order to deal with the very serious crisis of Persian Gulf war syndrome.

As we know, Persian Gulf war syndrome is right now affecting some 70,000 of the brave men and women who served this country in the gulf. Mr. Speaker, I am a member of the Subcommittee on Human Resources, which is chaired by the gentleman from Connecticut [Mr. SHAYS], who has done an outstanding job in bringing before the subcommittee some of the leading researchers in this country who are searching for an understanding of Persian Gulf war syndrome.

We have also heard testimony from the Pentagon and the Veterans' Administration. I must say, Mr. Speaker, that the conclusion that I have reached is that, for whatever reason, and I say this unhappily, it is my view that neither the Pentagon nor the Veterans' Administration is going to come up with a solution regarding the problems and the cause of the problems that our Persian Gulf war veterans are suffering from. Nor in my view are they going to come up with an effective treatment.

Mr. Speaker, there is some good news. The good news is that there have been some major scientific breakthroughs in allowing us a better understanding of Persian Gulf war syndrome. Mr. Speaker, the military theater in the Persian Gulf was a horrendous chemical cesspool. Nobody denies that. It is now acknowledged that our troops there were exposed to chemical warfare agents that had been denied for a while, but it is now acknowledged by all.

In addition, they were exposed to leaded petroleum, a widespread use of pesticides, depleted uranium and the dense smoke from burning oil wells. In other words, all around them were very dangerous and toxic chemicals. In addition they were given various vaccines. Perhaps, most importantly, as a result of a waiver from the FDA, they were given pyridostigmine bromide for antinerve gas protection.

Mr. Speaker, an increasing number of scientists now believe that the synergistic effects of these chemical exposures plus the pyridostigmine bromide may well be the major cause of the health problems affecting our soldiers.

The truth is that after 5 years, there has not yet been, to the best of my knowledge, one significant study coming out of the Pentagon or the VA which shows the relationship between chemical exposure in the Persian Gulf and the Persian Gulf syndrome.

On the other hand, and this is where the good news is, there have been a number of important studies done outside of the Pentagon and the VA which makes this important link. I will be introducing these studies into the record so that interested Members can study them. But let me just very briefly mention a few of them.

Dr. Robert Haley of the University of Texas Southwestern Medical Center, based on studies that he has done, believes the syndromes are due to subtle brain, spinal cord and nerve damage caused by exposure to combinations of low level chemical nerve agents and other chemicals, including pyridostigmine bromide in antinerve gas tablets, DEET in a highly concentrated insect repellant, and pesticides in flea collars that some of the troops wore.

And Doctors Mohammed Abou-Donia and Tom Kurt, of Duke University Medical Center, found in studies that used chickens that two pesticides used in the gulf war, DEET and permethrin, and the antinerve gas agent pyridostigmine bromide, which was given to all troops, were harmless when used alone. However, when used in combination, these chemicals caused neurological deficits in the test animals similar to those reported by some gulf war veterans.

□ 1330

Dr. Satu Somani of the Southern Illinois University School of Medicine states that based on recent experimental proof and historical evidence of symptoms, such as impaired concentration and memory, headache, fatigue and depression of workers in the organophosphate industry, he considers that gulf war syndrome may be due to low dose sarin exposure and the intake of pyridostigmine and exposure to pesticides and other chemicals.

Drs. Garth and Nancy Nicolson of the University of Texas, Houston, found that gulf war veterans who are ill may eventually have their diagnoses linked to chemical exposures in the Persian Gulf, such as oil spills and fires, smoke in military operations, chemicals on clothing, pesticides, chemoprophylactic agents, chemical weapons, and others.

Dr. Claudia Miller and Dr. William Rea of Texas also see a connection between the chemicals that our soldiers were exposed to and gulf war syndrome.

Mr. Chairman, this is an important breakthrough. This research provides an important breakthrough which, in my view, may finally give us the information that we need to understand Persian Gulf war syndrome, which is affecting 70,000 veterans. This is why later this afternoon I will be bringing forward an amendment which asks for $10 million to go to the National Institute of Health and Environmental Science so that they can pursue this important area of research.

HOUSING OPPORTUNITY AND RESPONSIBILITY ACT OF 1997

The SPEAKER pro tempore [Mr. GIBBONS]. Pursuant to House Resolution 133 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2.

□ 1332

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2) to repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes, with Mr. RIGGS (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Tuesday, May 13, 1997, the amendment by the gentleman from Illinois [Mr. DAVIS] had been disposed of and title VII was open for amendment at any point.

Are there further amendments to title VII?

Are there further amendments to the end of the bill?

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. KENNEDY OF MASSACHUSETTS

Mr. KENNEDY of Massachusetts. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. KENNEDY of Massachusetts:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Public Housing Management Reform Act of 1997''.

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

Sec. 1. Short title and table of contents.
Sec. 2. Findings and purposes.

TITLE I—PUBLIC HOUSING AND RENT REFORMS

Sec. 101. Establishment of capital and operating funds.
Sec. 102. Determination of rental amounts for residents.
Sec. 103. Minimum rents for public housing and section 8.
Sec. 104. Public housing ceiling rents.
Sec. 105. Disallowance of earned income from public housing and section 8 rent and family contribution determinations.
Sec. 106. Public housing homeownership.
Sec. 107. Public housing agency plan.
Sec. 108. PHMAP indicators for small PHA's.
Sec. 109. PHMAP self-sufficiency indicator.
Sec. 110. Expansion of powers for dealing with PHA's.
Sec. 111. Public housing site-based waiting lists.
Sec. 112. Community service requirements for public housing and section 8 programs.
Sec. 113. Comprehensive improvement assistance program streamlining.
Sec. 114. Flexibility for PHA funding.
Sec. 115. Replacement housing resources.
Sec. 116. Repeal of one-for-one replacement housing requirement.
Sec. 117. Demolition, site revitalization, replacement housing, and tenant-based assistance grants for developments.
Sec. 118. Performance evaluation board.
Sec. 119. Economic development and supportive services for public housing residents.

Sec. 120. Penalty for slow expenditure of modernization funds.
Sec. 121. Designation of PHA's as troubled.
Sec. 122. Volunteer services under the 1937 Act.
Sec. 123. Authorization of appropriations for operation safe home program.

TITLE II—SECTION 8 STREAMLINING

Sec. 201. Permanent repeal of Federal preferences.
Sec. 202. Income targeting for public housing and section 8 programs.
Sec. 203. Merger of tenant-based assistance programs.
Sec. 204. Section 8 administrative fees.
Sec. 205. Section 8 homeownership.
Sec. 206. Welfare to work certificates.
Sec. 207. Effect of failure to comply with public assistance requirements.
Sec. 208. Streamlining section 8 tenant-based assistance.
Sec. 209. Nondiscrimination against certificate and voucher holders.
Sec. 210. Recapture and reuse of ACC project reserves under tenant-based assistance program.
Sec. 211. Expanding the coverage of the Public and Assisted Housing Drug Elimination Act of 1990.
Sec. 212. Study regarding rental assistance.

TITLE III—''ONE-STRIKE AND YOU'RE OUT'' OCCUPANCY PROVISIONS

Sec. 301. Screening of applicants.
Sec. 302. Termination of tenancy and assistance.
Sec. 303. Lease requirements.
Sec. 304. Availability of criminal records for public housing tenant screening and eviction.
Sec. 305. Definitions.
Sec. 306. Conforming amendments.

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) we have a shared national interest in creating safe, decent and affordable housing because, for all Americans, housing is an essential building block toward holding a job, getting an education, participating in the community, and helping fulfill our national goals;

(2) the American people recognized this shared national interest in 1937, when we created a public housing program dedicated to meeting these needs while creating more hope and opportunity for the American people;

(3) for 60 years America's public housing system has provided safe, decent, and affordable housing for millions of low-income families, who have used public housing as a stepping stone toward greater stability, independence, and homeownership;

(4) today, more than 3,300 local public housing agencies—95 percent of all housing agencies throughout America—are providing a good place for families to live and fulfilling their historic mission;

(5) yet, for all our progress as a nation, today, only one out of four Americans who needs housing assistance receives it;

(6) at the same time, approximately 15 percent of the people who live in public housing nationwide live in housing with management designated as ''troubled'';

(7) for numerous developments at these troubled public housing agencies and elsewhere, families face a overwhelming mix of crime, drug trafficking, unemployment, and despair, where there is little hope for a better future or a better life;

(8) the past 60 years have resulted in a system where outdated rules and excessive government regulation are limiting our ability to propose innovative solutions and solve problems, not only at the relatively few local public housing agencies designated as troubled, but at the 3,300 that are working well;

(9) obstacles faced by those agencies that are working well—multiple reports and cumbersome regulations—make a compelling case for deregulation and for concentration by the Department of Housing and Urban Development on fulfillment of the program's basic mission;

(10) all told, the Department has drifted from its original mission, creating bureaucratic processes that encumber the people and organizations it is supposed to serve;

(11) under a framework enacted by Congress, the Department has begun major reforms to address these problems, with dramatic results;

(12) public housing agencies have begun to demolish and replace the worst public housing, reduce crime, promote resident self-sufficiency, upgrade management, and end the isolation of public housing developments from the working world;

(13) the Department has also recognized that for public housing to work better, the Department needs to work better, and has begun a major overhaul of its organization, streamlining operations, improving management, building stronger partnerships with state and local agencies and improving its ability to take enforcement actions where necessary to assure that its programs serve their intended purposes; and

(14) for these dramatic reforms to succeed, permanent legislation is now needed to continue the transformation of public housing agencies, strip away outdated rules, provide necessary enforcement tools, and empower the Department and local agencies to meet the needs of America's families.

(b) PURPOSE.—It is the purpose of this Act—

(1) to completely overhaul the framework and rules that were put in place to govern public housing 60 years ago;

(2) to revolutionize the way public housing serves its clients, fits in the community, builds opportunity, and prepares families for a better life;

(3) to reaffirm America's historic commitment to safe, decent, and affordable housing and to remove the obstacles to meeting that goal;

(4) to continue the complete and total overhaul of management of the Department;

(5) to dramatically deregulate and reorganize the Federal Government's management and oversight of America's public housing;

(6) to ensure that local public housing agencies spend more time delivering vital services to residents and less time complying with unessential regulations or filing unessential reports;

(7) to achieve greater accountability of taxpayer funds by empowering the Federal Government to take firmer, quicker, and more effective actions to improve the management of troubled local housing authorities and to crack down on poor performance;

(8) to preserve public housing as a rental resource for low-income Americans, while breaking down the extreme social isolation of public housing from mainstream America;

(9) to provide for revitalization of severely distressed public housing, or its replacement with replacement housing or tenant-based assistance;

(10) to integrate public housing reform with welfare reform so that welfare recipients—many of whom are public housing residents—can better chart a path to independence and self-sufficiency;

(11) to anchor in a permanent statute needed changes that will result in the continued transformation of the public housing and tenant-based assistance programs—including deregulating well-performing housing agencies, ensuring accountability to the public, providing sanctions for poor performers, and providing additional management tools;

(12) to streamline and simplify the tenant-based Section 8 program and to make this program workable for providing homeownership; and

(13) through these comprehensive measures, to reform the United States Housing Act of 1937 and the programs thereunder.

TITLE I—PUBLIC HOUSING AND RENT REFORMS

SEC. 101. ESTABLISHMENT OF CAPITAL AND OPERATING FUNDS.

(a) CAPITAL FUND.—Section 14(a) of the United States Housing Act of 1937 is amended—

(1) by redesignating paragraphs (1) through (5) as subparagraphs (A) through (E), respectively;

(2) by inserting the paragraph designation ''(2)'' before ''It is the purpose''; and

(3) by inserting the following new paragraph (1) immediately after the subsection designation ''(a)'':

''(1) The Secretary shall establish a Capital Fund under this section for the purpose of making assistance available to public housing agencies in accordance with this section.''.

(b) OPERATING FUND.—Section 9(a) of the United States Housing Act of 1937 is amended by striking ''SEC. 9. (a)(1)(A) In addition to'' and inserting the following:

''SEC. 9. (a) The Secretary shall establish an Operating Fund under this section for the purpose of making assistance available to public housing agencies in accordance with this section.

''(1)(A) In addition to''.

SEC. 102. DETERMINATION OF RENTAL AMOUNTS FOR RESIDENTS OF PUBLIC HOUSING.

(a) IN GENERAL.—Section 3 of the United States Housing Act of 1937 is amended—

(1) in subsection (a)(1), by revising subparagraph (A) to read as follows:

''(A)(i) if the family is assisted under section 8 of this Act, 30 percent of the family's monthly adjusted income; or

''(ii) if the family resides in public housing, an amount established by the public housing agency not to exceed 30 percent of the family's monthly adjusted income;''; and

(2) in subsection (b)(5)—

(A) after the semicolon following subparagraph (F), by inserting ''and'';

(B) in subparagraph (G), by striking ''; and'' and inserting a period; and

(C) by striking subparagraph (H).

(b) REVISED OPERATING SUBSIDY FORMULA.—The Secretary, in consultation with interested parties, shall establish a revised formula for allocating operating assistance under section 9 of the United States Housing Act of 1937, which formula may include such factors as:

(1) standards for the costs of operation and reasonable projections of income, taking into account the character and location of the public housing project and characteristics of the families served, or the costs of providing comparable services as determined with criteria or a formula representing the operations of a prototype well-managed public housing project;

(2) the number of public housing dwelling units owned and operated by the public housing agency, the percentage of those units that are occupied by very low-income families, and, if applicable, the reduction in the number of public housing units as a result of any conversion to a system of tenant-based assistance;

(3) the degree of household poverty served by a public housing agency;

(4) the extent to which the public housing agency provides programs and activities designed to promote the economic self-sufficiency and management skills of public housing tenants;

(5) the number of dwelling units owned and operated by the public housing agency that are chronically vacant and the amount of assistance appropriate for those units;

(6) the costs of the public housing agency associated with anti-crime and anti-drug activities, including the costs of providing adequate security for public housing tenants;

(7) the ability of the public housing agency to effectively administer the Operating Fund distribution of the public housing agency;

(8) incentives to public housing agencies for good management;

(9) standards for the costs of operation of assisted housing compared to unassisted housing; and

(10) an incentive to encourage public housing agencies to increase nonrental income and to increase rental income attributable to their units by encouraging occupancy by families whose incomes have increase while in occupancy and newly admitted families; such incentive shall provide that the agency shall derive the full benefit of any increase in nonrental or rental income, and such increase shall not result in a decrease in amounts provided to the agency under this title; in addition, an agency shall be permitted to retain, from each fiscal year, the full benefit of such an increase in nonrental or rental income, except to the extent that such benefit exceeds (A) 100 percent of the total amount of the operating amounts for which the agency is eligible under this section, and (B) the maximum balance permitted for the agency's operating reserve under this section and any regulations issued under this section.

(c) TRANSITION PROVISION.—Prior to the establishment and implementation of an operating subsidy formula under subsection (b), if a public housing agency establishes a rental amount that is less than 30 percent of the family's monthly adjusted income pursuant to section 3(a)(1)(A)(ii) of the United States Housing Act of 1937, as amended by subsection (a)(1), the Secretary shall not take into account any reduction of or increase in the public housing agency's per unit dwelling rental income resulting from the use of such rental amount when calculating the contributions under section 9 of the United States Housing Act of 1937 for the public housing agency for the operation of the public housing.

SEC. 103. MINIMUM RENTS FOR PUBLIC HOUSING AND SECTION 8 PROGRAMS.

The second sentence of section 3(a)(1) of the United States Housing Act of 1937 is amended—

(1) at the end of subparagraph (B), by striking ''or'';

(2) in subsection (C), by striking the period and inserting ''; or''; and

(3) by inserting the following at the end:

''(D) $25.

Where establishing the rent or family contribution based on subparagraph (D) would otherwise result in undue hardship (as defined by the Secretary or the public housing agency) for one or more categories of affected families described in the next sentence, the Secretary or the public housing agency may exempt one or more such categories from the requirements of this paragraph and may require a lower minimum monthly rental contribution for one or more such categories. The categories of families described in this sentence shall include families subject to situations in which (i) the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program; (ii) the family would be evicted as a result of the imposition of the minimum rent requirement under subsection (c); (iii) the income of the family has decreased because of changed circumstance, including loss of employment; and (iv) a death in the family has occurred; and other families subject to such situations as may be determined by the Secretary or the agency. Where the rent or contribution of a family would otherwise be based on subparagraph (D) and a member of the family is an immigrant lawfully admitted for permanent residence (as those terms are defined in sections 101(a)(15) and 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15) and 8 U.S.C. 1101(a)(20)) who would have been entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, notwithstanding any other provision of this section, a public housing agency shall exempt the family from the requirements of this paragraph.''.

SEC. 104. PUBLIC HOUSING CEILING RENTS.

(a) Section 3(a)(2)(A) of the United States Housing Act of 1937, as amended by section 402(b)(1) of The Balanced Budget Downpayment Act, I, is amended to read as follows:

''(A) adopt ceiling rents that reflect the reasonable market value of the housing, but that are not less than—

''(i) for housing other than housing predominantly for elderly or disabled families (or both), 75 percent of the monthly cost to operate the housing of the agency;

''(ii) for housing predominantly for elderly or disabled families (or both), 100 percent of the monthly cost to operate the housing of the agency; and

''(iii) the monthly cost to make a deposit to a replacement reserve (in the sole discretion of the public housing agency); and''.

(b) Notwithstanding section 402(f) of The Balanced Budget Downpayment Act, I, the amendments made by section 402(b) of that Act shall remain in effect after fiscal year 1997.

SEC. 105. DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING AND SECTION 8 RENT AND FAMILY CONTRIBUTION DETERMINATIONS.

(a) IN GENERAL.—Section 3 of the United States Housing Act of 1937 is amended—

(1) by striking the undesignated paragraph at the end of subsection (c)(3) (as added by section 515(b) of Public Law 101-625); and

(2) by adding at the end the following new subsection:

''(d) DISALLOWANCE OF EARNED INCOME FROM PUBLIC HOUSING AND SECTION 8 RENT AND FAMILY CONTRIBUTION DETERMINATIONS.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, the rent payable under subsection (a) by, the family contribution determined in accordance with subsection (a) for, a family—

''(A) that—

''(i) occupies a unit in a public housing project; or

''(ii) receives assistance under section 8; and

''(B) whose income increases as a result of employment of a member of the family who was previously unemployed for one or more years (including a family whose income increases as a result of the participation of a family member in any family self-sufficiency or other job training program);may not be increased as a result of the increased income due to such employment during the 18-month period beginning on the date on which the employment is commenced.

''(2) PHASE-IN OF RATE INCREASES.—After the expiration of the 18-month period referred to in paragraph (1), rent increases due to the continued employment of the family member described in paragraph (1)(b) shall be phased in over a subsequent 3-year period.

''(3) OVERALL LIMITATION.—Rent payable under subsection (a) shall not exceed the amount determined under subsection (a).''.

(b) APPLICABILITY OF AMENDMENT.—

(1) PUBLIC HOUSING.—Notwithstanding the amendment made by subsection (a), any tenant of public housing participating in the program under the authority contained in the undesignated paragraph at the end of the section 3(c)(3) of the United States Housing Act of 1937, as that paragraph existed on the day before the date of enactment this Act, shall be governed by that authority after that date.

(2) SECTION 8.—The amendments made by subsection (a) shall apply to tenant-based assistance provided by a public housing agency under section 8 of the United States Housing Act of 1937 on and after October 1, 1998, but shall apply only to the extent approved in appropriation Acts.

SEC. 106. PUBLIC HOUSING HOMEOWNERSHIP.

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

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

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

SEC. 107. PUBLIC HOUSING AGENCY PLAN.

The United States Housing Act of 1937 is amended by inserting after section 5 the following new section:

''SEC. 5A. PUBLIC HOUSING AGENCY PLAN.

''(a) CONTENTS OF PLAN.—(1) Each public housing agency shall submit to the Secretary a public housing agency plan that shall consist of the following parts, as applicable—

''(A) A statement of the housing needs of low-income and very low-income families residing in the community served by the public housing agency, and of other low-income families on the waiting list of the agency (including the housing needs of elderly families and disabled families), and the means by which the agency intends, to the maximum extent practicable, to address such needs.

''(B) The procedures for outreach efforts (including efforts that are planned and that have been executed) to homeless families and to entities providing assistance to homeless families, in the jurisdiction of the public housing agency.

''(C) For assistance under section 14, a 5-year comprehensive plan, as described in section 14(e)(1).

''(D) For assistance under section 14, the annual statement, as required under section 14(e)(3).

''(E) An annual description of the public housing agency's plans for the following activities—

''(i) demolition and disposition under section 18;

''(ii) homeownership under section 5(h); and

''(iii) designated housing under section 7.

''(F) An annual submission by the public housing agency consisting of the following information—

''(i) tenant selection admission and assignment policies, including any admission preferences;

''(ii) rent policies, including income and rent calculation methodology, minimum rents, ceiling rents, and income exclusions, disregards, or deductions;

''(iii) any cooperation agreements between the public housing agency and State welfare and employment agencies to target services to public housing residents (public housing agencies shall use best efforts to enter into such agreements); and

''(iv) anti-crime and security plans, including—

''(I) a strategic plan for addressing crime on or affecting the sites owned by the agency, which shall provide, on a development-by-development basis, for measures to ensure the safety of public housing residents, shall be established, with respect to each development, in consultation with the police officer or officers in command for the precinct in which the development is located, shall describe the need for measures to ensure the safety of public housing residents and for crime prevention measures, describe any such activities conducted, or to be conducted, by the agency, and provide for coordination between the public housing agency and the appropriate police precincts for carrying out such measures and activities;

''(II) a statement of activities in furtherance of the strategic plan to be carried out with assistance under the Public and Assisted Housing Drug Elimination Act of 1990;

''(III) performance criteria regrading the effective use of such assistance; and

''(IV) any plans for the provision of anti-crime assistance to be provided by the local government in addition to the assistance otherwise required to be provided by the agreement for local cooperation under section 5(e)(2) or other applicable law.

Where a public housing agency has no changes to report in any of the information required under this subparagraph since the previous annual submission, the public agency shall only state in its annual submission that it has made no changes. If the Secretary determines, at any time, that the security needs of a development are not being adequately addressed by the strategic crime plan for the agency under clause (iv)(I), or that the local police precinct is not complying with the plan, the Secretary may mediate between the public housing agency and the local precinct to resolve any issues of conflict. If after such mediation has occurred and the Secretary determines that the security needs of the development are not adequately addressed, the Secretary may require the public housing agency to submit an amended plan.

''(G) Other appropriate information that the Secretary requires for each public housing agency that is—

''(i) at risk of being designated as troubled under section 6(j); or

''(ii) designated as troubled under section 6(j).

''(H) Other information required by the Secretary in connection with the provision of assistance under section 9.

''(I) An annual certification by the public housing agency that it has met the citizen participation requirements under subsection (b).

''(J) An annual certification by the public housing agency that it will carry out the public housing agency plan in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing.

''(K) An annual certification by the public housing agency that the public housing agency plan is consistent with the approved Consolidated Plan for the locality.

''(2) The Secretary may provide for more frequent submissions where the public housing agency proposes to amend any parts of the public housing agency plan.

''(b) CITIZEN PARTICIPATION REQUIREMENTS.—In developing the public housing agency plan under subsection (a), each public housing agency shall consult with appropriate local government officials and with tenants of the housing projects, which shall include at least one public hearing that shall be held prior to the adoption of the plan, and afford tenants and interested parties an opportunity to summarize their priorities and concerns, to ensure their due consideration in the planning process of the public housing agency.

''(c) PERFORMANCE REPORTS.—The Secretary shall require the public housing agency to submit any information that the Secretary determines is appropriate or necessary to assess the management performance of public housing agencies and resident management corporations under section 6(j) and to monitor assistance provided under this Act. To the maximum extent feasible, the Secretary shall require such information in one report, as part of the annual submission of the agency under subsection (a).

''(d) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—After submission by a public housing agency of a public housing agency plan under subsection (a), the Secretary shall determine whether the plan complies with the requirements under this section. The Secretary may determine that a plan does not comply with the requirements under this section only if—

''(1) the plan is incomplete in significant matters required under this section;

''(2) there is evidence available to the Secretary that challenges, in a substantial manner, any information provided in the plan;

''(3) the Secretary determines that the plan does not comply with Federal law or violates the purposes of this Act because it fails to provide housing that will be viable on a long-term basis at a reasonable cost;

''(4) the plan plainly fails to adequately identify the needs of low-income families for housing assistance in the jurisdiction of the agency;

''(5) the plan plainly fails to adequately identify the capital improvement needs for public housing developments in the jurisdiction of the agency;

''(6) the activities identified in the plan are plainly inappropriate to address the needs identified in the plan; or

''(7) the plan is inconsistent with the requirements of this Act.

''(e) WAIVER AUTHORITY.—The Secretary may waive, or specify alternative requirements for, any requirements under this section that the Secretary determines are burdensome or unnecessary for public housing agencies that only administer tenant-based assistance and do not own or operate public housing.''.

SEC. 108. PHMAP INDICATORS FOR SMALL PHA'S.

Section 6(j)(1) of the United States Housing Act of 1937 is amended by—

(1) redesignating subparagraphs (A) through (I) as clauses (i) through (ix);

(2) redesignating clauses (1), (2), and (3) in clause (ix), as redesignated by paragraph (1), as subclauses (I), (II), and (III) respectively;

(3) in the fourth sentence, inserting immediately before clause (i), as redesignated, the following new subparagraph:

''(A) For public housing agencies that own or operate 250 or more public housing dwelling units—''; and

(4) adding the following new subparagraph at the end:

''(B) For public housing agencies that own and operate fewer than 250 public housing dwelling units—

''(i) The number and percentage of vacancies within an agency's inventory, including the progress that an agency has made within the previous 3 years to reduce such vacancies.

''(ii) The percentage of rents uncollected.

''(iii) The ability of the agency to produce and use accurate and timely records of monthly income and expenses and to maintain at least a 3-month reserve.

''(iv) The annual inspection of occupied units and the agency's ability to respond to maintenance work orders.

''(v) Any one additional factor that the Secretary may determine to be appropriate.''.

SEC. 109. PHMAP SELF-SUFFICIENCY INDICATOR.

Section 6(j)(1)(A) of the United States Housing Act of 1937, as amended by section 108 of this Act, is amended at the end by adding the following new clause:

''(x) The extent to which the agency coordinates and promotes participation by families in programs that assist them to achieve self-sufficiency.''.

SEC. 110. EXPANSION OF POWERS FOR DEALING WITH PHA'S IN SUBSTANTIAL DEFAULT.

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

(1) in subparagraph (A)—

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

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

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

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

(C) by inserting a new clause (iv) after clause (iii) to read as follows:

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

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

''(B)(i) If a public housing agency is identified as troubled under this subsection, the Secretary shall notify the agency of the troubled status of the agency.

''(ii) Upon the expiration of the 1-year period beginning on the later of the date on which the agency receives notice from the Secretary of the troubled status of the agency under clause (i) and the date of enactment of the Public Housing Management Reform Act of 1997, the Secretary shall—

''(I) in the case of a troubled public housing agency with 1,250 or more units, petition for the appointment of a receiver pursuant to subparagraph (A)(ii); or

''(II) in the case of a troubled public housing agency with fewer than 1,250 units, either—

''(aa) petition for the appointment of a receiver pursuant to subparagraph (A)(ii); or

''(bb) appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the responsibilities of the Secretary for the administration of all or part of the public housing agency (including all or part of any project

or program of the agency), provided the Secretary has taken possession of all or part of the public housing agency (including all or part of any project or program of the agency) pursuant to subparagraph (A)(iv).

''(C) If a receiver is appointed pursuant to subparagraph (A)(ii), in addition to the powers accorded by the court appointing the receiver, the receiver—

''(i) may abrogate any contract to which the United States or an agency of the United States is not a party that, in the receiver's written determination (which shall include the basis for such determination), substantially impedes correction of the substantial default, but only after the receiver determines that reasonable efforts to renegotiate such contract have failed;

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

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

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

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

''(D)(i) If the Secretary takes possession of all or part of the public housing agency, including all or part of any project or program of the agency, pursuant to subparagraph (A)(iv), the Secretary—

''(I) may abrogate any contract to which the United States or an agency of the United States is not a party that, in the written determination of the Secretary (which shall include the basis for such determination), substantially impedes correction of the substantial default, but only after the Secretary determines that reasonable efforts to renegotiate such contract have failed;

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

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

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

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

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

''(ii) If the Secretary, pursuant to subparagraph (B)(ii)(II)(bb), appoints an administrative receiver to assume the responsibilities of the Secretary for the administration of all or part of the public housing agency (including all or part of any project or program of the agency), the Secretary may delegate to the administrative receiver any or all of the powers given the Secretary by this subparagraph, as the Secretary determines to be appropriate.

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

''(E) The Secretary may make available to receivers and other entities selected or appointed pursuant to this paragraph such assistance as the Secretary determines in the discretion of the Secretary is necessary and available to remedy the substantial deterioration of living conditions in individual public housing developments or other related emergencies that endanger the health, safety, and welfare of public housing residents or families assisted under section 8. A decision made by the Secretary under this paragraph is not subject to review in any court of the United States, or in any court of any State, territory, or possession of the United States.

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

''(G) The appointment of a receiver pursuant to this paragraph may be terminated, upon the petition of any party, when the court determines that all defaults have been cured or the public housing agency is capable again of discharging its duties.

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

(b) EFFECTIVENESS.—The provisions of, and duties and authorities conferred or confirmed by, subsection (a) shall apply with respect to actions taken before, on, or after the effective date of this Act and shall apply to any receivers appointed for a public housing agency before the date of enactment of this Act.

(c) TECHNICAL CORRECTION REGARDING APPLICABILITY TO SECTION 8.—Section 8(h) of the United States Housing Act of 1937 is amended by inserting after ''6'' the following: ''(except as provided in section 6(j)(3))''.

SEC. 111. PUBLIC HOUSING SITE-BASED WAITING LISTS.

Section 6 of the United States Housing Act of 1937, as amended by section 306(a)(2) of this Act, is amended by inserting the following new subsection at the end:

''(q) A public housing agency may establish, in accordance with guidelines established by the Secretary, procedures for maintaining waiting lists for admissions to public housing developments of the agency, which may include a system whereby applicants may apply directly at or otherwise designate the development or developments in which they seek to reside. All such procedures must comply with all provisions of title VI of the Civil Rights Act of 1964, the Fair Housing Act, and other applicable civil rights laws.''.

SEC. 112. COMMUNITY SERVICE REQUIREMENTS FOR PUBLIC HOUSING AND SECTION 8 PROGRAMS.

Section 12 of the United States Housing Act of 1937 is amended by adding at the end the following new subsection:

''(c) COMMUNITY SERVICE REQUIREMENTS FOR PUBLIC HOUSING AND SECTION 8 PROGRAMS.—

''(1) IN GENERAL.—A public housing agency shall encourage each adult member of each family residing in public housing or assisted under section 8 to participate, for not less than 8 hours per month, in community service activities (not to include any political activity) within the community in which that adult resides.

''(2) EXEMPTIONS.—The requirement in paragraph (1) shall not apply to any adult who is—

''(A) at least 62 years of age;

''(B) a person with disabilities who is unable, as determined in accordance with guidelines established by the Secretary, to comply with this subsection;

''(C) working at least 20 hours per week, a student, receiving vocational training, or otherwise meeting work, training, or educational requirements of a public assistance program other than the program specified in subparagraph (E);

''(D) a single parent, grandparent, or the spouse of an otherwise exempt individual, who is the primary caretaker of one or more—

''(i) children who are 6 years of age or younger;

''(ii) persons who are at least 62 years of age; or

''(iii) persons with disabilities; or

''(E) in a family receiving assistance under the Temporary Assistance for Needy Families program under part A of title IV of the Social Security Act.''.

SEC. 113. COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM STREAMLINING.

(a) Section 14(d) of the United States Housing Act of 1937 is amended to read as follows:

''(d) No assistance may be made available under subsection (b) to a public housing agency that owns or operates fewer than 250 public housing units unless the agency has submitted a comprehensive plan in accordance with subsection (e)(1) and the Secretary has approved it in accordance with subsection (e)(2). The assistance shall be allocated to individual agencies on the basis of a formula established by the Secretary.''.

(b) Section 14 (f)(1) is repealed.

(c) Section 14 (g) is amended by striking ''(d)(3)'' and inserting ''(d)''.

(d) Section 14(h) is repealed.

(e) Section 14(i) is repealed.

(f) Section 14(k)(1) is amended by striking ''$75,000,000'' and inserting ''$100,000,000''.

SEC. 114. FLEXIBILITY FOR PHA FUNDING.

(a) EXPANSION OF USES OF FUNDING.—Section 14(q)(1) of the United States Housing Act of 1937 is amended—

(1) in the first sentence, by inserting after ''section 5,'' the following ''by section 24,'';

(2) in the first sentence, by inserting after ''public housing agency,'', the following: ''except for the provision of tenant-based assistance,''; and

(3) by inserting at the end the following: ''Notwithstanding the foregoing, (i) a public housing agency that owns or operates fewer than 250 units may use modernization assistance provided under section 14, development assistance provided under section 5(a), and operating subsidy provided under section 9, for any eligible activity authorized by this Act or by applicable appropriations Acts for a public housing agency, except for assistance under section 8, and (ii) any agency determined to be a troubled agency under section 6(j) may use amounts not appropriated under section 9 for any operating subsidy purpose authorized in section 9 only with the approval of the Secretary and provided that the housing is maintained and operated in a safe and sanitary condition.''.

(b) MIXED-FINANCE DEVELOPMENT.—Section 14(q)(2) of such Act is amended to read as follows:

''(2) MIXED FINANCE PUBLIC HOUSING.—

''(A) AUTHORITY.—The Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to provide for the use of capital and operating assistance provided under section 5, 14, or 9, assistance for demolition, site revitalization, or replacement housing provided under section 24, or assistance under applicable appropriation Acts for a public housing agency, to produce mixed-finance housing developments, or replace or revitalize existing public housing dwelling units with mixed-finance housing developments, but only if the agency submits to the Secretary a plan for such housing that is approved pursuant to subparagraph (C) by the Secretary.

''(B) MIXED-FINANCE HOUSING DEVELOPMENTS.—

''(i) For purposes of this paragraph, the term 'mixed-finance housing' means low-income housing or mixed-income housing for which the financing for development or revitalization is provided, in part, from entities other than the public housing agency.

''(ii) A mixed-finance housing development shall be produced or revitalized, and owned—

''(I) by a public housing agency or by an entity affiliated with a public housing agency;

''(II) by a partnership, a limited liability company, or other entity in which the public housing agency (or an entity affiliated with a public housing agency) is a general partner, is a managing member, or otherwise participates in the activities of the entity;

''(III) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(l)(7) of the Internal Revenue Code of 1986; or

''(IV) in accordance with such other terms and conditions as the Secretary may prescribe by regulation.

This clause may not be construed to require development or revitalization, and ownership, by the same entity.

''(C) MIXED-FINANCE HOUSING PLAN.—The Secretary may approve a plan for development or revitalization of mixed-finance housing under this paragraph only if the Secretary determines that—

''(i) the public housing agency has the ability, or has provided for an entity under subparagraph (B)(ii) that has the ability, to use the amounts provided for use under the plan for such housing, effectively, either directly or through contract management;

''(ii) the plan provides permanent financing commitments from a sufficient number of sources other than the public housing agency, which may include banks and other conventional lenders, States, units of general local government, State housing finance agencies, secondary market entities, and other financial institutions;

''(iii) the plan provides for use of amounts provided under subparagraph (A) by the public housing agency for financing the mixed-income housing in the form of grants, loans, advances, or other debt or equity investments, including collateral or credit enhancement of bonds issued by the agency or any State or local governmental agency for development or revitalization of the development; and

''(iv) the plan complies with any other criteria that the Secretary may establish.

''(D) RENT LEVELS FOR HOUSING FINANCED WITH LOW-INCOME HOUSING TAX CREDIT.—With respect to any dwelling unit in a mixed-finance housing development that is a low-income dwelling unit for which amounts from the Operating or Capital Fund are used and that is assisted pursuant to the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986, the rents charged to the residents of the unit shall be determined in accordance with this title, but shall not in any case exceed the amounts allowable under such section 42.

''(E) CARRY-OVER OF ASSISTANCE FOR REPLACED HOUSING.—In the case of a mixed-finance housing development that is replacement housing for public housing demolished or disposed of, or is the result of the revitalization of existing public housing, the share of capital and operating assistance received by the public housing agency that owned or operated the housing demolished, disposed of, or revitalized shall not be reduced because of such demolition, disposition, or revitalization after the commencement of such demolition, disposition, or revitalization, unless—

''(i) upon the expiration of the 18-month period beginning upon the approval of the plan under subparagraph (C) for the mixed-finance housing development, the agency does not have binding commitments for development or revitalization, or a construction contract, for such development;

''(ii) upon the expiration of the 4-year period beginning upon the approval of the plan, the mixed-finance housing development is not substantially ready for occupancy and is placed under the annual contributions contract for the agency; or

''(iii) the number of dwelling units in the mixed-finance housing development that are made available for occupancy only by low-income families is substantially less than the number of such dwelling units in the public housing demolished, disposed of, or revitalized.

The Secretary may extend the period under clause (i) or (ii) for a public housing agency if the Secretary determines that circumstances beyond the control of the agency caused the agency to fail to meet the deadline under such clause.''.

(c) CONFORMING AMENDMENTS.—Section 14(q) of such Act is amended—

(1) in paragraph (3), by striking ''mixed income'' and inserting ''mixed-finance''; and

(2) in paragraph (4), by striking ''mixed-income project'' and inserting ''mixed-finance development''.

(d) APPLICABILITY.—Section 14(q) of the United States Housing Act of 1937, as amended by this section, shall be effective with respect to any assistance provided to the public housing agency under sections 5 and 14 of the United States Housing Act of 1937 and applicable appropriations Acts for a public housing agency.

SEC. 115. REPLACEMENT HOUSING RESOURCES.

(a) OPERATING FUND.—Section 9(a)(3)(B) of the United States Housing Act of 1937 is amended—

(1) at the end of clause (iv), by striking ''and'';

(2) at the end of clause (v), by striking the period and inserting ''; and''; and

(3) by inserting at the end the following:

''(vi) where an existing unit under a contract is demolished or disposed of, the Secretary shall adjust the amount the public housing agency receives under this section; notwithstanding this requirement, the Secretary shall provide assistance under this section in accordance with the provisions of section 14(q)(2) (relating to mixed-finance public housing).''.

(b) COMPREHENSIVE GRANT PROGRAM.—Section 14(k)(2)(D)(ii) of such Act is amended to read as follows:

''(ii) Where an existing unit under a contract is demolished or disposed of, the Secretary shall adjust the amount the agency receives under the formula. Notwithstanding the preceding sentence, for the five-year period after demolition or disposition, the Secretary may provide for no adjustment, or a partial adjustment, of the amount the agency receives under the formula and shall require the agency to use any additional amount received as a result of this sentence for replacement housing or physical improvements necessary to preserve viable public housing.''.

SEC. 116. REPEAL OF ONE-FOR-ONE REPLACEMENT HOUSING REQUIREMENT.

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

SEC. 117. DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND TENANT-BASED ASSISTANCE GRANTS FOR DEVELOPMENTS.

Section 24 of the United States Housing Act of 1937 is amended—

(1) by amending the heading to read as follows: ''**DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND TENANT-BASED ASSISTANCE GRANTS FOR DEVELOPMENTS**'';

(2) by amending subsections (a) through (c) to read as follows:

''(a) PURPOSE.—The purpose of this section is to provide assistance to public housing agencies for the purposes of—

''(1) reducing the density and improving the living environment for public housing residents of severely distressed public housing through the demolition of obsolete public housing developments (or portions thereof);

''(2) revitalizing sites (including remaining public housing dwelling units) on which such public housing developments are located and contributing to the improvement of the surrounding neighborhood;

''(3) providing housing that will avoid or decrease the concentration of very low-income families; and

''(4) providing tenant-based assistance in accordance with the provisions of section 8 for the purpose of providing replacement housing and assisting residents to be displaced by the demolition.

''(b) GRANT AUTHORITY.—The Secretary may make grants available to public housing agencies as provided in this section.

''(c) CONTRIBUTION REQUIREMENT.—The Secretary may not make any grant under this section to any applicant unless the applicant supplements the amount of assistance provided under this section (other than amount

provided for demolition or tenant-based assistance) with an amount of funds from sources other than this Act equal to not less than 5 percent of the amount provided under this section, including amounts from other Federal sources, any State or local government sources, any private contributions, and the value of any in-kind services or administrative costs provided.''';

(3) by amending subsection (d)(1) to read as follows:

''(1) IN GENERAL.—The Secretary may make grants under this subsection to applicants for the purpose of carrying out demolition, revitalization, and replacement programs for severely distressed public housing under this section. The Secretary may make a grant for the revitalization or replacement of public housing only if the agency demonstrates that the neighborhood is or will be a viable residential community, as defined by the Secretary, after completion of the work assisted under this section and any other neighborhood improvements planned by the State or local government or otherwise to be provided. The Secretary may approve grants providing assistance for one eligible activity or a combination of eligible activities under this section, including assistance only for demolition and assistance only for tenant-based assistance in accordance with the provisions of section 8.'';

(4) in subsection (d)(2)(B)—

(A) by striking ''the redesign'' and inserting ''the abatement of environmental hazards, demolition, redesign''; and

(B) by striking ''is located'' and inserting ''is or was located'';

(5) in subsection (d)(2), by redesignating subparagraphs (C) through (I) as subparagraphs (D) through (J), respectively, and inserting the following new subparagraph after subparagraph (B):

''(C) replacement housing, which shall consist of public housing, homeownership units as permitted under the HOPE VI program (as previously authorized in appropriations Acts), tenant-based assistance in accordance with the provisions of section 8, or a combination;'';

(6)(A) in subsection (G), as redesignated by paragraph (5), by inserting before the semicolon the following: ''and any necessary supportive services, except that not more than 15 percent of any grant under this subsection may be used for such purposes.'';

(B) by inserting ''and'' at the end of subsection (H), as redesignated by paragraph (4); and

(C) by striking the semicolon at the end of subsection (I), as redesignated by paragraph (4), and all that follows up to the period;

(7) in paragraph (3), by striking the second sentence;

(8) by amending subsection (d)(4) to read as follows:

''(4) SELECTION CRITERIA.—

''(A) APPLICATIONS FOR DEMOLITION.—The Secretary shall establish selection criteria for applications that request assistance only for demolition, which shall include—

''(i) the need for demolition, taking into account the effect of the distressed development on the public housing agency and the community;

''(ii) the extent to which the public housing agency is not able to undertake such activities without a grant under this section;

''(iii) the extent of involvement of residents and State and local governments in determining the need for demolition; and

''(iv) such other factors as the Secretary determines appropriate.

''(B) APPLICATIONS FOR DEMOLITION, REVITALIZATION, AND REPLACEMENT.—The Secretary shall establish selection criteria for applications that request assistance for a combination of eligible activities, which shall include—

''(i) the relationship of the grant to the comprehensive plan for the locality;

''(ii) the extent to which the grant will result in a viable development which will foster the economic and social integration of public housing residents and the extent to which the development will enhance the community;

''(iii) the capability and record of the applicant public housing agency, its development team, or any alternative management agency for the agency, for managing large-scale redevelopment or modernization projects, meeting construction timetables, and obligating amounts in a timely manner;

''(iv) the extent to which the public housing agency is not able to undertake such activities without a grant under this section;

''(v) the extent of involvement of residents, State and local governments, private service providers, financing entities, and developers, in the development of a revitalization program for the development;

''(vi) the amount of funds and other resources to be leveraged by the grant; and

''(vii) such other factors as the Secretary determines appropriate.''

''(C) APPLICATIONS FOR TENANT-BASED ASSISTANCE.—Notwithstanding any other provision of this subsection, the Secretary may allocate tenant-based assistance under this section on a non-competitive basis in connection with the demolition or disposition of public housing.'';

(9) by amending subsection (e) to read as follows:

''(e) LONG TERM VIABILITY.—The Secretary may waive or revise rules established under this Act governing the development, management, and operation of public housing units, to permit a public housing agency to undertake measures that enhance the long-term viability of a severely distressed public housing project revitalized under this section; except that the Secretary may not waive or revise the rent limitation under section 3(a)(1)(A) or the targeting requirements under section 16(a).'';

(10) in subsection (f)—

(A) by striking ''OTHER'' and all that follows through ''(1)'';

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2);

(11) by striking subsections (g) and (i) and redesignating subsection (h) as subsection (j);

(12) by inserting the following new subsections after subsection (f):

''(g) ADMINISTRATION BY OTHER ENTITIES.—The Secretary may require a grantee under this section to make arrangements satisfactory to the Secretary for use of an entity other than the public housing agency to carry out activities assisted under the revitalization plan, if the Secretary determines that such action will help to effectuate the purposes of this section.

''(h) TIMELY EXPENDITURES.—

''(1) WITHDRAWAL OF FUNDING.—If a grantee under this section or under the HOPE VI program does not sign the primary construction contract for the work included in the grant agreement within 18 months from the date of the grant agreement, the Secretary shall withdraw any grant amounts under the grant agreement which have not been obligated by the grantee. The Secretary shall redistribute any withdrawn amounts to one or more applicants eligible for assistance under this section. The Secretary may grant an extension of up to one additional year from the date of enactment of this Act if the 18-month period has expired as of the date of enactment, for delays caused by factors beyond the control of the grantee.

''(2) COMPLETION.—A grant agreement under this section shall provide for interim checkpoints and for completion of physical activities within four years of execution, and the Secretary shall enforce these requirements through default remedies up to and including withdrawal of funding. The Secretary may, however, provide for a longer timeframe, but only when necessary due to factors beyond the control of the grantee.

''(3) INAPPLICABILITY.—This subsection shall not apply to grants for tenant-based assistance under section 8.

''(i) INAPPLICABILITY OF SECTION 18.—Section 18 shall not apply to the demolition of developments removed from the inventory of the public housing agency under this section.'';

(13) by amending subsection (j)(1), as redesignated by paragraph (11)—

(A) in subparagraph (C), by inserting after ''nonprofit organization,'' the following: ''private program manager, a partner in a mixed-finance development,'';

(B) at the end of subparagraph (B), after the semicolon, by inserting ''and''; and

(C) at the end of subparagraph (C), by striking ''; and'' and all that follows up to the period;

(14) by amending subsection (j)(5), as redesignated by paragraph (11)—

(A) in subparagraph (A)—

(i) by striking ''(i)'';

(ii) by striking clauses (ii) through (iv); and

(iii) by inserting after ''physical plant of the project'' the following: '', where such distress cannot be remedied through assistance under section 14 because of inadequacy of available funding'';

(B) by amending subparagraph (A), as amended by subparagraph (A) of this paragraph (14), by striking ''appropriately'' and inserting ''inappropriately''; and

(C) by amending subparagraph (B) to read as follows:

''(B) that was a project as described in subparagraph (A) that has been demolished, but for which the Secretary has not provided replacement housing assistance (other than tenant-based assistance).'';

(15) by inserting at the end of subsection (j), as redesignated by paragraph (11), the following new paragraph:

''(6) SUPPORTIVE SERVICES.—The term 'supportive services' includes all activities that will promote upward mobility, self-sufficiency, and improved quality of life for the residents of the public housing development involved, including literacy training, job training, day care, and economic development activities.''; and

(16) by inserting the following new subsection at the end:

''(k) TECHNICAL ASSISTANCE AND PROGRAM OVERSIGHT.—Of the amount appropriated for any fiscal year for grants under this section, the Secretary may use up to 2.5 percent for technical assistance, program oversight, and fellowships for on-site public housing agency assistance and supplemental education. Technical assistance may be provided directly or indirectly by grants, contracts, or cooperative agreements, and may include training, and the cost of necessary travel for participants in such training, by or to officials of the Department of Housing and Urban Development, of public housing agencies, and of residents. The Secretary may use amounts under this paragraph for program oversight to contract with private program and construction management entities to assure that development activities are carried out in a timely and cost-effective manner.''.

SEC. 118. PERFORMANCE EVALUATION BOARD.

(a) ESTABLISHMENT.—There is hereby established a performance evaluation board to

assist the Secretary of Housing and Urban Development in improving and monitoring the system for evaluation of public housing authority performance, including by studying and making recommendations to the Secretary on the most effective, efficient and productive method or methods of evaluating the performance of public housing agencies, consistent with the overall goal of improving management of the public housing program.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The board shall be composed of at least seven members with relevant experience who shall be appointed by the Secretary as soon as practicable, but not later than 90 days after enactment of this Act.

(2) APPOINTMENTS.—In appointing members of the board, the Secretary shall assure that each of the background areas set forth in paragraph (3) are represented.

(3) BACKGROUNDS.—Background areas to be represented are—

(A) major public housing organizations;

(B) public housing resident organizations;

(C) real estate management, finance, or development entities; and

(D) units of general local government.

(c) BOARD PROCEDURES.—

(1) CHAIRPERSON.—The Secretary shall appoint a chairperson from among members of the board.

(2) QUORUM.—A majority of the members of the board shall constitute a quorum for the transaction of business.

(3) VOTING.—Each member of the board shall be entitled to one vote, which shall be equal to the vote of each other member of the board.

(4) PROHIBITION OF ADDITIONAL PAY.—Members of the board shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the board.

(d) POWERS.—

(1) HEARINGS.—The board may, for the purpose of carrying out this section, hold such hearings and sit and act at such times and places as the board determines appropriate.

(2) ASSISTANCE FROM FEDERAL AGENCIES.—.

(A) INFORMATION.—The board may request from any agency of the United States, and such agency is authorized to provide, such data and information as the board may require for carrying out its functions.

(B) STAFF SUPPORT.—Upon request of the chairperson of the board, to assist the board in carrying out its duties under this section, the Secretary may—

(i) provide an executive secretariat;

(ii) assign by detail or otherwise any of the personnel of the Department of Housing and Urban Development; and

(iii) obtain by personal services contracts or otherwise any technical or other assistance needed to carry out this section.

(e) ADVISORY COMMITTEE.—The board shall be considered an advisory committee within the meaning of the Federal Advisory Committee Act (5 U.S.C. App.).

(f) FUNCTIONS.—The board shall, as needed—

(1) examine and assess the need for further modifications to or replacement of the Public Housing Management Assessment program, established by the Secretary under section 6(j) of the United States Housing Act of 1937;

(2) examine and assess models used in other industries or public programs to assess the performance of recipients of assistance, including accreditation systems, and the applicability of those models to public housing;

(3) develop (either itself, or through another body) standards for professional competency for the public housing industry, including methods of assessing the qualifications of employees of public housing authorities, such as systems for certifying the qualifications of employees;

(4) develop a system for increasing the use of on-site physical inspections of public housing developments; and

(5) develop a system for increasing the use of independent audits, as part of the overall system for evaluating the performance of public housing agencies.

(g) REPORTS.—

(1) Not later than the expiration of the three-month period beginning upon the appointment of the seventh member of the board, and one year from such appointment, the board shall issue interim reports to the Secretary on its activities. The board shall make its final report and recommendations one year after its second interim report is issued. The final report shall include findings and recommendations of the board based upon the functions carried out under this section.

(2) After the board issues its final report, it may be convened by its chair, upon the request of the Secretary, to review implementation of the performance evaluation system and for other purposes.

(h) TERM.—The duration of the board shall be seven years.

(i) FUNDING.—The Secretary is authorized to use any amounts appropriated under the head Preserving Existing Housing Investment, or predecessor or successor appropriation accounts, without regard to any earmarks of funding, to carry out this section.

SEC. 119. ECONOMIC DEVELOPMENT AND SUPPORTIVE SERVICES FOR PUBLIC HOUSING RESIDENTS.

The United States Housing Act of 1937 is amended by adding the following new section after section 27:

"SEC. 28. ECONOMIC DEVELOPMENT AND SUPPORTIVE SERVICES FOR PUBLIC HOUSING RESIDENTS.

''(a) IN GENERAL.—To the extent provided in advance in appropriations Acts, the Secretary shall make grants for the purposes of providing a program of supportive services and resident self-sufficiency activities to enable residents of public housing to become economically self-sufficient and to assist elderly persons and persons with disabilities to maintain independent living, to the following eligible applicants:

''(1) public housing agencies;

''(2) resident councils;

''(3) resident management corporations or other eligible resident entities defined by the Secretary;

''(4) other applicants, as determined by the Secretary; and

''(5) any partnership of eligible applicants.

''(b) ELIGIBLE ACTIVITIES.—Grantees under this section may use grants for the provision of supportive service, economic development, and self-sufficiency activities conducted primarily for public housing residents in a manner that is easily accessible to those residents. Such activities shall include—

''(1) the provision of service coordinators and case managers;

''(2) the provision of services related to work readiness, including education, job training and counseling, job search skills, business development training and planning, tutoring, mentoring, adult literacy, computer access, personal and family counseling, health screening, work readiness health services, transportation, and child care;

''(3) economic and job development, including employer linkages and job placement, and the start-up of resident microenterprises, community credit unions, and revolving loan funds, including the licensing, bonding and insurance needed to operate such enterprises;

''(4) resident management activities, including related training and technical assistance; and

''(5) other activities designed to improve the self-sufficiency of residents, as may be determined in the sole discretion of the Secretary.

''(c) FUNDING DISTRIBUTION.—

''(1) IN GENERAL.—After reserving such amounts as the Secretary determines to be necessary for technical assistance and clearinghouse services under subsection (d), the Secretary shall distribute any remaining amounts made available under this section on a competitive basis. The Secretary may set a cap on the maximum grant amount permitted under this section, and may limit applications for grants under this section to selected applicants or categories of applicants.

''(2) SELECTION CRITERIA.—The Secretary shall establish selection criteria for applications that request assistance for one or more eligible activities under this section, which shall include—

''(A) the demonstrated capacity of the applicant to carry out a program of supportive services or resident empowerment activities;

''(B) the amount of funds and other resources to be leveraged by the grant;

''(C) the extent to which the grant will result in a quality program of supportive services or resident empowerment activities;

''(D) the extent to which any job training and placement services to be provided are coordinated with the provision of such services under the Job Training Partnership Act and the Wagner-Peyser Act; and

''(E) such other factors as the Secretary determines appropriate.

''(3) MATCHING REQUIREMENT.—The Secretary may not make any grant under this section to any applicant unless the applicant supplements every dollar provided under this subsection with an amount of funds from sources other than this section equal to at least twice the amount provided under this subsection, including amounts from other Federal sources, any State or local government sources, any private contributions, and the value of any in-kind services or administrative costs provided. Of the supplemental funds furnished by the applicant, not more than 50 percent may be in the form of in-kind services or administrative costs provided.

''(d) FUNDING FOR TECHNICAL ASSISTANCE.—The Secretary may set aside a portion of the amounts appropriated under this section, to be provided directly or indirectly by grants, contracts, or cooperative agreements, for technical assistance, which may include training and cost of necessary travel for participants in such training, by or to officials and employees of the Department and of public housing agencies, and to residents and to other eligible grantees, and for clearinghouse services in furtherance of the goals and activities of this section.

''(e) CONTRACT ADMINISTRATORS.—The Secretary may require resident councils, resident management corporations, or other eligible entities defined by the Secretary to utilize public housing agencies or other qualified organizations as contract administrators with respect to grants provided under this section.''.

SEC. 120. PENALTY FOR SLOW EXPENDITURE OF MODERNIZATION FUNDS.

Section 14(k)(5) of the United States Housing Act of 1937 is amended to read as follows:

''(5)(A) A public housing agency shall obligate any assistance received under this section within 18 months of the date funds become available to the agency for obligation. The Secretary may extend this time period by no more than one year if an agency's failure to obligate such assistance in a timely manner is attributable to events beyond the

control of the agency. The Secretary may also provide an exception for de minimis amounts to be obligated with the next year's funding; an agency that owns or administers fewer than 250 public housing units, to the extent necessary to permit the agency to accumulate sufficient funding to undertake activities; and any agency, to the extent necessary to permit the agency to accumulate sufficient funding to provide replacement housing.

''(B) A public housing agency shall not be awarded assistance under this section for any month in a year in which it has funds unobligated, in violation of subparagraph (A). During such a year, the Secretary shall withhold all assistance which would otherwise be provided to the agency. If the agency cures its default during the year, it shall be provided with the share attributable to the months remaining in the year. Any funds not so provided to the agency shall be provided to high-performing agencies as determined under section 6(j).

''(C) If the Secretary has consented, before the date of enactment of the Public Housing Management Reform Act of 1997, to an obligation period for any agency longer than provided under this paragraph, an agency which obligates its funds within such extended period shall not be considered to be in violation of subparagraph (A). Notwithstanding any prior consent of the Secretary, however, all funds appropriated in fiscal year 1995 and prior years shall be fully obligated by the end of fiscal year 1998, and all funds appropriated in fiscal years 1996 and 1997 shall be fully obligated by the end of fiscal year 1999.

''(D) A public housing agency shall spend any assistance received under this section within four years (plus the period of any extension approved by the Secretary under subparagraph (A)) of the date funds become available to the agency for obligation. The Secretary shall enforce this requirement through default remedies up to and including withdrawal of the funding. Any obligation entered into by an agency shall be subject to the right of the Secretary to recapture the amounts for violation by the agency of the requirements of this subparagraph.''.

SEC. 121. DESIGNATION OF PHA'S AS TROUBLED.

(a) Section 6(j)(1)(A) of the United States Housing Act of 1937, as amended by sections 108 and 109, is further amended—

(1) in subparagraph (A), by inserting the following after clause (x):

''(xi) Whether the agency is providing acceptable basic housing conditions, as determined by the Secretary.''; and

(2) in subparagraph (B)—

(A) by redesignating clause (v) as clause (vi); and

(B) by inserting the following after clause (iv):

''(v) Whether the agency is providing acceptable basic housing conditions, as determined by the Secretary.''.

(b) Section 6(j)(2)(A)(i) of such Act is amended by inserting the following after the first sentence: ''Such procedures shall provide that an agency that does not provide acceptable basic housing conditions shall be designated a troubled public housing agency.''.

(c) Section 6(j)(2)(A)(i) of such Act is amended in the first sentence—

(1) by inserting before ''the performance indicators'' the subclause designation ''(I)''; and

(2) by inserting before the period the following: ''; or (II) such other evaluation system as is determined by the Secretary to assess the condition of the public housing agency or resident management corporation, which system may be in addition to or in lieu of the performance indicators established under paragraph (1)''.

SEC. 122. VOLUNTEER SERVICES UNDER THE 1937 ACT.

(a) IN GENERAL.—Section 12(b) of the United States Housing Act of 1937 is amended by striking ''that—'' and all that follows up to the period and inserting ''who performs volunteer services in accordance with the requirements of the Community Improvement Volunteer Act of 1994''.

(b) CIVA AMENDMENT.—Section 7305 of the Community Improvement Volunteer Act of 1994 is amended—

(1) in paragraph (5), by striking ''and'' after the semicolon;

(2) in paragraph (6), by striking the period and inserting ''; and''; and

(3) by inserting the following paragraph after paragraph (6):

''(7) the United States Housing Act of 1937.''.

SEC. 123. AUTHORIZATION OF APPROPRIATIONS FOR OPERATION SAFE HOME PROGRAM.

There are authorized to be appropriated to carry out the Operation Safe Home program $20,000,000 for fiscal year 1998 and such sums as may be necessary for fiscal years 1999, 2000, 2001, and 2002.

TITLE II—SECTION 8 STREAMLINING AND OTHER PROGRAM IMPROVEMENTS

SEC. 201. PERMANENT REPEAL OF FEDERAL PREFERENCES.

(a) Notwithstanding section 402(f) of The Balanced Budget Downpayment Act, I, the amendments made by section 402(d) of that Act shall remain in effect after fiscal year 1997, except that the amendments made by sections 402(d)(3) and 402(d)(6)(A)(iii), (iv), and (vi) of such Act shall remain in effect as amended by sections 203 and 116 of this Act, and section 402(d)(6)(v) shall be repealed by the amendments made to section 16 of the United States Housing Act of 1937 by section 202 of this Act.

(b) Section 6(c)(4)(A) of the United States Housing Act of 1937, as amended by section 402(d)(1) of The Balanced Budget Downpayment Act, I, is amended by striking ''is'' and all that follows through ''Act'' and inserting the following: ''shall be based upon local housing needs and priorities, as determined by the public housing agency using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment under this subparagraph, under section 5A(b), and under the requirements of the approved Consolidated Plan for the locality''.

(c) Section 8(d)(1)(A) of the United States Housing Act of 1937, as amended by section 402(d)(2) of The Balanced Budget Downpayment Act, I, is amended by striking ''is'' and all that follows through ''Act'' and inserting the following: ''shall be based upon local housing needs and priorities, as determined by the public housing agency using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment under this subparagraph, under section 5A(b), and under the requirements of the approved Consolidated Plan for the locality''.

SEC. 202. INCOME TARGETING FOR PUBLIC HOUSING AND SECTION 8 PROGRAMS.

(a) Section 16 of the United States Housing Act of 1937 is amended by revising the heading and subsections (a) through (c) to read as follows:

''SEC. 16. ELIGIBILITY FOR PUBLIC AND ASSISTED HOUSING.

''(a) PUBLIC HOUSING.—

''(1) PROGRAM REQUIREMENT.—Of the public housing units of a public housing agency made available for occupancy by eligible families in any fiscal year of the agency—

''(A) at least 40 percent shall be occupied by families whose incomes do not exceed 30 percent of the median income for the area; and

''(B) at least 90 percent shall be occupied by families whose incomes do not exceed 60 percent of the median income for the area; except that, for any fiscal year, the Secretary may reduce to 80 percent the percentage under this subparagraph for a public housing agency if the agency demonstrates to the satisfaction of the Secretary that such reduction would be used for, and would result in, the enhancement of the long-term viability of the housing developments of the agency.

''(2) DEVELOPMENT REQUIREMENT.—At least 40 percent of the units in each public housing development shall be occupied by families with incomes which are less than 30 percent of the median income for the area, except that no family may be required to move to achieve compliance with this requirement.

''(b) SECTION 8 ASSISTANCE.—

''(1) TENANT-BASED, MODERATE REHABILITATION, AND PROJECT-BASED CERTIFICATE ASSISTANCE.—In any fiscal year of a public housing agency, at least 75 percent of all families who initially receive tenant-based assistance from the agency, assistance under the moderate rehabilitation program of the agency, or assistance under the project-based certificate program of the agency shall be families whose incomes do not exceed 30 percent of the median income for the area.

''(2) PROJECT-BASED ASSISTANCE.—Of the dwelling units in a project receiving section 8 assistance, other than assistance described in paragraph (1), that are made available for occupancy by eligible families in any year (as determined by the Secretary)—

''(A) at least 40 percent shall be occupied by families whose incomes do not exceed 30 percent of the median income for the area; and

''(B) at least 90 percent shall be occupied by families whose incomes do not exceed 60 percent of the median income for the area.

''(c) DEFINITION OF AREA MEDIAN INCOME.—The term 'area median income', as used in subsections (a) and (b), refers to the median income of an area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than the percentages specified in subsections (a) and (b) if the Secretary determines that such variations are necessary because of unusually high or low family incomes.''.

(b) Section 16 of the United States Housing Act of 1937, as amended by this section, is further amended by inserting the following new heading after subsection designation (d): ''APPLICABILITY.—''.

SEC. 203. MERGER OF TENANT-BASED ASSISTANCE PROGRAMS.

(a) Section 8(o) of the United States Housing Act of 1937 is amended to read as follows:

''(o) RENTAL CERTIFICATES.—(1) A public housing agency may only enter into contracts for tenant-based rental assistance under this Act pursuant to this subsection. The Secretary may provide rental assistance using a payment standard in accordance with this subsection. The payment standard shall be used to determine the monthly assistance which may be paid for any family.

''(2)(A) The payment standard may not exceed the FMR/exception rent limit. The payment standard may not be less than 80 percent of the FMR/exception rent limit.

''(B) The term 'FMR/exception rent limit' means the section 8 existing housing fair market rent published by HUD in accordance with subsection (c)(1) or any exception rent approved by HUD for a designated part of the fair market rent area. HUD may approve an

exception rent of up to 120 percent of the published fair market rent.

''(3)(A) For assistance under this subsection provided by a public housing agency on and after October 1, 1998, to the extent approved in appropriations Acts, the monthly assistance payment for any family that moves to another unit in another complex or moves to a single family dwelling shall be the amount determined by subtracting the family contribution as determined in accordance with section 3(a) from the applicable payment standard, except that such monthly assistance payment shall not exceed the amount by which the rent for the dwelling unit (including the amount allowed for utilities in the case of a unit with separate utility metering) exceeds 10 percent of the family's monthly income.

''(B) For any family not covered by subparagraph (A), the monthly assistance payment for the family shall be determined by subtracting the family contribution as determined in accordance with section 3(a) from the lower of the applicable payment standard and the rent for the dwelling unit (including the amount allowed for utilities in the case of a unit with separate utility metering).

''(4) Assistance payments may be made only for:

''(A) a family determined to be a very low-income family at the time the family initially receives assistance, or

''(B) another low-income family in circumstances determined by the Secretary.

''(5) If a family vacates a dwelling unit before the expiration of a lease term, no assistance payment may be made with respect to the unit after the month during which the unit was vacated.

''(6) The Secretary shall require that:

''(A) the public housing agency shall inspect the unit before any assistance payment may be made to determine that the unit meets housing quality standards for decent, safe, and sanitary housing established by the Secretary for the purpose of this section, and

''(B) the public housing agency shall make annual or more frequent inspections during the contract term. No assistance payment may be made for a dwelling unit which fails to meet such quality standards.

''(7) The rent for units assisted under this subsection shall be reasonable in comparison with rents charged for comparable units in the private unassisted market. A public housing agency shall review all rents for units under consideration by families assisted under this subsection (and all rent increases for units under lease by families assisted under this subsection) to determine whether the rent (or rent increase) requested by an owner is reasonable. If a public housing agency determines that the rent (or rent increase) for a unit is not reasonable, the agency may not approve a lease for such unit.

''(8) Except as provided in paragraph (2) of this subsection, section 8(c) of this Act does not apply to assistance under this subsection.''.

(b) In Section 3(a)(1) of the United States Housing Act of 1937, the second sentence is revised as follows:

(1) by striking ''or paying rent under section 8(c)(3)(B)''; and

(2) by striking ''the highest of the following amounts, rounded to the nearest dollar:'' and inserting ''and the family contribution for a family assisted under section 8(o) or 8(y) shall be the highest of the following amounts, rounded to the next dollar:''.

(c) Section 8(b) of the United States Housing Act is amended—

(1) by striking ''Rental Certificates and Other Existing Housing Programs.—'' and inserting ''(1)''; and

(2) by striking the second sentence.

(d) Section 8 of the United States Housing Act of 1937 is amended—

(1) by striking subsection (c)(3)(B);

(2) in subsection (d)(2), by striking subparagraphs (A), (B), (C), (D) and (E); and by redesignating subparagraphs (F), (G) and (H) as subparagraphs (A), (B) and (C) respectively;

(3) in subsection (f)(6), as redesignated by section 306(b)(2) of this Act, by striking ''under subsection (b) or (o)''; and

(4) by striking subsection (j).

SEC. 204. SECTION 8 ADMINISTRATIVE FEES.

(a) Section 202(a)(1)(A) of the Departments of Veterans Affairs and Housing and Urban Development, Independent Agencies Appropriations Act, 1997 is amended by—

(1) striking ''7.5 percent'' and inserting ''7.65 percent'';

(2) striking ''a program of'' and inserting ''one or more such programs totaling''; and

(3) inserting before the final period, ''of such total units''.

(b) The amendments made by this section shall be effective as of October 1, 1997.

SEC. 205. SECTION 8 HOMEOWNERSHIP.

(a) AMENDMENTS TO SECTION 8(y).—Section 8(y) of the United States Housing Act of 1937 is amended—

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

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

(3) in paragraph (1), by amending paragraph (B) to read as follows:

''(B)(i) in the case of disabled families and elderly families, demonstrates that the family has income from employment or other sources, as determined in accordance with requirements of the Secretary, in such amount as may be established by the Secretary; and

''(ii) in the case of other families, demonstrates that the family has income from employment, as determined in accordance with requirements of the Secretary, in such amount as may be established by the Secretary;'';

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

(5) in paragraph (1), by inserting at the end the following: ''The Secretary or the public housing agency may target assistance under this subsection for program purposes, such as to families assisted in connection with the FHA multifamily demonstration under section 212 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.'';

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

''(2) DETERMINATION OF AMOUNT OF ASSISTANCE.—The monthly assistance payment for any family shall be the amount determined by subtracting the family contribution as determined under section 3(a) of this Act from the lower of:

''(A) the applicable payment standard, or

''(B) the monthly homeownership expenses, as determined in accordance with requirements established by the Secretary, of the family.'';

(7) by redesignating paragraphs (6), (7), and (8), as paragraphs (9), (10), and (11), respectively;

(8) by striking paragraphs (3), (4), and (5) and inserting the following after paragraph (2):

''(3) INSPECTIONS AND CONTRACT CONDITIONS.—Each contract for the purchase of a unit to be assisted under this section shall provide for pre-purchase inspection of the unit by an independent professional and shall require that any cost of necessary repairs shall be paid by the seller. The requirement under section 8(o)(5)(B) for annual inspections of the unit shall not apply to units assisted under this section.

''(4) DOWNPAYMENT REQUIREMENT.—Each public housing agency providing assistance under this subsection shall require that each assisted family make a significant contribution, from its own resources, determined in accordance with guidelines established by the Secretary, to cover all or a portion of the downpayment required in connection with the purchase, which may include credit for work by one or more family members to improve the dwelling (''sweat equity'').

''(5) RESERVE FOR REPLACEMENTS.—The Secretary shall require each family to pay an amount equal to one percent of the monthly amount payable by the family for principal and interest on its acquisition loan into a reserve for repairs and replacements for five years after the date of purchase. Any amounts remaining in the reserve after five years shall be paid to the family.

''(6) APPLICATION OF NET PROCEEDS UPON SALE.—The Secretary shall require that the net proceeds upon sale by a family of a unit owned by the family while it received assistance under this subsection shall be divided between the public housing agency and the family. The Secretary shall establish guidelines for determining the amount to be received by the family and the amount to be received by the agency, which shall take into account the relative amount of assistance provided on behalf of the family in comparison with the amount paid by the family from its own resources. The Secretary shall require the agency to use any amounts received under this paragraph to provide assistance under subsection (o) or this subsection.

''(7) LIMITATION ON SIZE OF PROGRAM.—A public housing agency may permit no more than 10 percent of the families receiving tenant-based assistance provided by the agency to use the assistance for homeownership under this subsection. The Secretary may permit no more than 5 percent of all families receiving tenant-based assistance to use the assistance for homeownership under this subsection.

''(8) OTHER PROGRAM REQUIREMENTS.—The Secretary may establish such other requirements and limitations the Secretary determines to be appropriate in connection with the provision of assistance under this section, which may include limiting the term of assistance for a family. The Secretary may modify the requirements of this subsection where necessary to make appropriate adaptations for lease-purchase agreements. The Secretary shall establish performance measures and procedures to monitor the provision of assistance under this subsection in relation to the purpose of providing homeownership opportunities for eligible families.'';

(9) in paragraph (10)(A)), as redesignated by paragraph (7) of this section, is amended—

(A) by striking ''dwelling, (ii)'' and inserting ''dwelling, and (ii)''; and

(B) by striking '', (iii)'' and all that follows up to the period; and

(10) by inserting after paragraph (11), as redesignated by paragraph (7) of this section, the following:

''(12) SUNSET.—The authority to provide assistance to additional families under this subsection shall terminate on September 30,

2002. The Secretary shall then prepare a report evaluating the effectiveness of homeownership assistance under this subsection.''.

(b) FAMILY SELF-SUFFICIENCY ESCROW.—Section 23(d)(3) of the United States Housing Act of 1937 is repealed.

SEC. 206. WELFARE TO WORK CERTIFICATES.

(a) To the extent of amounts approved in appropriations Acts, the Secretary may provide funding for welfare to work certificates in accordance with this section. ''Certificates'' means tenant-based rental assistance in accordance with section 8(o) of the United States Housing Act of 1937.

(b) Funding under this section shall be used for a demonstration linking use of such certificate assistance with welfare reform initiatives to help families make the transition from welfare to work, and for technical assistance in connection with such demonstration.

(c) Funding may only be awarded upon joint application by a public housing agency and a State or local welfare agency. Allocation of demonstration funding is not subject to section 213 of the Housing and Community Development Act of 1974.

(d) Assistance provided under this section shall not be taken into account in determining the size of the family self-sufficiency program of a public housing agency under section 23 of the United States Housing Act of 1937.

(e) For purposes of the demonstration, the Secretary may waive, or specify alternative requirements for, requirements established by or under this Act concerning the certificate program, including requirements concerning the amount of assistance, the family contribution, and the rent payable by the family.

SEC. 207. EFFECT OF FAILURE TO COMPLY WITH PUBLIC ASSISTANCE REQUIREMENTS.

Section 3(a) of the United States Housing Act of 1937, as amended by section 103, is amended by inserting the following after paragraph (3):

''(4)(A) If the welfare or public assistance benefits of a covered family, as defined in subparagraph (G)(i), are reduced under a Federal, State, or local law regarding such an assistance program because any member of the family willfully failed to comply with program conditions requiring participation in a self-sufficiency program or requiring work activities as defined in subparagraphs (G)(ii) and (iii), the family may not, for the duration of the reduction, have the amount of rent or family contribution determined under this subsection reduced as the result of any decrease in the income of the family (to the extent that the decrease in income is the result of the benefits reduction).

''(B) If the welfare or public assistance benefits of a covered family are reduced under a Federal, State, or local law regarding the welfare or public assistance program because any member of the family willfully failed to comply with the self-sufficiency or work activities requirements, the portion of the amount of any increase in the earned income of the family occurring after such reduction up to the amount of the reduction for noncompliance shall not result in an increase in the amount of rent or family contribution determined under this subsection during the period the family would otherwise be eligible for welfare or public assistance benefits under the program.

''(C) Any covered family residing in public housing that is affected by the operation of this paragraph shall have the right to review the determination under this paragraph through the administrative grievance procedures established pursuant to section 6(k) for the public housing agency.

''(D) Subparagraph (A) shall not apply to any covered family before the public housing agency providing assistance under this Act on behalf of the family receives written notification from the relevant welfare or public assistance agency specifying that the benefits of the family have been reduced because of noncompliance with self-sufficiency program requirements and the level of such reduction.

''(E) Subparagraph (A) shall not apply in any case in which the benefits of a family are reduced because the welfare or public assistance program to which the Federal, State, or local law relates limits the period during which benefits may be provided under the program.

''(F) This paragraph may not be construed to authorize any public housing agency to limit the duration of tenancy in a public housing dwelling unit or of tenant-based assistance.

''(G) For purposes of this section—

''(i) The term 'covered family' means a family that—

''(I) receives benefits for welfare or public assistance from a State or other public agency under a program for which the Federal, State, or local law relating to the program requires, as a condition of eligibility for assistance under the program, participation of a member of the family in a self-sufficiency program or work activities; and

''(II) resides in a public housing dwelling unit or receives assistance under section 8.

''(ii) The term 'self-sufficiency program' means any program designed to encourage, assist, train, or facilitate the economic independence of participants and their families or to provide work for participants, including programs for job training, employment counseling, work placement, basic skills training, education, workfare, money or household management, apprenticeship, or other activities.

''(iii) The term 'work activities' means—

''(I) unsubsidized employment;

''(II) subsidized private sector employment;

''(III) subsidized public sector employment;

''(IV) work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private sector employment is not available;

''(V) on-the job training;

''(VI) job search and job readiness assistance;

''(VII) community service programs;

''(VIII) vocational education training (not to exceed 12 months with respect to any individual;

''(IX) job skills training directly related to employment;

''(X) education directly related to employment, in the case of a recipient who has not received a high school diploma or certificate of high school equivalency;

''(XI) satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, in the case of a recipient who has not completed secondary school or received such a certificate; and

''(XII) the provision of child care services to an individual who is participating in a community service program.''.

SEC. 208. STREAMLINING SECTION 8 TENANT-BASED ASSISTANCE.

(a) REPEAL OF TAKE-ONE, TAKE-ALL REQUIREMENT.—Section 8(t) of the United States Housing Act of 1937 is hereby repealed.

(b) EXEMPTION FROM NOTICE REQUIREMENTS FOR THE CERTIFICATE AND VOUCHER PROGRAMS.—Section 8(c) of such Act is amended—

(1) in paragraph (8), by inserting after ''section'' the following: ''(other than a contract for tenant-based assistance)''; and

(2) in the first sentence of paragraph (9), by striking ''(but not less than 90 days in the case of housing certificates or vouchers under subsection (b) or (o))'' and inserting '', other than a contract for tenant-based assistance under this section''.

(c) ENDLESS LEASE.—Section 8(d)(1)(B) of such Act is amended—

(1) in clause (ii), by inserting ''during the term of the lease,'' after ''(ii)''; and

(2) in clause (iii), by striking ''provide that'' and inserting ''during the term of the lease,''.

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

SEC. 209. NONDISCRIMINATION AGAINST CERTIFICATE AND VOUCHER HOLDERS.

In the case of any multifamily rental housing that is receiving, or (except for insurance referred to in paragraph (4)) has received within two years before the effective date of this section, the benefit of Federal assistance from an agency of the United States, the owner shall not refuse to lease a reasonable number of units to families under the tenant-based assistance program under section 8 of the United States Housing Act of 1937 because of the status of the prospective tenants as families under that program. The Secretary shall establish reasonable time periods for applying the requirement of this section, taking into account the total amount of the assistance and the relative share of the assistance compared to the total cost of financing, developing, rehabilitating, or otherwise assisting a project. Federal assistance for purposes of this subsection shall mean—

(1) project-based assistance under the United States Housing Act of 1937;

(2) assistance under title I of the Housing and Community Development Act of 1974;

(3) assistance under title II of the Cranston-Gonzalez National Affordable Housing Act;

(4) mortgage insurance under the National Housing Act;

(5) low-income housing tax credits under section 42 of the Internal Revenue Code of 1986;

(6) assistance under title IV of the Stewart B. McKinney Homeless Assistance Act; and

(7) assistance under any other programs designated by the Secretary of Housing and Urban Development.

SEC. 210. RECAPTURE AND REUSE OF ACC PROJECT RESERVES UNDER TENANT-BASED ASSISTANCE PROGRAM.

Section 8(d) of the United States Housing Act of 1937 is amended by inserting at the end the following new paragraph:

''(5) To the extent that the Secretary determines that the amount in the ACC reserve account under a contract with a public housing agency for tenant-based assistance under this section is in excess of the amount needed by the agency, the Secretary shall recapture such excess amount. The Secretary may hold recaptured amounts in reserve until needed to amend or renew such contracts with any agency.''.

SEC. 211. EXPANDING THE COVERAGE OF THE PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION ACT OF 1990.

(a) SHORT TITLE, PURPOSES, AND AUTHORITY TO MAKE GRANTS.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) is amended by striking the chapter heading and all that follows through section 5123 and inserting the following:

"CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME

"SEC. 5121. SHORT TITLE.

''This chapter may be cited as the 'Community Partnerships Against Crime Act of 1997'.

"SEC. 5122. PURPOSES.

''The purposes of this chapter are to—

''(1) improve the quality of life for the vast majority of law-abiding public housing residents by reducing the levels of fear, violence, and crime in their communities;

''(2) broaden the scope of the Public and Assisted Housing Drug Elimination Act of 1990 to apply to all types of crime, and not simply crime that is drug-related; and

''(3) reduce crime and disorder in and around public housing through the expansion of community-oriented policing activities and problem solving.

"SEC. 5123. AUTHORITY TO MAKE GRANTS.

''The Secretary of Housing and Urban Development may make grants in accordance with the provisions of this chapter for use in eliminating crime in and around public housing and other federally assisted low-income housing projects to (1) public housing agencies, and (2) private, for-profit and nonprofit owners of federally assisted low-income housing.''.

(b) ELIGIBLE ACTIVITIES.—

(1) IN GENERAL.—Section 5124(a) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is amended—

(A) in the matter preceding paragraph (1), by inserting ''and around'' after ''used in'';

(B) in paragraph (3), by inserting before the semicolon the following: '', including fencing, lighting, locking, and surveillance systems'';

(C) in paragraph (4), by striking subparagraph (A) and inserting the following new subparagraph:

''(A) to investigate crime; and'';

(D) in paragraph (6)—

(i) by striking ''in and around public or other federally assisted low-income housing projects''; and

(ii) by striking ''and'' after the semicolon; and

(E) by striking paragraph (7) and inserting the following new paragraphs:

''(7) providing funding to nonprofit public housing resident management corporations and resident councils to develop security and crime prevention programs involving site residents;

''(8) the employment or utilization of one or more individuals, including law enforcement officers, made available by contract or other cooperative arrangement with State or local law enforcement agencies, to engage in community- and problem-oriented policing involving interaction with members of the community in proactive crime control and prevention activities;

''(9) programs and activities for or involving youth, including training, education, recreation and sports, career planning, and entrepreneurship and employment activities and after school and cultural programs; and

''(10) service programs for residents that address the contributing factors of crime, including programs for job training, education, drug and alcohol treatment, and other appropriate social services.''.

(2) OTHER PHA-OWNED HOUSING.—Section 5124(b) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(b)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking ''drug-related crime in'' and inserting ''crime in and around''; and

(ii) by striking ''paragraphs (1) through (7)'' and inserting ''paragraphs (1) through (10)''; and

(B) in paragraph (2), by striking ''drug-related'' and inserting ''criminal''.

(c) GRANT PROCEDURES.—Section 5125 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended to read as follows:

"SEC. 5125. GRANT PROCEDURES.

''(a) PHA'S WITH 250 OR MORE UNITS.—

''(1) GRANTS.—In each fiscal year, the Secretary shall make a grant under this chapter from any amounts available under section 5131(b)(1) for the fiscal year to each of the following public housing agencies:

''(A) NEW APPLICANTS.—Each public housing agency that owns or operates 250 or more public housing dwelling units and has—

''(i) submitted an application to the Secretary for a grant for such fiscal year, which includes a 5-year crime deterrence and reduction plan under paragraph (2); and

''(ii) had such application and plan approved by the Secretary.

''(B) RENEWALS.—Each public housing agency that owns or operates 250 or more public housing dwelling units and for which—

''(i) a grant was made under this chapter for the preceding Federal fiscal year;

''(ii) the term of the 5-year crime deterrence and reduction plan applicable to such grant includes the fiscal year for which the grant under this subsection is to be made; and

''(iii) the Secretary has determined, pursuant to a performance review under paragraph (4), that during the preceding fiscal year the agency has substantially fulfilled the requirements under subparagraphs (A) and (B) of paragraph (4).

Notwithstanding subparagraphs (A) and (B), the Secretary may make a grant under this chapter to a public housing agency that owns or operates 250 or more public housing dwelling units only if the agency includes in the application for the grant information that demonstrates, to the satisfaction of the Secretary, that the agency has a need for the grant amounts based on generally recognized crime statistics showing that (I) the crime rate for the public housing developments of the agency (or the immediate neighborhoods in which such developments are located) is higher than the crime rate for the jurisdiction in which the agency operates, (II) the crime rate for the developments (or such neighborhoods) is increasing over a period of sufficient duration to indicate a general trend, or (III) the operation of the program under this chapter substantially contributes to the reduction of crime.

''(2) 5-YEAR CRIME DETERRENCE AND REDUCTION PLAN.—Each application for a grant under this subsection shall contain a 5-year crime deterrence and reduction plan. The plan shall be developed with the participation of residents and appropriate law enforcement officials. The plan shall describe, for the public housing agency submitting the plan—

''(A) the nature of the crime problem in public housing owned or operated by the public housing agency;

''(B) the building or buildings of the public housing agency affected by the crime problem;

''(C) the impact of the crime problem on residents of such building or buildings; and

''(D) the actions to be taken during the term of the plan to reduce and deter such crime, which shall include actions involving residents, law enforcement, and service providers.

The term of a plan shall be the period consisting of 5 consecutive fiscal years, which begins with the first fiscal year for which funding under this chapter is provided to carry out the plan.

''(3) AMOUNT.—In any fiscal year, the amount of the grant for a public housing agency receiving a grant pursuant to paragraph (1) shall be the amount that bears the same ratio to the total amount made available under section 5131(b)(1) as the total number of public dwelling units owned or operated by such agency bears to the total number of dwelling units owned or operated by all public housing agencies that own or operate 250 or more public housing dwelling units that are approved for such fiscal year.

''(4) PERFORMANCE REVIEW.—For each fiscal year, the Secretary shall conduct a performance review of the activities carried out by each public housing agency receiving a grant pursuant to this subsection to determine whether the agency—

''(A) has carried out such activities in a timely manner and in accordance with its 5-year crime deterrence and reduction plan; and

''(B) has a continuing capacity to carry out such plan in a timely manner.

''(5) SUBMISSION OF APPLICATIONS.—The Secretary shall establish such deadlines and requirements for submission of applications under this subsection.

''(6) REVIEW AND DETERMINATION.—The Secretary shall review each application submitted under this subsection upon submission and shall approve the application unless the application and the 5-year crime deterrence and reduction plan are inconsistent with the purposes of this chapter or any requirements established by the Secretary or the information in the application or plan is not substantially complete. Upon approving or determining not to approve an application and plan submitted under this subsection, the Secretary shall notify the public housing agency submitting the application and plan of such approval or disapproval.

''(7) DISAPPROVAL OF APPLICATIONS.—If the Secretary notifies an agency that the application and plan of the agency is not approved, not later than the expiration of the 15-day period beginning upon such notice of disapproval, the Secretary shall also notify the agency, in writing, of the reasons for the disapproval, the actions that the agency could take to comply with the criteria for approval, and the deadlines for such actions.

''(8) FAILURE TO APPROVE OR DISAPPROVE.—If the Secretary fails to notify an agency of approval or disapproval of an application and plan submitted under this subsection before the expiration of the 60-day period beginning upon the submission of the plan or fails to provide notice under paragraph (7) within the 15-day period under such paragraph to an agency whose application has been disapproved, the application and plan shall be considered to have been approved for purposes of this section.

''(b) PHA'S WITH FEWER THAN 250 UNITS AND OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUSING.—

''(1) APPLICATIONS AND PLANS.—To be eligible to receive a grant under this chapter, a public housing agency that owns or operates fewer than 250 public housing dwelling units or an owner of federally assisted low-income housing shall submit an application to the Secretary at such time, in such manner, and accompanied by such additional information as the Secretary may require. The application shall include a plan for addressing the problem of crime in and around the housing for which the application is submitted, describing in detail activities to be conducted during the fiscal year for which the grant is requested.

''(2) GRANTS FOR PHA'S WITH FEWER THAN 250 UNITS.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(2), make grants under this chapter to public housing agencies that own or operate fewer than 250 public housing dwelling units and have submitted applications under paragraph (1) that the Secretary

has approved pursuant to the criteria under paragraph (4).

''(3) GRANTS FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(3), make grants under this chapter to owners of federally assisted low-income housing that have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraphs (4) and (5).

''(4) CRITERIA FOR APPROVAL OF APPLICATIONS.—The Secretary shall determine whether to approve each application under this subsection on the basis of—

''(A) the extent of the crime problem in and around the housing for which the application is made;

''(B) the quality of the plan to address the crime problem in the housing for which the application is made;

''(C) the capability of the applicant to carry out the plan; and

''(D) the extent to which the tenants of the housing, the local government, local community-based nonprofit organizations, local tenant organizations representing residents of neighboring projects that are owned or assisted by the Secretary, and the local community support and participate in the design and implementation of the activities proposed to be funded under the application.

In each fiscal year, the Secretary may give preference to applications under this subsection for housing made by applicants who received a grant for such housing for the preceding fiscal year under this subsection or under the provisions of this chapter as in effect immediately before the date of the enactment of the Housing Opportunity and Responsibility Act of 1997.

''(5) ADDITIONAL CRITERIA FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In addition to the selection criteria under paragraph (4), the Secretary may establish other criteria for evaluating applications submitted by owners of federally assisted low-income housing, except that such additional criteria shall be designed only to reflect—

''(A) relevant differences between the financial resources and other characteristics of public housing agencies and owners of federally assisted low-income housing; or

''(B) relevant differences between the problem of crime in public housing administered by such authorities and the problem of crime in federally assisted low-income housing.''.

(d) DEFINITIONS.—Section 5126 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11905) is amended—

(1) by striking paragraphs (1) and (2);

(2) in paragraph (4)(A), by striking ''section'' before ''221(d)(4)'';

(3) by redesignating paragraphs (3) and (4) (as so amended) as paragraphs (1) and (2), respectively; and

(4) by adding at the end the following new paragraph:

''(3) PUBLIC HOUSING AGENCY.—The term 'public housing agency' has the meaning given the term in section 3 of the United States Housing Act of 1937.''.

(e) IMPLEMENTATION.—Section 5127 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended by striking ''Cranston-Gonzalez National Affordable Housing Act'' and inserting ''Public Housing Management Reform Act of 1997''.

(f) REPORTS.—Section 5128 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11907) is amended—

(1) by striking ''drug-related crime in'' and inserting ''crime in and around''; and

(2) by striking ''described in section 5125(a)'' and inserting ''for the grantee submitted under subsection (a) or (b) of section 5125, as applicable''.

(g) FUNDING AND PROGRAM SUNSET.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 is amended by striking section 5130 (42 U.S.C. 11909) and inserting the following new section:

''SEC. 5130. FUNDING.

''(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this chapter $290,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

''(b) ALLOCATION.—Of any amounts available, or that the Secretary is authorized to use, to carry out this chapter in any fiscal year—

''(1) 85 percent shall be available only for assistance pursuant to section 5125(a) to public housing agencies that own or operate 250 or more public housing dwelling units;

''(2) 10 percent shall be available only for assistance pursuant to section 5125(b)(2) to public housing agencies that own or operate fewer than 250 public housing dwelling units; and

''(3) 5 percent shall be available only for assistance to federally assisted low-income housing pursuant to section 5125(b)(3).

''(c) RETENTION OF PROCEEDS OF ASSET FORFEITURES BY INSPECTOR GENERAL.—Notwithstanding section 3302 of title 31, United States Code, or any other provision of law affecting the crediting of collections, the proceeds of forfeiture proceedings and funds transferred to the Office of Inspector General of the Department of Housing and Urban Development, as a participating agency, from the Department of Justice Assets Forfeiture Fund or the Department of the Treasury Forfeiture Fund, as an equitable share from the forfeiture of property in investigations in which the Office of Inspector General participates, shall be deposited to the credit of the Office of Inspector General for Operation Safe Home activities authorized under the Inspector General Act of 1978, as amended, to remain available until expended.''.

(h) CONFORMING AMENDMENTS.—The table of contents in section 5001 of the Anti-Drug Abuse Act of 1988 (Public Law 100–690; 102 Stat. 4295) is amended—

(1) by striking the item relating to the heading for chapter 2 of subtitle C of title V and inserting the following:

''CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME'';

(2) by striking the item relating to section 5122 and inserting the following new item:

''Sec. 5122. Purposes.'';

(3) by striking the item relating to section 5125 and inserting the following new item:

''Sec. 5125. Grant procedures.'';

and

(4) by striking the item relating to section 5130 and inserting the following new item:

''Sec. 5130. Funding.''.

(i) TREATMENT OF NOFA.—The cap limiting assistance under the Notice of Funding Availability issued by the Department of Housing and Urban Development in the Federal Register of April 8, 1996, shall not apply to a public housing agency within an area designated as a high intensity drug trafficking area under section 1005(c) of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 1504(c)).

(j) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 212. STUDY REGARDING RENTAL ASSISTANCE.

The Secretary shall conduct a nationwide study of the tenant-based rental assistance program under section 8 of the United States Housing Act of 1937 (as in effect pursuant to section 601(c) and 602(b)). The study shall, for various localities—

(1) determine who are the providers of the housing in which families assisted under such program reside;

(2) describe and analyze the physical and demographic characteristics of the housing in which such assistance is used, including, for housing in which at least one such assisted family resides, the total number of units in the housing and the number of units in the housing for which such assistance is provided;

(3) determine the total number of units for which such assistance is provided;

(4) describe the durations that families remain on waiting lists before being provided such housing assistance; and

(5) assess the extent and quality of participation of housing owners in such assistance program in relation to the local housing market, including comparing—

(A) the quality of the housing assisted to the housing generally available in the same market; and

(B) the extent to which housing is available to be occupied using such assistance to the extent to which housing is generally available in the same market.

The Secretary shall submit a report describing the results of the study to the Congress not later than the expiration of the 2-year period beginning on the date of the enactment of this Act.

TITLE III—''ONE-STRIKE AND YOU'RE OUT'' OCCUPANCY PROVISIONS

SEC. 301. SCREENING OF APPLICANTS.

(a) INELIGIBILITY BECAUSE OF PAST EVICTIONS.—Any household or member of a household evicted from federally assisted housing (as defined in section 305) by reason of drug-related criminal activity (as defined in section 305) or for other serious violations of the terms or conditions of the lease shall not be eligible for federally assisted housing—

(1) in the case of eviction by reason of drug-related criminal activity, for a period of not less than three years from the date of the eviction unless the evicted member of the household successfully completes a rehabilitation program; and

(2) for other evictions, for a reasonable period of time as determined by the public housing agency or owner of the federally assisted housing, as applicable.

The requirements of paragraphs (1) and (2) may be waived if the circumstances leading to eviction no longer exist.

(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding any other provision of law, a public housing agency or an owner of federally assisted housing, or both, as determined by the Secretary, shall establish standards that prohibit admission to the program or admission to federally assisted housing for any household with a member—

(1) who the public housing agency or the owner determines is engaging in the illegal use of a controlled substance; or

(2) with respect to whom the public housing agency or the owner determines that it has reasonable cause to believe that such household member's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol would interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(c) CONSIDERATION OF REHABILITATION.—In determining whether, pursuant to subsection (b)(2), to deny admission to the program or to federally assisted housing to any household based on a pattern of illegal use of a controlled substance or a pattern of abuse of alcohol by a household member, a public housing agency or an owner may consider whether such household member—

(1) has successfully completed an accredited drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable);

(2) has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable); or

(3) is participating in an accredited drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable).

(d) AUTHORITY TO DENY ADMISSION TO THE PROGRAM OR TO FEDERALLY ASSISTED HOUSING FOR CERTAIN CRIMINAL OFFENDERS.—In addition to the provisions of subsections (a) and (b) and in addition to any other authority to screen applicants, in selecting among applicants for admission to the program or to federally assisted housing, if the public housing agency or owner of such housing, as applicable, determines that an applicant or any member of the applicant's household is or was, during a reasonable time preceding the date when the applicant household would otherwise be selected for admission, engaged in any drug-related or violent criminal activity or other criminal activity which would adversely affect the health, safety, or right to peaceful enjoyment of the premises by other residents, the owner or public housing agency may—

(1) deny such applicant admission to the program or to federally assisted housing; and

(2) after expiration of the reasonable period beginning upon such activity, require the applicant, as a condition of admission to the program or to federally assisted housing, to submit to the owner or public housing agency evidence sufficient (as the Secretary shall by regulation provide) to ensure that the individual or individuals in the applicant's household who engaged in such criminal activity for which denial was made under this subsection have not engaged in any such criminal activity during such reasonable time.

(e) AUTHORITY TO REQUIRE ACCESS TO CRIMINAL RECORDS.——A public housing agency may require, as a condition of providing admission to the public housing program, that each adult member of the household provide a signed, written authorization for the public housing agency to obtain records described in section 304 regarding such member of the household from the National Crime Information Center, police departments, and other law enforcement agencies.

SEC. 302. TERMINATION OF TENANCY AND ASSISTANCE.

(a) TERMINATION OF TENANCY AND ASSISTANCE FOR ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.—Notwithstanding any other provision of law, a public housing agency or an owner of federally assisted housing, as applicable, shall establish standards or lease provisions for continued assistance or occupancy in federally assisted housing that allow a public housing agency or the owner, as applicable, to terminate the tenancy or assistance for any household with a member—

(1) who the public housing agency or owner determines is engaging in the illegal use of a controlled substance; or

(2) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the public housing agency or owner to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(b) TERMINATION OF ASSISTANCE FOR SERIOUS LEASE VIOLATION.—Notwithstanding any other provision of law, the public housing agency must terminate tenant-based assistance for all household members if the household is evicted from assisted housing for serious violation of the lease.

SEC. 303. LEASE REQUIREMENTS.

In addition to any other applicable lease requirements, each lease for a dwelling unit in federally assisted housing shall provide that—

(1) the owner may not terminate the tenancy except for serious or repeated violation of the terms and conditions of the lease, violation of applicable Federal, State, or local law, or other good cause; and

(2) grounds for termination of tenancy shall include any activity, engaged in by the tenant, any member of the tenant's household, any guest, or any other person under the control of any member of the household, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other tenants or employees of the public housing agency, owner or other manager of the housing,

(B) threatens the health or safety of, or right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises, or

(C) is drug-related or violent criminal activity on or off the premises.

SEC. 304. AVAILABILITY OF CRIMINAL RECORDS FOR PUBLIC HOUSING TENANT SCREENING AND EVICTION.

(a) IN GENERAL.—

(1) PROVISION OF INFORMATION.—Notwithstanding any other provision of law other than paragraphs (2) and (3), upon the request of a public housing agency, the National Crime Information Center, a police department, and any other law enforcement agency shall provide to the public housing agency information regarding the criminal conviction records of an adult applicant for, or tenants of, the public housing for purposes of applicant screening, lease enforcement, and eviction, but only if the public housing agency requests such information and presents to such Center, department, or agency a written authorization, signed by such applicant, for the release of such information to such public housing agency.

(2) EXCEPTION.—A law enforcement agency described in paragraph (1) shall provide information under this paragraph relating to any criminal conviction of a juvenile only to the extent that the release of such information is authorized under the law of the applicable State, tribe, or locality.

(b) CONFIDENTIALITY.—A public housing agency receiving information under this section may use such information only for the purposes provided in this section and such information may not be disclosed to any person who is not an officer, employee, or authorized representative of the public housing agency and who has a job-related need to have access to the information in connection with admission of applicants, eviction of tenants, or termination of assistance. However, for judicial eviction proceedings, disclosures may be made to the extent necessary. The Secretary shall, by regulation, establish procedures necessary to ensure that information provided under this section to any public housing agency is used, and confidentiality of such information is maintained, as required under this section.

(c) OPPORTUNITY TO DISPUTE.—Before an adverse action is taken with regard to assistance for public housing on the basis of a criminal record, the public housing agency shall provide the tenant or applicant with a copy of the criminal record and an opportunity to dispute the accuracy and relevance of that record.

(d) FEE.—A public housing agency may be charged a reasonable fee for information provided under subsection (a).

(e) RECORDS MANAGEMENT.—Each public housing agency that receives criminal record information under this section shall establish and implement a system of records management that ensures that any criminal record received by the agency is—

(1) maintained confidentially;

(2) not misused or improperly disseminated; and

(3) destroyed in a timely fashion, once the purpose for which the record was requested has been accomplished.

(f) PENALTY.—Any person who knowingly and willfully requests or obtains any information concerning an applicant for, or resident of, public housing pursuant to the authority under this section under false pretenses, or any person who knowingly or willfully discloses any such information in any manner to any individual not entitled under any law to receive it, shall be guilty of a misdemeanor and fined not more than $5,000. The term ''person'' as used in this subsection shall include an officer, employee, or authorized representative of any public housing agency.

(g) CIVIL ACTION.—Any applicant for, or resident of, public housing affected by (1) a negligent or knowing disclosure of information referred to in this section about such person by an officer or employee of any public housing agency, which disclosure is not authorized by this section, or (2) any other negligent or knowing action that is inconsistent with this section, may bring a civil action for damages and such other relief as may be appropriate against any public housing agency responsible for such unauthorized action. The district court of the United States in the district in which the affected applicant or resident resides, in which such unauthorized action occurred, or in which the officer or employee alleged to be responsible for any such unauthorized action resides, shall have jurisdiction in such matters. Appropriate relief that may be ordered by such district courts shall include reasonable attorney's fees and other litigation costs.

(h) DEFINITION OF ADULT.—For purposes of this section, the term ''adult'' means a person who is 18 years of age or older, or who has been convicted of a crime as an adult under any Federal, State, or tribal law.

SEC. 305. DEFINITIONS.

For purposes of this title, the following definitions shall apply:

(1) FEDERALLY ASSISTED HOUSING.—The term ''federally assisted housing'' means a unit in—

(A) public housing under the United States Housing Act of 1937;

(B) housing assisted under section 8 of the United States Housing Act of 1937 including both tenant-based assistance and project-based assistance;

(C) housing that is assisted under section 202 of the Housing Act of 1959 (as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act);

(D) housing that is assisted under section 202 of the Housing Act of 1959, as such section existed before enactment of the Cranston-Gonzalez National Affordable Housing Act;

(E) housing that is assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act;

(F) housing financed by a loan or mortgage insured under section 221(d)(3) of the National Housing Act that bears interest at a rate determined under the proviso of section 221(d)(5) of such Act;

(G) housing with a mortgage insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act; and

(H) for purposes only of subsections 301(c), 301(d), 303, and 304, housing assisted under section 515 of the Housing Act of 1949.

(2) DRUG-RELATED CRIMINAL ACTIVITY.—The term ''drug-related criminal activity'' means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)).

(3) OWNER.—The term ''owner'' means, with respect to federally assisted housing, the entity or private person, including a cooperative or public housing agency, that has the legal right to lease or sublease dwelling units in such housing.

SEC. 306. CONFORMING AMENDMENTS.

(a) CONSOLIDATION OF PUBLIC HOUSING ONE STRIKE PROVISIONS.—Section 6 of the United States Housing Act of 1937 is amended—

(1) by striking subsections (l)(4) and (l)(5) and the last sentence of subsection (l), and redesignating paragraphs (6) and (7) as paragraphs (4) and (5);

(2) by striking subsection (q); and

(3) by striking subsection (r).

(b) CONSOLIDATION OF SECTION 8 ONE STRIKE PROVISIONS.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—

(1) by striking subsections (d)(1)(B)(ii) and (d)(1)(B)(iii), and redesignating clauses (iv) and (v) as clauses (ii) and (iii); and

(2) by striking subsection (f)(5) and redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively.

(c) CONSOLIDATION OF ONE STRIKE ELIGIBILITY PROVISIONS.—Section 16 of the United States Housing Act of 1937 is amended by striking subsection (e).

TITLE IV—TREATMENT OF AMOUNTS

SEC. 401. REQUIREMENT OF APPROPRIATIONS.

Notwithstanding any other provision of this Act, any provision of this Act or of any amendment made by this Act that otherwise provides amounts or makes amounts available shall be effective only to the extent or in such amounts as are or have been provided in advance in appropriation Acts.

Mr. LAZIO of New York. Mr. Chairman, pursuant to discussions I have had with the gentleman from Massachusetts, I ask unanimous consent that a time limitation be set on the substitute amendment that is offered by the gentleman from Massachusetts for a total of 60 minutes, 30 minutes controlled by the gentleman from Massachusetts [Mr. KENNEDY] and 30 minutes controlled by myself, with no amendments thereto.

The CHAIRMAN pro tempore. Without objection, the gentleman from Massachusetts [Mr. KENNEDY] will control 30 minutes and the gentleman from New York [Mr. LAZIO] will control 30 minutes.

There was no objection.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this substitute, I think, gets to the cause and the hopes and the dreams of so many of the tens of thousands of very low-income Americans that public housing and assisted housing is designed to protect and provide basic shelter to.

Sponsors of H.R. 2 are trying to portray the choice between the bill that has been proposed by the other side of the aisle and the Democratic substitute as status quo versus reform; between policies which doom the very poor to poverty and despair and policies which give them hope.

It is patently absurd. The Democratic substitute meets all of the goals that the Republicans articulate. It contains all of the reforms that we need in public and assisted housing. The difference between the substitute and H.R. 2 is that H.R. 2 includes a number of radical policies which abandon our commitment to the poor, create more political influence in housing, and create new and unneeded bureaucracies.

The National League of Cities, the very group of people that the sponsors of H.R. 2 claim are going to welcome the block granting of the housing funding, actually oppose the bill because they recognize the terrible and damning results that have occurred as a result of the politicization of housing funds at the local level.

Study after study has been done that indicate that once the funding for housing becomes politicized, once the housing authorities become the dumping grounds of political appointments, that they have, in effect, lost their capabilities of dealing with the housing needs in the local community.

The National League of Cities also urged Members to support the superior substitute bill which is offered by, guess who, JOE KENNEDY. The Clinton administration opposes H.R. 2. The administration formally opposes H.R. 2 and it has listed eight specific provisions that should be amended. All eight administration concerns are met through the provisions of the Democratic substitute.

Public housing groups themselves do not support H.R. 2. If we go through, almost every one of the public housing associations, including NAHRO, have now opposed it.

The substitute eliminates the work disincentives. We have had a perverse situation occurring with regard to public housing over the course of the last several years where, in fact, we have had a disincentive for people in public housing to go to work because, if they do, more of their income would be captured as a result of the elimination of the Brooke amendment. We have continued the Brooke amendment. We have called for flat rents with income disregards and income phase-ins.

The Democratic substitute increases the working poor in public housing. We will hear time and time again that what the Democrats are trying to do is go back to the same-old, same-old policies which ended up with these great monstrosities of public housing where nothing but the poorest of the poor were warehoused. That is not true.

I wish that the Members of this House could listen to this debate without hearing Democrat or Republican, but just listening to the substance of what we are talking about. The difference between the Republican version and the Democratic version is very simple. The Republicans over the next 10 years will throw 80 percent of the very poor out of public housing. Eighty percent of the very poor will be boomed out of public housing. There will not be a requirement that they will be taking single, very low-income people into public housing.

What we will do then is eliminate all the standards with regard to assisted housing. So what we end up with is we end up solving the problems of housing in America by abandoning the poor. That is no solution to the housing problems of our country. That is abandonment of our basic responsibilities. We can look great to the rest of the Congress and to the people all across the country by eliminating all the problems in public housing, but we do it by fundamentally turning our back on the poorest and most vulnerable amongst us. And that is, I think, an abandonment of our basic responsibilities.

This substitutes recognizes the fact we need to have more working families involved in public housing. And over the period of the next 10 years under the bill that we have proposed, 50 percent of the people in public housing would be very, very low-income people and 50 percent of the people would be working families.

What we do not want to do is sentence working families into rental programs. We want, where we can, to encourage home ownership. Families that earn $25 or $30 or $40,000 a year worth of income in every city across America are now eligible for private home ownership programs provided through our banks and insurance companies and others.

That is what Fannie Mae and Freddie Mac and all the rest of the organizations are set up to provide; home ownership. Why sentence people that can afford to own their own homes into becoming tenants? What we are trying to suggest is that there are some very low-income people.

We have cut the housing budget in this country from close to $30 billion, $28 billion, down to just $20 billion. We have cut the homeless budget of America by 25 percent, and then we come back and we say now that we have done that, in order to keep the local housing authorities moving forward, what we really need to do is throw the poor people out of public housing. We need to jack up the rents so that the public housing authorities do not go under and, by the way, we will cut the homeless budget. It is a crazy thing to do. It does not solve the problems of America, but it does solve the problem of the Congress.

So I ask my colleagues to please consider looking at what is actually contained in the substitute, recognizing we have gotten rid of the work disincentives, recognizing we do come up with a much better mix of working families and the poor in low-income housing, and recognizing that if we

want to take a radical approach of block granting the funding, of making additional bureaucratic responsibilities, of telling people they have to come up with personal improvement programs and voluntary mandatory work requirements, then we go ahead and put in and institute what H.R. 2 calls for.

But if we are really interested in fixing up public housing, if we are really interested in making certain that we take care of the very poor, there is nothing wrong with targeting the meager funds we put into public housing. There is nothing wrong with making sure that those meager funds end up serving the poorest and most vulnerable people in America.

So I urge my colleagues to support the substitute amendment to H.R. 2 and oppose the provisions of this radical approach that has been authored by the other side of the aisle.

Mr. Chairman, I reserve the balance of my time.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I say to my colleagues that they ought not to just be listening to this debate but reading the bill itself, because, clearly, there have been some misrepresentations about what this bill does.

We do not have to go very far. Just read it in black and white where it says, in the bill, that at least 35 percent of all the units in public housing must be reserved for those people below 30 percent of median income, keeping no public housing authority from ensuring that every single unit that it has, if it wants, can go to the poorest of the poor.

But we are saying that if one has a minimum wage job and just happens to be married to someone else who has a minimum wage job, then that individual ought also to be able to participate in it. And under this substitute those individuals would be shut out.

The gentleman from Massachusetts indicates that people would be thrown out. There is absolutely nothing in this bill that would throw out one low-income person from public housing. Not one. Not one.

The gentleman from Massachusetts mentions that the rents will go up. How? Under current law, under current law people's rents are tied to their income in this manner. People must pay 30 percent of their income in rent. They cannot pay less than that. They must pay 30 percent of their income in rent.

Under this bill, under H.R. 2, tenants will have an annual choice to pay either up to 30 percent, and it might be lower, or to choose a flat rent that is predetermined by the housing authority. And in that sense, for many residents who are working, that will be a significantly lower rent than exists under current law. And under no condition, under no condition under this bill will people pay a dime more than they are paying right now.

So the characterizations here on this floor must mesh with the language in the bill. In fact, the Kennedy substitute is nothing more than a watered down version of the administration's bill, which also seeks a very meek, mild, look-the-other-way approach to the failure of public housing in some of our Nation's largest cities.

We cannot afford to look the other way. We cannot afford to condemn another generation of teenagers and young people to the type of public housing that exists in some of our cities where they do not have a chance for hope and opportunity. We say give people a choice, reward work, make sure that families can stay together and protect levels of excellence.

□ 1345

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I would just like to point out that this is the first time the gentleman has ever accused me of a meek and mild approach to anything. I would just point out that if Members read not just the big print but the small print of this bill, they will find that under the fungibility rules that have been proposed, there is not a single unit of affordable housing for the very poor that has to go by any public housing authority to the very poor. Second, the way the rents get jacked up is by virtue of the fact that we are going to create an enormous incentive by the local housing authority to go and get wealthier tenants. That means greater amounts of rent are going to be generated because of the incomes of the families. I am not suggesting the individual rents on the people are going to go up, but what we are doing is creating a policy that funnels wealthier and wealthier people into public housing itself. That is what the problem with the bill is.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, what the gentleman from Massachusetts calls wealthy are people that are making minimum wage or 50 cents or a dollar more than minimum wage. That is where we have broad disagreement, where the gentleman looks at people who are working for minimum wage in entry-level jobs and sees them as wealthy and able to support rent at a market rate. In fact I look at it and many Members who support these efforts look at this and say that people who are struggling to work, who accept the challenge of a minimum wage job, should not be shut out. They should be helped. This is one of the dividing lines between, I think, our two different perspectives. In fact, under the requirements of this bill, the public housing authority must set aside at least 40 percent of its units for vouchers for the poorest of the poor, at least 35 percent of its units, and yes, it can mix and match between those two, but in either case it must meet the minimum standards of meeting the demands of the poorest of the poor, people making below 30 percent of median income.

Mr. Chairman, I yield 5¼ minutes to the gentleman from Iowa [Mr. LEACH], the distinguished chairman of the Committee on Banking and Financial Services.

Mr. LEACH. I thank the gentleman for yielding me this time.

Mr. Chairman, let me go first to the principle of this bill under the Kennedy amendment that I think is very important. While the gentleman from Massachusetts [Mr. KENNEDY] earlier in the debate in prior days had offered an amendment to increase the funding by 50 percent, his amendment on the floor today, as I understand it, has no increase in funding. So what we are dealing with is the same dollar levels as the committee bill, is that correct?

Mr. KENNEDY of Massachusetts. If the gentleman will yield, there is no funding whatsoever contained in this particular provision. We would be happy, if the chairman wanted to increase it back to the funding levels of last year, to entertain an amendment to our amendment.

Mr. LEACH. I would recapture my time.

I would only stress to the committee and to the Members that these are the same numbers as the committee product.

Mr. KENNEDY of Massachusetts. Mr. Chairman, it is not the same.

Mr. LEACH. There is no effort to raise or decrease in the gentleman's amendment. I just make this clear to the committee.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield just for a clarification?

Mr. LEACH. I have a limited amount of time. I would like to ask to proceed at my own pace.

Mr. Chairman, we also would stress that the committee's numbers are precisely the same numbers as the Department of Housing and Urban Development, whose secretary is Mr. Cuomo, the gentleman's brother-in-law.

The other point I would like to make here is that it has been my impression as a Member who has been here almost two decades that one of the reasons the total budget has to be out of whack in virtually every area of Federal spending, including housing, is the terrific pressure from each constituency group's perspective that has been brought to bear. When Members establish reputations for always increasing a program, they come to be known as the person that most defends that particular constituency and, therefore, there is a particular appreciation from that constituency that is extended.

But when numbers get out of whack, the fact of the matter is that the sum budget totals can be at times counterproductive. So from a constituency's point of view, there might well be a desire for more numbers, despite the fact that the general public is often disadvantaged. That is why we have these huge deficits and that is one of the reasons why the growth in the economy

has been less impressive than otherwise.

I would stress to the Members of this body that when the Republican Party came into power in 1994, there was an effort to constrain the budget, including housing. When that effort came to pass, and it usually takes about a year for effects to spin out in the economy, it is impressive that American economic growth has increased.

Based on increased American economic growth, there are now more revenues coming into the treasury that have made possible the recent budget agreement between the executive and legislative branches that has just come to pass, based on new projections of more revenue coming in.

If we have budgets that are increasingly out of whack, we are not only being unfair to young people in particular, who will be paying Federal debt obligations back for the next 30 years, but we will have less economic growth and thus fewer jobs in the economy.

Mr. KENNEDY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LEACH. I will not yield at this point to the gentleman from Massachusetts [Mr. KENNEDY]. I have been very patient, and the gentleman has interrupted every statement I have made in the last 2 weeks. I would ask for the gentleman's consideration. At the end of a debate it is often considered etiquette to let both sides express their perspective uninterrupted.

I would ask the Chair to be allowed to continue and not to have this time counted against me.

The CHAIRMAN pro tempore [Mr. RIGGS]. The gentleman may proceed.

Mr. LEACH. I would also like to address the issue of compassion. Sometimes it is argued that to have more numbers is extremely compassionate. This side has been accused in this debate earlier of being steely.

The fact of the matter is it can be more compassionate to have more economic growth. There can be philosophical differences that can be meted out on various issues at various points in time. But this side is proceeding under the obligation to be more constrained, to operate within budget agreements, to operate in coordination with the administration under a belief that to increase spending would be uncompassionate, not compassionate.

Finally, let me just say that in my view the gentleman from New York [Mr. LAZIO] has brought to this floor a signally reform-oriented bill that will establish him as one of the great architects of a new housing approach, and I think this entire House should give the gentleman from New York [Mr. LAZIO] a great deal of credit.

In this regard, I would also commend the gentleman from Massachusetts [Mr. KENNEDY] for bringing out an amendment that from the other side's perspective I think is quite credible. I would hope our side would not be persuaded by it.

In this regard, though, I would ask the other side to recognize that this committee has brought out a number 100 percent identical with the administration's request, general precepts largely in symmetry with the administration's request. In that process I would hope that on final passage the other side would give this committee the benefit of the doubt in working with the administration, in coming out with the precise budget numbers. If the committee works with the administration and then is voted against, it is very awkward for Congress to proceed on a reasonable basis.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself 30 seconds to respond.

Mr. Chairman, I would just like to point out to the gentleman that while he has been showing such great leadership in terms of allowing the housing budget to be cut back, we have not seen that amongst a lot of other chairmen in his party. Other chairmen in his party come in here and request $14 billion more in the defense bill than the Joint Chiefs of Staff required. Not a single penny came out of any of the funds that went to any of the big corporations in America. Eighty percent of the budget cuts which came out of his party affected the very poor and that is who is affected by this bill. That is a shame on this Congress, it is a shame on the gentleman, and it is a shame on the administration that they have not come in with more money for housing.

Mr. LAZIO of New York. Mr. Chairman, I yield 30 seconds to the gentleman from Iowa [Mr. LEACH].

Mr. LEACH. Mr. Chairman, I would only respond briefly. I think perspective has to be applied. The gentleman is correct that a year ago the budget came in less than the prior year. But this budget is precisely the same as the prior year, precisely the same as the administration has requested.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself 5 seconds. This year's is the same as last year's which was cut by $8 billion.

Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. GONZALEZ], the former chairman of the committee.

Mr. GONZALEZ. I thank the gentleman from Massachusetts [Mr. KENNEDY] for yielding me this time.

Mr. Chairman, I have a much longer perspective on housing problems than most of my colleagues. As a younger man, I helped develop the first public housing in San Antonio. Today there are thousands of people living in San Antonio, housed in safe, decent, affordable public housing.

My colleagues on the Republican side have drawn a grotesquely distorted picture of public housing in America today.

The truth is that the majority of public housing is safe, it is decent, and it is well-run. Are there problems? Of course there are. But I say to my colleagues that our cities will not be made better by excluding poor families from public housing. The truth is that excluding the poorest from public housing only means that they will live in the meanest neighborhoods, on the meanest streets. To pretend that we are solving the problems of public housing by reinventing Hell's Kitchen is obviously very foolish.

What this bill does is to solve the financial problems of the local housing agencies by encouraging them to get rid of the poorest of the tenants as rapidly as possible, by a variety of means: excluding them from admission in the first place, or making it easier to get rid of them if they are already there.

I say to my colleagues that in the meanest and most miserable of circumstances, people have pride. They want dignity and they certainly want a better life.

In San Antonio, one of the most common types of tenements was a wooden, tin-roof lean-to in the form of a square with an open area in the center. Around that courtyard would be single rooms. The only water was a common tap in the courtyard. There might be only one pit privy serving 50 or more people. It was squalid, unhealthy, disgraceful, and I hate to even recall those episodes. However, that was the only thing affordable.

This is the kind of slum that public housing helped to eradicate. I say to my colleagues that the worst public housing in my city is better, it is cleaner, and it is safer than those that we called corrals, for this is what they were called.

A few years ago, I visited farm worker housing all over America, and some of it was worse than a chicken coop—two of the places I visited had been built to house Nazi prisoners of war. The people who live in such places are not lazy or shiftless, as my Republican friends seem to think. These are in fact people who look desperately for work, and who work desperately hard. One of them cried to me: "Mr. GONZALEZ, I am so ashamed. We do not want to live this way, but this is all we can do."

My friends, the people who live in the worst of public housing do not want to live that way, either. Their choice is to accept what they have, or to go to conditions that are even worse.

The solution to public housing problems is not to throw out the poor, but to build decent housing.

The substitute offered by the gentleman from Massachusetts makes sense. It tries to do the best possible for the greatest possible number.

The substitutes recognizes and rewards work, so that residents of public housing will be able to keep more of what they earn.

The substitute improves crime control programs in public housing, and it allows local housing agencies greater flexibility, while at the same time demanding greater accountability from them.

I remind you: in my city, the very worst of public housing is better than the conditions which that housing replaced. If we want to solve the social problems of the poor, we have

to provide opportunities, and not merely demand that the victims heal themselves.

Support the substitute. It makes sense, and it works better. Before you vote for this bill, think about the people I know, who live in tin sheds with dirt floors and no kitchen or plumbing, and who work hard—and who feel shamed, because they feel the scorn of those who say: ''they deserve their fate.'' My friends, there but for the grace of God, you would be.

Vote for the substitute.

Mr. LAZIO of New York. Mr. Chairman, just before yielding to the gentleman from Nebraska, if I can yield myself 15 seconds and just note, it is very curious in talking about dollars that just 2 weeks ago, over $5 billion of unspent money was uncovered hidden under rocks over at HUD that could have been spent to deal with some of these issues. The issue here is not just money, it is about management, it is about integrity.

Mr. Chairman, I yield 3 minutes to the gentleman from Nebraska [Mr. BEREUTER], a distinguished member of the Committee on Banking and Financial Services.

(Mr. BEREUTER asked and was given permission to revise and extend his remarks.)

□ 1400

Mr. BEREUTER. Mr. Chairman, I thought it might be helpful to explain the kind of reforms that are not contained in the Kennedy substitute. I want to go over those major reforms that are in the legislation but not in the Kennedy substitute.

The Kennedy substitute does not provide for family rent choice. It does not target fungibility between public housing and choice-based programs. It does not provide for the home rule flexibility grant option which we have in title IV. It does not include the accreditation board. It is controversial, but the House has spoken on that issue. It does not provide the Traficant CDBG antipiracy and regional cooperation provisions. It does not include the Jackson-Lee amendment to section 3 regarding resident employment. It does not require consultation with affected areas in settlement of litigation. It does not require the Klink-Doyle consultation with local governments' requirement regarding the building of new public housing. It does not provide for block grant provisions for small PHAs. It does not have improvements in the least in grievance compromise. It does not include technical corrections to legal alien provisions governing public housing. It does not include the prohibition of national occupancy standards. Those occupancy standards, I would suggest, should be a matter of local decisions, local regulations or at most, State law.

Now these are the very important reform elements that are contained in H.R. 2 but which are not contained in the Kennedy substitute. I think they are very important. I think, therefore, these reforms are very necessary for public housing authorities and for the residents that live in them and for the people that attempt to run our public housing agencies and for the governing bodies in those jurisdictions.

Mr. Chairman, we should reject the Kennedy substitute and support the passage of the legislation.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. WATT], my good friend.

Mr. WATT of North Carolina. Mr. Chairman, let me start by saying that we have never postured this as a choice between just the worst possible bill in the world and the status quo. It was my colleagues on the other side who did that. This bill is marginally better than it was last year, and I am going to vote against it because it just has some terrible provisions in it, even though some of the things in it are good.

We should support the substitute, the Kennedy substitute, because it is better, but none of us should talk ourselves into believing that either of these bills is going to solve all the problems of the poor as some of my colleagues seem to be insinuating their bill is going to do. These bills are not even going to solve the housing problems of the poor, much less all of the problems of the poor. But the substitute of the gentleman from Massachusetts [Mr. KENNEDY] is light years better because it puts emphasis on the drug elimination grant program, which is actually the thing I hear the most when I go home: How can we deal with drugs in these public housing units? What help can the Federal Government give us to deal with this problem? We encourage under Mr. KENNEDY's substitute community service, but we do not mandate it. We do not force people to go out there and work for nothing, which is what the main bill does, and we encourage an income mix in both public housing and in the voucher program, and we try to do it in such a way that we do not end up pitting the very poor against the working poor, which is what ends up happening under the main bill here.

All of those things are compelling reasons that this Kennedy substitute is a better alternative than the underlying bill. It is not a choice between doing nothing, maintaining the status quo, but this is a better substitute, and we should support it.

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Delaware [Mr. CASTLE] the former Governor and member of the Committee on Banking and Financial Services.

Mr. CASTLE. Mr. Chairman, I agree to some degree with the gentleman from North Carolina [Mr. WATT] who just spoke. I do not think either of these bills is going to be the be all and end all in terms of solving the problems with respect to poor people or people in housing in general. But we have to look at which one would do better, and I come down strongly on the side of H.R. 2.

I believe that we should look back to the welfare reform bill last year in which there were dire predictions by many people on this floor that this would be a disaster for the poor; if we pass this piece of legislation, they would be held poor forever and perhaps even poorer, and there would be all manner of problems in this country.

Now I seem to read more and more articles and hear more and more people begin to say it has given hope and opportunity to individuals, and that may not be universally true, and I am sure it is not, and anecdotally there are probably stories against it. But the same thing is true, I think, of this housing bill. I have visited housing in Delaware many, many times, I have spoken to the people running it, and I frankly think they need more flexibility in terms of how they are running housing authorities there and across this country. I believe that a greater mixture of individuals, both by neighborhoods and who lives in particular areas, is extremely important in trying to help with the development of the community. I happen not to be opposed to the community service. I believe that is an opportunity for individuals and so becomes important as well. I think some of the operating formula incentives are going to make housing authorities better than they are now. It is going to make them think a little bit more and, I think, manage better.

And there are a lot of things that we can talk about here, Mr. Chairman, as we look at this bill. We go down and compare details to details, and I give a lot of credit frankly to both sides because I think people care a lot about housing. But I believe that the bottom line is that we truly need to introduce change into the housing programs in this country. They have been without change now for years, in fact decades, and the time has come to provide that opportunity, and I think H.R. 2 does that.

And I think that the minority side has been listened to. There are a lot of amendments in this legislation. Most of them are from the minority side. Most of them I think are good, by the way. They have been adopted and are part of the bill.

So for that reason I would encourage support for H.R. 2 by everybody, once we have taken care of the amendment.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota [Mr. VENTO], my good friend.

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Chairman, I rise in support of the Kennedy substitute, and it is true, I think, that this bill that the committee has presented as representing a better product than last year, but I think there are some fundamental problems with the bill, there are some fundamental problems.

I have, as an example, when we look at the 3,400 public housing authorities

and we talk about a hundred of them having problems, and the fact is that HUD, we wanted HUD to reassert itself and take more control of the public housing authority. But what this bill does is to block grant, send a lot of money back to the same public housing authorities, and as if that were not enough, they have had a lot of autonomy and they have sometimes failed, but most of them have been pretty good.

But if that were not enough, we are sending back a lot more requirements. Because they have trouble running the housing, doing income verification and all the other problems we are saying, and in addition to that we are going to put in place a mandatory community service program. As my colleagues know, the fact is we passed welfare reform. I happen to be someone that voted for it. I think there are a lot of problems with the legal immigrants and some other issues with it, but the fact is we do not have to reinvent it in the housing bill, and we sure do not have to give that responsibility to those public housing authorities to run a whole program on community service.

Mr. Chairman, it does not make any sense, just like it does not make any sense, we have got one HUD, we do not need an accreditation board, we do not need a two-headed HUD. One is enough. But if my colleagues want someone to compete up there, to be fighting and disputing it, that is a problem.

How about income verification? Do we need to raise the incomes in public housing? The average income for a family now is about $6,700. I point out to my subcommittee chairman that the minimum wage pays about 10 grand a year, but this bill does not go just to 17 percent of median, which is $6,500; it goes up to 80 percent. And what we are saying, if our colleagues are worried about minimum wage, that is closer to 25 percent of median than 80. Eighty percent is 2½ times the poverty rate. In some communities that is $40,000. So check the numbers, look at what is being done.

Mr. Chairman, I think that if that is what our colleagues want to do is deal with those in minimum wage and to provide working poor with housing, then we have to deal with it. But we have 16 million people in this country; 16 million families, pardon me, that qualify for public housing, we got about 4 million units. And so we have to differentiate in how we are going to do this. Do they need more flexibility? Do we need to deal with one to one? Yes.

But the Kennedy approach is the right approach. We do not need another HUD. We do not need another reinvention of welfare reform and another job for the public housing authorities. We need to keep HUD in charge and hold them accountable, talk about money under rocks that they found. I will tell my colleagues, go over to the Defense Department and they will find a lot more money under rocks. But the fact is if they are going to reach in and take that money back when trying to hold people accountable in terms of how to use it and then complain about the fact that they are doing that, and they are going to take and spend it, I will tell my colleagues that we are going to end up short when we go to reauthorize the section 8 programs or when we reauthorize some of the other programs.

So I think the Kennedy substitute is the best option we have. I appreciate the fact that the chairman has tried to work through some of these issues, but we have not got there. So I think we better vote for the Kennedy substitute today.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 15 seconds.

Mr. Chairman, I just want to mention in response to the comments of the gentleman from Minnesota that were completely accurate, we are talking about the family with two minimum wage jobs. The gentleman, I think, was referring to families with one minimum wage job, and people with two minimum wage jobs, a family where a husband and wife working at minimum wage, would effectively be shut out of vouchers under this substitute.

Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. BAKER], a distinguished member of the Committee on Banking and Financial Services.

Mr. BAKER. I thank the gentleman from New York for yielding this time to me.

Mr. Chairman, this is indeed a pivotal moment for us. With the consideration of the Kennedy substitute, Members can vote to support it and fight to cling onto what simply has not worked.

There are, in fact, public housing authorities around the country who have used appropriate management skills, and there are public housing units which are well kept, but unfortunately for the vast numbers of people who must live in the very large urban-centered housing authorities of this country, conditions are terrible, and the Kennedy substitute in my opinion will do nothing, if anything at all, to rectify that problem.

Mr. Chairman, if we are able to defeat the Kennedy substitute and move then to final passage in the adoption of the proposal as put forward by the chairman of the subcommittee, amended by 27 amendments from the Democrat side, we will make a significant new approach to public housing in this country. We will say to individuals who do not choose to be there most of the time:

''We're going to help you, but we're going to help you for a while, and we're going to ask you in return for that help to improve your own circumstance in life, get out and try to find work in the community, volunteer as it may be, to learn job skills, people skills. You may even find a job that pays you money while you are out doing this volunteer work''; because taxpayers in this country are saying, ''We don't object to helping people who truly are in need. We will extend a hand to someone who is injured, who is unemployed, who has found difficult times with his wife and family, who wants to help themselves. But we are saying that public housing in this Nation should not become a retirement community for people who will not try for themselves or their own families.''

This is a pivotal change. It is an important change. We cannot continue to pour billions of dollars into programs with 40 years of experience which have proven to fail and, more importantly, take more than decent living conditions away from people. They take their hope, their vision, their opportunity for a future because all they see is poverty. They do not see working dads or moms at home with kids or even businesses at their front door. They see drug dealers, broken-down apartment buildings and no hope, where the police are scared to come.

This is a pivotal decision. It is critical to our Nation's future to give back to the working poor and the poor of this country the belief that if they try, we will help them, and that there is a price to pay if they do not make the effort for their own family. This is an integral part of our overall social services reform, where last year a majority of the Democrats in an almost unanimous Republican vote voted to impose work requirements of 20 hours a week for those who receive social services, soon to go to 80 hours a month, then to 100 hours a month and to increase thereafter.

Mr. Chairman, it is not a new concept, it is not difficult, we know it works, and today we will make the change.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself 30 second to respond.

Mr. Chairman, first I just want to make certain that people understand that in this bill, in the Kennedy alternative, we have provisions that say if two individuals working in the same family, both of them earn minimum wage, they are eligible for public housing. Check the figures. They earn $25,000 a year, check the figures. In almost every major American city they, in fact, qualify for the public housing targeting amendments that we have today.

My concern is not those individuals in terms of public housing. We ought to have home ownership programs. They can afford it. We ought to get them the homes they need.

Mr. Chairman, I yield 2 minutes to the gentlewoman from Michigan [Ms. KILPATRICK].

□ 1415

Ms. KILPATRICK. Mr. Chairman, I thank the gentleman from Massachusetts [Mr. KENNEDY], our ranking member, for yielding to me as we continue our debate on H.R. 2.

I rise in support of the Kennedy substitute. As was mentioned earlier, in 1937, then Franklin Delano Roosevelt, the President of this great country, signed into law the Public Housing Act. This bill, H.R. 2 before us, will be a total repeal of that act.

What is needed then and is needed today: housing for the least of these. The Kennedy substitute will allow more people to have homes, more children to live in homes. H.R. 2, in its original version, will increase the homeless population in America.

There are 650 laws that are affected by this H.R. 2 implementation, if it passes on this floor today. Someone mentioned earlier two minimum wage jobs. Is that what we want in America, two minimum wage jobs for working families? One cannot live on minimum wage. What people want to do is work in good-paying jobs and to take care of their families.

There are over 16 million people who qualify to live in public housing because they are in that poverty scene and want to get out. We have only 4 million public housing units. So let us not stand here and say how great it is to live in public housing. Most people, including all of us, want better housing than that.

The Kennedy substitute addresses those concerns. It does allow for people who find themselves in poverty. Decent, adequate housing will not increase the homeless population and will allow people to look for work. We need to be talking about work in this legislature. How do you find good-paying jobs for people so that they can work and take care of their families? The Kennedy substitute best meets that.

As was said earlier, this is not a panacea. There is still much work to be done in America, much work to be done in this Congress. Good-paying jobs are what we need, and quality education so people can rise to the level to take care of themselves and live in fine housing. I urge my colleagues to support the Kennedy substitute.

Mr. LAZIO of New York. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Montana [Mr. HILL].

Mr. HILL. Mr. Chairman, I thank the gentleman from New York [Mr. LAZIO] for yielding me this time.

I rise to express my strong support for H.R. 2, and I think when we talk about the substitute we have to think about what is the problem that we are trying to address in this legislation. The first problem, the most apparent problem is that we have had 20 years of misguided policy that has focused on a principle of providing housing and housing alone for the poorest of the poor. The result of that has been destroyed neighborhoods. These are neighborhoods that often do not have stores, they often do not have banks, they generally do not have employers. These are neighborhoods without hope and these are neighborhoods without opportunity.

H.R. 2 is about more than providing housing. It is about creating healthy neighborhoods. It is about creating healthy communities.

The Kennedy substitute stops doing the worst, but the problem with it is that it is incomplete. It does not have a vision for the future. It does not create a mechanism, it does not allow for the flexibility for real change in those neighborhoods. It is like comparing a passive approach with the active approach that is engaged in H.R. 2.

As I say, it is not that it is bad, it is just that it is incomplete because it does nothing to change this culture of dependency. The Kennedy substitute does nothing to ask residents to give something back to their community. It does nothing to create mixed income communities. It does nothing to create opportunity in those communities, as well. Simply speaking, the Kennedy substitute is short on vision, it is short on hope, and it is short on opportunity.

We have a clear choice on this vote. If we vote down the Kennedy substitute and vote for H.R. 2, we are going to create more hope and opportunity in our neighborhoods. Vote ''yes'' on H.R. 2.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 2 minutes and 10 seconds to the gentleman from Illinois [Mr. JACKSON], my good friend who did such a great job on this debate.

Mr. JACKSON of Illinois. Mr. Chairman, let me first congratulate the chairman of the subcommittee, [Mr. LAZIO], who I genuinely believe has made sincere efforts to reform public housing in this country. I also want to congratulate our ranking member [Mr. KENNEDY] for his sincere efforts to reform public housing in this Nation, as well.

Mr. Chairman, our position, however, it occurs to me, is to determine who is sincerely right and who is sincerely wrong. How do we determine, Mr. Chairman, who is right and who is wrong? There is only one standard for which we should implore when we vote on H.R. 2, to determine who is right and who is wrong, and that is the ''do unto others as we would have them do unto us'' standard.

Mr. Chairman, just no Member of Congress, all of us who receive 100 percent of our paychecks from the public, is being asked to give 8 hours of our time per month in exchange for the very real public benefit that we receive; just not one of us who receives a mortgage deduction or any Federal benefit, including mining rights, including farm subsidies or corporate welfare. We tried yesterday in committee to attach to the Import-Export Bank legislation an 8-hour mandatory community service, since it is corporate welfare for corporations doing risky business in other parts of our country. Just no one.

We have tried to attach it to other forms of corporate welfare, and yet the majority consistently rejects adding 8 hours of community service in exchange for their Federal benefit to any particular piece of legislation that comes before this Congress. Defense appropriations, it will be coming up shortly, and at no point in time will we ever mandate of them voluntarism.

Only in this bill for the first time, to the best of my knowledge, since 1865, only in this bill for the first time since 1865 do we treat a different set of Americans any different than we have ever treated another group of Americans.

Mr. Chairman, vote for the Kennedy substitute and against this draconian bill.

Mr. LAZIO of New York. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Florida [Mr. FOLEY].

Mr. FOLEY. Mr. Chairman, I do have to take a moment to congratulate the chairman of the subcommittee, [Mr. LAZIO] for a phenomenal job in trying to reform the public housing policies of this Nation.

A lot of times we have votes on this floor that are partisan, but I can assure my colleagues on this bill, this is a bipartisan effort. Out of 37 amendments adopted at the committee's markup, 29 were from the minority. So clearly, we were willing to negotiate, debate, and prevent this bill from being simply labeled a partisan attack on others.

Clearly, when we have been able to watch communities work on housing initiatives directed at improving people's lives, they have largely been successful. The Federal Government would rather trap people in housing that few Members in this Chamber would dare live in, or visit. The idea of the bill is to give incentives and opportunities. The Kennedy substitute encourages residents to contribute 8 hours a month. Yes, we require it. We do not think anything is wrong in requiring people to perform a community service when they have been given something.

Now, I clearly, and Members of Congress, spend numerous hours in our communities helping the Red Cross, American Cancer Society, Habitat for Humanity, AIDS coalitions, and other groups. Many, many hours we donate and volunteer, even though we are paid by Federal taxpayers.

Clearly in this bill we are trying to give people a part of the American dream, not trap them in rental housing where they cannot grow and develop strong family commitments and bonds. We see in this bill, while not a perfect bill, a chance to reinvigorate inner cities, to give people hope and opportunity, to give them something to strive for and, yes, ask them to participate in voluntarism.

Mr. JACKSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. JACKSON of Illinois. Mr. Chairman, I thank my colleague for yielding who I have enjoyed participating with on this debate over the course of the last 3 weeks.

Mr. Chairman, I want to make it clear that there is a distinction that

should be drawn between our voluntarism because it is innovating from our own will or self-reliance, without coercion and threatening one's eviction, without compensation in exchange for what we are terming a volunteer effort. There is a distinction that should be drawn between mandatory voluntarism and one that is not mandatory.

Mr. FOLEY. Mr. Chairman, reclaiming my time, the one thing I am thrilled about in the bill is that we create so many carve-outs that if someone is in a vocational or technical program, going to school, if they are caring for an aged parent, if you will, if they are sick themselves, there are so many carve-outs that only those that choose to stay home and do nothing are required then to commit 8 hours of service. That is the beauty of this bill, is that we are not telling people if they are physically incapable of working that they have to somehow go clean up streets or clean graffiti off walls.

When I go home to my district and talk to my constituents, many of them earning meager wages, many of them who could qualify for public housing, when I ask them if it is something so onerous to ask them for give 8 hours of service for that housing, they say, ''Mark, that is simple. That is easy. You should do it.''

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 2 minutes to my good friend, the gentlewoman from New York [Ms. VELÁZQUEZ].

Ms. VELÁZQUEZ. Mr. Chairman, the Republican majority claims that H.R. 2 is reform. Tearing down an essential program is not reform. I wonder if my colleagues on the other side of the aisle understand the kind of human misery that their reform will cause.

If they are serious about fixing public housing, they must do so without abandoning the very poor. Congress must ensure that these families still have a decent and affordable place to call home. The problem with the Republican majority is that when something goes wrong and does not work, they want to dismantle it. Well, the American public thinks that this institution does not work. Are we going to dismantle it, too?

Through reasonable targeting requirements, the Democratic substitute continues assisting the most disadvantaged households, while increasing the availability of public housing to the working poor. H.R. 2 will simply deny millions of women and their children shelter.

What is more ironic, the Republicans are fond of claiming that H.R. 2 promotes self-sufficiency. Be honest. How can we expect a family to achieve stability if parents are forced to work without pay? The Kennedy substitute replaces enforced labor with provisions that encourage work, giving families a true chance to achieve the American dream.

Mr. Chairman, instead of addressing the real needs of real families, H.R. 2 offers despair and misery. I urge all of my colleagues to support the Kennedy substitute and guard our commitment to safe and affordable housing.

Mr. LAZIO of New York. Mr. Chairman, I yield myself 30 seconds.

I would just note that we are in the process of trying to overhaul public housing for the first time, at least in any significant sense, in over 60 years; and if we prove in this House that we cannot correct this problem, if we establish that we will continue to look the other way when we see failure, then we certainly will present an opportunity for those people who believe that the Federal partnership in low-income housing is one that is futile to support.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. ROYBAL-ALLARD].

Ms. ROYBAL-ALLARD. Mr. Chairman, I rise in strong support of the Kennedy substitute and in strong opposition to H.R. 2.

H.R. 2 is an unprecedented and indefensible retreat from the Federal Government's 60-year commitment to those in greatest need of housing assistance, our Nation's poor. Although proponents argue that the bill promotes local flexibility in the administration of public housing programs, that flexibility is achieved at too high a human cost.

Experts agree that access to affordable housing is the No. 1 problem confronting needy families, yet H.R. 2 will allow housing authorities to replace poor families with those whose incomes are as high as $40,000 a year in some parts of the country.

□ 1430

This will remove a critical safety net for tens of thousands of poor families well into the next millennium as they seek to move from welfare to work. As a result, their only options are to resort to dilapidated, substandard housing, if they can find it, or to join the growing ranks of the homeless. This is a new American tragedy in the making.

The Democratic substitute, however, reforms the public housing system without punishing those in greatest need of our help. It offers local flexibility without sacrificing accountability, and it provides sensible, workable reforms to public housing programs, and most importantly, it reinstates the Brooke amendment that ensures that poor families receive a fair share of housing assistance.

On behalf of poor and working families throughout the Nation, I urge my colleagues to support the Kennedy substitute.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts [Mr. FRANK], originally from my State.

Mr. FRANK of Massachusetts. Mr. Chairman, if the claims being made on behalf of the majority's bill were valid, I would support it. If rhetoric could cure poverty after this debate, there would not be a poor person left anywhere in public housing. But this bill that the majority has brought forward has literally not one thing in it that helps anyone leave poverty, get a job, or improve herself.

It does require you, if you live in public housing, to work 8 hours a month, and despite what was said earlier, inaccurately, even if you are the primary caregiver of someone unable to take care of himself or herself. Someone got carried away and thought the amendment of the gentleman from Illinois had been adopted, but it was not.

So what we say is that if you are a poor person living in public housing and you are even the caregiver to someone, you still have to do the 8 hours a month, even if the housing authority believes that given the conditions in which you live, it really would not be terribly useful.

It says you have to sign a contract promising that some day you will be a richer person. It does not provide you with a single tool to do that. The major way this bill improves public housing is by reducing the number of very poor people in it. I grant that point.

If our unit of worth is an entity known as the public housing authority and if we are measuring not the good we have done for humanity, not the extent to which we have alleviated social problems, not the extent to which we have dealt with our fellow citizens who are deeply embedded in poverty, but if the measure is what does the housing authority look like and what is the average in that housing authority, then you have made it better. But you have made it better at the cost of excluding the poorest people, some of them, from this effort.

If we wanted to really go after the problems in public housing, we would begin by solving the number one problem: inadequate resources. For decades we have caused a problem by trying to take care of the poor too cheaply. We do not alleviate that from the standpoint of humane goals by simply reducing the number of poor people we are trying to help.

My friend, the gentleman from Delaware, said, well, let us look at the welfare bill. We made predictions about the welfare bill that were not coming true. Has he been in some other country for the past month? My recollection is that the first part of the welfare bill that is taking effect, that dealing with legal immigrants, part of the welfare bill that I proudly voted against, is causing such havoc and such pain that the bipartisan leadership agreement substantially repeals that part of the welfare bill.

How can anyone talk about the great success of the welfare bill and ignore the fact, remember, the AFDC part, that is a 5-year time limit. That has not gone into effect yet. But the legal

immigrant parts have been widely considered to be such a disaster that billions of dollars of the bipartisan agreement are going to alleviate that mistake. This is a similar mistake: Resolve the problem by simply legislating the people out of existence, as far as we are concerned. That is not worthy of this House.

Mr. LAZIO of New York. Mr. Chairman, I yield 3½ minutes to the distinguished gentleman from Florida [Mr. SHAW], the chairman of the subcommittee on Human Resources of the Committee on Ways and Means.

Mr. SHAW. Mr. Chairman, I thank the gentleman for yielding time to me. I had not intended to speak on this particular bill until I saw my friend, the gentleman from Massachusetts, putting forth some information with regard to the welfare reform bill.

I might tell the gentleman that the welfare reform bill has probably been the most single successful piece of legislation that has passed this Congress in decades. Thousands of people, hundreds of thousands of people, are leaving the welfare rolls. Unfortunately, so many of our liberal legislators could not really see that these people had a self-worth, and really all they needed was a little bit of a shove and incentive to go out and do the right thing, and to find a job. We have found that nowhere in our history have we seen the rolls fall as they have, no matter what the prosperity, as they have over the last year and a half. It is absolutely phenomenal.

He says the limitation has not gone into effect. People know that the limitation is in effect in many of the States who are far ahead of the curve. His own State of Massachusetts, as well as Wisconsin and Michigan and Indiana, Delaware, these States have been very progressive in welfare reform, and their rolls, the people on welfare, have dropped considerably.

Mr. Chairman, I would say to have faith in the poor of this country. Just because somebody is poor does not mean that that person is not out there looking for a job. The question is, is welfare reform working. Of course it is working. I do not see how anybody can stand in this Chamber and say it is not working, because it is.

I would say to my friend, have more faith in the poor of this country. Just because someone is poor does not mean that they do not care about their family, they do not care about their future, and there are so many people out there that are finding that there is a real future out there. They can share in the American dream.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SHAW. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, first of all, I want to point out that the gentleman has just eloquently refuted something I never said. I was talking in fact explicitly not about AFDC recipients, because I do not believe that a bill that passed less than a year ago and has not gone into effect yet is the major factor affecting them.

I was talking, as the gentleman quite understandably ignored, about the parts of his bill that I believe victimize legal immigrants, and which contrary to his views, is being repudiated by the Republican leadership and the President. The gentleman totally misstated my remarks.

Mr. SHAW. Reclaiming my time, Mr. Chairman, I would say to the gentleman, the SSI rolls among noncitizens was escalating at roughly 10 times the speed it was for citizens. I would also tell the gentleman that of money spent on the elderly, over 51 percent was being spent on noncitizens.

I would also tell the gentleman that we have reached an accommodation on SSI, and it is my intention to put before my committee a grandfather provision which will be brought to the floor as part of the budget agreement, as the implementation of the budget agreement, that will grandfather in all of those that were here on August 22, 1996.

So from that standpoint, we are solving the problem of both the escalating nature of SSI for noncitizens, which was totally out of control, and we are then showing compassion for the people that were here.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 15 seconds to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Chairman, the gentleman from Florida finally addresses the point I was making, as opposed to a point I never made.

What he is acknowledging, of course, is that this grandfathering, et cetera, that he is talking about, it is a substantial repeal of his bill. The bill he is so proud of did damage to the legal immigrants, and the budget agreement, and he is talking about it, is undoing some of what he did to the legal immigrants in the welfare bill.

Mr. LAZIO of New York. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from New York [Mrs. KELLY], a member of the committee.

Mrs. KELLY. Mr. Chairman, I rise in strong opposition to the Kennedy substitute for H.R. 2, the Housing Opportunity and Responsibility Act. With H.R. 2 we are stepping away from old thinking. We are ending the administration's passive approach to problems, and we are going to give communities the power to build strong neighborhoods. It is with this active approach that we can nurture our communities.

The Kennedy substitute does nothing to change the culture of dependency of many who live in public housing, nothing. We can no longer throw large chunks of money at bloated, poorly functioning administrations that produce results that are mediocre, at best. These funds that come down from these administrations have so many strings attached that there is no flexibility to address the different problems that public housing authorities face across the country.

I understand in one of my sick public housing authorities we had a cow butchered in a bathtub. We have to end this kind of public housing administration. One-size-fits-all has to end. We have to allow for a new synergy to be created. That is what H.R. 2 does. That is what the Kennedy substitute seeks to stop.

I would like to emphasize the goals we are moving forward with in H.R. 2. They are simple: Personal responsibility that ends with a mutual obligation between the provider and the recipient, removal of disincentives to work and retention of protections for the residents, and empowerment of the individual and family through the choices that I believe will lead them to economic independence and the pursuit of their own American dream.

I would like to emphasize that everyone has the same shared objective: Clean, safe, affordable housing that empowers the have-nots in our society to become people who can realize their own American dream. That is what we are going to do here with H.R. 2. This is what we will be voting for when we vote against the Kennedy substitute.

I therefore urge all of my colleagues to join me in voting against the Kennedy substitute, that will do nothing for America's communities.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield 1 minute to my good friend, the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Chairman, I rise in support of the Democratic substitute to H.R. 2 offered by our colleague, the gentleman from Massachusetts [Mr. KENNEDY]. I want Members to know I do not come to this as some partisan reflex. The last time around I voted for the same bill that was passed in the last Congress.

I have been listening very carefully to this bill, hoping, hoping there was some compelling reason to vote for this bill. Unfortunately, there is not. This bill has good intentions, and many of the things that are there I support, but it goes too far. It goes too far in denying the poorest of the poor the opportunity to have public housing. It certainly goes too far in having what we call the fungible funding.

I think the Kennedy substitute is not status quo. It recognizes the problem but it commits itself to the poorest of the poor.

Further, I want to commend and support the gentleman from New York [Mr. LAZIO] in his effort for this, and just would make a comment that neither his bill nor the Democratic substitute has anything in it about rural housing. I would be remiss not to tell the Members, as I stand talking about public housing, and to have this body of Congress ignore the vast need of rural housing.

Mr. Chairman, I rise today, in support of the Democratic substitute to H.R. 2, offered by our colleague Mr. KENNEDY.

Mr. Chairman, I did not come to this decision through impulse, nor did I come to this decision simply by partisan reflex. On the contrary, Mr. Chairman, over the course of the last several days, I have listened closely and intently as this body has vigorously debated the various provisions of H.R. 2—hoping Mr. Chairman—hoping to hear some compelling reasons to vote in favor of the bill.

I believe as do many if not most of my colleagues, that the current state of our Nation's public housing system has fallen into disrepair and neglect. Federal housing policies which have been promulgated over the last decades, have, despite their good intentions, in many instances worked to trap the poorest among us in isolated pockets of poverty, and in some cases contributed to the disintegration of the family structure, which has in turn led to a drastic increase in the crime rate in many of our Nation's highest density public housing projects.

Indeed, Mr. Chairman, I voted in favor of H.R. 2406, the Public Housing Reform bill that passed the House last Congress, only to fall prey to bickering between House and Senate Republicans in the conference committee, because I felt then and continue to feel that this body must act to stop the catastrophic deterioration in our Nation's public housing system.

H.R. 2, as advertised by its proponents, portends to address many of the most outrageous and egregious concerns with the public housing system that we all share. And, quite frankly, Mr. Chairman, to a certain extent the bill does just this. It radically reshapes public housing system. H.R. 2 gives greater flexibility to local housing authorities in setting rents in order to encourage a mix of more working families among public housing tenants. In addition, the bill grants local authorities and owners of federally-assisted housing unprecedented powers to evict drug dealers and criminals, while also empowering them with greater screening powers to prevent dangerous individuals with criminal pasts from becoming residents.

Unfortunately, Mr. Chairman, while H.R. 2 does achieve some laudable objectives—in many aspects, H.R. 2 goes too far in reshaping the Nation's public housing system and gives too much autonomy and authority to local housing authorities.

In particular, I believe that the income targeting provisions of H.R. 2 are so broad as to constitute a complete and total shift away from the fundamental mission of public housing—namely to provide safe, decent, and affordable housing to the poorest among us.

The targeting provisions in H.R. 2, as I understand them, only require public housing authorities to expend 35 percent of Federal housing assistance toward those families earning below 30 percent of the area median income. While this figure is no different than that which was included in the housing bill that passed the House last Congress, and is only 5 percent less than the 40 percent required under the Kennedy substitute, H.R. 2 also carried with it a more deceptive provision that would for all intents and purposes, remove the Federal Government's commitment to providing housing for the very poor.

This is the so called fungible income targeting requirement. Under this provision, local public housing authorities can meet their 35 percent targeting requirement simply by admitting very low-income families to the choice based housing program, rather than admitting them into housing units.

It is conceivable therefore, that under this provision, the Nation's permanent housing stock would be closed to some of the poorest families in the country—many of them elderly and disabled. Instead of being placed in a housing unit, many of these families would be forced to search the section 8 housing market in areas which may be unfamiliar to them, or in locations where mass transit resources and job opportunities are sparse. Or even worse, Mr. Chairman, the fungible income targeting requirements in the bill, may force some families into the streets.

While I agree with the goal of attracting more of the working poor into the public housing system, I believe that the targeting provisions included in H.R. 2 are unnecessarily drastic and requires too little of local public housing authorities in regards to assisting low-income families.

The Democratic substitute which we are debating, achieves the same objectives of creating a better income mix in public housing—which creates more stable and safe communities—without completely disavowing our Nation's commitment to the very poor. The income targeting provisions in the Democratic substitute are 5 percent deeper than that in H.R. 2, requiring local public housing authorities to dedicate 40 percent of their permanent public housing stock to those individuals and families that earn below 30 percent of the area median income. In addition, 90 percent of available housing units would be reserved for families below 60 percent of area median income.

Most importantly, however, the substitute, would protect very low-income families by removing the fungible income targeting requirements in H.R. 2. Under the substitute, local housing authorities, could not meet their income targets for low-income families simply by admitting these families to the choice-based housing program.

Mr. Chairman, the Democratic substitute, represents real reform to our Nation's public housing system. It addresses many of the most egregious and outrageous abuses that are allowed to occur under our present housing laws.

Like, H.R. 2, Mr. Chairman, the Democratic substitute, eliminates obsolete and burdensome Federal regulations such as the ''take-one-take-all'' requirements on landlords and the ''endless lease'' provisions in current law—giving greater flexibility and automony to the local housing authorities. Moreover, the substitute would help to create more stable public housing communities by allowing housing authorities to deny housing assistance to drug and alcohol abusers, while at the same moderately changing the income targeting provisions to allow for a greater number of working poor to have access to public housing resources.

Accordingly, Mr. Chairman, the Democratic substitute represents a clear departure from the current law guiding our public housing system. However, in recognizing the need for local public housing authorities to exercise greater flexibility and autonomy in addressing the particular needs of the communities for which they serve, the substitute maintains the fundamental mission of public housing—namely to assist the very poorest families among us.

Last Congress, Mr. Chairman, I voted in favor of H.R. 2406—the precursor to H.R. 2—because it was the only viable piece of legislation which corrected some of the most egregious shortcomings of the public housing system.

While I commend Mr. LAZIO for his genuine efforts to address many of the concerns that we all share, today I stand in support of the Democratic substitute to H.R. 2 because it too represents real reform and it too changes the culture and focus of our public housing system. However, it does this while protecting the most vulnerable families among us.

Accordingly, I urge all of my colleagues to support the Democratic substitute to H.R. 2.

Nevertheless, Mr. Chairman, although I understand the subcommittee chairman's decision to focus on public housing as a whole, I would be remiss if I did not state my disappointment that neither the substitute nor H.R. 2 includes provisions addressing the housing needs and concerns of rural America.

As I am certain that the chairman is aware, rural areas have some of the highest rates of poverty and more dire housing needs than many other more urbanized areas in the country. According to the 1990 census, there were more than 7.6 million people with incomes below the poverty level in rural America. Moreover, census data also indicate that about 2.8 million rural Americans live in substandard housing.

In county after county of my district of North Carolina, Mr. Chairman, affordable housing is sparse and the dream of owning a home is often times unattainable.

I hope, Mr. Chairman, that as we conclude the debate on H.R. 2, this body will begin to look more seriously at the housing needs and concerns of rural America.

Mr. KENNEDY of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

I first of all want to compliment my good friend, the gentleman from New York [Mr. LAZIO], for the excellent work he and his staff, as well as the staff on this side of the committee, has done on this bill. I sometimes felt like I should be calling my cousin-in-law, Arnold Schwartzeneggar, and telling him to watch Terminator III on the House floor, because that is what it has felt like from time to time on this bill.

I do want to just say to everyone listening that I know we have, I think on both sides of the aisle, tried to make certain we have an open and honest debate on this issue. There are serious differences. I do not believe that we ought to be abandoning the very poor in pursuit of solving our housing problems in this country.

We do have housing problems. We can continue to protect the poor. We can do it within the context of making the changes in public housing policy which will avoid the mistakes of the past, the huge monstrosities where we warehouse the poor, and allow us to have an enlightened view of how we house our vulnerable people into the future of this country.

□ 1445

I look forward to working with the chairman as we get to a conference.

Mr. LAZIO of New York. Mr. Chairman, I yield myself the balance of my time.

I want to return the compliment to the gentleman from Massachusetts and thank him certainly for the working relationship that we have had through the committee process and through markup and finally on the floor of this House.

In the 3 long weeks we have been debating this bill and almost 60 amendments that have been heard, we have been able to dispose of those amendments, not all, I am sure, to the satisfaction of the gentleman from Massachusetts, but at any rate in a way that I think preserves the dignity of this body and this House.

We do have differences. We have differences in perspective. We have differences as to how much we trust local authorities, how much flexibility we ought to give them, how we ought to treat low income people.

My friend from Massachusetts has offered an amendment that I believe would shut out working-class families, would shut out a husband and wife who happen to have low, minimum wage jobs from the possibility of receiving a rental voucher.

We believe in local flexibility. We believe in empowerment. We sweep away the work disincentives that are in current law. I believe under the gentleman's proposition, those work disincentives continue to exist as long as we tie rent to income and do not permit, which we do under H.R. 2, we permit tenants to make that choice, to go to a flat rent so that they work longer, work harder, get a better job. They can keep the fruits of that labor.

We want to empower people to do that. We want to reward work. We want to transform communities. And we know in the end that we cannot legislate an end to poverty. That will only happen if we create the right set of incentives, the right rules so that local individuals and local communities, once empowered, can begin to transform themselves.

That is where the change will take place, because make no mistake about it, H.R. 2 is not just about shelter. It is about creating environments where poverty can be successfully addressed, and it will be only successfully addressed by the people of those same communities.

Mr. BONIOR. Mr. Chairman, I rise in support of the Democratic substitute offered by my friend, JOE KENNEDY from Massachusetts.

He's been a tenacious advocate for real housing reform, so tenacious that he's beginning to set a record for the number of times a bill has been on and off the floor.

Actually, this is a good debate for us to have.

It's a debate about setting priorities, about adopting reform while protecting people, and about giving hard-pressed working families a break.

The Kennedy substitute is a reasonable, balanced approach to housing reform that protects the vulnerable, while giving local housing authorities the flexibility they need to do their jobs.

By contrast, the Republican bill eliminates most Federal regulations affecting low-income housing assistance—including provisions that ensure Federal housing is targeted to those most in need.

H.R. 2 repeals the Housing Act of 1937, and it will push the poorest tenants into homelessness.

The Democratic substitute streamlines our Nation's housing laws, but does not repeal them.

It protects seniors and the vulnerable by retaining current law, limiting rent to 30 percent of your income.

And it encourages local housing authorities to provide mixed income housing, while preserving assistance to those most in need.

The substitute provides the reforms and flexibility that local housing authorities need, but it does not contain the unfunded mandates that are included in the Republican bill.

That's why local housing authorities support the substitute, why the administration supports it, and why I support it.

I urge my colleagues: Oppose H.R. 2; support the Democratic substitute.

Mr. PAUL. Mr. Chairman, we, the Congress, are once again asked to reenact Federal housing legislation that is unconstitutionally, philosophically, economically, and practically unsound.

Prior to the Constitution-circumventing New Deal policies of the Fed-induced Depression era, such redistributionist policies whereby Government takes money from one citizen to pay the housing costs—or some other cost—of another was forbidden. Supreme Court Justice Samuel Chase, in Calder versus Bull, opined that ''a law that takes property from A and gives it to B: It is against all reason and justice, for a people to intrust a legislature with such powers.'' Yet, this redistributionary scheme, rather than the exception, has become the rule as well as the rule of law in this 20th century, special interest state.

But even setting aside the unconstitutionality of Government's 20th century housing policy for the moment, such redistributionary schemes are philosophically bankrupt as well. A right to housing, as espoused by proponents of this legislation, or a right to more than the fruits of one's own labor, by definition must deprive some other the right to keep the fruit of his or her own labor. Moreover, such a right cannot be a right as it is not enjoyable by all simultaneously. For if each is entitled by right to more than the fruit of one's own labor, one must then ask from where this additional production will come. It is this fallacy that prompted Frederic Bastiat, the brilliant 18th century political-economist to remark: ''The State is the great fictitious entity by which everyone seeks to live at the expense of everyone else.'' Bastiat understood that Government was an agreement entered into for the purpose of protecting one's own property rather than the tool by which individuals could collectively band together to deprive others of theirs.

The problems with Government housing extends even beyond these not-so-insignificant barriers. The economic and practical aspects of such a policy warrant serious scrutiny as well. One must not forget that individuals respond to incentives and incremental measures moving this country further in the wrong policy direction must be actively opposed.

There are those in this Congress who concede that there are serious problems with our Federal housing policy but argue that we must reform it to correct these problems. By incrementally moving in the right direction we can look out for those affected—not just the tenants but the others dependent upon the Government miscreant as well.

This incrementalist approach has not worked in the past and will not work in the future. This bill will not move us incrementally in the right direction. The direction in which this legislation will lead us could be referred to as a continuation of mission creep. An idea for a small program or expenditure, no matter how deserving or well meaning, will only feed an ever-growing appetite for more Government money.

This bill will demonstrate yet again the innate nature of a Government subsidy to grow exponentially. Despite the confident assurances of flatlining the HUD budget for a few years, Government subsidized housing will continue to grow. A GAO report points out that there are an additional $18 billion in FHA insured mortgages at risk. While not a part of H.R. 2 directly, the liabilities associated with the subsidized mortgages on the housing projects and other factors virtually assure it, even if it were not the nature of Government's quest to sate its ravenous consumption of our money.

The social reformers of the New Deal era persuaded a pliant Government to address the issue of unemployment and the needs of the slum dwellers. Presumably, no one bothered to address the responsibility issue. John Weicher of the Hudson Institute explains well the logic that brought us the current situation.

The social reformers of that era chose to ignore market forces, human nature, and the nature of Government. If Government spends enough of other people's money, Government can change lives. ''We know better for them than they do—and just how to do it,'' was the condescending implication.

They claimed that poor tenement housing largely caused the social ills of the urban dwellers. These so-identified breeding grounds of crime, delinquency, disease, mental illness, and worse were regarded as the result of the poor living conditions, not the cause. If Government could give them decent housing, Government could eliminate these problems, they dreamed. That dream has become a nightmare for all too many people—both for the people trapped by the constraints of the public dole and those forced through taxation to pay for it.

The erstwhile social reformers thought Government could eliminate the slums, create jobs in a depression and even encourage home ownership. Through Government, they could realize their dreams. They were wrong.

The United States Housing Act of 1937 established public housing, our oldest subsidy program, in order to create affordable, Depression-era housing for those temporarily unemployed or underemployed, eliminate slums, and increase employment through make-work construction jobs. The Great Depression has long been over, but its misguided largesse and Constitution-circumventing redistribution schemes continue. Of course, we are still paying the deficit—with compound interest—for

those jobs despite having institutionalized slum life.

The War on Poverty demonstrated the mission creep. In 1965 government created the Housing and Urban Development [HUD] Agency following the beginning in 1961 of federally subsidized construction of privately owned housing projects. Subsidized housing has now mutated into three forms: public housing, privately owned projects and, section 8 certificates and vouchers for use in privately owned housing. Each of these three forms of Government-subsidized housing makes up roughly one-third of the subsidized housing stock.

Of the public housing projects, over 850,000 of the 1.4 million units were built between 1950 and 1975. Only about 100,000 new units were added to the public housing stock in the last 10 years. These units are built entirely with public funds, and the Federal Government pays part of the cost of operation. Over time, the Federal Government has to pay to modernize these developments too.

However, the local Public Housing Authorities [PHA's] run the projects with such ineptitude in so many cases they are literally run into the ground. Costs to operate the public housing projects are comparable to private housing, according to HUD numbers, only if one does not consider the cost of building the units in the first place—as if the cost of the mortgage on a private housing building should not be a factor in setting the rent.

The Federal Government then picks up the tab for the so-called modernization, or rehabilitation, of the projects as they deteriorate. With this setup, there is no incentive for the local PHA officials to reinvest the rental income back into the units. As a consequence, the local PHA does not maintain them sufficiently, and the tenants suffer a life in substandard housing. Standards that are deemed unacceptable in private housing are somehow good enough in the Government's eyes for those on the lower rungs of the socioeconomic ladder.

The privately owned projects also bilk taxpayers on a grand scale, according to HUD Secretary Andrew Cuomo. He lambastes the fact that the Government is overpaying rents compared to what his department considers Fair Market Rent. HUD is subsidizing rents of $849 a month in Chicago neighborhoods where the market rate is only $435 a month; paying $972 a month in Oakland, CA, against a market rate of $607 a month; and in Boston, Government is paying $1,023 a month vis-a-vis $667 monthly in the private market, he says.

Mr. Cuomo attacks these abuses and decries the State of subsidized housing, but he does not recognize that these abuses are symptomatic of the system he is trying to preserve. ''For years we have been trying to grapple with this issue,'' he tells us and dangles promises of huge future savings if Government tinkers around the edges of an ill-conceived system that tries to cheat the market, tries to circumvent human nature, and ignores the nature of Government subsidies.

His current promises are as false as the promises of his predecessors. One of his successors will 1 day lament the horrible State of subsidized housing he inherited and will promise grandiose reforms that will save billions if Government only passes a future subsidized housing bill.

One of the worst complications of this approach is the builtin disincentives to proper management. Under a convoluted setup, these privately owned projects rely on FHA insurance and a Federal subsidy paycheck to pay for it. Too often, these ill-managed projects deteriorate so quickly that the units are torn down before they pay for their own construction. Under Mr. Cuomo's directives, HUD will decide the market rate concerning its subsidies. The market distortions of the tax code and FHA insurance make the situation worse.

Vouchers and certificates are the best of the inherently flawed approaches. About 80 percent of people with vouchers find suitable housing of their choice—very often at only 40–60 percent of the cost of less desirable public housing. After enacting certificates in 1974 and vouchers in 1983, about 1.5 million households have been served by this approach—1.1 million through certificates and 400,000 through vouchers.

The benefits of the tenant-based approach include the reliance of a quasi-free market competition with the attendant bonuses of lower costs, great efficiency, rewards for personal initiative, and individual choice. Under tenant-based rental assistance, recipients are less likely to live in concentrated poor urban communities that often lack basic necessities: safety, good schools, employment opportunities, access to financial services, and so forth. They have a way out of the trap of project-based public housing units that have become a way of life.

Market incentives through tenant choice put the renters in charge of their housing decisions. They may find the housing of their choice and even keep the difference between the rent and the voucher if they find housing for less than their voucher enabled them. This is not the case with the certificates. Unfortunately, the household remains tied to the State with the contingent constraints and perverse incentives that this arrangement implies.

Unfortunately, H.R. 2 does not address these concerns. It leaves uncertain the ''proper'' approach to subsidizing housing despite the fanfare of a ''new'' approach. While formally repealing the 1937 housing act, the mentality remains along with the compendium of problems inherently associated with it.

The bill leaves uncertain whether a ''tenant-based approach'' or a ''project-based approach'' will be instituted. In the Washington tradition, a compromise is offered. Again, in the Washington tradition, this bill embraces the worst aspects of both approaches and fuses them together.

This bill tries to ''target'' their social reforms now. By this Government's attempts to force social reforms through osmosis by luring better role models into the modern slums. Perhaps the Ellen Wilson housing project in Washington, DC, just blocks away from the Capitol, would reassure us as to the benefits of incrementalism. In a city with a waiting list of 16,000 people, Government is spending about $186,000 per unit to build subsidized housing instead of spending less per unit and housing more people.

One would hope that at least such incredible sums are going to the most needy of the 16,000 people waiting for subsidized housing. Yet even those earning up to $78,000 a year could qualify. Incremental social reform is not cost efficient.

The Washington Post wrote on April 24, 1997, that Valley Green, a Washington, DC, housing project built in early 1960's, was launched ''to house people displaced by 'slum clearance,' [and] soon became a slum itself, poisoned over the decades by a toxic brew of poverty, rampant vandalism, violent drug dealing, and government neglect * * *. The resulting wasteland, which stretches across 20 acres of silent concrete courtyards and rutted city streets, has come to serve in recent years as a convenient backdrop of politicians looking to cast blame for decades of despair.''

This story is very indicative. It is one that has been retold far too many times in too many places. This expenditure has not even provided decent housing to those Government was trying to help. According to HUD inspection general reports, up to 80 percent of the units fail inspections.

It is a story that will be retold again and again if this bill passes. It is a testimony of the effects of Government-engineered social reform of housing. One must not forget the lofty goal of slum elimination of the 1930's that spawned this misadventure. That lofty goal of the 1960's spawned the dreamily named Valley Green. One can only wonder what name Government shall bestow upon the next housing project born under H.R. 2's new legislative regime.

Aside from the simple accounting costs associated with Government subsidized housing, there are other real costs. Unfortunately even this simplicity eludes HUD which routinely demonstrates that it is incapable of understanding basic accounting and accountability. Just this month, a congressionally instigated investigation of section 8 contract reserve accounts discovered $5 billion in addition to the $1.6 billion in excess reserve funds recaptured late last year. I sincerely doubt that the residents of Valley Green, other housing projects and taxpayers think this is a well-run program.

Just since HUD was created, Government has appropriated over $572 billion to the agency. Of course, this figure does not include rents and fees collected by the agency, so that it could be argued that total funding for public housing has been much higher. HUD is budgeted annually around $21.7 billion for each of the next 5 years, but the figure for last year was only $19.4 billion. More money will be wasted.

For fiscal years, 1965–75, the agency's budget authority totaled less than $40 billion. In other words, Government has spent over half a trillion dollars of taxpayers' hard-earned money on subsidized housing in the last 20 years.

Nor has this half a trillion dollars increased the home ownership rates of Americans. The fourth quarter averages of home ownership between 1965–74 averaged 64 percent. Despite such Governmental largesse, fourth quarter rates of home ownership averaged 64 percent between 1965–96. Certainly HUD has not made a significantly positive contribution to the goal of home ownership. They will be able to point to the easily identified few who have been helped at the expense of the less easily identified many who were negatively affected.

One must not forget that the increased Government expenditures derived through taxation have stifled the ability of many would-be homeowners to save for the down payment and purchase the home of their dreams. Instead, they pay the taxes to bankroll the dreams of the social reformers, past and present.

They are paying not only the bills of today but the taxes necessary to pay for the deficit spending dreamed up by previous social reforms. There is a real economic cost to these deficits. The distortions to the free market whereby the most efficient allocations of resources are made. HUD shows us the alternative—and considered enlightened—path to allocating resources better. The HUD bureaucracy consumes valuable resources that are best spent elsewhere. Even the new HUD Secretary concedes very readily that HUD is inefficient and wasteful. Government just needs to give it more time and more money, the Secretary pleads. Of course more time and more money have already cost us too much.

This irresponsible pipe dreaming has contributed to unsound fiscal and monetary policies and introduced new iterations in the business cycle. As the market tries to factor in these Government-spending-induced booms and busts, security against its ravages of higher unemployment and higher interest rates takes their toll. This added cost fuels the cycle which exacerbates the problem.

Not only the taxpayers suffer under this approach. The civil rights of the tenants of subsidized housing are discarded as housing sweeps violative of the fourth amendment are conducted in the name of a misdirected war on poverty and lack of affordable housing.

Of course, it is the middle class and working poor who pay the cost most directly. The rich shelter their money from many income taxes and have their FICA taxes for Social Security capped. This regressive Social Security tax takes an unfair toll on the working poor and middle class. Many more people could afford better housing absent paying for the inefficiencies of the Government's approach to housing.

H.R. 2 is not the solution to our problems. Rather, it is an illustration of the creeping mission of more Government for a longer period of time not fulfilling the dreams of its engineers. This bill is more of the same incremantalism that began in the 1930's. Despite proof that it was not working, we are asked to vote again to throw more money at the problem, give government more control of our lives and reap the rewards.

In the 1960's, Government acknowledged again the failure of the mission and expanded the reach of Government exponentially. With those promises demonstrably unfulfilled, Government find itself again at a crossroads. Continue creeping incrementally towards more Government spending and a loss of civil and economic liberties or the path of freedom. I urge Government to offer liberty.

I do not doubt the compassion and intentions of many of the social reformers, then or now. They are, indeed, well-meaning folks. The problem is that the effects of their good intentions run counter to the aims of their endeavors.

Instead of a safety net that merely prevents a newly unemployed single mother from falling, the public housing project traps her and her family in its net and holds them hostage to the whims of the local Public Housing Authorities. These PHA's are not accountable to her. She has sacrificed her liberty to PHA's that are too often sinecures provided by political cronyism. Tales of their abuse are legendary.

This corrupt scenario produces crime statistics proportionately twice as high in and around subsidized housing projects as in the communities as wholes, according to HUD's Office of Public and Indian Housing. Without the accountability inherent in a market situation, abuses are almost predictable. The public housing projects are but one of the worst examples of flouting the free market and the loss of accountability.

H.R. 2 attempts to improve the lot of those benefiting from subsidized housing and make the bureaucracy less burdensome. Unfortunately, by the time this proposal goes to the floor, so many changes will have been made, compromises accepted and political deals consummated that we end up with a bill in some ways worse than the status quo, as bad as that is.

The end result of this well-meaning attempt to care for those less fortunate is higher taxes, especially on the working poor, slower economic growth, fewer job offers and a reaffirmation of Government's determination to keep tenants trapped in substandard housing whose managers are not accountable to them.

At the same time, those politically astute suppliers of Government housing encourage the continuation of such programs at the expense of the more productive suppliers whose political polish does not place them in he ambit of those doling out the grants.

We should end this misguided approach to such legislation. It punishes all taxpayers with the future additional expense of increased eligibility requirements while limiting further the availability of subsidized housing for those who currently qualify. It rewards special interest favors for the politically connected—both unaccountable subsidized housing managers, department bureaucrats, politically contributing public construction businesses and the landlords cashing above market Government rent checks for substandard housing.

The opportunity that H.R. 2 provides is squandered in an extension of more of the same. While consolidating programs could make oversight easier and bureaucrats and local PHA's more accountable, it is unlikely that this bill will go far enough to address the problems with our subsidized housing programs. New problems resulting from targeting are almost certain. Many of the critics of the left are correct to point out this mean misallocation of funds from the working poor and middle class to tenants with higher incomes than current tenants despite the waiting list.

Only by rewarding individual initiative, choice, responsibility and the resultant accountability can Government reforms better serve the recipients. Of course, only less Government and lower taxes will truly meet those aims.

The CHAIRMAN pro tempore (Mr. LAHOOD). The question is on the amendment in the nature of a substitute offered by the gentleman from Massachusetts [Mr. KENNEDY].

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. KENNEDY of Massachusetts. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 163, noes 261, not voting 9, as follows:

[Roll No. 126]

AYES—163

Abercrombie
Ackerman
Allen
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Engel
Eshoo
Etheridge
Evans
Farr
Fazio
Filner
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gonzalez
Green
Gutierrez
Hall (OH)
Hamilton
Harman
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (WI)
Johnson, E. B.
Kanjorski
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Levin
Lewis (GA)
Lowey
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Nadler
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Poshard
Price (NC)
Rahall
Rangel
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schumer
Scott
Serrano
Skaggs
Slaughter
Snyder
Spratt
Stark
Stokes
Strickland
Stupak
Thompson
Thurman
Tierney
Torres
Towns
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn
Yates

NOES—261

Aderholt
Archer
Armey
Bachus
Baesler
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boyd
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Foley
Forbes
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook

Jenkins	Myrick	Sessions
John	Nethercutt	Shadegg
Johnson (CT)	Neumann	Shaw
Johnson, Sam	Ney	Shays
Jones	Northup	Sherman
Kaptur	Norwood	Shimkus
Kasich	Nussle	Shuster
Kelly	Ortiz	Sisisky
Kim	Oxley	Skeen
King (NY)	Packard	Smith (NJ)
Kingston	Pappas	Smith (OR)
Klink	Parker	Smith (TX)
Klug	Paul	Smith, Adam
Knollenberg	Paxon	Smith, Linda
Kolbe	Pease	Snowbarger
LaHood	Peterson (MN)	Solomon
Largent	Peterson (PA)	Souder
Latham	Petri	Spence
LaTourette	Pickering	Stabenow
Lazio	Pickett	Stearns
Leach	Pitts	Stenholm
Lewis (CA)	Pombo	Stump
Lewis (KY)	Porter	Sununu
Linder	Portman	Talent
Lipinski	Pryce (OH)	Tanner
Livingston	Quinn	Tauscher
LoBiondo	Radanovich	Tauzin
Lofgren	Ramstad	Taylor (MS)
Lucas	Regula	Taylor (NC)
Luther	Reyes	Thomas
Manton	Riggs	Thornberry
Manzullo	Riley	Thune
Mascara	Rogan	Tiahrt
McCollum	Rogers	Traficant
McCrery	Rohrabacher	Turner
McDade	Ros-Lehtinen	Upton
McHugh	Roukema	Walsh
McInnis	Royce	Wamp
McIntosh	Ryun	Watts (OK)
McKeon	Salmon	Weldon (FL)
Metcalf	Sanchez	Weldon (PA)
Mica	Sandlin	Weller
Miller (FL)	Sanford	White
Molinari	Saxton	Whitfield
Moran (KS)	Scarborough	Wicker
Moran (VA)	Schaefer, Dan	Wolf
Morella	Schaffer, Bob	Young (AK)
Murtha	Sensenbrenner	Young (FL)

NOT VOTING—9

Andrews	Flake	Skelton
Crapo	Hefner	Smith (MI)
Fattah	Schiff	Watkins

□ 1508

Mrs. MORELLA and Messrs. HASTERT, MCDADE, BASS, and LUTHER changed their vote from ''aye'' to ''no.''

Mr. WISE changed his vote from ''no'' to ''aye.''

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. SMITH of Michigan. Mr. Chairman, on rollcall No. 126, I had a malfunction of my pager. Had I been present, I would have voted ''no.''

The CHAIRMAN pro tempore (Mr. LAHOOD). If there are no further amendments to the bill, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN pro tempore. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. COMBEST) having assumed the chair, Mr. LAHOOD, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2) to repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes, pursuant to House Resolution 133, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. KENNEDY OF MASSACHUSETTS

Mr. KENNEDY of Massachusetts. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. KENNEDY of Massachusetts. Yes, Mr. Speaker, I am opposed to the bill.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. KENNEDY of Massachusetts moves to recommit the bill H.R. 2 to the Committee on Banking and Financial Services with instructions to reconsider the bill for the purposes of—

(1) improving the income targeting provisions of the bill by reserving more housing assistance for very low-income families of various incomes; and

(2) eliminating provisions in the bill creating unnecessary bureaucracies.

Mr. KENNEDY of Massachusetts (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. KENNEDY] is recognized for 5 minutes in support of his motion to recommit.

Mr. KENNEDY of Massachusetts. First, Mr. Speaker, I want to reach out to my good friend, the gentleman from New York [Mr. LAZIO] for the efforts he and his staff, and the efforts of the Committee on Banking and Financial Services staff have made, and all the members of the Subcommittee on Housing and Community Opportunity have made on this bill over the course of the last 3 weeks. This was, I thought, instead of being a housing bill, it turned into a California desert bill.

I think that the bill before us creates the kind of dilemma that some of us will relish and some of us will recognize its time for a decision about what motivates us to run for the Congress of the United States. One choice before us, the choice to include it in H.R. 2, will in fact in some ways fix public housing. It will fix public housing, all right. It will fix the affordable housing programs in America. It fixes them by one easy sign of a pen. That one easy signing of the pen fixes this problem by simply eliminating the poor from eligibility for these programs.

So if we want to look good before the American people and say, listen, we have eliminated all those monstrosities, all those terrible icons that represent Franklin Delano Roosevelt, whose very act H.R. 2 will eliminate, H.R. 2 eliminates the 1937 Federal Housing Act, the basic fundamental protections for the poorest people in this country.

The question before us is not whether or not we should be turning our back on the very poor, it is not to say that the largest single segment of our population, the largest growing segment of Americans, is the very, very poor people of this country. What this bill does is essentially say that we are going to jack up the income guidelines on the housing programs of America, where currently 75 percent of all the units that go out in public or assisted housing go to people with 30 percent of median income or less. What we are going to do is essentially say that not a single unit of public housing will necessarily go to the very poor.

□ 1515

In terms of the voucher program, 80 percent of those units can now go to people with moderate incomes, people earning 35 or $40,000 a year. I say people earning 25, 35 or $40,000 a year ought to have housing programs. They ought to have homeownership programs. In every city across America, banks and insurance companies are looking around for good loans that they can provide meaningful homeownership to those individuals. We ought not to be using the precious resources that are contained in public housing to go to those needs. We ought to be using the precious resources of public housing and the precious resources in the voucher program to go to the needs of the very, very poor.

People will say that we need to reform how we build public housing and how the people are obtained that live in public housing and how many of them go to the very poor. We are going to hear a lot of rhetoric in the next few minutes saying that the Democrats are simply offering a new way of going back to the old way. They are going to suggest that we have not thought about the reforms that are necessary to get public housing out of the terrible condition it is in. It is in terrible condition in some of the cities of this country.

But let us not forget that there are 3,400 public housing authorities in this country. There are 100 badly run housing authorities. There are badly run

housing projects. We ought to give the Secretary the capability of going after those badly run housing projects and taking them back. We ought to take control of the badly run housing authorities.

This bill, in the Democratic substitute, eliminated the work disincentives. The Democratic substitute increases the working poor in public housing substantially over a period of 10 years. We will have 50 percent of those units going to people with incomes above 50 percent of median income. But it is the terrible conditions that are going to be in place for the very, very poor.

This country has done something unconscionable. We have said that what we are going to do in terms of balancing the budget is go about doing it by cutting the housing budget of America from $28 billion to $20 billion. We turned around and cut the homeless budget by 25 percent. Then we turned to the public housing authorities and said, ''We are going to save you. We are going to save you by allowing you to go out and take some more working families in. We are going to allow you to take up the incomes of the people that come in and charge them more rent.''

That is what we have done, but we have not ever solved the problem. So we turn our back on the very poor, we turn our back on the homeless, and then we talk about the wonderful reforms that we are going to put into place.

I say to my colleagues that we can get the reforms in place, we can allow public housing to go to more working families, but we do not have to do it by abandoning the poor, we do not have to do it by turning our back on the homeless. Let us not vote for an antihousing bill. Let us vote for a pro-Democratic housing bill.

The SPEAKER pro tempore (Mr. COMBEST). Is the gentleman from New York opposed to the motion?

Mr. LAZIO of New York. I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. LAZIO of New York. Mr. Speaker, I yield to the gentleman from Iowa [Mr. LEACH], the distinguished chairman of the Committee on Banking and Financial Services who has stood alongside me as we have debated this bill these last 3 weeks.

Mr. LEACH. Mr. Speaker, in considering this motion to recommit I would hope Members on the other side would recognize that the party of liberalism that is doing well in the world is the party of Tony Blair, not parties of extremism that object to free market, to change of programs that fail, to restrained budgets.

Before the House this afternoon is landmark legislation which attempts to balance the need for reform with the needs of the poor. While the authorization number is consistent with the administration's recommendation, some have implied the legislation is skinflinted. Our side would suggest it is an attempt to reform rather than eviscerate public housing; to change a partially failed system without walking away from the needy.

Mr. KENNEDY's approach would knock out of public housing programs most families of four with two parents holding minimum wage jobs. It would make it exceedingly difficult for two single parents in public housing with jobs to consider marriage because they would lose their housing benefits.

In the last century two English political philosophers, Jeremy Bentham and James Mill—the son of John Stuart Mill—advanced a doctrine of utilitarianism—the guide of which was the precept, ''the greatest good of the greatest number.''

Modern day liberals have abandoned 19th century progressive philosophy and replaced it with the notion of constituency politics, of targeting programs to groups without reference to their effect on society as a whole. The effect has been the development of a dependency cycle, which the new majority in Congress is attempting to break, and this bill is part of that effort.

Mr. LAZIO of New York. Mr. Speaker, in these last few minutes of this debate after 3 weeks of having this bill on the floor with over 60 amendments, this body is about to make a choice about the direction in which we are going to begin to address not just shelter but the core issue of poverty. Because the bill that we have before us today is not just about shelter. It is about trusting local communities. It is about ensuring that there is accountability. It is about getting value for our dollars. It is about transforming communities. It is about addressing some of the toughest issues that we have in America today.

Yes, it is absolutely true that we will never be able to legislate an end to poverty from this House. There will be no bill that will be signed that will end poverty. The best that we can hope for is that we will begin to put in place a set of incentives for work, for family, for local control, for responsibility, and for accountability that will begin to mobilize the huge potential of human resources that we have in our own communities. There are those in this body on both sides of the aisle that believe we should tap into that huge human resource, that we should trust local control. In this bill we protect the poorest of the poor, but we also say that local housing authorities ought to have more choice so they can deal with their own problems.

This is one of the public housing projects, not in some third world country but in America today. It is perversely called Desire in New Orleans. Last year when we were debating this bill, out of a score of 1 to 100, HUD gave this public housing authority a score of 27. Can my colleagues imagine if one came back and talked to his family and said to his mom, dad, grandma, or grandpa, I got a score of 27 on my test, year after year after year. They would say, ''I think we ought to sit down and make some changes.''

That is not the worst of it. The worst of it is in the year that has followed to this year, that score has not budged. That means that is another year in which young children are condemned to this situation of despair, this sense of no opportunity, of failure. Today we have something important to say with H.R. 2. We say this: We will end the disincentives to work, we will end the disincentives to families, we will provide flexibility, because we stand with families, we stand with working people, we stand with local control and we stand for ending poverty in all the communities throughout America. Vote for H.R. 2.

The SPEAKER pro tempore. Without objection, the previous question was ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. KENNEDY of Massachusetts. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 293, noes 132, not voting 8, as follows:

[Roll No. 127]

AYES—293

Ackerman	Castle	Fawell
Aderholt	Chabot	Foley
Archer	Chambliss	Forbes
Armey	Chenoweth	Ford
Bachus	Christensen	Fowler
Baesler	Coble	Fox
Baker	Coburn	Franks (NJ)
Ballenger	Collins	Frelinghuysen
Barcia	Combest	Furse
Barr	Condit	Gallegly
Barrett (NE)	Cook	Ganske
Bartlett	Cooksey	Gekas
Barton	Cox	Gibbons
Bass	Cramer	Gilchrest
Bateman	Crane	Gillmor
Bentsen	Crapo	Gilman
Bereuter	Cubin	Goode
Berry	Cunningham	Goodlatte
Bilbray	Danner	Goodling
Bilirakis	Davis (FL)	Goss
Blagojevich	Davis (VA)	Graham
Bliley	Deal	Granger
Blunt	DeLay	Green
Boehlert	Deutsch	Greenwood
Boehner	Diaz-Balart	Gutknecht
Bonilla	Dickey	Hall (TX)
Bono	Dicks	Hamilton
Boyd	Doggett	Hansen
Brady	Dooley	Harman
Bryant	Doolittle	Hastert
Bunning	Doyle	Hastings (WA)
Burr	Dreier	Hayworth
Burton	Duncan	Hefley
Buyer	Dunn	Herger
Callahan	Edwards	Hill
Calvert	Ehlers	Hilleary
Camp	Ehrlich	Hobson
Campbell	Emerson	Hoekstra
Canady	English	Holden
Cannon	Ensign	Hooley
Capps	Everett	Horn
Cardin	Ewing	Hostettler

Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones
Kaptur
Kelly
Kim
Kind (WI)
King (NY)
Kingston
Klink
Klug
Knollenberg
Kolbe
LaHood
Lampson
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lowey
Lucas
Luther
Manton
Manzullo
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Minge
Molinari
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Ortiz
Oxley
Packard
Pappas
Parker
Pascrell
Paxon
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reyes
Riggs
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun
Salmon
Sanchez
Sandlin
Sanford
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shuster
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Stabenow
Stearns
Stenholm
Strickland
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Turner
Upton
Visclosky
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wexler
White
Whitfield
Wicker
Wise
Wolf
Young (AK)
Young (FL)

NOES—132

Abercrombie
Allen
Baldacci
Barrett (WI)
Becerra
Berman
Bishop
Blumenauer
Bonior
Borski
Boswell
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Cummings
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Dingell
Dixon
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Foglietta
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Gutierrez
Hall (OH)
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (WI)
Johnson, E.B.
Kanjorski
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kucinich
LaFalce
Lantos
Levin
Lewis (GA)
Lofgren
Maloney (CT)
Maloney (NY)
Markey
Martinez
McGovern
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Mink
Moakley
Mollohan
Nadler
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pastor
Paul
Payne
Pelosi
Poshard
Price (NC)
Rahall
Rangel
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schumer
Scott
Serrano
Skaggs
Slaughter
Spratt
Stark
Stokes
Stupak
Thompson
Thurman
Tierney
Torres
Towns
Velázquez
Vento
Waters
Watt (NC)
Waxman
Weygand
Woolsey
Wynn
Yates

NOT VOTING—8

Andrews
Flake
Hefner
Kasich
Kleczka
Schiff
Skelton
Watkins

□ 1543

Mr. FORD changed his vote from ''no'' to ''aye.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. KASICH. Mr. Speaker, on rollcall No. 127, I was inadvertently detained in a budget meeting. Had I been present, I would have voted ''yes.''

GENERAL LEAVE

Mr. LAZIO of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill just passed.

The SPEAKER pro tempore (Mr. COMBEST). Is there objection to the request of the gentleman from New York?

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 2, HOUSING OPPORTUNITY AND RESPONSIBILITY ACT OF 1997

Mr. LAZIO of New York. Mr. Speaker, I ask unanimous consent that in engrossment of the bill, H.R. 2, the Clerk be authorized to make technical corrections and conforming changes to the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

□ 1545

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. COMBEST). Under the Speaker's announced policy of January 7, 1997, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. HULSHOF] is recognized for 5 minutes.

[Mr. HULSHOF addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

RECOGNITION OF CUSTOMS AND INS INSPECTORS AS LAW ENFORCEMENT OFFICERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. REYES] is recognized for 5 minutes.

Mr. REYES. Mr. Speaker, I rise today on behalf of the men and women, officers and inspectors of the Immigration and Naturalization Service and the U.S. Customs Service and ask all of my colleagues to support H.R. 1215 which was recently introduced by my friend and colleague, the gentleman from California [Mr. FILNER]. This bill will grant the same law enforcement status to inspectors of the INS and Customs as all other Federal law enforcement officers. This action is long overdue, in my opinion.

The inspectors of the INS and Customs carry a badge, a gun, and are exposed to the same rigors, challenges, and dangers of any other law enforcement officer in the United States. Last year alone, there were more than 280 million border crossings, all requiring inspection and many escalating into violent conflicts, yet we have not provided our inspectors with the same benefits and security as other law enforcement officers. I know firsthand what these inspectors are asked to deal with on a daily basis.

I spent 4 years as an inspector at the various ports of entry around El Paso, and I can tell my colleagues that I sympathize with these men and women who put their lives on the line each and every day.

In the past 2 years, 140 inspectors have been assaulted along our Nation's borders. During fiscal year 1995, we had 88 assaults on our inspectors. During fiscal year 1996, there were 52. I think it is important, Mr. Speaker, that we recognize that on any given day, our officers, our inspectors at those ports of entry are subject to being attacked and being injured.

It is time that we recognize these courageous men and women and provide them with the benefits that they have earned and rightfully deserve. I urge all of my colleagues to support H.R. 1215. It is time we recognize the inspectors of INS and Customs as law enforcement officers.

Mr. Speaker, at this time I yield 2½ minutes to my colleague, the gentleman from California [Mr. FILNER].

Mr. FILNER. Mr. Speaker, I thank the gentleman for yielding. I am especially honored by his support of this legislation. His stature as a former chief patrol agent in El Paso is recognized around the Nation. The gentleman knows the problems, he has been effective in dealing with them, and I again appreciate joining with him in this legislation.

Mr. Speaker and colleagues, in the spirit of National Police Week, I rise to honor 43 courageous U.S. Customs and Immigration and Naturalization Service inspectors who were killed in the line of duty, and honoring at the same time the inspectors who currently perform the same dangerous work the others died doing. The most recent of these brave officers to fall are Customs Inspectors James Buczel and Timothy