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(Original Signature of Member)

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

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

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 FIA 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—

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

10 “(A) INITIAL INSPECTION.—

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

22 “(ii) CORRECTION OF NON-LIFE
23 THREATENING CONDITIONS.—In the case
24 of any dwelling unit that is determined,
25 pursuant to an inspection under clause (i),

1 not to meet the housing quality standards
2 under subparagraph (B), assistance pay-
3 ments may be made for the unit notwith-
4 standing subparagraph (C) if failure to
5 meet such standards is a result only of
6 non-life threatening conditions, as such
7 conditions are established by the Secretary.
8 A public housing agency making assistance
9 payments pursuant to this clause for a
10 dwelling unit shall, 30 days after the be-
11 ginning of the period for which such pay-
12 ments are made, withhold any assistance
13 payments for the unit if any deficiency re-
14 sulting in noncompliance with the housing
15 quality standards has not been corrected
16 by such time. The public housing agency
17 shall recommence assistance payments
18 when such deficiency has been corrected,
19 and may use any payments withheld to
20 make assistance payments relating to the
21 period during which payments were with-
22 held.

23 “(iii) USE OF ALTERNATIVE INSPEC-
24 TION METHOD FOR INTERIM PERIOD.—In
25 the case of any property that within the

1 previous 24 months has met the require-
2 ments of an inspection that qualifies as an
3 alternative inspection method pursuant to
4 subparagraph (E), a public housing agency
5 may authorize occupancy before the inspec-
6 tion under clause (i) has been completed,
7 and may make assistance payments retro-
8 active to the beginning of the lease term
9 after the unit has been determined pursu-
10 ant to an inspection under clause (i) to
11 meet the housing quality standards under
12 subparagraph (B).”;

13 (2) by redesignating subparagraph (G) as sub-
14 paragraph (H);

15 (3) by inserting after subparagraph (F) the fol-
16 lowing new subparagraph:

17 “(G) ENFORCEMENT OF HOUSING QUALITY
18 STANDARDS.—

19 “(i) DETERMINATION OF NONCOMPLI-
20 ANCE.—A dwelling unit that is covered by
21 a housing assistance payments contract
22 under this subsection shall be considered,
23 for purposes of subparagraphs (D) and
24 (F), to be in noncompliance with the hous-

1 ing quality standards under subparagraph
2 (B) if—

3 “(I) the public housing agency or
4 an inspector authorized by the State
5 or unit of local government deter-
6 mines upon inspection of the unit that
7 the unit fails to comply with such
8 standards;

9 “(II) the agency or inspector no-
10 tifies the owner of the unit in writing
11 of such failure to comply; and

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

14 “(aa) in the case of any
15 such failure that is a result of
16 life-threatening conditions, within
17 24 hours after such notice has
18 been provided; and

19 “(bb) in the case of any
20 such failure that is a result of
21 non-life threatening conditions,
22 within 30 days after such notice
23 has been provided or such other
24 reasonable longer period as the

1 public housing agency may estab-
2 lish.

3 “(ii) WITHHOLDING OF ASSISTANCE
4 AMOUNTS DURING CORRECTION.—The
5 public housing agency may withhold assist-
6 ance amounts under this subsection with
7 respect to a dwelling unit for which a no-
8 tice pursuant to clause (i)(II), of failure to
9 comply with housing quality standards
10 under subparagraph (B) as determined
11 pursuant to an inspection conducted under
12 subparagraph (D) or (F), has been pro-
13 vided. If the unit is brought into compli-
14 ance with such housing quality standards
15 during the periods referred to in clause
16 (i)(III), the public housing agency shall re-
17 commence assistance payments and may
18 use any amounts withheld during the cor-
19 rection period to make assistance payments
20 relating to the period during which pay-
21 ments were withheld.

22 “(iii) ABATEMENT OF ASSISTANCE
23 AMOUNTS.—The public housing agency
24 shall abate all of the assistance amounts
25 under this subsection with respect to a

1 dwelling unit that is determined, pursuant
2 to clause (i) of this subparagraph, to be in
3 noncompliance with housing quality stand-
4 ards under subparagraph (B). Upon com-
5 pletion of repairs by the public housing
6 agency or the owner sufficient so that the
7 dwelling unit complies with such housing
8 quality standards, the agency shall recom-
9 mence payments under the housing assist-
10 ance payments contract to the owner of the
11 dwelling unit.

12 “(iv) NOTIFICATION.—If a public
13 housing agency providing assistance under
14 this subsection abates rental assistance
15 payments pursuant to clause (iii) with re-
16 spect to a dwelling unit, the agency shall,
17 upon commencement of such abatement—

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

20 “(aa) such abatement has
21 commenced; and

22 “(bb) if the dwelling unit is
23 not brought into compliance with
24 housing quality standards within
25 60 days after the effective date of

1 the determination of noncompli-
2 ance under clause (i) or such rea-
3 sonable longer period as the
4 agency may establish, the tenant
5 will have to move; and

6 “(II) issue the tenant the nec-
7 essary forms to allow the tenant to
8 move to another dwelling unit and
9 transfer the rental assistance to that
10 unit.

11 “(v) PROTECTION OF TENANTS.—An
12 owner of a dwelling unit may not terminate
13 the tenancy of any tenant because of the
14 withholding or abatement of assistance
15 pursuant to this subparagraph. During the
16 period that assistance is abated pursuant
17 to this subparagraph, the tenant may ter-
18minate the tenancy by notifying the owner.

19 “(vi) TERMINATION OF LEASE OR AS-
20SISTANCE PAYMENTS CONTRACT.—If as-
21sistance amounts under this section for a
22dwelling unit are abated pursuant to clause
23(iii) and the owner does not correct the
24noncompliance within 60 days after the ef-
25fective date of the determination of non-

1 compliance under clause (i), or such other
2 reasonable longer period as the public
3 housing agency may establish, the agency
4 shall terminate the housing assistance pay-
5 ments contract for the dwelling unit.

6 “(vii) RELOCATION.—

7 “(I) LEASE OF NEW UNIT.—The
8 agency shall provide the family resid-
9 ing in such a dwelling unit a period of
10 90 days or such longer period as the
11 public housing agency determines is
12 reasonably necessary to lease a new
13 unit, beginning upon termination of
14 the contract, to lease a new residence
15 with tenant-based rental assistance
16 under this section.

17 “(II) AVAILABILITY OF PUBLIC
18 HOUSING UNITS.—If the family is un-
19 able to lease such a new residence
20 during such period, the public housing
21 agency shall, at the option of the fam-
22 ily, provide such family a preference
23 for occupancy in a dwelling unit of
24 public housing that is owned or oper-
25 ated by the agency that first becomes

1 available for occupancy after the expi-
2 ration of such period.

3 “(III) ASSISTANCE IN FINDING
4 UNIT.—The public housing agency
5 may provide assistance to the family
6 in finding a new residence, including
7 use of up to two months of any assist-
8 ance amounts withheld or abated pur-
9 suant to clause (ii) or (iii), respec-
10 tively, for costs directly associated
11 with relocation of the family to a new
12 residence, which shall include security
13 deposits as necessary and may include
14 reimbursements for reasonable moving
15 expenses incurred by the household,
16 as established by the Secretary. The
17 agency may require that a family re-
18 ceiving assistance for a security de-
19 posit shall remit, to the extent of such
20 assistance, the amount of any security
21 deposit refunds made by the owner of
22 the dwelling unit for which the lease
23 was terminated.

24 “(viii) TENANT-CAUSED DAMAGES.—
25 If a public housing agency determines that

1 any damage to a dwelling unit that results
2 in a failure of the dwelling unit to comply
3 with housing quality standards under sub-
4 paragraph (B), other than any damage re-
5 sulting from ordinary use, was caused by
6 the tenant, any member of the tenant's
7 household, or any guest or other person
8 under the tenant's control, the agency may
9 waive the applicability of this subpara-
10 graph, except that this clause shall not ex-
11 onerate a tenant from any liability other-
12 wise existing under applicable law for dam-
13 ages to the premises caused by such ten-
14 ant.

15 “(ix) APPLICABILITY.—This subpara-
16 graph shall apply to any dwelling unit for
17 which a housing assistance payments con-
18 tract is entered into or renewed after the
19 date of the effectiveness of the regulations
20 implementing this subparagraph.”.

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

1 **SEC. 102. INCOME REVIEWS.**

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

5 (1) in subsection (a)—

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

9 (B) by adding at the end the following new
10 paragraphs:

11 “(6) REVIEWS OF FAMILY INCOME.—

12 “(A) FREQUENCY.—Reviews of family in-
13 come for purposes of this section shall be
14 made—

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

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

20 “(iii) upon the request of the family,
21 at any time the income or deductions
22 (under subsection (b)(5)) of the family
23 change by an amount that is estimated to
24 result in a decrease of 10 percent (or such
25 lower amount as the Secretary may, by no-
26 tice, establish, or permit the public housing

1 agency or owner to establish) or more in
2 annual adjusted income; and

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

18 “(B) FIXED-INCOME FAMILIES.—

19 “(i) DEFINITIONS.—For purposes of
20 this subparagraph, the following definitions
21 shall apply:

22 “(I) ELIGIBLE FAMILY.—The
23 term ‘eligible family’ means a family
24 who has an income, as of the most re-
25 cent review conducted, of which 90

1 percent or more consists of fixed in-
2 come.

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

5 “(aa) the supplemental secu-
6 rity income program under title
7 XVI of the Social Security Act,
8 including supplementary pay-
9 ments pursuant to an agreement
10 for Federal administration under
11 section 1616(a) of the Social Se-
12 curity Act and payments pursu-
13 ant to an agreement entered into
14 under section 212(b) of Public
15 Law 93–66;

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

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

20 “(dd) other periodic pay-
21 ments received from annuities,
22 insurance policies, retirement
23 funds, disability or death bene-
24 fits, and other similar types of
25 periodic receipts that are of sub-

1 stantially the same amounts from
2 year to year.

3 “(ii) SELF-CERTIFICATION AND 3-
4 YEAR REVIEW FOR FIXED-INCOME FAMI-
5 LIES.—A public housing agency or owner
6 shall not be required to conduct a review
7 of an eligible family’s income pursuant to
8 subparagraph (A)(ii) for any year in which
9 such eligible family certifies, in accordance
10 with such requirements as the Secretary
11 shall establish, that the sources of such in-
12 come have not changed since the previous
13 year, except that the public housing agency
14 or owner shall conduct a review of each
15 such eligible family’s income not less fre-
16 quently than once every 3 years.

17 “(iii) INFLATIONARY ADJUSTMENT
18 FOR FIXED INCOME FAMILIES.—

19 “(I) IN GENERAL.—In any year
20 in which a public housing agency or
21 owner does not conduct a review of in-
22 come for an eligible family pursuant
23 to the authority under clause (ii) to
24 waive such a review, the income deter-
25 mination of such eligible family for

1 the previous year shall, subject to sub-
2 clause (II) of this clause, be adjusted
3 by applying an inflationary factor as
4 the Secretary shall establish by regu-
5 lation or notice.

6 “(II) EXEMPTION FROM ADJUST-
7 MENT.—A public housing agency or
8 owner may exempt from an adjust-
9 ment described in subclause (I) any
10 income source for which income does
11 not increase from year to year.

12 “(C) IN GENERAL.—Reviews of family in-
13 come for purposes of this section shall be sub-
14 ject to the provisions of section 904 of the
15 Stewart B. McKinney Homeless Assistance
16 Amendments Act of 1988 (42 U.S.C. 3544).

17 “(7) CALCULATION OF INCOME.—

18 “(A) USE OF CURRENT YEAR INCOME.—In
19 determining family income for initial occupancy
20 or provision of housing assistance pursuant to
21 clause (i) of paragraph (6)(A) or pursuant to
22 reviews pursuant to clause (iii) or (iv) of such
23 paragraph, a public housing agency or owner
24 shall use the income of the family as estimated
25 by the agency or owner for the upcoming year.

1 “(B) USE OF PRIOR YEAR INCOME.—In
2 determining family income for annual reviews
3 pursuant to paragraph (6)(A)(ii), a public hous-
4 ing agency or owner shall, except as otherwise
5 provided in this paragraph and paragraph
6 (6)(B), use the income of the family as deter-
7 mined by the agency or owner for the preceding
8 year, taking into consideration any redetermina-
9 tion of income during such prior year pursuant
10 to clause (iii) or (iv) of paragraph (6)(A).

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

18 “(D) SAFE HARBOR.—A public housing
19 agency or owner may, to the extent such infor-
20 mation is available to the public housing agency
21 or owner, determine the family’s income prior
22 to the application of any deductions based on
23 timely income determinations made for pur-
24 poses of other means-tested Federal public as-
25 sistance programs (including the program for

1 block grants to States for temporary assistance
2 for needy families under part A of title IV of
3 the Social Security Act, a program for Medicaid
4 assistance under a State plan approved under
5 title XIX of the Social Security Act, and the
6 supplemental nutrition assistance program (as
7 such term is defined in section 3 of the Food
8 and Nutrition Act of 2008 (7 U.S.C. 2012)).
9 The Secretary shall, in consultation with other
10 appropriate Federal agencies, develop proce-
11 dures to enable public housing agencies and
12 owners to have access to such income deter-
13 minations made by other means-tested Federal
14 programs that the Secretary determines to have
15 comparable reliability. Exchanges of such infor-
16 mation shall be subject to the same limitations
17 and tenant protections provided under section
18 904 of the Stewart B. McKinney Homeless As-
19 sistance Act Amendments of 1988 (42 U.S.C.
20 3544) with respect to information obtained
21 under the requirements of section 303(i) of the
22 Social Security Act (42 U.S.C. 503(i)).

23 “(E) PHA AND OWNER COMPLIANCE.—A
24 public housing agency or owner may not be con-
25 sidered to fail to comply with this paragraph or

1 paragraph (6) due solely to any de minimis er-
2 rors made by the agency or owner in calculating
3 family incomes.”;

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

5 (3) by redesignating subsection (f) as sub-
6 section (d).

7 (b) CERTIFICATION REGARDING HARDSHIP EXCEP-
8 TION TO MINIMUM MONTHLY RENT.—Not later than the
9 expiration of the 6-month period beginning on the date
10 of the enactment of this Act, the Secretary of Housing
11 and Urban Development shall submit to the Congress a
12 certification that the hardship and tenant protection provi-
13 sions in clause (i) of section 3(a)(3)(B) of the United
14 States Housing Act of 1937 (42 U.S.C.
15 1437a(a)(3)(B)(i)) are being enforced at such time and
16 that the Secretary will continue to provide due consider-
17 ation to the hardship circumstances of persons assisted
18 under relevant programs of this Act.

19 (c) INCOME; ADJUSTED INCOME.—Section 3(b) of
20 the United States Housing Act of 1937 (42 U.S.C.
21 1437a(b)) is amended by striking paragraphs (4) and (5)
22 and inserting the following new paragraphs:

23 “(4) INCOME.—The term ‘income’ means, with
24 respect to a family, income received from all sources
25 by each member of the household who is 18 years

1 of age or older or is the head of household or spouse
2 of the head of the household, plus unearned income
3 by or on behalf of each dependent who is less than
4 18 years of age, as determined in accordance with
5 criteria prescribed by the Secretary, in consultation
6 with the Secretary of Agriculture, subject to the fol-
7 lowing requirements:

8 “(A) INCLUDED AMOUNTS.—Such term in-
9 cludes recurring gifts and receipts, actual in-
10 come from assets, and profit or loss from a
11 business.

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

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

21 “(ii) any amounts that would be eligi-
22 ble for exclusion under section 1613(a)(7)
23 of the Social Security Act (42 U.S.C.
24 1382b(a)(7));

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

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

9 “(v) exclusions from income as estab-
10 lished by the Secretary by regulation or
11 notice, or any amount required by Federal
12 law to be excluded from consideration as
13 income.

14 “(C) EARNED INCOME OF STUDENTS.—
15 Such term does not include—

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

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

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

1 “(II) in such amounts as the Sec-
2 retary may allow, for the cost of room
3 and board.

4 “(D) EDUCATIONAL SAVINGS ACCOUNTS.—
5 Income shall be determined without regard to
6 any amounts in or from, or any benefits from,
7 any Coverdell education savings account under
8 section 530 of the Internal Revenue Code of
9 1986 or any qualified tuition program under
10 section 529 of such Code.

11 “(E) RECORDKEEPING.—The Secretary
12 may not require a public housing agency or
13 owner to maintain records of any amounts ex-
14 cluded from income pursuant to this subpara-
15 graph.

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

22 “(A) ELDERLY AND DISABLED FAMI-
23 LIES.—\$525 in the case of any family that is
24 an elderly family or a disabled family, except
25 that the amount specified in this subparagraph

1 (as it may have been previously adjusted) shall
2 be adjusted for inflation annually by the Sec-
3 retary in accordance with an inflationary index
4 selected by the Secretary.

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

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

10 “(ii) is a person who is 18 years of
11 age or older, resides in the household, and
12 is certified as disabled and unable to work
13 by the public housing agency of jurisdic-
14 tion;

15 except that the amount specified in this sub-
16 paragraph (as it may have been previously ad-
17 justed) shall be adjusted for inflation annually
18 by the Secretary in accordance with an infla-
19 tionary index selected by the Secretary.

20 “(C) CHILD CARE.—The amount, if any,
21 that exceeds 5 percent of annual family income
22 that is used to pay for unreimbursed child care
23 expenses, which shall include child care for pre-
24 school-age children, for before- and after-care
25 for children in school, and for other child care

1 necessary to enable a member of the family to
2 be employed or further his or her education.

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

6 “(i) in the case of any elderly or dis-
7 abled family, any unreimbursed health and
8 medical care expenses; and

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

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

1 “(E) PERMISSIVE DEDUCTIONS.—Such ad-
2 ditional deductions as a public housing agency
3 may, at its discretion, establish, except that the
4 Secretary shall establish procedures to ensure
5 that such deductions do not materially increase
6 Federal expenditures.

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

15 (d) HOUSING CHOICE VOUCHER PROGRAM.—Section
16 8(o) of the United States Housing Act of 1937 (42 U.S.C.
17 1437f(o)) is amended—

18 (1) in paragraph (1)(D), by inserting before the
19 period at the end the following: “, except that a pub-
20 lic housing agency may establish a payment stand-
21 ard of not more than 120 percent of the fair market
22 rent where necessary as a reasonable accommodation
23 for a person with a disability, without approval of
24 the Secretary. A public housing agency may use a
25 payment standard that is greater than 120 percent

1 of the fair market rent as a reasonable accommoda-
2 tion for a person with a disability, but only with the
3 approval of the Secretary. In connection with the use
4 of any increased payment standard established or
5 approved pursuant to either of the preceding two
6 sentences as a reasonable accommodation for a per-
7 son with a disability, the Secretary may not estab-
8 lish additional requirements regarding the amount of
9 adjusted income paid by such person for rent”; and

10 (2) in paragraph (5)—

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

13 (B) in subparagraph (A)—

14 (i) by striking “the provisions of” and
15 inserting “paragraphs (6) and (7) of sec-
16 tion 3(a) and to”; and

17 (ii) by striking “and shall be con-
18 ducted upon the initial provision of hous-
19 ing assistance for the family and thereafter
20 not less than annually”; and

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

23 (e) ENHANCED VOUCHER PROGRAM.—Section
24 8(t)(1)(D) of the United States Housing Act of 1937 (42
25 U.S.C. 1437f(t)(1)(D)) is amended by striking “income”

1 each place such term appears and inserting “annual ad-
2 justed income”.

3 (f) PROJECT-BASED HOUSING.—Paragraph (3) of
4 section 8(c) of the United States Housing Act of 1937
5 (42 U.S.C. 1437f(c)(3)) is amended by striking the last
6 sentence.

7 (g) IMPACT ON PUBLIC HOUSING REVENUES.—

8 (1) ADJUSTMENTS TO OPERATING FORMULA.—

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

18 (2) HUD REPORTS ON REVENUE AND COST IM-
19 PACT.—In each of the first two years after the first
20 year in which subsections (a) through (e) are imple-
21 mented, the Secretary of Housing and Urban Devel-
22 opment shall submit a report to Congress identifying
23 and calculating the impact of changes made by such
24 subsections and section 104 of this Act on the reve-
25 nues and costs of operating public housing units, the

1 voucher program for rental assistance under section
2 8 of the United States Housing Act of 1937, and
3 the program under such section 8 for project-based
4 rental assistance. If such report identifies a material
5 reduction in the net income of public housing agen-
6 cies nationwide or a material increase in the costs of
7 funding the voucher program or the project-based
8 assistance program, the Secretary shall include in
9 such report recommendations for legislative changes
10 to reduce or eliminate such a reduction.

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

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

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

21 “(5) **LIMITATIONS ON TENANCY FOR OVER-IN-**
22 **COME FAMILIES.**—

23 “(A) **LIMITATIONS.**—Except as provided in
24 subparagraph (C), in the case of any family re-
25 siding in a dwelling unit of public housing

1 whose income for the most recent two consecu-
2 tive years has exceeded 120 percent of the me-
3 dian income for the area, as determined pursu-
4 ant to an income review conducted pursuant to
5 section 3(a)(6), the public housing agency
6 shall—

7 “(i) notwithstanding any other provi-
8 sion of this Act, charge such family as
9 monthly rent for the unit occupied by such
10 family an amount equal to the sum of—

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

15 “(II) the amount of the monthly
16 subsidy provided under this Act for
17 the dwelling unit, which shall include
18 any amounts from the Operating
19 Fund and Capital Fund under section
20 9 used for the unit, as determined by
21 the agency in accordance with regula-
22 tions that the Secretary shall issue to
23 carry out this subclause; or

24 “(ii) terminate the tenancy of such
25 family in public housing not later than 6

1 months after the income determination de-
2 scribed in subparagraph (A).

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

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

15 **SEC. 104. LIMITATION ON ELIGIBILITY FOR ASSISTANCE**
16 **BASED ON ASSETS.**

17 Section 16 of the United States Housing Act of 1937
18 (42 U.S.C. 1437n) is amended by inserting after sub-
19 section (d) the following new subsection:

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

22 “(1) LIMITATION ON ASSETS.—Subject to para-
23 graph (3) and notwithstanding any other provision
24 of this Act, a dwelling unit assisted under this Act
25 may not be rented and assistance under this Act

1 may not be provided, either initially or at each recer-
2 tification of family income, to any family—

3 “(A) whose net family assets exceed
4 \$100,000, as such amount is adjusted annually
5 by applying an inflationary factor as the Sec-
6 retary considers appropriate; or

7 “(B) who has a present ownership interest
8 in, a legal right to reside in, and the effective
9 legal authority to sell, real property that is suit-
10 able for occupancy by the family as a residence,
11 except that the prohibition under this subpara-
12 graph shall not apply to—

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

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

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

20 “(2) NET FAMILY ASSETS.—

21 “(A) IN GENERAL.—For purposes of this
22 subsection, the term ‘net family assets’ means,
23 for all members of the household, the net cash
24 value of all assets after deducting reasonable
25 costs that would be incurred in disposing of real

1 property, savings, stocks, bonds, and other
2 forms of capital investment. Such term does not
3 include interests in Indian trust land, equity in
4 property for which the family is receiving assist-
5 ance under subsection (y) or (o)(12) of section
6 8, equity accounts in homeownership programs
7 of the Department of Housing and Urban De-
8 velopment, or Family Self Sufficiency accounts.

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

11 “(i) the value of personal property, ex-
12 cept for items of personal property of sig-
13 nificant value, as the Secretary may estab-
14 lish or the public housing agency may de-
15 termine;

16 “(ii) the value of any retirement ac-
17 count;

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

21 “(iv) any amounts recovered in any
22 civil action or settlement based on a claim
23 of malpractice, negligence, or other breach
24 of duty owed to a member of the family

1 and arising out of law, that resulted in a
2 member of the family being disabled;

3 “(v) the value of any Coverdell edu-
4 cation savings account under section 530
5 of the Internal Revenue Code of 1986 or
6 any qualified tuition program under sec-
7 tion 529 of such Code; and

8 “(vi) such other exclusions as the Sec-
9 retary may establish.

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

21 “(3) SELF-CERTIFICATION.—

22 “(A) NET FAMILY ASSETS.—A public
23 housing agency or owner may determine the net
24 assets of a family, for purposes of this section,
25 based on a certification by the family that the

1 net assets of such family do not exceed
2 \$50,000, as such amount is adjusted annually
3 by applying an inflationary factor as the Sec-
4 retary considers appropriate.

5 “(B) NO CURRENT REAL PROPERTY OWN-
6 ERSHIP.—A public housing agency or owner
7 may determine compliance with paragraph
8 (1)(B) based on a certification by the family
9 that such family does not have any current
10 ownership interest in any real property at the
11 time the agency or owner reviews the family’s
12 income.

13 “(C) STANDARDIZED FORMS.—The Sec-
14 retary may develop standardized forms for the
15 certifications referred to in subparagraphs (A)
16 and (B).

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

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

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

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

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

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

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

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

10 (2) by adding at the end the following new sub-
11 paragraph:

12 “(B) UNITS OWNED BY PHA.—For pur-
13 poses of this subsection, the term ‘owned by a
14 public housing agency’ means, with respect to a
15 dwelling unit, that the dwelling unit is in a
16 project that is owned by such agency, by an en-
17 tity wholly controlled by such agency, or by a
18 limited liability company or limited partnership
19 in which such agency (or an entity wholly con-
20 trolled by such agency) holds a controlling in-
21 terest in the managing member or general part-
22 ner. A dwelling unit shall not be deemed to be
23 owned by a public housing agency for purposes
24 of this subsection because the agency holds a
25 fee interest as ground lessor in the property on
26 which the unit is situated, holds a security in-

1 terest under a mortgage or deed of trust on the
2 unit, or holds a non-controlling interest in an
3 entity which owns the unit or in the managing
4 member or general partner of an entity which
5 owns the unit.”.

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

7 (a) **IN GENERAL.**—Paragraph (13) of section 8(o) of
8 the United States Housing Act of 1937 (42 U.S.C.
9 1437f(o)(13)) is amended—

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

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

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

16 “(B) **PERCENTAGE LIMITATION.**—

17 “(i) **IN GENERAL.**—Subject to clause
18 (ii), a public housing agency may use for
19 project-based assistance under this para-
20 graph not more than 20 percent of the au-
21 thorized units for the agency.

22 “(ii) **EXCEPTION.**—A public housing
23 agency may use up to an additional 10
24 percent of the authorized units for the
25 agency for project-based assistance under

1 this paragraph, to provide units that house
2 individuals and families that meet the defi-
3 nition of homeless under section 103 of the
4 McKinney-Vento Homeless Assistance Act
5 (42 U.S.C. 11302), that house families
6 with veterans, that provide supportive
7 housing to persons with disabilities or el-
8 derly persons, or that are located in areas
9 where vouchers under this subsection are
10 difficult to use, as specified in subpara-
11 graph (D)(ii)(II). Any units of project-
12 based assistance that are attached to units
13 previously subject to federally required
14 rent restrictions or receiving another type
15 of long-term housing subsidy provided by
16 the Secretary shall not count toward the
17 percentage limitation under clause (i) of
18 this subparagraph. The Secretary may, by
19 regulation, establish additional categories
20 for the exception under this clause.”;

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

23 “(D) INCOME-MIXING REQUIREMENT.—

24 “(i) IN GENERAL.—Except as pro-
25 vided in clause (ii), not more than the

1 greater of 25 dwelling units or 25 percent
2 of the dwelling units in any project may be
3 assisted under a housing assistance pay-
4 ment contract for project-based assistance
5 pursuant to this paragraph. For purposes
6 of this subparagraph, the term ‘project’
7 means a single building, multiple contig-
8 uous buildings, or multiple buildings on
9 contiguous parcels of land.

10 “(ii) EXCEPTIONS.—

11 “(I) CERTAIN FAMILIES.—The
12 limitation under clause (i) shall not
13 apply to dwelling units assisted under
14 a contract that are exclusively made
15 available to elderly families or to
16 households eligible for supportive serv-
17 ices that are made available to the as-
18 sisted residents of the project, accord-
19 ing to standards for such services the
20 Secretary may establish.

21 “(II) CERTAIN AREAS.—With re-
22 spect to areas in which tenant-based
23 vouchers for assistance under this
24 subsection are difficult to use, as de-
25 termined by the Secretary, and with

1 respect to census tracts with a poverty
2 rate of 20 percent or less, clause (i)
3 shall be applied by substituting ‘40
4 percent’ for ‘25 percent’, and the Sec-
5 retary may, by regulation, establish
6 additional conditions.

7 “(III) CERTAIN CONTRACTS.—
8 The limitation under clause (i) shall
9 not apply with respect to contracts or
10 renewal of contracts under which a
11 greater percentage of the dwelling
12 units in a project were assisted under
13 a housing assistance payment contract
14 for project-based assistance pursuant
15 to this paragraph on the date of the
16 enactment of the Housing Oppor-
17 tunity Through Modernization Act of
18 2015.

19 “(IV) CERTAIN PROPERTIES.—
20 Any units of project-based assistance
21 under this paragraph that are at-
22 tached to units previously subject to
23 federally required rent restrictions or
24 receiving other project-based assist-
25 ance provided by the Secretary shall

1 not count toward the percentage limi-
2 tation imposed by this subparagraph
3 (D).

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

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

15 “(F) CONTRACT TERM.—

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

21 “(I) the availability of sufficient
22 appropriated funds for the purpose of
23 renewing expiring contracts for assist-
24 ance payments, as provided in appro-
25 priation Acts and in the agency’s an-

1 nual contributions contract with the
2 Secretary, provided that in the event
3 of insufficient appropriated funds,
4 payments due under contracts under
5 this paragraph shall take priority if
6 other cost-saving measures that do
7 not require the termination of an ex-
8 isting contract are available to the
9 agency; and

10 “(II) compliance with the inspec-
11 tion requirements under paragraph
12 (8), except that the agency shall not
13 be required to make biennial inspec-
14 tions of each assisted unit in the de-
15 velopment.

16 “(ii) ADDITION OF ELIGIBLE UNITS.—
17 Subject to the limitations of subparagraphs
18 (B) and (D), the agency and the owner
19 may add eligible units within the same
20 project to a housing assistance payments
21 contract at any time during the term
22 thereof without being subject to any addi-
23 tional competitive selection procedures.

24 “(iii) HOUSING UNDER CONSTRU-
25 TION OR RECENTLY CONSTRUCTED.—An

1 agency may enter into a housing assistance
2 payments contract with an owner for any
3 unit that does not qualify as existing hous-
4 ing and is under construction or recently
5 has been constructed whether or not the
6 agency has executed an agreement to enter
7 into a contract with the owner, provided
8 that the owner demonstrates compliance
9 with applicable requirements prior to exe-
10 cution of the housing assistance payments
11 contract. This clause shall not subject a
12 housing assistance payments contract for
13 existing housing under this paragraph to
14 such requirements or otherwise limit the
15 extent to which a unit may be assisted as
16 existing housing.

17 “(iv) ADDITIONAL CONDITIONS.—The
18 contract may specify additional conditions,
19 including with respect to continuation, ter-
20 mination, or expiration, and shall specify
21 that upon termination or expiration of the
22 contract without extension, each assisted
23 family may elect to use its assistance
24 under this subsection to remain in the
25 same project if its unit complies with the

1 inspection requirements under paragraph
2 (8), the rent for the unit is reasonable as
3 required by paragraph (10)(A), and the
4 family pays its required share of the rent
5 and the amount, if any, by which the unit
6 rent (including the amount allowed for ten-
7 ant-based utilities) exceeds the applicable
8 payment standard.”;

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

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

13 “(I) RENT ADJUSTMENTS.—A housing as-
14 sistance payments contract pursuant to this
15 paragraph entered into after the date of the en-
16 actment of the Housing Opportunity Through
17 Modernization Act of 2015 shall provide for an-
18 nual rent adjustments upon the request of the
19 owner, except that—

20 “(i) by agreement of the parties, a
21 contract may allow a public housing agency
22 to adjust the rent for covered units using
23 an operating cost adjustment factor estab-
24 lished by the Secretary pursuant to section
25 524(c) of the Multifamily Assisted Housing

1 Reform and Affordability Act of 1997
2 (which shall not result in a negative ad-
3 justment), in which case the contract may
4 require an additional adjustment, if re-
5 quested, up to the reasonable rent periodi-
6 cally during the term of the contract, and
7 shall require such an adjustment, if re-
8 quested, upon extension pursuant to sub-
9 paragraph (G);

10 “(ii) the adjusted rent shall not ex-
11 ceed the maximum rent permitted under
12 subparagraph (H);

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

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

21 (8) in subparagraph (J)—

22 (A) in the first sentence—

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

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

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

15 (C) by striking the fifth and sixth sen-
16 tences and inserting the following: “A public
17 housing agency may establish and utilize proce-
18 dures for owner-maintained site-based waiting
19 lists, under which applicants may apply at, or
20 otherwise designate to the public housing agen-
21 cy, the project or projects in which they seek to
22 reside, except that all eligible applicants on the
23 waiting list of an agency for assistance under
24 this subsection shall be permitted to place their
25 names on such separate list, subject to policies

1 and procedures established by the Secretary. All
2 such procedures shall comply with title VI of
3 the Civil Rights Act of 1964, the Fair Housing
4 Act, section 504 of the Rehabilitation Act of
5 1973, and other applicable civil rights laws. The
6 owner or manager of a project assisted under
7 this paragraph shall not admit any family to a
8 dwelling unit assisted under a contract pursu-
9 ant to this paragraph other than a family re-
10 ferred by the public housing agency from its
11 waiting list, or a family on a site-based waiting
12 list that complies with the requirements of this
13 subparagraph. A public housing agency shall
14 disclose to each applicant all other options in
15 the selection of a project in which to reside that
16 are provided by the public housing agency and
17 are available to the applicant.”;

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

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

24 “(N) STRUCTURE OWNED BY AGENCY.—A
25 public housing agency engaged in an initiative

1 to improve, develop, or replace a public housing
2 property or site may attach assistance to an ex-
3 isting, newly constructed, or rehabilitated struc-
4 ture in which the agency has an ownership in-
5 terest or which the agency has control of with-
6 out following a competitive process, provided
7 that the agency has notified the public of its in-
8 tent through its public housing agency plan and
9 subject to the limitations and requirements of
10 this paragraph.

11 “(O) SPECIAL PURPOSE VOUCHERS.—A
12 public housing agency that administers vouch-
13 ers authorized under subsection (o)(19) or (x)
14 of this section may provide such assistance in
15 accordance with the limitations and require-
16 ments of this paragraph, without additional re-
17 quirements for approval by the Secretary.”

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

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

23 (a) IN GENERAL.—Paragraph (1) of section 8(c) of
24 the United States Housing Act of 1937 (42 U.S.C.
25 1437f(c)(1)) is amended—

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

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

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

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

24 (b) PAYMENT STANDARD.—Subparagraph (B) of sec-
25 tion 8(o)(1) of the United States Housing Act of 1937

1 (42 U.S.C. 1437f(o)(1)(B)) is amended by inserting be-
2 fore the period at the end the following: “, except that
3 no public housing agency shall be required as a result of
4 a reduction in the fair market rental to reduce the pay-
5 ment standard applied to a family continuing to reside in
6 a unit for which the family was receiving assistance under
7 this section at the time the fair market rental was reduced.
8 The Secretary shall allow public housing agencies to re-
9 quest exception payment standards within fair market
10 rental areas subject to criteria and procedures established
11 by the Secretary”.

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

15 **SEC. 108. PROHIBITION ON UTILITY REIMBURSEMENTS;**
16 **COLLECTION OF UTILITY DATA.**

17 (a) HOUSING CHOICE VOUCHERS.—Section 8(o) of
18 the United States Housing Act of 1937 (42 U.S.C.
19 1437f(o)) is amended—

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

22 “(iii) PROHIBITION ON PAYMENTS.—
23 Notwithstanding any other provision of
24 this Act, no amount may be reimbursed or
25 paid to, or credited for, any family assisted

1 under this subsection by reason of any ex-
2 cess in the utility allowance for such fam-
3 ily.”.

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

6 “(20) COLLECTION OF UTILITY DATA.—

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

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

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

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

23 (b) PUBLIC HOUSING AND OTHER SECTION 8 PRO-
24 GRAMS.—Subsection (a) of section 3 of the United States
25 Housing Act of 1937 (42 U.S.C. 1437a(a)), as amended

1 by the preceding provisions of this Act, is further amended
2 by adding at the end the following new paragraph:

3 “(8) PROHIBITION ON UTILITY REIMBURSE-
4 MENTS.—Notwithstanding any other provision of
5 this Act, no amount may be reimbursed or paid to,
6 or credited for, any family residing in a public hous-
7 ing dwelling unit or assisted under section 8 (other
8 than under subsection (o)) by reason of any excess
9 in the utility allowance for such family.”.

10 **SEC. 109. PUBLIC HOUSING CAPITAL AND OPERATING**
11 **FUNDS.**

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

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

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

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

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

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

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

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

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

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

24 “(D) The Secretary may establish, by reg-
25 ulation, a maximum replacement reserve level

1 or levels that are below amounts determined
2 under subparagraph (C), which may be based
3 upon the size of the portfolio assisted under
4 this section or other factors.

5 “(3) TRANSFER OF OPERATING FUNDS.—In
6 first establishing a replacement reserve, the Sec-
7 retary may allow public housing agencies to transfer
8 more than 20 percent of its operating funds into its
9 replacement reserve.

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

14 “(5) MANAGEMENT AND REPORT.—The Sec-
15 retary shall establish appropriate accounting and re-
16 porting requirements to ensure that public housing
17 agencies are spending funds on eligible projects and
18 that funds in the replacement reserve are connected
19 to capital needs.”.

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

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

25 “(1) FLEXIBILITY IN USE OF FUNDS.—

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

3 (2) by adding at the end the following new sub-
4 paragraph:

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

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

17 Section 8(x) of the United States Housing Act of
18 1937 (42 U.S.C. 1437f(x)) is amended—

19 (1) in paragraph (2)—

20 (A) in clause (A)(ii), by striking “care
21 and” and inserting “care,”;

22 (B) in clause (B)—

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

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

3 (C) by inserting at the end the following:
4 “(C) for a period not to exceed 36 months, oth-
5 erwise eligible youths who have attained 16 or
6 17 years of age and who have left foster care,
7 if the service provider signs the lease for the
8 dwelling unit for which the voucher is used and
9 provides on-site supportive services (as defined
10 in section 401 of the McKinney-Vento Homeless
11 Assistance Act (42 U.S.C. 11360)) that are ap-
12 propriate for the supervision of such youth
13 within the housing community in which such
14 dwelling unit is located.”; and

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

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

20 **TITLE II—RURAL HOUSING**

21 **SEC. 201. DELEGATION OF GUARANTEED RURAL HOUSING**

22 **LOAN APPROVAL.**

23 Subsection (h) of section 502 of the Housing Act of
24 1949 (42 U.S.C. 1472(h)) is amended by adding at the
25 end the following new paragraph:

1 “(18) DELEGATION OF APPROVAL.—The Sec-
2 retary may delegate, in part or in full, the Sec-
3 retary’s authority to approve and execute binding
4 Rural Housing Service loan guarantees pursuant to
5 this subsection to certain preferred lenders, in ac-
6 cordance with standards established by the Sec-
7 retary.”.

8 **SEC. 202. RURAL MULTIFAMILY HOUSING REVITALIZATION**
9 **PROGRAM.**

10 Section 515 of the Housing Act of 1949 (42 U.S.C.
11 1485) is amended by adding at the end the following new
12 subsection:

13 “(bb) MULTIFAMILY HOUSING REVITALIZATION
14 PROGRAM.—

15 “(1) IN GENERAL.—The Secretary may estab-
16 lish a Multifamily Housing Revitalization Program
17 for the preservation and revitalization of multifamily
18 housing projects funded with loans made available
19 pursuant to this section and sections 514 and 516
20 to ensure that such projects have sufficient resources
21 to provide safe and affordable housing for low-in-
22 come residents and farm laborers.

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

25 “(A) with respect such loans—

- 1 “(i) reduce or eliminate interest;
2 “(ii) defer loan payments; and
3 “(iii) subordinate, reduce, or reamortize loan debt; and
4
5 “(B) provide other financial assistance, including—
6
7 “(i) advances; and
8 “(ii) payments and incentives (including the ability of owners to obtain reasonable returns on investment).

11 “(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.

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

20 “(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

1 low-income household (including those not re-
2 ceiving rental assistance) residing in a property
3 financed with a loan under this section that has
4 been prepaid after September 30, 2005:.

5 “(B) AMOUNT.—Notwithstanding section
6 542, the amount of a voucher provided pursu-
7 ant to this paragraph shall be the difference be-
8 tween comparable market rent for the unit and
9 the tenant-paid rent for such unit.

10 “(C) AVAILABILITY.—Funds made avail-
11 able for vouchers pursuant to this paragraph
12 shall be subject to the availability of annual ap-
13 propriations.

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

1 **TITLE III—FHA MORTGAGE IN-**
2 **SURANCE FOR CONDOMIN-**
3 **IUMS**

4 **SEC. 301. MODIFICATION OF FHA REQUIREMENTS FOR**
5 **MORTGAGE INSURANCE FOR CONDOMIN-**
6 **IUMS.**

7 Section 203 of the National Housing Act (12 U.S.C.
8 1709) is amended by adding at the end the following new
9 subsection:

10 “(y) REQUIREMENTS FOR MORTGAGES FOR CON-
11 DOMINIUMS.—

12 “(1) PROJECT RE-CERTIFICATION REQUIRE-
13 MENTS.—Notwithstanding any other law, regulation,
14 or guideline of the Secretary, including chapter 2.4
15 of the Condominium Project Approval and Proc-
16 essing Guide of the FHA, the Secretary shall
17 streamline the project certification requirements that
18 are applicable to the insurance under this section for
19 mortgages for condominium projects so that re-cer-
20 tifications are substantially less burdensome than
21 certifications. The Secretary shall consider length-
22 ening the time between certifications for approved
23 properties, and allowing updating of information
24 rather than resubmission.

1 “(2) COMMERCIAL SPACE REQUIREMENTS.—
2 Notwithstanding any other law, regulation, or guide-
3 line of the Secretary, including chapter 2.1.3 of the
4 Condominium Project Approval and Processing
5 Guide of the FHA, in providing for exceptions to the
6 requirement for the insurance of a mortgage on a
7 condominium property under this section regarding
8 the percentage of the floor space of a condominium
9 property that may be used for non-residential or
10 commercial purposes, the Secretary shall provide
11 that—

12 “(A) any request for such an exception and
13 the determination of the disposition of such re-
14 quest may be made, at the option of the re-
15 quester, under the direct endorsement lender
16 review and approval process or under the HUD
17 review and approval process through the appli-
18 cable field office of the Department; and

19 “(B) in determining whether to allow such
20 an exception for a condominium property, fac-
21 tors relating to the economy for the locality in
22 which such project is located or specific to
23 project, including the total number of family
24 units in the project, shall be considered.

1 “(3) TRANSFER FEES.—Notwithstanding any
2 other law, regulation, or guideline of the Secretary,
3 including chapter 1.8.8 of the Condominium Project
4 Approval and Processing Guide of the FHA and sec-
5 tion 203.41 of the Secretary’s regulations (24
6 C.F.R. 203.41), existing standards of the Federal
7 Housing Finance Agency relating to encumbrances
8 under private transfer fee covenants shall apply to
9 the insurance of mortgages by the Secretary under
10 this section to the same extent and in the same
11 manner that such standards apply to the pur-
12 chasing, investing in, and otherwise dealing in mort-
13 gages by the Federal National Mortgage Association
14 and the Federal Home Loan Mortgage Corporation.

15 “(4) OWNER-OCCUPANCY REQUIREMENT.—

16 “(A) REDUCTION TO 35 PERCENT.—Except
17 as provided in subparagraph (B) of this para-
18 graph and notwithstanding any other law, regu-
19 lation, or guideline of the Secretary, in order
20 for a condominium project to be acceptable to
21 the Secretary for insurance under this section,
22 at least 35 percent of all family units (including
23 units not covered by FHA-insured mortgages)
24 must be occupied by the owners as a principal
25 residence or a secondary residence (as such

1 terms are defined by the Secretary), or must
2 have been sold to owners who intend to meet
3 such occupancy requirement.

4 “(B) OTHER CONSIDERATIONS.—The Sec-
5 retary may increase the percentage applicable
6 pursuant to subparagraph (A) to a condo-
7 minium project on a project-by-project basis,
8 and in determining such percentage for a
9 project shall consider factors relating to the
10 economy for the locality in which such project
11 is located or specific to project, including the
12 total number of family units in the project.”.

13 **TITLE IV—HOUSING REFORMS**
14 **FOR THE HOMELESS AND FOR**
15 **VETERANS**

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

17 (a) **AUTHORITY PRIVATE NONPROFIT ORGANIZA-**
18 **TIONS TO ADMINISTER PERMANENT HOUSING RENTAL**
19 **ASSISTANCE.**—Subsection (g) of section 423 of the
20 McKinney-Vento Homeless Assistance Act (42 U.S.C.
21 11383(g)) is amended by inserting “private nonprofit or-
22 ganization,” after “unit of general local government,”.

23 (b) **REALLOCATION OF FUNDS.**—Paragraph (1) of
24 section 414(d) of the McKinney-Vento Homeless Assist-

1 ance Act (42 U.S.C. 11373(d)(1)) is amended by striking
2 “twice” and inserting “once”.

3 (c) DEFINITION OF GEOGRAPHIC AREAS.—Subtitle C
4 of the McKinney-Vento Homeless Assistance Act is
5 amended—

6 (1) by redesignating sections 432 and 433 (42
7 U.S.C. 11387, 11388) as sections 433 and 434, re-
8 spectively; and

9 (2) by inserting after section 431 (42 U.S.C.
10 11386e) the following new section:

11 **“SEC. 432. GEOGRAPHIC AREAS.**

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

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

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

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

1 (1) in the subsection heading, by inserting “,
2 PUBLIC HOUSING AGENCIES, AND LOCAL REDEVEL-
3 OPMENT AUTHIORITYIES” after “ORGANIZATIONS”;
4 and

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

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

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

18 “(h) SPECIAL ASSISTANT FOR VETERANS AF-
19 FAIRS.—

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

23 “(2) APPOINTMENT.—The Special Assistant for
24 Veterans Affairs shall be appointed based solely on
25 merit and shall be covered under the provisions of

1 title 5, United States Code, governing appointments
2 in the competitive service.

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

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

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

11 “(C) serving as a liaison for the Depart-
12 ment with the Department of Veterans Affairs,
13 including establishing and maintaining relation-
14 ships with the Secretary of Veterans Affairs;

15 “(D) serving as a liaison for the Depart-
16 ment, and establishing and maintaining rela-
17 tionships with the United States Interagency
18 Council on Homelessness and officials of State,
19 local, regional, and nongovernmental organiza-
20 tions concerned with veterans;

21 “(E) providing information and advice re-
22 garding—

23 “(i) sponsoring housing projects for
24 veterans assisted under programs adminis-
25 tered by the Department; or

1 “(ii) assisting veterans in obtaining
2 housing or homeless assistance under pro-
3 grams administered by the Department;

4 “(F) coordinating with the Secretary of
5 Housing and Urban Development and the Sec-
6 retary of Veterans Affairs in carrying out sec-
7 tion 404 of the Housing Opportunity Through
8 Modernization Act of 2015; and

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

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

22 **SEC. 404. ANNUAL SUPPLEMENTAL REPORT ON VETERANS**
23 **HOMELESSNESS.**

24 (a) **IN GENERAL.**—The Secretary of Housing and
25 Urban Development and the Secretary of Veterans Af-

1 fairs, in coordination with the United States Interagency
2 Council on Homelessness, shall submit annually to the
3 Committees of the Congress specified in subsection (b),
4 together with the annual reports required by such Secre-
5 taries under section 203(c)(1) of the McKinney-Vento
6 Homeless Assistance Act (42 U.S.C. 11313(c)(1)), a sup-
7 plemental report that includes the following information
8 with respect to the preceding year:

9 (1) The same information, for such preceding
10 year, that was included with respect to 2010 in the
11 report by the Secretary of Housing and Urban De-
12 velopment and the Secretary of Veterans Affairs en-
13 titled “Veterans Homelessness: A Supplemental Re-
14 port to the 2010 Annual Homeless Assessment Re-
15 port to Congress”.

16 (2) Information regarding the activities of the
17 Department of Housing and Urban Development re-
18 lating to veterans during such preceding year, as fol-
19 lows:

20 (A) The number of veterans provided as-
21 sistance under the housing choice voucher pro-
22 gram for Veterans Affairs supported housing
23 under section 8(o)(19) of the United States
24 Housing Act of 1937 (42 U.S.C. 1437f(o)(19)),
25 the socioeconomic characteristics of such home-

1 less veterans, and the number, types, and loca-
2 tions of entities contracted under such section
3 to administer the vouchers.

4 (B) A summary description of the special
5 considerations made for veterans under public
6 housing agency plans submitted pursuant to
7 section 5A of the United States Housing Act of
8 1937 (42 U.S.C. 1437c-1) and under com-
9 prehensive housing affordability strategies sub-
10 mitted pursuant to section 105 of the Cranston-
11 Gonzalez National Affordable Housing Act (42
12 U.S.C. 12705).

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

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

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

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

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

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

11 (2) The Committee on Veterans' Affairs of the
12 Senate.

13 (3) The Committee on Appropriations of the
14 Senate.

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

17 (5) The Committee on Veterans' Affairs of the
18 House of Representatives.

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

1 **TITLE V—MISCELLANEOUS**

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

5 The Disaster Housing Assistance Program adminis-
6 tered by the Department of Housing and Urban Develop-
7 ment shall be considered a “program of the Department
8 of Housing and Urban Development” under section 904
9 of the Stewart B. McKinney Homeless Assistance Amend-
10 ments Act of 1988 (42 U.S.C. 3544) for the purpose of
11 income verifications.

12 **SEC. 502. AMENDMENTS TO LOW-INCOME HOUSING PRES-**
13 **ERVATION AND RESIDENT HOMEOWNERSHIP**
14 **ACT OF 1990.**

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

20 “(e) DISTRIBUTION AND RESIDUAL RECEIPTS.—

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

1 “(A) annually, all surplus cash generated
2 by the property, but only if the owner is in ma-
3 terial compliance with such use agreement in-
4 cluding compliance with prevailing physical con-
5 dition standards established by the Secretary;
6 and

7 “(B) notwithstanding any conflicting provi-
8 sion in such use agreement, any funds accumu-
9 lated in a residual receipts account, but only if
10 the owner is in material compliance with such
11 use agreement and has completed, or set aside
12 sufficient funds for completion of, any capital
13 repairs identified by the most recent third party
14 capital needs assessment.

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

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

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

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

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

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

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

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

23 “(3) for tenants of dwelling units not covered
24 by a project- or tenant-based rental subsidy, any
25 rent increases resulting from the refinancing trans-

1 action may not exceed 10 percent per year, except
2 that—

3 “(A) any tenant occupying a dwelling unit
4 as of time of the refinancing may not be re-
5 quired to pay for rent and utilities, for the du-
6 ration of such tenancy, an amount that exceeds
7 the greater of—

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

9 or

10 “(ii) the amount paid by the tenant
11 for rent and utilities immediately before
12 such refinancing; and

13 “(B) this paragraph shall not apply to any
14 tenant who does not provide the owner with
15 proof of income.

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

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

1 **SEC. 503. BUDGET-NEUTRAL DEMONSTRATION PROGRAM**
2 **FOR ENERGY AND WATER CONSERVATION IM-**
3 **PROVEMENTS AT MULTIFAMILY RESIDEN-**
4 **TIAL UNITS.**

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

16 (1) the project-based rental assistance program
17 under section 8 of the United States Housing Act of
18 1937 (42 U.S.C. 1437f), other than assistance pro-
19 vided under section 8(o) of that Act;

20 (2) the supportive housing for the elderly pro-
21 gram under section 202 of the Housing Act of 1959
22 (12 U.S.C. 1701q); or

23 (3) the supportive housing for persons with dis-
24 abilities program under section 811(d)(2) of the
25 Cranston-Gonzalez National Affordable Housing Act
26 (42 U.S.C. 8013(d)(2)).

1 (b) REQUIREMENTS.—

2 (1) PAYMENTS CONTINGENT ON SAVINGS.—

3 (A) IN GENERAL.—The Secretary shall
4 provide to an entity a payment under an agree-
5 ment under this section only during applicable
6 years for which an energy or water cost savings
7 is achieved with respect to the applicable multi-
8 family portfolio of properties, as determined by
9 the Secretary, in accordance with subparagraph
10 (B).

11 (B) PAYMENT METHODOLOGY.—

12 (i) IN GENERAL.—Each agreement
13 under this section shall include a pay-for-
14 success provision that—

15 (I) shall serve as a payment
16 threshold for the term of the agree-
17 ment; and

18 (II) requires that payments shall
19 be contingent on realized cost savings
20 associated with reduced utility con-
21 sumption in the participating prop-
22 erties.

23 (ii) LIMITATIONS.—A payment made
24 by the Secretary under an agreement
25 under this section—

1 (I) shall be contingent on docu-
2 mented utility savings; and

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

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

12 (i) establishment of a weather-normal-
13 ized and occupancy-normalized utility con-
14 sumption baseline established pre-retrofit;

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

18 (iii) annual third-party validation of
19 the tenant utility allowances in effect dur-
20 ing the applicable year and vacancy rates
21 for each unit type; and

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

24 An agreement under this section with an entity
25 shall provide that the entity shall cover costs

1 associated with third-party verification under
2 this subparagraph.

3 (2) TERMS OF PERFORMANCE-BASED AGREE-
4 MENTS.—A performance-based agreement under this
5 section shall include—

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

9 (B) the performance measures that will
10 serve as payment thresholds during the term of
11 the agreement;

12 (C) an audit protocol for the properties
13 covered by the agreement;

14 (D) a requirement that payments shall be
15 contingent on realized cost savings associated
16 with reduced utility consumption in the partici-
17 pating properties; and

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

20 (3) ENTITY ELIGIBILITY.—The Secretary
21 shall—

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

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

4 (i) financing or operating properties
5 receiving assistance under a program iden-
6 tified in subsection (a);

7 (ii) oversight of energy or water con-
8 servation programs, including oversight of
9 contractors; and

10 (iii) raising capital for energy or
11 water conservation improvements from
12 charitable organizations or private inves-
13 tors.

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

18 (5) PROPERTIES.—A property may only be in-
19 cluded in the demonstration under this section only
20 if the property is subject to affordability restrictions
21 for at least 15 years after the date of the completion
22 of any conservation improvements made to the prop-
23 erty under the demonstration program. Such restric-
24 tions may be made through an extended affordability
25 agreement for the property under a new housing as-

1 sistance payments contract with the Secretary of
2 Housing and Urban Development or through an en-
3 forceable covenant with the owner of the property.

4 (c) PLAN AND REPORTS.—

5 (1) PLAN.—Not later than 90 days after the
6 date of enactment of this Act, the Secretary shall
7 submit to the Committees on Appropriations and Fi-
8 nancial Services of the House of Representatives and
9 the Committees on Appropriations and Banking,
10 Housing, and Urban Affairs of the Senate a detailed
11 plan for the implementation of this section.

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

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

17 (B) submit to Congress a report describing
18 each evaluation conducted under subparagraph

19 (A).

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

1 **SEC. 504. ENERGY EFFICIENCY REQUIREMENTS UNDER**
2 **SELF-HELP HOMEOWNERSHIP OPPORTUNITY**
3 **PROGRAM.**

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

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

16 **SEC. 505. DATA EXCHANGE STANDARDIZATION FOR IM-**
17 **PROVED INTEROPERABILITY.**

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

23 **“SEC. 38. DATA EXCHANGE STANDARDS FOR IMPROVED**
24 **INTEROPERABILITY.**

25 “(a) DESIGNATION.—The Secretary shall, in con-
26 sultation with an interagency work group established by

1 the Office of Management and Budget, and considering
2 State government perspectives, designate data exchange
3 standards to govern, under this Act—

4 “(1) necessary categories of information that
5 State agencies operating related programs are re-
6 quired under applicable law to electronically ex-
7 change with another State agency; and

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

10 “(b) REQUIREMENTS.—The data exchange standards
11 required by subsection (a) shall, to the maximum extent
12 practicable—

13 “(1) incorporate a widely accepted, nonpropr-
14 etary, searchable, computer-readable format, such as
15 the eXtensible Markup Language;

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

19 “(3) incorporate interoperable standards devel-
20 oped and maintained by Federal entities with au-
21 thority over contracting and financial assistance;

22 “(4) be consistent with and implement applica-
23 ble accounting principles;

1 “(5) be implemented in a manner that is cost-
2 effective and improves program efficiency and effec-
3 tiveness; and

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

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

10 (b) APPLICABILITY.—

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

16 (2) REQUIREMENTS.—The rule shall—

17 (A) identify federally required data ex-
18 changes;

19 (B) include specification and timing of ex-
20 changes to be standardized;

21 (C) address the factors used in deter-
22 mining whether and when to standardize data
23 exchanges;

24 (D) specify State implementation options;
25 and

1

(E) describe future milestones.