided in appropriations Acts and that
6 otherwise become available, and to the control of the
7 Secretary of applicable accounts in the Treasury of
8 the United States, the Secretary may enter into a
9 property-based housing assistance payment contract
10 with respect to a property converted pursuant to
11 subsection (l) or a replacement property, and may
12 provide funds pursuant to such conditions and pro-
13 cedures as the Secretary may establish for a public
14 housing agency to administer or assist in the admin-
15 istration of such property-based contract.

16 “(2) CONTRACT TERM.—The Secretary may
17 enter into a multi-year property-based contract for
18 assistance pursuant to this subsection, subject to the
19 availability of appropriations for each year of such
20 contract, for the following terms:

21 “(A) INITIAL TERM.—

22 “(i) PUBLIC HOUSING.—A property-
23 based contract between the Secretary and
24 the owner of a property assisted, prior to

1 conversion, under section 9 shall have an
2 initial term of not fewer than 20 years.

3 “(ii) OTHER HOUSING.—A property-
4 based contract between the Secretary and
5 the owner of any other property shall have
6 a term at least equal to the term remain-
7 ing on the contract being converted to a
8 contract for rental assistance under this
9 subsection, or may have a term of up to 20
10 years, as determined by the Secretary.

11 “(B) CONTRACT RENEWALS AND EXTEN-
12 SIONS.—

13 “(i) AGREEMENT TO EXTEND OR
14 RENEW.—At any time during the term of
15 a property-based contract, the Secretary
16 may, at the request of the owner, agree to
17 extend or renew the property-based con-
18 tract for up to a 20-year period beyond the
19 initial contract term or the term of any re-
20 newal contract subject to the availability of
21 appropriations for each year of such exten-
22 sion or renewal. In the initial contract or
23 any renewal contract, the Secretary and
24 the owner may agree to have such exten-
25 sions or renewals of the property-based

1 contract accepted by the owner and by the
2 successors in interest of the owner.

3 “(ii) RENEWAL CONTRACT.—

4 “(I) RENEWAL.—During the 2-
5 year period before the expiration of a
6 property-based contract, the Secretary
7 shall offer, and at the request of the
8 owner shall agree to, a renewal con-
9 tract for a term of up to 20 years,
10 subject to the requirements of sub-
11 clause (II) and the availability of ap-
12 propriations for each year of such re-
13 newal.

14 “(II) PROHIBITION ON RE-
15 NEWAL.—The Secretary shall not
16 offer or agree to renew a contract for
17 the subject property—

18 “(aa) if the Secretary deter-
19 mines, in consultation with the
20 tenants and the local govern-
21 ment, that the property is obso-
22 lete as to physical condition, loca-
23 tion, or other factors that cannot
24 be remedied with available Fed-
25 eral, State, and local resources,

1 making it unsuitable as low-in-
2 come housing; or

3 “(bb) with an owner that is
4 debarred or suspended, or found
5 to be in serious and repeated
6 noncompliance with applicable re-
7 quirements established by the
8 Secretary.

9 “(III) CONVERTED PUBLIC
10 HOUSING.—An owner of a property
11 converted from assistance under sec-
12 tion 9 shall accept all renewal con-
13 tracts offered by the Secretary in ac-
14 cordance with this subparagraph.

15 “(C) RENEWALS UPON EXPIRATION.—

16 “(i) IN GENERAL.—At the request of
17 an owner of a property with a property-
18 based contract that expires or otherwise
19 terminates to renew such expired or termi-
20 nated contract in whole or in part, the Sec-
21 retary shall, subject to the requirements of
22 subparagraph (B)(ii)(II), renew such con-
23 tract if eligible tenants in the property
24 have not yet been issued tenant protection
25 vouchers and if the rental assistance for-

1 merly provided to the property has not
2 been transferred to another property or
3 properties.

4 “(ii) PARTIAL RENEWAL.—In the case
5 of a partial renewal, the assistance not re-
6 newed may be transferred to another prop-
7 erty or properties or vouchers shall be pro-
8 vided in accordance with subsection (k).

9 “(3) CALCULATION OF RENT TO OWNER.—

10 “(A) INITIAL CALCULATION.—

11 “(i) IN GENERAL.—The Secretary
12 shall establish rents for each unit assisted
13 under a property-based contract at the
14 level requested by the owner but not to ex-
15 ceed the rents derived from comparable un-
16 assisted properties in the area, up to 110
17 percent of the applicable area rental estab-
18 lished by the Secretary or such higher
19 amount approved by the Secretary based
20 on a determination by the Secretary that
21 such higher amount is cost-effective con-
22 sidering the need for affordable housing by
23 the types of households served by the prop-
24 erty and the quality and location of the
25 property. For a property for which the

1 Secretary has approved under the Multi-
2 family Assisted Housing Reform and Af-
3 fordability Act of 1997 (42 U.S.C. 1437f
4 note) a rent not in excess of the com-
5 parable rent at the time of such approval,
6 the Secretary shall establish rents for each
7 unit assisted under a property-based con-
8 tract at the higher of the level most re-
9 cently approved or the rent established
10 under the preceding sentence. Prior to the
11 agreement to enter into a contract under
12 this subsection, the Secretary may approve
13 upon an owner's request a lower rent than
14 that permitted under this clause if such
15 lower rent is sufficient to meet the finan-
16 cial and physical sustainability needs of the
17 property.

18 “(ii) EXCEPTION PROPERTIES.—

19 “(I) PROPERTY REQUIRE-
20 MENTS.—The maximum monthly rent
21 may exceed the rents derived from
22 comparable unassisted properties in
23 the area upon a determination by the
24 Secretary that such exception rents
25 are necessary to meet the financial

1 and physical sustainability needs of
2 the property, and that—

3 “(aa) the property is not, or
4 after planned rehabilitation will
5 not be, obsolete as to physical
6 condition, location, or other fac-
7 tors, making it unsuitable for
8 housing purposes; and

9 “(bb) a reasonable program
10 of property modifications in com-
11 bination with rents determined
12 under this clause will be cost-ef-
13 fective to extend the useful life of
14 the property.

15 “(II) RENT LIMITATION.—The
16 Secretary may not approve an excep-
17 tion above the higher of 110 percent
18 of the applicable area rental or 120
19 percent of the rent for comparable un-
20 assisted properties in the area. The
21 limitations of this subclause shall not
22 apply if the property was, prior to
23 conversion of assistance, subject to a
24 rental assistance contract that has
25 been renewed under section 515 of the

1 Multifamily Assisted Housing Reform
2 and Affordability Act of 1997 (42
3 U.S.C. 1437f note) with rents estab-
4 lished under section 514(g)(2) of such
5 Act that, at the time of conversion of
6 assistance, exceed the limit established
7 in the preceding sentence.

8 “(III) CONSIDERATION OF
9 OTHER FUNDS.—In determining
10 whether to allow an exception rent,
11 the Secretary shall consider the avail-
12 ability of unexpended funds that may
13 be used to reduce or eliminate the
14 need for an exception rent.

15 “(iii) UNITS EXEMPT FROM RENT
16 CONTROL.—If a unit for which a property-
17 based contract is established is exempt
18 from local rent control provisions during
19 the term of such contract, the rent for that
20 unit shall be reasonable in comparison with
21 other units in the area that are exempt
22 from local rent control provisions.

23 “(B) RENT ADJUSTMENTS.—A property-
24 based contract pursuant to this subsection shall
25 provide for annual rent adjustments using one

1 or more indices established by the Secretary
2 (which shall not result in a negative adjust-
3 ment) by notice published in the Federal Reg-
4 ister to reflect the change in the rents and costs
5 of multifamily rental housing, except that—

6 “(i) the contract may provide that the
7 maximum rent permitted for a unit shall
8 not be less than the initial rent for the unit
9 under the initial property-based contract
10 under this subsection;

11 “(ii) an owner may request a rent in-
12 crease above the index based on significant
13 improvements to the property, subject to
14 limitations in subparagraph (A) and any
15 additional standards issued by the Sec-
16 retary; and

17 “(iii) the Secretary may at any time,
18 and at least every 5 years, compare the
19 maximum rent to the level of rents charged
20 for comparable units in the private, unas-
21 sisted local market, and shall, if appro-
22 priate, decrease the contract rent, subject
23 to the limitations in clause (i) or any ex-
24 ception approved by the Secretary, and
25 may, if appropriate, increase the contract

1 rent, subject to the limitations in subpara-
2 graph (A) and clause (ii) of this subpara-
3 graph.

4 “(C) TAX CREDIT OR HOME PROJECTS.—

5 In the case of a unit receiving tax credits pur-
6 suant to section 42 of the Internal Revenue
7 Code of 1986 or for which assistance is pro-
8 vided under subtitle A of title II of the Cran-
9 ston-Gonzalez National Affordable Housing Act
10 (42 U.S.C. 12741 et seq.) for which a property-
11 based contract is established under this sub-
12 section, rent reasonableness shall be determined
13 as otherwise provided by this paragraph, except
14 that comparison with rents for units in the pri-
15 vate, unassisted local market shall not be re-
16 quired if the rent is equal to or less than the
17 rent for other comparable units receiving such
18 tax credits or assistance in the project that are
19 not occupied by families assisted under a prop-
20 erty-based contract.

21 “(4) TENANT CONTRIBUTION.—A family shall
22 pay as rent for a unit assisted under this subsection
23 the amount determined in accordance with section 3
24 (42 U.S.C. 1437a).

1 “(5) ELIGIBLE TENANTS.—To be eligible to be
2 a tenant for a unit assisted under this subsection, a
3 family shall, at the time a family initially receives
4 assistance under this subsection, be—

5 “(A) a family lawfully residing in a unit at
6 the time of a conversion of assistance under
7 subsection (l); or

8 “(B) a low-income family meeting eligi-
9 bility criteria specified by the Secretary that
10 fulfill the requirements under paragraphs (3)
11 and (4) of section 16(e) (42 U.S.C. 1437n(c)).

12 “(6) SELECTION OF TENANTS.—

13 “(A) WAITING LISTS.—Subject to such
14 conditions as may be established by the Sec-
15 retary, selection of tenants for units assisted
16 under a property-based contract under this sub-
17 section shall be subject to the following:

18 “(i) REQUIRED USE.—The owner
19 shall select families for units assisted
20 under such a contract from a waiting list
21 for applicants for housing assistance under
22 this subsection. If a property has rental as-
23 sistance that has been converted under
24 subsection (l), any waiting list for the

1 property prior to conversion shall continue
2 to apply after the conversion.

3 “(ii) DELAY DUE TO RESIDENT
4 CHOICE OPTION.—Notwithstanding clause
5 (i), the Secretary may establish policies to
6 permit applicants on a tenant-based vouch-
7 er waiting list whose receipt of assistance
8 is delayed due to the resident choice option
9 under subsection (m)(1) to exercise the op-
10 tion to be placed on a waiting list for ap-
11 plicants for housing assistance under this
12 subsection or subsection (o)(13).

13 “(iii) MAINTENANCE OF WAITING
14 LIST.—An owner may maintain a waiting
15 list or may use a waiting list maintained
16 by a public housing agency on such terms
17 and conditions as agreed to by the owner
18 and public housing agency and permitted
19 by the Secretary.

20 “(iv) SINGLE AND SITE-BASED WAIT-
21 ING LISTS.—An owner of more than one
22 property, or a public housing agency ad-
23 ministering waiting lists for properties as-
24 sisted under this subsection, may maintain
25 a single waiting list for all or some of such

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

15 “(v) PREFERENCES.—The owner or
16 the public housing agency administering
17 the waiting list for the property may estab-
18 lish preferences or criteria for tenant selec-
19 tion for a unit that are consistent with the
20 affordable housing needs established for
21 the area in which a property is located in
22 the consolidated plan prepared pursuant to
23 part 91 of the Secretary’s regulations (24
24 C.F.R. part 91), or successor regulations.

1 “(vi) OUTREACH.—The owner or the
2 public housing agency administering the
3 waiting list for the property shall adopt af-
4 firmative marketing procedures and under-
5 take affirmative marketing activities. Such
6 special outreach efforts shall be targeted to
7 those who are least likely to apply for the
8 housing to ensure that all persons, regard-
9 less of their race, color, national origin, re-
10 ligious, sex, disability, or familial status, are
11 aware of the housing opportunities in each
12 of the owner’s properties with rental assist-
13 ance.

14 “(vii) COMPLIANCE WITH CIVIL
15 RIGHTS LAWS.—All procedures, pref-
16 erences, and criteria for waiting lists shall
17 comply with title VI of the Civil Rights Act
18 of 1964 (42 U.S.C. 2000d et seq.), the
19 Fair Housing Act (42 U.S.C. 3601 et
20 seq.), section 504 of the Rehabilitation Act
21 of 1973 (29 U.S.C. 794), and other appli-
22 cable civil rights laws.

23 “(B) SELECTION BY OWNER.—Each prop-
24 erty-based contract entered into by the Sec-
25 retary and an owner shall provide that the

1 screening and selection of families shall be the
2 function of the owner.

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

12 “(7) LEASES AND TENANCY.—Each property-
13 based contract for a property converted under sub-
14 section (1) shall provide that the lease between the
15 tenant and the owner—

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

22 “(B) shall comply with subsection (c)(9);
23 and

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

1 “(8) VACANCY PAYMENTS.—

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

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

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

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

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

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

3 “(A) REQUIREMENT.—The Secretary shall,
4 for each property receiving assistance under
5 this subsection, provide for inspections during
6 the term of the property-based contract to de-
7 termine whether the property is maintained in
8 accordance with the physical condition stand-
9 ards established or provided by the Secretary
10 under subsection (m)(2)(E). The schedule of
11 the inspections shall be determined by the Sec-
12 retary.

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

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

24 “(D) STATE AND LOCAL INSPECTIONS.—
25 For purposes of meeting the requirement under

1 subparagraph (A), the Secretary may accept in-
2 spection results from inspections conducted by
3 a State or locality or a program funded or ad-
4 ministered by a State or locality if such inspec-
5 tion employs standards equivalent to or exceed-
6 ing the physical condition standards established
7 by the Secretary. Such reserve requirements
8 shall vary based on the anticipated physical
9 needs of the property.

10 “(10) USE OF RENTAL AMOUNTS.—

11 “(A) RESERVE REQUIREMENTS.—An
12 owner of a property with rental assistance
13 under this subsection shall comply with oper-
14 ating and replacement reserve requirements es-
15 tablished by the Secretary.

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

1 “(11) EXPIRATION OR TERMINATION OF CON-
2 TRACT OR USE AGREEMENT.—

3 “(A) VOUCHER ASSISTANCE.—In the case
4 of a property-based contract that is no longer
5 in effect and the property is no longer subject
6 to a use agreement, in whole or in part, to the
7 extent that amounts are provided in advance in
8 appropriation Acts, upon the date of expiration
9 of such contract or use agreement, whichever is
10 later, the Secretary shall make voucher assist-
11 ance under subsection (t), or in the case of a
12 contract that expires or is terminated because it
13 does not meet the requirements of paragraph
14 (2)(B)(ii)(II) of this subsection, voucher assist-
15 ance under subsection (o), available on behalf of
16 each low-income family who, upon the date of
17 such expiration, is residing in an assisted dwell-
18 ing unit in the property, and shall, subject to
19 the availability of appropriations, provide re-
20 placement vouchers under subsection (o) for
21 any vacant units subject to the contract at the
22 time of expiration or termination.

23 “(B) TRANSFER OF ASSISTANCE.—In lieu
24 of providing vouchers pursuant to subparagraph
25 (A) when a contract expires or is terminated,

1 the Secretary may, following notice and con-
2 sultation by the Secretary with tenants as pro-
3 vided in subsection (l)(3)(E)(i), transfer assist-
4 ance from a contract that is not renewed in
5 whole or in part to a new contract with another
6 property or properties, and in the case of a
7 property converted from assistance under sec-
8 tion 9, shall transfer such assistance to a new
9 contract with another property or properties
10 with priority for a public entity owner, followed
11 by a priority for a non-profit entity owner.

12 “(12) FINANCIAL REVIEWS.—The owner of a
13 property assisted under this subsection shall provide
14 the Secretary an annual financial report of the prop-
15 erty, prepared and submitted in accordance with the
16 requirements of the Secretary, which may include
17 certification by the owner, a certified public account-
18 ant, or other person acceptable to the Secretary.”.

19 **SEC. 6. PROJECT-BASED VOUCHER CONTRACTS.**

20 Paragraph (13) of section 8(o) of the United States
21 Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) is amend-
22 ed—

23 (1) by striking “structure” each place such
24 term appears and inserting “project”;

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

3 “(B) PERCENTAGE LIMITATION.—

4 “(i) IN GENERAL.—Subject to clauses
5 (ii) and (iii), not more than 20 percent of
6 the dwelling units assisted by the agency
7 under this subsection may be assisted with
8 project-based assistance under this para-
9 graph.

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

1 lish additional categories for the exception
2 under this clause.

3 “(iii) EXCEPTION FOR PROJECTS CON-
4 VERTED UNDER SUBSECTION (l).—An
5 agency administering project-based assist-
6 ance under this paragraph pursuant to a
7 conversion under subsection (l) may attach
8 project-based assistance under this para-
9 graph to up to 40 percent of the dwelling
10 units assisted by the agency under this
11 subsection, but in no event may an agency
12 attach project-based assistance through
13 means other than conversion to more than
14 the share of units permitted by clauses (i)
15 and (ii) of this subparagraph.”;

16 (3) by striking subparagraph (D) and inserting
17 the following new subparagraph:

18 “(D) INCOME MIXING REQUIREMENT.—

19 “(i) IN GENERAL.—Except as pro-
20 vided in clause (ii), of the dwelling units in
21 any project, not more than the greater of
22 25 units or 25 percent of the units may be
23 assisted under a housing assistance pay-
24 ment contract for project-based assistance
25 pursuant to this paragraph. For purposes

1 of this subparagraph, the term ‘project’
2 means a single building, multiple contig-
3 uous buildings, or multiple buildings on
4 contiguous parcels of land.

5 “(ii) EXCEPTIONS.—

6 “(I) CERTAIN HOUSEHOLDS.—

7 The limitation under clause (i) shall
8 not apply to dwelling units assisted
9 under a contract that are exclusively
10 made available to elderly families or
11 to households eligible for comprehen-
12 sive social services that are made
13 available to residents of the property.
14 The Secretary may establish addi-
15 tional requirements for the monitoring
16 and oversight of projects in which
17 more than 40 percent of the dwelling
18 units are assisted.

19 “(II) CERTAIN AREAS.—With re-
20 spect to areas in which tenant-based
21 vouchers are difficult to use, as deter-
22 mined by the Secretary, and with re-
23 spect to census tracts with a poverty
24 rate of 20 percent or less, clause (i)
25 shall be applied by substituting ‘40

1 percent’ for ‘25 percent’ and the Sec-
2 retary may, by regulation, establish
3 additional conditions.

4 “(III) EXCEPTION FOR PROJECTS
5 CONVERTED UNDER SUBSECTION
6 (l).—In the case of a project assisted
7 under this paragraph pursuant to a
8 conversion under subsection (l), the
9 exception in subclause (I) shall apply
10 to not more than 40 percent of the
11 dwelling units.”;

12 (4) by striking subparagraph (F) and inserting
13 the following new subparagraph:

14 “(F) CONTRACT TERM.—A housing assist-
15 ance payment contract pursuant to this para-
16 graph between a public housing agency and the
17 owner of a project may have a term of up to
18 20 years, subject to—

19 “(i) the availability of sufficient ap-
20 propriated funds for the purpose of renew-
21 ing expiring contracts for assistance pay-
22 ments, as provided in appropriations Acts
23 and in the agency’s annual contributions
24 contract with the Secretary: *Provided*,
25 That in the event of insufficient appro-

1 appropriated funds, payments due under con-
2 tracts under this paragraph shall take pri-
3 ority if other cost-saving measures that do
4 not require the termination of an existing
5 contract are available to the agency; and

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

15 The contract may specify additional conditions,
16 including with respect to continuation, termi-
17 nation, or expiration.”;

18 (5) in subparagraph (G)—

19 (A) in the second sentence, by striking
20 “15” and inserting “20”;

21 (B) in the last sentence, by inserting “ex-
22 tension” after “enter into such a contract”;

23 (C) by striking the “(G) EXTENSION OF
24 CONTRACT TERM.—A public housing agency

1 may enter into a contract” and inserting the
2 following:

3 “(G) EXTENSION OF CONTRACT TERM.—

4 “(i) IN GENERAL.—A public housing
5 agency may enter into a contract exten-
6 sion”; and

7 (D) by adding at the end the following new
8 clause:

9 “(ii) CONVERTED PROPERTIES.—In
10 the case of projects converted from other
11 forms of rental assistance pursuant to sub-
12 section (l), a public housing agency may
13 decline to offer to extend the term of the
14 underlying housing assistance payment
15 contract for the maximum period per-
16 mitted under clause (i) of this subpara-
17 graph only with the advance approval of
18 the Secretary. The Secretary may grant
19 approval to not extend a contract only—

20 “(I) if the property is obsolete as
21 to physical condition, location, or
22 other factors which cannot be rem-
23 edied with available Federal, State,
24 and local resources, making it unsuit-
25 able as low-income housing;

1 “(II) with an owner that is
2 debarred or suspended, or found in to
3 be in serious and repeated noncompli-
4 ance with applicable requirements es-
5 tablished by the Secretary; or

6 “(III) if no funding is available
7 that can be used for such exten-
8 sions.”;

9 (6) in subparagraph (H)—

10 (A) in the first sentence, by striking “(or
11 any exception payment standard approved by
12 the Secretary pursuant to paragraph (1)(D)),”
13 and inserting “(or any exception payment
14 standard approved by the Secretary for the area
15 pursuant to paragraph (1)(D) or for the
16 project),”;

17 (B) by striking “(H) RENT CALCULA-
18 TION.—A housing” and inserting the following:

19 “(H) RENT CALCULATION.—

20 “(i) IN GENERAL.—A housing”; and

21 (C) by adding at the end the following new
22 clause:

23 “(ii) TENANTS OVER-INCOME FOR
24 CONTINUING SUBSIDY.—Subsection (I)(11)
25 shall apply to all contracts under this para-

1 graph, except that the public housing agen-
2 cy and the owner may agree to retain the
3 number of dwelling units subject to a con-
4 tract for assistance under this subpara-
5 graph, subject to policies issued by the
6 Secretary.”;

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

9 “(I) RENT ADJUSTMENTS.—

10 “(i) IN GENERAL.—A housing assist-
11 ance payment contract pursuant to this
12 paragraph shall provide for reasonable rent
13 adjustments if requested by the owner, ex-
14 cept that—

15 “(I) the adjusted rent for any
16 unit assisted shall be reasonable in
17 comparison with rents charged for
18 comparable dwelling units in the pri-
19 vate, unassisted, local market and
20 may not exceed the maximum rent
21 permitted under subparagraph (H);
22 and

23 “(II) the contract may provide
24 that the maximum rent permitted for
25 a dwelling unit shall not be less than

1 the initial rent for the dwelling unit
2 under the initial housing assistance
3 payments contract covering the unit.

4 “(ii) SCHEDULED RENT ADJUST-
5 MENTS.—A housing assistance payment
6 contract pursuant to this paragraph may,
7 at the discretion of the Secretary, provide
8 for annual rent adjustments using an index
9 determined by the Secretary for adjust-
10 ment of contracts under subsection (n).
11 Such a contract shall provide that—

12 “(I) an owner may request a rent
13 increase above the index based on sig-
14 nificant improvements to the project,
15 subject to limitations in subparagraph
16 (H) of this paragraph and any addi-
17 tional standards issued by the Sec-
18 retary; and

19 “(II) the public housing agency
20 shall, at least every 5 years, compare
21 the maximum rent to the level of
22 rents charged for comparable dwelling
23 units in the private, unassisted local
24 market, and shall, if appropriate, de-
25 crease the contract rent, subject to

1 the limitations in clause (i) or any ex-
2 ception approved by the Secretary,
3 and may, if appropriate, increase the
4 contract rent, subject to the limita-
5 tions in subparagraph (H).”;

6 (8) in subparagraph (J)—

7 (A) by striking the last two sentences;

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

17 (C) by striking “(J) TENANT SELEC-
18 TION.—A public housing agency” and inserting
19 the following:

20 “(J) TENANT SELECTION.—

21 “(i) IN GENERAL.—A public housing
22 agency”; and

23 (D) by adding at the end the following new
24 clause:

1 “(ii) SITE-BASED WAITING LISTS.—A
2 public housing agency may establish and
3 utilize procedures for maintaining site-
4 based waiting lists under which applicants
5 may apply directly at, or otherwise des-
6 ignate to the public housing agency, the
7 project or projects in which they seek to
8 reside, except that all eligible applicants on
9 the waiting list of an agency for assistance
10 under this subsection shall be permitted to
11 place their names on such separate lists,
12 subject to policies and procedures specified
13 by the Secretary. All such procedures shall
14 comply with title VI of the Civil Rights Act
15 of 1964 (42 U.S.C. 42 U.S.C. 2000d et
16 seq.), the Fair Housing Act (42 U.S.C.
17 3601 et seq.), section 504 of the Rehabili-
18 tation Act of 1973 (29 U.S.C. 794), and
19 other applicable civil rights laws. The
20 owner or manager of a project assisted
21 under this paragraph shall not admit any
22 family to a dwelling unit assisted under a
23 contract pursuant to this paragraph other
24 than a family referred by the public hous-
25 ing agency from its waiting list, or a fam-

1 ily on a site-based waiting list that com-
2 plies with the requirements of this sub-
3 paragraph. A public housing agency shall
4 disclose to each applicant all other options
5 in the selection of a project in which to re-
6 side that are provided by the public hous-
7 ing agency and are available to the appli-
8 cant.”;

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

12 (10) by adding at the end the following new
13 subparagraphs:

14 “(N) LEASES AND TENANCY.—Notwith-
15 standing any other provision of law, for the
16 term of the contract under this paragraph, the
17 owner may terminate a tenancy only for serious
18 or repeated violations of the terms and condi-
19 tions of the lease or for violation of applicable
20 law.

21 “(O) PROPERTIES IN FORECLOSURE OR
22 BANKRUPTCY.—Notwithstanding any provision
23 of Federal or State law, for all properties as-
24 sisted under this paragraph on or after May 20,

1 2009, the provision of subsection (l)(18)(B)
2 shall apply.

3 “(P) CONVERSION FROM PROJECT-BASED
4 VOUCHER CONTRACT TO PROPERTY-BASED CON-
5 TRACT.—A property assisted under this para-
6 graph (in this subparagraph referred to as a
7 ‘project-based voucher contract’) may convert to
8 a property-based housing assistance payment
9 contract under subsection (n) (in this subpara-
10 graph referred to as a ‘property-based con-
11 tract’) at the request of the owner of the prop-
12 erty and at the discretion of, and upon approval
13 by, the Secretary if the property meets the ap-
14 plicable requirements under subsection (n), sub-
15 ject to the following requirements:

16 “(i) CONTRACTS RESULTING FROM
17 CONVERSION.—If the project-based vouch-
18 er contract resulted from a conversion
19 under subsection (l), the Secretary, upon
20 approval of the request to convert to a
21 property-based contract, shall reduce the
22 annual contributions contract under this
23 subsection of the public housing agency ad-
24 ministering the project-based voucher con-
25 tract by the appropriate number of units

1 and related funding, and transfer the fund-
2 ing to the entity administering the project-
3 based contract.

4 “(ii) CONTRACTS NOT RESULTING
5 FROM CONVERSION.—If the project-based
6 voucher contract did not result from a con-
7 version under subsection (l), and the public
8 housing agency has not breached its con-
9 tractual obligations concerning the prop-
10 erty, the Secretary may approve the re-
11 quest only with the agreement of the public
12 housing agency administering the project-
13 based voucher contract to the reduction of
14 its annual contributions contract under
15 this subsection by the appropriate number
16 of units and related funding.

17 “(Q) CONVERSION FROM TENANT-BASED
18 VOUCHERS TO PROPERTY-BASED CONTRACT.—A
19 property with units assisted under this sub-
20 section or subsection (t) may convert to a prop-
21 erty-based housing assistance payment contract
22 under subsection (n) (in this subparagraph re-
23 ferred to as a ‘property-based contract’), rather
24 than to assistance under this paragraph, at the
25 request of the owner of the property and agree-

1 ment of the public housing agency and at the
2 discretion of, and upon approval by, the Sec-
3 retary if the property meets the applicable re-
4 quirements under subsection (n), subject to the
5 following requirements:

6 “(i) REDUCTION OF ANNUAL CON-
7 TRIBUTIONS CONTRACT.—The Secretary,
8 upon approval of the request to convert to
9 a property-based contract, shall reduce the
10 annual contributions contract of the public
11 housing agency administering the tenant-
12 based vouchers by the appropriate number
13 of units and related funding, and transfer
14 the funding to the entity administering the
15 project-based contract.

16 “(ii) RESIDENT CHOICE.—Tenants in
17 units with assistance converted under this
18 subparagraph shall be provided with a resi-
19 dent choice option as provided for in sub-
20 section (m)(1).

21 “(iii) TREATMENT OF LIMITATION ON
22 TENANT-BASED VOUCHERS.—The percent-
23 age limitation on a public housing agency’s
24 tenant-based vouchers converted to prop-
25 erty-based assistance under subparagraph

1 (B)(iii) shall include vouchers converted
2 under this subparagraph.

3 “(iv) SUBSTANTIAL AMENDMENT.—
4 Conversion under this subparagraph shall
5 be considered a substantial amendment to
6 the public housing agency’s plan under sec-
7 tion 5A(g).

8 “(v) CONSULTATION WITH RESI-
9 DENTS.—The owner of the property shall
10 comply with the requirements established
11 by the Secretary pursuant to subsection
12 (l)(2)(E)(i) for consultation with residents
13 about the owner’s intention to apply for
14 conversion under this subparagraph.”.

15 **SEC. 7. CONFORMING AMENDMENTS.**

16 (a) DEFINITION.—Subparagraph (B) of section
17 3(b)(6) of the United States Housing Act of 1937 (42
18 U.S.C. 1437a(b)(6)(B)) is amended—

19 (1) by striking “tenant-based” each place such
20 term appears;

21 (2) in the subparagraph heading, by striking
22 “PROGRAM” and inserting “PROGRAMS”;

23 (3) and in the matter preceding clause (i), by
24 striking “program” and inserting “programs”; and

1 (4) by striking clauses (i) and (ii) and inserting
2 the following:

3 “(i) any State, county, municipality,
4 or other governmental entity or public
5 body, or an agency or instrumentality of
6 such an entity, and a non-profit entity,
7 that has the capability to administer a pro-
8 gram for assistance under such section in
9 an efficient manner and, notwithstanding
10 any provision of State or local law, without
11 regard to any otherwise applicable limita-
12 tions on its area of operation, as deter-
13 mined by the Secretary;

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

19 (b) ADMINISTRATIVE FEE.—Paragraph (1) of section
20 8(q) of the United States Housing Act of 1937 (42 U.S.C.
21 1437f(q)(1)) is amended by adding at the end the fol-
22 lowing new subparagraph:

23 “(F) CONVERSION RENTAL ASSISTANCE
24 ADMINISTRATOR.—The Secretary may establish
25 and allocate a fee, as determined by the Sec-

1 retary, for the administration of the rental as-
2 sistance for properties converted to a project-
3 based voucher contract under subsection (l).”.

4 (c) RENEWAL OF MAINSTREAM TENANT-BASED
5 RENTAL ASSISTANCE PROGRAM THROUGH SECTION 8
6 VOUCHER PROGRAM.—

7 (1) RENTAL ASSISTANCE.—Subsection (d) of
8 section 811 of the Cranston-Gonzalez National Af-
9 fordable Housing Act (42 U.S.C. 8013(d)) is amend-
10 ed by striking paragraph (4) and inserting the fol-
11 lowing new paragraph:

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

13 “(A) IN GENERAL.—Tenant-based rental
14 assistance provided under subsection (b)(1)
15 shall be provided under section 8(o) of the
16 United States Housing Act of 1937 (42 U.S.C.
17 1437f(o)).

18 “(B) CONVERSION OF EXISTING ASSIST-
19 ANCE.—There is authorized to be appropriated
20 for tenant-based rental assistance under section
21 8(o) of the United States Housing Act of 1937
22 (42 U.S.C. 1437f(o)) for persons with disabili-
23 ties, an amount not less than the amount nec-
24 essary to convert the number of authorized
25 vouchers and funding under an annual con-

1 tributions contract in effect on the date of en-
2 actment of the Rental Housing Revitalization
3 Act of 2010. Such converted vouchers may be
4 administered by the entity administering the
5 vouchers prior to conversion. Such entities shall
6 be considered a public housing agency author-
7 ized to engage in the operation of tenant-based
8 assistance under such section 8(o).

9 “(C) REQUIREMENTS UPON TURNOVER.—

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

1 (2) UNEXPENDED AMOUNTS.—Unexpended
2 amounts made available in prior year appropriations
3 Acts for the Department of Housing and Urban De-
4 velopment under the heading “Housing for Persons
5 with Disabilities” or the heading “Housing for Spe-
6 cial Populations” for contracts under section 811 of
7 the Cranston-Gonzalez National Affordable Housing
8 Act (42 U.S.C. 8013) shall be available until ex-
9 pended for renewal of vouchers converted under sec-
10 tion 811(d)(4)(B) of the Cranston-Gonzalez Na-
11 tional Affordable Housing Act (42 U.S.C.
12 8013(d)(4)(B)), as amended by paragraph (1) of
13 this subsection, notwithstanding the period of avail-
14 ability for such amounts established in such prior
15 appropriations Acts. The Secretary may reallocate
16 such amounts to administering entities for the pur-
17 pose of establishing a reserve in an amount deter-
18 mined by the Secretary up to the amount as may be
19 otherwise established by law.

20 (3) TECHNICAL ASSISTANCE.—The Secretary of
21 Housing and Urban Development may, to the extent
22 amounts are made available in appropriations Acts,
23 provide technical assistance to public housing agen-
24 cies and other administering entities to facilitate
25 using vouchers to provide permanent supportive

1 housing for persons with disabilities, to assist States
2 to reduce reliance on segregated restrictive settings
3 for people with disabilities to meet community care
4 requirements, to end chronic homelessness (as
5 “chronically homeless” is defined in section 401 of
6 the McKinney-Vento Homeless Assistance Act (42
7 U.S.C. 11361)), and for other related purposes.

8 (d) INCOME ELIGIBILITY.—Paragraph (6) of section
9 16(c) (42 U.S.C. 1437n(c)(6)) is amended by adding at
10 the end the following new subparagraph:

11 “(H) The property-based contract program
12 under section 8(n).”.

13 (e) ENFORCEMENT PROVISIONS.—Section 29 of the
14 United States Housing Act of 1937 (42 U.S.C. 1437z–
15 1) is amended—

16 (1) in subsection (b)—

17 (A) in paragraph (1)—

18 (i) in subparagraph (B), by striking
19 “and” after the semicolon;

20 (ii) in subparagraph (C) by striking
21 “that has an identity of interest with the
22 owner or the general partner of a partner-
23 ship owner of the property;” and inserting
24 “; and”; and

1 (iii) by adding at the end the fol-
2 lowing new subparagraph:

3 “(D) any member of a limited liability
4 company that is the owner of such property or
5 is the general partner of a limited partnership
6 owner or is a partner of a general partnership
7 owner.”;

8 (B) in paragraph (2)—

9 (i) in the matter preceding subpara-
10 graph (A) by inserting “or use agree-
11 ment,” before the comma;

12 (ii) in subparagraph (A), by striking
13 “or” at the end;

14 (iii) in subparagraph (B), by striking
15 the period at the end and inserting a semi-
16 colon; and

17 (iv) by adding at the end the following
18 new subparagraphs:

19 “(C) failure of an owner of a property re-
20 ceiving project-based assistance under section 8
21 to submit an annual audited financial statement
22 to the Secretary in the form and manner estab-
23 lished by the Secretary;

24 “(D) failure of an owner of a property re-
25 ceiving project-based assistance under section 8

1 to provide management for the property that is
2 acceptable to the Secretary pursuant to regula-
3 tions and requirements of the Secretary, includ-
4 ing—

5 “(i) proper fiscal management;

6 “(ii) proper handling of vacancies and
7 tenanting in accordance with regulations
8 set forth by the Secretary;

9 “(iii) appropriate handling of rent col-
10 lection;

11 “(iv) proper property maintenance;
12 and

13 “(v) compliance with regulations set
14 forth by the Secretary on tenant organiza-
15 tion;

16 “(E) failure to provide access to the books,
17 records, and accounts related to the operations
18 of the project; or

19 “(F) failure to permit physical access to
20 the property or any unit of the property.”; and

21 (C) in paragraph (3), by striking
22 “\$25,000” and inserting “\$37,500”; and
23 (2) in subsection (c)(1)—

1 (A) by redesignating subparagraphs (B)
2 and (C) as subparagraphs (C) and (D), respec-
3 tively; and

4 (B) by inserting after subparagraph (A)
5 the following new subparagraph:

6 “(B) shall provide the Secretary the discre-
7 tion to investigate any facts, conditions, prac-
8 tices, or matters that may be deemed necessary
9 or proper to aid in the enforcement of the pro-
10 visions of this Act; to aid in the investigations,
11 the Secretary may hold such hearings, admin-
12 ister such oaths, and require by subpoena the
13 attendance and testimony of such witnesses and
14 production of such documents as the Secretary
15 deems advisable, and such subpoena authority
16 shall include the authority to require the at-
17 tendance of any witness and the production of
18 documentary evidence from any place in the
19 United States at any designated place of hear-
20 ing; any district court of the United States
21 within the jurisdiction of which an inquiry is
22 carried on may, in the case of contumacy or re-
23 fusal to obey a subpoena of the Secretary issued
24 under this section, issue an order requiring
25 compliance therewith; any failure to obey such

1 order of the court may be punished by such
2 court as a contempt thereof;” and

3 (3) in subsection (g), by striking paragraph (1)
4 and inserting the following new paragraph:

5 “(1) IN GENERAL.—Notwithstanding any other
6 provision of law, the Secretary shall apply civil
7 money penalties collected under this section to the
8 Rental Assistance Conversion Trust Fund, estab-
9 lished under section 8(l)(21), or shall authorize the
10 owner of the property or project at issue in the pen-
11 alty action to use the penalty funds, in accordance
12 with the requirements of the Secretary, for the im-
13 provement of that property or project.”.

14 (f) AMENDMENTS TO SECTION 3 OF THE HOUSING
15 AND URBAN DEVELOPMENT ACT OF 1968.—Subsection
16 (c) of section 3 of the Housing and Urban Development
17 Act of 1968 (12 U.S.C. 1701u(c)) is amended—

18 (1) in paragraph (1)—

19 (A) by striking the paragraph designation
20 and all that follows through “(A) IN GEN-
21 ERAL.—The Secretary” and inserting the fol-
22 lowing:

23 “(1) PUBLIC AND INDIAN HOUSING PRO-
24 GRAMS.—The Secretary”; and

25 (B) by striking subparagraph (B);

1 (2) in paragraph (2)—

2 (A) by striking the paragraph designation
3 and all that follows through “(A) IN GEN-
4 ERAL.—In other” and inserting the following:

5 “(1) OTHER PROGRAMS.—In other”; and

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

7 (3) by adding at the end the following new
8 paragraphs:

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

12 “(A) First, to recipients of Federal rental
13 assistance, including public housing residents,
14 residents of other federally subsidized prop-
15 erties, or participants in the program under
16 section 8(o) of the U.S. Housing Act in the
17 service area and metropolitan area (or non-met-
18 ropolitan county).

19 “(B) Next, to low- and very low-income
20 residents in the service area and metropolitan
21 area (or non-metropolitan county).

22 “(C) Next, to other residents, as des-
23 igned by the Secretary by regulation.

24 “(4) SCOPE.—For properties with rental assist-
25 ance converted under section 8(l) of the United

1 States Housing Act of 1937, the requirements of
2 paragraphs (1)(A) and (2)(A) of this subsection, as
3 in effect immediately before the enactment of the
4 Rental Housing Revitalization Act of 2010, shall
5 continue to apply.”.

○