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HOUSE OF REPRESENTATIVES

REPORT
110–369

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 2895) TO ESTABLISH THE NATIONAL AFFORDABLE HOUSING TRUST FUND IN THE TREASURY OF THE UNITED STATES TO PROVIDE FOR THE CONSTRUCTION, REHABILITATION, AND PRESERVATION OF DECENT, SAFE, AND AFFORDABLE HOUSING FOR LOW-INCOME FAMILIES

OCTOBER 9, 2007.—Referred to the House Calendar and ordered to be printed

Ms. CASTOR, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 720]

The Committee on Rules, having had under consideration House Resolution 720, by a record vote of 9 to 3, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 2895, the National Affordable Housing Trust Fund Act of 2007, under a structured rule. The rule provides one hour of general debate equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services. The rule waives all points of order against consideration of the bill except clauses 9 and 10 of rule XXI. The rule provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill shall be considered as an original bill for the purpose of amendment and shall be considered as read. The rule waives all points of order against the amendment in the nature of a substitute except for clause 10 of rule XXI. This waiver does not affect the point of order available under clause 9 of rule XXI (regarding earmark disclosure).

The rule makes in order only those amendments printed in this report. The amendments made in order may be offered only in the order printed in this report, may be offered only by a Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for a division of the question in the House or in the Committee of the Whole. All points of order against the amendments except for clauses 9 and

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10 of rule XXI are waived. The rule provides one motion to recommit with or without instructions. The rule provides that, notwithstanding the operation of the previous question, the Chair may postpone further consideration of the bill to a time designated by the Speaker.

EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of the bill (except for clauses 9 and 10 of rule XXI) includes a waiver of clause 4 of rule XXI (prohibiting appropriations in legislative bills). The rule waives all points of order against the committee amendment in the nature of a substitute (except for clause 10 of rule XXI). The committee is not aware of any points of order against the substitute. The waiver is prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 336

Date: October 9, 2007.
Measure: H.R. 2895.
Motion by: Mr. Dreier.
Summary of motion: To grant an open rule.
Results: Defeated 3–9.
Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 337

Date: October 9, 2007.
Measure: H.R. 2895.
Motion by: Mr. Dreier.
Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. King (IA), which would remove Davis-Bacon requirements on grant amounts or contracts relating to the Trust Fund grant amounts.
Results: Defeated 3–9.
Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 338

Date: October 9, 2007.
Measure: H.R. 2895.
Motion by: Mr. Hastings (WA).
Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Bilirakis (FL), #6, which would modify the current provision in the bill that requires the formula share of a local jurisdiction to go to the state where it is located if the local jurisdiction's formula share does not meet the minimum

threshold of $750,000. The amendment would lower the minimum threshold to $250,000.

Results: Defeated 3–9.

Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 339

Date: October 9, 2007.

Measure: H.R. 2895.

Motion by: Mr. Hastings (WA).

Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Hensarling (TX), #10, which would prevent additional government funds from being diverted to the Housing Trust Fund beyond revenue from the GSE and FHA programs and future discretionary appropriations.

Results: Defeated 3–9.

Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 340

Date: October 9, 2007.

Measure: H.R. 2895.

Motion by: Mr. Hastings (WA).

Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Price, Tom (GA), #2, which would sunset the fund after 10 years.

Results: Defeated 3–9.

Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 341

Date: October 9, 2007.

Measure: H.R. 2895.

Motion by: Mr. Sessions.

Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Price, Tom (GA), #3, which would require that any new spending be accompanied by offsetting decreases in spending.

Results: Defeated 3–9.

Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 342

Date: October 9, 2007.

Measure: H.R. 2895.

Motion by: Mr. Sessions.

Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Price, Tom (GA), #4, which would require that any individual or household receiving Trust Fund grant money must present verification of legal residency by a secure identification document.

Results: Defeated 3–9.

Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 343

Date: October 9, 2007.

Measure: H.R. 2895.

Motion by: Mr. Sessions.

Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Doolittle (CA), #7, which would prohibit any assistance provided with any Trust Fund grant amounts from being made available to, or on behalf of, any individual or household unless all adult members of the household have a valid Social Security Number.

Results: Defeated 3–9.

Vote by Members: McGovern—Nay; Hastings (FL)—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 344

Date: October 9, 2007.

Measure: H.R. 2895.

Motion by: Mr. Hastings (FL).

Summary of motion: To report the rule.

Results: Adopted 9–3.

Vote by Members: McGovern—Yea; Hastings (FL)—Yea; Matsui—Yea; Cardoza—Yea; Welch—Yea; Castor—Yea; Arcuri—Yea; Sutton—Yea; Dreier—Nay; Hastings (WA)—Nay; Sessions—Nay; Slaughter—Yea.

SUMMARY OF AMENDMENTS MADE IN ORDER

(Summaries derived from information provided by sponsors.)

1. Frank (MA): This amendment would establish a state minimum allocation percentage, under which every state will receive at least one half of one percent (.5%) of the total funds available each year that are allocated to states, Indian Tribes, and insular areas. Allocations to all other states would be reduced pro rata to bring these states up to this .5% minimum. The amendment would also provide that the local jurisdiction in each state that is slated to receive the largest amount by formula in such state would be entitled to receive such funds directly [notwithstanding the bill's provision that jurisdictions entitled to their state in any year that nationwide funding is less than $2 billion]. The amendment includes a technical clarification to ensure that the mixed income limitation capping the number of units initially rented to extremely low income families at 50% applies to all of the units in a project [not just those units assisted by trust fund dollars]. The amendment would

provide that the exception to the mixed income rule applies to all "elderly only" projects, not just those projects of 25 or fewer units. Finally, the amendment would provide that nothing in the bill allows any payments under the bill for any individual or head of household that is not a legal resident. (10 minutes)

2. Frank (MA): This amendment would add additional flexibility to permitted fund uses, by allowing a grantee to use up to 10% of their funds for project operating accounts to cover shortfalls for projects assisted with trust fund dollars, to facilitate affordability for families below the SSI income limit. (10 minutes)

3. Hastings (FL): This amendment would amend the Affordable Housing Trust Fund homeownership counseling criteria to include flood or other disaster specific insurance in applicable regions. (10 minutes)

4. Inslee (WA): This amendment would include among the factors for consideration in selecting applicants to receive Trust Fund grant amounts, a consideration of the extent to which the design, construction, and operation of the housing reduces utility costs for residents. (10 minutes)

5. Woolsey (CA): This amendment would allow grantees to give preference to public employees, including first responders and teachers, who cannot afford to live in high-cost areas. These workers would have to meet the income eligibility requirements stated in the text of H.R. 2895. (10 minutes)

6. Langevin (RI): This amendment would direct the Secretary of Housing and Urban Development to establish an internet-based "Green Housing Clearinghouse" including best practices, technical recommendations and other informational material regarding green building techniques. Additionally, grantees would be required to self-certify how many of the total units they built with money from the national affordable housing trust fund were green. (10 minutes)

7. Van Hollen (MD): This amendment would provide that, for the purpose of increasing accountability, previous grant recipients applying for new grants must include in their applications progress reports for projects for which they used funds in the previous fiscal year. (10 minutes)

8. Neugebauer (TX): Amendment in the Nature of a Substitute. This substitute amendment would establish a National Affordable Housing Grant Fund program within the HOME program, which is currently administered through the U.S. Department of Housing and Urban Development. (20 minutes)

TEXT OF AMENDMENTS MADE IN ORDER UNDER THE RULE

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE FRANK OF MASSACHUSETTS, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 14, strike lines 14 through 16, and insert the following:

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

"(A) MINIMUM AMOUNT.—If the formula amount determined under subsection (b)(2) for the State for the fiscal year is less than 0.5 percent of the total amount allocated for such fiscal year under section 293(b)(1), the allocation for the State shall be 0.5 percent of the total amount allocated for such fiscal year under section 293(b)(1).

"(B) FORMULA AMOUNT.—If the formula amount determined under subsection (b)(2) for the State for the fiscal year is 0.5 percent or more of the total amount allocated for such fiscal year under section 293(b)(1), the allocation for the State shall be the formula amount for the State, except that—

"(i) the Secretary shall reduce such formula amounts for all States whose allocations are determined under this subparagraph on a pro rata basis, except as provided in clause (ii), by the amount necessary to account for any increases from the formula amount for allocations made under subparagraph (A), so that the total of the allocations for all States pursuant to this paragraph is equal to the aggregate of the formula amounts under subsection (b)(2) for all States; and

"(ii) no reduction pursuant to clause (i) for any State may reduce the formula amount for the State to less than 0.5 percent of such total amount allocated for such fiscal year.".

Page 15, strike lines 8 through 10, and insert the following:

"(1) for each participating local jurisdiction having a formula amount for such fiscal year of less than $750,000, the allocation shall be $0, except that the allocation for such a jurisdiction for such fiscal year shall be the formula amount for the jurisdiction for such fiscal year if—

"(A) the Secretary"

Page 15, strike the comma in line 20 and all that follows through line 22, and insert "; or".

Page 15, after line 22, insert the following:

"(B) the formula amount for such jurisdiction for such fiscal year is an amount that is greater than the formula amount for such fiscal year for any other participating local jurisdiction that is located in the same State; and".

Page 42, strike lines 21 through 25, and insert the following:

"(A) IN GENERAL.—The dwelling unit is located in a project (i) that receives assistance under this subtitle, and (ii) for which not more than 50 percent of the rental units in the project that are not previously occupied may be rented initially only to".

Strike line 15 on page 43 and all that follows through page 44, line 3, and insert the following:

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply in the case of a project that—

"(i) has 25 or fewer dwelling units and that is—

"(I) located in a census tract in which the number of families having incomes less than the poverty line is less than 20 percent;

"(II) located in a rural area, as such term is defined in section 520 of the Housing Act of 1949 (42 U.S.C. 1490); or

"(III) specifically made available only for households comprised of disabled families; or

"(ii) is specifically made available only for households comprised of elderly families.".

Page 51, line 5, after "that" insert "describes".

Page 51, line 6, strike "describes".

At the end of the bill, insert the following new section:

"SEC. 299C. BENEFITS.

"Nothing in this subtitle allows any payments under this subtitle for any individual or head of household that is not a legal resident."

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2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE FRANK OF MASSACHUSETTS, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 53, after line 20, insert the following:

"(F) use of funds to facilitate affordability for families having incomes described in section 296(c)(3), in a combined amount for a grantee in any fiscal year not to exceed 10 percent of the aggregate Trust Fund grant amounts provided to the grantee for such fiscal year, for project operating accounts used to cover net operating income shortfalls for dwelling units assisted with Trust Fund grant amounts;".

Page 53, line 21, strike "(F)" and insert "(G)".

Page 54, line 4, strike "(G)" and insert "(H)".

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3. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE HASTINGS OF FLORIDA, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 45, line 20, before the semicolon insert the following: "and includes counseling regarding financial literacy, strategies to save money, qualifying for a mortgage loan, methods to avoid predatory lenders and foreclosure, and, where appropriate by region, any requirements and costs associated with obtaining flood or other disaster-specific insurance coverage".

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4. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE INSLEE OF WASHINGTON, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 29, line 16, strike "and".

Page 29, line 24, strike the period and insert "; and".

Page 29, after line 24, insert the following:

"(xvi) the extent to which the design, construction, and operation of the housing assisted with grant amounts reduces utility costs for residents and thereby reduces their total housing cost.".

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5. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE WOOLSEY OF CALIFORNIA, OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 30, after line 4, insert the following:

"(3) USE FOR FIRST RESPONDERS AND TEACHERS.—To the extent that Trust Fund grant amounts of a grantee are made available for eligible activities involving one- to four-family owner-occupied housing, the grantee may give preference in the use of such grant amounts to eligible activities relating to affordable housing for first responders, public safety officers, teachers, and other public employees who have family incomes

such that such use of the grant amounts complies with the requirements under section 296(c).".

Page 30, line 5, strike "(3)" and insert "(4)".

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6. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE LANGEVIN OF RHODE ISLAND, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 52, after line 15, insert the following:

"(c) GREEN HOUSING CLEARINGHOUSE.—

"(1) ESTABLISHMENT.—The Secretary shall establish a clearinghouse of information relating to green building techniques to provide grantees and recipients of Trust Fund amounts information regarding use of Trust Fund grant amounts in a manner that increases the efficiency of buildings and their use of energy, water, and materials, and reducing building impacts on human health and the environment, through better siting, design, construction, operation, maintenance, and removal, including information regarding best practices and technical recommendations.

"(2) ACCESS THROUGH INTERNET.—The Secretary shall make the information of the clearinghouse available by means of the Internet.".

Page 51, line 9, strike "and".

Page 51, line 14, strike the period and insert "; and".

Page 51, after line 14, insert the following:

"(III) certifies the number of total dwelling units of affordable housing that were constructed, preserved, or rehabilitated during such fiscal year with assistance from Trust Funds grant amounts of the grantee comply with widely accepted standards for green building.".

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7. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE VAN HOLLEN OF MARYLAND, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 24, line 24, strike "and".

Page 25, line 15, strike the period and insert "; and".

Page 25, after line 15, insert the following:

"(C) in the case of any recipient who has received assistance from Trust Fund grant amounts in any previous fiscal year, a report on the progress made in carrying out the eligible activities funded with such previous assistance.".

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8. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE NEUGEBAUER OF TEXAS, OR HIS DESIGNEE, DEBATABLE FOR 20 MINUTES

Strike all after the enacting clause and insert the following:

SEC. 1. SHORT TITLE.

This Act may be cited as the "National Affordable Housing Grant Act of 2007".

SEC. 2. NATIONAL AFFORDABLE HOUSING GRANTS.

(a) IN GENERAL.—

Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12721 et seq.) is amended by adding at the end the following new subtitle:

"Subtitle G—National Affordable Housing Grant Program

"SEC. 291. PURPOSES.

"The purposes of this subtitle are—

"(1) to address the national shortage of housing that is affordable to low-income families by making grants to finance additional housing activities, without supplanting existing housing appropriations;

"(2) to enable rental housing to be built, for families with the greatest economic need, in mixed-income settings and in areas with the greatest economic opportunities;

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

"(4) to construct, rehabilitate, and preserve at least 750,000 affordable dwelling units over the next decade.

"SEC. 292. GRANT AUTHORITY.

"(a) IN GENERAL.—To the extent that amounts are made available to carry out this subtitle, the Secretary of Housing and Urban Development may make grants to participating jurisdictions in accordance with this subtitle.

"(b) FEDERAL ASSISTANCE.—All assistance provided under this subtitle shall be considered to be Federal financial assistance.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this title such sums as may be necessary for each of fiscal years 2008 through 2012.

"SEC. 293. ALLOCATIONS FOR STATES, INDIAN TRIBES, INSULAR AREAS, AND PARTICIPATING LOCAL JURISDICTIONS.

"For fiscal year 2008 and for each fiscal year thereafter, of the total amount available for assistance under this subtitle, the Secretary shall allocate for use under section 294—

"(1) 40 percent for States, Indian tribes, and insular areas; and

"(2) 60 percent for participating local jurisdictions.

"SEC. 294. GRANT ASSISTANCE.

"(a) AFFORDABLE HOUSING NEEDS FORMULA.—

"(1) ESTABLISHMENT AND FACTORS.—The Secretary shall establish a formula to allocate amounts made available for a fiscal year for assistance under this subtitle among States, all Indian tribes, insular areas, and participating local jurisdictions based on the relative needs of such entities, for funds to increase the supply of decent quality affordable housing. The formula shall be based upon a comparison of the following factors with respect to each State, Indian tribes, each insular area, and each participating local jurisdiction:

"(A) The ratio of the population of the State, Indian tribes, insular area, or participating local jurisdiction, to the aggregate population of all States, Indian tribes, insular areas, and participating local jurisdictions..

"(B) The percentage of families in the jurisdiction of the State, of Indian tribes, or of the insular area or participating local jurisdiction that live in substandard housing.

"(C) The percentage of families in the jurisdiction of the State, of Indian tribes, or of the insular area or that pay more than 50 percent of their annual income for housing costs.

"(D) The percentage of persons in the jurisdiction of the State, of Indian tribes, or of the insular area or participating local jurisdiction having an income at or below the poverty line.

"(E) The cost of constructing or carrying out rehabilitation of housing in the jurisdiction of the State, of Indian tribes, or of the insular area or participating local jurisdiction.

"(F) The percentage of the population of the State, of Indian tribes, or of the insular area or participating local jurisdiction that resides in counties having extremely low vacancy rates.

"(G) The percentage of housing stock in the jurisdiction of the State, of Indian tribes, or of the insular area or participating local jurisdiction that is extremely old housing.

"(H) Any other factors that the Secretary determines to be appropriate.

"(2) FAILURE TO ESTABLISH.—Until such time as the Secretary publishes a notice in the Federal Register implementing regulations establishing the formula required under paragraph (1) of this subsection, for the purpose of allocating assistance under this subtitle—

"(A) section 293, paragraphs (2) and (3) of subsection (b) of this section, and subsection (c) of this section shall not apply;

"(B) the allocation for Indian tribes shall be such amount as the Secretary shall establish; and

"(C) the formula amount for each State, insular area, or participating local jurisdiction shall be determined by applying, for such State, insular area, or participating local jurisdiction, the percentage that is equal to the percentage of the total amounts made available for such fiscal year for allocation under subtitle A of this title (42 U.S.C. 12741 et seq.) that are allocated in such year, pursuant to such subtitle, to such State, insular area, or participating local jurisdiction, respectively, and the allocation for each State, insular area, or participating local jurisdiction, for purposes of subsection (d) shall be the formula amount for the State, insular area, or participating local jurisdiction, respectively.

"(b) FORMULA AMOUNT.—

"(1) IN GENERAL.—For each fiscal year referred to in section 293, the Secretary shall determine the formula amount under this subsection for each State, for Indian tribes, for each insular area, and for each participating local jurisdiction.

"(2) STATES, INDIAN TRIBES, AND INSULAR AREAS.—The formula amount for each State, for Indian tribes, and for each insular area shall be the amount determined for such State, for

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

"(3) PARTICIPATING LOCAL JURISDICTIONS.—The formula amount for each participating local jurisdiction shall be the amount determined for such participating local jurisdiction by applying the formula under subsection (a) of this section to the total amount allocated under section 293(2) for all participating local jurisdictions for the fiscal year.

"(4) NOTICE.—For each fiscal year referred to in section 293, not later than 60 days after the date that the Secretary determines the total amount available for such fiscal year pursuant to section 292(c) for assistance under this subtitle, the Secretary shall cause to be published in the Federal Register a notice that such amounts shall be so available.

"(c) ALLOCATION BASED ON AFFORDABLE HOUSING NEEDS FORMULA.—The allocation under this subsection for a State, for Indian tribes, for an insular area, or for a participating local jurisdiction for a fiscal year shall be determined as follows:

"(1) STATES.—The allocation for a State shall be as follows:

"(A) MINIMUM AMOUNT.—If the formula amount determined under subsection (b)(2) for the State for the fiscal year is less than 1 percent of the total amount allocated for such fiscal year under section 293(1), the allocation for the State shall be 1 percent of the total amount allocated for such fiscal year under section 293(1).

"(B) FORMULA AMOUNT.—If the formula amount determined under subsection (b)(2) for the State for the fiscal year is 1 percent or more of the total amount allocated for such fiscal year under section 293(1), the allocation for the State shall be the formula amount for the State, except that the Secretary shall reduce such formula amounts for all States whose allocations are determined under this subparagraph on a pro rata basis by the amount necessary to account for any increases from the formula amount for allocations made under subparagraph (A) so that the total of the allocations for all States pursuant to this paragraph is equal to the aggregate of the formula amounts under subsection (b)(2) for all States.

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

"(3) PARTICIPATING LOCAL JURISDICTIONS.—The allocation for each participating local jurisdiction shall be the formula amount for the unit determined under subsection (b).

"(d) GRANT AWARDS.—For each fiscal year referred to in section 293, using the amounts made available to the Secretary for assistance under this subtitle for such fiscal year, the Secretary shall, subject to subsection (e), make a grant to each State, insular area, and participating local jurisdiction in the amount of the allocation under subsection (a)(2) or (c), as applicable, for the State, area, or jurisdiction, respectively.

"(e) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—Each participating jurisdiction for a program year shall contribute to eligible activities funded with grant amounts under this subtitle, or require the contribution to such eligible activities by recipients of such grant amounts of, in addition to any such grant amounts, one dollar for every four dollars of such grant amounts.

"(2) REDUCTION OR WAIVER FOR RECIPIENTS IN FISCAL DISTRESS.—The Secretary may reduce or waive the requirement under paragraph (1) with respect to any participating jurisdiction that the Secretary determines, pursuant to such demonstration by the recipient as the Secretary shall require, is in fiscal distress. The Secretary shall make determinations regarding fiscal distress for purposes of this paragraph in the same manner, and according to the same criteria, as fiscal distress is determined with respect to jurisdictions under section 220(d) (42 U.S.C. 12750(d)).

"(3) QUALIFICATION OF SERVICES FUNDING FOR MATCH.—For purposes of meeting the requirements of paragraph (1), amounts that a participating jurisdiction, recipient, or other governmental or private agency or entity commits to contribute to provide services to residents of affordable housing provided using grant amounts under this subtitle, by entering into a binding commitment for such contribution as the Secretary shall require, shall be considered contributions to eligible activities.

"(4) REDUCTION OR WAIVER FOR CERTAIN ACTIVITIES.—With respect to grant amounts under this subtitle made available for a fiscal year, the Secretary shall reduce or waive the amount of contributions otherwise required under paragraph (1) to be made with respect to eligible activities to be carried out with such grant amounts and for which any variance from zoning laws or other waiver of regulatory requirements was approved by the local jurisdiction. Such reduction may be implemented in the year following the year in which such activities are funded with grant amounts under this subtitle.

"(5) WAIVER FOR DISASTER AREAS.—In the case of any area that is subject to a declaration by the President of a major disaster or emergency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121), the Secretary shall, for the fiscal year following such declaration, waive the requirement under paragraph (1) with respect to any eligible activities to be carried out in such area.

"(f) COMPETITIVE GRANTS FOR INDIAN TRIBES.—For each fiscal year referred to in section 293, the Secretary shall, using amounts allocated for Indian tribes pursuant to subsection (a)(2)(B) or (c)(2), as applicable, and subject to subsection (e), make grants to Indian tribes on a competitive basis, based upon such criteria as the Secretary shall establish, which shall include the factors specified in section 295(c)(2)(B).

"(g) USE BY STATE OF UNUSED FUNDS OF LOCAL JURISDICTIONS.—If any participating local jurisdiction for which an allocation is made for a fiscal year pursuant to this section notifies the Secretary of an intent not to use all or part of such funds, any such funds that will not be used by the jurisdiction shall be added to the

grant award under subsection (d) for the State in which such jurisdiction is located.

"(h) COMPETITIVE GRANTS FOR AREAS WITHOUT ALLOCATION PLANS AND RECIPIENTS WITH INSUFFICIENT MATCHING CONTRIBUTIONS.—

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

"(A) ALLOCATION FOR AREAS NOT SUBMITTING ALLOCATION PLANS.—With respect to each State, insular area, or participating local jurisdiction that has not, before the expiration of the 12-month period beginning upon the date of the publication of the notice of funding availability for such fiscal year under subsection (b)(4), submitted to and had approved by the Secretary an allocation plan for such fiscal year meeting the requirements of section 295, the amount of the allocation for such State, insular area, or participating local jurisdiction for such fiscal year determined under this section.

"(B) UNMATCHED PORTION OF ALLOCATION.—With respect to any participating jurisdiction for which the grant amount awarded under this subtitle for such fiscal year is reduced from the amount of the allocation determined under this section for the participating jurisdiction by reason of failure comply with the requirements under subsection (e), the amount by which such allocation for the participating jurisdiction for the fiscal year exceeds the grant amount for the participating jurisdiction for the fiscal year.

"(C) UNUSED AMOUNTS.—Any grant amounts under this subtitle for which the participating jurisdiction notifies the Secretary that such funds will not be used under this subtitle.

"(2) NOTICE.—For each fiscal year, not later than 60 days after the date that the Secretary determines that the amounts described in paragraph (1) shall be available for grants under this subsection, the Secretary shall cause to be published in the Federal Register a notice that such amounts shall be so available.

"(3) APPLICATIONS.—The Secretary shall provide for nonprofit and public entities (and consortia thereof, which may include regional consortia of units of local government) to submit applications, during the 9-month period beginning upon publication of a notice of funding availability under paragraph (2) for a fiscal year, for a grant of all or a portion of the amounts referred to in paragraph (1) for such fiscal year. Such an application shall include a certification that the applicant will comply with all requirements of this subtitle applicable to a participating jurisdiction under this subsection.

"(4) SELECTION CRITERIA.—The Secretary shall, by regulation, establish criteria for selecting applicants that meet the requirements of paragraph (3) for funding under this subsection. Such criteria shall give priority to applications that provide that grant amounts under this subsection will be used for eligible activities relating to affordable housing that is located in

the State or insular area, as applicable, for which such grant funds were originally allocated under this section.

"(5) AWARD AND USE OF GRANT ASSISTANCE.—

"(A) AWARD.—Subject only to the absence of applications meeting the requirements of paragraph (3), upon the expiration of the period referred to in such paragraph, the Secretary shall select an applicant or applicants under this subsection to receive the amounts available under paragraph (1) and shall make a grant or grants to such applicant or applicants. The selection shall be based upon the criteria established under paragraph (4).

"(B) USE.—Amounts from a grant under this subsection shall be grant amounts for purposes of this subtitle.

"SEC. 295. STATE ALLOCATION PLANS.

"(a) IN GENERAL.—Each State shall establish, in consultation with participation local jurisdictions within the State, an allocation plan in accordance with this section for the distribution grant amounts provided under this subtitle to the State and the participating local jurisdictions. The plan shall—

"(1) provide for use of such amounts in accordance with section 296;

"(2) be based on priority needs within the State; and

"(3) be consistent with the comprehensive housing affordability strategy under section 105 (42 U.S.C. 12705).

"(b) ESTABLISHMENT.—In establishing an allocation plan, after consultation with participating local jurisdictions, the State shall notify the public of the establishment of the plan, provide an opportunity for public comments regarding the plan, consider any public comments received, and make the completed plan available to the public.

"(c) CONTENTS.—Each allocation plan of a State described in subsection (a) shall comply with the following requirements:

"(1) APPLICATION REQUIREMENTS FOR ELIGIBLE RECIPIENTS.—The allocation plan shall set forth the requirements for eligible recipients to apply to the State to receive assistance from grant amounts under this subtitle of the State or participating local jurisdiction for use for eligible activities, including a requirement that each such application include—

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

"(B) a certification by the eligible recipient applying for such assistance that any housing assisted with such grant amounts will comply with—

"(i) all of the requirements under this subtitle, including the targeting requirements under section 296(c) and the affordable housing requirements under section 297;

"(ii) section 808(d) of the Fair Housing Act (relating to the obligation to affirmatively further fair housing); and

"(iii) section 504 of the Rehabilitation Act of 1973 (relating to prohibition of discrimination on the basis of disability).

"(2) SELECTION PROCESS AND CRITERIA FOR ASSISTANCE.—

"(A) SELECTION PROCESS.—The allocation plan shall set forth a process for the State to select eligible activities meeting the State's priority housing needs for funding with grant amounts under this subtitle of the State and local governments, which shall comply with requirements for such process as the Secretary shall, by regulation, establish.

"(B) SELECTION CRITERIA.—The allocation plan shall set forth the factors for consideration in selecting among applicants that meet the application requirements established pursuant to paragraph (1), which shall provide for geographic diversity among eligible activities to be assisted with grant amounts of the State or participating local jurisdictions, and shall include—

"(i) the merits of the proposed eligible activity of the applicant, including the extent to which the activity addresses housing needs identified in the allocation plan of the participating jurisdiction and the applicable comprehensive housing affordability strategy or consolidated submission referred to in subsection (a)(3);

"(ii) the ability of the applicant to obligate grant amounts for the proposed eligible activities and to undertake such activities in a timely manner;

"(iii) the amount of assistance leveraged by the applicant from private and other non-Federal sources for carrying out the eligible activities to be funded with grant amounts under this subtitle, including assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) that is devoted to the project that contains the affordable housing to be assisted with such assistance;

"(iv) the extent of local assistance that will be provided in carrying out the eligible activities, including financial assistance;

"(v) the degree to which the project in which the affordable housing will be located will have residents of various incomes;

"(vi) the extent of employment and other economic opportunities for low-income families in the area in which the housing will be located;

"(vii) the extent to which the applicant demonstrates the ability to maintain dwelling units as affordable housing through the use of assistance made available under this subtitle, assistance leveraged from non-Federal sources, assistance made available under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), State or local assistance, programs to increase tenant income, cross-subsidization, and any other resources;

"(viii) the extent to which the applicant demonstrates that the county in which the housing is to be located is experiencing an extremely low vacancy rate;

"(ix) the extent to which the percentage of the housing located in such county that is extremely old housing exceeds 35 percent;

"(x) the extent to which the housing assisted with the grant amounts will be accessible to persons with disabilities;

"(xi) the extent to which the applicant demonstrates that the affordable housing assisted with the grant amounts will be located in proximity to public transportation, job opportunities, child care, and community revitalization projects;

"(xii) the extent to which the applicant has provided that assistance from grant amounts will be used for eligible activities relating to housing located in census tracts in which the number of families having incomes less than the poverty line is less than 20 percent; and

"(xiii) the extent to which the housing assisted with grant amounts will comply with energy efficiency standards and the national Green Communities criteria checklist for residential construction that provides criteria for the design, development, and operation of affordable housing, as the Secretary shall by regulation provide.

A State may allocate a portion of funds under this section for use by such State for eligible activities pursuant to the selection process under subparagraph (A).

"(C) APPLICATIONS.—Applications for funding eligible activities from grant amounts of the local government shall be submitted to the local government, and applications received by the local government that are consistent with the priority housing needs of the local government shall be sent by the local government to the State for selection by the State in accordance with the process established by the State.

"(3) PERFORMANCE GOALS, BENCHMARKS, AND TIMETABLES.—The allocation plan shall include performance goals, benchmarks, and timetables for the participating jurisdiction for the conducting of eligible activities with grant amounts under this subtitle that comply with requirements and standards for such goals, benchmarks, and timetables as the Secretary shall, by regulation, establish.

"(d) REVIEW AND APPROVAL BY SECRETARY.—

"(1) SUBMISSION.—A participating jurisdiction described in subsection (a) shall submit an allocation plan for the fiscal year for which the grant is made to the Secretary not later than the expiration of the 6-month period beginning upon the notice of funding availability under section 294(b)(4) for such fiscal year amounts.

"(2) REVIEW AND APPROVAL OR DISAPPROVAL.—The Secretary shall review and approve or disapprove an allocation plan not later than the expiration of the 3-month period beginning upon submission of the plan.

"(3) STANDARD FOR DISAPPROVAL.—The Secretary may disapprove an allocation plan only if the plan fails to comply with requirements of this section or section 296.

"(4) RESUBMISSION UPON DISAPPROVAL.—If the Secretary disapproves a plan, the participating jurisdiction may submit to the Secretary a revised plan for review and approval or disapproval under this subsection.

"(5) TIMING FOR FISCAL YEAR 2008.—With respect only to fiscal year 2008, the Secretary may extend each of the periods referred to in paragraphs (1) and (2), and the period referred to in section 294(h)(1)(A), by not more than 6 months.

"(e) COMPLIANCE WITH INTERNAL REVENUE CODE.—A State may combine the allocation plan and process under this section with the qualified allocation plan and process required under section 42 of the Internal Revenue Code of 1986.

"SEC. 296. USE OF ASSISTANCE BY RECIPIENTS.

"(a) DISTRIBUTION TO RECIPIENTS; USE REQUIREMENTS.—Each participating jurisdiction shall distribute grant amounts under this subtitle of the participating jurisdiction to eligible recipients for use in accordance with this section. Grant amounts under this subtitle of a participating jurisdiction may be used, or committed for use, only for eligible activities that—

"(1) are conducted in the jurisdiction of the participating jurisdiction;

"(2) in the case of a participating jurisdiction that is a State, insular area, participating local jurisdiction, or participating jurisdiction under section 294(h), comply with the allocation plan of the participating jurisdiction under section 295;

"(3) are selected for funding by the participating jurisdiction in accordance with the process and criteria for such selection established pursuant to section 295(c)(2); and

"(4) comply with the targeting requirements under subsection (c) of this section and the affordable housing requirements under section 297.

"(b) ELIGIBLE RECIPIENTS.—Grant amounts under this subtitle of a participating jurisdiction may be provided only to an organization, agency, or other entity (including a for-profit entity, a nonprofit entity, a faith-based organization, a community development financial institution, a community development corporation, and a State or local housing trust fund) that—

"(1) demonstrates the experience, ability, and capacity (including financial capacity) to undertake, comply, and manage the eligible activity;

"(2) demonstrates its familiarly with the requirements of any other Federal, State or local housing program that will be used in conjunction with such grant amounts to ensure compliance with all applicable requirements and regulations of such programs; and

"(3) makes such assurances to the participating jurisdiction as the Secretary shall, by regulation, require to ensure that the recipient will comply with the requirements of this subtitle during the entire period that begins upon selection of the recipient to receive such grant amounts and ending upon the conclusion of all eligible activities that are engaged in by the recipient and funded with such grant amounts.

"(c) TARGETING REQUIREMENTS.—The targeting requirements under this subsection are as follows:

"(1) REQUIREMENT OF USE OF ALL AMOUNTS FOR AFFORDABLE HOUSING FOR LOW-INCOME FAMILIES.—All grant amounts under this subtitle of a participating jurisdiction shall be distributed for use only for eligible activities relating to affordable housing that are for the benefit only of families whose incomes do not exceed 80 percent of the greater of—

"(A) the median family income for the area in which the housing is located, as determined by the Secretary with adjustments for smaller and larger families; and

"(B) the median family income for the State or insular area in which the housing is located, as determined by the Secretary with adjustments for smaller and larger families.

"(2) USE OF 75 PERCENT FOR AFFORDABLE HOUSING FOR EXTREMELY LOW-INCOME FAMILIES.—Not less than 75 percent of the grant amounts under this subtitle of a participating jurisdiction for each fiscal year shall be used only for eligible activities relating to affordable housing that are for the benefit only of families whose incomes do not exceed the higher of—

"(A) 30 percent of the median family income for the area in which the housing is located, as determined by the Secretary with adjustments for smaller and larger families; and

"(B) the poverty line (as such term is defined in section 673 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902), including any revision required by such section) applicable to a family of the size involved.

"(3) USE OF 30 PERCENT FOR AFFORDABLE HOUSING FOR VERY POOR FAMILIES.—Not less than 30 percent of the grant amounts under this subtitle of a participating jurisdiction for each fiscal year shall be used only for eligible activities relating to affordable housing that are for the benefit only of families whose incomes do not exceed the maximum amount of income that an individual or family could have, taking into consideration any income disregards, and remain eligible for benefits under the Supplemental Security Income program under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.).

"(d) USE FOR RURAL AREAS.—Of the grant amounts under this subtitle for any fiscal year for any participating jurisdiction that is a State or participating jurisdiction that includes any rural areas, the State or participating jurisdiction shall use a portion for eligible activities located in rural areas that is proportionate to the identified need for such activities in such rural areas.

"(e) COST LIMITS.—The Secretary shall establish limitations on the amount of grant amounts under this subtitle that may be used, on a per unit basis, for eligible activities. Such limitations shall be the same as the per unit cost limits established pursuant to section 212(e) (42 U.S.C. 12742(e)), as adjusted annually, and established by number of bedrooms, market area, and eligible activity.

"(f) FORMS OF ASSISTANCE.—

"(1) IN GENERAL.—Assistance may be distributed pursuant to this section in the form of—

"(A) capital grants, noninterest-bearing or low-interest loans or advances, deferred payment loans, guarantees, and loan loss reserves;

"(B) in the case of assistance for ownership of one- to four-family owner-occupied housing, downpayment assistance, closing cost assistance, and assistance for interest rate buy-downs; and

"(C) any other forms of assistance approved by the Secretary.

"(2) REPAYMENTS.—If a participating jurisdiction awards assistance under this section in the form of a loan or other mechanism by which funds are later repaid to the participating jurisdiction, any repayments and returns received by the participating jurisdiction shall be distributed by the participating jurisdiction in accordance with the allocation plan under section 295 for the State for the fiscal year in which such repayments are made or returns are received.

"(g) COORDINATION WITH OTHER ASSISTANCE.—In distributing assistance pursuant to this section, each participating jurisdiction shall, to the maximum extent practicable, coordinate such distribution with the provision of other Federal, State, tribal, and local housing assistance, including—

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

"(2) assistance made available under subtitles A through F (42 U.S.C. 12721 et seq.) or the community development block grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.);

"(3) private activity bonds;

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

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

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

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

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

"(9) any other housing assistance programs.

"(h) PROHIBITED USES.—The Secretary shall—

"(1) by regulation, set forth prohibited uses of grant amounts under this subtitle, which shall include use for—

"(A) political activities;

"(B) advocacy;

"(C) lobbying, whether directly or through other parties;

"(D) counseling services;

"(E) travel expenses; and

"(F) preparing or providing advice on tax returns;

"(2) by regulation, provide that, except as provided in paragraph (3), grant amounts under this subtitle may not be used for administrative, outreach, or other costs of—

"(A) a participating jurisdiction; or

"(B) any recipient of such grant amounts; and

"(3) by regulation, limit the amount of any grant amounts under this subtitle for a fiscal year that may be used for administrative costs of the participating jurisdiction of carrying out the program required under this subtitle to a percentage of such grant amounts of the participating jurisdiction for such fiscal year, which may not exceed 10 percent.

"(i) LABOR STANDARDS.—Each participating jurisdiction receiving grant amounts under this subtitle shall ensure that contracts for eligible activities assisted with such amounts comply with the same requirements under section 286 (42 U.S.C. 12836) that are applicable to contracts for construction of affordable housing assisted under such Act.

"(j) COMPLIANCE WITH OTHER FEDERAL LAWS.—All amounts made available for use under this subtitle shall be allocated in accordance with, and any eligible activities carried out in whole or in part with grant amounts under this subtitle (including housing provided with such grant amounts) shall comply with and be operated in compliance with, other applicable provisions of Federal law, including—

"(1) laws relating to tenant protections and tenant rights to participate in decision making regarding their residences;

"(2) laws requiring public participation, including laws relating to Consolidated Plans, Qualified Allocation Plans, and Public Housing Agency Plans; and

"(3) fair housing laws and laws regarding accessibility in federally assisted housing, including section 504 of the Rehabilitation Act of 1973.

"SEC. 297. AFFORDABLE HOUSING.

"(a) RENTAL HOUSING.—A rental dwelling unit (which may include a dwelling unit in limited equity cooperative housing, as such term is defined in section 143(k) of the Internal Revenue Code of 1986 (26 U.S.C. 143(k)) or in housing of a cooperative housing corporation, as such term is defined in section 216(b) of the Internal Revenue Code of 1986 (26 U.S.A. 216(b))), shall be considered affordable housing for purposes of this subtitle only if the dwelling unit is subject to legally binding commitments that ensure that the dwelling unit meets all of the following requirements:

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

"(A) the existing fair market rental established by the Secretary under section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)) for a dwelling unit of the same size in the same market area, or the applicable payment standard for assistance under section 8(o) of such Act, if higher; and

"(B) a rent that does not exceed 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, as determined by the Secretary, with adjustment for number of bedrooms in the unit, except that the Secretary may establish income ceilings higher or lower than 65 percent of the median for the area on the basis of the findings of the Secretary that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

"(2) TENANT RENT CONTRIBUTION.—The contribution toward rent by the family residing in the dwelling unit will not exceed 30 percent of the adjusted income of such family.

"(3) NON-DISCRIMINATION AGAINST VOUCHER HOLDERS.—The dwelling unit is located in a project in which all dwelling units are subject to enforceable restrictions that provide that a unit may not be refused for leasing to a holder of a voucher of eligibility under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) because of the status of the prospective tenant as a holder of such voucher.

"(4) MIXED INCOME.—

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

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

"(i) located in a census tract in which the number of families having incomes less than the poverty line is less than 20 percent;

"(ii) located in a rural area, as such term is defined in section 520 of the Housing Act of 1949 (42 U.S.C. 1490); or

"(iii) specifically made available only for households comprised of elderly families or disabled families.

"(5) VISITABILITY.—To the extent the dwelling unit is not required under Federal law to comply with standards relating to accessibility to persons with disabilities, the dwelling unit complies with such basic visitability standards as the Secretary shall by regulation provide.

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

"(b) OWNER-OCCUPIED HOUSING.—For purposes of any eligible activity involving one- to four-family owner-occupied housing (which may include housing of a cooperative housing corporation, as such term is defined in section 216(b) of the Internal Revenue Code of 1986 (26 U.S.A. 216(b))), such a residence shall be considered affordable housing for purposes of this subtitle only if—

"(1) in the case of housing to be made available for purchase—

"(A) the housing is available for purchase only for use as a principal residence by families that qualify as first-time homebuyers, as such term is defined in section 104 (42 U.S.C. 12704), except that any reference in such section to assistance under title II of this Act shall for purposes of this section be considered to refer to assistance from grant amounts under this subtitle;

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

"(C) the housing is subject to the same resale restrictions established under section 215(b)(3) and applicable to the participating jurisdiction that is the State in which such housing is located; and

"(2) the housing is made available for purchase only by, or in the case of assistance to a homebuyer pursuant to this subsection, the assistance is made available only to, homebuyers who have, before purchase, completed a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary; except that the Secretary may, at the request of a State, waive the requirements of this paragraph with respect to a geographic area or areas within the State if—

"(A) the travel time or distance involved in providing counseling with respect to such area or areas, as otherwise required under this paragraph, on an in-person basis is excessive or the cost of such travel is prohibitive; and

"(B) the State provides alternative forms of counseling for such area or areas, which may include interactive telephone counseling, on-line counseling, interactive video counseling, and interactive home study counseling and a program of financial literacy and education to promote an understanding of consumer, economic, and personal finance issues and concepts, including saving for retirement, managing credit, long-term care, and estate planning and education on predatory lending, identity theft, and financial abuse schemes relating to homeownership that is approved by the Secretary, except that entities providing such counseling shall not discriminate against any particular form of housing.

"SEC. 298. OTHER PROVISIONS.

"(a) EFFECT OF ASSISTANCE UNDER PROGRAM.—Notwithstanding any other provision of law, the provision of assistance under this subtitle for a project shall not reduce the amount of assistance for which such project is otherwise eligible under subtitles A through F of this title, if the project does not exceed the cost limits established pursuant to section 296(e).

"(b) ACCOUNTABILITY OF PARTICIPATING JURISDICTIONS AND RECIPIENTS.—

"(1) RECIPIENTS.—

"(A) TRACKING OF FUNDS.—The Secretary shall—

"(i) require each participating jurisdiction to develop and maintain a system to ensure that each recipient of assistance from grant amounts under this subtitle of the participating jurisdiction uses such amounts in accordance with this subtitle, the regulations issued under this subtitle, and any requirements or conditions under which such amounts were provided; and

"(ii) establish minimum requirements for agreements, between the participating jurisdiction and recipients, regarding assistance from the grant amounts under this subtitle of the participating jurisdiction, which shall include—

"(I) appropriate continuing financial and project reporting, record retention, and audit require-

ments for the duration of the grant to the recipient to ensure compliance with the limitations and requirements of this subtitle and the regulations under this subtitle; and

"(II) any other requirements that the Secretary determines are necessary to ensure appropriate grant administration and compliance.

"(B) MISUSE OF FUNDS.—

"(i) REIMBURSEMENT REQUIREMENT.—If any recipient of assistance from grant amounts under this subtitle of a participating jurisdiction is determined, in accordance with clause (ii), to have used any such amounts in a manner that is materially in violation of this subtitle, the regulations issued under this subtitle, or any requirements or conditions under which such amounts were provided, the participating jurisdiction shall require that, within 12 months after the determination of such misuse, the recipient shall reimburse the participating jurisdiction for such misused amounts and return to the participating jurisdiction any amounts from the grant amounts under this subtitle of the participating jurisdiction that remain unused or uncommitted for use. The remedies under this clause are in addition to any other remedies that may be available under law.

"(ii) DETERMINATION.—A determination is made in accordance with this clause if the determination is—

"(I) made by the Secretary; or

"(II)(aa) made by the participating jurisdiction;

"(bb) the participating jurisdiction provides notification of the determination to the Secretary for review, in the discretion of the Secretary, of the determination; and

"(cc) the Secretary does not subsequently reverse the determination.

"(2) PARTICIPATING JURISDICTIONS.—

"(A) REPORT.—

"(i) IN GENERAL.—The Secretary shall require each participating jurisdiction receiving grant amounts under this subtitle for a fiscal year to submit a report, for such fiscal year, to the Secretary that—

"(I) describes the activities funded under this subtitle during such year with the grant amounts under this subtitle of the participating jurisdiction; and

"(II) the manner in which the participating jurisdiction complied during such fiscal year with the allocation plan established pursuant to section 295 for the participating jurisdiction.

"(ii) PUBLIC AVAILABILITY.—The Secretary shall make such reports pursuant to this subparagraph publicly available.

"(B) MISUSE OF FUNDS.—If the Secretary determines, after reasonable notice and opportunity for hearing, that a participating jurisdiction has failed to comply substantially

with any provision of this subtitle and until the Secretary is satisfied that there is no longer any such failure to comply, the Secretary shall—

"(i) reduce the amount of assistance under this section to the participating jurisdiction by an amount equal to the amount of grant amounts under this subtitle which were not used in accordance with this subtitle;

"(ii) require the participating jurisdiction to repay the Secretary an amount equal to the amount of the grant amounts under this subtitle which were not used in accordance with this subtitle;

"(iii) limit the availability of assistance under this subtitle to the participating jurisdiction to activities or recipients not affected by such failure to comply; or

"(iv) terminate any assistance under this subtitle to the participating jurisdiction.

"(C) UNEXPENDED FUNDS.—Grant amounts under this subtitle that are not committed to projects by the State or participating local jurisdiction before the expiration of the 24-month period beginning the last day of the month in which the Secretary executes the grant agreement with the State or participating local jurisdiction shall be recaptured by the Secretary and added to amounts available in the following fiscal year for formula allocation under section 294.

"SEC. 299. DEFINITIONS.

"For purposes of this subtitle, the following definitions shall apply:

"(1) ELIGIBLE ACTIVITIES.—The term 'eligible activities' means activities relating to the construction, preservation, or rehabilitation of affordable rental housing or affordable one- to four-family owner-occupied housing, including—

"(A) the construction of new housing;

"(B) the acquisition of real property;

"(C) site preparation and improvement, including demolition;

"(D) rehabilitation of existing housing;

"(E) use of funds to facilitate affordability for homeless and other extremely low-income households of dwelling units assisted with grant amounts under this subtitle, in a combined amount not to exceed 20 percent of the project grant amount, for—

"(i) project-based rental assistance for not more than 12 months for a project assisted with grant amounts under this subtitle;

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

"(iii) project operating accounts used to cover net operating income shortfalls for dwelling units assisted with grant amounts under this subtitle; and

"(F) providing incentives to maintain existing housing (including manufactured housing) as affordable housing and to establish or extend any low-income affordability re-

strictions for such housing, including covering capital expenditures and costs of establishing community land trusts to provide sites for manufactured housing provided such incentives;

"(2) ELIGIBLE RECIPIENT.—The term 'eligible recipient' means an entity that meets the requirements under section 296(b) for receipt of grant amounts under this subtitle of a participating jurisdiction.

"(3) EXTREMELY LOW VACANCY RATE.—The term 'extremely low vacancy rate' means a housing or rental vacancy rate of 2 percent or less.

"(4) EXTREMELY OLD HOUSING.—The term 'extremely old housing' means housing that is 45 years old or older.

"(5) FAMILIES.—The term 'families' has the meaning given such term in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)).

"(6) FISCAL DISTRESS; SEVERE FISCAL DISTRESS.—The terms 'fiscal distress' and 'severe fiscal distress' have the meanings given such terms in section 220(d).

"(7) GRANT AMOUNTS.—The term 'grant amounts' means amounts that are provided to a participating jurisdiction pursuant to subsection (d), (f), or (h) of section 294.

"(8) INDIAN TRIBE.—The term 'Indian tribe' means a federally recognized Indian tribe.

"(9) INSULAR AREA.—The term 'insular area' has the meaning given such term in section 104.

"(10) PARTICIPATING LOCAL JURISDICTION.—The term 'participating local jurisdiction' means, with respect to a fiscal year—

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

"(B) at the option of such a consortium, any consortium of units of general local governments that is designated pursuant to section 216 (42 U.S.C. 12746) as a participating jurisdiction for purposes of title II.

"(11) PARTICIPATING JURISDICTION.—The term 'participating jurisdiction' means—

"(A) a State, insular area, or participating local jurisdiction for which a grant is made under section 294(d);

"(B) an Indian tribe for which a grant is made under section 294(f); or

"(C) a nonprofit or public entity for which a grant is made under section 294(h).

"(12) POVERTY LINE.—The term 'poverty line' has the meaning given such term in section 673(2) of the Omnibus Budget Reconciliation Act of 1981, including any revision required by such section.

"(13) RECIPIENT.—The term 'recipient' means an entity that receives assistance from a participating jurisdiction, pursuant to section 296(a), from grant amounts under this subtitle of the participating jurisdiction.

"(14) RURAL AREA.—The term 'rural area' has the meaning given such term in section 520 of the Housing Act of 1949 (42 U.S.C. 1490).

"(15) SECRETARY.—The term 'Secretary' means the Secretary of Housing and Urban Development.

"(16) STATE.—The term 'State' has the meaning given such term in section 104.

"SEC. 300. INAPPLICABILITY OF HOME PROVISIONS.

"Except as specifically provided otherwise in this subtitle, no requirement under, or provision of, subtitles B through D of this title shall apply to assistance provided under this subtitle.

"SEC. 301. REGULATIONS AND REPORTS.

"(a) REGULATIONS.—Not later than 6 months after the date of enactment of the National Affordable Housing Grant Act of 2007, the Secretary of Housing and Urban Development shall promulgate regulations to carry out this subtitle, which shall include regulations establishing the affordable housing needs formula in accordance with section 294(a).

"(b) REPORTS ON HOME PROGRAM STREAMLINING.—Not later than the expiration of the 6-month period referred to in subsection (a), the Secretary of Housing and Urban Development and the Comptroller General of the United States shall each submit to the Congress a report making recommendations for streamlining the various programs for assistance under this title, including the HOME Investment Partnerships program under subtitle A, the Community Housing Partnership program under subtitle B, the Downpayment Assistance Initiative under subtitle E, and the National Affordable Housing Grant Program under this subtitle.".

(b) PROGRAM YEAR FOR MATCHING CONTRIBUTIONS.—Section 220 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12750) is amended—

(1) in subsection (a)—

(A) by striking "a fiscal year" and inserting "a program year of the jurisdiction"; and

(B) by striking "such fiscal year" and inserting "such program year"; and

(2) in subsection (d)—

(A) in paragraph (1), by striking "fiscal year" and inserting "program year of the jurisdiction";

(B) in paragraph (3), by striking "fiscal year" each place such term appears and inserting "program year"; and

(C) in paragraph (5), by striking "fiscal year" and inserting "program year of the jurisdiction".

○