

114TH CONGRESS
1ST SESSION

H. R. 3700

To provide housing opportunities in the United States through modernization of various housing programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2015

Mr. LUETKEMEYER introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide housing opportunities in the United States through modernization of various housing programs, and for other purposes.

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

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Housing Opportunity Through Modernization Act of
6 2015”.

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

Sec. 1. Short title and table of contents.

TITLE I—SECTION 8 RENTAL ASSISTANCE AND PUBLIC HOUSING

- Sec. 101. Inspection of dwelling units.
- Sec. 102. Income reviews.
- Sec. 103. Limitation on public housing tenancy for over-income families.
- Sec. 104. Limitation on eligibility for assistance based on assets.
- Sec. 105. Units owned by public housing agencies.
- Sec. 106. PHA project-based assistance.
- Sec. 107. Establishment of fair market rent.
- Sec. 108. Prohibition on utility reimbursements; collection of utility data.
- Sec. 109. Public housing Capital and Operating Funds.
- Sec. 110. Expansion of family unification program.

TITLE II—RURAL HOUSING

- Sec. 201. Delegation of guaranteed rural housing loan approval.
- Sec. 202. Rural multifamily housing revitalization program.

TITLE III—FHA MORTGAGE INSURANCE FOR CONDOMINIUMS

- Sec. 301. Modification of FHA requirements for mortgage insurance for condominiums.

TITLE IV—HOUSING REFORMS FOR THE HOMELESS AND FOR VETERANS

- Sec. 401. Continuum of Care Program.
- Sec. 402. Inclusion of public housing agencies and local redevelopment authorities in emergency solutions grants.
- Sec. 403. Special assistant for Veterans Affairs in the Department of Housing and Urban Development.
- Sec. 404. Annual supplemental report on veterans homelessness.

TITLE V—MISCELLANEOUS

- Sec. 501. Inclusion of Disaster Housing Assistance Program in certain fraud and abuse prevention measures.
- Sec. 502. Amendments to Low-Income Housing Preservation and Resident Homeownership Act of 1990.
- Sec. 503. Budget-neutral demonstration program for energy and water conservation improvements at multifamily residential units.
- Sec. 504. Energy efficiency requirements under Self-Help Homeownership Opportunity program.
- Sec. 505. Data exchange standardization for improved interoperability.

1 **TITLE I—SECTION 8 RENTAL AS-** 2 **SISTANCE AND PUBLIC HOUS-** 3 **ING**

4 **SEC. 101. INSPECTION OF DWELLING UNITS.**

5 (a) IN GENERAL.—Section 8(o)(8) of the United
 6 States Housing Act of 1937 (42 U.S.C. 1437f(o)(8)) is
 7 amended—

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

3 “(A) INITIAL INSPECTION.—

4 “(i) IN GENERAL.—For each dwelling
5 unit for which a housing assistance pay-
6 ment contract is established under this
7 subsection, the public housing agency (or
8 other entity pursuant to paragraph (11))
9 shall inspect the unit before any assistance
10 payment is made to determine whether the
11 dwelling unit meets the housing quality
12 standards under subparagraph (B), except
13 as provided in clause (ii) or (iii) of this
14 subparagraph.

15 “(ii) CORRECTION OF NON-LIFE-
16 THREATENING CONDITIONS.—In the case
17 of any dwelling unit that is determined,
18 pursuant to an inspection under clause (i),
19 not to meet the housing quality standards
20 under subparagraph (B), assistance pay-
21 ments may be made for the unit notwith-
22 standing subparagraph (C) if failure to
23 meet such standards is a result only of
24 non-life-threatening conditions, as such
25 conditions are established by the Secretary.

1 A public housing agency making assistance
2 payments pursuant to this clause for a
3 dwelling unit shall, 30 days after the be-
4 ginning of the period for which such pay-
5 ments are made, withhold any assistance
6 payments for the unit if any deficiency re-
7 sulting in noncompliance with the housing
8 quality standards has not been corrected
9 by such time. The public housing agency
10 shall recommence assistance payments
11 when such deficiency has been corrected,
12 and may use any payments withheld to
13 make assistance payments relating to the
14 period during which payments were with-
15 held.

16 “(iii) USE OF ALTERNATIVE INSPEC-
17 TION METHOD FOR INTERIM PERIOD.—In
18 the case of any property that within the
19 previous 24 months has met the require-
20 ments of an inspection that qualifies as an
21 alternative inspection method pursuant to
22 subparagraph (E), a public housing agency
23 may authorize occupancy before the inspec-
24 tion under clause (i) has been completed,
25 and may make assistance payments retro-

1 active to the beginning of the lease term
2 after the unit has been determined pursu-
3 ant to an inspection under clause (i) to
4 meet the housing quality standards under
5 subparagraph (B).”;

6 (2) by redesignating subparagraph (G) as sub-
7 paragraph (H); and

8 (3) by inserting after subparagraph (F) the fol-
9 lowing new subparagraph:

10 “(G) ENFORCEMENT OF HOUSING QUALITY
11 STANDARDS.—

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

20 “(I) the public housing agency or
21 an inspector authorized by the State
22 or unit of local government deter-
23 mines upon inspection of the unit that
24 the unit fails to comply with such
25 standards;

1 “(II) the agency or inspector no-
2 tifies the owner of the unit in writing
3 of such failure to comply; and

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

6 “(aa) in the case of any
7 such failure that is a result of
8 life-threatening conditions, within
9 24 hours after such notice has
10 been provided; and

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

19 “(ii) WITHHOLDING OF ASSISTANCE
20 AMOUNTS DURING CORRECTION.—The
21 public housing agency may withhold assist-
22 ance amounts under this subsection with
23 respect to a dwelling unit for which a no-
24 tice pursuant to clause (i)(II), of failure to
25 comply with housing quality standards

1 under subparagraph (B) as determined
2 pursuant to an inspection conducted under
3 subparagraph (D) or (F), has been pro-
4 vided. If the unit is brought into compli-
5 ance with such housing quality standards
6 during the periods referred to in clause
7 (i)(III), the public housing agency shall re-
8 commence assistance payments and may
9 use any amounts withheld during the cor-
10 rection period to make assistance payments
11 relating to the period during which pay-
12 ments were withheld.

13 “(iii) ABATEMENT OF ASSISTANCE
14 AMOUNTS.—The public housing agency
15 shall abate all of the assistance amounts
16 under this subsection with respect to a
17 dwelling unit that is determined, pursuant
18 to clause (i) of this subparagraph, to be in
19 noncompliance with housing quality stand-
20 ards under subparagraph (B). Upon com-
21 pletion of repairs by the public housing
22 agency or the owner sufficient so that the
23 dwelling unit complies with such housing
24 quality standards, the agency shall recom-
25 mence payments under the housing assist-

1 ance payments contract to the owner of the
2 dwelling unit.

3 “(iv) NOTIFICATION.—If a public
4 housing agency providing assistance under
5 this subsection abates rental assistance
6 payments pursuant to clause (iii) with re-
7 spect to a dwelling unit, the agency shall,
8 upon commencement of such abatement—

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

11 “(aa) such abatement has
12 commenced; and

13 “(bb) if the dwelling unit is
14 not brought into compliance with
15 housing quality standards within
16 60 days after the effective date of
17 the determination of noncompli-
18 ance under clause (i) or such rea-
19 sonable longer period as the
20 agency may establish, the tenant
21 will have to move; and

22 “(II) issue the tenant the nec-
23 essary forms to allow the tenant to
24 move to another dwelling unit and

1 transfer the rental assistance to that
2 unit.

3 “(v) PROTECTION OF TENANTS.—An
4 owner of a dwelling unit may not terminate
5 the tenancy of any tenant because of the
6 withholding or abatement of assistance
7 pursuant to this subparagraph. During the
8 period that assistance is abated pursuant
9 to this subparagraph, the tenant may ter-
10minate the tenancy by notifying the owner.

11 “(vi) TERMINATION OF LEASE OR AS-
12SISTANCE PAYMENTS CONTRACT.—If as-
13sistance amounts under this section for a
14dwelling unit are abated pursuant to clause
15(iii) and the owner does not correct the
16noncompliance within 60 days after the ef-
17fective date of the determination of non-
18compliance under clause (i), or such other
19reasonable longer period as the public
20housing agency may establish, the agency
21shall terminate the housing assistance pay-
22ments contract for the dwelling unit.

23 “(vii) RELOCATION.—

24 “(I) LEASE OF NEW UNIT.—The
25agency shall provide the family resid-

1 ing in such a dwelling unit a period of
2 90 days or such longer period as the
3 public housing agency determines is
4 reasonably necessary to lease a new
5 unit, beginning upon termination of
6 the contract, to lease a new residence
7 with tenant-based rental assistance
8 under this section.

9 “(II) AVAILABILITY OF PUBLIC
10 HOUSING UNITS.—If the family is un-
11 able to lease such a new residence
12 during such period, the public housing
13 agency shall, at the option of the fam-
14 ily, provide such family a preference
15 for occupancy in a dwelling unit of
16 public housing that is owned or oper-
17 ated by the agency that first becomes
18 available for occupancy after the expi-
19 ration of such period.

20 “(III) ASSISTANCE IN FINDING
21 UNIT.—The public housing agency
22 may provide assistance to the family
23 in finding a new residence, including
24 use of up to two months of any assist-
25 ance amounts withheld or abated pur-

1 suant to clause (ii) or (iii), respec-
2 tively, for costs directly associated
3 with relocation of the family to a new
4 residence, which shall include security
5 deposits as necessary and may include
6 reimbursements for reasonable moving
7 expenses incurred by the household,
8 as established by the Secretary. The
9 agency may require that a family re-
10 ceiving assistance for a security de-
11 posit shall remit, to the extent of such
12 assistance, the amount of any security
13 deposit refunds made by the owner of
14 the dwelling unit for which the lease
15 was terminated.

16 “(viii) TENANT-CAUSED DAMAGES.—
17 If a public housing agency determines that
18 any damage to a dwelling unit that results
19 in a failure of the dwelling unit to comply
20 with housing quality standards under sub-
21 paragraph (B), other than any damage re-
22 sulting from ordinary use, was caused by
23 the tenant, any member of the tenant’s
24 household, or any guest or other person
25 under the tenant’s control, the agency may

1 waive the applicability of this subpara-
2 graph, except that this clause shall not ex-
3 onerate a tenant from any liability other-
4 wise existing under applicable law for dam-
5 ages to the premises caused by such ten-
6 ant.

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

13 (b) EFFECTIVE DATE.—The Secretary of Housing
14 and Urban Development shall issue notice or regulations
15 to implement subsection (a) of this section and such sub-
16 section shall take effect upon such issuance.

17 **SEC. 102. INCOME REVIEWS.**

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

21 (1) in subsection (a)—

22 (A) in the second sentence of paragraph
23 (1), by striking “at least annually” and insert-
24 ing “pursuant to paragraph (6)”; and

1 (B) by adding at the end the following new
2 paragraphs:

3 “(6) REVIEWS OF FAMILY INCOME.—

4 “(A) FREQUENCY.—Reviews of family in-
5 come for purposes of this section shall be
6 made—

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

10 “(ii) annually thereafter, except as
11 provided in subparagraph (B)(ii);

12 “(iii) upon the request of the family,
13 at any time the income or deductions
14 (under subsection (b)(5)) of the family
15 change by an amount that is estimated to
16 result in a decrease of 10 percent (or such
17 lower amount as the Secretary may, by no-
18 tice, establish, or permit the public housing
19 agency or owner to establish) or more in
20 annual adjusted income; and

21 “(iv) at any time the income or deduc-
22 tions (under subsection (b)(5)) of the fam-
23 ily change by an amount that is estimated
24 to result in an increase of 10 percent or
25 more in annual adjusted income, or such

1 other amount as the Secretary may by no-
2 tice establish, except that any increase in
3 the earned income of a family shall not be
4 considered for purposes of this clause (ex-
5 cept that earned income may be considered
6 if the increase corresponds to previous de-
7 creases under clause (iii)), except that a
8 public housing agency or owner may elect
9 not to conduct such review in the last three
10 months of a certification period.

11 “(B) FIXED-INCOME FAMILIES.—

12 “(i) DEFINITIONS.—For purposes of
13 this subparagraph, the following definitions
14 shall apply:

15 “(I) ELIGIBLE FAMILY.—The
16 term ‘eligible family’ means a family
17 who has an income, as of the most re-
18 cent review conducted, of which 90
19 percent or more consists of fixed in-
20 come.

21 “(II) FIXED INCOME.—The term
22 ‘fixed income’ means income from—

23 “(aa) the supplemental secu-
24 rity income program under title
25 XVI of the Social Security Act,

1 including supplementary pay-
2 ments pursuant to an agreement
3 for Federal administration under
4 section 1616(a) of the Social Se-
5 curity Act and payments pursu-
6 ant to an agreement entered into
7 under section 212(b) of Public
8 Law 93-66;

9 “(bb) any payment under
10 title II of the Social Security Act;

11 “(cc) Federal, State, local,
12 and private pension plans; and

13 “(dd) other periodic pay-
14 ments received from annuities,
15 insurance policies, retirement
16 funds, disability or death bene-
17 fits, and other similar types of
18 periodic receipts that are of sub-
19 stantially the same amounts from
20 year to year.

21 “(ii) SELF-CERTIFICATION AND 3-
22 YEAR REVIEW FOR FIXED-INCOME FAMI-
23 LIES.—A public housing agency or owner
24 shall not be required to conduct a review
25 of an eligible family’s income pursuant to

1 subparagraph (A)(ii) for any year in which
2 such eligible family certifies, in accordance
3 with such requirements as the Secretary
4 shall establish, that the sources of such in-
5 come have not changed since the previous
6 year, except that the public housing agency
7 or owner shall conduct a review of each
8 such eligible family's income not less fre-
9 quently than once every 3 years.

10 “(iii) INFLATIONARY ADJUSTMENT
11 FOR FIXED INCOME FAMILIES.—

12 “(I) IN GENERAL.—In any year
13 in which a public housing agency or
14 owner does not conduct a review of in-
15 come for an eligible family pursuant
16 to the authority under clause (ii) to
17 waive such a review, the income deter-
18 mination of such eligible family for
19 the previous year shall, subject to sub-
20 clause (II) of this clause, be adjusted
21 by applying an inflationary factor as
22 the Secretary shall establish by regu-
23 lation or notice.

24 “(II) EXEMPTION FROM ADJUST-
25 MENT.—A public housing agency or

1 owner may exempt from an adjust-
2 ment described in subclause (I) any
3 income source for which income does
4 not increase from year to year.

5 “(C) IN GENERAL.—Reviews of family in-
6 come for purposes of this section shall be sub-
7 ject to the provisions of section 904 of the
8 Stewart B. McKinney Homeless Assistance
9 Amendments Act of 1988 (42 U.S.C. 3544).

10 “(7) CALCULATION OF INCOME.—

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

19 “(B) USE OF PRIOR YEAR INCOME.—In
20 determining family income for annual reviews
21 pursuant to paragraph (6)(A)(ii), a public hous-
22 ing agency or owner shall, except as otherwise
23 provided in this paragraph and paragraph
24 (6)(B), use the income of the family as deter-
25 mined by the agency or owner for the preceding

1 year, taking into consideration any redetermina-
2 tion of income during such prior year pursuant
3 to clause (iii) or (iv) of paragraph (6)(A).

4 “(C) OTHER INCOME.—In determining the
5 income for any family based on the prior year’s
6 income, with respect to prior year calculations
7 of income not subject to subparagraph (B), a
8 public housing agency or owner may make other
9 adjustments as it considers appropriate to re-
10 flect current income.

11 “(D) SAFE HARBOR.—A public housing
12 agency or owner may, to the extent such infor-
13 mation is available to the public housing agency
14 or owner, determine the family’s income prior
15 to the application of any deductions based on
16 timely income determinations made for pur-
17 poses of other means-tested Federal public as-
18 sistance programs (including the program for
19 block grants to States for temporary assistance
20 for needy families under part A of title IV of
21 the Social Security Act, a program for Medicaid
22 assistance under a State plan approved under
23 title XIX of the Social Security Act, and the
24 supplemental nutrition assistance program (as
25 such term is defined in section 3 of the Food

1 and Nutrition Act of 2008 (7 U.S.C. 2012)).
2 The Secretary shall, in consultation with other
3 appropriate Federal agencies, develop proce-
4 dures to enable public housing agencies and
5 owners to have access to such income deter-
6 minations made by other means-tested Federal
7 programs that the Secretary determines to have
8 comparable reliability. Exchanges of such infor-
9 mation shall be subject to the same limitations
10 and tenant protections provided under section
11 904 of the Stewart B. McKinney Homeless As-
12 sistance Act Amendments of 1988 (42 U.S.C.
13 3544) with respect to information obtained
14 under the requirements of section 303(i) of the
15 Social Security Act (42 U.S.C. 503(i)).

16 “(E) PHA AND OWNER COMPLIANCE.—A
17 public housing agency or owner may not be con-
18 sidered to fail to comply with this paragraph or
19 paragraph (6) due solely to any de minimis er-
20 rors made by the agency or owner in calculating
21 family incomes.”;

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

23 (3) by redesignating subsection (f) as sub-
24 section (d).

1 (b) CERTIFICATION REGARDING HARDSHIP EXCEP-
2 TION TO MINIMUM MONTHLY RENT.—Not later than the
3 expiration of the 6-month period beginning on the date
4 of the enactment of this Act, the Secretary of Housing
5 and Urban Development shall submit to the Congress a
6 certification that the hardship and tenant protection provi-
7 sions in clause (i) of section 3(a)(3)(B) of the United
8 States Housing Act of 1937 (42 U.S.C.
9 1437a(a)(3)(B)(i)) are being enforced at such time and
10 that the Secretary will continue to provide due consider-
11 ation to the hardship circumstances of persons assisted
12 under relevant programs of this Act.

13 (c) INCOME; ADJUSTED INCOME.—Section 3(b) of
14 the United States Housing Act of 1937 (42 U.S.C.
15 1437a(b)) is amended by striking paragraphs (4) and (5)
16 and inserting the following new paragraphs:

17 “(4) INCOME.—The term ‘income’ means, with
18 respect to a family, income received from all sources
19 by each member of the household who is 18 years
20 of age or older or is the head of household or spouse
21 of the head of the household, plus unearned income
22 by or on behalf of each dependent who is less than
23 18 years of age, as determined in accordance with
24 criteria prescribed by the Secretary, in consultation

1 with the Secretary of Agriculture, subject to the fol-
2 lowing requirements:

3 “(A) INCLUDED AMOUNTS.—Such term in-
4 cludes recurring gifts and receipts, actual in-
5 come from assets, and profit or loss from a
6 business.

7 “(B) EXCLUDED AMOUNTS.—Such term
8 does not include—

9 “(i) any imputed return on assets, ex-
10 cept to the extent that net family assets
11 exceed \$50,000, except that such amount
12 (as it may have been previously adjusted)
13 shall be adjusted for inflation annually by
14 the Secretary in accordance with an infla-
15 tionary index selected by the Secretary;

16 “(ii) any amounts that would be eligi-
17 ble for exclusion under section 1613(a)(7)
18 of the Social Security Act (42 U.S.C.
19 1382b(a)(7));

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

24 “(iv) any expenses related to aid and
25 attendance under section 1521 of title 38,

1 United States Code, to veterans who are in
2 need of regular aid and attendance; and

3 “(v) exclusions from income as estab-
4 lished by the Secretary by regulation or
5 notice, or any amount required by Federal
6 law to be excluded from consideration as
7 income.

8 “(C) EARNED INCOME OF STUDENTS.—
9 Such term does not include—

10 “(i) earned income, up to an amount
11 as the Secretary may by regulation estab-
12 lish, of any dependent earned during any
13 period that such dependent is attending
14 school or vocational training on a full-time
15 basis; or

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

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

20 “(II) in such amounts as the Sec-
21 retary may allow, for the cost of room
22 and board.

23 “(D) EDUCATIONAL SAVINGS ACCOUNTS.—
24 Income shall be determined without regard to
25 any amounts in or from, or any benefits from,

1 any Coverdell education savings account under
2 section 530 of the Internal Revenue Code of
3 1986 or any qualified tuition program under
4 section 529 of such Code.

5 “(E) RECORDKEEPING.—The Secretary
6 may not require a public housing agency or
7 owner to maintain records of any amounts ex-
8 cluded from income pursuant to this subpara-
9 graph.

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

16 “(A) ELDERLY AND DISABLED FAMI-
17 LIES.—\$525 in the case of any family that is
18 an elderly family or a disabled family, except
19 that the amount specified in this subparagraph
20 (as it may have been previously adjusted) shall
21 be adjusted for inflation annually by the Sec-
22 retary in accordance with an inflationary index
23 selected by the Secretary.

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

1 “(i) is less than 18 years of age or at-
2 tending school or vocational training on a
3 full-time basis; or

4 “(ii) is a person who is 18 years of
5 age or older, resides in the household, and
6 is certified as disabled and unable to work
7 by the public housing agency of jurisdic-
8 tion,

9 except that the amount specified in this sub-
10 paragraph (as it may have been previously ad-
11 justed) shall be adjusted for inflation annually
12 by the Secretary in accordance with an infla-
13 tionary index selected by the Secretary.

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

22 “(D) HEALTH AND MEDICAL EXPENSES.—
23 The amount, if any, by which 10 percent of an-
24 nual family income is exceeded by the sum of—

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

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

10 The Secretary may provide hardship exemptions
11 for impacted families by regulation, if the Sec-
12 retary determines calculated rents endanger
13 families unable to pay such amount because of
14 financial hardship. Such regulations shall be
15 promulgated in consultation with tenant organi-
16 zations, industry participants, and the Sec-
17 retary of Health and Human Services, with an
18 adequate comment period provided for inter-
19 ested parties.

20 “(E) PERMISSIVE DEDUCTIONS.—Such ad-
21 ditional deductions as a public housing agency
22 may, at its discretion, establish, except that the
23 Secretary shall establish procedures to ensure
24 that such deductions do not materially increase
25 Federal expenditures.

1 The Secretary shall annually calculate the amounts
2 of the deductions under subparagraphs (A) and (B),
3 as such amounts may have been previously cal-
4 culated, by applying an inflationary factor as the
5 Secretary shall, by regulation, establish, except that
6 the actual deduction determined for each year shall
7 be established by rounding such amount to the next
8 lowest multiple of \$25.”.

9 (d) HOUSING CHOICE VOUCHER PROGRAM.—Section
10 8(o) of the United States Housing Act of 1937 (42 U.S.C.
11 1437f(o)) is amended—

12 (1) in paragraph (1)(D), by inserting before the
13 period at the end the following: “, except that a pub-
14 lic housing agency may establish a payment stand-
15 ard of not more than 120 percent of the fair market
16 rent where necessary as a reasonable accommodation
17 for a person with a disability, without approval of
18 the Secretary. A public housing agency may use a
19 payment standard that is greater than 120 percent
20 of the fair market rent as a reasonable accommoda-
21 tion for a person with a disability, but only with the
22 approval of the Secretary. In connection with the use
23 of any increased payment standard established or
24 approved pursuant to either of the preceding two
25 sentences as a reasonable accommodation for a per-

1 son with a disability, the Secretary may not estab-
2 lish additional requirements regarding the amount of
3 adjusted income paid by such person for rent”; and

4 (2) in paragraph (5)—

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

7 (B) in subparagraph (A)—

8 (i) by striking “the provisions of” and
9 inserting “paragraphs (6) and (7) of sec-
10 tion 3(a) and to”; and

11 (ii) by striking “and shall be con-
12 ducted upon the initial provision of hous-
13 ing assistance for the family and thereafter
14 not less than annually”; and

15 (C) in subparagraph (B), by striking the
16 second sentence.

17 (e) ENHANCED VOUCHER PROGRAM.—Section
18 8(t)(1)(D) of the United States Housing Act of 1937 (42
19 U.S.C. 1437f(t)(1)(D)) is amended by striking “income”
20 each place such term appears and inserting “annual ad-
21 justed income”.

22 (f) PROJECT-BASED HOUSING.—Paragraph (3) of
23 section 8(c) of the United States Housing Act of 1937
24 (42 U.S.C. 1437f(c)(3)) is amended by striking the last
25 sentence.

1 (g) IMPACT ON PUBLIC HOUSING REVENUES.—

2 (1) ADJUSTMENTS TO OPERATING FORMULA.—

3 If the Secretary of Housing and Urban Development
4 determines that the application of subsections (a)
5 through (e) of this section results in a material and
6 disproportionate reduction in the rental income of
7 certain public housing agencies during the first year
8 in which such subsections are implemented, the Sec-
9 retary may make appropriate adjustments in the for-
10 mula income for such year of those agencies experi-
11 encing such a reduction.

12 (2) HUD REPORTS ON REVENUE AND COST IM-

13 PACT.—In each of the first two years after the first
14 year in which subsections (a) through (e) are imple-
15 mented, the Secretary of Housing and Urban Devel-
16 opment shall submit a report to Congress identifying
17 and calculating the impact of changes made by such
18 subsections and section 104 of this Act on the reve-
19 nues and costs of operating public housing units, the
20 voucher program for rental assistance under section
21 8 of the United States Housing Act of 1937, and
22 the program under such section 8 for project-based
23 rental assistance. If such report identifies a material
24 reduction in the net income of public housing agen-
25 cies nationwide or a material increase in the costs of

1 funding the voucher program or the project-based
2 assistance program, the Secretary shall include in
3 such report recommendations for legislative changes
4 to reduce or eliminate such a reduction.

5 (h) EFFECTIVE DATE.—The Secretary of Housing
6 and Urban Development shall issue notice or regulations
7 to implement this section and this section shall take effect
8 after such issuance, except that this section may only take
9 effect upon the commencement of a calendar year.

10 **SEC. 103. LIMITATION ON PUBLIC HOUSING TENANCY FOR**
11 **OVER-INCOME FAMILIES.**

12 Subsection (a) of section 16 of the United States
13 Housing Act of 1937 (42 U.S.C. 1437n(a)) is amended
14 by adding at the end the following new paragraph:

15 “(5) LIMITATIONS ON TENANCY FOR OVER-IN-
16 COME FAMILIES.—

17 “(A) LIMITATIONS.—Except as provided in
18 subparagraph (C), in the case of any family re-
19 siding in a dwelling unit of public housing
20 whose income for the most recent two consecu-
21 tive years has exceeded 120 percent of the me-
22 dian income for the area, as determined pursu-
23 ant to an income review conducted pursuant to
24 section 3(a)(6), the public housing agency
25 shall—

1 “(i) notwithstanding any other provi-
2 sion of this Act, charge such family as
3 monthly rent for the unit occupied by such
4 family an amount equal to the sum of—

5 “(I) the applicable fair market
6 rental established under section 8(c)
7 for a dwelling unit in the same mar-
8 ket area of the same size; and

9 “(II) the amount of the monthly
10 subsidy provided under this Act for
11 the dwelling unit, which shall include
12 any amounts from the Operating
13 Fund and Capital Fund under section
14 9 used for the unit, as determined by
15 the agency in accordance with regula-
16 tions that the Secretary shall issue to
17 carry out this subclause; or

18 “(ii) terminate the tenancy of such
19 family in public housing not later than 6
20 months after the income determination de-
21 scribed in subparagraph (A).

22 “(B) NOTICE.—In the case of any family
23 residing in a dwelling unit of public housing
24 whose income for a year has exceeded 120 per-
25 cent of the median income for the area, upon

1 the conclusion of such year the public housing
 2 agency shall provide written notice to such fam-
 3 ily of the requirements under subparagraph
 4 (A).

5 “(C) EXCEPTION.—Subparagraph (A)
 6 shall not apply to a family occupying a dwelling
 7 unit in public housing pursuant to paragraph
 8 (5) of section 3(a) (42 U.S.C. 1437a(a)(5)).”.

9 **SEC. 104. LIMITATION ON ELIGIBILITY FOR ASSISTANCE**
 10 **BASED ON ASSETS.**

11 Section 16 of the United States Housing Act of 1937
 12 (42 U.S.C. 1437n) is amended by inserting after sub-
 13 section (d) the following new subsection:

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

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

22 “(A) whose net family assets exceed
 23 \$100,000, as such amount is adjusted annually
 24 by applying an inflationary factor as the Sec-
 25 retary considers appropriate; or

1 “(B) who has a present ownership interest
2 in, a legal right to reside in, and the effective
3 legal authority to sell, real property that is suit-
4 able for occupancy by the family as a residence,
5 except that the prohibition under this subpara-
6 graph shall not apply to—

7 “(i) any property for which the family
8 is receiving assistance under subsection (y)
9 or (o)(12) of section 8 of this Act;

10 “(ii) any person that is a victim of do-
11 mestic violence; or

12 “(iii) any family that is offering such
13 property for sale.

14 “(2) NET FAMILY ASSETS.—

15 “(A) IN GENERAL.—For purposes of this
16 subsection, the term ‘net family assets’ means,
17 for all members of the household, the net cash
18 value of all assets after deducting reasonable
19 costs that would be incurred in disposing of real
20 property, savings, stocks, bonds, and other
21 forms of capital investment. Such term does not
22 include interests in Indian trust land, equity in
23 property for which the family is receiving assist-
24 ance under subsection (y) or (o)(12) of section
25 8, equity accounts in homeownership programs

1 of the Department of Housing and Urban De-
2 velopment, or Family Self Sufficiency accounts.

3 “(B) EXCLUSIONS.—Such term does not
4 include—

5 “(i) the value of personal property, ex-
6 cept for items of personal property of sig-
7 nificant value, as the Secretary may estab-
8 lish or the public housing agency may de-
9 termine;

10 “(ii) the value of any retirement ac-
11 count;

12 “(iii) real property for which the fam-
13 ily does not have the effective legal author-
14 ity necessary to sell such property;

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

21 “(v) the value of any Coverdell edu-
22 cation savings account under section 530
23 of the Internal Revenue Code of 1986 or
24 any qualified tuition program under sec-
25 tion 529 of such Code; and

1 “(vi) such other exclusions as the Sec-
2 retary may establish.

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

14 “(3) SELF-CERTIFICATION.—

15 “(A) NET FAMILY ASSETS.—A public
16 housing agency or owner may determine the net
17 assets of a family, for purposes of this section,
18 based on a certification by the family that the
19 net assets of such family do not exceed
20 \$50,000, as such amount is adjusted annually
21 by applying an inflationary factor as the Sec-
22 retary considers appropriate.

23 “(B) NO CURRENT REAL PROPERTY OWN-
24 ERSHIP.—A public housing agency or owner
25 may determine compliance with paragraph

1 (1)(B) based on a certification by the family
2 that such family does not have any current
3 ownership interest in any real property at the
4 time the agency or owner reviews the family’s
5 income.

6 “(C) STANDARDIZED FORMS.—The Sec-
7 retary may develop standardized forms for the
8 certifications referred to in subparagraphs (A)
9 and (B).

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

18 “(5) ENFORCEMENT.—When recertifying the
19 income of a family residing in a dwelling unit as-
20 sisted under this Act, a public housing agency or
21 owner may choose not to enforce the limitation
22 under paragraph (1) or may establish exceptions to
23 such limitation based on eligibility criteria, but only
24 pursuant to a policy that is set forth in the public
25 housing agency plan under section 5A for the agency

1 or under a policy adopted by the owner. Eligibility
2 criteria for establishing exceptions may provide for
3 separate treatment based on family type and may be
4 based on different factors, such as age, disability, in-
5 come, the ability of the family to find suitable alter-
6 native housing, and whether supportive services are
7 being provided.

8 “(6) AUTHORITY TO DELAY EVICTIONS.—In the
9 case of a family residing in a dwelling unit assisted
10 under this Act who does not comply with the limita-
11 tion under paragraph (1), the public housing agency
12 or project owner may delay eviction or termination
13 of the family based on such noncompliance for a pe-
14 riod of not more than 6 months.”.

15 **SEC. 105. UNITS OWNED BY PUBLIC HOUSING AGENCIES.**

16 Paragraph (11) of section 8(o) of the United States
17 Housing Act of 1937 (42 U.S.C. 1437f(o)(11)) is amend-
18 ed—

19 (1) by striking “(11) LEASING OF UNITS
20 OWNED BY PHA.—If” and inserting the following:

21 “(11) LEASING OF UNITS OWNED BY PHA.—

22 “(A) INSPECTIONS AND RENT DETERMINA-
23 TIONS.—If”; and

24 (2) by adding at the end the following new sub-
25 paragraph:

1 “(B) UNITS OWNED BY PHA.—For pur-
2 poses of this subsection, the term ‘owned by a
3 public housing agency’ means, with respect to a
4 dwelling unit, that the dwelling unit is in a
5 project that is owned by such agency, by an en-
6 tity wholly controlled by such agency, or by a
7 limited liability company or limited partnership
8 in which such agency (or an entity wholly con-
9 trolled by such agency) holds a controlling in-
10 terest in the managing member or general part-
11 ner. A dwelling unit shall not be deemed to be
12 owned by a public housing agency for purposes
13 of this subsection because the agency holds a
14 fee interest as ground lessor in the property on
15 which the unit is situated, holds a security in-
16 terest under a mortgage or deed of trust on the
17 unit, or holds a non-controlling interest in an
18 entity which owns the unit or in the managing
19 member or general partner of an entity which
20 owns the unit.”.

21 **SEC. 106. PHA PROJECT-BASED ASSISTANCE.**

22 (a) IN GENERAL.—Paragraph (13) of section 8(o) of
23 the United States Housing Act of 1937 (42 U.S.C.
24 1437f(o)(13)) is amended—

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

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

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

7 “(B) PERCENTAGE LIMITATION.—

8 “(i) IN GENERAL.—Subject to clause
9 (ii), a public housing agency may use for
10 project-based assistance under this para-
11 graph not more than 20 percent of the au-
12 thorized units for the agency.

13 “(ii) EXCEPTION.—A public housing
14 agency may use up to an additional 10
15 percent of the authorized units for the
16 agency for project-based assistance under
17 this paragraph, to provide units that house
18 individuals and families that meet the defi-
19 nition of homeless under section 103 of the
20 McKinney-Vento Homeless Assistance Act
21 (42 U.S.C. 11302), that house families
22 with veterans, that provide supportive
23 housing to persons with disabilities or el-
24 derly persons, or that are located in areas
25 where vouchers under this subsection are

1 difficult to use, as specified in subpara-
2 graph (D)(ii)(II). Any units of project-
3 based assistance that are attached to units
4 previously subject to federally required
5 rent restrictions or receiving another type
6 of long-term housing subsidy provided by
7 the Secretary shall not count toward the
8 percentage limitation under clause (i) of
9 this subparagraph. The Secretary may, by
10 regulation, establish additional categories
11 for the exception under this clause.”;

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

14 “(D) INCOME-MIXING REQUIREMENT.—

15 “(i) IN GENERAL.—Except as pro-
16 vided in clause (ii), not more than the
17 greater of 25 dwelling units or 25 percent
18 of the dwelling units in any project may be
19 assisted under a housing assistance pay-
20 ment contract for project-based assistance
21 pursuant to this paragraph. For purposes
22 of this subparagraph, the term ‘project’
23 means a single building, multiple contig-
24 uous buildings, or multiple buildings on
25 contiguous parcels of land.

1 “(ii) EXCEPTIONS.—

2 “(I) CERTAIN FAMILIES.—The
3 limitation under clause (i) shall not
4 apply to dwelling units assisted under
5 a contract that are exclusively made
6 available to elderly families or to
7 households eligible for supportive serv-
8 ices that are made available to the as-
9 sisted residents of the project, accord-
10 ing to standards for such services the
11 Secretary may establish.

12 “(II) CERTAIN AREAS.—With re-
13 spect to areas in which tenant-based
14 vouchers for assistance under this
15 subsection are difficult to use, as de-
16 termined by the Secretary, and with
17 respect to census tracts with a poverty
18 rate of 20 percent or less, clause (i)
19 shall be applied by substituting ‘40
20 percent’ for ‘25 percent’, and the Sec-
21 retary may, by regulation, establish
22 additional conditions.

23 “(III) CERTAIN CONTRACTS.—
24 The limitation under clause (i) shall
25 not apply with respect to contracts or

1 renewal of contracts under which a
2 greater percentage of the dwelling
3 units in a project were assisted under
4 a housing assistance payment contract
5 for project-based assistance pursuant
6 to this paragraph on the date of the
7 enactment of the Housing Oppor-
8 tunity Through Modernization Act of
9 2015.

10 “(IV) CERTAIN PROPERTIES.—

11 Any units of project-based assistance
12 under this paragraph that are at-
13 tached to units previously subject to
14 federally required rent restrictions or
15 receiving other project-based assist-
16 ance provided by the Secretary shall
17 not count toward the percentage limi-
18 tation imposed by this subparagraph
19 (D).

20 “(iii) ADDITIONAL MONITORING AND

21 OVERSIGHT REQUIREMENTS.—The Sec-
22 retary may establish additional require-
23 ments for monitoring and oversight of
24 projects in which more than 40 percent of
25 the dwelling units are assisted under a

1 housing assistance payment contract for
2 project-based assistance pursuant to this
3 paragraph.”;

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

6 “(F) CONTRACT TERM.—

7 “(i) TERM.—A housing assistance
8 payment contract pursuant to this para-
9 graph between a public housing agency
10 and the owner of a project may have a
11 term of up to 20 years, subject to—

12 “(I) the availability of sufficient
13 appropriated funds for the purpose of
14 renewing expiring contracts for assist-
15 ance payments, as provided in appro-
16 priation Acts and in the agency’s an-
17 nual contributions contract with the
18 Secretary, provided that in the event
19 of insufficient appropriated funds,
20 payments due under contracts under
21 this paragraph shall take priority if
22 other cost-saving measures that do
23 not require the termination of an ex-
24 isting contract are available to the
25 agency; and

1 “(II) compliance with the inspec-
2 tion requirements under paragraph
3 (8), except that the agency shall not
4 be required to make biennial inspec-
5 tions of each assisted unit in the de-
6 velopment.

7 “(ii) ADDITION OF ELIGIBLE UNITS.—
8 Subject to the limitations of subparagraphs
9 (B) and (D), the agency and the owner
10 may add eligible units within the same
11 project to a housing assistance payments
12 contract at any time during the term
13 thereof without being subject to any addi-
14 tional competitive selection procedures.

15 “(iii) HOUSING UNDER CONSTRUC-
16 TION OR RECENTLY CONSTRUCTED.—An
17 agency may enter into a housing assistance
18 payments contract with an owner for any
19 unit that does not qualify as existing hous-
20 ing and is under construction or recently
21 has been constructed whether or not the
22 agency has executed an agreement to enter
23 into a contract with the owner, provided
24 that the owner demonstrates compliance
25 with applicable requirements prior to exe-

1 cution of the housing assistance payments
2 contract. This clause shall not subject a
3 housing assistance payments contract for
4 existing housing under this paragraph to
5 such requirements or otherwise limit the
6 extent to which a unit may be assisted as
7 existing housing.

8 “(iv) ADDITIONAL CONDITIONS.—The
9 contract may specify additional conditions,
10 including with respect to continuation, ter-
11 mination, or expiration, and shall specify
12 that upon termination or expiration of the
13 contract without extension, each assisted
14 family may elect to use its assistance
15 under this subsection to remain in the
16 same project if its unit complies with the
17 inspection requirements under paragraph
18 (8), the rent for the unit is reasonable as
19 required by paragraph (10)(A), and the
20 family pays its required share of the rent
21 and the amount, if any, by which the unit
22 rent (including the amount allowed for ten-
23 ant-based utilities) exceeds the applicable
24 payment standard.”;

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

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

5 “(I) RENT ADJUSTMENTS.—A housing as-
6 sistance payments contract pursuant to this
7 paragraph entered into after the date of the en-
8 actment of the Housing Opportunity Through
9 Modernization Act of 2015 shall provide for an-
10 nual rent adjustments upon the request of the
11 owner, except that—

12 “(i) by agreement of the parties, a
13 contract may allow a public housing agency
14 to adjust the rent for covered units using
15 an operating cost adjustment factor estab-
16 lished by the Secretary pursuant to section
17 524(c) of the Multifamily Assisted Housing
18 Reform and Affordability Act of 1997
19 (which shall not result in a negative ad-
20 justment), in which case the contract may
21 require an additional adjustment, if re-
22 quested, up to the reasonable rent periodi-
23 cally during the term of the contract, and
24 shall require such an adjustment, if re-

1 requested, upon extension pursuant to sub-
2 paragraph (G);

3 “(ii) the adjusted rent shall not ex-
4 ceed the maximum rent permitted under
5 subparagraph (H);

6 “(iii) the contract may provide that
7 the maximum rent permitted for a dwelling
8 unit shall not be less than the initial rent
9 for the dwelling unit under the initial
10 housing assistance payments contract cov-
11 ering the units; and

12 “(iv) the provisions of subsection
13 (c)(2)(C) shall not apply.”;

14 (8) in subparagraph (J)—

15 (A) in the first sentence—

16 (i) by striking “shall” and inserting
17 “may”; and

18 (ii) by inserting before the period the
19 following “or may permit owners to select
20 applicants from site-based waiting lists as
21 specified in this subparagraph”;

22 (B) by striking the third sentence and in-
23 serting the following: “The agency or owner
24 may establish preferences or criteria for selec-
25 tion for a unit assisted under this paragraph

1 that are consistent with the public housing
2 agency plan for the agency approved under sec-
3 tion 5A and that give preference to families
4 who qualify for voluntary services, including
5 disability-specific services, offered in conjunc-
6 tion with assisted units.”; and

7 (C) by striking the fifth and sixth sen-
8 tences and inserting the following: “A public
9 housing agency may establish and utilize proce-
10 dures for owner-maintained site-based waiting
11 lists, under which applicants may apply at, or
12 otherwise designate to the public housing agen-
13 cy, the project or projects in which they seek to
14 reside, except that all eligible applicants on the
15 waiting list of an agency for assistance under
16 this subsection shall be permitted to place their
17 names on such separate list, subject to policies
18 and procedures established by the Secretary. All
19 such procedures shall comply with title VI of
20 the Civil Rights Act of 1964, the Fair Housing
21 Act, section 504 of the Rehabilitation Act of
22 1973, and other applicable civil rights laws. The
23 owner or manager of a project assisted under
24 this paragraph shall not admit any family to a
25 dwelling unit assisted under a contract pursu-

1 ant to this paragraph other than a family re-
2 ferred by the public housing agency from its
3 waiting list, or a family on a site-based waiting
4 list that complies with the requirements of this
5 subparagraph. A public housing agency shall
6 disclose to each applicant all other options in
7 the selection of a project in which to reside that
8 are provided by the public housing agency and
9 are available to the applicant.”;

10 (9) in subparagraph (M)(ii), by inserting before
11 the period at the end the following: “relating to
12 funding other than housing assistance payments”;
13 and

14 (10) by adding at the end the following new
15 subparagraphs:

16 “(N) STRUCTURE OWNED BY AGENCY.—A
17 public housing agency engaged in an initiative
18 to improve, develop, or replace a public housing
19 property or site may attach assistance to an ex-
20 isting, newly constructed, or rehabilitated struc-
21 ture in which the agency has an ownership in-
22 terest or which the agency has control of with-
23 out following a competitive process, provided
24 that the agency has notified the public of its in-
25 tent through its public housing agency plan and

1 subject to the limitations and requirements of
2 this paragraph.

3 “(O) SPECIAL PURPOSE VOUCHERS.—A
4 public housing agency that administers vouch-
5 ers authorized under subsection (o)(19) or (x)
6 of this section may provide such assistance in
7 accordance with the limitations and require-
8 ments of this paragraph, without additional re-
9 quirements for approval by the Secretary.”.

10 (b) EFFECTIVE DATE.—The Secretary of Housing
11 and Urban Development shall issue notice or regulations
12 to implement subsection (a) of this section and such sub-
13 section shall take effect upon such issuance.

14 **SEC. 107. ESTABLISHMENT OF FAIR MARKET RENT.**

15 (a) IN GENERAL.—Paragraph (1) of section 8(c) of
16 the United States Housing Act of 1937 (42 U.S.C.
17 1437f(c)(1)) is amended—

18 (1) by inserting “(A)” after the paragraph des-
19 ignation;

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

22 (3) by adding at the end the following:

23 “(B) Fair market rentals for an area shall be pub-
24 lished not less than annually by the Secretary on the site
25 of the Department on the World Wide Web and in any

1 other manner specified by the Secretary. Notice that such
2 fair market rentals are being published shall be published
3 in the Federal Register, and such fair market rentals shall
4 become effective no earlier than 30 days after the date
5 of such publication. The Secretary shall establish a proce-
6 dure for public housing agencies and other interested par-
7 ties to comment on such fair market rentals and to re-
8 quest, within a time specified by the Secretary, reevalua-
9 tion of the fair market rentals in a jurisdiction before such
10 rentals become effective. The Secretary shall cause to be
11 published for comment in the Federal Register notices of
12 proposed material changes in the methodology for esti-
13 mating fair market rentals and notices specifying the final
14 decisions regarding such proposed substantial methodo-
15 logical changes and responses to public comments.”.

16 (b) PAYMENT STANDARD.—Subparagraph (B) of sec-
17 tion 8(o)(1) of the United States Housing Act of 1937
18 (42 U.S.C. 1437f(o)(1)(B)) is amended by inserting be-
19 fore the period at the end the following: “, except that
20 no public housing agency shall be required as a result of
21 a reduction in the fair market rental to reduce the pay-
22 ment standard applied to a family continuing to reside in
23 a unit for which the family was receiving assistance under
24 this section at the time the fair market rental was reduced.
25 The Secretary shall allow public housing agencies to re-

1 quest exception payment standards within fair market
 2 rental areas subject to criteria and procedures established
 3 by the Secretary”.

4 (c) EFFECTIVE DATE.—The amendments made by
 5 this section shall take effect upon the date of the enact-
 6 ment of this Act.

7 **SEC. 108. PROHIBITION ON UTILITY REIMBURSEMENTS;**
 8 **COLLECTION OF UTILITY DATA.**

9 (a) HOUSING CHOICE VOUCHERS.—Section 8(o) of
 10 the United States Housing Act of 1937 (42 U.S.C.
 11 1437f(o)) is amended—

12 (1) in paragraph (2)(D), by adding at the end
 13 the following new clause:

14 “(iii) PROHIBITION ON PAYMENTS.—
 15 Notwithstanding any other provision of
 16 this Act, no amount may be reimbursed or
 17 paid to, or credited for, any family assisted
 18 under this subsection by reason of any ex-
 19 cess in the utility allowance for such fam-
 20 ily.”; and

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

23 “(20) COLLECTION OF UTILITY DATA.—

24 “(A) PUBLICATION.—The Secretary shall,
 25 to the extent that data can be collected cost ef-

1 fectively, regularly publish such data regarding
2 utility consumption and costs in local areas as
3 the Secretary determines will be useful for the
4 establishment of allowances for tenant-paid util-
5 ities for families assisted under this subsection.

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

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

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

15 (b) PUBLIC HOUSING AND OTHER SECTION 8 PRO-
16 GRAMS.—Subsection (a) of section 3 of the United States
17 Housing Act of 1937 (42 U.S.C. 1437a(a)), as amended
18 by the preceding provisions of this Act, is further amended
19 by adding at the end the following new paragraph:

20 “(8) PROHIBITION ON UTILITY REIMBURSE-
21 MENTS.—Notwithstanding any other provision of
22 this Act, no amount may be reimbursed or paid to,
23 or credited for, any family residing in a public hous-
24 ing dwelling unit or assisted under section 8 (other

1 than under subsection (o)) by reason of any excess
 2 in the utility allowance for such family.”.

3 **SEC. 109. PUBLIC HOUSING CAPITAL AND OPERATING**
 4 **FUNDS.**

5 (a) CAPITAL FUND REPLACEMENT RESERVES.—Sec-
 6 tion 9 of the United States Housing Act of 1937 (42
 7 U.S.C. 1437g) is amended—

8 (1) in subsection (j), by adding at the end the
 9 following new paragraph:

10 “(7) TREATMENT OF REPLACEMENT RE-
 11 SERVE.—The requirements of this subsection shall
 12 not apply to funds held in replacement reserves es-
 13 tablished pursuant to subsection (n).”; and

14 (2) by adding at the end the following new sub-
 15 section:

16 “(n) ESTABLISHMENT OF REPLACEMENT RE-
 17 SERVES.—

18 “(1) IN GENERAL.—Public housing agencies
 19 shall be permitted to establish a replacement reserve
 20 to fund any of the capital activities listed in sub-
 21 section (d)(1).

22 “(2) SOURCE AND AMOUNT OF FUNDS FOR RE-
 23 PLACEMENT RESERVE.—At any time, a public hous-
 24 ing agency may deposit funds from such agency’s

1 Capital Fund into a replacement reserve, subject to
2 the following:

3 “(A) At the discretion of the Secretary,
4 public housing agencies may transfer and hold
5 in a replacement reserve funds originating from
6 additional sources.

7 “(B) No minimum transfer of funds to a
8 replacement reserve shall be required.

9 “(C) At any time, a public housing agency
10 may not hold in a replacement reserve more
11 than the amount the public housing authority
12 has determined necessary to satisfy the antici-
13 pated capital needs of properties in its portfolio
14 assisted under this section, as outlined in its
15 Capital Fund 5-Year Action Plan, or a com-
16 parable plan, as determined by the Secretary.

17 “(D) The Secretary may establish, by reg-
18 ulation, a maximum replacement reserve level
19 or levels that are below amounts determined
20 under subparagraph (C), which may be based
21 upon the size of the portfolio assisted under
22 this section or other factors.

23 “(3) TRANSFER OF OPERATING FUNDS.—In
24 first establishing a replacement reserve, the Sec-
25 retary may allow public housing agencies to transfer

1 more than 20 percent of its operating funds into its
2 replacement reserve.

3 “(4) EXPENDITURE.—Funds in a replacement
4 reserve may be used for purposes authorized by sub-
5 section (d)(1) and contained in its Capital Fund 5-
6 Year Action Plan.

7 “(5) MANAGEMENT AND REPORT.—The Sec-
8 retary shall establish appropriate accounting and re-
9 porting requirements to ensure that public housing
10 agencies are spending funds on eligible projects and
11 that funds in the replacement reserve are connected
12 to capital needs.”.

13 (b) FLEXIBILITY OF OPERATING FUND AMOUNTS.—
14 Paragraph (1) of section 9(g) of the United States Hous-
15 ing Act of 1937 (42 U.S.C. 1437g(g)(1)) is amended—

16 (1) by striking “(1)” and all that follows
17 through “—Of” and inserting the following:

18 “(1) FLEXIBILITY IN USE OF FUNDS.—

19 “(A) FLEXIBILITY FOR CAPITAL FUND
20 AMOUNTS.—Of”; and

21 (2) by adding at the end the following new sub-
22 paragraph:

23 “(B) FLEXIBILITY FOR OPERATING FUND
24 AMOUNTS.—Of any amounts appropriated for
25 fiscal year 2016 or any fiscal year thereafter

1 that are allocated for fiscal year 2016 or any
2 fiscal year thereafter from the Operating Fund
3 for any public housing agency, the agency may
4 use not more than 20 percent for activities that
5 are eligible under subsection (d) for assistance
6 with amounts from the Capital Fund, but only
7 if the public housing plan under section 5A for
8 the agency provides for such use.”.

9 **SEC. 110. EXPANSION OF FAMILY UNIFICATION PROGRAM.**

10 Section 8(x) of the United States Housing Act of
11 1937 (42 U.S.C. 1437f(x)) is amended—

12 (1) in paragraph (2)—

13 (A) in subparagraph (A)(ii), by striking
14 “care and” and inserting “care,”;

15 (B) in subparagraph (B)—

16 (i) by striking “18 months” and in-
17 serting “36 months”; and

18 (ii) by striking “older.” and inserting
19 “older, and”; and

20 (C) by inserting at the end the following:

21 “(C) for a period not to exceed 36 months,
22 otherwise eligible youths who have attained 16
23 or 17 years of age and who have left foster
24 care, if the service provider signs the lease for
25 the dwelling unit for which the voucher is used

1 and provides on-site supportive services (as de-
2 fined in section 401 of the McKinney-Vento
3 Homeless Assistance Act (42 U.S.C. 11360))
4 that are appropriate for the supervision of such
5 youth within the housing community in which
6 such dwelling unit is located.”; and

7 (2) in paragraph (4), by adding at the end the
8 following new subparagraph:

9 “(C) SERVICE PROVIDER.—The term ‘serv-
10 ice provider’ shall have the meaning given such
11 term by the Secretary.”.

12 **TITLE II—RURAL HOUSING**

13 **SEC. 201. DELEGATION OF GUARANTEED RURAL HOUSING** 14 **LOAN APPROVAL.**

15 Subsection (h) of section 502 of the Housing Act of
16 1949 (42 U.S.C. 1472(h)) is amended by adding at the
17 end the following new paragraph:

18 “(18) DELEGATION OF APPROVAL.—The Sec-
19 retary may delegate, in part or in full, the Sec-
20 retary’s authority to approve and execute binding
21 Rural Housing Service loan guarantees pursuant to
22 this subsection to certain preferred lenders, in ac-
23 cordance with standards established by the Sec-
24 retary.”.

1 **SEC. 202. RURAL MULTIFAMILY HOUSING REVITALIZATION**
2 **PROGRAM.**

3 Section 515 of the Housing Act of 1949 (42 U.S.C.
4 1485) is amended by adding at the end the following new
5 subsection:

6 “(bb) **MULTIFAMILY HOUSING REVITALIZATION**
7 **PROGRAM.**—

8 “(1) **IN GENERAL.**—The Secretary may estab-
9 lish a Multifamily Housing Revitalization Program
10 for the preservation and revitalization of multifamily
11 housing projects funded with loans made available
12 pursuant to this section and sections 514 and 516
13 to ensure that such projects have sufficient resources
14 to provide safe and affordable housing for low-in-
15 come residents and farm laborers.

16 “(2) **OPTIONS.**—In carrying out paragraph (1),
17 the Secretary may—

18 “(A) with respect such loans—

19 “(i) reduce or eliminate interest;

20 “(ii) defer loan payments; and

21 “(iii) subordinate, reduce, or reamor-
22 tize loan debt; and

23 “(B) provide other financial assistance, in-
24 cluding—

25 “(i) advances; and

1 “(ii) payments and incentives (includ-
2 ing the ability of owners to obtain reason-
3 able returns on investment).

4 “(3) REQUIREMENTS.—In exchange for assist-
5 ance provided pursuant to this subsection, the Sec-
6 retary shall enter into with the property owner a re-
7 strictive use agreement to ensure that the property
8 remains subject to low-income use restrictions for an
9 additional period of time consistent with the terms
10 of the restructuring.

11 “(4) USE OF FUNDS FOR RURAL HOUSING
12 VOUCHERS.—

13 “(A) AUTHORITY.—If the Secretary deter-
14 mines that additional funds for vouchers under
15 the rural housing voucher program under sec-
16 tion 542 (42 U.S.C. 1490r) are needed, funds
17 for the revitalization program under this sub-
18 section may be used for such vouchers for any
19 low-income household (including those not re-
20 ceiving rental assistance) residing in a property
21 financed with a loan under this section that has
22 been prepaid after September 30, 2005.

23 “(B) AMOUNT.—Notwithstanding section
24 542, the amount of a voucher provided pursu-
25 ant to this paragraph shall be the difference be-

1 tween comparable market rent for the unit and
2 the tenant-paid rent for such unit.

3 “(C) AVAILABILITY.—Funds made avail-
4 able for vouchers pursuant to this paragraph
5 shall be subject to the availability of annual ap-
6 propriations.

7 “(D) ADMINISTRATION.—The Secretary
8 shall, to the maximum extent practicable, ad-
9 minister vouchers provided pursuant to this
10 paragraph with current regulations and admin-
11 istrative guidance applicable to housing vouch-
12 ers under section 8 of the United States Hous-
13 ing Act of 1937 (42 U.S.C. 1437f) adminis-
14 tered by the Secretary of Housing and Urban
15 Development.”.

16 **TITLE III—FHA MORTGAGE IN-**
17 **SURANCE FOR CONDOMIN-**
18 **IUMS**

19 **SEC. 301. MODIFICATION OF FHA REQUIREMENTS FOR**
20 **MORTGAGE INSURANCE FOR CONDOMIN-**
21 **IUMS.**

22 Section 203 of the National Housing Act (12 U.S.C.
23 1709) is amended by adding at the end the following new
24 subsection:

1 “(y) REQUIREMENTS FOR MORTGAGES FOR CON-
2 DOMINIUMS.—

3 “(1) PROJECT RECERTIFICATION REQUIRE-
4 MENTS.—Notwithstanding any other law, regulation,
5 or guideline of the Secretary, including chapter 2.4
6 of the Condominium Project Approval and Proc-
7 essing Guide of the FHA, the Secretary shall
8 streamline the project certification requirements that
9 are applicable to the insurance under this section for
10 mortgages for condominium projects so that recer-
11 tifications are substantially less burdensome than
12 certifications. The Secretary shall consider length-
13 ening the time between certifications for approved
14 properties, and allowing updating of information
15 rather than resubmission.

16 “(2) COMMERCIAL SPACE REQUIREMENTS.—
17 Notwithstanding any other law, regulation, or guide-
18 line of the Secretary, including chapter 2.1.3 of the
19 Condominium Project Approval and Processing
20 Guide of the FHA, in providing for exceptions to the
21 requirement for the insurance of a mortgage on a
22 condominium property under this section regarding
23 the percentage of the floor space of a condominium
24 property that may be used for nonresidential or com-
25 mercial purposes, the Secretary shall provide that—

1 “(A) any request for such an exception and
2 the determination of the disposition of such re-
3 quest may be made, at the option of the re-
4 quester, under the direct endorsement lender
5 review and approval process or under the HUD
6 review and approval process through the appli-
7 cable field office of the Department; and

8 “(B) in determining whether to allow such
9 an exception for a condominium property, fac-
10 tors relating to the economy for the locality in
11 which such project is located or specific to
12 project, including the total number of family
13 units in the project, shall be considered.

14 “(3) TRANSFER FEES.—Notwithstanding any
15 other law, regulation, or guideline of the Secretary,
16 including chapter 1.8.8 of the Condominium Project
17 Approval and Processing Guide of the FHA and sec-
18 tion 203.41 of the Secretary’s regulations (24
19 C.F.R. 203.41), existing standards of the Federal
20 Housing Finance Agency relating to encumbrances
21 under private transfer fee covenants shall apply to
22 the insurance of mortgages by the Secretary under
23 this section to the same extent and in the same
24 manner that such standards apply to the pur-
25 chasing, investing in, and otherwise dealing in mort-

1 gages by the Federal National Mortgage Association
2 and the Federal Home Loan Mortgage Corporation.

3 “(4) OWNER-OCCUPANCY REQUIREMENT.—

4 “(A) REDUCTION TO 35 PERCENT.—Except
5 as provided in subparagraph (B) of this para-
6 graph and notwithstanding any other law, regu-
7 lation, or guideline of the Secretary, in order
8 for a condominium project to be acceptable to
9 the Secretary for insurance under this section,
10 at least 35 percent of all family units (including
11 units not covered by FHA-insured mortgages)
12 must be occupied by the owners as a principal
13 residence or a secondary residence (as such
14 terms are defined by the Secretary), or must
15 have been sold to owners who intend to meet
16 such occupancy requirement.

17 “(B) OTHER CONSIDERATIONS.—The Sec-
18 retary may increase the percentage applicable
19 pursuant to subparagraph (A) to a condo-
20 minium project on a project-by-project basis,
21 and in determining such percentage for a
22 project shall consider factors relating to the
23 economy for the locality in which such project
24 is located or specific to project, including the
25 total number of family units in the project.”.

1 **TITLE IV—HOUSING REFORMS**
2 **FOR THE HOMELESS AND FOR**
3 **VETERANS**

4 **SEC. 401. CONTINUUM OF CARE PROGRAM.**

5 (a) AUTHORITY PRIVATE NONPROFIT ORGANIZA-
6 TIONS TO ADMINISTER PERMANENT HOUSING RENTAL
7 ASSISTANCE.—Subsection (g) of section 423 of the
8 McKinney-Vento Homeless Assistance Act (42 U.S.C.
9 11383(g)) is amended by inserting “private nonprofit or-
10 ganization,” after “unit of general local government,”.

11 (b) REALLOCATION OF FUNDS.—Paragraph (1) of
12 section 414(d) of the McKinney-Vento Homeless Assist-
13 ance Act (42 U.S.C. 11373(d)(1)) is amended by striking
14 “twice” and inserting “once”.

15 (c) DEFINITION OF GEOGRAPHIC AREAS.—Subtitle C
16 of the McKinney-Vento Homeless Assistance Act is
17 amended—

18 (1) by redesignating sections 432 and 433 (42
19 U.S.C. 11387, 11388) as sections 433 and 434, re-
20 spectively; and

21 (2) by inserting after section 431 (42 U.S.C.
22 11386e) the following new section:

1 **“SEC. 432. GEOGRAPHIC AREAS.**

2 “(a) REQUIREMENT TO DEFINE.—For purposes of
3 this subtitle, the term ‘geographic area’ shall have such
4 meaning as the Secretary shall by notice provide.

5 “(b) ISSUANCE OF NOTICE.—Not later than the expi-
6 ration of the 90-day period beginning on the date of the
7 enactment of the Housing Opportunity Through Mod-
8 ernization Act of 2015, the Secretary shall issue a notice
9 setting forth the definition required by subsection (a).”.

10 **SEC. 402. INCLUSION OF PUBLIC HOUSING AGENCIES AND**
11 **LOCAL REDEVELOPMENT AUTHORITIES IN**
12 **EMERGENCY SOLUTIONS GRANTS.**

13 Section 414(c) of the McKinney-Vento Homeless As-
14 sistance Act (42 U.S.C. 11373(c)) is amended—

15 (1) in the subsection heading, by inserting “,
16 PUBLIC HOUSING AGENCIES, AND LOCAL REDEVEL-
17 OPMENT AUTHORITIES” after “ORGANIZATIONS”;
18 and

19 (2) in the first sentence, by inserting before the
20 period at the end the following: “, to public housing
21 agencies (as defined under section 3(b)(6) of the
22 United States Housing Act of 1937), or to local re-
23 development authorities (as defined under State
24 law)”.

1 **SEC. 403. SPECIAL ASSISTANT FOR VETERANS AFFAIRS IN**
2 **THE DEPARTMENT OF HOUSING AND URBAN**
3 **DEVELOPMENT.**

4 (a) TRANSFER OF POSITION TO OFFICE OF THE SEC-
5 RETARY.—Section 4 of the Department of Housing and
6 Urban Development Act (42 U.S.C. 3533) is amended by
7 adding at the end the following new subsection:

8 “(h) SPECIAL ASSISTANT FOR VETERANS AF-
9 FAIRS.—

10 “(1) POSITION.—There shall be in the Office of
11 the Secretary a Special Assistant for Veterans Af-
12 fairs, who shall report directly to the Secretary.

13 “(2) APPOINTMENT.—The Special Assistant for
14 Veterans Affairs shall be appointed based solely on
15 merit and shall be covered under the provisions of
16 title 5, United States Code, governing appointments
17 in the competitive service.

18 “(3) RESPONSIBILITIES.—The Special Assist-
19 ant for Veterans Affairs shall be responsible for—

20 “(A) ensuring veterans have fair access to
21 housing and homeless assistance under each
22 program of the Department providing either
23 such assistance;

24 “(B) coordinating all programs and activi-
25 ties of the Department relating to veterans;

1 “(C) serving as a liaison for the Depart-
2 ment with the Department of Veterans Affairs,
3 including establishing and maintaining relation-
4 ships with the Secretary of Veterans Affairs;

5 “(D) serving as a liaison for the Depart-
6 ment, and establishing and maintaining rela-
7 tionships with the United States Interagency
8 Council on Homelessness and officials of State,
9 local, regional, and nongovernmental organiza-
10 tions concerned with veterans;

11 “(E) providing information and advice re-
12 garding—

13 “(i) sponsoring housing projects for
14 veterans assisted under programs adminis-
15 tered by the Department; or

16 “(ii) assisting veterans in obtaining
17 housing or homeless assistance under pro-
18 grams administered by the Department;

19 “(F) coordinating with the Secretary of
20 Housing and Urban Development and the Sec-
21 retary of Veterans Affairs in carrying out sec-
22 tion 404 of the Housing Opportunity Through
23 Modernization Act of 2015; and

1 “(G) carrying out such other duties as may
2 be assigned to the Special Assistant by the Sec-
3 retary or by law.”.

4 (b) **TRANSFER OF POSITION IN OFFICE OF DEPUTY**
5 **ASSISTANT SECRETARY FOR SPECIAL NEEDS.**—On the
6 date that the initial Special Assistant for Veterans Affairs
7 is appointed pursuant to section 4(h)(2) of the Depart-
8 ment of Housing and Urban Development Act, as added
9 by subsection (a) of this section, the position of Special
10 Assistant for Veterans Programs in the Office of the Dep-
11 uty Assistant Secretary for Special Needs of the Depart-
12 ment of Housing and Urban Development shall be termi-
13 nated.

14 **SEC. 404. ANNUAL SUPPLEMENTAL REPORT ON VETERANS**
15 **HOMELESSNESS.**

16 (a) **IN GENERAL.**—The Secretary of Housing and
17 Urban Development and the Secretary of Veterans Af-
18 fairs, in coordination with the United States Interagency
19 Council on Homelessness, shall submit annually to the
20 Committees of the Congress specified in subsection (b),
21 together with the annual reports required by such Secre-
22 taries under section 203(c)(1) of the McKinney-Vento
23 Homeless Assistance Act (42 U.S.C. 11313(c)(1)), a sup-
24 plemental report that includes the following information
25 with respect to the preceding year:

1 (1) The same information, for such preceding
2 year, that was included with respect to 2010 in the
3 report by the Secretary of Housing and Urban De-
4 velopment and the Secretary of Veterans Affairs en-
5 titled “Veterans Homelessness: A Supplemental Re-
6 port to the 2010 Annual Homeless Assessment Re-
7 port to Congress”.

8 (2) Information regarding the activities of the
9 Department of Housing and Urban Development re-
10 lating to veterans during such preceding year, as fol-
11 lows:

12 (A) The number of veterans provided as-
13 sistance under the housing choice voucher pro-
14 gram for Veterans Affairs supported housing
15 under section 8(o)(19) of the United States
16 Housing Act of 1937 (42 U.S.C. 1437f(o)(19)),
17 the socioeconomic characteristics of such home-
18 less veterans, and the number, types, and loca-
19 tions of entities contracted under such section
20 to administer the vouchers.

21 (B) A summary description of the special
22 considerations made for veterans under public
23 housing agency plans submitted pursuant to
24 section 5A of the United States Housing Act of
25 1937 (42 U.S.C. 1437e-1) and under com-

1 prehensive housing affordability strategies sub-
2 mitted pursuant to section 105 of the Cranston-
3 Gonzalez National Affordable Housing Act (42
4 U.S.C. 12705).

5 (C) A description of the activities of the
6 Special Assistant for Veterans Affairs of the
7 Department of Housing and Urban Develop-
8 ment.

9 (D) A description of the efforts of the De-
10 partment of Housing and Urban Development
11 and the other members of the United States
12 Interagency Council on Homelessness to coordi-
13 nate the delivery of housing and services to vet-
14 erans.

15 (E) The cost to the Department of Hous-
16 ing and Urban Development of administering
17 the programs and activities relating to veterans.

18 (F) Any other information that the Sec-
19 retary of Housing and Urban Development and
20 the Secretary of Veterans Affairs consider rel-
21 evant in assessing the programs and activities
22 of the Department of Housing and Urban De-
23 velopment relating to veterans.

24 (b) COMMITTEES.—The Committees of the Congress
25 specified in this subsection are as follows:

1 (1) The Committee on Banking, Housing, and
2 Urban Affairs of the Senate.

3 (2) The Committee on Veterans' Affairs of the
4 Senate.

5 (3) The Committee on Appropriations of the
6 Senate.

7 (4) The Committee on Financial Services of the
8 House of Representatives.

9 (5) The Committee on Veterans' Affairs of the
10 House of Representatives.

11 (6) The Committee on Appropriations of the
12 House of Representatives.

13 **TITLE V—MISCELLANEOUS**

14 **SEC. 501. INCLUSION OF DISASTER HOUSING ASSISTANCE**

15 **PROGRAM IN CERTAIN FRAUD AND ABUSE**

16 **PREVENTION MEASURES.**

17 The Disaster Housing Assistance Program adminis-
18 tered by the Department of Housing and Urban Develop-
19 ment shall be considered a “program of the Department
20 of Housing and Urban Development” under section 904
21 of the Stewart B. McKinney Homeless Assistance Amend-
22 ments Act of 1988 (42 U.S.C. 3544) for the purpose of
23 income verifications.

1 **SEC. 502. AMENDMENTS TO LOW-INCOME HOUSING PRES-**
2 **ERVATION AND RESIDENT HOMEOWNERSHIP**
3 **ACT OF 1990.**

4 (a) DISTRIBUTIONS AND RESIDUAL RECEIPTS.—Sec-
5 tion 222 of the Low-Income Housing Preservation and
6 Resident Homeownership Act of 1990 (12 U.S.C. 4112)
7 is amended by adding at the end the following new sub-
8 section:

9 “(e) DISTRIBUTION AND RESIDUAL RECEIPTS.—

10 “(1) AUTHORITY.—After the date of the enact-
11 ment of the Housing Opportunity Through Mod-
12 ernization Act of 2015, the owner of a property sub-
13 ject to a plan of action or use agreement pursuant
14 to this section shall be entitled to distribute—

15 “(A) annually, all surplus cash generated
16 by the property, but only if the owner is in ma-
17 terial compliance with such use agreement in-
18 cluding compliance with prevailing physical con-
19 dition standards established by the Secretary;
20 and

21 “(B) notwithstanding any conflicting provi-
22 sion in such use agreement, any funds accumu-
23 lated in a residual receipts account, but only if
24 the owner is in material compliance with such
25 use agreement and has completed, or set aside
26 sufficient funds for completion of, any capital

1 repairs identified by the most recent third party
2 capital needs assessment.

3 “(2) OPERATION OF PROPERTY.—An owner
4 that distributes any amounts pursuant to paragraph
5 (1) shall—

6 “(A) continue to operate the property in
7 accordance with the affordability provisions of
8 the use agreement for the property for the re-
9 maining useful life of the property;

10 “(B) as required by the plan of action for
11 the property, continue to renew or extend any
12 project-based rental assistance contract for a
13 term of not less than 20 years; and

14 “(C) if the owner has an existing multi-
15 year project-based rental assistance contract for
16 less than 20 years, have the option to extend
17 the contract to a 20-year term.”.

18 (b) FUTURE FINANCING.—Section 214 of the Low-
19 Income Housing Preservation and Resident Homeowner-
20 ship Act of 1990 (12 U.S.C. 4104) is amended by adding
21 at the end the following new subsection:

22 “(c) FUTURE FINANCING.—Neither this section, nor
23 any plan of action or use agreement implementing this
24 section, shall restrict an owner from obtaining a new loan
25 or refinancing an existing loan secured by the project, or

1 from distributing the proceeds of such a loan; except that,
2 in conjunction with such refinancing—

3 “(1) the owner shall provide for adequate reha-
4 bilitation pursuant to a capital needs assessment to
5 ensure long-term sustainability of the property satis-
6 factory to the lender or bond issuance agency;

7 “(2) any resulting budget-based rent increase
8 shall include debt service on the new financing, com-
9 mercially reasonable debt service coverage, and re-
10 placement reserves as required by the lender; and

11 “(3) for tenants of dwelling units not covered
12 by a project- or tenant-based rental subsidy, any
13 rent increases resulting from the refinancing trans-
14 action may not exceed 10 percent per year, except
15 that—

16 “(A) any tenant occupying a dwelling unit
17 as of time of the refinancing may not be re-
18 quired to pay for rent and utilities, for the du-
19 ration of such tenancy, an amount that exceeds
20 the greater of—

21 “(i) 30 percent of the tenant’s income;

22 or

23 “(ii) the amount paid by the tenant
24 for rent and utilities immediately before
25 such refinancing; and

1 “(B) this paragraph shall not apply to any
2 tenant who does not provide the owner with
3 proof of income.

4 Paragraph (3) may not be construed to limit any rent in-
5 creases resulting from increased operating costs for a
6 project.”.

7 (c) IMPLEMENTATION.—The Secretary of Housing
8 and Urban Development shall issue any guidance that the
9 Secretary considers necessary to carry out the provisions
10 added by the amendments made by subsections (a) and
11 (b) not later than the expiration of the 120-day period
12 beginning on the date of the enactment of this Act.

13 **SEC. 503. BUDGET-NEUTRAL DEMONSTRATION PROGRAM**
14 **FOR ENERGY AND WATER CONSERVATION IM-**
15 **PROVEMENTS AT MULTIFAMILY RESIDEN-**
16 **TIAL UNITS.**

17 (a) ESTABLISHMENT.—The Secretary of Housing
18 and Urban Development (in this section referred to as the
19 “Secretary”) shall establish a demonstration program
20 under which the Secretary may execute budget-neutral,
21 performance-based agreements in fiscal years 2016
22 through 2019 that result in a reduction in energy or water
23 costs with such entities as the Secretary determines to be
24 appropriate under which the entities shall carry out
25 projects for energy or water conservation improvements at

1 not more than 20,000 residential units in multifamily
2 buildings participating in—

3 (1) the project-based rental assistance program
4 under section 8 of the United States Housing Act of
5 1937 (42 U.S.C. 1437f), other than assistance pro-
6 vided under section 8(o) of that Act;

7 (2) the supportive housing for the elderly pro-
8 gram under section 202 of the Housing Act of 1959
9 (12 U.S.C. 1701q); or

10 (3) the supportive housing for persons with dis-
11 abilities program under section 811(d)(2) of the
12 Cranston-Gonzalez National Affordable Housing Act
13 (42 U.S.C. 8013(d)(2)).

14 (b) REQUIREMENTS.—

15 (1) PAYMENTS CONTINGENT ON SAVINGS.—

16 (A) IN GENERAL.—The Secretary shall
17 provide to an entity a payment under an agree-
18 ment under this section only during applicable
19 years for which an energy or water cost savings
20 is achieved with respect to the applicable multi-
21 family portfolio of properties, as determined by
22 the Secretary, in accordance with subparagraph
23 (B).

24 (B) PAYMENT METHODOLOGY.—

1 (i) IN GENERAL.—Each agreement
2 under this section shall include a pay-for-
3 success provision that—

4 (I) shall serve as a payment
5 threshold for the term of the agree-
6 ment; and

7 (II) requires that payments shall
8 be contingent on realized cost savings
9 associated with reduced utility con-
10 sumption in the participating prop-
11 erties.

12 (ii) LIMITATIONS.—A payment made
13 by the Secretary under an agreement
14 under this section—

15 (I) shall be contingent on docu-
16 mented utility savings; and

17 (II) shall not exceed the utility
18 savings achieved by the date of the
19 payment, and not previously paid, as
20 a result of the improvements made
21 under the agreement.

22 (C) THIRD-PARTY VERIFICATION.—Savings
23 payments made by the Secretary under this sec-
24 tion shall be based on a measurement and
25 verification protocol that includes at least—

- 1 (i) establishment of a weather-normal-
2 ized and occupancy-normalized utility con-
3 sumption baseline established pre-retrofit;
- 4 (ii) annual third-party confirmation of
5 actual utility consumption and cost for
6 utilities;
- 7 (iii) annual third-party validation of
8 the tenant utility allowances in effect dur-
9 ing the applicable year and vacancy rates
10 for each unit type; and
- 11 (iv) annual third-party determination
12 of savings to the Secretary.

13 An agreement under this section with an entity
14 shall provide that the entity shall cover costs
15 associated with third-party verification under
16 this subparagraph.

17 (2) TERMS OF PERFORMANCE-BASED AGREE-
18 MENTS.—A performance-based agreement under this
19 section shall include—

20 (A) the period that the agreement will be
21 in effect and during which payments may be
22 made, which may not be longer than 12 years;

23 (B) the performance measures that will
24 serve as payment thresholds during the term of
25 the agreement;

1 (C) an audit protocol for the properties
2 covered by the agreement;

3 (D) a requirement that payments shall be
4 contingent on realized cost savings associated
5 with reduced utility consumption in the partici-
6 pating properties; and

7 (E) such other requirements and terms as
8 determined to be appropriate by the Secretary.

9 (3) ENTITY ELIGIBILITY.—The Secretary
10 shall—

11 (A) establish a competitive process for en-
12 tering into agreements under this section; and

13 (B) enter into such agreements only with
14 entities that, either jointly or individually, dem-
15 onstrate significant experience relating to—

16 (i) financing or operating properties
17 receiving assistance under a program iden-
18 tified in subsection (a);

19 (ii) oversight of energy or water con-
20 servation programs, including oversight of
21 contractors; and

22 (iii) raising capital for energy or
23 water conservation improvements from
24 charitable organizations or private inves-
25 tors.

1 (4) GEOGRAPHICAL DIVERSITY.—Each agree-
2 ment entered into under this section shall provide
3 for the inclusion of properties with the greatest fea-
4 sible regional and State variance.

5 (5) PROPERTIES.—A property may only be in-
6 cluded in the demonstration under this section only
7 if the property is subject to affordability restrictions
8 for at least 15 years after the date of the completion
9 of any conservation improvements made to the prop-
10 erty under the demonstration program. Such restric-
11 tions may be made through an extended affordability
12 agreement for the property under a new housing as-
13 sistance payments contract with the Secretary of
14 Housing and Urban Development or through an en-
15 forceable covenant with the owner of the property.

16 (c) PLAN AND REPORTS.—

17 (1) PLAN.—Not later than 90 days after the
18 date of enactment of this Act, the Secretary shall
19 submit to the Committees on Appropriations and Fi-
20 nancial Services of the House of Representatives and
21 the Committees on Appropriations and Banking,
22 Housing, and Urban Affairs of the Senate a detailed
23 plan for the implementation of this section.

1 (2) REPORTS.—Not later than 1 year after the
2 date of enactment of this Act, and annually there-
3 after, the Secretary shall—

4 (A) conduct an evaluation of the program
5 under this section; and

6 (B) submit to Congress a report describing
7 each evaluation conducted under subparagraph
8 (A).

9 (d) FUNDING.—For each fiscal year during which an
10 agreement under this section is in effect, the Secretary
11 may use to carry out this section any funds appropriated
12 to the Secretary for the renewal of contracts under a pro-
13 gram described in subsection (a).

14 **SEC. 504. ENERGY EFFICIENCY REQUIREMENTS UNDER**
15 **SELF-HELP HOMEOWNERSHIP OPPORTUNITY**
16 **PROGRAM.**

17 Section 11 of the Housing Opportunity Program Ex-
18 tension Act of 1996 (42 U.S.C. 12805 note) is amended
19 by inserting after subsection (f) the following new sub-
20 section:

21 “(g) ENERGY EFFICIENCY REQUIREMENTS.—The
22 Secretary may not require any dwelling developed using
23 amounts from a grant made under this section to meet
24 any energy efficiency standards other than the standards
25 applicable at such time pursuant to section 109 of the

1 Cranston-Gonzalez National Affordable Housing Act (42
2 U.S.C. 12709) to housing specified in subsection (a) of
3 such section.”.

4 **SEC. 505. DATA EXCHANGE STANDARDIZATION FOR IM-**
5 **PROVED INTEROPERABILITY.**

6 (a) DATA EXCHANGE STANDARDIZATION.—Title I of
7 the United States Housing Act of 1937 (42 U.S.C. 1437
8 et seq.), as amended by the preceding provisions of this
9 Act, is further amended by adding at the end the following
10 new section:

11 **“SEC. 38. DATA EXCHANGE STANDARDS FOR IMPROVED**
12 **INTEROPERABILITY.**

13 “(a) DESIGNATION.—The Secretary shall, in con-
14 sultation with an interagency work group established by
15 the Office of Management and Budget, and considering
16 State government perspectives, designate data exchange
17 standards to govern, under this Act—

18 “(1) necessary categories of information that
19 State agencies operating related programs are re-
20 quired under applicable law to electronically ex-
21 change with another State agency; and

22 “(2) Federal reporting and data exchange re-
23 quired under applicable law.

1 “(b) REQUIREMENTS.—The data exchange standards
2 required by subsection (a) shall, to the maximum extent
3 practicable—

4 “(1) incorporate a widely accepted, nonpropri-
5 etary, searchable, computer-readable format, such as
6 the eXtensible Markup Language;

7 “(2) contain interoperable standards developed
8 and maintained by intergovernmental partnerships,
9 such as the National Information Exchange Model;

10 “(3) incorporate interoperable standards devel-
11 oped and maintained by Federal entities with au-
12 thority over contracting and financial assistance;

13 “(4) be consistent with and implement applica-
14 ble accounting principles;

15 “(5) be implemented in a manner that is cost-
16 effective and improves program efficiency and effec-
17 tiveness; and

18 “(6) be capable of being continually upgraded
19 as necessary.

20 “(c) RULES OF CONSTRUCTION.—Nothing in this
21 section requires a change to existing data exchange stand-
22 ards for Federal reporting found to be effective and effi-
23 cient.”.

24 (b) APPLICABILITY.—

1 (1) IN GENERAL.—Not later than 2 years after
2 the date of the enactment of this Act, the Secretary
3 of Housing and Urban Development shall issue a
4 proposed rule to carry out the amendments made by
5 subsection (a).

6 (2) REQUIREMENTS.—The rule shall—

7 (A) identify federally required data ex-
8 changes;

9 (B) include specification and timing of ex-
10 changes to be standardized;

11 (C) address the factors used in deter-
12 mining whether and when to standardize data
13 exchanges;

14 (D) specify State implementation options;
15 and

16 (E) describe future milestones.

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