



## NATIONAL LOW INCOME HOUSING COALITION

# Housing Opportunity Through Modernization Act of 2016 (H.R. 3700)

April 2016

[NLIHC Position: Support Senate passage of the Housing Opportunity Through Modernization Act of \(H.R. 3700\) by unanimous consent.](#)

H.R. 3700, introduced by Representative Blaine Luetkemeyer (R-MO), would streamline the administration of public and assisted housing, incentivize residents to increase their earned income, help voucher holders move more quickly into private apartments, improve the project-basing of vouchers, and impose limits on housing assistance for high-income families.

**Income Deductions.** H.R. 3700 would change how resident incomes are calculated and their rents are determined in the public housing, housing choice voucher, and project-based rental assistance programs. Current law allows heads of households who are elderly or who have a disability to deduct medical expenses and certain disability assistance expenses above 3% of their income from their total income for purposes of determining rent. H.R. 3700 would increase the threshold over which such households can deduct medical and care expenses from 3% to 10%. Also, currently each household with a head of household who is elderly or has a disability receives a standard annual income deduction of \$400. H.R. 3700 would increase the standard deduction for such households from \$400 to \$525 and index the value of the standard deduction to inflation.

**Rent Setting.** Additionally, H.R. 3700 would require that resident rents be based on prior year income, except when setting initial rents. Residents whose incomes increase in a given year would not have their rents adjusted until the next annual recertification. The bill would also limit the frequency of interim income reviews. PHAs would be required to recertify incomes and adjust rents when a

household's annual income decreases by 10% or more. The same 10% threshold would apply for families whose incomes increase, except the bill excludes interim income reviews when the increase is from earnings.

**Project-Based Vouchers.** The bill would also make a variety of improvements to the project-basing of housing choice vouchers. Currently public housing agencies can project-base up to 20% of their voucher budget authority. H.R. 3700 would give agencies the flexibility to increase project-basing another 10% to serve households in areas where vouchers are difficult to use or to assist persons with disabilities, elderly people, people who were formerly homeless, and veterans. The bill would also allow PHAs to commit project-based vouchers for 20 years, up from the current 15, and give more flexibility to the number of units in any property that can be designated for project-based vouchers.

**Inspections in Housing Choice Vouchers Program.** H.R. 3700 would change inspection protocols for apartments to be rented by voucher holders. Potential apartments could be occupied by voucher holders if the units have been inspected by the PHA, as is current law, but also allow occupancy of units that have been inspected in the previous 24 months under a federal inspection standard that is at least as stringent as the voucher program's Housing Quality Standards. The bill would also allow voucher rent payments and occupancy to begin if the unit does not pass the initial inspection due to non-life threatening conditions. The deficiencies from the failed inspection must be corrected within 30 days of initial

occupancy for the landlord to continue receiving payments from the PHA.

**Over-Income Tenants.** The bill also would impose limits on public housing assistance for households with incomes above 120% of area median income. When a household's income is above 120% of area median income for two consecutive years, the PHA would be required to either terminate the household's assistance within six months or charge the household rent equal to the higher of the fair market rent or the costs of operating and capital subsidies provided for that unit.

**Update to HOPWA Formula.** H.R. 3700 would update and improve the funding formula for HUD's Housing Opportunities for Persons with AIDS (HOPWA) program to better target resources to people living with HIV/AIDS. The bill would change the formulas so that HUD counts people living with HIV/AIDS rather than cumulative AIDS cases to determine how program funds are allocated to cities, states and nonprofit organizations. Currently, HOPWA funds are distributed based on cumulative AIDS cases that date back to 1981—55% of which are people who have died. This formula change will allow jurisdictions with increasing populations of people living with HIV/AIDS to receive more funding.

**Bill Status.** H.R. 3700 was passed unanimously by the U.S. House of Representatives on February 2. It now awaits Senate passage, and has been referred to the Senate Committee on Banking, Housing and Urban Affairs.

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