SEC. 519. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

 (a) In General.--Section 9 of the United States Housing Act of 1937

(42 U.S.C. 1437g) is amended to read as follows:

``SEC. 9. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.

 ``(a) Merger Into Capital Fund.--Except as otherwise provided in the

Quality Housing and Work Responsibility Act of 1998, any assistance made

available for public housing under section 14 of this Act before October

1, 1999, shall be merged into the Capital Fund established under

subsection (d).

 ``(b) Merger Into Operating Fund.--Except as otherwise provided in

the Quality Housing and Work Responsibility Act of 1998, any assistance

made available for public housing under section 9 of this Act before

October 1, 1999, shall be merged into the Operating Fund established

under subsection (e).

 ``(c) Allocation Amount.--

 ``(1) In General.--For fiscal year 2000 and each fiscal year

 thereafter, the Secretary shall allocate amounts in the Capital

 Fund and Operating Funds for assistance for public housing

 agencies eligible for such assistance. The Secretary shall

 determine the amount of the allocation for each eligible

 agency, which shall be, for any fiscal year beginning after the

 effective date of the formulas described in subsections (d)(2)

 and (e)(2)--

 ``(A) for assistance from the Capital Fund, the

 amount determined for the agency under the formula under

 subsection (d)(2); and

 ``(B) for assistance from the Operating Fund, the

 amount determined for the agency under the formula under

 subsection (e)(2).

 ``(2) Funding.--There are authorized to be appropriated for

 assistance for public housing agencies under this section the

 following amounts:

 ``(A) Capital fund.--For allocations of assistance

 from the Capital Fund, $3,000,000,000 for fiscal year

 1999, and such sums as may be necessary for fiscal years

 2000, 2001, 2002, and 2003.

 ``(B) Operating fund.--For allocations of assistance

 from the Operating Fund, $2,900,000,000 for fiscal year

 1999, and such sums as may be necessary for each of

 fiscal years 2000, 2001, 2002, and 2003.

 ``(d) Capital Fund.--

 ``(1) In general.--The Secretary shall establish a Capital

 Fund for the purpose of making assistance available to public

 housing agencies to carry out capital and management activities,

 including--

 ``(A) the development, financing, and modernization

 of public housing projects, including the redesign,

 reconstruction, and reconfiguration of public housing

 sites and buildings (including accessibility

 improvements) and the development of mixed-finance

 projects;

 ``(B) vacancy reduction;

 ``(C) addressing deferred maintenance needs and the

 replacement of obsolete utility systems and dwelling

 equipment;

 ``(D) planned code compliance;

 ``(E) management improvements;

 ``(F) demolition and replacement;

 ``(G) resident relocation;

 ``(H) capital expenditures to facilitate programs to

 improve the empowerment and economic self-sufficiency of

 public housing residents and to improve resident

 participation;

 ``(I) capital expenditures to improve the security

 and safety of residents; and

 ``(J) homeownership activities, including programs

 under section 32.

 ``(2) Formula.--The Secretary shall develop a formula for

 determining the amount of assistance provided to public housing

 agencies from the Capital Fund for a fiscal year, which shall

 include a mechanism to reward performance. The formula may take

 into account such factors as--

 ``(A) the number of public housing dwelling units

 owned, assisted, or operated by the public housing

 agency, the characteristics and locations of the

 projects, and the characteristics of the families served

 and to be served (including the incomes of the

 families);

 ``(B) the need of the public housing agency to carry

 out rehabilitation and modernization activities,

 replacement housing, and reconstruction, construction,

 and demolition activities related to public housing

 dwelling units owned, assisted, or operated by the

 public housing agency, including backlog and projected

 future needs of the agency;

 ``(C) the cost of constructing and rehabilitating

 property in the area;

 ``(D) the need of the public housing agency to carry

 out activities that provide a safe and secure

 environment in public housing units owned, assisted, or

 operated by the public housing agency;

 ``(E) any record by the public housing agency of

 exemplary performance in the operation of public

 housing, as indicated by the system of performance

 indicators established pursuant to section 6( j); and

 ``(F) any other factors that the Secretary

 determines to be appropriate.

 ``(3) Conditions on use for development and modernization.--

 ``(A) Development.--Except as otherwise provided in

 this Act, any public housing developed using amounts

 provided under this subsection, or under section 14 as

 in effect before the effective date under section 503(a)

 of the Quality Housing and Work Responsibility Act of

 1998, shall be operated under the terms and conditions

 applicable to public housing during the 40-year period

 that begins on the date on which the project (or stage

 of the project) becomes available for occupancy.

 ``(B) Modernization.--Except as otherwise provided

 in this Act, any public housing or portion thereof that

 is modernized using amounts provided under this

 subsection or under section 14 (as in effect before the

 effective date under section 503(a) of the Quality

 Housing and Work Responsibility Act of 1998) shall be

 maintained and operated under the terms and conditions

 applicable to public housing during the 20-year period

 that begins on the latest date on which modernization is

 completed.

 ``(C) Applicability of latest expiration date.--

 Public housing subject to this paragraph or to any other

 provision of law mandating the operation of the housing

 as public housing or under the terms and conditions

 applicable to public housing for a specified length of

 time, shall be maintained and operated as required until

 the latest such expiration date.

 ``(e) Operating Fund.--

 ``(1) In general.--The Secretary shall establish an

 Operating Fund for the purpose of making assistance available to

 public housing agencies for the operation and management of

 public housing, including--

 ``(A) procedures and systems to maintain and ensure

 the efficient management and operation of public housing

 units (including amounts sufficient to pay for the

 reasonable costs of review by an independent auditor of

 the documentation or other information maintained

 pursuant to section 6( j)(6) by a public housing agency

 or resident management corporation to substantiate the

 performance of that agency or corporation);

 ``(B) activities to ensure a program of routine

 preventative maintenance;

 ``(C) anticrime and antidrug activities, including

 the costs of providing adequate security for public

 housing residents, including above-baseline police

 service agreements;

 ``(D) activities related to the provision of

 services, including service coordinators for elderly

 persons or persons with disabilities;

 ``(E) activities to provide for management and

 participation in the management and policy making of

 public housing by public housing residents;

 ``(F) the costs of insurance;

 ``(G) the energy costs associated with public

 housing units, with an emphasis on energy conservation;

 ``(H) the costs of administering a public housing

 work program under section 12, including the costs of

 any related insurance needs;

 ``(I) the costs of repaying, together with rent

 contributions, debt incurred to finance the

 rehabilitation and development of public housing units,

 which shall be subject to such reasonable requirements

 as the Secretary may establish; and

 ``(J) the costs associated with the operation and

 management of mixed finance projects, to the extent

 appropriate.

 ``(2) Formula.--

 ``(A) In general.--The Secretary shall establish a

 formula for determining the amount of assistance

 provided to public housing agencies from the Operating

 Fund for a fiscal year. The formula may take into

 account--

 ``(i) standards for the costs of operating and

 reasonable projections of income, taking into

 account the characteristics and locations of the

 public housing projects and characteristics of the

 families served and to be served (including the

 incomes of the families), or the costs of

 providing comparable services as determined in

 accordance with criteria or a formula representing

 the operations of a prototype well-managed public

 housing project;

 ``(ii) the number of public housing dwelling

 units owned, assisted, or operated by the public

 housing agency;

 ``(iii) the number of public housing dwelling

 units owned, assisted, or operated by the public

 housing agency that are chronically vacant and the

 amount of assistance appropriate for those units;

 ``(iv) to the extent quantifiable, the extent

 to which the public housing agency provides

 programs and activities designed to promote the

 economic self-sufficiency and management skills of

 public housing residents;

 ``(v) the need of the public housing agency to

 carry out anti-crime and anti-drug activities,

 including providing adequate security for public

 housing residents;

 ``(vi) the amount of public housing rental

 income foregone by the public housing agency as a

 result of escrow savings accounts under section

 23(d)(2) for families participating in a family

 self-sufficiency program of the agency under such

 section 23; and

 ``(vii) any other factors that the Secretary

 determines to be appropriate.

 ``(B) Incentive to increase certain rental income.--

 The formula shall provide an incentive to encourage

 public housing agencies to facilitate increases in

 earned income by families in occupancy. Any such

 incentive shall provide that the agency shall benefit

 from increases in such rental income and that such

 amounts accruing to the agency pursuant to such benefit

 may be used only for low-income housing or to benefit

 the residents of the public housing agency.

 ``(C) Treatment of savings.--The treatment of

 utility and waste management costs under the formula

 shall provide that a public housing agency shall receive

 the full financial benefit from any reduction in the

 cost of utilities or waste management resulting from any

 contract with a third party to undertake energy

 conservation improvements in one or more of its public

 housing projects.

 ``(3) Condition on use.--No portion of any public housing

 project operated using amounts provided under this subsection,

 or under this section as in effect before the effective date

 under section 503(a) of the Quality Housing and Work

 Responsibility Act of 1998, may be disposed of before the

 expiration of the 10-year period beginning upon the conclusion

 of the fiscal year for which such amounts were provided, except

 as otherwise provided in this Act.

 ``(f ) Negotiated Rulemaking Procedure.--The formulas under

subsections (d)(2) and (e)(2) shall be developed according to procedures

for issuance of regulations under the negotiated rulemaking procedure

under subchapter III of chapter 5 of title 5, United States Code.

 ``(g) Limitations on Use of Funds.--

 ``(1) Flexibility for capital fund amounts.--Of any amounts

 appropriated for fiscal year 2000 or any fiscal year thereafter

 that are allocated for fiscal year 2000 or any fiscal year

 thereafter from the Capital Fund for any public housing agency,

 the agency may use not more than 20 percent for activities that

 are eligible under subsection (e) for assistance with amounts

 from the Operating Fund, but only if the public housing agency

 plan for the agency provides for such use.

 ``(2) Full flexibility for small pha's.--Of any amounts

 allocated for any fiscal year for any public housing agency that

 owns or operates less than 250 public housing dwelling units, is

 not designated pursuant to section 6( j)(2) as a troubled public

 housing agency, and (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 <<NOTE: Effective date.>> and provided. This

 subsection shall take effect on the date of the enactment of the

 Quality Housing and Work Responsibility Act of 1998.

 ``(3) Limitation on new construction.--

 ``(A) In general.--Except as provided in

 subparagraphs (B) and (C), a public housing agency may

 not use any of the amounts allocated for the agency from

 the Capital Fund or Operating Fund for the purpose of

 constructing any public housing unit, if such

 construction would result in a net increase from the

 number of public housing units owned, assisted, or

 operated by the public housing agency on October 1,

 1999, including any public housing units demolished as

 part of any revitalization effort.

 ``(B) Exception regarding use of assistance.--A

 public housing agency may use amounts allocated for the

 agency from the Capital Fund or Operating Fund for the

 construction and operation of housing units that are

 available and affordable to low-income families in

 excess of the limitations on new construction set forth

 in subparagraph (A), but the formulas established under

 subsections (d)(2) and (e)(2) shall not provide

 additional funding for the specific purpose of allowing

 construction and operation of housing in excess of those

 limitations (except to the extent provided in

 subparagraph (C)).

 ``(C) Exception regarding formulas.--Subject to

 reasonable limitations set by the Secretary, the

 formulas established under subsections (d)(2) and (e)(2)

 may provide additional funding for the operation and

 modernization costs (but not the initial development

 costs) of housing in excess of amounts otherwise

 permitted under this paragraph, and such amounts may be

 so used, if--

 ``(i) such units are part of a mixed-finance

 project or otherwise leverage significant

 additional private or public investment; and

 ``(ii) the estimated cost of the useful life

 of the project is less than the estimated cost of

 providing tenant-based assistance under section

 8(o) for the same period of time.

 ``(h) Technical <<NOTE: Contracts.>> Assistance.--To the extent

amounts are provided in advance in appropriations Acts, the Secretary

may make grants or enter into contracts or cooperative agreements in

accordance with this subsection for purposes of providing, either

directly or indirectly--

 ``(1) technical assistance to public housing agencies,

 resident councils, resident organizations, and resident

 management corporations, including assistance relating to

 monitoring and inspections;

 ``(2) training for public housing agency employees and

 residents;

 ``(3) data collection and analysis;

 ``(4) training, technical assistance, and education to

 public housing agencies that are--

 ``(A) at risk of being designated as troubled under

 section 6( j), to assist such agencies from being so

 designated; and

 ``(B) designated as troubled under section 6( j), to

 assist such agencies in achieving the removal of that

 designation;

 ``(5) contract expertise;

 ``(6) training and technical assistance to assist in the

 oversight and management of public housing or tenant-based

 assistance; and

 ``(7) clearinghouse services in furtherance of the goals and

 activities of this subsection.

As used in this subsection, the terms `training' and `technical

assistance' shall include training or technical assistance and the cost

of necessary travel for participants in such training or technical

assistance, by or to officials and employees of the Department and of

public housing agencies, and to residents and to other eligible

grantees.

 ``(i) Eligibility of Units Acquired From Proceeds of Sales Under

Demolition or Disposition Plan.--If a public housing agency uses

proceeds from the sale of units under a homeownership program in

accordance with section 32 to acquire additional units to be sold to

low-income families, the additional units shall be counted as public

housing for purposes of determining the amount of the allocation to the

agency under this section until sale by the agency, but in no case

longer than 5 years.

 ``( j) Penalty for Slow Expenditure of Capital Funds.--

 ``(1) Obligation of amounts.--Except as provided in

 paragraph (4) and subject to paragraph (2), a public housing

 agency shall obligate any assistance received under this section

 not later than 24 months after, as applicable--

 ``(A) the date on which the funds become available

 to the agency for obligation in the case of

 modernization; or

 ``(B) the date on which the agency accumulates

 adequate funds to undertake modernization, substantial

 rehabilitation, or new construction of units.

 ``(2) Extension of time period for obligation.--The

 Secretary--

 ``(A) may, extend the time period under paragraph

 (1) for a public housing agency, for such period as the

 Secretary determines to be necessary, if the Secretary

 determines that the failure of the agency to obligate

 assistance in a timely manner is attributable to--

 ``(i) litigation;

 ``(ii) obtaining approvals of the Federal

 Government or a State or local government;

 ``(iii) complying with environmental

 assessment and abatement requirements;

 ``(iv) relocating residents;

 ``(v) an event beyond the control of the

 public housing agency; or

 ``(vi) <<NOTE: Federal Register,

 publication.>> any other reason established by the

 Secretary by notice published in the Federal

 Register;

 ``(B) shall disregard the requirements of paragraph

 (1) with respect to any unobligated amounts made

 available to a public housing agency, to the extent that

 the total of such amounts does not exceed 10 percent of

 the original amount made available to the public housing

 agency; and

 ``(C) may, with the prior approval of the Secretary,

 extend the time period under paragraph (1), for an

 additional period not to exceed 12 months, based on--

 ``(i) the size of the public housing agency;

 ``(ii) the complexity of capital program of

 the public housing agency;

 ``(iii) any limitation on the ability of the

 public housing agency to obligate the amounts

 allocated for the agency from the Capital Fund in

 a timely manner as a result of State or local law;

 or

 ``(iv) such other factors as the Secretary

 determines to be relevant.

 ``(3) Effect of failure to comply.--

 ``(A) Prohibition of new assistance.--A public

 housing agency shall not be awarded assistance under

 this section for any month during any fiscal year in

 which the public housing agency has funds unobligated in

 violation of paragraph (1) or (2).

 ``(B) Withholding of assistance.--During any fiscal

 year described in subparagraph (A), the Secretary shall

 withhold all assistance that would otherwise be provided

 to the public housing agency. If the public housing

 agency cures its failure to comply during the year, it

 shall be provided with the share attributable to the

 months remaining in the year.

 ``(C) Redistribution.--The total amount of any funds

 not provided public housing agencies by operation of

 this paragraph shall be allocated for agencies

 determined under section 6( j) to be high-performing.

 ``(4) Exception to obligation requirements.--

 ``(A) In general.--Subject to subparagraph (B), if

 the Secretary has consented, before the effective date

 under section 503(a) of the Quality Housing and Work

 Responsibility Act of 1998, to an obligation period for

 any agency longer than provided under paragraph (1), a

 public housing agency that obligates its funds before

 the expiration of that period shall not be considered to

 be in violation of paragraph (1).

 ``(B) Prior fiscal years.--Notwithstanding

 subparagraph (A), any funds appropriated to a public

 housing agency for fiscal year 1997 or prior fiscal

 years shall be fully obligated by the public housing

 agency not later than September 30, 1999.

 ``(5) Expenditure of amounts.--

 ``(A) In general.--A public housing agency shall

 spend any assistance received under this section not

 later than 4 years (plus the period of any extension

 approved by the Secretary under paragraph (2)) after the

 date on which funds become available to the agency for

 obligation.

 ``(B) Enforcement.--The Secretary shall enforce the

 requirement of subparagraph (A) through default remedies

 up to and including withdrawal of the funding.

 ``(6) Right of recapture.--Any obligation entered into by a

 public housing agency shall be subject to the right of the

 Secretary to recapture the obligated amounts for violation by

 the public housing agency of the requirements of this

 subsection.

 ``(k) Emergency Reserve and Use of Amounts.--

 ``(1) Set-asides.--In each fiscal year after fiscal year

 1999, the Secretary shall set aside, for use in accordance with

 this subsection, not more than 2 percent of the total amount

 made available to carry out this section for such fiscal year. In

 addition to amounts set aside under the preceding sentence, in

 each fiscal year the Secretary may set from the total amount

 made available to carry out this section for such fiscal year

 not more than $20,000,000 for the Operation Safe Home program

 administered by the Office of the Inspector General of the

 Department of Housing and Urban Development, for law enforcement

 efforts to combat violent crime on or near the premises of

 public and federally assisted housing.

 ``(2) Use of funds.--Amounts set aside under paragraph (1)

 shall be available to the Secretary for use for assistance, as

 provided in paragraph (3), in connection with--

 ``(A) emergencies and other disasters; and

 ``(C) housing needs resulting from any settlement of

 litigation; and

 ``(3) Eligible uses.--In carrying out this subsection, the

 Secretary may use amounts set aside under this subsection to

 provide--

 ``(A) assistance for any eligible use under the

 Operating Fund or the Capital Fund established by this

 section; or

 ``(B) tenant-based assistance in accordance with

 section 8.

 ``(4) Limitation.--With respect to any fiscal year, the

 Secretary may carry over not more than a total of $25,000,000 in

 unobligated amounts set aside under this subsection for use in

 connection with the activities described in paragraph (2) during

 the succeeding fiscal year.

 ``(5) Publication.--The <<NOTE: Federal Register,

 publication.>> Secretary shall publish the use of any amounts

 allocated under this subsection relating to emergencies (other

 than disasters and housing needs resulting from any settlement

 of litigation) in the Federal Register.

 ``(l) Treatment of Nonrental Income.--A public housing agency that

receives income from nonrental sources (as determined by the Secretary)

may retain and use such amounts without any decrease in the amounts

received under this section from the Capital or Operating Fund. Any such

nonrental amounts retained shall be used only for low-income housing or

to benefit the residents assisted by the public housing agency.

 ``(m) Provision of Only Capital or Operating Assistance.--

 ``(1) Authority.--In appropriate circumstances, as

 determined by the Secretary, a public housing agency may commit

 capital assistance only, or operating assistance only, for

 public housing units, which assistance shall be subject to all

 of the requirements applicable to public housing except as

 otherwise provided in this subsection.

 ``(2) Exemptions.--In the case of any public housing unit

 assisted pursuant to the authority under paragraph (1), the

 Secretary may, by regulation, reduce the period under subsection

 (d)(3) or (e)(3), as applicable, during which such units must be

 operated under requirements applicable to public housing. In

 cases in which there is commitment of operating assistance but

 no commitment of capital assistance, the Secretary may make

 section 8 requirements applicable, as appropriate, by

 regulation.

 ``(n) Treatment of Public Housing.--

 ``(1) Certain state and city funded housing.--

 ``(A) In general.--Notwithstanding any other

 provision of this section--

 ``(i) for purposes of determining the

 allocations from the Operating and Capital Funds

 pursuant to the formulas under subsections (d)(2)

 and (e)(2) and determining assistance pursuant to

 section 519(e) of the Quality Housing and Work

 Responsibility Act of 1998 and under section 9 or

 14 of the United States Housing Act of 1937 (as in

 effect before the date of the enactment of this

 Act), for any period before the implementation of

 such formulas, the Secretary shall deem any

 covered locally developed public housing units as

 public housing units developed under this title

 and such units shall be eligible for such

 assistance; and

 ``(ii) assistance provided under this section,

 under such section 518(d)(3), or under such

 section 9 or 14 to any public housing agency may

 be used with respect to any covered locally

 developed public housing units.

 ``(B) Covered units.--For purposes of this

 paragraph, the term `covered locally developed public

 housing units' means--

 ``(i) not more than 7,000 public housing units

 developed pursuant to laws of the State of New

 York and that received debt service and operating

 subsidies pursuant to such laws; and

 ``(ii) not more than 5,000 dwelling units

 developed pursuant to section 34 of chapter 121B

 of the General Laws of the State of Massachusetts.

 ``(2) Reduction of asthma incidence.--Notwithstanding any

 other provision of this section, the New York City Housing

 Authority may, in its sole discretion, from amounts provided

 from the Operating and Capital Funds, or from amounts provided

 for public housing before amounts are made available from such

 Funds, use not more than exceeding $500,000 per year for the

 purpose of initiating, expanding or continuing a program for the

 reduction of the incidence of asthma among residents. The

 Secretary shall consult with the Administrator of the

 Environmental Protection Agency and the Secretary of Health and

 Human Services to identify and consider sources of funding for

 the reduction of the incidence of asthma among recipients of

 assistance under this title.

 ``(3) Services for elderly residents.--Notwithstanding any

 other provision of this section, the New York City Housing

 Authority may, in its sole discretion, from amounts provided

 from the Operating and Capital Funds, or from amounts provided

 for public housing before the amounts are made available from

 such Funds, use not more than $600,000 per year for the purpose

 of developing a comprehensive plan to address the need for

 services for elderly residents. Such plan may be developed by a

 partnership created by such Housing Authority and may include

 the creation of a model project for assisted living at one or

 more developments. The model project may provide for contracting

 with private parties for the delivery of services.

 ``(4) Effective date.--This subsection shall apply to fiscal

 year 1999 and each fiscal year thereafter.''.

 (b) Allocation of Assistance.--Section 6 of the United States

Housing Act of 1937 (42 U.S.C. 1437d) is amended by striking subsection

(p).

 (c) Conforming Amendments.--The United States Housing Act of 1937

(42 U.S.C. 1437 et seq.) is amended--

 (1) in section 303(b)(10) (42 U.S.C. 1437aaa-2(b)(10)), by

 striking ``under section 9'' the first place it appears and

 inserting ``from the Operating Fund''; and

 (2) in section 305(e) (42 U.S.C. 1437aaa-4(e)), by striking

 ``Operating subsidies'' and inserting ``Amounts from an

 allocation from the Operating Fund''.

 (d) Transitional <<NOTE: 42 USC 1437a note.>> Ceiling Rents.--

Notwithstanding section 3(a)(1) of the United States Housing Act of 1937

(42 U.S.C. 1437a(1)), during the period ending upon the later of the

implementation of the formulas established pursuant to subsections

(d)(2) and (e)(2) of such Act (as amended by this section) and October

1, 1999, a public housing agency may take any of the following actions

with respect to public housing:

 (1) New provisions.--An agency may--

 (A) adopt and apply ceiling rents that reflect the

 reasonable market value of the housing, but that are not

 less than--

 (i) for housing other than housing

 predominantly for elderly or disabled families (or

 both), 75 percent of the monthly cost to operate

 the housing of the agency;

 (ii) for housing predominantly for elderly or

 disabled families (or both), 100 percent of the

 monthly cost to operate the housing of the agency;

 and

 (iii) the monthly cost to make a deposit to a

 replacement reserve (in the sole discretion of the

 public housing agency); and

 (B) allow families to pay ceiling rents referred to

 in subparagraph (A), unless, with respect to any family,

 the ceiling rent established under this paragraph would

 exceed the amount payable as rent by that family under

 paragraph (1).

 (2) Ceiling rents from balanced budget act, I.--An agency

 may utilize the authority under section 3(a)(2) of the United

 States Housing Act of 1937 (42 U.S.C. 1437a(a)(2)), as in effect

 immediately before the enactment of this Act, notwithstanding

 any amendment to such section made by this Act.

 (3) Transitional ceiling rents for balanced budget act, I.--

 An agency may utilize the authority with respect to ceiling

 rents under section 402(b)(2) of The Balanced Budget Downpayment

 Act, I (42 U.S.C. 1437a note), notwithstanding any other

 provision of law (including the expiration of the applicability

 of such section or the repeal of such section).

 (e) Transitional <<NOTE: 42 USC 1437g note.>> Provision of

Assistance.--

 (1) In general.--Subject to paragraph (2), before the

 implementation of formulas pursuant to sections 9(d)(2) and

 9(e)(2) of the United States Housing Act of 1937 (as amended by

 subsection (a) of this section), the Secretary shall provide

 that each public housing agency shall receive funding under

 sections 9 and 14 of the United States Housing Act of 1937, as

 those sections existed immediately before the enactment

 of this Act (except that such sections shall be subject to any

 amendments to such sections that may be contained in title II of

 this Act).

 (2) Qualifications.--Before the implementation of formulas

 pursuant to sections 9(d)(2) and 9(e)(2) of the United States

 Housing Act of 1937 (as amended by subsection (a) of this

 section)--

 (A) if a public housing agency establishes a rental

 amount that is based on a ceiling rent established

 pursuant to subsection (d)(1) of this section, the

 Secretary shall take into account any reduction of the

 per unit dwelling rental income of the public housing

 agency resulting from the use of that rental amount in

 calculating the contributions for the public housing

 agency for the operation of the public housing under

 section 9 of the United States Housing Act of 1937;

 (B) if a public housing agency establishes a rental

 amount that is based on an adjustment to income under

 section 3(b)(5)(G) of the United States Housing Act of

 1937 (as in effect immediately before the enactment of

 this Act), the Secretary shall not take into account any

 reduction of or any increase in the per unit dwelling

 rental income of the public housing agency resulting

 from the use of that rental amount in calculating the

 contributions for the public housing agency for the

 operation of the public housing under section 9 of the

 United States Housing Act of 1937; and

 (C) if a public housing agency establishes a rental

 amount other than as provided under subparagraph (A) or

 (B) that is less than the greatest of the amounts

 determined under subparagraphs (A), (B), and (C) of

 section 3(a)(1) of the United States Housing Act of

 1937, the Secretary shall not take into account any

 reduction of the per unit dwelling rental income of the

 public housing agency resulting from the use of that

 rental amount in calculating the contributions for the

 public housing agency for the operation of the public

 housing under section 9 of the United States Housing Act

 of 1937.

 (f ) Effective <<NOTE: 42 USC 1437g note.>> Date of Operating

Formula.--Notwithstanding the effective date under section 503(a), the

Secretary may extend the effective date of the formula under section

9(e)(2) of the United States Housing Act of 1937 (as amended by

subsection (a) of this section) for up to 6 months if such additional

time is necessary to implement such formula.

 (g) Effective <<NOTE: 42 USC 1437g note.>> Date.--Subsections (d),

(e), and (f ) shall take effect upon the date of the enactment of this

Act.