

## **Housing Opportunity Through Modernization Act of 2016**

[Public Law 114–201]

[This law has not been amended]

【Currency: This publication is a compilation of the text of Public Law 114-201. It was last amended by the public law listed in the As Amended Through note above and below at the bottom of each page of the pdf version and reflects current law through the date of the enactment of the public law listed at <https://www.govinfo.gov/app/collection/comps/>】

【Note: While this publication does not represent an official version of any Federal statute, substantial efforts have been made to ensure the accuracy of its contents. The official version of Federal law is found in the United States Statutes at Large and in the United States Code. The legal effect to be given to the Statutes at Large and the United States Code is established by statute (1 U.S.C. 112, 204).】

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

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

### **SECTION 1. [42 U.S.C. 1437 note] SHORT TITLE AND TABLE OF CONTENTS.**

(a) SHORT TITLE.—This Act may be cited as the “Housing Opportunity Through Modernization Act of 2016”.

(b) TABLE OF CONTENTS.—The table of contents for 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. Collection of utility data.
- Sec. 109. Public housing Capital and Operating Funds.
- Sec. 110. Family unification program for children aging out of foster care.
- Sec. 111. Public housing heating guidelines.
- Sec. 112. Use of vouchers for manufactured housing.
- Sec. 113. Preference for United States citizens or nationals.
- Sec. 114. Exception to public housing agency resident board member requirement.

#### **TITLE II—RURAL HOUSING**

- Sec. 201. Delegation of guaranteed rural housing loan approval.
- Sec. 202. Guaranteed underwriting user fee.

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

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

**Sec. 101      Housing Opportunity Through Modernization Act of...      2**

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

- Sec. 401. Definition of geographic area for 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.
- Sec. 405. Reopening of public comment period for continuum of care program regulations.

**TITLE V—MISCELLANEOUS**

- Sec. 501. Inclusion of Disaster Housing Assistance Program in certain fraud and abuse prevention measures.
- Sec. 502. Energy efficiency requirements under Self-Help Homeownership Opportunity program.
- Sec. 503. Data exchange standardization for improved interoperability.

**TITLE VI—REPORTS**

- Sec. 601. Report on interagency family economic empowerment strategies.

**TITLE VII—HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS**

- Sec. 701. Formula and terms for allocations to prevent homelessness for individuals living with HIV or AIDS.

**TITLE I—SECTION 8 RENTAL ASSISTANCE AND PUBLIC HOUSING**

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

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

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

“(A) **INITIAL INSPECTION.**—

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

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

standards has not been corrected by such time. The public housing agency shall recommence assistance payments when such deficiency has been corrected, and may use any payments withheld to make assistance payments relating to the period during which payments were withheld.

“(iii) USE OF ALTERNATIVE INSPECTION METHOD FOR INTERIM PERIOD.—In the case of any property that within the previous 24 months has met the requirements of an inspection that qualifies as an alternative inspection method pursuant to subparagraph (E), a public housing agency may authorize occupancy before the inspection under clause (i) has been completed, and may make assistance payments retroactive to the beginning of the lease term after the unit has been determined pursuant to an inspection under clause (i) to meet the housing quality standards under subparagraph (B). This clause may not be construed to exempt any dwelling unit from compliance with the requirements of subparagraph (D).”;

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

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

“(G) ENFORCEMENT OF HOUSING QUALITY STANDARDS.—

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

“(I) the public housing agency or an inspector authorized by the State or unit of local government determines upon inspection of the unit that the unit fails to comply with such standards;

“(II) the agency or inspector notifies the owner of the unit in writing of such failure to comply; and

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

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

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

“(ii) WITHHOLDING OF ASSISTANCE AMOUNTS DURING CORRECTION.—The public housing agency may withhold assistance amounts under this subsection with respect to a dwelling unit for which a notice pursuant to clause (i)(II), of failure to comply with housing quality standards under subparagraph (B) as de-

terminated pursuant to an inspection conducted under subparagraph (D) or (F), has been provided. If the unit is brought into compliance with such housing quality standards during the periods referred to in clause (i)(III), the public housing agency shall recommence assistance payments and may use any amounts withheld during the correction period to make assistance payments relating to the period during which payments were withheld.

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

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

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

“(aa) such abatement has commenced;

and

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

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

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

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

nate the housing assistance payments contract for the dwelling unit.

“(vii) RELOCATION.—

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

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

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

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

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

(b) **[42 U.S.C. 1437f note] EFFECTIVE DATE.**—The Secretary of Housing and Urban Development shall issue notice or regulations to implement subsection (a) of this section and such subsection shall take effect upon such issuance.

**SEC. 102. INCOME REVIEWS.**

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

(1) in subsection (a)—

(A) in the second sentence of paragraph (1), by striking “at least annually” and inserting “pursuant to paragraph (6)”; and

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

“(6) **REVIEWS OF FAMILY INCOME.**—

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

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

“(ii) annually thereafter, except as provided in paragraph (1) with respect to fixed-income families;

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

“(iv) at any time the income or deductions (under subsection (b)(5)) of the family change by an amount that is estimated to result in an increase of 10 percent or more in annual adjusted income, or such other amount as the Secretary may by notice establish, except that any increase in the earned income of a family shall not be considered for purposes of this clause (except that earned income may be considered if the increase corresponds to previous decreases under clause (iii)), except that a public housing agency or owner may elect not to conduct such review in the last three months of a certification period.

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

“(7) **CALCULATION OF INCOME.**—

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

“(B) USE OF PRIOR YEAR INCOME.—In determining family income for annual reviews pursuant to paragraph (6)(A)(ii), a public housing agency or owner shall, except as otherwise provided in this paragraph and paragraph (1), use the income of the family as determined by the agency or owner for the preceding year, taking into consideration any redetermination of income during such prior year pursuant to clause (iii) or (iv) of paragraph (6)(A).

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

“(D) SAFE HARBOR.—A public housing agency or owner may, to the extent such information is available to the public housing agency or owner, determine the family’s income prior to the application of any deductions based on timely income determinations made for purposes of other means-tested Federal public assistance programs (including the program for block grants to States for temporary assistance for needy families under part A of title IV of the Social Security Act, a program for Medicaid assistance under a State plan approved under title XIX of the Social Security Act, and the supplemental nutrition assistance program (as such term is defined in section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012))). The Secretary shall, in consultation with other appropriate Federal agencies, develop electronic procedures to enable public housing agencies and owners to have access to such benefit determinations made by other means-tested Federal programs that the Secretary determines to have comparable reliability. Exchanges of such information shall be subject to the same limitations and tenant protections provided under section 904 of the Stewart B. McKinney Homeless Assistance Act Amendments of 1988 (42 U.S.C. 3544) with respect to information obtained under the requirements of section 303(i) of the Social Security Act (42 U.S.C. 503(i)).

“(E) ELECTRONIC INCOME VERIFICATION.—The Secretary shall develop a mechanism for disclosing information to a public housing agency for the purpose of verifying the employment and income of individuals and families in accordance with section 453(j)(7)(E) of the Social Security Act (42 U.S.C. 653(j)(7)(E)), and shall ensure public housing agencies have access to information contained in the ‘Do Not Pay’ system established by section 5 of the Improper Payments Elimination and Recovery Improvement Act of 2012 (Public Law 112-248; 126 Stat. 2392).

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

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

(3) by redesignating subsection (f) as subsection (d).

(b) CERTIFICATION REGARDING HARDSHIP EXCEPTION TO MINIMUM MONTHLY RENT.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Congress a certification that the hardship and tenant protection provisions in clause (i) of section 3(a)(3)(B) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(3)(B)(i)) are being enforced at such time and that the Secretary will continue to provide due consideration to the hardship circumstances of persons assisted under relevant programs of this Act.

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

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

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

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

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

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

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

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

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

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

“(i) earned income, up to an amount as the Secretary may by regulation establish, of any dependent earned during any period that such dependent is at-



tending school or vocational training on a full-time basis; or

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

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

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

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

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

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

“(A) ELDERLY AND DISABLED FAMILIES.—\$525 in the case of any family that is an elderly family or a disabled family.

“(B) MINORS, STUDENTS, AND PERSONS WITH DISABILITIES.—\$480 for each member of the family residing in the household (other than the head of the household or his or her spouse) who is less than 18 years of age or is attending school or vocational training on a full-time basis, or who is 18 years of age or older and is a person with disabilities.

“(C) CHILD CARE.—Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

“(D) HEALTH AND MEDICAL EXPENSES.—The amount, if any, by which 10 percent of annual family income is exceeded by the sum of—

“(i) in the case of any elderly or disabled family, any unreimbursed health and medical care expenses; and

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

The Secretary shall, by regulation, provide hardship exemptions to the requirements of this subparagraph and subparagraph (C) for impacted families who demonstrate an inability to pay calculated rents because of financial hardship. Such regulations shall include a requirement to notify tenants regarding any changes to the determination of adjusted income pursuant to such subparagraphs based on the determination of the family’s claim of financial hardship exemptions required by the preceding sentence.

This law has not been amended

Such regulations shall be promulgated in consultation with tenant organizations, industry participants, and the Secretary of Health and Human Services, with an adequate comment period provided for interested parties.

“(E) PERMISSIVE DEDUCTIONS.—Such additional deductions as a public housing agency may, at its discretion, establish, except that the Secretary shall establish procedures to ensure that such deductions do not materially increase Federal expenditures.

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

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

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

(2) in paragraph (5)—

(A) in the paragraph heading, by striking “**Annual review**” and inserting “**Reviews**”;

(B) in subparagraph (A)—

(i) by striking “the provisions of” and inserting “paragraphs (1), (6), and (7) of section 3(a) and to”; and

(ii) by striking “and shall be conducted” and all that follows through the end of the subparagraph and inserting a period; and

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

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

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

(g) **[42 U.S.C. 1437a note] IMPACT ON PUBLIC HOUSING REVENUES.**—

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

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

(h) **[42 U.S.C. 1437a note] EFFECTIVE DATE.**—The Secretary of Housing and Urban Development shall issue notice or regulations to implement this section and this section shall take effect after such issuance, except that this section may only take effect upon the commencement of a calendar year.

(i) **STUDY ON IMPACT ON ELDERLY AND DISABLED FAMILIES OF DECREASED DEDUCTIONS IN INCOME.**—

(1) **STUDY.**—The Secretary of Housing and Urban Development shall conduct a study to determine the impacts, on rents paid by elderly and disabled individuals and families assisted under the section 8 rental assistance and public housing programs under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), of any decreases in the amounts of any deductions from income (for purposes of section 3(b) of such Act (42 U.S.C. 1437a(b))), as compared to such deductions under such section 3(b) as in effect before the effectiveness of this section, resulting from the amendments made by this section.

(2) **REPORT.**—The Secretary shall submit to the Congress a report setting forth the results of the study conducted pursuant to paragraph (1) not later than the expiration of the 12-month period beginning on the date of the enactment of this Act.

(3) **EFFECTIVE DATE.**—Notwithstanding subsection (h) of this section, this subsection shall take effect on the date of the enactment of this Act.

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

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

“(5) LIMITATIONS ON TENANCY FOR OVER-INCOME FAMILIES.—

“(A) LIMITATIONS.—Except as provided in subparagraph (D), in the case of any family residing in a dwelling unit of public housing whose income for the most recent two consecutive years, as determined pursuant to income reviews conducted pursuant to section 3(a)(6), has exceeded the applicable income limitation under subparagraph (C), the public housing agency shall—

“(i) notwithstanding any other provision of this Act, charge such family as monthly rent for the unit occupied by such family an amount equal to the greater of—

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

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

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

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

“(C) INCOME LIMITATION.—The income limitation under this subparagraph shall be 120 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income limitations higher or lower than 120 percent of such median income on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs, or unusually high or low family incomes, vacancy rates, or rental costs.

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

“(E) REPORTS ON OVER-INCOME FAMILIES AND WAITING LISTS.—The Secretary shall require that each public housing agency shall—

“(i) submit a report annually, in a format required by the Secretary, that specifies—

“(I) the number of families residing, as of the end of the year for which the report is submitted, in public housing administered by the agency who had incomes exceeding the applicable income limitation under subparagraph (C); and

“(II) the number of families, as of the end of such year, on the waiting lists for admission to public housing projects of the agency; and

“(ii) make the information reported pursuant to clause (i) publicly available.”.

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

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

“(e) ELIGIBILITY FOR ASSISTANCE BASED ON ASSETS.—

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

“(A) whose net family assets exceed \$100,000, as such amount is adjusted annually by applying an inflationary factor as the Secretary considers appropriate; or

“(B) who has a present ownership interest in, a legal right to reside in, and the effective legal authority to sell, real property that is suitable for occupancy by the family as a residence, except that the prohibition under this subparagraph shall not apply to—

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

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

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

“(2) NET FAMILY ASSETS.—

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

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

“(i) the value of personal property, except for items of personal property of significant value, as the

This law has not been amended

Secretary may establish or the public housing agency may determine;

“(ii) the value of any retirement account;

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

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

“(v) the value of any Coverdell education savings account under section 530 of the Internal Revenue Code of 1986 or any qualified tuition program under section 529 of such Code; and

“(vi) such other exclusions as the Secretary may establish.

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

“(3) SELF-CERTIFICATION.—

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

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

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

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

“(5) ENFORCEMENT.—When recertifying the income of a family residing in a dwelling unit assisted under this Act, a public housing agency or owner may choose not to enforce the limitation under paragraph (1) or may establish exceptions to such limitation based on eligibility criteria, but only pursuant

to a policy that is set forth in the public housing agency plan under section 5A for the agency or under a policy adopted by the owner. Eligibility criteria for establishing exceptions may provide for separate treatment based on family type and may be based on different factors, such as age, disability, income, the ability of the family to find suitable alternative housing, and whether supportive services are being provided.

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

“(7) VERIFYING INCOME.—

“(A) Beginning in fiscal year 2018, the Secretary shall require public housing agencies to require each applicant for, or recipient of, benefits under this Act to provide authorization by the applicant or recipient (or by any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient for such benefits) for the public housing agency to obtain (subject to the cost reimbursement requirements of section 1115(a) of the Right to Financial Privacy Act) from any financial institution (within the meaning of section 1101(1) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to the applicant or recipient (or any such other person) whenever the public housing agency determines the record is needed in connection with a determination with respect to such eligibility or the amount of such benefits.

“(B) Notwithstanding section 1104(a)(1) of the Right to Financial Privacy Act, an authorization provided by an applicant or recipient (or any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient) pursuant to subparagraph (A) of this paragraph shall remain effective until the earliest of—

“(i) the rendering of a final adverse decision on the applicant’s application for eligibility for benefits under this Act;

“(ii) the cessation of the recipient’s eligibility for benefits under this Act; or

“(iii) the express revocation by the applicant or recipient (or such other person referred to in subparagraph (A)) of the authorization, in a written notification to the Secretary.

“(C)(i) An authorization obtained by the public housing agency pursuant to this paragraph shall be considered to meet the requirements of the Right to Financial Privacy Act for purposes of section 1103(a) of such Act, and need not be furnished to the financial institution, notwithstanding section 1104(a) of such Act.

“(ii) The certification requirements of section 1103(b) of the Right to Financial Privacy Act shall not apply to re-

quests by the public housing agency pursuant to an authorization provided under this clause.

“(iii) A request by the public housing agency pursuant to an authorization provided under this clause is deemed to meet the requirements of section 1104(a)(3) of the Right to Financial Privacy Act and the flush language of section 1102 of such Act.

“(iv) The public housing agency shall inform any person who provides authorization pursuant to this paragraph of the duration and scope of the authorization.

“(D) If an applicant for, or recipient of, benefits under this Act (or any such other person referred to in subparagraph (A)) refuses to provide, or revokes, any authorization made by the applicant or recipient for the public housing agency to obtain from any financial institution any financial record, the public housing agency may, on that basis, determine that the applicant or recipient is ineligible for benefits under this title.”.

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

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

(1) by striking “(11) Leasing of units owned by pha.—If” and inserting the following:

“(11) LEASING OF UNITS OWNED BY PHA.—

“(A) INSPECTIONS AND RENT DETERMINATIONS.—If”; and

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

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

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

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

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

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

“(B) PERCENTAGE LIMITATION.—

“(i) IN GENERAL.—Subject to clause (ii), a public housing agency may use for project-based assistance



under this paragraph not more than 20 percent of the authorized units for the agency.

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

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

“(D) INCOME-MIXING REQUIREMENT.—

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

“(ii) EXCEPTIONS.—

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

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

“(III) CERTAIN CONTRACTS.—The limitation under clause (i) shall not apply with respect to contracts or renewal of contracts under which a greater percentage of the dwelling units in a

This law has not been amended

project were assisted under a housing assistance payment contract for project-based assistance pursuant to this paragraph on the date of the enactment of the Housing Opportunity Through Modernization Act of 2016.

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

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

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

“(F) CONTRACT TERM.—

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

“(I) the availability of sufficient appropriated funds for the purpose of renewing expiring contracts for assistance payments, as provided in appropriation Acts and in the agency’s annual contributions contract with the Secretary, provided that in the event of insufficient appropriated funds, payments due under contracts under this paragraph shall take priority if other cost-saving measures that do not require the termination of an existing contract are available to the agency; and

“(II) compliance with the inspection requirements under paragraph (8), except that the agency shall not be required to make biennial inspections of each assisted unit in the development.

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

“(iii) HOUSING UNDER CONSTRUCTION OR RECENTLY CONSTRUCTED.—An agency may enter into a housing assistance payments contract with an owner for any unit that does not qualify as existing housing and is under construction or recently has been constructed whether or not the agency has executed an agreement to enter into a contract with the owner, provided that

the owner demonstrates compliance with applicable requirements prior to execution of the housing assistance payments contract. This clause shall not subject a housing assistance payments contract for existing housing under this paragraph to such requirements or otherwise limit the extent to which a unit may be assisted as existing housing.

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

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

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

“(I) RENT ADJUSTMENTS.—A housing assistance payments contract pursuant to this paragraph entered into after the date of the enactment of the Housing Opportunity Through Modernization Act of 2016 shall provide for annual rent adjustments upon the request of the owner, except that—

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

“(ii) the adjusted rent shall not exceed the maximum rent permitted under subparagraph (H);

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

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

(7) in subparagraph (J)—

(A) in the first sentence—

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

This law has not been amended

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

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

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

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

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

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

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

(b) **[42 U.S.C. 1437f note] EFFECTIVE DATE.**—The Secretary of Housing and Urban Development shall issue notice or regulations to implement subsection (a) of this section and such subsection shall take effect upon such issuance.

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

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

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

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

(3) by adding at the end the following:

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

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

(c) **[42 U.S.C. 1437f note] EFFECTIVE DATE.**—The amendments made by this section shall take effect upon the date of the enactment of this Act.

**SEC. 108. COLLECTION OF UTILITY DATA.**

Section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended by adding at the end the following new paragraph:

“(20) **COLLECTION OF UTILITY DATA.**—

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

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

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

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

#### **SEC. 109. PUBLIC HOUSING CAPITAL AND OPERATING FUNDS.**

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

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

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

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

“(n) ESTABLISHMENT OF REPLACEMENT RESERVES.—

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

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

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

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

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

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

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

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

“(5) MANAGEMENT AND REPORT.—The Secretary shall establish appropriate accounting and reporting requirements to ensure that public housing agencies are spending funds on eli-

gible projects and that funds in the replacement reserve are connected to capital needs.”.

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

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

“(1) FLEXIBILITY IN USE OF FUNDS.—

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

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

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

#### **SEC. 110. FAMILY UNIFICATION PROGRAM FOR CHILDREN AGING OUT OF FOSTER CARE.**

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

(1) in paragraph (2)(B)—

(A) by striking “18 months” and inserting “36 months”;

(B) by striking “21 years of age” and inserting “24 years of age”; and

(C) by inserting after “have left foster care” the following: “, or will leave foster care within 90 days, in accordance with a transition plan described in section 475(5)(H) of the Social Security Act, and is homeless or is at risk of becoming homeless”;

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following new paragraph:

“(4) COORDINATION BETWEEN PUBLIC HOUSING AGENCIES AND PUBLIC CHILD WELFARE AGENCIES.—The Secretary shall, not later than the expiration of the 180-day period beginning on the date of the enactment of the Housing Opportunity Through Modernization Act of 2016 and after consultation with other appropriate Federal agencies, issue guidance to improve coordination between public housing agencies and public child welfare agencies in carrying out the program under this subsection, which shall provide guidance on—

“(A) identifying eligible recipients for assistance under this subsection;

“(B) coordinating with other local youth and family providers in the community and participating in the Continuum of Care program established under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.);

“(C) implementing housing strategies to assist eligible families and youth;

“(D) aligning system goals to improve outcomes for families and youth and reducing lapses in housing for families and youth; and

“(E) identifying resources that are available to eligible families and youth to provide supportive services available through parts B and E of title IV of the Social Security Act (42 U.S.C. 621 et seq.; 670 et seq.) or that the head of household of a family or youth may be entitled to receive under section 477 of the Social Security Act (42 U.S.C. 677).”.

#### **SEC. 111. PUBLIC HOUSING HEATING GUIDELINES.**

Section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g), as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(o) **PUBLIC HOUSING HEATING GUIDELINES.**—The Secretary shall publish model guidelines for minimum heating requirements for public housing dwelling units operated by public housing agencies receiving assistance under this section.”.

#### **SEC. 112. USE OF VOUCHERS FOR MANUFACTURED HOUSING.**

(a) **IN GENERAL.**—Section 8(o)(12) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(12)) is amended—

(1) in subparagraph (A), by striking the period at the end of the first sentence and all that follows through “of” in the second sentence and inserting “and rents”; and

(2) in subparagraph (B)—

(A) in clause (i), by striking “the rent” and all that follows and inserting the following: “rent shall mean the sum of the monthly payments made by a family assisted under this paragraph to amortize the cost of purchasing the manufactured home, including any required insurance and property taxes, the monthly amount allowed for tenant-paid utilities, and the monthly rent charged for the real property on which the manufactured home is located, including monthly management and maintenance charges.”;

(B) by striking clause (ii); and

(C) in clause (iii)—

(i) by inserting after the period at the end the following: “If the amount of the monthly assistance payment for a family exceeds the monthly rent charged for the real property on which the manufactured home is located, including monthly management and maintenance charges, a public housing agency may pay the remainder to the family, lender or utility company, or may choose to make a single payment to the family for the entire monthly assistance amount.”; and

(ii) by redesignating such clause as clause (ii).

(b) **[42 U.S.C. 1437f note] EFFECTIVE DATE.**—The Secretary of Housing and Urban Development shall issue notice to implement the amendments made by subsection (a) and such amendments shall take effect upon such issuance.



**SEC. 113. PREFERENCE FOR UNITED STATES CITIZENS OR NATIONALS.**

Section 214(a)(7) of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a(a)(7)) is amended by striking “such alien” and all that follows through the period at the end and inserting “any citizen or national of the United States shall be entitled to a preference or priority in receiving financial assistance before any such alien who is otherwise eligible for assistance.”.

**SEC. 114. EXCEPTION TO PUBLIC HOUSING AGENCY RESIDENT BOARD MEMBER REQUIREMENT.**

Subsection (b) of section 2 of the United States Housing Act of 1937 (42 U.S.C. 1437(b)) is amended—

(1) in paragraph (1), by striking “paragraph (2)” and inserting “paragraphs (2) and (3)”;

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2) the following new paragraph:

“(3) EXCEPTION FOR CERTAIN JURISDICTIONS.—

“(A) EXCEPTION.—A covered agency (as such term is defined in subparagraph (C) of this paragraph) shall not be required to include on the board of directors or a similar governing board of such agency a member described in paragraph (1).

“(B) ADVISORY BOARD REQUIREMENT.—Each covered agency that administers Federal housing assistance under section 8 (42 U.S.C. 1437f) that chooses not to include a member described in paragraph (1) on the board of directors or a similar governing board of the agency shall establish an advisory board of not less than 6 residents of public housing or recipients of assistance under section 8 (42 U.S.C. 1437f) to provide advice and comment to the agency or other administering entity on issues related to public housing and section 8. Such advisory board shall meet not less than quarterly.

“(C) COVERED AGENCY OR ENTITY.—For purposes of this paragraph, the term ‘covered agency’ means a public housing agency or such other entity that administers Federal housing assistance for—

“(I) the Housing Authority of the county of Los Angeles, California; or

“(ii) any of the States of Alaska, Iowa, and Mississippi.”.

**TITLE II—RURAL HOUSING****SEC. 201. DELEGATION OF GUARANTEED RURAL HOUSING LOAN APPROVAL.**

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

“(18) DELEGATION OF APPROVAL.—The Secretary may delegate, in part or in full, the Secretary’s authority to approve and execute binding Rural Housing Service loan guarantees pursu-

ant to this subsection to certain preferred lenders, in accordance with standards established by the Secretary.”.

**SEC. 202. GUARANTEED UNDERWRITING USER FEE.**

Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amended by adding at the end the following new subsection:

“(i) **GUARANTEED UNDERWRITING USER FEE.**—

“(1) **AUTHORITY; MAXIMUM AMOUNT.**—The Secretary may assess and collect a fee for a lender to access the automated underwriting systems of the Department in connection with such lender’s participation in the single family loan program under this section and only in an amount necessary to cover the costs of information technology enhancements, improvements, maintenance, and development for automated underwriting systems used in connection with the single family loan program under this section, except that such fee shall not exceed \$50 per loan.

“(2) **CREDITING; AVAILABILITY.**—Any amounts collected from such fees shall be credited to the Rural Development Expense Account as offsetting collections and shall remain available until expended, in the amounts provided in appropriation Acts, solely for expenses described in paragraph (1).”.

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

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

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

“(y) **REQUIREMENTS FOR MORTGAGES FOR CONDOMINIUMS.**—

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

“(2) **COMMERCIAL SPACE REQUIREMENTS.**—Notwithstanding any other law, regulation, or guideline of the Secretary, including chapter 2.1.3 of the Condominium Project Approval and Processing Guide of the FHA, in providing for exceptions to the requirement for the insurance of a mortgage on a condominium property under this section regarding the percentage of the floor space of a condominium property that may be used for nonresidential or commercial purposes, the Secretary shall provide that—

“(A) any request for such an exception and the determination of the disposition of such request may be made, at the option of the requester, under the direct endorse-

ment lender review and approval process or under the HUD review and approval process through the applicable field office of the Department; and

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

Not later than the expiration of the 90-day period beginning on the date of the enactment of this paragraph, the Secretary shall issue regulations to implement this paragraph, which shall include any standards, training requirements, and remedies and penalties that the Secretary considers appropriate.

“(3) TRANSFER FEES.—Notwithstanding any other law, regulation, or guideline of the Secretary, including chapter 1.8.8 of the Condominium Project Approval and Processing Guide of the FHA and section 203.41 of the Secretary’s regulations (24 CFR 203.41), existing standards of the Federal Housing Finance Agency relating to encumbrances under private transfer fee covenants shall apply to the insurance of mortgages by the Secretary under this section to the same extent and in the same manner that such standards apply to the purchasing, investing in, and otherwise dealing in mortgages by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. If the provisions of part 1228 of the Director of the Federal Housing Finance Agency’s regulations (12 CFR part 1228) are amended or otherwise changed after the date of the enactment of this paragraph, the Secretary of Housing and Urban Development shall adopt any such amendments or changes for purposes of this paragraph, unless the Secretary causes to be published in the Federal Register a notice explaining why the Secretary will disregard such amendments or changes within 90 days after the effective date of such amendments or changes.

“(4) OWNER-OCCUPANCY REQUIREMENT.—

“(A) ESTABLISHMENT OF PERCENTAGE REQUIREMENT.—Not later than the expiration of the 90-day period beginning on the date of the enactment of this paragraph, the Secretary shall, by rule, notice, or mortgagee letter, issue guidance regarding the percentage of units that must be occupied by the owners as a principal residence or a secondary residence (as such terms are defined by the Secretary), or must have been sold to owners who intend to meet such occupancy requirements, including justifications for the percentage requirements, in order for a condominium project to be acceptable to the Secretary for insurance under this section of a mortgage within such condominium property.

“(B) FAILURE TO ACT.—If the Secretary fails to issue the guidance required under subparagraph (A) before the expiration of the 90-day period specified in such clause, the following provisions shall apply:

“(i) 35 PERCENT REQUIREMENT.—In order for a condominium project to be acceptable to the Secretary for

insurance under this section, at least 35 percent of all family units (including units not covered by FHA-insured mortgages) must be occupied by the owners as a principal residence or a secondary residence (as such terms are defined by the Secretary), or must have been sold to owners who intend to meet such occupancy requirement.

“(ii) OTHER CONSIDERATIONS.—The Secretary may increase the percentage applicable pursuant to clause (i) to a condominium project on a project-by-project or regional basis, and in determining such percentage for a project shall consider factors relating to the economy for the locality in which such project is located or specific to project, including the total number of family units in the project.”.

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

### SEC. 401. DEFINITION OF GEOGRAPHIC AREA FOR CONTINUUM OF CARE PROGRAM.

(a) DEFINITION.—Subtitle C of the McKinney-Vento Homeless Assistance Act is amended—

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

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

#### “SEC. 432. [42 U.S.C. 11386f] GEOGRAPHIC AREAS

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

“(b) ISSUANCE OF NOTICE.—Not later than the expiration of the 90-day period beginning on the date of the enactment of the Housing Opportunity Through Modernization Act of 2016, the Secretary shall issue a notice setting forth the definition required by subsection (a).”.

(b) CLERICAL AMENDMENT.—The table of contents in section 101(b) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11301 note) is amended by striking the items relating to sections 432 and 433 and inserting the following new items:

“Sec. 432. Geographic areas.

“Sec. 433. Regulations.

“Sec. 434. Reports to Congress.”.

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

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

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

(2) in the first sentence, by inserting before the period at the end the following: “, to public housing agencies (as defined

under section 3(b)(6) of the United States Housing Act of 1937), or to local redevelopment authorities (as defined under State law)".

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

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

“(h) **SPECIAL ASSISTANT FOR VETERANS AFFAIRS.**—

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

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

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

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

“(B) coordinating all programs and activities of the Department relating to veterans;

“(C) serving as a liaison for the Department with the Department of Veterans Affairs, including establishing and maintaining relationships with the Secretary of Veterans Affairs;

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

“(E) providing information and advice regarding—

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

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

“(F) coordinating with the Secretary of Housing and Urban Development and the Secretary of Veterans Affairs in carrying out section 404 of the Housing Opportunity Through Modernization Act of 2016;

“(G) collaborating with the Department of Veterans Affairs on making joint recommendations to the Congress, the Secretary of Housing and Urban Development, and the Secretary of Veterans Affairs on how to better coordinate and improve services to veterans under both Department of Housing and Urban Development and Department of Veteran Affairs veterans housing programs, including ways to improve the Independent Living Program of the Department of Veteran Affairs; and

“(H) carrying out such other duties as may be assigned to the Special Assistant by the Secretary or by law.”.

(b) **[42 U.S.C. 3533 note] TRANSFER OF POSITION IN OFFICE OF DEPUTY ASSISTANT SECRETARY FOR SPECIAL NEEDS.**—On the date that the initial Special Assistant for Veterans Affairs is appointed pursuant to section 4(h)(2) of the Department of Housing and Urban Development Act, as added by subsection (a) of this section, the position of Special Assistant for Veterans Programs in the Office of the Deputy Assistant Secretary for Special Needs of the Department of Housing and Urban Development shall be terminated.

**SEC. 404. [42 U.S.C. 11313 note] ANNUAL SUPPLEMENTAL REPORT ON VETERANS HOMELESSNESS.**

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

(1) The same information, for such preceding year, that was included with respect to 2010 in the report by the Secretary of Housing and Urban Development and the Secretary of Veterans Affairs entitled “Veterans Homelessness: A Supplemental Report to the 2010 Annual Homeless Assessment Report to Congress”.

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

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

(B) A summary description of the special considerations made for veterans under public housing agency plans submitted pursuant to section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437c-1) and under comprehensive housing affordability strategies submitted pursuant to section 105 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705).

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

(D) A description of the efforts of the Department of Housing and Urban Development and the other members of the United States Interagency Council on Homelessness to coordinate the delivery of housing and services to veterans.

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

(F) Any other information that the Secretary of Housing and Urban Development and the Secretary of Veterans Affairs consider relevant in assessing the programs and activities of the Department of Housing and Urban Development relating to veterans.

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

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

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

(3) The Committee on Appropriations of the Senate.

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

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

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

**SEC. 405. REOPENING OF PUBLIC COMMENT PERIOD FOR CONTINUUM OF CARE PROGRAM REGULATIONS.**

Not later than the expiration of the 30-day period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall re-open the period for public comment regarding the Secretary's interim rule entitled "Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program", published in the Federal Register on July 31, 2012 (77 Fed. Reg. 45422; Docket No. FR-5476-I-01). Upon re-opening, such comment period shall remain open for a period of not fewer than 60 days.

## TITLE V—MISCELLANEOUS

**SEC. 501. [42 U.S.C. 3544 note] INCLUSION OF DISASTER HOUSING ASSISTANCE PROGRAM IN CERTAIN FRAUD AND ABUSE PREVENTION MEASURES.**

The Disaster Housing Assistance Program administered by the Department of Housing and Urban Development shall be considered a "program of the Department of Housing and Urban Development" under section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 3544) for the purpose of income verifications.

**SEC. 502. ENERGY EFFICIENCY REQUIREMENTS UNDER SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM.**

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

"(g) ENERGY EFFICIENCY REQUIREMENTS.—The Secretary may not require any dwelling developed using amounts from a grant made under this section to meet any energy efficiency standards other than the standards applicable at such time pursuant to section 109 of the Cranston-Gonzalez National Affordable Housing Act

**Sec. 503      Housing Opportunity Through Modernization Act of...      32**

(42 U.S.C. 12709) to housing specified in subsection (a) of such section.”.

**SEC. 503. DATA EXCHANGE STANDARDIZATION FOR IMPROVED INTEROPERABILITY.**

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

**“SEC. 37. [42 U.S.C. 1437z-9] DATA EXCHANGE STANDARDS FOR IMPROVED INTEROPERABILITY**

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

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

“(2) Federal reporting and data exchange required under applicable law.

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

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

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

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

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

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

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

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

(b) [42 U.S.C. 1437z-9 note] APPLICABILITY.—

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

(2) REQUIREMENTS.—The rule shall—

(A) identify federally required data exchanges;

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

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

(D) specify State implementation options; and

(E) describe future milestones.



## TITLE VI—REPORTS

### SEC. 601. [42 U.S.C. 3536a note] REPORT ON INTERAGENCY FAMILY ECONOMIC EMPOWERMENT STRATEGIES.

The Secretary of Housing and Urban Development, in consultation with the Secretary of Labor, shall submit a report to the Congress annually that describes—

(1) any interagency strategies of such Departments that are designed to improve family economic empowerment by linking housing assistance with essential supportive services, such as employment counseling and training, financial education and growth, childcare, transportation, meals, youth recreational activities, and other supportive services; and

(2) any actions taken in the preceding year to carry out such strategies and the extent of progress achieved by such actions.

## TITLE VII—HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

### SEC. 701. FORMULA AND TERMS FOR ALLOCATIONS TO PREVENT HOMELESSNESS FOR INDIVIDUALS LIVING WITH HIV OR AIDS.

(a) IN GENERAL.—Subsection (c) of section 854 of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)) is amended by—

(1) redesignating paragraph (3) as paragraph (5); and  
(2) striking paragraphs (1) and (2) and inserting the following:

“(1) ALLOCATION OF RESOURCES.—

“(A) ALLOCATION FORMULA.—The Secretary shall allocate 90 percent of the amount approved in appropriations Acts under section 863 among States and metropolitan statistical areas as follows:

“(I) 75 percent of such amounts among—

“(I) cities that are the most populous unit of general local government in a metropolitan statistical area with a population greater than 500,000, as determined on the basis of the most recent census, and with more than 2,000 individuals living with HIV or AIDS, using the data specified in subparagraph (B); and

“(II) States with more than 2,000 individuals living with HIV or AIDS outside of metropolitan statistical areas.

“(ii) 25 percent of such amounts among States and metropolitan statistical areas based on the method described in subparagraph (C).

“(B) SOURCE OF DATA.—For purposes of allocating amounts under this paragraph for any fiscal year, the number of individuals living with HIV or AIDS shall be the number of such individuals as confirmed by the Director of the Centers for Disease Control and Prevention, as

of December 31 of the most recent calendar year for which such data is available.

“(C) ALLOCATION UNDER SUBPARAGRAPH (A)(ii).—For purposes of allocating amounts under subparagraph (A)(ii), the Secretary shall develop a method that accounts for—

“(I) differences in housing costs among States and metropolitan statistical areas based on the fair market rental established pursuant to section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)) or another methodology established by the Secretary through regulation; and

“(ii) differences in poverty rates among States and metropolitan statistical areas based on area poverty indexes or another methodology established by the Secretary through regulation.

“(2) MAINTAINING GRANTS.—

“(A) CONTINUED ELIGIBILITY OF FISCAL YEAR 2016 GRANTEES.—A grantee that received an allocation in fiscal year 2016 shall continue to be eligible for allocations under paragraph (1) in subsequent fiscal years, subject to—

“(I) the amounts available from appropriations Acts under section 863;

“(ii) approval by the Secretary of the most recent comprehensive housing affordability strategy for the grantee approved under section 105; and

“(iii) the requirements of subparagraph (C).

“(B) ADJUSTMENTS.—Allocations to grantees described in subparagraph (A) shall be adjusted annually based on the administrative provisions included in fiscal year 2016 appropriations Acts.

“(C) REDETERMINATION OF CONTINUED ELIGIBILITY.—The Secretary shall redetermine the continued eligibility of a grantee that received an allocation in fiscal year 2016 at least once during the 10-year period following fiscal year 2016.

“(D) ADJUSTMENT TO GRANTS.—For each of fiscal years 2017, 2018, 2019, 2020, and 2021, the Secretary shall ensure that a grantee that received an allocation in the prior fiscal year does not receive an allocation that is 5 percent less than or 10 percent greater than the amount allocated to such grantee in the preceding fiscal year.

“(3) ALTERNATIVE GRANTEES.—

“(A) REQUIREMENTS.—The Secretary may award funds reserved for a grantee eligible under paragraph (1) to an alternative grantee if—

“(I) the grantee submits to the Secretary a written agreement between the grantee and the alternative grantee that describes how the alternative grantee will take actions consistent with the applicable comprehensive housing affordability strategy approved under section 105 of this Act;

“(ii) the Secretary approves the written agreement described in clause (I) and agrees to award funds to the alternative grantee; and

“(iii) the written agreement does not exceed a term of 10 years.

“(B) RENEWAL.—An agreement approved pursuant to subparagraph (A) may be renewed by the parties with the approval of the Secretary.

“(C) DEFINITION.—In this paragraph, the term ‘alternative grantee’ means a public housing agency (as defined in section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b))), a unified funding agency (as defined in section 401 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360)), a State, a unit of general local government, or an instrumentality of State or local government.

“(4) REALLOCATIONS.—If a State or metropolitan statistical area declines an allocation under paragraph (1)(A), or the Secretary determines, in accordance with criteria specified in regulation, that a State or metropolitan statistical area that is eligible for an allocation under paragraph (1)(A) is unable to properly administer such allocation, the Secretary shall reallocate any funds reserved for such State or metropolitan statistical area as follows:

“(A) For funds reserved for a State—

“(I) to eligible metropolitan statistical areas within the State on a pro rata basis; or

“(ii) if there is no eligible metropolitan statistical areas within a State, to metropolitan cities and urban counties within the State that are eligible for grant under section 106 of the Housing and Community Development Act of 1974 (42 U.S.C. 5306), on a pro rata basis.

“(B) For funds reserved for a metropolitan statistical area, to the State in which the metropolitan statistical area is located.

“(C) If the Secretary is unable to make a reallocation under subparagraph (A) or (B), the Secretary shall make such funds available on a pro rata basis under the formula in paragraph (1)(A).”.

(b) AMENDMENT TO DEFINITIONS.—Section 853 of the AIDS Housing Opportunity Act (42 U.S.C. 12902) is amended—

(1) in paragraph (1), by inserting “or ‘AIDS’” before “means”; and

(2) by inserting at the end the following new paragraphs:

“(15) The term ‘HIV’ means infection with the human immunodeficiency virus.

“(16) The term ‘individuals living with HIV or AIDS’ means, with respect to the counting of cases in a geographic area during a period of time, the sum of—

“(A) the number of living non-AIDS cases of HIV in the area; and

“(B) the number of living cases of AIDS in the area.”.