

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.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2015

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

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## A BILL

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

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

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

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

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

Sec. 1. Short title and table of contents.

TITLE I—SECTION 8 RENTAL ASSISTANCE AND PUBLIC HOUSING

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

#### TITLE II—RURAL HOUSING

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

#### TITLE III—FHA MORTGAGE INSURANCE FOR CONDOMINIUMS

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

#### TITLE IV—HOUSING REFORMS FOR THE HOMELESS AND FOR VETERANS

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

#### TITLE V—MISCELLANEOUS

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

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

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

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

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

3                   “(A) INITIAL INSPECTION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



1 transfer the rental assistance to that  
2 unit.

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

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

23 “(vii) RELOCATION.—

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

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

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

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

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

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

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

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

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

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

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

21 (1) in subsection (a)—

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

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

3 “(6) REVIEWS OF FAMILY INCOME.—

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

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

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

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

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

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

11 “(B) FIXED-INCOME FAMILIES.—

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

10 “(7) CALCULATION OF INCOME.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

4 (2) in paragraph (5)—

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

7 (B) in subparagraph (A)—

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

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

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

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

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

1 (g) IMPACT ON PUBLIC HOUSING REVENUES.—

2 (1) ADJUSTMENTS TO OPERATING FORMULA.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14           “(2) NET FAMILY ASSETS.—

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



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

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

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

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

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

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

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

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

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

14                  “(3) SELF-CERTIFICATION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7                   “(B) PERCENTAGE LIMITATION.—

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

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

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

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

14           “(D) INCOME-MIXING REQUIREMENT.—

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

1 “(ii) EXCEPTIONS.—

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

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

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



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

10 “(IV) CERTAIN PROPERTIES.—

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

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

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

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

6 “(F) CONTRACT TERM.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (8) in subparagraph (J)—

15 (A) in the first sentence—

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 “(20) COLLECTION OF UTILITY DATA.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 “(1) FLEXIBILITY IN USE OF FUNDS.—

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

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

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

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

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

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

12 (1) in paragraph (2)—

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

15 (B) in subparagraph (B)—

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

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

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

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



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

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

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

## 12 **TITLE II—RURAL HOUSING**

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

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

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

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

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

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

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

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

18 “(A) with respect such loans—

19 “(i) reduce or eliminate interest;

20 “(ii) defer loan payments; and

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

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

25 “(i) advances; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 “(4) OWNER-OCCUPANCY REQUIREMENT.—

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

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

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

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

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

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

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

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

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



1 **“SEC. 432. GEOGRAPHIC AREAS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 13           **TITLE V—MISCELLANEOUS**

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

#### 15                   **PROGRAM IN CERTAIN FRAUD AND ABUSE**

#### 16                   **PREVENTION MEASURES.**

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

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

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

9 “(e) DISTRIBUTION AND RESIDUAL RECEIPTS.—

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

22 or

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

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

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

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

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

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

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

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

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

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

14 (b) REQUIREMENTS.—

15 (1) PAYMENTS CONTINGENT ON SAVINGS.—

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

24 (B) PAYMENT METHODOLOGY.—

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

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

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

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

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

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

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

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

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

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

- 20 (A) the period that the agreement will be  
21 in effect and during which payments may be  
22 made, which may not be longer than 12 years;
- 23 (B) the performance measures that will  
24 serve as payment thresholds during the term of  
25 the agreement;

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

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

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

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

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

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

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

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

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

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

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

16          (c) PLAN AND REPORTS.—

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24       (b) APPLICABILITY.—

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

6           (2) REQUIREMENTS.—The rule shall—

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

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

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

14           (D) specify State implementation options;  
15 and

16           (E) describe future milestones.

○