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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Housing Opportunity Through Modernization Act of 2015”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE 1—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. 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 ASSISTANCE AND PUBLIC HOUSING

2 SEC. 101. INSPECTION OF DWELLING UNITS.

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

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

“(A) INITIAL INSPECTION.—

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

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

“(iii) USE OF ALTERNATIVE INSPECTION METHOD FOR INTERIM PERIOD.—In the case of any property that within the previous 24 months has met the requirements of an inspection that qualifies as an alternative inspection method pursuant to subparagraph (E), a public housing agency may authorize occupancy before the inspection under clause (i) has been completed, and may make assistance payments retro-
active to the beginning of the lease term
after the unit has been determined pursuant to an inspection under clause (i) to meet the housing quality standards under subparagraph (B).’’;

(2) by redesignating subparagraph (G) as subparagraph (H); and

(3) by inserting after subparagraph (F) the following new subparagraph:

‘‘(G) ENFORCEMENT OF HOUSING QUALITY STANDARDS.—

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

‘‘(I) the public housing agency or an inspector authorized by the State or unit of local government determines upon inspection of the unit that the unit fails to comply with such standards;
“(II) the agency or inspector notifies the owner of the unit in writing of such failure to comply; and

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

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

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

“(ii) Withholding of assistance amounts during correction.—The public housing agency may withhold assistance amounts under this subsection with respect to a dwelling unit for which a notice pursuant to clause (i)(II), of failure to comply with housing quality standards
under subparagraph (B) as determined pursuant to an inspection conducted under subparagraph (D) or (F), has been provided. If the unit is brought into compliance with such housing quality standards during the periods referred to in clause (i)(III), the public housing agency shall re-commence assistance payments and may use any amounts withheld during the correction period to make assistance payments relating to the period during which payments were withheld.

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

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

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

“(aa) such abatement has commenced; and

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

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

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

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

“(vii) RELOCATION.—

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

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

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

“(viii) Tenant-caused damages.—

If a public housing agency determines that any damage to a dwelling unit that results in a failure of the dwelling unit to comply with housing quality standards under subparagraph (B), other than any damage resulting from ordinary use, was caused by the tenant, any member of the tenant’s household, or any guest or other person under the tenant’s control, the agency may
waive the applicability of this subparagraph, except that this clause shall not exonerate a tenant from any liability otherwise existing under applicable law for damages to the premises caused by such tenant.

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

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

SEC. 102. INCOME REVIEWS.

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

(1) in subsection (a)—

(A) in the second sentence of paragraph (1), by striking “at least annually” and inserting “pursuant to paragraph (6)”;}
(B) by adding at the end the following new paragraphs:

“(6) Reviews of family income.—

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

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

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

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

“(iv) at any time the income or deductions (under subsection (b)(5)) of the family change by an amount that is estimated to result in an increase of 10 percent or more in annual adjusted income, or such
other amount as the Secretary may by no-
tice establish, except that any increase in
the earned income of a family shall not be
considered for purposes of this clause (ex-
cept that earned income may be considered
if the increase corresponds to previous de-
creases under clause (iii)), except that a
public housing agency or owner may elect
not to conduct such review in the last three
months of a certification period.

“(B) Fixed-income families.—

“(i) Definitions.—For purposes of
this subparagraph, the following definitions
shall apply:

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

“(II) Fixed income.—The term
‘fixed income’ means income from—

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

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

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

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

“(ii) Self-certification and 3-year review for fixed-income families.—A public housing agency or owner shall not be required to conduct a review of an eligible family’s income pursuant to
subparagraph (A)(ii) for any year in which such eligible family certifies, in accordance with such requirements as the Secretary shall establish, that the sources of such income have not changed since the previous year, except that the public housing agency or owner shall conduct a review of each such eligible family’s income not less frequently than once every 3 years.

“(iii) Inflationary Adjustment for Fixed Income Families.—

“(I) In general.—In any year in which a public housing agency or owner does not conduct a review of income for an eligible family pursuant to the authority under clause (ii) to waive such a review, the income determination of such eligible family for the previous year shall, subject to subclause (II) of this clause, be adjusted by applying an inflationary factor as the Secretary shall establish by regulation or notice.

“(II) Exemption from Adjustment.—A public housing agency or
owner may exempt from an adjustment described in subclause (I) any income source for which income does not increase from year to year.

“(C) In general.—Reviews of family income for purposes of this section shall be subject to the provisions of section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 3544).

“(7) Calculation of income.—

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

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

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

“(D) SAFE HARBOR.—A public housing
agency or owner may, to the extent such infor-
mation is available to the public housing agency
or owner, determine the family’s income prior
to the application of any deductions based on
timely income determinations made for pur-
poses of other means-tested Federal public as-
sistance programs (including the program for
block grants to States for temporary assistance
for needy families under part A of title IV of
the Social Security Act, a program for Medicaid
assistance under a State plan approved under
title XIX of the Social Security Act, and the
supplemental nutrition assistance program (as
such term is defined in section 3 of the Food
and Nutrition Act of 2008 (7 U.S.C. 2012)).

The Secretary shall, in consultation with other appropriate Federal agencies, develop procedures to enable public housing agencies and owners to have access to such income determinations made by other means-tested Federal programs that the Secretary determines to have comparable reliability. Exchanges of such information shall be subject to the same limitations and tenant protections provided under section 904 of the Stewart B. McKinney Homeless Assistance Act Amendments of 1988 (42 U.S.C. 3544) with respect to information obtained under the requirements of section 303(i) of the Social Security Act (42 U.S.C. 503(i)).

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

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

(3) by redesignating subsection (f) as subsection (d).
(b) Certification Regarding Hardship Exception to Minimum Monthly Rent.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Congress a certification that the hardship and tenant protection provisions in clause (i) of section 3(a)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(3)(B)(i)) are being enforced at such time and that the Secretary will continue to provide due consideration to the hardship circumstances of persons assisted under relevant programs of this Act.

(e) Income; Adjusted Income.—Section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)) is amended by striking paragraphs (4) and (5) and inserting the following new paragraphs:

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

“(A) INCLUDED AMOUNTS.—Such term includes recurring gifts and receipts, actual income from assets, and profit or loss from a business.

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

“(i) any imputed return on assets, except to the extent that net family assets exceed $50,000, except that such amount (as it may have been previously adjusted) shall be adjusted for inflation annually by the Secretary in accordance with an inflationary index selected by the Secretary;

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

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

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

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

“(C) Earned income of students.— Such term does not include—

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

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

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

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

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

“(E) RECORDKEEPING.—The Secretary may not require a public housing agency or owner to maintain records of any amounts excluded from income pursuant to this subpara-
graph.

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

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

“(B) DEPENDENTS.—In the case of any family, $525 for each member who—
“(i) is less than 18 years of age or attending school or vocational training on a full-time basis; or

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

except that the amount specified in this subparagraph (as it may have been previously adjusted) shall be adjusted for inflation annually by the Secretary in accordance with an inflationary index selected by the Secretary.

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

“(D) Health and medical expenses.—The amount, if any, by which 10 percent of annual family income is exceeded by the sum of—
“(i) in the case of any elderly or disabled family, any unreimbursed health and medical care expenses; and

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

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

“(E) PERMISSIVE DEDUCTIONS.—Such additional deductions as a public housing agency may, at its discretion, establish, except that the Secretary shall establish procedures to ensure that such deductions do not materially increase Federal expenditures.
The Secretary shall annually calculate the amounts of the deductions under subparagraphs (A) and (B), as such amounts may have been previously calculated, by applying an inflationary factor as the Secretary shall, by regulation, establish, except that the actual deduction determined for each year shall be established by rounding such amount to the next lowest multiple of $25.”.

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

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

(2) in paragraph (5)—

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

(B) in subparagraph (A)—

(i) by striking ‘‘the provisions of’’ and
inserting ‘‘paragraphs (6) and (7) of sec-
tion 3(a) and to’’; and

(ii) by striking ‘‘and shall be con-
ducted upon the initial provision of hous-
ing assistance for the family and thereafter
not less than annually’’; and

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

(e) ENHANCED VOUCHER PROGRAM.—Section
8(t)(1)(D) of the United States Housing Act of 1937 (42
U.S.C. 1437f(t)(1)(D)) is amended by striking ‘‘income’’
each place such term appears and inserting ‘‘annual ad-
justed income’’.

(f) PROJECT-BASED HOUSING.—Paragraph (3) of
section 8(e) of the United States Housing Act of 1937
(42 U.S.C. 1437f(e)(3)) is amended by striking the last
sentence.
(g) Impact on Public Housing Revenues.—

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

(2) HUD Reports on Revenue and Cost Impact.—In each of the first two years after the first year in which subsections (a) through (e) are implemented, the Secretary of Housing and Urban Development shall submit a report to Congress identifying and calculating the impact of changes made by such subsections and section 104 of this Act on the revenues and costs of operating public housing units, the voucher program for rental assistance under section 8 of the United States Housing Act of 1937, and the program under such section 8 for project-based rental assistance. If such report identifies a material reduction in the net income of public housing agencies nationwide or a material increase in the costs of
funding the voucher program or the project-based assistance program, the Secretary shall include in such report recommendations for legislative changes to reduce or eliminate such a reduction.

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

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

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

“(5) **Limitations on tenancy for over-income families.**—

“(A) **Limitations.**—Except as provided in subparagraph (C), in the case of any family residing in a dwelling unit of public housing whose income for the most recent two consecutive years has exceeded 120 percent of the median income for the area, as determined pursuant to an income review conducted pursuant to section 3(a)(6), the public housing agency shall—
“(i) notwithstanding any other provision of this Act, charge such family as monthly rent for the unit occupied by such family an amount equal to the sum of—

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

“(II) the amount of the monthly subsidy provided under this Act for the dwelling unit, which shall include any amounts from the Operating Fund and Capital Fund under section 9 used for the unit, as determined by the agency in accordance with regulations that the Secretary shall issue to carry out this subclause; or

“(ii) terminate the tenancy of such family in public housing not later than 6 months after the income determination described in subparagraph (A).

“(B) NOTICE.—In the case of any family residing in a dwelling unit of public housing whose income for a year has exceeded 120 percent of the median income for the area, upon
the conclusion of such year the public housing
agency shall provide written notice to such fam-
ily of the requirements under subparagraph
(A).

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

SEC. 104. LIMITATION ON ELIGIBILITY FOR ASSISTANCE
BASED ON ASSETS.

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

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

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

“(A) whose net family assets exceed
$100,000, as such amount is adjusted annually
by applying an inflationary factor as the Sec-
retary considers appropriate; or
“(B) who has a present ownership interest in, a legal right to reside in, and the effective legal authority to sell, real property that is suitable for occupancy by the family as a residence, except that the prohibition under this subparagraph shall not apply to—

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

“(ii) any person that is a victim of domestic violence; or

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

“(2) NET FAMILY ASSETS.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘net family assets’ means, for all members of the household, the net cash value of all assets after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds, and other forms of capital investment. Such term does not include interests in Indian trust land, equity in property for which the family is receiving assistance under subsection (y) or (o)(12) of section 8, equity accounts in homeownership programs
of the Department of Housing and Urban Development, or Family Self Sufficiency accounts.

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

“(i) the value of personal property, except for items of personal property of significant value, as the Secretary may establish or the public housing agency may determine;

“(ii) the value of any retirement account;

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

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

“(v) the value of any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code; and
“(vi) such other exclusions as the Secretary may establish.

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

“(3) SELF-CERTIFICATION.—

“(A) Net Family Assets.—A public housing agency or owner may determine the net assets of a family, for purposes of this section, based on a certification by the family that the net assets of such family do not exceed $50,000, as such amount is adjusted annually by applying an inflationary factor as the Secretary considers appropriate.

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

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

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

“(5) ENFORCEMENT.—When recertifying the income of a family residing in a dwelling unit assisted under this Act, a public housing agency or owner may choose not to enforce the limitation under paragraph (1) or may establish exceptions to such limitation based on eligibility criteria, but only pursuant to a policy that is set forth in the public housing agency plan under section 5A for the agency
or under a policy adopted by the owner. Eligibility
criteria for establishing exceptions may provide for
separate treatment based on family type and may be
based on different factors, such as age, disability, in-
come, the ability of the family to find suitable alter-
native housing, and whether supportive services are
being provided.

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

SEC. 105. UNITS OWNED BY PUBLIC HOUSING AGENCIES.

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

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

“(11) LEASING OF UNITS OWNED BY PHA.—
“(A) INSPECTIONS AND RENT DETERMINA-
TIONS.—If”; and

(2) by adding at the end the following new sub-
paragraph:
“(B) Units owned by PHA.—For purposes of this subsection, the term ‘owned by a public housing agency’ means, with respect to a dwelling unit, that the dwelling unit is in a project that is owned by such agency, by an entity wholly controlled by such agency, or by a limited liability company or limited partnership in which such agency (or an entity wholly controlled by such agency) holds a controlling interest in the managing member or general partner. A dwelling unit shall not be deemed to be owned by a public housing agency for purposes of this subsection because the agency holds a fee interest as ground lessor in the property on which the unit is situated, holds a security interest under a mortgage or deed of trust on the unit, or holds a non-controlling interest in an entity which owns the unit or in the managing member or general partner of an entity which owns the unit.”.

SEC. 106. PHA PROJECT-BASED ASSISTANCE.

(a) In General.—Paragraph (13) of section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)) is amended—
(1) by striking “structure” each place such term appears and inserting “project”;

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

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

“(B) PERCENTAGE LIMITATION.—

“(i) IN GENERAL.—Subject to clause (ii), a public housing agency may use for project-based assistance under this paragraph not more than 20 percent of the authorized units for the agency.

“(ii) EXCEPTION.—A public housing agency may use up to an additional 10 percent of the authorized units for the agency for project-based assistance under this paragraph, to provide units that house individuals and families that meet the definition of homeless under section 103 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302), that house families with veterans, that provide supportive housing to persons with disabilities or elderly persons, or that are located in areas where vouchers under this subsection are
difficult to use, as specified in subparagraph (D)(ii)(II). Any units of project-based assistance that are attached to units previously subject to federally required rent restrictions or receiving another type of long-term housing subsidy provided by the Secretary shall not count toward the percentage limitation under clause (i) of this subparagraph. The Secretary may, by regulation, establish additional categories for the exception under this clause.”;

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

“(D) INCOME-MIXING REQUIREMENT.—

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

“(I) Certain families.—The limitation under clause (i) shall not apply to dwelling units assisted under a contract that are exclusively made available to elderly families or to households eligible for supportive services that are made available to the assisted residents of the project, according to standards for such services the Secretary may establish.

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

“(III) Certain contracts.—The limitation under clause (i) shall not apply with respect to contracts or
renewal of contracts under which a
greater percentage of the dwelling
units in a project were assisted under
a housing assistance payment contract
for project-based assistance pursuant
to this paragraph on the date of the
enactment of the Housing Opportunity Through Modernization Act of
2015.

“(IV) CERTAIN PROPERTIES.—
Any units of project-based assistance
under this paragraph that are at-
ached to units previously subject to
federally required rent restrictions or
receiving other project-based assist-
ance provided by the Secretary shall
not count toward the percentage limi-
tation imposed by this subparagraph
(D).

“(iii) ADDITIONAL MONITORING AND
OVERSIGHT REQUIREMENTS.—The Sec-
retary may establish additional require-
ments for monitoring and oversight of
projects in which more than 40 percent of
the dwelling units are assisted under a
housing assistance payment contract for
project-based assistance pursuant to this
paragraph.”;

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

“(F) CONTRACT TERM.—

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

“(I) the availability of sufficient
appropriated funds for the purpose of
renewing expiring contracts for assist-
ance payments, as provided in appro-
priation Acts and in the agency’s an-
nual contributions contract with the
Secretary, provided that in the event
of insufficient appropriated funds,
payments due under contracts under
this paragraph shall take priority if
other cost-saving measures that do
not require the termination of an ex-
isting contract are available to the
agency; and
“(II) compliance with the inspection requirements under paragraph (8), except that the agency shall not be required to make biennial inspections of each assisted unit in the development.

“(ii) Addition of eligible units.—Subject to the limitations of subparagraphs (B) and (D), the agency and the owner may add eligible units within the same project to a housing assistance payments contract at any time during the term thereof without being subject to any additional competitive selection procedures.

“(iii) Housing under construction or recently constructed.—An agency may enter into a housing assistance payments contract with an owner for any unit that does not qualify as existing housing and is under construction or recently has been constructed whether or not the agency has executed an agreement to enter into a contract with the owner, provided that the owner demonstrates compliance with applicable requirements prior to exe-
cation of the housing assistance payments contract. This clause shall not subject a housing assistance payments contract for existing housing under this paragraph to such requirements or otherwise limit the extent to which a unit may be assisted as existing housing.

“(iv) ADDITIONAL CONDITIONS.—The contract may specify additional conditions, including with respect to continuation, termination, or expiration, and shall specify that upon termination or expiration of the contract without extension, each assisted family may elect to use its assistance under this subsection to remain in the same project if its unit complies with the inspection requirements under paragraph (8), the rent for the unit is reasonable as required by paragraph (10)(A), and the family pays its required share of the rent and the amount, if any, by which the unit rent (including the amount allowed for tenant-based utilities) exceeds the applicable payment standard.”;
(6) in subparagraph (G), by striking “15 years” and inserting “20 years”;

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

“(I) RENT ADJUSTMENTS.—A housing assistance payments contract pursuant to this paragraph entered into after the date of the enactment of the Housing Opportunity Through Modernization Act of 2015 shall provide for annual rent adjustments upon the request of the owner, except that—

“(i) by agreement of the parties, a contract may allow a public housing agency to adjust the rent for covered units using an operating cost adjustment factor established by the Secretary pursuant to section 524(c) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (which shall not result in a negative adjustment), in which case the contract may require an additional adjustment, if requested, up to the reasonable rent periodically during the term of the contract, and shall require such an adjustment, if re-
quested, upon extension pursuant to sub-
paragraph (G);

“(ii) the adjusted rent shall not ex-
cceed the maximum rent permitted under
subparagraph (H);

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

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

(8) in subparagraph (J)—

(A) in the first sentence—

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

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

(B) by striking the third sentence and in-
serting the following: “The agency or owner
may establish preferences or criteria for selec-
tion for a unit assisted under this paragraph
that are consistent with the public housing agency plan for the agency approved under section 5A and that give preference to families who qualify for voluntary services, including disability-specific services, offered in conjunction with assisted units.”; and

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

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

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

“(N) STRUCTURE OWNED BY AGENCY.—A public housing agency engaged in an initiative to improve, develop, or replace a public housing property or site may attach assistance to an existing, newly constructed, or rehabilitated structure in which the agency has an ownership interest or which the agency has control of without following a competitive process, provided that the agency has notified the public of its intent through its public housing agency plan and

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subject to the limitations and requirements of this paragraph.

“(O) Special purpose vouchers.—A public housing agency that administers vouchers authorized under subsection (o)(19) or (x) of this section may provide such assistance in accordance with the limitations and requirements of this paragraph, without additional requirements for approval by the Secretary.”.

(b) Effective Date.—The Secretary of Housing and Urban Development shall issue notice or regulations to implement subsection (a) of this section and such subsection shall take effect upon such issuance.

SEC. 107. ESTABLISHMENT OF FAIR MARKET RENT.

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

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

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

(3) by adding at the end the following:

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

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

(c) Effective Date.—The amendments made by
this section shall take effect upon the date of the enact-
ment of this Act.

SEC. 108. PROHIBITION ON UTILITY REIMBURSEMENTS;
COLLECTION OF UTILITY DATA.

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

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

“(iii) Prohibition on Payments.—
Notwithstanding any other provision of
this Act, no amount may be reimbursed or
paid to, or credited for, any family assisted
under this subsection by reason of any ex-
cess in the utility allowance for such fam-
ily.”; and

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

“(20) Collection of Utility Data.—

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

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

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

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

(b) Public Housing and Other Section 8 Programs.—Subsection (a) of section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new paragraph:

“(8) Prohibition on utility reimbursements.—Notwithstanding any other provision of this Act, no amount may be reimbursed or paid to, or credited for, any family residing in a public housing dwelling unit or assisted under section 8 (other
than under subsection (o)) by reason of any excess
in the utility allowance for such family.”.

SEC. 109. PUBLIC HOUSING CAPITAL AND OPERATING
FUNDS.

(a) CAPITAL FUND REPLACEMENT RESERVES.—Section 9 of the United States Housing Act of 1937 (42
U.S.C. 1437g) is amended—

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

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

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

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

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

“(2) SOURCE AND AMOUNT OF FUNDS FOR RE-
PLACEMENT RESERVE.—At any time, a public hous-
ing agency may deposit funds from such agency’s
Capital Fund into a replacement reserve, subject to the following:

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

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

“(C) At any time, a public housing agency may not hold in a replacement reserve more than the amount the public housing authority has determined necessary to satisfy the anticipated capital needs of properties in its portfolio assisted under this section, as outlined in its Capital Fund 5-Year Action Plan, or a comparable plan, as determined by the Secretary.

“(D) The Secretary may establish, by regulation, a maximum replacement reserve level or levels that are below amounts determined under subparagraph (C), which may be based upon the size of the portfolio assisted under this section or other factors.

“(3) Transfer of Operating Funds.—In first establishing a replacement reserve, the Secretary may allow public housing agencies to transfer
more than 20 percent of its operating funds into its replacement reserve.

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

“(5) MANAGEMENT AND REPORT.—The Secretary shall establish appropriate accounting and reporting requirements to ensure that public housing agencies are spending funds on eligible projects and that funds in the replacement reserve are connected to capital needs.”.

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

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

“(1) FLEXIBILITY IN USE OF FUNDS.—

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

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

“(B) FLEXIBILITY FOR OPERATING FUND AMOUNTS.—Of any amounts appropriated for fiscal year 2016 or any fiscal year thereafter
that are allocated for fiscal year 2016 or any
fiscal year thereafter from the Operating Fund
for any public housing agency, the agency may
use not more than 20 percent for activities that
are eligible under subsection (d) for assistance
with amounts from the Capital Fund, but only
if the public housing plan under section 5A for
the agency provides for such use.”.

SEC. 110. EXPANSION OF FAMILY UNIFICATION PROGRAM.

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

(1) in paragraph (2)—

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

(B) in subparagraph (B)—

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

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

(C) by inserting at the end the following:
“(C) for a period not to exceed 36 months,
otherwise eligible youths who have attained 16
or 17 years of age and who have left foster
care, if the service provider signs the lease for
the dwelling unit for which the voucher is used
and provides on-site supportive services (as defined in section 401 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360)) that are appropriate for the supervision of such youth within the housing community in which such dwelling unit is located.”; and

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

“(C) SERVICE PROVIDER.—The term ‘service provider’ shall have the meaning given such term by the Secretary.”.

**TITLE II—RURAL HOUSING**

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

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

“(18) DELEGATION OF APPROVAL.—The Secretary may delegate, in part or in full, the Secretary’s authority to approve and execute binding Rural Housing Service loan guarantees pursuant to this subsection to certain preferred lenders, in accordance with standards established by the Secretary.”. 
SEC. 202. RURAL MULTIFAMILY HOUSING REVITALIZATION PROGRAM.

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

“(bb) MULTIFAMILY HOUSING REVITALIZATION PROGRAM.—

“(1) IN GENERAL.—The Secretary may establish a Multifamily Housing Revitalization Program for the preservation and revitalization of multifamily housing projects funded with loans made available pursuant to this section and sections 514 and 516 to ensure that such projects have sufficient resources to provide safe and affordable housing for low-income residents and farm laborers.

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

“(A) with respect such loans—

“(i) reduce or eliminate interest; “(ii) defer loan payments; and “(iii) subordinate, reduce, or reamortize loan debt; and “(B) provide other financial assistance, including— “(i) advances; and
“(ii) payments and incentives (including the ability of owners to obtain reasonable returns on investment).

“(3) REQUIREMENTS.—In exchange for assistance provided pursuant to this subsection, the Secretary shall enter into with the property owner a restrictive use agreement to ensure that the property remains subject to low-income use restrictions for an additional period of time consistent with the terms of the restructuring.

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

“(A) AUTHORITY.—If the Secretary determines that additional funds for vouchers under the rural housing voucher program under section 542 (42 U.S.C. 1490r) are needed, funds for the revitalization program under this subsection may be used for such vouchers for any low-income household (including those not receiving rental assistance) residing in a property financed with a loan under this section that has been prepaid after September 30, 2005.

“(B) AMOUNT.—Notwithstanding section 542, the amount of a voucher provided pursuant to this paragraph shall be the difference be-
between comparable market rent for the unit and the tenant-paid rent for such unit.

“(C) AVAILABILITY.—Funds made available for vouchers pursuant to this paragraph shall be subject to the availability of annual appropriations.

“(D) ADMINISTRATION.—The Secretary shall, to the maximum extent practicable, administer vouchers provided pursuant to this paragraph with current regulations and administrative guidance applicable to housing vouchers under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) administered by the Secretary of Housing and Urban Development.”.

TITLE III—FHA MORTGAGE INSURANCE FOR CONDOMINIUMS

SEC. 301. MODIFICATION OF FHA REQUIREMENTS FOR MORTGAGE INSURANCE FOR CONDOMINIUMS.

Section 203 of the National Housing Act (12 U.S.C. 1709) is amended by adding at the end the following new subsection:
“(y) REQUIREMENTS FOR MORTGAGES FOR CONDOMINIUMS.—

“(1) PROJECT RECERTIFICATION REQUIREMENTS.—Notwithstanding any other law, regulation, or guideline of the Secretary, including chapter 2.4 of the Condominium Project Approval and Processing Guide of the FHA, the Secretary shall streamline the project certification requirements that are applicable to the insurance under this section for mortgages for condominium projects so that recertifications are substantially less burdensome than certifications. The Secretary shall consider lengthening the time between certifications for approved properties, and allowing updating of information rather than resubmission.

“(2) COMMERCIAL SPACE REQUIREMENTS.—Notwithstanding any other law, regulation, or guideline of the Secretary, including chapter 2.1.3 of the Condominium Project Approval and Processing Guide of the FHA, in providing for exceptions to the requirement for the insurance of a mortgage on a condominium property under this section regarding the percentage of the floor space of a condominium property that may be used for nonresidential or commercial purposes, the Secretary shall provide that—
“(A) any request for such an exception and the determination of the disposition of such request may be made, at the option of the requester, under the direct endorsement lender review and approval process or under the HUD review and approval process through the applicable field office of the Department; and

“(B) in determining whether to allow such an exception for a condominium property, factors relating to the economy for the locality in which such project is located or specific to project, including the total number of family units in the project, shall be considered.

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

“(4) OWNER-OCCUPANCY REQUIREMENT.—

“(A) REDUCTION TO 35 PERCENT.—Except as provided in subparagraph (B) of this paragraph and notwithstanding any other law, regulation, or guideline of the Secretary, in order for a condominium project to be acceptable to the Secretary for insurance under this section, at least 35 percent of all family units (including units not covered by FHA-insured mortgages) must be occupied by the owners as a principal residence or a secondary residence (as such terms are defined by the Secretary), or must have been sold to owners who intend to meet such occupancy requirement.

“(B) OTHER CONSIDERATIONS.—The Secretary may increase the percentage applicable pursuant to subparagraph (A) to a condominium project on a project-by-project basis, and in determining such percentage for a project shall consider factors relating to the economy for the locality in which such project is located or specific to project, including the total number of family units in the project.”.
TITLE IV—HOUSING REFORMS
FOR THE HOMELESS AND FOR VETERANS

SEC. 401. CONTINUUM OF CARE PROGRAM.

(a) Authority Private Nonprofit Organizations To Administer Permanent Housing Rental Assistance.—Subsection (g) of section 423 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11383(g)) is amended by inserting “private nonprofit organization,” after “unit of general local government,”.

(b) Reallocation of Funds.—Paragraph (1) of section 414(d) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11373(d)(1)) is amended by striking “twice” and inserting “once”.

(c) Definition of Geographic Areas.—Subtitle C of the McKinney-Vento Homeless Assistance Act is amended—

(1) by redesignating sections 432 and 433 (42 U.S.C. 11387, 11388) as sections 433 and 434, respectively; and

(2) by inserting after section 431 (42 U.S.C. 11386e) the following new section:
“SEC. 432. GEOGRAPHIC AREAS.

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

“(b) ISSUANCE OF NOTICE.—Not later than the expiration of the 90-day period beginning on the date of the enactment of the Housing Opportunity Through Modernization Act of 2015, the Secretary shall issue a notice setting forth the definition required by subsection (a).”.

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

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

(1) in the subsection heading, by inserting “, Public Housing Agencies, and Local Redevelopment Authorities” after “Organizations”;

and

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

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

(a) Transfer of Position to Office of the Secretary.—Section 4 of the Department of Housing and Urban Development Act (42 U.S.C. 3533) is amended by adding at the end the following new subsection:

“(h) Special Assistant for Veterans Affairs.—

“(1) Position.—There shall be in the Office of the Secretary a Special Assistant for Veterans Affairs, who shall report directly to the Secretary.

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

“(3) Responsibilities.—The Special Assistant for Veterans Affairs shall be responsible for—

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

“(B) coordinating all programs and activities of the Department relating to veterans;
“(C) serving as a liaison for the Department with the Department of Veterans Affairs, including establishing and maintaining relationships with the Secretary of Veterans Affairs;

“(D) serving as a liaison for the Department, and establishing and maintaining relationships with the United States Interagency Council on Homelessness and officials of State, local, regional, and nongovernmental organizations concerned with veterans;

“(E) providing information and advice regarding—

“(i) sponsoring housing projects for veterans assisted under programs administered by the Department; or

“(ii) assisting veterans in obtaining housing or homeless assistance under programs administered by the Department;

“(F) coordinating with the Secretary of Housing and Urban Development and the Secretary of Veterans Affairs in carrying out section 404 of the Housing Opportunity Through Modernization Act of 2015; and
“(G) carrying out such other duties as may be assigned to the Special Assistant by the Secretary or by law.”

(b) TRANSFER OF POSITION IN OFFICE OF DEPUTY ASSISTANT SECRETARY FOR SPECIAL NEEDS.—On the date that the initial Special Assistant for Veterans Affairs is appointed pursuant to section 4(h)(2) of the Department of Housing and Urban Development Act, as added by subsection (a) of this section, the position of Special Assistant for Veterans Programs in the Office of the Deputy Assistant Secretary for Special Needs of the Department of Housing and Urban Development shall be terminated.

SEC. 404. ANNUAL SUPPLEMENTAL REPORT ON VETERANS HOMELESSNESS.

(a) IN GENERAL.—The Secretary of Housing and Urban Development and the Secretary of Veterans Affairs, in coordination with the United States Interagency Council on Homelessness, shall submit annually to the Committees of the Congress specified in subsection (b), together with the annual reports required by such Secretaries under section 203(c)(1) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11313(e)(1)), a supplemental report that includes the following information with respect to the preceding year:
(1) The same information, for such preceding year, that was included with respect to 2010 in the report by the Secretary of Housing and Urban Development and the Secretary of Veterans Affairs entitled “Veterans Homelessness: A Supplemental Report to the 2010 Annual Homeless Assessment Report to Congress”.

(2) Information regarding the activities of the Department of Housing and Urban Development relating to veterans during such preceding year, as follows:

(A) The number of veterans provided assistance under the housing choice voucher program for Veterans Affairs supported housing under section 8(o)(19) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(19)), the socioeconomic characteristics of such homeless veterans, and the number, types, and locations of entities contracted under such section to administer the vouchers.

(B) A summary description of the special considerations made for veterans under public housing agency plans submitted pursuant to section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437c–1) and under com-
prehensive housing affordability strategies sub-
mitted pursuant to section 105 of the Cranston-
Gonzalez National Affordable Housing Act (42

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

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

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

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

(b) COMMITTEES.—The Committees of the Congress
specified in this subsection are as follows:
(1) The Committee on Banking, Housing, and
Urban Affairs of the Senate.

(2) The Committee on Veterans’ Affairs of the
Senate.

(3) The Committee on Appropriations of the
Senate.

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

(5) The Committee on Veterans’ Affairs of the
House of Representatives.

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

TITLE V—MISCELLANEOUS

SEC. 501. INCLUSION OF DISASTER HOUSING ASSISTANCE
PROGRAM IN CERTAIN FRAUD AND ABUSE
PREVENTION MEASURES.

The Disaster Housing Assistance Program adminis-
tered by the Department of Housing and Urban Develop-
ment shall be considered a “program of the Department
of Housing and Urban Development” under section 904
of the Stewart B. McKinney Homeless Assistance Amend-
ments Act of 1988 (42 U.S.C. 3544) for the purpose of
income verifications.
SEC. 502. AMENDMENTS TO LOW-INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT OF 1990.

(a) DISTRIBUTIONS AND RESIDUAL RECEIPTS.—Section 222 of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. 4112) is amended by adding at the end the following new subsection:

“(e) DISTRIBUTION AND RESIDUAL RECEIPTS.—

“(1) AUTHORITY.—After the date of the enactment of the Housing Opportunity Through Modernization Act of 2015, the owner of a property subject to a plan of action or use agreement pursuant to this section shall be entitled to distribute—

“(A) annually, all surplus cash generated by the property, but only if the owner is in material compliance with such use agreement including compliance with prevailing physical condition standards established by the Secretary; and

“(B) notwithstanding any conflicting provision in such use agreement, any funds accumulated in a residual receipts account, but only if the owner is in material compliance with such use agreement and has completed, or set aside sufficient funds for completion of, any capital
repairs identified by the most recent third party
capital needs assessment.

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

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

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

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

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

“(c) FUTURE FINANCING.—Neither this section, nor
any plan of action or use agreement implementing this
section, shall restrict an owner from obtaining a new loan
or refinancing an existing loan secured by the project, or
from distributing the proceeds of such a loan; except that, in conjunction with such refinancing—

“(1) the owner shall provide for adequate rehabilitation pursuant to a capital needs assessment to ensure long-term sustainability of the property satisfactory to the lender or bond issuance agency;

“(2) any resulting budget-based rent increase shall include debt service on the new financing, commercially reasonable debt service coverage, and replacement reserves as required by the lender; and

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

“(A) any tenant occupying a dwelling unit as of time of the refinancing may not be required to pay for rent and utilities, for the duration of such tenancy, an amount that exceeds the greater of—

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

or

“(ii) the amount paid by the tenant for rent and utilities immediately before such refinancing; and
“(B) this paragraph shall not apply to any tenant who does not provide the owner with proof of income.

Paragraph (3) may not be construed to limit any rent increases resulting from increased operating costs for a project.”.

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

SEC. 503. BUDGET-NEUTRAL DEMONSTRATION PROGRAM FOR ENERGY AND WATER CONSERVATION IMPROVEMENTS AT MULTIFAMILY RESIDENTIAL UNITS.

(a) ESTABLISHMENT.—The Secretary of Housing and Urban Development (in this section referred to as the “Secretary”) shall establish a demonstration program under which the Secretary may execute budget-neutral, performance-based agreements in fiscal years 2016 through 2019 that result in a reduction in energy or water costs with such entities as the Secretary determines to be appropriate under which the entities shall carry out projects for energy or water conservation improvements at
not more than 20,000 residential units in multifamily buildings participating in—

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

(2) the supportive housing for the elderly program under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q); or

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

(b) REQUIREMENTS.—

(1) PAYMENTS CONTINGENT ON SAVINGS.—

(A) IN GENERAL.—The Secretary shall provide to an entity a payment under an agreement under this section only during applicable years for which an energy or water cost savings is achieved with respect to the applicable multifamily portfolio of properties, as determined by the Secretary, in accordance with subparagraph (B).

(B) PAYMENT METHODOLOGY.—
(i) In general.—Each agreement under this section shall include a pay-for-success provision that—

(I) shall serve as a payment threshold for the term of the agreement; and

(II) requires that payments shall be contingent on realized cost savings associated with reduced utility consumption in the participating properties.

(ii) Limitations.—A payment made by the Secretary under an agreement under this section—

(I) shall be contingent on documented utility savings; and

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

(C) Third-party verification.—Savings payments made by the Secretary under this section shall be based on a measurement and verification protocol that includes at least—
(i) establishment of a weather-normalized and occupancy-normalized utility consumption baseline established pre-retrofit;

(ii) annual third-party confirmation of actual utility consumption and cost for utilities;

(iii) annual third-party validation of the tenant utility allowances in effect during the applicable year and vacancy rates for each unit type; and

(iv) annual third-party determination of savings to the Secretary.

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

(2) Terms of performance-based agreements.—A performance-based agreement under this section shall include—

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

(B) the performance measures that will serve as payment thresholds during the term of the agreement;
(C) an audit protocol for the properties covered by the agreement;

(D) a requirement that payments shall be contingent on realized cost savings associated with reduced utility consumption in the participating properties; and

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

(3) ENTITY ELIGIBILITY.—The Secretary shall—

(A) establish a competitive process for entering into agreements under this section; and

(B) enter into such agreements only with entities that, either jointly or individually, demonstrate significant experience relating to—

(i) financing or operating properties receiving assistance under a program identified in subsection (a);

(ii) oversight of energy or water conservation programs, including oversight of contractors; and

(iii) raising capital for energy or water conservation improvements from charitable organizations or private investors.
(4) Geographical diversity.—Each agreement entered into under this section shall provide for the inclusion of properties with the greatest feasible regional and State variance.

(5) Properties.—A property may only be included in the demonstration under this section only if the property is subject to affordability restrictions for at least 15 years after the date of the completion of any conservation improvements made to the property under the demonstration program. Such restrictions may be made through an extended affordability agreement for the property under a new housing assistance payments contract with the Secretary of Housing and Urban Development or through an enforceable covenant with the owner of the property.

(c) Plan and reports.—

(1) Plan.—Not later than 90 days after the date of enactment of this Act, the Secretary shall submit to the Committees on Appropriations and Financial Services of the House of Representatives and the Committees on Appropriations and Banking, Housing, and Urban Affairs of the Senate a detailed plan for the implementation of this section.
(2) REPORTS.—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall—

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

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

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

SEC. 504. ENERGY EFFICIENCY REQUIREMENTS UNDER SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM.

Section 11 of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note) is amended by inserting after subsection (f) the following new subsection:

“(g) ENERGY EFFICIENCY REQUIREMENTS.—The Secretary may not require any dwelling developed using amounts from a grant made under this section to meet any energy efficiency standards other than the standards applicable at such time pursuant to section 109 of the
Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12709) to housing specified in subsection (a) of such section.”.

SEC. 505. DATA EXCHANGE STANDARDIZATION FOR IMPROVED INTEROPERABILITY.

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

“SEC. 38. DATA EXCHANGE STANDARDS FOR IMPROVED INTEROPERABILITY.

“(a) Designation.—The Secretary shall, in consultation with an interagency work group established by the Office of Management and Budget, and considering State government perspectives, designate data exchange standards to govern, under this Act—

“(1) necessary categories of information that State agencies operating related programs are required under applicable law to electronically exchange with another State agency; and

“(2) Federal reporting and data exchange required under applicable law.
“(b) REQUIREMENTS.—The data exchange standards required by subsection (a) shall, to the maximum extent practicable—

“(1) incorporate a widely accepted, nonproprietary, searchable, computer-readable format, such as the eXtensible Markup Language;

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

“(3) incorporate interoperable standards developed and maintained by Federal entities with authority over contracting and financial assistance;

“(4) be consistent with and implement applicable accounting principles;

“(5) be implemented in a manner that is cost-effective and improves program efficiency and effectiveness; and

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

“(c) RULES OF CONSTRUCTION.—Nothing in this section requires a change to existing data exchange standards for Federal reporting found to be effective and efficient.”.

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

(2) REQUIREMENTS.—The rule shall—

(A) identify federally required data exchanges;

(B) include specification and timing of exchanges to be standardized;

(C) address the factors used in determining whether and when to standardize data exchanges;

(D) specify State implementation options; and

(E) describe future milestones.