AMENDMENT IN THE NATURE OF A SUBSTITUTE

TO H.R. ______

OFFERED BY M. ________

[Affordable Housing and Self-Sufficiency Improvement Act]

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the

“Affordable Housing and Self-Sufficiency Improvement Act of 2012”.

(b) TABLE OF CONTENTS.—The table of contents for

this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I—REFORMS TO HOUSING ASSISTANCE PROGRAMS UNDER UNITED STATES HOUSING ACT OF 1937

Sec. 101. Inspection of dwelling units.
Sec. 102. Rent reform and income reviews.
Sec. 103. Eligibility for assistance based on assets.
Sec. 104. Targeting assistance to low-income working families.
Sec. 105. Use of voucher funds.
Sec. 106. PHA project-based assistance.
Sec. 107. Establishment of fair market rent.
Sec. 108. Screening of applicants.
Sec. 109. Utility allowances and data.
Sec. 110. Flexibility of capital and operating fund amounts.
Sec. 111. Study regarding occupancy of assisted housing by both elderly persons and persons with disabilities.
Sec. 112. Study on rental assistance vouchers program.
Sec. 113. Study of use of income databases to reduce subsidy errors.
Sec. 114. Study and guidance on legacy vouchers.

TITLE II—RENTAL ASSISTANCE DEMONSTRATION AND CONTRACT CONVERSIONS
Sec. 201. Demonstration to expand role of private capital in affordable housing.
Sec. 202. Rent supplement and rental assistance program contract conversions.

TITLE III—FAMILY SELF-SUFFICIENCY PROGRAM

Sec. 301. Reforms to family self-sufficiency program.
Sec. 302. Research demonstration to evaluate options for taking economic security initiatives to scale in subsidized housing.

TITLE IV—FLEXIBILITY FOR HIGH-CAPACITY PUBLIC HOUSING AGENCIES

Sec. 401. Flexibility for high-capacity public housing agencies.
Sec. 402. Treatment of Moving to Work agencies.

TITLE V—ACCESS TO HUD PROGRAMS

Sec. 501. Access to HUD programs for persons with limited English proficiency.

TITLE I—REFORMS TO HOUSING ASSISTANCE PROGRAMS UNDER UNITED STATES HOUSING ACT OF 1937

SEC. 101. INSPECTION OF DWELLING UNITS.

(a) In General.—Section 8(o)(8) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(8)) is amended—

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

“(A) Initial inspection.—

“(i) In general.—For each dwelling unit for which a housing assistance payment contract is established under this subsection, the public housing agency (or other entity pursuant to paragraph (11)) shall inspect the unit before any assistance...
payment is made to determine whether the dwelling unit meets the housing quality standards under subparagraph (B), except as provided in clause (ii) or (iii) of this subparagraph.

“(ii) CORRECTION OF NON-LIFE THREATENING CONDITIONS.—In the case of any dwelling unit that is determined, pursuant to an inspection under clause (i), not to meet the housing quality standards under subparagraph (B), assistance payments may be made for the unit notwithstanding subparagraph (C) if failure to meet such standards is a result only of non-life threatening conditions, as such conditions are established by the Secretary. A public housing agency making assistance payments pursuant to this clause for a dwelling unit shall, 30 days after the beginning of the period for which such payments are made, withhold any assistance payments for the unit if any deficiency resulting in noncompliance with the housing quality standards has not been corrected by such time. The public housing agency
shall recommence assistance payments
when such deficiency has been corrected,
and may use any payments withheld to
make assistance payments relating to the
period during which payments were with-
held.

“(iii) USE OF ALTERNATIVE INSPEC-
TION METHOD FOR INTERIM PERIOD.—In
the case of any property that within the
previous 12 months has met the require-
ments of an inspection that qualifies as an
alternative inspection method pursuant to
subparagraph (E), a public housing agency
may authorize occupancy before the inspec-
tion under clause (i) has been completed,
and may make assistance payments retro-
active to the beginning of the lease term
after the unit has been determined pursu-
ant to an inspection under clause (i) to
meet the housing quality standards under
subparagraph (B).”;

(2) by redesignating subparagraph (E) as sub-
paragraph (H); and

(3) by striking subparagraph (D) and inserting
the following new subparagraphs:
“(D) **Biennial Inspections.**—

“(i) **Requirement.**—Each public housing agency providing assistance under this subsection (or other entity, as provided in paragraph (11)) shall, for each assisted dwelling unit, make inspections not less often than biennially during the term of the housing assistance payments contract for the unit to determine whether the unit is maintained in accordance with the requirements under subparagraph (A).

“(ii) **Use of Alternative Inspection Method.**—The requirement under clause (i) may be complied with by use of inspections that qualify as an alternative inspection method pursuant to subparagraph (E).

“(iii) **Records.**—The agency (or other entity) shall retain the records of the inspection for a reasonable time and shall make the records available upon request to the Secretary, the Inspector General for the Department of Housing and Urban Development, and any auditor conducting an audit under section 5(h).
“(E) ALTERNATIVE INSPECTION METHOD.—An inspection of a property shall qualify as an alternative inspection method for purposes of this subparagraph if—

“(i) the inspection was conducted pursuant to requirements under a Federal, State, or local housing assistance program (including the HOME investment partnerships program under title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) and the low-income housing tax credit program under section 42 of the Internal Revenue Code of 1986); and

“(ii) pursuant to such inspection, the property was determined to meet the standards or requirements regarding housing quality or safety applicable to units assisted under such program, and, if a non-Federal standard was used, the public housing agency has certified to the Secretary that such standards or requirements provide the same protection to occupants of dwelling units meeting such standards or requirements as, or greater protection
than, the housing quality standards under subparagraph (B).

“(F) INTERIM INSPECTIONS.—Upon notification to the public housing agency, by a family on whose behalf tenant-based rental assistance is provided under this subsection or by a government official, that the dwelling unit for which such assistance is provided does not comply with the housing quality standards under subparagraph (B), the agency shall inspect the dwelling unit—

“(i) in the case of any condition that is life-threatening, within 24 hours after receipt of such notice; and

“(ii) in the case of any condition that is not life-threatening, within 15 days after receipt of such notice.

“(G) ENFORCEMENT OF HOUSING QUALITY STANDARDS.—

“(i) DETERMINATION OF NONCOMPLIANCE.—A dwelling unit that is covered by a housing assistance payments contract under this subsection shall be considered, for purposes of subparagraphs (D) and (F), to be in noncompliance with the hous-
ing quality standards under subparagraph (B) if—

“(I) the public housing agency or an inspector authorized by the State or unit of local government determines upon inspection of the unit that the unit fails to comply with such standards;

“(II) the agency or inspector notifies the owner of the unit in writing of such failure to comply; and

“(III) the failure to comply is not corrected—

“(aa) in the case of any such failure that is a result of life-threatening conditions, within 24 hours after such notice has been provided; and

“(bb) in the case of any such failure that is a result of non-life threatening conditions, within 30 days after such notice has been provided or such other reasonable longer period as the
public housing agency may estab-

lish.

“(ii) WITHHOLDING OF ASSISTANCE
AMOUNTS DURING CORRECTION.—The
public housing agency may withhold assist-
ance amounts under this subsection with
respect to a dwelling unit for which a no-
tice pursuant to clause (i)(II), of failure to
comply with housing quality standards
under subparagraph (B) as determined
pursuant to an inspection conducted under
subparagraph (D) or (F), has been pro-
vided. If the unit is brought into compli-
ance with such housing quality standards
during the periods referred to in clause
(i)(III), the public housing agency shall re-
commence assistance payments and may
use any amounts withheld during the cor-
rection period to make assistance payments
relating to the period during which pay-
ments were withheld.

“(iii) ABATEMENT OF ASSISTANCE
AMOUNTS.—The public housing agency
shall abate all of the assistance amounts
under this subsection with respect to a
dwelling unit that is determined, pursuant to clause (i) of this subparagraph, to be in noncompliance with housing quality standards under subparagraph (B). Upon completion of repairs by the public housing agency or the owner sufficient so that the dwelling unit complies with such housing quality standards, the agency shall recommence payments under the housing assistance payments contract to the owner of the dwelling unit.

“(iv) NOTIFICATION.—If a public housing agency providing assistance under this subsection abates rental assistance payments pursuant to clause (iii) with respect to a dwelling unit, the agency shall, upon commencement of such abatement—

“(I) notify the tenant and the owner of the dwelling unit that—

“(aa) such abatement has commenced; and

“(bb) if the dwelling unit is not brought into compliance with housing quality standards within 60 days after the effective date of
the determination of noncompliance under clause (i) or such reasonable longer period as the agency may establish, the tenant will have to move; and

“(II) issue the tenant the necessary forms to allow the tenant to move to another dwelling unit and transfer the rental assistance to that unit.

“(v) PROTECTION OF TENANTS.—An owner of a dwelling unit may not terminate the tenancy of any tenant because of the withholding or abatement of assistance pursuant to this subparagraph. During the period that assistance is abated pursuant to this subparagraph, the tenant may terminate the tenancy by notifying the owner.

“(vi) TERMINATION OF LEASE OR ASSISTANCE PAYMENTS CONTRACT.—If assistance amounts under this section for a dwelling unit are abated pursuant to clause (iii) and the owner does not correct the noncompliance within 60 days after the effective date of the determination of non-
compliance under clause (i), or such other reasonable longer period as the public housing agency may establish, the agency shall terminate the housing assistance payments contract for the dwelling unit.

“(vii) RELOCATION.—

“(I) LEASE OF NEW UNIT.—The agency shall provide the family residing in such a dwelling unit a period of 90 days or such longer period as the public housing agency determines is reasonably necessary to lease a new unit, beginning upon termination of the contract, to lease a new residence with tenant-based rental assistance under this section.

“(II) AVAILABILITY OF PUBLIC HOUSING UNITS.—If the family is unable to lease such a new residence during such period, the public housing agency shall, at the option of the family, provide such family a preference for occupancy in a dwelling unit of public housing that is owned or operated by the agency that first becomes
available for occupancy after the expiration of such period.

“(III) Assistance in Finding Unit.—The public housing agency may provide assistance to the family in finding a new residence, including use of up to two months of any assistance amounts abated pursuant to clause (iii) for costs directly associated with relocation of the family to a new residence, which shall include security deposits as necessary and may include reimbursements for reasonable moving expenses incurred by the household, as established by the Secretary. The agency may require that a family receiving assistance for a security deposit shall remit, to the extent of such assistance, the amount of any security deposit refunds made by the owner of the dwelling unit for which the lease was terminated.

“(viii) Tenant-Caused Damages.—If a public housing agency determines that any damage to a dwelling unit that results
in a failure of the dwelling unit to comply
with housing quality standards under sub-
paragraph (B), other than any damage re-
sulting from ordinary use, was caused by
the tenant, any member of the tenant’s
household, or any guest or other person
under the tenant’s control, the agency may
waive the applicability of this subpara-
graph, except that this clause shall not ex-
onerate a tenant from any liability other-
wise existing under applicable law for dam-
ages to the premises caused by such ten-
ant.

“(ix) APPLICABILITY.—This subpara-
graph shall apply to any dwelling unit for
which a housing assistance payments con-
tract is entered into or renewed after the
date of the effectiveness of the regulations
implementing this subparagraph.”.

(b) EFFECTIVE DATE.—The Secretary of Housing
and Urban Development shall issue notice or regulations
to implement subsection (a) of this section and such sub-
section shall take effect after such issuance.
SEC. 102. RENT REFORM AND INCOME REVIEWS.

(a) RENT FOR PUBLIC HOUSING AND SECTION 8 PROGRAMS.—Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a) is amended—

(1) in subsection (a)—

(A) in paragraph (2)(B)(i)—

(i) in the matter preceding subclause (I)—

(I) by striking “Except as otherwise provided under this clause, each” and inserting “Each”; and

(II) by inserting after “which shall” the following: “not be lower than 80 percent of the applicable fair market rental established under section 8(c) of this Act and which shall”; and

(ii) by striking the undesignated matter after and below subclause (II) and inserting the following:

“Public housing agencies shall comply by September 30, 2013, with the requirement of this clause, except that if a new flat rental amount for a dwelling unit will increase the existing rental payment of a family by more than 35 percent, the new
flat rental amount shall be phased in as necessary to ensure that the family’s existing rental payment does not increase by more than 35 percent annually. The preceding sentence shall not be construed to require establishment of rental amounts equal to 80 percent of the fair market rental in years when the fair market rental decreases from the preceding year.”;

(B) in paragraph (3)—

(i) in subparagraph (A), in the matter preceding clause (i), by striking “(which amount shall include any amount allowed for utilities) of not more than $50 per month” and inserting “, which amount shall be $69.45 per month (as such amount is adjusted by applying an inflationary factor as the Secretary shall, by regulation or notice, establish) and shall include any amount allowed for utilities”;

and

(ii) by striking subparagraph (B) and inserting the following new subparagraphs:

“(B) EXCEPTION FOR FINANCIAL HARD-
“(i) IN GENERAL.—Notwithstanding subparagraph (A), the responsible entity (which shall be a public housing agency or, in the case of a family described in subparagraph (A)(ii), the Secretary or an entity determined by the Secretary to be the responsible entity) shall grant an exemption from application of the minimum monthly rental under such subparagraph to any family unable to pay such amount because of financial hardship.

“(ii) FINANCIAL HARDSHIP.—A financial hardship exists for purposes of this subparagraph when, in the reasonable judgment of the responsible entity, a family is unable to pay the minimum rental amount. A financial hardship shall include the following situations:

“(I) The family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is an alien lawfully admitted for permanent residence under the Immigration

“(II) The family would be evicted as a result of the family’s inability to pay the minimum rent required under subparagraph (A) of this paragraph.

“(III) The income of the family has decreased because of changed circumstances, including loss of employment or a death in the family.

“(IV) The receipt of housing assistance is facilitating the family’s transition from being homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a)).

“(V) Every adult in the family is an exempt individual based on the exemption criteria specified in section 12(c)(2) of this Act (42 U.S.C. 16208).
1437j(c)(2)), resulting in the family’s inability to pay the minimum rent.

“(VI) Other situations as may be determined by the responsible entity or the Secretary.

“(iii) PROCEDURES.—

“(I) DETERMINATION.—As part of each income certification in which the family is determined to be subject to a minimum rent under this paragraph, the responsible entity shall—

“(aa) determine whether the family is eligible for an exemption from the minimum rent due to a financial hardship; and

“(bb) provide written notification to the family of the right to request a financial hardship exemption under clause (i), the situations specified in clause (ii) as examples of the grounds for an exemption, and the procedures established for requesting and evaluating a financial hardship exemption.
“(II) Request; recertification.—A family may request a hardship exemption at any time. A responsible entity may require a family to re-certify its qualification for a financial hardship exemption more frequently than annually.

“(III) Waiver.—If the responsible entity determines that a financial hardship exists for a family, the responsible entity shall waive the minimum rent charge for the family beginning the first month commencing after the family’s request and instead charge a rent equal to the highest of the amounts determined under subparagraphs (A), (B), or (C) of subsection (a)(1).

“(IV) No financial hardship.—If the responsible entity determines that no hardship under this subparagraph exists for a family the minimum rent charge for the family shall be reinstated, beginning the first
month commencing after the determin-
ination.

“(V) Notification to owner.—Public housing agencies shall notify the owner of a property in which any unit is occupied by a family assisted under subsection (o) or (t) of section 8 and subject to a minimum rent under this paragraph of the grounds and procedures for hardship exemptions, including that a family determined to be eligible for a hardship exemption shall not be subject to, or be evicted for failure to pay, a minimum rent.

“(VI) Reporting.—The Secretary shall annually collect information from responsible entities on the implementation of this subparagraph, including—

“(aa) the number of families that are subject to the minimum rent, the number that are determined to be eligible for and re-
ceive hardship exemptions, the
number that are determined to
be ineligible for hardship exemp-
tions, and the number that seek
administrative review; and

“(bb) the number of denials
of eligibility for hardship exemp-
tion upheld and reversed by a
final decision after administrative
review.

The Secretary shall annually report
such information to the Committee on
Financial Services of the House of
Representatives and the Committee on
Banking, Housing and Urban Affairs
of the Senate and make such informa-
tion available to the public on the De-
partment’s website.

“(C) IMPOSITION OF MINIMUM RENT.—

“(i) NOTIFICATION.—Upon deter-
nmination pursuant to subparagraph (B)
that a family does not qualify for an ex-
emption under such subparagraph from
from application of the minimum monthly
rental under subparagraph (A), the respon-
sible entity shall provide written notifica-
tion to the family of the reasons for such determination.

“(ii) Administrative review.—A determination that a family does not qualify for such an exemption and is subject to the minimum rent, or a failure to provide notification of the exemption grounds and procedures, shall be an adverse action for which a family may seek administrative review in accordance with procedures established by the Secretary, which for a responsible entity that is a public housing agency shall be the procedures under section 6(k). A timely request for administrative review shall suspend the obligation to pay the minimum rent.

“(iii) Rent during review.—During the pendency of any such administrative review, the responsible entity shall charge a rent equal to the highest of the amounts determined under subparagraphs (A), (B), or (C) of subsection (a)(1).

“(iv) Denial.—If the final decision of the administrative review affirms the denial of a request for a hardship exemption,
the family shall pay the back rent on reasonable terms and conditions established by the responsible entity.

“(v) FAILURE BY RESPONSIBLE ENTITY.— Failure of a responsible entity to properly grant an exemption or provide information on the grounds and procedures for exemptions shall be a defense in any court to an eviction action based on non-payment of the minimum rental amount.

“(D) TRANSITION TO HIGHER MINIMUM RENT.— A responsible entity may not impose or increase a minimum rent at a time other than the annual or interim income recertification.

“(E) ALTERNATIVE POLICY.—

“(i) PHA AUTHORITY.— A public housing agency may for good cause, including the agency’s efforts to support resident economic self-sufficiency, require the payment of a minimum rent amount lower than the amount established by paragraph (A). The agency shall include any such policy in its annual plan required by section 5A(b). The Secretary may disapprove such
element of the plan if the agency has failed to state good cause for the policy.

“(ii) OWNER AUTHORITY.—An owner of a property that is assisted under any other program for rental assistance under section 8 may for good cause require the payment of a minimum rent amount lower than the amount established by paragraph (A). The Secretary may disapprove such lower amount if the owner has failed to state good cause for the request.”; and

(C) by adding at the end the following new paragraphs:

“(6) REVIEWS OF FAMILY INCOME.—

“(A) FREQUENCY.—Reviews of family income for purposes of this section shall be made—

“(i) in the case of all families, upon the initial provision of housing assistance for the family;

“(ii) annually thereafter, except as provided in subparagraph (B)(i); and

“(iii) upon the request of the family, at any time the income or deductions (under subsection (b)(5)) of the family
change by an amount that is estimated to result in a decrease of 10 percent (or such lower amount as the Secretary may, by notice, establish, or permit the public housing agency or owner to establish) or more in annual adjusted income; and

“(iv) at any time the income or deductions (under subsection (b)(5)) of the family change by an amount that is estimated to result in an increase of 10 percent or more in annual adjusted income, or such other amount as the Secretary may by notice establish, except that any increase in the earned income of a family shall not be considered for purposes of this clause (except that earned income may be considered if the increase corresponds to previous decreases under clause (iii)), except that a public housing agency or owner may elect not to conduct such review in the last three months of a certification period.

“(B) FIXED-INCOME FAMILIES.—

“(i) SELF CERTIFICATION AND 3-YEAR REVIEW.—In the case of any family described in clause (ii), after the initial re-
view of the family’s income pursuant to subparagraph (A)(i), the public housing agency or owner shall not be required to conduct a review of the family’s income pursuant to subparagraph (A)(ii) for any year for which such family certifies, in accordance with such requirements as the Secretary shall establish, that the income of the family meets the requirements of clause (ii) of this subparagraph and that the sources of such income have not changed since the previous year, except that the public housing agency or owner shall conduct a review of each such family’s income not less than once every 3 years.

“(ii) ELIGIBLE FAMILIES.—A family described in this clause is a family who has an income, as of the most recent review pursuant to subparagraph (A) or clause (i) of this subparagraph, of which 90 percent or more consists of fixed income, as such term is defined in clause (iii).
“(iii) FIXED INCOME.—For purposes of this subparagraph, the term ‘fixed income’ includes income from—

“(I) the supplemental security income program under title XVI of the Social Security Act, including supplementary payments pursuant to an agreement for Federal administration under section 1616(a) of the Social Security Act and payments pursuant to an agreement entered into under section 212(b) of Public Law 93–66;

“(II) Social Security payments;

“(III) Federal, State, local and private pension plans; and

“(IV) other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic receipts that are of substantially the same amounts from year to year.

“(C) IN GENERAL.—Reviews of family income for purposes of this section shall be subject to the provisions of section 904 of the

“(7) CALCULATION OF INCOME.—

“(A) USE OF CURRENT YEAR INCOME.—In determining family income for initial occupancy or provision of housing assistance pursuant to clause (i) of paragraph (6)(A) or pursuant to reviews pursuant to clause (iii) or (iv) of such paragraph, a public housing agency or owner shall use the income of the family as estimated by the agency or owner for the upcoming year.

“(B) USE OF PRIOR YEAR INCOME.—In determining family income for annual reviews pursuant to paragraph (6)(A)(ii), a public housing agency or owner shall, except as otherwise provided in this paragraph, use the income of the family as determined by the agency or owner for the preceding year, taking into consideration any redetermination of income during such prior year pursuant to clause (iii) or (iv) of paragraph (6)(A).

“(C) INFLATIONARY ADJUSTMENT FOR FIXED INCOME FAMILIES.—

“(i) IN GENERAL.—In any year in which a public housing agency or owner
does not conduct a review of income for any family described in clause (ii) of paragraph (6)(B) pursuant to the authority under clause (i) of such paragraph to waive such a review, such family’s prior year’s income determination shall, subject to clauses (ii) and (iii), be adjusted by applying an inflationary factor as the Secretary shall, by regulation or notice, establish.

“(ii) Exemption from adjustment.—A public housing agency or owner may exempt from an adjustment pursuant to clause (i) any income source for which income does not increase from year to year.

“(iii) Applicability of inflationary factor.—The inflationary factor adjustment referred to in clause (i) shall not be made with respect to the first year after the year in which housing is occupied or housing assistance is initially provided for a family.

“(D) Other income.—In determining the income for any family based on the prior year’s
income, with respect to prior year calculations
of income not subject to subparagraph (B), a
public housing agency or owner may make other
adjustments as it considers appropriate to re-
reflect current income.

“(E) SAFE HARBOR.—A public housing
agency or owner may, to the extent such infor-
mation is available to the public housing agency
or owner, determine the family’s income prior
to the application of any deductions based on
timely income determinations made for pur-
poses of other means-tested Federal public as-
sistance programs (including the program for
block grants to States for temporary assistance
for needy families under part A of title IV of
the Social Security Act, a program for Medicaid
assistance under a State plan approved under
title XIX of the Social Security Act, and the
supplemental nutrition assistance program (as
such term is defined in section 3 of the Food
and Nutrition Act of 2008 (7 U.S.C. 2012)).
The Secretary shall, in consultation with other
appropriate Federal agencies, develop proce-
dures to enable public housing agencies and
owners to have access to such income deter-
minations made by other means-tested Federal programs that the Secretary determines to have comparable reliability. Exchanges of such information shall be subject to the same limitations and tenant protections provided under section 904 of the Stewart B. McKinney Homeless Assistance Act Amendments of 1988 (42 U.S.C. 3544) with respect to information obtained under the requirements of section 303(i) of the Social Security Act (42 U.S.C. 503(i)).

“(F) PHA AND OWNER COMPLIANCE.—A public housing agency or owner may not be considered to fail to comply with this paragraph or paragraph (6) due solely to any de minimis errors made by the agency or owner in calculating family incomes.”;

(2) by striking subsections (d) and (e); and

(3) by redesignating subsection (f) as subsection (d).

(b) CERTIFICATION REGARDING HARDSHIP EXCEPTION TO MINIMUM MONTHLY RENT.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Congress a certification that the hardship and tenant protection provi-
sions in clause (i) of section 3(a)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(3)(B)(i)) are being enforced at such time and that the Secretary will continue to provide due consideration to the hardship circumstances of persons assisted under relevant programs of this Act.

(c) INCOME.—Section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)) is amended—

(1) by striking paragraph (4) and inserting the following new paragraph:

“(4) INCOME.—The term ‘income’ means, with respect to a family, income received from all sources by each member of the household who is 18 years of age or older or is the head of household or spouse of the head of the household, plus unearned income by or on behalf of each dependent who is less than 18 years of age, as determined in accordance with criteria prescribed by the Secretary, in consultation with the Secretary of Agriculture, subject to the following requirements:

“(A) INCLUDED AMOUNTS.—Such term includes recurring gifts and receipts, actual income from assets, and profit or loss from a business.
“(B) EXCLUDED AMOUNTS.—Such term does not include—

“(i) any imputed return on assets, except to the extent that net family assets exceed $50,000;

“(ii) any amounts that would be eligible for exclusion under section 1613(a)(7) of the Social Security Act (42 U.S.C. 1382b(a)(7));

“(iii) deferred disability benefits from the Department of Veterans Affairs that are received in a lump sum amount or in prospective monthly amounts;

“(iv) any expenses related to aid and attendance under section 1521 of title 38, United States Code, to veterans who are in need of regular aid and attendance; and

“(v) exclusions from income as established by the Secretary by regulation or notice, or any amount required by Federal law to be excluded from consideration as income.

“(C) EARNED INCOME OF STUDENTS.—Such term does not include—
“(i) earned income, up to an amount as the Secretary may by regulation establish, of any dependent earned during any period that such dependent is attending school or vocational training on a full-time basis; or

“(ii) any grant-in-aid or scholarship amounts related to such attendance used—

“(I) for the cost of tuition or books; or

“(II) in such amounts as the Secretary may allow, for the cost of room and board.

“(D) EDUCATIONAL SAVINGS ACCOUNTS.—Income shall be determined without regard to any amounts in or from, or any benefits from, any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code.

“(E) RECORDKEEPING.—The Secretary may not require a public housing agency or owner to maintain records of any amounts excluded from income pursuant to this subparagraph.”; and
(2) by striking paragraph (5) and inserting the following new paragraph:

“(5) ADJUSTED INCOME.—The term ‘adjusted income’ means, with respect to a family, the amount (as determined by the public housing agency or owner) of the income of the members of the family residing in a dwelling unit or the persons on a lease, after any deductions from income as follows:

“(A) ELDERLY AND DISABLED FAMILIES.—$525 in the case of any family that is an elderly family or a disabled family.

“(B) DEPENDENTS.—In the case of any family, $525 for each member who—

“(i) is less than 18 years of age or attending school or vocational training on a full-time basis; or

“(ii) is a person who is 18 years of age or older, resides in the household, and is certified as disabled and unable to work by the public housing agency of jurisdiction.

“(C) CHILD CARE.—The amount, if any, that exceeds 5 percent of annual family income that is used to pay for unreimbursed child care expenses, which shall include child care for pre-
school-age children, for before- and after-care
for children in school, and for other child care
necessary to enable a member of the family to
be employed or further his or her education.

“(D) HEALTH AND MEDICAL EXPENSES.—
The amount, if any, by which 10 percent of ann-
ual family income is exceeded by the sum of—

“(i) in the case of any elderly or dis-
abled family, any unreimbursed health and
medical care expenses; and

“(ii) any unreimbursed reasonable at-
tendant care and auxiliary apparatus ex-
penses for each handicapped member of
the family, if determined necessary by the
public housing agency or owner to enable
any member of such family to be employed.

The Secretary may provide hardship exemptions
for impacted families by regulation, if the Sec-
retary determines calculated rents endanger
families unable to pay such amount because of
financial hardship. Such regulations shall be
promulgated in consultation with tenant organi-
izations, industry participants, and the Sec-
retary of Health and Human Services, with an
adequate comment period provided for interested parties.

“(E) PERMISSIVE DEDUCTIONS.—Such additional deductions as a public housing agency may, at its discretion, establish, except that the Secretary shall establish procedures to ensure that such deductions do not materially increase Federal expenditures.

The Secretary shall annually calculate the amounts of the deductions under subparagraphs (A) and (B), as such amounts may have been previously calculated, by applying an inflationary factor as the Secretary shall, by regulation, establish, except that the actual deduction determined for each year shall be established by rounding such amount to the next lowest multiple of $25.”.

(d) HOUSING CHOICE VOUCHER PROGRAM.—Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended—

(1) in subparagraph (D) of paragraph (1), by inserting before the period at the end the following: “, except that a public housing agency may establish a payment standard of not more than 120 percent of the fair market rent where necessary as a reasonable accommodation for a person with a dis-
ability, without approval of the Secretary. A public housing agency may use a payment standard that is greater than 120 percent of the fair market rent as a reasonable accommodation for a person with a disability, but only with the approval of the Secretary. In connection with the use of any increased payment standard established or approved pursuant to either of the preceding two sentences as a reasonable accommodation for a person with a disability, the Secretary may not establish additional requirements regarding the amount of adjusted income paid by such person for rent”; and

(2) in paragraph (5)—

(A) in the paragraph heading, by striking “ANNUAL REVIEW” and inserting “REVIEWS”;

(B) in subparagraph (A)—

(i) by striking “the provisions of” and inserting “paragraphs (6) and (7) of section 3(a) and to”; and

(ii) by striking “and shall be conducted upon the initial provision of housing assistance for the family and thereafter not less than annually”; and

(C) in subparagraph (B), by striking the second sentence.
(e) Enhanced Voucher Program.—Section 8(t)(1)(D) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)(1)(D)) is amended by striking “income” each place such term appears and inserting “annual adjusted income”.

(f) Project-Based Housing.—Paragraph (3) of section 8(e) of the United States Housing Act of 1937 (42 U.S.C. 1437f(e)(3)) is amended by striking the last sentence.

(g) Impact on Public Housing Revenues.—

(1) Adjustments to Operating Formula.—

If the Secretary of Housing and Urban Development determines that the application of subsections (a) through (e) of this section results in a material and disproportionate reduction in the rental income of certain public housing agencies during the first year in which such subsections are implemented, the Secretary may make appropriate adjustments in the formula income for such year of those agencies experiencing such a reduction.

(2) HUD Reports on Revenue and Cost Impact.—In each of the first two years after the first year in which subsections (a) through (e) are implemented, the Secretary of Housing and Urban Development shall submit a report to Congress identifying
and calculating the impact of changes made by such subsections and section 103 of this Act on the revenues and costs of operating public housing units, the voucher program for rental assistance under section 8 of the United States Housing Act of 1937, and the program under such section 8 for project-based rental assistance. If such report identifies a material reduction in the net income of public housing agencies nationwide or a material increase in the costs of funding the voucher program or the project-based assistance program, the Secretary shall include in such report recommendations for legislative changes to reduce or eliminate such a reduction.

(h) **Rent Policy Demonstration.**—

(1) **In General.**—The Secretary of Housing and Urban Development may administer a demonstration program, which shall be initiated upon the commencement of the first calendar year beginning after the date of the enactment of this Act, for a limited number of families assisted by such agencies under the United States Housing Act of 1937 to determine the effectiveness of different rent policies, which may include providing income disregards, family self-sufficiency accounts, and policies under which families pay amounts different from 30 per-
cent of their adjusted income for rent, to encourage families to obtain employment, increase their incomes, and achieve economic self-sufficiency.

(2) **Rent Structures.**—Such demonstration shall include activities sufficient to test the effectiveness of the following rent structures:

(A) **Ceiling Rents.**—Ceiling rents that are based on the rental value of the unit.

(B) **Income-Tiered Rents.**—Income-tiered tenant rents under which the amount a family pays for rent is set and established on the basis of broad tiers of income, with annual cost adjustments.

(C) **Earned Income Disregard.**—A tenant rent structure under which the amount of rent a family pays is reduced through a disregard of a portion of the percentage or of the dollar amount of the family’s earned income.

(3) **Public Housing Agencies.**—Such demonstration shall include public housing agencies of various sizes, including small public housing agencies.

(i) **Effective Date.**—The Secretary of Housing and Urban Development shall issue notice or regulations to implement this section and this section shall take effect
after such issuance, except that this section may only take
effect upon the commencement of a calendar year.

SEC. 103. ELIGIBILITY FOR ASSISTANCE BASED ON ASSETS.

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

“(e) ELIGIBILITY FOR ASSISTANCE BASED ON AS-
SETS.—

“(1) LIMITATION ON ASSETS.—Subject to para-
graph (3) and notwithstanding any other provision
of this Act, a dwelling unit assisted under this Act
may not be rented and assistance under this Act
may not be provided, either initially or at each recer-
tification of family income, to any family—

“(A) whose net family assets exceed

$100,000, as such amount is adjusted annually
by applying an inflationary factor as the Sec-
retary considers appropriate; or

“(B) who has a present ownership interest
in, a legal right to reside in, and the effective
legal authority to sell, real property that is suit-
able for occupancy by the family as a residence,
except that the prohibition under this subpara-
graph shall not apply to—
“(i) any property for which the family is receiving assistance under subsection (y) or (o)(12) of section 8 of this Act;
“(ii) any person that is a victim of domestic violence; or
“(iii) any family that is offering such property for sale.
“(2) NET FAMILY ASSETS.—
“(A) IN GENERAL.—For purposes of this subsection, the term ‘net family assets’ means, for all members of the household, the net cash value of all assets after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment. Such term does not include interests in Indian trust land, equity in property for which the family is receiving assistance under subsection (y) or (o)(12) of section 8, equity accounts in homeownership programs of the Department of Housing and Urban Development, or Family Self Sufficiency accounts.
“(B) EXCLUSIONS.—Such term does not include—
“(i) the value of personal property, except for items of personal property of sig-
significant value, as the Secretary may establish or the public housing agency may determine;

“(ii) the value of any retirement account;

“(iii) real property for which the family does not have the effective legal authority necessary to sell such property;

“(iv) any amounts recovered in any civil action or settlement based on a claim of malpractice, negligence, or other breach of duty owed to a member of the family and arising out of law, that resulted in a member of the family being disabled;

“(v) the value of any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code; and

“(vi) such other exclusions as the Secretary may establish.

“(C) TRUST FUNDS.—In cases in which a trust fund has been established and the trust is not revocable by, or under the control of, any member of the family or household, the value of
the trust fund shall not be considered an asset of a family if the fund continues to be held in trust. Any income distributed from the trust fund shall be considered income for purposes of section 3(b) and any calculations of annual family income, except in the case of medical expenses for a minor.

“(3) SELF-CERTIFICATION.—

“(A) NET FAMILY ASSETS.—A public housing agency or owner may determine the net assets of a family, for purposes of this section, based on a certification by the family that the net assets of such family do not exceed $50,000.

“(B) NO CURRENT REAL PROPERTY OWNERSHIP.—A public housing agency or owner may determine compliance with paragraph (1)(B) based on a certification by the family that such family does not have any current ownership interest in any real property at the time the agency or owner reviews the family’s income.

“(C) STANDARDIZED FORMS.—The Secretary may develop standardized forms for the
certifications referred to in subparagraphs (A) and (B).

“(4) COMPLIANCE FOR PUBLIC HOUSING DWELLING UNITS.—When recertifying family income with respect to families residing in public housing dwelling units, a public housing agency may, in the discretion of the agency and only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency, choose not to enforce the limitation under paragraph (1).

“(5) ENFORCEMENT.—When recertifying the income of a family residing in a dwelling unit assisted under this Act, a public housing agency or owner may choose not to enforce the limitation under paragraph (1) or may establish exceptions to such limitation based on eligibility criteria, but only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency or under a policy adopted by the owner. Eligibility criteria for establishing exceptions may provide for separate treatment based on family type and may be based on different factors, such as age, disability, income, the ability of the family to find suitable alternative housing, and whether supportive services are being provided.
“(6) AUTHORITY TO DELAY EVICTIONS.—In the case of a family residing in a dwelling unit assisted under this Act who does not comply with the limitation under paragraph (1), the public housing agency or project owner may delay eviction or termination of the family based on such noncompliance for a period of not more than 6 months.”.

SEC. 104. TARGETING ASSISTANCE TO LOW-INCOME WORKING FAMILIES.

(a) VOUCHERS.—Section 16(b)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437n(b)(1)) is amended by striking “families whose incomes” and all that follows through “low family incomes” and inserting “extremely low-income families”.

(b) PUBLIC HOUSING.—Section 16(a)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437n(a)(2)(A)) is amended by striking “families whose incomes” and all that follows through “low family incomes” and inserting “extremely low-income families”.

(c) PROJECT-BASED SECTION 8 ASSISTANCE.—Section 16(c)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437n(c)(3)) is amended by striking “families whose incomes” and all that follows through “low family incomes” and inserting: “extremely low-income families”.

SEC. 105. PROVISIONS OF LAW AMENDED TO PROVIDE FOR THE SUITABILITY OF HOUSING FOR FAMILIES WITH VETERANS WITH DISABILITIES.

(a) DEFINITIONS.—Section 16(b)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437n(b)(1)) is amended by inserting “families” after “incomes”, and inserting “low family incomes” after “low income families”, respectively.

(b) VOUCHERS.—Section 16(a)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437n(a)(2)(A)) is amended by inserting “families” after “incomes”, and inserting “low family incomes” after “low income families”, respectively.

(c) PROJECT-BASED SECTION 8 ASSISTANCE.—Section 16(c)(3) of the United States Housing Act of 1937 (42 U.S.C. 1437n(c)(3)) is amended by inserting “families” after “incomes”, and inserting “low family incomes” after “low income families”, respectively.
(d) DEFINITION.—Section 3(b)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) is amended by inserting after the period at the end of the second sentence the following new sentence: “The term ‘extremely low-income families’ means very low-income families whose incomes do not exceed the higher of (A) the poverty guidelines updated periodically by the Department of Health and Human Services under the authority of section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902(2)) applicable to a family of the size involved, or (B) 30 percent of the median family income for the 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 30 percent of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes, and except that clause (A) of this sentence shall not apply in the case of public housing agencies or projects located in Puerto Rico or any other territory or possession of the United States.”.

(e) EFFECTIVE DATE.—The Secretary of Housing and Urban Development shall issue a notice to implement the amendments made by this section and such amendments shall take effect upon such issuance.
SEC. 105. USE OF VOUCHER FUNDS.

Subsection (dd) of section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f(dd)) is amended to read as follows:

“(dd) TENANT-BASED CONTRACT RENEWALS.—

“(1) IN GENERAL.—Subject to the availability of amounts provided in appropriation Acts, in fiscal year 2013 and each fiscal year thereafter, the Secretary shall renew expiring tenant-based annual contribution contracts under subsection (o) in accordance with this subsection, and shall provide tenant protection vouchers for relocation or replacement housing as otherwise authorized by law or permitted by the Secretary by notice or regulation. The Secretary shall notify public housing agencies of their annual budget in each year by the later of (A) the expiration of the 60-day beginning upon the date that funds are first made available, or (B) March 1.

“(2) ALLOCATION OF RENEWAL FUNDING.—

“(A) IN GENERAL.—The Secretary shall allocate renewal funding for a year to public housing agencies based on validated leasing and cost data from the preceding calendar year, as adjusted by an inflation factor to be established by the Secretary by notice in the Federal Register, and by making any adjustments necessary
to provide for the first-time renewal of vouchers first used by a public housing agency in the preceding calendar year, for the additional costs due to unforeseen circumstances or from the renewal of vouchers subject to a billing arrangement under subsection (r) and escrow savings deposits for families participating in the program under section 23, or that were set aside under a commitment to provide project-based assistance under subsection (o)(13). If funds are provided in any year for an adjustment fund, as authorized by paragraph (5) of this subsection, to address any of these costs, the Secretary may instead address such funding needs through the adjustment fund. To the extent that amounts made available for a year are not sufficient to provide each public housing agency with its full allocation, the Secretary shall reduce such allocation for each agency on a pro rata basis, except that renewal funding of enhanced vouchers under subsection (t) shall not be subject to such proration.

“(B) MOVING TO WORK.—Notwithstanding subparagraph (A), each public housing agency participating in any year in the Moving to Work
program under section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437f note), including any agency participating in such demonstration pursuant to authority provided in any subsequent appropriations Act prior to fiscal year 2012, and any agency participating in such program under section 37 of this Act, shall be funded pursuant to its agreement under such program, and shall be subject to any pro rata adjustment or offset due to insufficient renewal funding.

“(3) LEASING RATE.—For purposes of determining annual allocations of voucher funding for agencies, for 2013 and thereafter, the leasing rate calculated for a public housing agency for the prior calendar year shall include vouchers that exceed the agency’s authorized voucher level only if they are funded through the allocation for the agency for the prior year, including adjustments for incremental and new tenant protection and enhanced vouchers.

“(4) RESERVES.—For 2013 and each calendar year thereafter, each public housing agency shall be allowed to retain as reserves an amount that is not
less than 6 percent of the amount allocated to such
agency in such calendar year prior to proration. The
sources of such reserves may include all allocated
amounts from such year plus reserves carried over
from previous years, but shall not include any un-
used amount of the first year of a public housing
agency’s allocation for new vouchers. Reserves may
be used for overleasing in any year, but such use is
not eligible for renewal funding in the subsequent
calendar year.

“(5) ADJUSTMENT FUND.—With funds made
available for the purpose under this paragraph,
based on need as determined by the Secretary, the
Secretary shall adjust the renewal funding provided
to public housing agencies that demonstrate a need
for additional funding due to a significant increase
in renewal costs resulting from unforeseen cir-
cumstances or from porting or vouchers under sub-
section (r), for vouchers that were not in use during
the 12-month period in order to be available to meet
a commitment pursuant to subsection (o)(13), and
for adjustments for costs associated with HUD-Vet-
erans Affairs Supportive Housing (HUD–VASH)
vouchers under subsection (o)(19).

“(6) OFFSET AND USE OF FUNDS.—
“(A) IN GENERAL.—For each calendar year, the Secretary may offset amounts that exceed the minimum reserve level established pursuant to paragraph (4) against amounts allocated to a public housing agency pursuant to paragraph (2). For funding allocations to Moving to Work agencies under paragraph (2)(B), the Secretary shall base the offset amount for each agency on the percentage offset at public housing agencies that do not participate in the Moving to Work program. For purposes of this subparagraph, the term ‘percentage offset’ means the dollar amount of the offset divided by renewal funding eligibility. The Secretary may determine different percentage offsets for agencies with different size voucher portfolios.

“(B) PRIORITY USE OF FUNDS.—The Secretary shall use any amounts offset pursuant to subparagraph (A) first to avoid or reduce the proration of renewal funding allocations.

“(C) REMAINING FUNDS.—If funds remain after providing public housing agencies with 100 percent of the allocation due under paragraph (2), the Secretary may—
“(i) provide additional funds to public housing agencies with demonstrated need under paragraph (5) if the funds available for such adjustments are insufficient; and

“(ii) use any remaining funds for tenant protection vouchers for relocation or replacement housing if the funds available for such vouchers are insufficient.”

SEC. 106. PHA PROJECT-BASED ASSISTANCE.

Paragraph (13) of section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) is amended—

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

(2) by striking “structures” each place such term appears and inserting “projects”;

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

“(B) PERCENTAGE LIMITATION.—

“(i) IN GENERAL.—Subject to clause (ii), a public housing agency may use for project-based assistance under this paragraph not more than 20 percent of the authorized units for the agency.
“(ii) EXCEPTION.—A public housing agency may use up to an additional 5 percent of the authorized units for the agency for project-based assistance under this paragraph, to provide units that house individuals and families that meet the definition of homeless under section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302), that house families with veterans, that provide supportive housing to persons with disabilities or elderly persons, or that are located in areas where vouchers under this subsection are difficult to use, as specified in subparagraph (D)(ii)(II). The Secretary may, by regulation, establish additional categories for the exception under this clause.”;

(4) by striking subparagraph (D) and inserting the following new subparagraph:

“(D) INCOME-MIXING REQUIREMENT.—

“(i) IN GENERAL.—Except as provided in clause (ii), not more than the greater of 25 dwelling units or 25 percent of the dwelling units in any project may be assisted under a housing assistance pay-
ment contract for project-based assistance pursuant to this paragraph. For purposes of this subparagraph, the term ‘project’ means a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land.

“(ii) EXCEPTIONS.—

“(I) CERTAIN HOUSING.—The limitation under clause (i) shall not apply to dwelling units assisted under a contract that are exclusively made available to elderly families or to households eligible for supportive services that are made available to residents of the project, according to standards for such services as are established by the Secretary. The Secretary may establish additional requirements for monitoring and oversight of projects in which more than 40 percent of the dwelling units are assisted.

“(II) CERTAIN AREAS.—With respect to areas in which tenant-based vouchers for assistance under this
subsection are difficult to use, as determined by the Secretary, and with respect to census tracts with a poverty rate of 20 percent or less, clause (i) shall be applied by substituting ‘40 percent’ for ‘25 percent’, and the Secretary may, by regulation, establish additional conditions.

“(III) Certain contracts.—

The limitation under clause (i) shall not apply with respect to contracts or renewal of contracts under which a greater percentage of the dwelling units in a project were assisted under a housing assistance payment contract for project-based assistance pursuant to this paragraph on the effective date of the Affordable Housing and Self-Sufficiency Improvement Act of 2012.”;

(5) by striking subparagraph (F) and inserting the following new subparagraph:

“(F) Contract term.—A housing assistance payment contract pursuant to this paragraph between a public housing agency and the
owner of a project may have a term of up to 20 years, subject to—

“(i) the availability of sufficient appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriation Acts and in the agency’s annual contributions contract with the Secretary, provided that in the event of insufficient appropriated funds, payments due under contracts under this paragraph shall take priority if other cost-saving measures that do not require the termination of an existing contract are available to the agency; and

“(ii) annual compliance with the inspection requirements under paragraph (8), except that the agency shall not be required to make annual inspections of each assisted unit in the development.

The contract may specify additional conditions, including with respect to continuation, termination, or expiration.”;

(6) in subparagraph (G), by striking “15 years” and inserting “20 years”; and

(7) in subparagraph (J)—
(A) by striking “shall” in the first sentence and inserting “may”; and

(B) by striking the fifth and sixth sentences and inserting the following: “A public housing agency may establish and utilize procedures for owner-maintained site-based waiting lists, under which applicant may apply at, or otherwise designate to the public housing agency, the project or projects in which they seek to reside, except that all eligible applicants on the waiting list of an agency for assistance under this subsection shall be permitted to place their names on such separate list, subject to policies and procedures established by the Secretary. All such procedures shall comply with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and other applicable civil rights laws. The owner or manager of a project assisted under this paragraph shall not admit any family to a dwelling unit assisted under a contract pursuant to this paragraph other than a family referred by the public housing agency from its waiting list, or a family on a site-based waiting list that complies with the requirements of this
subparagraph. A public housing agency shall disclose to each applicant all other options in the selection of a project in which to reside that are provided by the public housing agency and are available to the applicant.”;

SEC. 107. ESTABLISHMENT OF FAIR MARKET RENT.

(a) In General.—Paragraph (1) of section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(1)) is amended—

(1) by inserting “(A)” after the paragraph designation;

(2) by striking the fourth, seventh, eighth, and ninth sentences; and

(3) by adding at the end the following:

“(B) Fair market rentals for an area shall be published not less than annually by the Secretary on the site of the Department on the World Wide Web and in any other manner specified by the Secretary. Notice that such fair market rentals are being published shall be published in the Federal Register, and such fair market rentals shall become effective no earlier than 30 days after the date of such publication. The Secretary shall establish a procedure for public housing agencies and other interested parties to comment on such fair market rentals and to request, within a time specified by the Secretary, reevalua-
tion of the fair market rentals in a jurisdiction before such rentals become effective. The Secretary shall cause to be published for comment in the Federal Register notices of proposed material changes in the methodology for estimating fair market rentals and notices specifying the final decisions regarding such proposed substantial methodological changes and responses to public comments.”.

(b) Payment Standard.—Subparagraph (B) of section 8(o)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(1)(B)) is amended by inserting before the period at the end the following: “, except that no public housing agency shall be required as a result of a reduction in the fair market rental to reduce the payment standard applied to a family continuing to reside in a unit for which the family was receiving assistance under this section at the time the fair market rental was reduced. The Secretary shall allow public housing agencies to request exception payment standards within fair market rental areas subject to criteria and procedures established by the Secretary”.

(c) Effective Date.—The amendments made by this section shall take effect upon the date of the enactment of this Act.
SEC. 108. SCREENING OF APPLICANTS.

(a) In General.—Subparagraph (B) of section 8(o)(6) of the United States Housing Act of 1937 (1437f(o)(6)(B)) is amended—

(1) by striking “(B) SELECTION OF TENANTS.—Each” and inserting the following:

“(B) SELECTION OF TENANTS.—

“(i) FUNCTION OF OWNER.—Each”;

(2) in the first sentence, by striking “unit)” and inserting “unit”;

(3) by striking “In addition” and inserting the following:

“(ii) SCREENING.—In addition”;

(4) by inserting after “establish.” the following:

“A public housing agency’s elective screening shall be limited to criteria that are directly related to an applicant’s ability to fulfill the obligations of an assisted lease and shall consider mitigating circumstances presented by such applicant. The requirements of the preceding sentence shall not limit the ability of a public housing agency to deny assistance based on the criminal background of the applicant or any member of the applicant’s household, or any other permissible grounds for denial under subtitle F of title V of the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 13661 et seq.;
relating to safety and security in public and assisted
housing), subject to the procedural requirements of
this section. Any applicant or participant determined
to be ineligible for admission or continued participa-
tion to the program shall be notified of the basis for
such determination and provided, within a reason-
able time after the determination, an opportunity for
an informal hearing on such determination at which
mitigating circumstances presented by the applicant,
including remedial conduct subsequent to the con-
duct that is the basis of such determination, shall be
considered.”; and

(5) by adding at the end the following:

“(iii) EXISTING ASSISTED FAMI-
LIES.—Families being provided enhanced
vouchers pursuant to subsection (t), fami-
lies receiving assistance under this Act
that are subsequently provided tenant-
based assistance pursuant to subsection
(dd)(1)(B), and families residing in multi-
family housing subject to a mortgage insu-
red under the National Housing Act that
are provided tenant-based assistance pur-
suant to subsection (dd)(1)(B)(xiv) of this
section shall not be considered new appli-
cants under this paragraph and shall not be subject to elective re-screening by a public housing agency.”.

(b) Leases and Tenancy.—Subparagraph (E) of section 8(o)(7) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(7)(E)) is amended by inserting “termination or” after “any” the last place such term appears.

(c) Removal of Sex Offenders.—Section 578 of the Quality Housing and Work Responsibility Act of 1998 (42 U.S.C. 13663) is amended by striking subsection (a) and inserting the following new subsection:

“(a) In General.—Notwithstanding any other provision of law, an owner of federally assisted housing—

“(1) shall prohibit admission to such housing for any household that includes an individual who is subject to a lifetime registration requirement under a State sex offender registration program; and

“(2) shall terminate assistance to, and any lease or right to occupancy of such housing by, any household that includes any individual who is subject to a lifetime registration requirement under a State sex offender registration program.”.
SEC. 109. UTILITY ALLOWANCES AND DATA.

Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o), as amended by the preceding provisions of this Act, is further amended—

(1) in paragraph (2), by adding at the end the following new subparagraph:

“(D) UTILITY ALLOWANCE.—

“(i) IN GENERAL.—In determining the monthly assistance payment for a family under subparagraphs (A) and (B), the amount allowed for tenant-paid utilities shall not exceed the appropriate utility allowance for the family unit size as determined by the public housing agency regardless of the size of the dwelling unit leased by the family.

“(ii) EXCEPTION FOR FAMILIES INCLUDING PERSONS WITH DISABILITIES.—Notwithstanding subparagraph (A), upon request by a family that includes a person with disabilities, the public housing agency shall approve a utility allowance that is higher than the applicable amount on the utility allowance schedule if a higher utility allowance is needed as a reasonable accommodation to make the program accessible...
to and usable by the family member with
a disability.’’; and

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

“(22) UTILITY DATA.—

“(A) PUBLICATION.—The Secretary shall,
to the extent that data can be collected cost ef-
effectively, regularly publish such data regarding
utility consumption and costs in local areas as
the Secretary determines will be useful for the
establishment of allowances for tenant-paid util-
ities for families assisted under this subsection.

“(B) USE OF DATA.—The Secretary shall
provide such data in a manner that—

“(i) avoids unnecessary administrative
burdens for public housing agencies and
owners; and

“(ii) protects families in various unit
sizes and building types, and using various
utilities, from high rent and utility cost
burdens relative to income.’’.

SEC. 110. FLEXIBILITY OF CAPITAL AND OPERATING FUND
AMOUNTS.

Subsection (g) of section 9 of the United States
Housing Act of 1937 (42 U.S.C. 1437g(g)) is amended—
(1) by striking paragraphs (1) and (2) and inserting the following new paragraph:

“(1) FULL FLEXIBILITY OF CAPITAL AND OPERATING FUND AMOUNTS.—Of any amounts allocated for any fiscal year from the funds under subsections (d) and (e) for any public housing agency that is not designated pursuant to section 6(j)(2) as a troubled public housing agency and that, in the determination of the Secretary is operating and maintaining its public housing in a safe, clean, and healthy condition, the agency may use any such amounts for any eligible activities under subsections (d)(1) and (e)(1), regardless of the fund from which the amounts were allocated and provided, but only to the extent provided for such use by the public housing agency plan under section 5A for the agency.”; and

(2) by redesignating paragraph (3) as paragraph (2).

SEC. 111. STUDY REGARDING OCCUPANCY OF ASSISTED HOUSING BY BOTH ELDERLY PERSONS AND PERSONS WITH DISABILITIES.

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall conduct a study on the impact that providing public and assisted housing projects des-
esignated for occupancy both by elderly persons and persons
with disabilities (as such terms are defined under section
3(b) of the United States Housing Act of 1937 (42 U.S.C.
1437a(b))), including specifically persons with disabilities
who are recovering from drug or alcohol abuse, has on
the effectiveness of providing an appropriate living envi-
ronment for such elderly persons.

(b) REPORT.—Not later than the expiration of the
12-month period beginning on the date of the enactment
of this Act, the Secretary shall submit to the Congress
a report setting forth the findings and conclusions of the
study conducted pursuant to subsection (a).

SEC. 112. STUDY ON RENTAL ASSISTANCE VOUCHERS PRO-
GRAM.

(a) IN GENERAL.—The Comptroller General of the
United States shall conduct a study on vouchers for rental
assistance under section 8(o) of the United States Hous-
ing Act of 1937 (42 U.S.C. 1437f(o)) to examine the dis-
tribution and concentration of such vouchers, the efforts
of voucher administrators to maintain program standards
and compliance, and the efforts of the Secretary to mon-
it compliance with program standards across areas and
municipalities located within the jurisdiction of a public
housing agency. Such study shall analyze the factors that
contribute to the geographic concentration of voucher use,
especially whether such use is disproportionate in communities that already have high incidences of low-income residents, the impact of such disproportionality on such communities and such residents, and the impact on issuing jurisdictions and voucher holders of any such concentrations. Such study shall also review the methods available to voucher assisted tenants and municipalities within participating jurisdictions to provide voucher administrators with comment on matters pertaining to program compliance and standards enforcement.

(b) Report.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit to the Congress a report setting forth the findings and conclusions of the study under this section.

SEC. 113. STUDY OF USE OF INCOME DATABASES TO REDUCE SUBSIDY ERRORS.

(a) In General.—The Comptroller General of the United States shall conduct a study to identify databases regarding incomes of families and individuals that may be used in connection with the voucher program for rental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)), the public housing program under such Act, and project-based rental assistance programs under section 8 of such Act to reduce er-
rors in subsidy amounts provided on behalf of recipients
of assistance under such programs and to determine how
best to utilize such databases for such purpose. In con-
ducting such study, the Comptroller General shall analyze
and consider the use of income information maintained in
the National Directory of New Hires database of the De-
partment of Health and Human Services.

(b) REPORT.—Not later than the expiration of the
9-month period beginning on the date of the enactment
of this Act, the Comptroller General shall submit to the
Congress a report setting for the results and conclusions
of the study under this section.

SEC. 114. STUDY AND GUIDANCE ON LEGACY VOUCHERS.

(a) STUDY.—Not later than the expiration of the 12-
month period beginning on the date of the enactment of
this Act, the Secretary of Housing and Urban Develop-
ment shall conduct and complete a study regarding the
legacy use of rental assistance vouchers under section 8(o)
of the United States Housing Act of 1937 (42 U.S.C.
1437f(o)) to determine the extent of such use and to iden-
tify and analyze any issues and problems relating to such
use, including issues relating to screening for eligibility for
such assistance of members of households benefitting from
such use.
(b) GUIDANCE.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Secretary shall issue guidance regarding the legacy use of such rental assistance vouchers, which guidance shall take into consideration the housing needs of members of households benefitting from such use who are minors, elderly persons, or persons with disabilities. The Secretary make the proposed guidance publicly available and shall provide an opportunity for interested persons to comment on such proposed guidance before issuance. Such guidance shall not take effect before the expiration of the 30-day period beginning upon such issuance.

(e) LEGACY USE.—For purposes of this section, the term “legacy use” means, with respect to a rental assistance voucher described in subsection (a), use of the voucher by any member of the household of the person to whom the voucher was originally issued for rental of a dwelling that is not occupied by such issuee as a primary residence, other than pursuant to issuance of such voucher to such member by a public housing agency in accordance with a determination of such member’s eligibility for such assistance and the waiting list for such assistance of such agency.
TITLE II—RENTAL ASSISTANCE
DEMONSTRATION AND CONTRACT CONVERSIONS

SEC. 201. DEMONSTRATION TO EXPAND ROLE OF PRIVATE CAPITAL IN AFFORDABLE HOUSING.

(a) PURPOSE AND AUTHORIZATION.—To demonstrate the potential for preserving and improving low-income housing through conversion of assistance for public housing and moderate rehabilitation properties to long-term rental assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), (in this section referred to as the “Act”), the Secretary of Housing and Urban Development (in this section referred to as the “Secretary”) may undertake a demonstration of conversion of assistance under section 9 of the Act or the moderate rehabilitation program under section 8(e)(2) of the Act to assistance under a project-based subsidy contract under section 8 of the Act, which shall be eligible for renewal under section 524 of the Multifamily Assisted Housing Reform and Affordability of 1997 (42 U.S.C. 1437f note) or under section 8(o)(13) of the Act.

(b) SELECTION AND TERMS.—

(1) SELECTION.—The Secretary shall select properties for conversion of assistance and award funds for assistance, including administrative fees,
through a competitive process or such other means
as the Secretary determines to be fair and necessary
to promote the purposes of the demonstration.

(2) TERMS.—The demonstration—

(A) shall provide for the conversion of as-
sistance for properties with varying characteris-
tics, assisted by public housing agencies of var-
ious sizes in a broad range of locations and
markets;

(B) may provide for application of various
policies covering contract rents and terms and
resident choices to move with tenant-based
rental assistance under section 8 of the Act;
and

(C) shall, with respect to at least 90 per-
cent of the total number of assisted units in all
properties participating in the demonstration,
test options to provide all assisted residents the
choice, in accordance with policies established
under such options, to move with tenant-based
continuing rental assistance under section 8 of
the Act within a reasonable time.

(3) AUTHORITY.—The Secretary may provide
for the conversion of assistance through the con-
tracts and transactional infrastructure of the au-
authorized programs administered by the Office of Affordable Housing Preservation of the Department of Housing and Urban Development.

(4) Public Comment.—The Secretary shall provide an opportunity for public comment on draft eligibility and selection criteria and procedures that will apply to the selection of properties that will participate in the demonstration, including reasonable requirements for consultation with the residents of properties to be proposed for participation in the demonstration and with the resident advisory boards of public housing agencies responsible for such properties.

(5) Required Notice.—The demonstration may proceed after the Secretary publishes notice of its terms in the Federal Register.

(c) Requirements for Properties Converting Assistance.—

(1) Public Housing.—In the case of a property with assistance converted under the demonstration from assistance under section 9 of the Act—

(A) the assistance made available under the demonstration shall not be terminated, including in instances of foreclosure or bankruptcy, except for termination and transfer by
the Secretary for a material violation or a substantial default, or due to the unavailability of funds; and

(B) the Secretary—

(i) shall require ownership or control of assisted units by a public or non-profit entity, except as determined by the Secretary to be necessary pursuant to foreclosure, bankruptcy, or termination and transfer of assistance for material violations or substantial default, in which cases the priority for ownership or control shall be provided to a capable public entity, then a capable nonprofit entity, and if such entities are not available, to a capable other entity;

(ii) shall require long-term renewable use and affordability restrictions for assisted units;

(iii) may permit transfer of assistance at or after conversion under the demonstration to replacement units subject to the requirements in clauses (i) and (ii);

(iv) shall offer, subject to the requirements in clauses (i) and (ii) and the avail-
ability of sufficient amounts, and the owner shall accept, a renewal of each expiring contract of assistance;

(v) shall require that applicants for, and tenants of, assisted units in such properties shall maintain the same rights as those provided under sections 6 and 9 of the Act; and

(vi) may allow ownership to be transferred to a for-profit entity to facilitate the use of tax credits only if the public housing agency preserves its interest in the property in a manner approved by the Secretary.

(2) Tenant Protections.—Notwithstanding sections 3 and 16 of the Act, the conversion of assistance under the demonstration shall not be the basis for re-screening or termination of assistance or eviction of any tenant family in a property participating in the demonstration, and such a family shall not be considered a new admission for any purpose, including compliance with income targeting requirements.

(3) Participation in Tenant Organizations.—The Secretary shall ensure that assisted
residents of all properties with converted assistance
have the right to participate in a legitimate tenant
organization if one is formed or exists that rep-
resents tenants at the property, which shall be rec-
ognized by the owner of the property.

(4) REQUIREMENTS.—The Secretary may pro-
pvide the requirements for converted assistance under
the demonstration through contracts, use agree-
ments, regulations, or other means.

(d) DEMONSTRATION FLEXIBILITY.—

(1) AUTHORITY.—The Secretary may waive, or
specify alternative requirements for, but not in a
manner that adversely would affect requirements re-
lated to fair housing, nondiscrimination, labor stand-
ards, and the environment, any provision of section
8(o)(13) of the Act, or any provision that governs
the use of assistance that is converted under the
demonstration or funds made available in any appro-
priation Act under the headings of “Public Housing
Capital Fund”, “Public Housing Operating Fund”,
“Tenant-Based Rental Assistance”, and “Project-
Based Rental Assistance” for properties with assist-
ance converted under the demonstration, upon a
finding by the Secretary that any such waivers or al-
terative requirements are necessary for the effective
conversion of assistance under the demonstration and not inconsistent with the requirements of this section, provided that the Secretary shall publish by notice in the Federal Register any waivers or alternative requirements pursuant to this subsection not later than 10 days before the effective date of such notice.

(2) Inapplicability of Demolition and Disposition Provisions.—Section 18 of the Act shall not apply to a project converting assistance under the demonstration for all or substantially all of its units.

(e) Evaluation.—The Secretary shall conduct an evaluation to assess the impact of the conversion of assistance under the demonstration under this section on the properties’ physical and financial sustainability, including—

(1) the amount of private funding leveraged;
(2) the cost of preserving the properties;
(3) the financial and programmatic impact of providing the choice to move, with continuing rental assistance, from properties with assistance converted under the demonstration;
(4) the impact of conversion on residents’ continuing receipt of rental assistance;
the access of eligible families to diverse communities of their choice;

(6) the amount of low-income housing tax credits under section 42 of the Internal Revenue Code of 1986 used to finance the demonstration properties, including a State-by-State report on the amount of credit authority allocated for purposes of demonstration projects and the extent to which allocating agencies provide preferences for such purposes. and

(7) such other aspects of the demonstration as the Secretary deems appropriate.

The Secretary shall submit a report setting forth the findings of the evaluation to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate and shall make such report publicly available. The Secretary shall solicit public comments on the findings of the evaluation before any reauthorization, extension, or expansion of the demonstration under this section.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $30,000,000 for each of fiscal years 2013, 2014, 2015, 2016, and 2017 to carry out the demonstration under this section, including for supplemental costs of the first year of assistance, evalua-
tion, technical assistance to public housing agencies and
legitimate tenant organizations, and other appropriate
purposes.

SEC. 202. RENT SUPPLEMENT AND RENTAL ASSISTANCE

PROGRAM CONTRACT CONVERSIONS.

(a) Rent Supplement and Rental Assistance

Program Contract Renewals.—At the request of own-
ers of properties assisted under the rent supplement pro-
gram under section 101 of the Housing and Urban Devel-
opment Act of 1965 (12 U.S.C. 1701s) or the rental as-
sistance program under section 236(f)(2) of the National
Housing Act (12 U.S.C. 1715z–1(f)(2) and with the ap-
proval of the Secretary of Housing and Urban Develop-
ment, rent supplement or rental assistance program as-
sistance may be converted to project-based subsidy con-
tracts under section 8 of the United States Housing Act
of 1937 (42 U.S.C. 1437f) under the terms of section 524
of the Multifamily Assisted Housing Reform and Afford-
ability Act of 1997 (42 U.S.C. 1437f note) and such con-
tracts shall be considered renewal contracts. There are au-
thorized to be appropriated $10,000,000 for each of fiscal
years 2013, 2014, 2015, 2016, and 2017 for the costs as-
associated with conversions under this subsection, and the
Secretary is further authorized to use recaptured assisted
housing program funds for the costs of such conversions.
(b) PROPERTY-BASED PRESERVATION CONTRACTS.—

Owners of properties assisted by the Secretary of Housing and Urban Development other than under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g), for which an event after October 1, 2006, causing the cessation of rental assistance has resulted or will result in eligibility for tenant protection vouchers under section 8(o) of such Act, shall be eligible for, subject to requirements established by the Secretary and in lieu of issuance or continuation of such vouchers, conversion of assistance available for such vouchers to assistance under section 8(o)(13) of such Act, except that, only with respect to such conversions, the Secretary may alter or waive the provisions of subparagraphs (B), (C), and (D) of such section 8(o)(13).

TITLE III—FAMILY SELF-SUFFICIENCY PROGRAM

SEC. 301. REFORMS TO FAMILY SELF-SUFFICIENCY PROGRAM.

(a) CONGRESSIONAL FINDINGS.—The Congress finds that public housing agencies have an important role to play not only in the provision of shelter, but also in the larger effort to help families achieve economic independence and serve the most vulnerable populations.
(b) AMENDMENTS TO FAMILY SELF-SUFFICIENCY

PROGRAM.—Section 23 of the United States Housing Act
of 1937 (42 U.S.C. 1437u) is amended—

(1) in subsection (a)—

(A) by striking “public housing and”; and

(B) by striking “the certificate and voucher
programs under section 8” and inserting
“sections 8 and 9 of this title”;

(2) by striking subsection (b) and inserting the
following new subsection:

“(b) REQUIREMENT TO CARRY OUT PROGRAM AND

MINIMUM PROGRAM SIZE.—

“(1) REQUIRED PROGRAM.—Subject to para-

graph (2), each housing agency that administers 500

or more units shall carry out a local Family Self-

Sufficiency Program under this section or as other-

wise determined by the Secretary, to the extent re-

quired in paragraph (5) of this subsection.

“(2) CONTINUATION OF PRIOR MANDATORY

PROGRAMS.—Each public housing agency that was

required, as of the date of enactment of the Assisted

Housing and Self-Sufficiency Improvement Act of

2012, to administer a mandatory local Family Self-

Sufficiency program, shall be required to operate

such a local program to the extent provided under
this section, as in effect immediately before such
date of enactment.

“(3) **SHARED PROGRAMS.**—A public housing
agency required by paragraph (1) or (2) to carry out
a local Self-Sufficiency Program under this section
may comply with such requirement by carrying out
a local program in conjunction or partnership with
another public housing agency or public housing
agencies.

“(4) **OPTIONAL PROGRAM.**—Any public housing
agency not required by paragraph (1) or (2) to carry
out a local Self-Sufficiency Program under this sec-
tion may carry out such a program, at the discretion
of the agency.

“(5) **SCOPE.**—The local Family Self-Sufficiency
program carried out by a public housing agency that
is required under this subsection to carry out such
a program shall be carried out with respect to the
following number of assisted families:

“(A) For any fiscal year that the amount
provided to the agency for administrative fees
under subsection (i) is sufficient to provide for
the filling of 1 full-time family self-sufficiency
coordinator position, not less than 25 assisted
families.
“(B) For any fiscal year that the amount provided to the agency for administrative fees under subsection (i) exceeds the amount specified in subparagraph (A), in addition to the assisted families required under subsection (a), not less than 50 additional assisted families for each additional full-time family self-sufficiency coordinator position that such additional amount provides sufficient amounts for filling.

“(6) Determination of PHA Size.—For purposes of this subsection, the number of units administered by a public housing agency shall be the sum of—

“(A) the number of vouchers for rental housing assistance under section 8 administered by the agency; and

“(B) the number of public housing dwelling units administered by the agency that are not specifically designated pursuant to section 7 for occupancy by only elderly families, only disabled families, or elderly and disabled families.”;

(3) by striking subsections (h) and (i);
(4) by redesignating subsections (c), (d), (e), (f), and (g) as subsections (d), (e), (f), (g), and (h) respectively;

(5) by inserting after subsection (b), as previously amended, the following:

“(c) **ELIGIBILITY.**—

“(1) **ELIGIBLE FAMILIES.**—A family shall be eligible to participate in a local Family Self-Sufficiency program under this section if—

“(A) at least 1 adult family member seeks to become and remain employed in suitable employment or to increase earnings; and

“(B) the family resides in a unit assisted under section 8 or 9.

“(2) **ELIGIBLE ENTITIES.**—The following entities shall be eligible to administer a local Family Self-Sufficiency program under this section:

“(A) A public housing agency or entity administering housing assistance to an eligible family under section 8 or 9.

“(B) The owner or sponsor of a multi-family property receiving rental assistance under section 8, in accordance with the requirements under subsection (l).
“(C) Any other eligible entity approved to administer a local Family Self-Sufficiency program, as determined by the Secretary.”;

(6) in subsection (d), as so redesignated by paragraph (4) of this subsection—

(A) in paragraph (1)—

(i) by striking “public housing agency” the first place such term appears and inserting “eligible entity”;  
(ii) in the first sentence, by striking “the certificate and voucher programs of the public housing agency under section 8 or residing in public housing administered by the agency” and inserting “section 8 or 9”; and  
(iii) by striking the third sentence and inserting the following: “Housing assistance may not be terminated as a consequence of either successful completion of the contract of participation or failure to complete such contract.”;

(B) in paragraph (2)—

(i) in the matter preceding subparagraph (A)—
(I) in the first sentence, by striking “provide” and inserting “coordinate the provision of”; and

(II) in the second sentence—

(aa) by striking “provided during” and inserting “for”;

(bb) by striking “section 8 or residing in public housing” and inserting “section 8 or 9”; and

(cc) by inserting “, but is not limited to” after “may include”;

(ii) in subparagraph (D), by inserting “or attainment of a graduate equivalency diploma” after “high school”;

(iii) by striking subparagraph (G);

(iv) by redesignating subparagraphs (E), (F), and (J) as subparagraphs (F), (G), and (K) respectively;

(v) by inserting after subparagraph (D) the following new subparagraph:

“(E) education in pursuit of a post-secondary degree or certification;”;

(vi) in subparagraph (E), by inserting “or attainment of a graduate equivalency diploma” after “high school”; and

(vii) by redesignating subparagraphs (E), (F), and (J) as subparagraphs (F), (G), and (K) respectively;
(vi) in subparagraph (H), by inserting “financial literacy and” after “training in”; (vii) in subparagraph (I), by striking “and” at the end; and (viii) by inserting after subparagraph (I) the following new subparagraph: “(J) homeownership education and assistance; and”; (C) in paragraph (3), in the second sentence— (i) by striking “public housing agency” and inserting “eligible entity”; and (ii) by striking “of the agency”; (D) by striking paragraph (4) and inserting the following new paragraph: “(4) EMPLOYMENT.—The contract of participation shall require participants to seek and maintain suitable employment.”; and (E) by adding at the end the following: “(5) NONPARTICIPATION.—Assistance under section 8 or 9 for a family that elects not to participate in a local program shall not be delayed by reason of such election.”;
(7) in subsection (e), as so redesignated by paragraph (4) of this subsection—

(A) in paragraph (1), by striking “whose monthly adjusted income does not exceed 50 percent” and all that follows through the period at the end of the third sentence, and inserting “shall be calculated under the rental provisions of section 3 or section 8(o), as applicable.”;

(B) by striking paragraphs (2) and (3) and inserting the following new paragraph:

“(2) ESCROW SAVINGS ACCOUNTS.—

“(A) ESTABLISHMENT.—Each eligible entity administering a local Family Self-Sufficiency program under this section shall establish an interest-bearing escrow account on behalf of each family participating in the local program. For each participating family, any increase in the amount of rent paid by the family in accordance with the provisions of section 3 or section 8(o), as applicable, that is attributable to increases in earned income by the participating family, shall be placed in the escrow account established by the eligible entity on behalf of the participating family. The Secretary shall not escrow any amounts for any family whose
adjusted income exceeds 80 percent of the area
median income.

“(B) WITHDRAWAL OF AMOUNTS.—

“(i) IN GENERAL.—Amounts in the
escrow account for a participating family
may be withdrawn by the participating
family—

“(I) after the family—

“(aa) ceases to receive in-
come assistance under Federal or
State welfare programs; and

“(bb) successfully performs
its obligations under the contract
of participation entered into by
the family under subsection (d),
as determined according to the
specific goals and terms included
in the contract; or

“(II) under other circumstances
in which the Secretary determines an
exception for good cause is warranted.

“(ii) DURING PARTICIPATION.— An
eligible entity establishing such escrow ac-
counts may make certain amounts in the
accounts available to the participating fam-
ilies before full performance of the contract obligations based on compliance with, and completion of, specific interim goals included in the contract; except that any such amounts shall be used by the participating families for purposes consistent with the contracts of participation, as determined by such eligible entity.

“(C) USE OF AMOUNTS.—Amounts in the escrow account for a family who has successfully performed the obligations of the family under its contract of participation may be used as follows:

“(i) RESIDENTS OF ASSISTED HOUSING.—If the family resides in housing assisted under section 8 or 9, only for the following activities:

“(I) Purchasing a home through a homeownership program of a public housing agency.

“(II) Paying for formal education or job training.

“(III) Starting or investing in a small business.
“(IV) Buying or repairing an automobile.

“(V) Paying down debt as part of a credit repair program.

“(VI) Investing in a retirement savings vehicle.

“(VII) Investing in a qualified educational savings plan.

“(VIII) Purchasing a computer.

“(IX) For any other uses as the Secretary may specify.

“(ii) Not residents of assisted housing.—If the family does not reside in housing assisted under section 8 or 9, as determined by the family without restriction.

“(iii) Reserving amounts.—A family who has successfully performed the obligations of the family under its contract of participation may use a portion of the amounts in their escrow account while residing in housing assisted under section 8 or 9 in accordance with clause (i) and reserve a portion of such amounts for use in...
accordance with clause (ii) after leaving such assisted housing.

“(D) FORFEIT OF ESCROW.—Any amount placed in an escrow account established by an eligible entity for a participating family as required under subparagraph (A), that exists after the end of a contract of participation by a participant that does not qualify to receive the escrow, shall be used for the purposes of this section in accordance with the regulations promulgated by the Secretary.”;

(8) in subsection (f), as so redesignated by paragraph (4) of this subsection, by striking “, unless the income of the family equals or exceeds 80 percent of the median income of the area (as determined by the Secretary with adjustments for smaller and larger families)”;

(9) in subsection (g), as so redesignated by paragraph (4) of this subsection—

(A) in paragraph (1)—

(i) by striking “public housing agency” and inserting “eligible entity”;

(ii) by striking “the public housing agency” and inserting “such eligible entity”; and
(iii) by striking “subsection (g)” and inserting “subsection (h)”; and

(B) in paragraph (2)—

(i) by striking “public housing agency” and inserting “eligible entity” each place such term appears; and

(ii) in the first sentence—

(I) by striking “or the Job Opportunities and Basic Skills Training Program under part F of title IV of the Social Security Act”;  

(II) by inserting “primary, secondary, and post-secondary” after “public and private”; and

(III) by inserting “tenants served by the program,” after “the unit of general local government,”;

(10) in subsection (h), as so redesignated by paragraph (4) of this subsection—

(A) in paragraph (1)—

(i) by striking “public housing agency” and inserting “eligible entity”;  

(ii) by striking “to the Secretary, for approval by the Secretary,”; and
(iii) by striking “participating in the” and inserting “carrying out a local”;

(B) in paragraph (2)—

(i) by striking “public housing agency” and inserting “eligible entity”;

(ii) by striking “subsection (f)” and inserting “subsection (g)”;

(iii) by striking “residents of the public housing” and inserting “the current and prospective participants of the program”; and

(iv) by striking “or the Job Opportunities and Basic Skills Training Program under part F of title IV of the Social Security Act”; and

(C) in paragraph (3)—

(i) in subparagraph (C)—

(I) by striking “subsection (c)(2)” and inserting “subsection (d)(2)”;

(II) by striking “provided to” and inserting “coordinated on behalf of participating”; and
(III) by striking “the section 8 and public housing programs” and inserting “sections 8 and 9”;

(ii) in subparagraph (D)—

(I) by striking “subsection (d)” and inserting “subsection (e)”; and

(II) by striking “public housing agency” and inserting “eligible entity”;

(iii) in subparagraph (E), by striking “deliver” and inserting “coordinate”;

(iv) in subparagraph (H), by striking “the Job Opportunities and Basic Skills Training Program under part F of title IV of the Social Security Act and”; and

(v) in subparagraph (I), by striking “public housing or section 8” and inserting “sections 8 or 9”; (11) by inserting after subsection (h), as so redesignated by paragraph (4) of this subsection, the following new subsection:

“(i) FAMILY SELF-SUFFICIENCY FEES.—

“(1) IN GENERAL.—The Secretary shall establish a fee to be awarded by formula or as otherwise determined by the Secretary, for the costs incurred
by an eligible entity in administering a local Family
Self-Sufficiency program under this section, which
fee shall be provided to eligible entities to the extent
amounts for such fees are made available in appro-
priation Acts.

“(2) ELIGIBILITY FOR FEE.—The fee estab-
lished under paragraph (1) shall provide funding for
family self-sufficiency coordinators as follows:

“(A) BASE FEE.—An eligible entity serv-
ing 25 or more participants in the Family Self-
Sufficiency program under this section shall be
eligible to receive a fee equal to the costs, as de-
determined by the Secretary, of one full-time fam-
ily self-sufficiency coordinator position. The
Secretary may, by regulation or notice, deter-
mine the policy concerning the fee for an eligi-
ble entity serving fewer than 25 such partici-
pants, including allowing such entities to com-
bine their programs under this section for pur-
poses of employing a coordinator.

“(B) ADDITIONAL FEE.—An eligible entity
that meets performance standards set by the
Secretary shall be eligible to receive an addi-
tional fee sufficient to cover the costs of filling
a second family self-sufficiency coordinator po-
position if such entity has 75 or more participating families, and an additional coordinator for each additional 50 participating families, or such other ratio as may be established by the Secretary based on the fee allocation evaluation under subparagraph (G).

“(C) PREVIOUSLY FUNDED SELECT FSS PROGRAMS.—A public housing agency that received funding from the Department of Housing and Urban Development for more than 3 family self-sufficiency coordinators that was appropriated in any of fiscal years 2006 through 2010 shall be eligible for funding for the highest number of coordinators funded in a single fiscal year during that period, provided such agency meets applicable size and performance standards set by the Secretary, and subject to the availability of appropriations for such fees.

“(D) INITIAL YEAR.—For the first year in which an eligible entity implements a Family Self-Sufficiency program under this section for its residents, such entity shall be eligible for funding to cover the costs of up to one family self-sufficiency coordinator, based on the size
specified in its action plan for such program in accordance with subparagraph (A).

“(E) State and regional agencies.—
For purposes of calculating the family self-sufficiency portion of the administrative fee under this paragraph, each administratively distinct part of a State or regional eligible entity may be treated as a separate agency.

“(F) Determination of number of coordinators.—In determining whether an eligible entity meets a specific threshold for funding pursuant to this paragraph, the Secretary shall consider the number of participants enrolled by the eligible entity in its Family Self-Sufficiency program as well as other criteria determined by the Secretary.

“(G) Fee allocation evaluation.—The Secretary shall submit to the Congress a report evaluating the fee allocation under this subsection, and make recommendations based on such evaluation and other related findings to modify such allocation within 4 years after the date of enactment of the Assisted Housing and Self-Sufficiency Improvement Act of 2012, and not less frequently than every 4 years there-
after. The report requirement under this sub-
paragraph shall terminate after the Secretary
has submitted 2 such reports to the Congress.

“(3) ALLOCATION.—Funds allocated by the
Secretary under this subsection shall be allocated in
the following order of priority:

“(A) FIRST PRIORITY.—If insufficient
funds exist to provide the full cost of all coordi-
nators in the previous fiscal year at each eligi-
ble entity with an existing local Family Self-
Sufficiency program that meets applicable size
and performance standards set by the Secretary
funding under this subparagraph, the Secretary
may prorate such funding for each eligible coor-
dinator, but only if each eligible entity that has
received funding in the prior fiscal year is pro-
vided sufficient funding for at least 1 coordi-
nator as part of any such proration. When de-
determining funding levels, the Secretary shall
take into consideration the impact and efforts
to innovate demonstrated by programs de-
scribed in paragraph (2)(C).

“(B) SECOND PRIORITY.—Renewal of the
full cost of all coordinators in the previous year
at each eligible entity with an existing Family
Self-Sufficiency program that meets applicable size and performance standards set by the Secretary.

“(C) Third priority.—New or incremental coordinator funding authorized under this section, up to 3 coordinators per eligible entity.

“(D) Final priority.—Any other new or incremental coordinator funding authorized under this section.

As the Secretary determines appropriate, consideration may be given to individual program performance, and the Secretary may supplement or prorate fees provided under this subsection accordingly.

“(4) Use.—Amounts from fees provided under this subsection to an eligible entity shall be used as follows:

“(A) Eligible uses.—Such amounts may be used only to fund costs of personnel (which may include staff of a public housing agency or outside contractors) for time associated with—

“(i) developing, monitoring, and executing the procedures for the local Family Self-Sufficiency program of the eligible en-
tity, including providing case management
or coaching for participating families;

“(ii) building and maintaining part-
nerships with outside public and private
organizations to facilitate additional access
to services for participants in the local pro-
gram

“(B) LIMIT ON TRAINING.—Not more than
10 percent of the amounts provided to an eligi-
ble entity for any fiscal year for fees under this
subsection may be used for costs of training for
staff or contractors of a local program.

“(5) RECAPTURE OR OFFSET.—Any fees allo-
cated under this subsection by the Secretary in a fis-
cal year that have not been expended by the end of
the subsequent fiscal year or such other time period
as determined by the Secretary may be recaptured
by the Secretary and shall be available for providing
additional fees pursuant to paragraph (2)(B), or
may be offset as determined by the Secretary.

“(6) PERFORMANCE REPORTING.—The Sec-
retary shall require eligible entities to report the
number of families enrolled and graduated, the num-
ber of established escrow accounts and positive es-
crow balances, and any other information that the
Secretary may require. Program performance shall be reviewed periodically as determined by the Secretary.

“(7) INCENTIVES FOR INNOVATION AND HIGH PERFORMANCE.—The Secretary may reserve up to 5 percent of the amounts made available for administrative fees under this subsection to provide support to or reward local Family Self-Sufficiency programs based on the rate of successful completion, increased earned income, or other factors as may be established by the Secretary.”;

(12) in subsection (j)—

(A) by striking “public housing agency” and inserting “eligible entity”;  
(B) by striking “public housing” before “units”;  
(C) by striking “in public housing projects administered by the agency”;  
(D) by inserting “or coordination” before “of supportive services”; and  
(E) by striking the last sentence;

(13) in subsection (k), by striking “public housing agencies” and inserting “eligible entities”;  
(14) by striking subsections (n) and (o);
(15) by redesignating subsections (l) and (m) as subsections (n) and (o), respectively;

(16) by inserting after subsection (k), the following new subsections:

“(l) PROGRAMS FOR TENANTS IN PRIVATELY-OWNED PROPERTIES WITH PROJECT-BASED ASSISTANCE.—

“(1) VOLUNTARY AVAILABILITY OF FSS PROGRAM.—The owner of a privately-owned property may voluntarily make a local Family Self-Sufficiency program available to the tenants of such property by entering into a cooperative agreement with a local public housing agency that administers a Family Self-Sufficiency program.

“(2) COOPERATIVE AGREEMENT.—Any cooperative agreement entered into pursuant to paragraph (1) shall require the public housing agency to open its Family Self-Sufficiency program waiting list to any eligible family residing in the owner’s property for which project-based assistance is provided under section 8.

“(3) TREATMENT OF FAMILIES ASSISTED UNDER THIS SUBSECTION.—A public housing agency that enters into a cooperative agreement pursuant to paragraph (1) may count any family participating in its Family Self-Sufficiency program as a result of
such agreement as part of the calculation of the admin-
istrative fee under subsection (i).

“(4) Escrow.—As part of any cooperative agreement entered into pursuant to paragraph (1), the owner of the property shall agree to calculate, track, and upon request of the public housing agency, make available escrow for participating residents, in accordance with subsection (e)(2), residing in units assisted under section 8.

“(5) No Existing Local Program Option.—
If there is no existing local Family Self-Sufficiency program or public housing agency willing and able to enter into a cooperative agreement with an owner pursuant to paragraph (1), such owner may administer a Family Self-Sufficiency program under this section without being eligible for funding under subsection (i). If such owner administers a program that serves at least 25 participants, that owner shall be eligible for funding under subsection (i).

“(6) Exception.—This subsection shall not apply to properties assisted under section 8(o)(13).

“(7) Suspension of Enrollment.—In any year, the Secretary may suspend the enrollment of new families in Family Self-Sufficiency programs
under this subsection based on a determination that insufficient funding is available for this purpose.

“(m) TECHNICAL ASSISTANCE.—The Secretary shall, on an ongoing basis, take such actions as may be necessary to strengthen the quality and size of local Family Self-Sufficiency programs of public housing agencies through the provision of technical assistance, capacity building, training, identification and dissemination of effective or otherwise promising practices, and such other actions as may be necessary and appropriate.”;

(17) in subsection (n), as so redesignated by paragraph (15) of this subsection—

(A) in paragraph (1), by striking “The report shall” and inserting “The contents of the report shall be determined by the Secretary and may”; 

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

“(2) HUD ANNUAL REPORTS.—The Secretary shall submit to the Congress annually a report detailing the performance of the Family Self-Sufficiency Program under this section, which shall include—

“(A) effective and otherwise promising practices as identified by the Secretary;
“(B) any recommendations of the Secretary for improving the effectiveness of the self-sufficiency program under this section;

“(C) identification of any public housing agencies that have cooperation agreements for economic self-sufficiency activities in place with State, local, or other welfare agencies (as described in section 12(d)(7) (42 U.S.C. 1437j(d)(7))); and

“(D) identification of any agreements between public housing agencies and private, non-profit, or public agencies involved in providing workforce training, educational services, or other supportive services related to economic security.”; and

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

“(p) Authorization of Appropriations.—There is authorized to be appropriated for carrying out the Family Self-Sufficiency program under this section $50,000,000 for each of fiscal years 2013, 2014, 2015, 2016, and 2017.”.

(e) Public Housing Management Assessment System.—The Secretary of Housing and Urban Development shall, by regulations issued not later than the expira-
tion of the 12-month period beginning on the date of the
enactment of this Act, modify the public housing manage-
ment assessment program under section 6(j) of the United
States Housing Act of 1937 (42 U.S.C. 1437d(j)) and the
management assessment program for rental assistance
section 8 of such Act (41 U.S.C. 1437f) to provide incen-
tives for public housing agencies to increase the scope and
size of their local Family Self-Sufficiency programs con-
ducted pursuant to section 23 of such Act (42 U.S.C.
1437u).

(d) Effective Date.—This section, and any
amendments made by this section, shall take effect on
publication in the Federal Register of a notice by the Sec-
retary of Housing and Urban Development to implement
such amendments.

SEC. 302. RESEARCH DEMONSTRATION TO EVALUATE OP-
TIONS FOR TAKING ECONOMIC SECURITY INI-
TIATIVES TO SCALE IN SUBSIDIZED HOUSING.

(a) Establishment and Goal.—The Secretary of
Housing and Urban Development (in this section referred
to as the “Secretary”) shall carry out a demonstration de-
dsigned to rigorously evaluate options for helping to in-
crease the economic security of families residing in hous-
ing assisted by the Department who are neither elderly
families nor disabled families. The goal of the demonstra-
tion shall be to identify one or more methods that are effective in increasing the economic security of such families and could be made available for all families in subsidized housing in a cost-effective manner.

(b) SCOPE; TERM.—

(1) SCOPE.—Subject to the limitations specified in subsection (g)(2), the Secretary may, at the sole discretion of the Secretary, limit the number of public housing agencies or families that participate in the demonstration.

(2) TERM.—The demonstration shall terminate not later than the expiration of the 7-year period beginning on the date that interventions pursuant to subsection (e) under the demonstration are first applied to families participating in the demonstration.

(e) PERFORMANCE MEASURES.—The demonstration under this section shall evaluate competing methods of achieving the goal under subsection (a) according to the following performance measures:

(1) Effectiveness in boosting earnings of participating families.

(2) Effectiveness in increasing the hours of employment among participating families.

(3) Effectiveness in increasing the assets of participating families or helping families make stra-
tegic asset purchases that may contribute to their long-term economic security, or both.

(4) Effectiveness in reducing reliance on income supports under the program for temporary assistance for needy families.

(5) Effectiveness in preparing families to purchase homes or afford the rents of housing units that are not subsidized under section 8 or 9 of the United States Housing Act of 1937.

(6) Effectiveness in families achieving exits from housing assisted by the Department that lead to housing situations that are both stable and affordable.

(7) Effectiveness in reducing per-unit subsidy costs for participating families that continue to receive housing assistance under section 8 or 9 of the United States Housing Act of 1937.

(8) Effectiveness in minimizing hardship among participating families and the children of such families.

(9) Effectiveness in improving the credit scores and financial literacy of, and access to affordably priced financial services for, participating families.

(10) Cost-effectiveness in relation to existing programs and laws and to other options.
(11) Ease of implementation and cost of administration

(d) Evaluation.—For each of the performance measures specified in subsection (c), the demonstration under this section shall evaluate impacts and other outcomes for the entire group of participating families and for specific subgroups of such families, including the following groups:

(1) Families whose heads of household are unemployed as of the commencement of the demonstration.

(2) Families whose heads of household are employed as of the commencement of the demonstration.

(3) Families whose participating member or household resident has a high school diploma as of the commencement of the demonstration.

(4) Families whose participating member or household resident does not have a high school diploma as of the commencement of the demonstration.

(5) Families residing in markets with high housing rental costs.

(6) Families residing in markets with low housing rental costs.
(e) INTERVENTIONS.—The demonstration under this section shall analyze and evaluate different clusters of interventions in a manner that provides results and outcomes that can be compared across each of the clusters. Such clusters shall include at least the following:

(1) COMPARISON OF DIFFERENT FINANCIAL INCENTIVES FOR INCREASED EARNINGS.—A cluster of different forms of providing financial incentives for increased earnings of participating families, which can be compared against each other and one or more control groups, including at least the following financial incentives:

(A) Flat rents.

(B) Ceiling rents.

(C) Conditional cash transfers that immediately reward families for achieving certain goals, such as full-time work.

(D) Rental assistance asset accounts.

(2) WORK REQUIREMENTS.—A cluster of different combinations of work requirements, good cause exceptions, and child care subsidies for participating families, which shall be evaluated both with and without the availability of service coordination and financial coaching.
(3) **O THER.**—Such other clusters of interventions as the Secretary determines are appropriate to be analyzed and evaluated taking into consideration the goals of the demonstration under this section.

(f) **PUBLIC INPUT.**—

(1) **IN GENERAL.**—The Secretary shall solicit and consider input from public housing agencies, tenant representatives, policy experts, and others in designing the demonstration under this section.

(2) **E VALUATION.**—The Secretary shall design the standards and procedures for evaluating the methods of achieving the goals of the demonstration under this section so that public housing agencies may propose interventions to be considered for evaluation under the demonstration, in addition to the interventions identified for evaluation by the Secretary.

(g) **W AIVER AUTHORITY.**—

(1) **IN GENERAL.**—Subject to paragraph (2), the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers to the extent determined by the Secretary to be necessary to carry out the demonstration under this section (except for
requirements related to fair housing, nondiscrimination, labor standards, and the environment).

(2) LIMITATION.—The number of families required to pay more in rent, or assume additional responsibilities, than required under the laws in effect upon the commencement of the demonstration under this section shall be limited to the number reasonably necessary to conduct an effective, rigorous evaluation under the demonstration.

(h) REPORTS.—The Secretary shall submit the following reports to the Congress:

(1) IMPLEMENTATION.—A report describing the initial implementation of the demonstration under this section, which shall be submitted not later than the expiration of the 3-year period beginning on the date of the enactment of this Act.

(2) INTERIM.—A interim report evaluating the demonstration under this section, which shall be submitted not later than the earlier of—

(A) the expiration of the 6-year period beginning on the date of the enactment of this Act; or

(B) the expiration of the 4-year period beginning on the date that interventions under the demonstration are first applied to families.
(3) **FINAL.**—A final report evaluating the demonstration under this section, which shall be submitted not later than the expiration of the 9-year period beginning on the date that interventions under the demonstration are first applied to families.

(i) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated for conducting evaluations in connection with the demonstration under this section $25,000,000, which amounts shall remain available until expended.

**TITLE IV—FLEXIBILITY FOR HIGH-CAPACITY PUBLIC HOUSING AGENCIES**

**SEC. 401. FLEXIBILITY FOR HIGH-CAPACITY PUBLIC HOUSING AGENCIES.**

Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended by adding at the end the following new section:

“**SEC. 37. FLEXIBILITY FOR HIGH-CAPACITY PUBLIC HOUSING AGENCIES.**

“(a) **PURPOSE.**—Consistent with section 2(a)(1)(C) of this title, the purpose of this section is to vest in public housing agencies that perform well the maximum amount of responsibility and flexibility in program administration, with appropriate accountability to public housing resi-
dents, localities, and the general public, by establishing a program under which public housing agencies are given the flexibility to design and implement, and the Secretary is given the responsibility to facilitate and evaluate, innovative approaches to providing housing assistance that—

“(1) increase housing opportunities for low-, very low-, and extremely low-income families, including preserving, modernizing, rehabilitating, reconfiguring, or replacing public housing at risk of physical deterioration or obsolescence, developing additional affordable housing, providing supportive housing, and increasing the number of families receiving tenant-based rental assistance and their housing choices;

“(2) provide financial incentives and other support mechanisms to families to obtain employment, increase earned income, and achieve economic self-sufficiency, while protecting very low- and extremely low-income families from increased rent burdens;

“(3) utilize funds in a more effective or cost-efficient manner, including achieving energy, administrative, and other cost savings, or increasing revenues;

“(4) leverage other Federal, State, and local funding sources, including the low-income housing
tax credit program and other private resources, to expand and preserve affordable housing opportunities, and foster partnerships between public housing agencies and service providers in fields such as health care and education to streamline service delivery, identify potential cost savings across programs, and improve health and educational opportunities for low income families;

“(5) test alternative rent-setting and continued occupancy policies to determine whether rent determinations can be simplified, administrative cost savings can be realized, and effective incentives provided, while protecting very low- and extremely low-income families from increased rent burdens, and conducting a rigorous evaluation to test the effectiveness of such innovative approaches; and

“(6) are developed with the support of the local community and with the substantial participation of affected residents.

“(b) SELECTION PROCESS.—

“(1) TIMING AND OPPORTUNITY FOR COMMENT.—The Secretary shall, within 9 months after the date of the enactment of the Affordable Housing and Self-Sufficiency Improvement Act of 2012, make a draft notice available for public comment
with the proposed selection criteria and preferences for selection of public housing agencies to participate in the program under this section. Initial selection of participating agencies shall be made within 12 months of issuance of the final selection notice. Prior to any change in selection criteria and preferences in subsequent years, the Secretary shall also make a draft notice available for public comment.

“(2) PROPOSALS; CRITERIA.—Selection of agencies to participate in the program under this section shall be made by the Secretary pursuant to a competitive process that advances the purposes specified in subsection (a) and meets the following requirements:

“(A) HIGH-CAPACITY PUBLIC HOUSING AGENCIES.—The Secretary shall make selections based on proposals from high-capacity public housing agencies, which shall mean any agency that—

“(i) in the calendar year prior to its application, had a public housing occupancy rate of at least 95 percent and utilized not less than 95 percent of its funds allocated for assistance under section 8(o)
for that calendar year or 95 percent of its authorized vouchers, and

“(ii)(I) that is a high performer under the public housing assessment system (if the agency administers public housing) and the section 8 management assessment program (if the agency administers vouchers under section 8); or

“(II) taking into account its relative score under the public housing assessment system and the section 8 management assessment program, is an agency with other characteristics, achievements, capabilities, or experience identified by the Secretary based on criteria established through a notice made available for public comment, that demonstrate the agency has the capacity to successfully exercise the discretion and undertake the responsibilities made available by this section.

“(B) DIVERSITY OF PHAS.—The process provides, to the extent possible based on eligible agencies submitting proposals, for representation among agencies having various characteristics, including both large and small agencies,
agencies serving urban, suburban, and rural areas, and agencies in various geographical regions, housing markets and labor markets throughout the United States, and which may include the selection of agencies that only administer the voucher program under section 8(o) or the public housing program, and for representation by consortia or other partnerships of any such agencies which are formed for the purpose of implementing coordinated policies across jurisdictions and producing administrative savings which can be redirected to other eligible purposes under this section. The Secretary shall determine the necessary requirements for such consortia or other partnerships.

“(C) NOTICE TO RESIDENTS AND COMMUNITY.—Any agency submitting a proposal under this paragraph shall have provided notice to residents and the local community not later than 30 days before the first of the two public meetings required under subparagraph (D).

“(D) PUBLIC MEETINGS.—An agency submitting a proposal shall hold two public meetings to receive comments on the agency’s proposed application, on the implications of
changes under the proposal, and the possible impact on residents. Any written comments submitted by residents or members of the public concerning the agency’s proposal shall be submitted as part of the agency’s application.

“(E) IDENTIFICATION OF OBSTACLES TO ACHIEVEMENT OF GOALS.—Each proposal shall identify obstacles in the public housing or voucher programs, including statutory provisions and existing rules and regulations, that impede achievement of the goals and objectives of the proposal and the purposes of the demonstration, a statement of the alternative policies designed to address such obstacles, and an explanation of why exemption from such statutory provisions, regulations, or other requirements is necessary to achieve such goals and objectives.

“(F) INFORMATION FOR EVALUATION.—

Each proposal shall include baseline information, as the Secretary deems necessary in consultation with the Advisory Council for the evaluation under subsection (g), on the characteristics, condition, and funding of the housing units, housing assistance, and other services the
agency provides, including a physical needs assessment with respect to the agency’s public housing, if any.

“(3) LIMIT ON PARTICIPATION.—Pursuant to the process described in paragraphs (1) and (2), the Secretary shall select a number of agencies to participate such that the total number of public housing units and vouchers subject to this section is, upon such agencies’ initial selection, limited to approximately, but no more than, 500,000 public housing units and vouchers, with the Secretary selecting as many agencies at a time as is reasonably possible; except that if any agency with a total of more than 50,000 public housing units and vouchers is selected, or any agency participating in the demonstration under section 204 of Public Law 104–134 enters the program under this section, then such an agency’s public housing units and vouchers shall not count toward such limitation.

“(4) MAINTAINING PARTICIPATION RATE.—If, after selections for program participation by the Secretary reach the limit on participation under paragraph (3), the number of public housing units and vouchers subject to this section falls below the number selected pursuant to such paragraph—
“(A) at any time prior to submission of the interim report pursuant to subsection (g)(4)(B)(ii), the Secretary shall promptly solicit applications from and select additional public housing agencies to participate in the program under the terms and conditions for application and selection provided in this section so that the number of public housing units and vouchers is increased to the number authorized by paragraph (3); and

“(B) at any time after the submission of such report, the Secretary may select such additional agencies, giving due consideration to the potential for such expansion to advance the purposes set forth in subsection (a).

“(c) WAIVERS.—

“(1) IN GENERAL.—As part of its application under subsection (b)(2), an agency shall submit a proposed annual plan for the agency’s first year of operations under the program under this section that meets the requirements of subsection (d)(7)(B) and that includes a description of the statutory and regulatory waivers necessary to implement the plan, consistent with the agency’s proposal under subsection (b)(2)(E). Upon selection of the agency for
participation, the Secretary shall review and approve such plan in accordance with subsection (d)(7)(D). In subsequent years, the agency may obtain additional waivers through its annual plan in accordance with subsection (d)(7). Notwithstanding any other provision of this section, families receiving assistance under this section shall retain the same rights of judicial review of agency action as they would otherwise have had if the agency were not participating in the program.

“(2) CONTRACT AMENDMENT.—After selecting agencies under subsection (b), the Secretary shall promptly amend the applicable annual contributions contract of each such agency to provide that the agency is participating in the program under this section and that the agency may request and implement a waiver of provisions of this Act or regulations promulgated under this Act (except for retained provisions specified in subsection (d)(4)) to the extent necessary to implement the agency’s annual plan under subsection (d)(7), as determined by the Secretary, without specifying such waivers in such contract amendment. An agency may terminate its participation under this section at any time upon reasonable notice to the Secretary.
“(d) PROGRAM REQUIREMENTS.—

“(1) PROGRAM FUNDS.—A participating agency may combine amounts provided to the agency from the Operating Fund under section 9(e), amounts provided to the agency from the Capital Fund under section 9(d), and amounts provided to the agency for voucher assistance (including administrative fees) under section 8(o) and may use such program funds for any activities that are authorized by section 8(o) or 9, for other housing for assisted families, or for any other activities that are not inconsistent with this section, as determined by the Secretary.

“(2) FAMILIES SERVED.—

“(A) IN GENERAL.—In carrying out its program under this section, each participating agency shall continue to assist the number of eligible low-income families equal to its assisted family baseline, except as permitted under subparagraph (B).

“(B) PERMITTED REDUCTIONS.—

“(i) An agency may, at its option, reduce the number of assisted families it serves by up to 2 percent of its assisted family baseline, but only if it uses the
funds resulting from such reduction for eligible purposes under this section.

“(ii) An agency may, with the Secretary’s approval—

“(I) reduce the number of assisted families it serves by up to 10 percent of the household equivalent of its voucher baseline (inclusive of the reduction under clause (i)), but only if the agency uses the funds resulting from such additional reduction for housing choice and mobility initiatives, homelessness initiatives, or supportive services designed to improve outcomes; and

“(II) reduce the number of assisted families it serves by up to 15 percent of the household equivalent of its voucher baseline (inclusive of the reductions under clause (i) and sub-clause (I) of this clause)), but only if the agency uses the funds resulting from such additional reduction for capital activities to serve assisted families.
“(C) APPROVAL OF REDUCTIONS.—The Secretary’s level of review and approval of an agency’s request to reduce the number of families served below its assisted housing baseline shall be commensurate with the level of the reduction proposed and the potential impact on assisted families and on the agency’s housing stock for assisted families (including tenant-based rental assistance). The Secretary shall—

“(i) in the case of reductions under subparagraph (B)(ii)(I), approve such reduction in the amount and duration proposed by the agency, unless they are greater than reasonably necessary to determine whether the proposed activity is successful and cost effective; and

“(ii) in the case of reductions under subparagraph (B)(ii)(II), approve such reduction in the amount and duration proposed by the agency unless they are greater than reasonably necessary to complete the capital activity proposed, provided that such reductions shall be proposed and approved on a project-by-project basis.
In determining the reasonableness of a proposed reduction under subclause (ii), the Secretary shall consider efforts made by the agency to secure contributions of funding or other resources to supplement the program funds to be used for the proposed activities and the ability of an agency to leverage such contributions through a proposed reduction, or if the agency did not make such efforts, its reasons for not doing so.

“(D) Alternate measure for reductions.—With respect to permitted reductions under subparagraph (B)(ii), the Secretary may use the household equivalent of an agency’s public housing baseline in place of the household equivalent of an agency’s voucher baseline for agencies that have significantly more public housing units than vouchers.

“(E) Continuation of permitted reductions.—At the end of the period approved by the Secretary for a permitted reduction under subparagraph (C)(i) for an agency, the agency shall submit a final report on the impacts of the initiative funded with such reduction, including the benefits and costs, and other
information reasonably required by the Secretary in consultation with the Advisory Council under subsection (g)(3), which may include a physical needs assessment and information concerning services provided by the agency. If the agency wishes to continue such an initiative accompanied by a continuation of a permitted reduction, then the agency shall complete a public and resident comment process, which may be part of the plan process under paragraph (7). The Secretary may disapprove such continuation if the reported data do not show positive outcomes or the agency has not demonstrated the need for the requested reduction to support the added costs of the interventions, including evidence that the agency has made reasonable efforts to obtain other funding for the interventions.

“(F) FUNDING ADJUSTMENTS.—To the extent that a participating agency does not assist a number of families at least equal to its assisted family baseline in a given year (subject to any permitted reductions), the Secretary shall require repayment of funds from non-Federal sources in an amount equal to the difference
between the assistance used for the actual num-
ber of families served and the assistance which
would have been required to achieve such ass-
sisted family baseline; except that, for good
cause, the Secretary may permit the agency to
meet such requirement over a period greater
than one year and the Secretary shall not re-
quire any repayment if the agency’s inability to
meet its assisted housing baseline is the result
of funding levels below those provided for the
year in which the assisted housing baseline is
established.

“(G) DEFINITIONS.—For purposes of this
section, with respect to any participating agen-
cy—

“(i) the term ‘assisted family baseline’
means the agency’s public housing baseline
plus the agency’s voucher baseline;

“(ii) the term ‘public housing baseline’
means the number of public housing units
occupied in the calendar year preceding the
agency’s first year operating under this
section, with appropriate adjustments for
reductions in units pursuant to section 18
and for units unavailable for, or becoming
available after, modernization or replacement;

“(iii) the term ‘voucher baseline’ means the number of vouchers utilized in the calendar year preceding the agency’s first year operating under this section, with appropriate adjustments for voucher transfers, incremental vouchers awarded, and other increases or decreases in the number of vouchers available to the agency not resulting from funding prorations; and

“(iv) the Secretary may use a three-year average of utilization or occupancy to account for extenuating circumstances.

“(3) ASSISTED FAMILIES.—

“(A) DEFINITION.—For purposes of this section, the term ‘assisted families’ includes any eligible low-income family that was counted in determining the agency’s compliance with subsections (a)(2)(A) and (b)(1) of section 16, as modified under paragraph (4)(A) of this subsection, and which—

“(i)(I) receives rental assistance from program funds of the agency, and
“(II)(aa) pays no more than that permitted under section 3 or 8(o) for rent (including the amount allowed for tenant-paid utilities); 

“(bb) pays no more than 28 percent of gross income (and, for families receiving tenant-based rental assistance, any amount in excess of the payment standard subject to the rules applicable under section 8(o) for establishing and implementing such payment standards for agencies that do not participate in the program under this section) for rent (including the amount allowed for tenant-paid utilities); or 

“(cc) is one of a set of families whose average rent burden (based on the average of each family’s share of the gross rent compared to its income) does not exceed the average rent burden of families assisted by the agency in the calendar year prior to its participation under this section or of families assisted by other agencies that are not participating in the program under this section in the same metropolitan statistical area or one or more sur-
rounding counties closest to the area
served by the agency;

“(ii) does not receive rental assistance
but otherwise satisfies the standards of
item (aa), (bb), or (cc) of clause (i)(II) and
occupies a housing unit in a development
with respect to which the agency makes or
has made a significant use of program
funds; or

“(iii) receives rental assistance from
the agency that does not satisfy the stand-
ards of item (aa), (bb), or (cc) of clause
(i)(II), but occupies a unit that is included
in the evaluation of enhanced policies
under subsection (d).

“(B) HARDSHIP POLICY.—If an agency
implements a rent policy under which compli-
ance with the requirement in paragraph (2) (re-
lating to families served) is determined using
the definition in item (bb) or (cc) of clause
(i)(II) of subparagraph (A) of this paragraph,
the agency shall, as part of its annual plan and
report under subsection (d)(7), adopt and im-
plement a hardship policy.
“(4) Retained provisions.—Notwithstanding any other provision of this section, the Secretary may not waive, and each agency shall comply with, the following provisions of this Act:

“(A) Subsections (a)(2)(A) and (b)(1) of section 16 (42 U.S.C. 1437n; relating to targeting for new admissions in the public housing and voucher programs), based on the requirements applicable to the program for which funds were appropriated. The Secretary may calculate a blended targeting rate, required for assistance that combines funds appropriated under sections 8 and 9, based on the ratio of units assisted under sections 8 and 9 in an agency’s baseline.

“(B) Section 2(b) (42 U.S.C. 1437(b); relating to tenant representatives on the public housing agency board of directors).

“(C) Section 3(b)(2) (42 U.S.C. 1437a(b)(2); relating to definitions for the terms ‘low-income families,’ ‘very low-income families,’ and ‘extremely low-income families’).

“(D) Section 5A(e) (42 U.S.C. 1437c–1(e); relating to the formation of and consultation with a resident advisory board).
“(E) Sections 6(f)(1) and 8(o)(8)(B) (42 U.S.C. 1437d(f)(1), 1437f(o)(8)(B); relating to compliance of units assisted with housing quality standards or other codes).

“(F) Sections 6(c)(3), 6(c)(4)(i), and 8(o)(6)(B) (42 U.S.C. 1437d(c), 1437f(o)(6)(B); relating to rights of public housing applicants and procedural rights for applicants under section 8(o)).

“(G) Section 6(k) (42 U.S.C. 1437d(k); relating to grievance procedures for public housing tenants) and procedural rights for families assisted under section 8(o)(6)(B).

“(H) Section 6(l) (42 U.S.C. 1437d(l); relating to public housing lease requirements), except that for units assisted both with program funds and low-income housing tax credits, the initial lease term may be less than 12 months if required to conform lease terms with such tax credit requirements.

“(I) Section 7 (42 U.S.C. 1437e); relating to designation of housing for elderly and disabled households), except that a participating agency may make such designations (at initial designation or upon renewal) for a term of up
to 5 years if the agency includes in its annual plan under subsection (d)(7) an analysis of the impact of such designations on affected households and such designation is subject to evaluation. Any participating agency with a designated housing plan in effect at the time of approval for participation in the program under this section may continue to operate under the terms of such plan for a term of 5 years (with an option to renew on the same terms for an additional 5 years) if it includes in its annual plan an analysis of the impact of such designations on affected households.

“(J) Subparagraphs (C) through (F) of section 8(o)(7) and section 8(o)(20) (42 U.S.C. 1437f(o); relating to lease requirements and eviction protections for families assisted with tenant-based assistance).

“(K) Section 8(o)(13)(B) (42 U.S.C. 1437f(o)(13)(B); relating to a percentage limitation on project-based assistance), except that for purposes of this subparagraph such section shall be applied by substituting ‘50 percent’ for ‘20 percent’, and all voucher funding that is
used for non-tenant based assistance purposes shall count towards this calculation.

“(L) Section 8(o)(13)(E) (42 U.S.C. 1437f(o)(13)(E); relating to resident choice for tenants of units with project based vouchers), except with respect to—

“(i) not more than 10 percent of the vouchers available to the participating agency upon entering the program under this section; and

“(ii) any project-based voucher program that is subject to evaluation.

Notwithstanding the exceptions under this sub-paragraph, an agency may not eliminate resident choice under section 8(o)(13)(E) for more than 25 percent of its authorized vouchers.

“(M) Section 8(r) (42 U.S.C. 1437f(r); relating to portability of voucher assistance), except that a participating agency may receive funding for portability obligations under section 8(dd) or appropriations bills in the same manner as other public housing agencies.

“(N) Sections 8(ee) and 6(u) (42 U.S.C. 1437f(ee), 1437d(n); relating to records, certifi-
cation and confidentiality regarding domestic violence).

“(O) Subsections (a) and (b) of section 12 (42 U.S.C. 1437j; relating to payment of prevailing wages).

“(P) Section 18 (42 U.S.C. 1437p) relating to demolition and disposition of public housing).

“(Q) Requirements regarding—

“(i) establishment of resident councils and jurisdiction-wide resident organizations;

“(ii) the minimum amount of public housing agency support for such councils and organizations; and

“(iii) involvement of such councils and organizations in public housing agency operations; as authorized under sections 3(e)(2), 6(c)(5)(C), and 9(e) (42 U.S.C. 1437a(e)(2), 1437d(e)(5)(C), 1437g(e)) and implemented by applicable regulations.

Families receiving assistance under this section shall retain the same rights of judicial review of agency action as they would otherwise have had
if the agency were not participating in the pro-
gram.

“(5) Prohibition against changes in pro-
gram funds.—The amount of program funds a
participating agency receives shall not be diminished
or increased solely by its participation in the pro-
gram under this section; except that with respect to
program funds used for purposes of permitted re-
ductions under subsection (d)(2)(B), the Secretary
shall provide annual funding on the same basis as if
such funds had been used for the purposes for which
they were appropriated under sections 8 and 9, as
applicable.

“(6) Public and resident participation.—
Each participating agency shall provide opportuni-
ties for resident and public participation in the an-
nual plan under paragraph (7), as follows:

“(A) Notice to residents.—

“(i) Notice.—Each year, the agency
shall provide notice to the low-income fam-
ilies it serves under the programs author-
ized by this section as to the impact of
proposed policy changes and program ini-
tiatives and of the schedule of resident ad-
visory board and public meetings for the annual plan.

“(ii) MEETING.—The agency shall hold at least one meeting with the resident advisory board (including representatives of recipients of assistance under section 8) to review the annual plan for each year.

“(B) PUBLIC MEETING.—With respect to each annual plan, the agency shall hold at least one annual public meeting to obtain comments on the plan. In the case of any agency that administers, in the aggregate, more than 15,000 public housing units and vouchers, or that operates in more than one county, the agency shall hold one or more additional meetings, in the agency’s reasonable discretion, in locations that promote attendance by residents and other stakeholders.

“(C) PUBLIC AVAILABILITY.—Before adoption of any annual plan, and not less than 30 days before the public meeting required under subparagraph (B) with respect to the plan, the agency shall make the proposed annual plan available for public inspection and copying, on request, and for access through the Internet.
The annual plan shall be made available for public inspection not less than 30 days before approval by the board of directors (or other similar governing body) of the agency and shall remain publicly available.

“(D) BOARD APPROVAL.—Before submitting an annual plan to the Secretary, the plan, as applicable, shall be approved in a public meeting by the board of directors or other governing body of the agency.

“(7) ANNUAL PLAN AND REPORT.—

“(A) REQUIREMENT.—For each year that a participating agency operates under this section, the agency shall submit to the Secretary an annual plan under this paragraph that encompasses all requirements under this section, in lieu of the public housing agency plan required under section 5A, as well as all other planning and reporting requirements (except as required by subsections (d)(2) and (e)).

“(B) CONTENTS.—Each annual plan shall be drafted in a format developed by the Secretary, and shall include the following information:
“(i) A description of all program initiatives and generally applicable policy changes, including references to provisions of this Act, regulations promulgated under this Act, or other requirements which the agency requests the Secretary to waive, consistent with subsection (c)(1).

“(ii) A description and comparison of changes under the proposed plan of the agency from the plan for the preceding year.

“(iii) A capital plan and a description of property redevelopment or portfolio repositioning strategies and proposed changes in policies or uses of funds required to implement such strategies, including estimated costs and proposed sources of funds for such activities.

“(iv) Documentation of public and resident participation sufficient to comply with the requirements under paragraphs (4) and (6), including a copy of any recommendations submitted in writing by the resident advisory board of the agency and members of the public, a summary of com-
ments, and a description of the manner in which the recommendations were addressed.

“(v) Certifications by the agency that—

“(I) the annual plan will be carried out in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, title II of the Americans with Disabilities Act of 1990, and the rules, standards, and policies in the approved plan;

“(II) the agency will affirmatively further fair housing;

“(III) the agency has complied and will continue to comply with its obligations under the program evaluation; and

“(IV) any other certifications required by law, as determined by the Secretary.

“(vi) Other such information as the Secretary deems necessary for the proper
operation, management, and assessment of
the program.

“(C) CHANGES.—

“(i) PROPOSAL.—If an agency pro-
poses to make any material changes in
policies or initiatives in the agency’s plan
during the year covered by the plan, such
changes shall be re-proposed in the agen-
cy’s annual plan and submitted to the Sec-
retary in writing only after the agency has
consulted with stakeholders in the commu-
nity, the resident advisory board for the
agency established pursuant to section
5A(e) and the public regarding such
changes, conducted a public hearing, con-
sidered comments from the hearing in
drafting the proposed amendment, and ob-
tained an approval from the agency’s gov-
erning authority.

“(ii) MATERIAL CHANGE.— For pur-
poses of this paragraph, a material change
is any change in rent or occupancy policies
that affect assisted families, as well as per-
mitted reductions requested pursuant to
subsection (d)(2)(B) and approved pursu-
ant to subsection (d)(2)(C). For all other changes the agency shall consult with the resident advisory board before such change is adopted. The Secretary shall respond in writing to either approve or disapprove the amendment request.

“(D) APPROVAL PROCESS.—

“(i) TIMING.—The Secretary shall notify an agency submitting proposed changes pursuant to subparagraph (C) in writing if the Secretary objects to any provisions or information therein. When the agency submits its annual plan 75 days in advance of the beginning of its fiscal year, the Secretary shall respond to the agency within 75 days. If the Secretary does not respond to the agency within 75 days after an on-time receipt of the agency’s annual plan, the agency’s annual plan shall be considered to be approved and the agency shall be authorized to implement such plan. If the Secretary does not receive the agency’s annual plan 75 days before the beginning of the agency’s fiscal year, the agency’s annual plan is not approved until
the Secretary responds. The Secretary, directly or through the public housing agency, shall make information relating to such approval or disapproval available to all members of the Resident Advisory Board of the public housing agency. Approval under the third sentence of this clause shall not preclude judicial review regarding such compliance pursuant to chapter 7 of title 5, United States Code, or an action regarding such compliance under section 1979 of the Revised Statutes of the United States (42 U.S.C. 1983).

“(ii) STANDARDS FOR APPROVAL.—

The Secretary shall approve a plan only if—

“(I) the Secretary reasonably determines, based on information contained in the annual plan, that the agency is in compliance with the requirements of this section;

“(II) the annual plan is consistent with other reliable information available to the Secretary;
“(III) the annual plan and the agency’s activities under the program are otherwise in compliance with applicable law;

“(IV) with respect only to a waiver request under subparagraph (B)(i), the agency has provided a reasonable explanation of how the waiver will advance the agency’s program under its annual plan consistent with the purposes under subsection (a); and

“(V) the plan complies with such other requirements as the Secretary considers appropriate.

“(E) REPORTS.—Each participating agency shall submit to the Secretary a report, or series of reports, in a format and at a time specified by the Secretary, but not less often than annually. Each report shall—

“(i) include a description, including a consolidated financial report, of the sources and uses of the agency’s program funds, which shall account separately for funds made available under section 8 and subsections (d) and (e) of section 9, and
shall compare the agency’s actions under
the program with its annual plan for the
year;
“(ii) provide such data as the Sec-
retary may request to assist the Secretary
in assessing the demonstration;
“(iii) include an annual audit that
complies with the requirements of Circular
A–133 of the Office of Management and
Budget, including the OMB Compliance
Supplement;
“(iv) describe and analyze the effects
of the program of the agency and the as-
sisted activities under such program in ad-
dressing and achieving the objectives of the
program under this section and each of the
purposes specified in subsection (a), in-
cluding the effects of the program on—
“(I) the number of families that
have achieved economic independence
from housing assistance that is ad-
ministered by the agency, including
vouchers for rental assistance under
section 8(o) of the United States
Housing Act of 1937 and dwelling
150 units in public housing and in housing assisted with project-based section 8 assistance;

“(II) the number of new families the agency has been able to assist from the waiting lists for housing assistance referred to in clause (i) that is administered by the agency, as a result of the flexibility of funds and achievement of economic independence;

“(III) the cost and annual change, per family participating in the program, of providing housing assistance referred to in clause (i) that is administered by the agency;

“(IV) the household incomes, and changes in such incomes, of families participating in the program compared to those assisted by the agency in the calendar year prior to its participation; and

“(V) such other factors as the Secretary considers appropriate; and
“(v) include such other information as the Secretary deems necessary for the proper operation, management, and assessment of the program.

“(8) PROHIBITED POLICIES.—Notwithstanding anything in this section to the contrary, only agencies admitted pursuant to subsection (e)(1) may implement the enhanced policies described in such subsection.

“(e) ENHANCED PROGRAM PARTICIPATION.—

“(1) ENHANCED POLICIES.—From among the public housing agencies selected pursuant to subsection (b), the Secretary shall select approximately, but no more than, 25 agencies as necessary for evaluation purposes (with a consortium, under this subsection considered a single agency), except that agencies participating in the demonstration under section 204 of Public Law 104-134 that enter the program under this section shall not count toward such limitation, to develop, propose, and implement the following enhanced policies designed to achieve one or more of the purposes specified in subsection (a):

“(A) SUBSTANTIAL RENT POLICY CHANGES.—Rent policies designed to encourage
self-sufficiency among assisted families under which a low-income family would not qualify as an assisted family pursuant to subsection (d)(3).

“(B) TIME LIMITS.—Policies which impose
time limits on the term of housing assistance from program funds received by families assisted with program funds.

“(C) EMPLOYMENT CONDITIONS.—Policies that condition the receipt of housing assistance from program funds by families on the employment status (including participation in training or other work readiness activities) of one or more family members.

“(2) REASSESSMENT OF ENHANCED POLICIES.—If, during the evaluation of a policy pursuant to paragraph (1), the Secretary identifies credible evidence that a policy adopted by an agency is causing or has caused material harm to assisted families, the Secretary shall advise the agency and give the agency a fair opportunity to contest such evidence. The Secretary may recommend that the agency modify or terminate activities shown to have harmful consequences, and require the agency to reassess such policy as part of its next annual plan process,
which shall address the evidence presented by the Secretary and the Secretary’s recommendations.

“(3) CONTINUATION OF ENHANCED POLICIES.—After policies implemented under this subsection are evaluated, an agency that wishes to continue any such policy shall share the evaluation results and its reasons for proposing to continue the policy as part of a public and resident comment process, which may be done as part of the plan process under paragraph (7). The Secretary may disapprove continuation of such policies if the evaluation does not show benefits such as significant improvements in family incomes, other indicia of increased economic security, or other benefits to assisted families or families on the agency’s public housing or voucher waiting lists that outweigh evidence of increased hardships and any increased cost per household. In making its decision to disapprove, the Secretary shall consult with the evaluation advisory group.

“(f) RECORDKEEPING; ACCESS TO DOCUMENTS.—

“(1) RECORDKEEPING.—Each public housing agency participating in the program under this section shall keep such records as the Secretary may prescribe as reasonably necessary to disclose the
amounts and the disposition of amounts under the program, to ensure compliance with the requirements of this section, and to measure performance.

“(2) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this section.

“(3) ACCESS TO DOCUMENTS BY THE COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this section.

“(g) EVALUATION.—

“(1) IN GENERAL.—The Secretary shall conduct an evaluation of the policies implemented by agencies participating in the program under this section to determine whether and to what extent the program has achieved each of the purposes specified in subsection (a) and to identify policy changes or initiatives that would improve the effectiveness of
one or more programs under this Act. In addition to
the overall evaluation, the Secretary shall, with re-
gard to approved uses of funds under subsection
(d)(2)(B)(ii), assess the level of success of each pub-
lic housing agency in achieving its goals and objec-
tives, including costs, outputs, and outcomes, and
compare alternative strategies selected by different
agencies for achieving similar goals. In making such
assessments and comparisons, the Secretary may
rely on data and impact reports submitted by agen-
cies pursuant to the requirement under subsections
(b)(2)(F) and (d)(2)(E) and as part of the annual
plans under subsection (d)(7).

“(2) EVALUATION OF ENHANCED POLICIES.—
Each agency selected for participation under sub-
section (e) shall agree that any policy described in
paragraph (e)(1) shall be subject to a detailed eval-
uation of such policy utilizing a rigorous research
methodology which shall include, at least in part,
random assignment to treatment and control groups
in order to compare the impact on assisted families
to similar types of families not subject to such policy
and an examination and comparison of the costs,
outputs, and outcomes of tested strategies at agen-
cies operating in different types of housing and labor
markets, and may incorporate, where appropriate and to the extent funding is available, the following:

“(A) A process evaluation that examines the challenges faced in implementing tested strategies and how those challenges were overcome.

“(B) A qualitative examination of the impacts of tested strategies on affected families, including families on agency waiting lists.

“(C) An examination of the impact of tested strategies on the housing needs and conditions of the jurisdiction in which the agency works.

The Secretary shall contract out the responsibilities for the evaluation under this paragraph to an independent entity that is qualified to perform such responsibilities.

“(3) ADVISORY COUNCIL.—

“(A) PURPOSE.—The Secretary shall establish an Advisory Council to provide input on the methodology for conducting the evaluations required under this section and to advise the Secretary in interpreting the findings and formulating recommendations to the Congress to be included in the reports to the Congress. The
Advisory Council shall advise the Secretary and
the evaluating entity in the design of the evalu-
ation of enhanced policies under paragraph (2)
and in reviewing interim findings to advise the
Secretary with respect to reassessments under
subsection (e)(2), and may advise the Secretary
on the identification of promising program mod-
els to test at other agencies based on the poli-
cies proposed and implemented by public hous-
ing agencies under subsection (d)(2)(B)(ii) and
other matters related to the success of the eval-
uations.

“(B) MEMBERS.—The Advisory Council
shall include—

“(i) social scientists with experience in
evaluating relevant types of policies and
using relevant types of methodologies;

“(ii) representatives of public housing
agencies, including one or more individuals
who has directed a public housing agency
participating in the demonstration under
section 204;

“(iii) representatives of low-income
families assisted by agencies participating
in the program under this section; and
“(iv) experts in each of the following areas: policies related to increasing the economic self-sufficiency of low income families; public housing and tenant-based rental assistance policy issues and funding; low-income housing redevelopment and financing; and public management.

The Secretary shall publish in the Federal Register notification of intent to establish the Advisory Council and how interested persons may submit their qualifications. After selection, the Secretary shall maintain on the Department’s website a list of the members of the Council. Members of the Advisory Council shall express their independent judgment.

“(C) REQUIREMENTS.—The Advisory Council established by this paragraph shall not be subject to the requirements of the Federal Advisory Commission Act. Staff support for the members of the Council shall be provided by the Secretary. Members are not eligible for compensation. The Secretary may reimburse Council members for travel expenses for any in-person meetings out of the funds available to the Secretary for staff travel. The Secretary is not
required to provide public notice of Council meetings or to permit members of the public to attend. The Council shall be disbanded upon submission of the final report required under paragraph (4)(B)(iii).

“(4) REPORTS.—

“(A) IN GENERAL.—The Secretary shall submit three reports to the Congress, as provided in subparagraph (B), evaluating the policies under subsections (a) and (e)(1). Each such report shall include findings and recommendations for any appropriate legislative action and shall be made available to the public.

“(B) TIMING.—The reports required under this paragraph shall include—

“(i) an initial report, which shall be submitted before the expiration of the 3-year period beginning on the date of the enactment of the Affordable Housing and Self-Sufficiency Improvement Act of 2012, to report on progress in establishing the new program under this section and initiating evaluations under paragraphs (1) and (2);
“(ii) an interim report, which shall be submitted before the expiration of the 6-year period beginning on such date, to report on interim results of the evaluation under paragraph (2) of this subsection, results of other initiatives by agencies participating in the program under this section, and the impacts of funding flexibility on the number of families served and the achievement of agency goals and program purposes; and

“(iii) a final report, which shall be submitted before the expiration of the 9-year period beginning on such date, to provide final conclusions concerning the impacts of the enhanced policies evaluated and the flexibilities available through the program under this section, and recommendations regarding whether any of the enhanced or other policies evaluated should be incorporated in the programs under this Act and whether the flexibilities for high performing or other agencies should be continued, modified, or expanded.
“(h) Authorization of Appropriations.—

“(1) Evaluations.—There is authorized to be appropriated $24,000,000 to the Secretary for the purpose of conducting the evaluations and providing the staff support for such evaluations and preparing the reports to the Congress, as required under subsection (g), which amounts shall remain available until expended. The Secretary shall to the extent possible use funds available for the evaluations to defray the costs of evaluation for participating agencies, particularly smaller agencies.

“(2) Program Support.—There is authorized to be appropriated to the Secretary $5,000,000 for each of fiscal years 2013 through 2017 for the purpose of providing program support either by contract or directly to assist the Department of Housing and Urban Development in managing the program under this section and collect and analyze data on program activities; as well as provide additional resources to subject agencies the Secretary deems necessary to successfully conduct the program.

“(i) Resident Capacity Building.—

“(1) Authorization of Appropriations.—

There is authorized to be appropriated to the Secretary $10,000,000 for each of fiscal years 2013
through 2017, from which the Secretary may make obligations to tenant groups, nonprofit organizations, and public entities for building the capacity of tenant organizations, for assistance in providing capacity building to enhance the capabilities of low-income families assisted or eligible for assistance under the program under this section and under the program authorized by section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437f note) to participate in the process for establishment and revision of annual plans under this section for participating agencies, including review and comment on impact analyses and demolition or disposition proposals.

“(2) USE OF AVAILABLE FUNDS.—Notwithstanding any other provision of this section or other law, in allocating funding appropriated for public housing operations to an agency participating in the program under this section that did not in the previous year provide to a resident council or jurisdiction-wide resident council any portion of the additional funds provided for tenant participation, the Secretary shall reduce the funding provided to the agency by the amount of the tenant participation
funding and make such funds available for resident
capacity building under this subsection.

“(3) CRITERIA FOR AWARD OF FUNDS.—The
Secretary shall publish the criteria to be used to
award funds on a competitive basis, in an amount
appropriate to the number of households affected by
the program of the participating agency or agencies
that such participating agency assists, to local, re-
gional, State, or national organizations, including
partnerships of multiple organizations, that—

“(A)(i) have members who are predomi-
nantly low-income;

“(ii) have low-income individuals on their
boards of directors; or

“(iii) directly work with or represent low-
income individuals;

“(B) have the legal, policy, and develop-
ment expertise to provide such assistance or will
subcontract for such services; or

“(C) have a demonstrated capacity to man-
age similar grants or will partner with another
organization with experience under require-
ments specified by the Secretary.

“(4) PUBLIC HOUSING AGENCIES.—
“(A) INELIGIBILITY; NONLIABILITY.—Public housing agencies shall not be eligible to receive funds under this subsection, and shall not be liable for the action of any grantee.

“(B) COOPERATION WITH GRANTEES.—Public housing agencies participating in the program under this section shall cooperate with grantees receiving technical assistance funds under this subsection, to assist such grantees to reach families assisted under the program.”.

SEC. 402. TREATMENT OF MOVING TO WORK AGENCIES.

A public housing agency that as of the date of the enactment of the Affordable Housing and Self-Sufficiency Improvement Act of 2012 has an existing agreement with the Secretary pursuant to the Moving to Work demonstration under section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437f note), or was authorized by another provision of law enacted prior to the enactment of this Act to enter into an agreement under such section 204, may at any time and solely at the option of such agency, be admitted to the program authorized by the amendment made by subsection (a) of this section, but only if such agency is not in default under its agreement with the Secretary. Such
an agency shall be subject to the terms and conditions of
this section and admission of any such agency shall not
count toward the limitations on program participation in
subsection (b)(3) and (e)(1) of section 37 of the United
States Housing Act of 1937, as added by the amendment
made by subsection (a) of this section.

TITLE V—ACCESS TO HUD
PROGRAMS

SEC. 501. ACCESS TO HUD PROGRAMS FOR PERSONS WITH
LIMITED ENGLISH PROFICIENCY.

(a) HUD RESPONSIBILITIES.—To allow the Depart-
ment of Housing and Urban Development to better serve
persons with limited proficiency in the English language
by providing technical assistance to recipients of Federal
funds, the Secretary of Housing and Urban Development
shall take the following actions:

(1) TASK FORCE.—Within 90 days after the en-
actment of this Act, convene a task force comprised
of appropriate industry groups, recipients of funds
from the Department of Housing and Urban Devel-
opment (in this section referred to as the “Depart-
ment”), community-based organizations that serve
individuals with limited English proficiency, civil
rights groups, and stakeholders, which shall periodi-
cally identify a list of vital documents, including De-
partment and certain property and other documents, to be competently translated to improve access to federally conducted and federally assisted programs and activities for individuals with limited English proficiency. Such lists shall identify priorities pertaining to translation of such vital documents, consistent with the Department’s Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons. The task force shall meet not less frequently than twice per year.

(2) TRANSLATIONS.—Within 6 months after identification of documents pursuant to paragraph (1), produce translations of such documents in languages identified by the task force, in coordination with the Department, and make such translations available as part of the library of forms available on the website of the Department and as part of the clearinghouse developed pursuant to paragraph (4).

(3) PLAN.—Develop and carry out a plan that includes providing resources of the Department to assist recipients of Federal funds to improve access to programs and activities for individuals with lim-
ited English proficiency, which plan shall include the
elements described in paragraph (4).

(4) HOUSING INFORMATION RESOURCE CEN-
TER.—Develop and maintain a housing information
resource center to facilitate the provision of lan-
guage services by recipients of funds of the Depart-
ment to individuals with limited English proficiency.
Information provided by such center shall be made
available in printed form and through the Internet.
The resources provided by the center shall include
the following:

(A) TRANSLATION OF WRITTEN MATE-
RIALS.—The center may provide, directly or
through contract, translations of vital docu-
ments from competent translation services for
recipients of funds of the Department.

(B) INTERPRETATION SERVICES TELE-
PHONE LINE.—

(i) REQUIREMENT.—The center shall
provide a 24-hour interpretation services
telephone line, by which recipients of funds
of the Department and individuals with
limited English proficiency can jointly ac-
cess such line in order to receive interpre-
tation services with respect to housing ac-
cess and receipt of assistance under pro-
grams funded by the Department. Such
telephone line shall supplement resources
in the community identified by the plan
pursuant to paragraph (3).

(ii) **Fee.**—The Secretary may estab-
lish and collect a reasonable fee, to the ex-
tent provided in advance in an appropria-
tions Act, to cover the actual cost of the
service provided pursuant to clause (i),
which shall be payable by the recipient of
the Department’s funds using the service.
Such fees and other expenses incurred to
provide language services to persons with
limited English proficiency paid by recipi-
ents of the Department’s funds shall be
permitted to be payable from funds avail-
able for implementing affirmative mar-
keting strategies and from funds available
for administration of rental assistance, in-
cluding funds under section 9(e) of the
United States Housing Act of 1937 (42
U.S.C. 1437g(e)). Recipients of the De-
partment’s funds may not seek reimburse-
ment for such fees and other expenses
from families being assisted by or applicants for federal financial assistance from the Department’s funds.

(C) DOCUMENT CLEARINGHOUSE.—The center shall collect and evaluate for accuracy or develop, and make available, templates and documents that are necessary for consumers, relevant industry representatives, and other stakeholders of the Department, to access, make educated decisions, and communicate effectively about their housing, including—

(i) administrative and property documents;

(ii) legally binding documents;

(iii) consumer education and outreach materials;

(iv) documents regarding rights and responsibilities of any party; and

(v) remedies available to consumers.

(b) SAVINGS CLAUSE.—Nothing in this section shall be construed as to limit the meaning or applicability of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), executive orders, or of lawfully promulgated rules,
1 regulations, guidance, or orders of general applicability
2 issued by the Department to effectuate such title VI.