

## HR 3700

### Housing Opportunity Through Modernization Act of 2016

**Congress:** 114 (2015–2017, Ended)

**Chamber:** House

**Policy Area:** Housing and Community Development

**Introduced:** Oct 7, 2015

**Current Status:** Became Public Law No: 114-201.

**Latest Action:** Became Public Law No: 114-201. (Jul 29, 2016)

**Law:** 114-201 (Enacted Jul 29, 2016)

**Official Text:** <https://www.congress.gov/bill/114th-congress/house-bill/3700>

#### Sponsor

**Name:** Rep. Luetkemeyer, Blaine [R-MO-3]

**Party:** Republican • **State:** MO • **Chamber:** House

#### Cosponsors (11 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Cleaver, Emanuel [D-MO-5]	D · MO		Oct 22, 2015
Rep. Pittenger, Robert [R-NC-9]	R · NC		Oct 26, 2015
Rep. Sherman, Brad [D-CA-30]	D · CA		Oct 26, 2015
Rep. Pearce, Stevan [R-NM-2]	R · NM		Oct 27, 2015
Rep. Capuano, Michael E. [D-MA-7]	D · MA		Nov 2, 2015
Rep. Rothfus, Keith J. [R-PA-12]	R · PA		Nov 2, 2015
Rep. Barr, Andy [R-KY-6]	R · KY		Nov 16, 2015
Rep. Posey, Bill [R-FL-8]	R · FL		Nov 16, 2015
Rep. Ribble, Reid J. [R-WI-8]	R · WI		Nov 19, 2015
Rep. Sessions, Pete [R-TX-32]	R · TX		Nov 19, 2015
Rep. McHenry, Patrick T. [R-NC-10]	R · NC		Dec 7, 2015

#### Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Discharged From	Jul 15, 2016
Financial Services Committee	House	Hearings By (subcommittee)	Oct 21, 2015

#### Subjects & Policy Tags

##### Policy Area:

Housing and Community Development

## Related Bills

Bill	Relationship	Last Action
114 S 3083	Related bill	<b>Sep 22, 2016:</b> Committee on Banking, Housing, and Urban Affairs Senate Subcommittee on Housing, Transportation, and Community Development. Hearings held. With printed Hearing: S.Hrg. 114-511.
114 HR 4707	Related bill	<b>Mar 3, 2016:</b> Referred to the House Committee on Financial Services.
114 HRES 594	Procedurally related	<b>Feb 2, 2016:</b> Motion to reconsider laid on the table Agreed to without objection.
114 HR 3827	Related bill	<b>Oct 23, 2015:</b> Referred to the House Committee on Financial Services.
114 HR 251	Related bill	<b>Jul 15, 2015:</b> Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
114 HR 1047	Related bill	<b>Jul 15, 2015:</b> Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
114 HR 2482	Related bill	<b>Jul 15, 2015:</b> Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
114 HR 2997	Related bill	<b>Jul 15, 2015:</b> Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
114 HR 1816	Related bill	<b>May 19, 2015:</b> Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

(This measure has not been amended since it was passed by the House on February 2, 2016. The summary of that version is repeated here.)

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

This bill amends the United States Housing Act of 1937 and other housing laws to modify the Department of Housing and Urban Development's (HUD's) rental assistance (including section 8 low-income [voucher]) and public housing programs, the Federal Housing Administration's (FHA's) requirements for condominium mortgage insurance, and the Department of Agriculture's (USDA's) single family housing guaranteed loan program.

### **TITLE I--SECTION 8 RENTAL ASSISTANCE AND PUBLIC HOUSING**

(Sec. 101) This section revises the requirements for Public House Agencies (PHAs) to inspect dwelling units before making housing assistance payments to ensure that units comply with housing quality standards. If the PHA determines that a unit has defects, the bill sets forth procedures and requirements for determining noncompliance, correcting defects, withholding assistance payments, terminating a housing payments contract for a unit, notifying tenants, and relocating a tenant.

(Sec. 102) A PHA must review the incomes of assisted families in dwelling units: (1) upon the initial provision of housing assistance for the family, (2) annually thereafter, and (3) any time the family's income and deductions are estimated to increase by 10%. A family may request a review at any time its income and deductions are estimated to decrease by 10%. The PHA must follow specified requirements in calculating income and deductions.

HUD must: (1) develop a mechanism for disclosing information to PHAs for employment and income verification, and (2) ensure that PHAs have access to information contained in the Do Not Pay system established by the Improper Payments Elimination and Recovery Improvement Act of 2012.

(Sec. 103) If a PHA determines that a tenant's income is greater than 120% of the area median income for two consecutive years, the PHA must: (1) charge the tenant the greater of the fair market rent or the amount of the government subsidy for the unit, or (2) terminate the tenancy. HUD may increase or decrease the income limitation based on unique local conditions, such as construction costs, unusually high or low family incomes, vacancy rates, or rental costs.

(Sec. 104) A PHA may not rent a dwelling unit to or assist families with net family assets exceeding \$100,000 annually (adjusted for inflation) or an ownership interest in property that is suitable for occupancy. This restriction does not apply to victims of domestic violence, individuals using housing assistance for homeownership opportunities, or a family that is offering a property for sale. PHAs must require applicants to authorize financial institutions to disclose records necessary to determine eligibility for benefits.

(Sec. 105) A unit owned by a PHA means any dwelling unit located in a project owned by: (1) the PHA, (2) an entity wholly controlled by the PHA, or (3) a limited liability company or limited partnership in which the PHA holds a controlling interest.

A unit shall not be deemed to be owned by a PHA if the agency only holds an interest in the ground lease, holds a security interest under a mortgage or deed of trust on the unit, or holds a non-controlling interest in an entity that owns

the unit.

(Sec. 106) This section changes requirements for PHA project-based assistance. (Project-based rental assistance is a subsidy attached to a unit of privately-owned housing that houses low-income tenants. If the family moves, the subsidy remains with the housing unit. In contrast, tenant-based rental assistance vouchers permit families to move and retain their vouchers.)

A PHA may not use more than 20% of its authorized units for project-based vouchers (PBVs), except for an additional 10% that a PHA may use for PBVs that target the homeless, veterans, the elderly, the disabled, or for units in areas where vouchers are difficult to use due to market conditions.

Calculation of the 20% limit shall not include units subject to federal rent restrictions or receiving another type of long-term housing subsidy from HUD.

A PHA may not provide PBVs in a project that exceed the greater of 25% of the units in a property or 25 units, subject to exceptions for units: (1) exclusively made available to elderly families or to households eligible for supportive service, or (2) located in areas where vouchers are difficult to use or where the poverty rate is 20% or lower.

This section extends the permissible term for PBV contracts from 15 to 20 years, subject to the availability of funds and inspection requirements. If there are insufficient funds, a PHA must prioritize payments for units subject to a PBV contract if other cost-saving measures that do not require the termination of contracts are available. Subject to these limitations, a PHA and the owner may: (1) add eligible units within the same project during the term of a contract, and (2) enter into a housing assistance payments contract with an owner for housing under construction or recently constructed.

If a PBV contract is not extended or is terminated, this section extends tenant-based rental assistance for households to continue to reside in the property or to choose to move.

Subject to existing rent restrictions, a PHA and owner may agree to limit rent increases to the operating cost adjustment factor (OCAF) established by HUD pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997. Owners may request an additional adjustment periodically subject to rent reasonableness.

Residents may place their names on site-specific waiting lists managed by owners, in addition to waiting lists established by PHAs.

A PHA may provide PBV assistance to improve, develop, or replace a public housing property or property that it controls or has an ownership interest in without using a competitive process if it notifies the public of its intent through its public housing agency plan.

PHAs may use project-based HUD-Veterans Affairs Supportive Housing (HUD-VASH) and Family Unification Program (FUP) vouchers under the same policies and procedures applicable to general purpose vouchers.

(Sec. 107) This section modifies the public notice requirements for proposed Fair Market Rents (FMRs). PHAs may request exception payment standards within fair market rental areas, subject to HUD procedures and criteria. (Payment standards are used to calculate the housing assistance payment that the PHA pays to the owner on behalf of the family leasing the unit.) No PHA shall be required to reduce any payment standard for a unit based on a reduction in the fair market rent determination if the family occupying the unit before the FMR analysis continues to reside in the unit.

(Sec. 108) HUD must collect and publish utility consumption data to assist in establishing tenant-paid utility allowances.

(Sec. 109) PHAs may establish a replacement reserve to fund specified capital fund activities, subject to specified requirements and restrictions on the transfer of operating funds into the replacement reserve.

(Sec. 110) This section increases: (1) to 36 months the time-period for which a child aging out of foster care may use a family unification housing voucher, and (2) to 24 the maximum age for an individual using the Family Unification Program (FUP). HUD must issue guidance to improve coordination between PHAs and public child welfare agencies in carrying out the FUP.

(Sec. 111) HUD must publish guidelines for minimum heating requirements in public housing units operated by PHAs.

(Sec. 112) This section revises the requirements for providing and calculating voucher rental assistance for families living in manufactured housing.

(Sec. 113) HUD must prioritize financial assistance for U.S. citizens or nationals over aliens who are eligible for assistance.

(Sec. 114) This section exempts PHAs in the county of Los Angeles, California, and in the states of Alaska, Iowa, and Mississippi from the requirement to include public housing residents on their governing boards. PHAs that do not include residents on their boards must establish an advisory board of at least six public housing residents or recipients of section 8 assistance.

## TITLE II--RURAL HOUSING

(Sec. 201) This section amends the Housing Act of 1949 to permit USDA to delegate to preferred lenders its loan approval authority for the Rural Housing Service's single family housing guaranteed loan program.

(Sec. 202) USDA may charge lenders a fee of up to \$50 per loan to use USDA's automated underwriting systems for the single family loan program.

## TITLE III--FHA MORTGAGE INSURANCE FOR CONDOMINIUMS

(Sec. 301) This title amends the National Housing Act to require the FHA to modify its certification requirements for condominium mortgage insurance to make recertifications substantially less burdensome than original certifications. The FHA must consider lengthening the time between certifications for approved properties and allowing information to be updated rather than resubmitted.

A HUD field office must make decisions regarding exemptions to current FHA commercial space requirements and must consider factors relating to the economy of the locality in which the project is located.

The FHA must apply to FHA condominium mortgage insurance the existing standards of the Federal Housing Finance Agency (FHFA) relating to encumbrances under private transfer fee covenants to the same extent and in the same manner as those standards apply to mortgage investments by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). If the FHFA changes its standards after enactment of this bill, the FHA must adopt the changes or disregard them with an explanatory notice within 90 days.

The FHA must issue guidance regarding the percentage of units that must be occupied by the owners (or sold to owners intending to meet such occupancy requirements) in order for a condominium to be eligible for FHA mortgage insurance. If the guidance is not issued within 90 days of enactment of this bill: (1) at least 35% of all family units must be occupied by

the owners or sold to owners who intend to meet the occupancy requirement, and (2) the FHA may increase the requirement for a project on a project-by-project or regional basis after considering factors relating to the economy of the locality in which the project is located.

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

(Sec. 401) This section amends the McKinney-Vento Homeless Assistance Act to require HUD to define the "geographic area" for purposes of the Continuum of Care Program (which awards project sponsors or unified funding agencies competitive grants focused on addressing the long-term housing and services needs of homeless individuals and families).

(Sec. 402) Local governments receiving Emergency Solutions Grants may distribute all or part of the assistance to PHAs or Local Redevelopment Authorities. (The grants are awarded to assist the homeless and prevent homelessness. Distribution of the grants is currently limited to nonprofit organizations.)

(Sec. 403) This section amends the Department of Housing and Urban Development Act to require HUD to transfer the position of Special Assistant for Veterans Affairs from the Office of the Deputy Assistant Secretary for Special Needs to the Office of the Secretary.

(Sec. 404) HUD and the Department of Veterans Affairs must submit annually to Congress reports regarding: the number of veterans assisted by HUD programs, coordination of services for veterans, and the cost of administering programs to veterans.

(Sec. 405) HUD must reopen the public comment period for the interim rule entitled "Homeless Emergency Assistance and Rapid Transition to Housing: Continuum of Care Program."

#### TITLE V--MISCELLANEOUS

(Sec. 501) All recipients of HUD Disaster Housing Assistance Program funds must meet specified income verification requirements.

(Sec. 502) This section amends the Housing Opportunity Program Extension Act of 1996 to prohibit HUD from requiring any dwelling in the Self-Help Ownership Opportunity Program to meet energy efficiency standards other than those included in the Cranston-Gonzalez National Affordable Housing Act.

(Sec. 503) HUD must create data exchange standards to improve interoperability between federal and state agencies.

#### TITLE VI--REPORTS

(Sec. 601) HUD, in consultation with the Department of Labor, must report to Congress on their interagency strategies to improve family economic empowerment by linking housing assistance with other support services, such as employment counseling and training, financial education and growth, childcare, transportation, meals, and youth recreational activities.

#### TITLE VII--HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

(Sec. 701) This title revises the formula and requirements for distributing funds under the Housing Opportunities for Persons With Aids (HOPWA) Program.

A grantee that received an allocation in FY2016 shall continue to be eligible for such allocations in subsequent fiscal

years, subject to HUD approval and the amounts available from appropriations Acts. HUD shall:

- redetermine a grantee's eligibility at least once every 10 years, and
- ensure that a grantee that received an allocation in the prior fiscal year does not receive an allocation 5% less than or 10% greater than the amount allocated to that grantee in the preceding fiscal year.

HUD may also award such funds to an alternative grantee if the original grantee agrees in a written document meeting HUD approval.

## Actions Timeline

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- **Jul 29, 2016:** Signed by President.
- **Jul 29, 2016:** Became Public Law No: 114-201.
- **Jul 19, 2016:** Presented to President.
- **Jul 15, 2016:** Message on Senate action sent to the House.
- **Jul 14, 2016:** Senate Committee on Banking, Housing, and Urban Affairs discharged by Unanimous Consent.(consideration: CR S5185)
- **Jul 14, 2016:** Senate Committee on Banking, Housing, and Urban Affairs discharged by Unanimous Consent. (consideration: CR S5185)
- **Jul 14, 2016:** Passed/agreed to in Senate: Passed Senate without amendment by Unanimous Consent.
- **Jul 14, 2016:** Passed Senate without amendment by Unanimous Consent.
- **Feb 3, 2016:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Feb 2, 2016:** Rule H. Res. 594 passed House.
- **Feb 2, 2016:** Considered under the provisions of rule H. Res. 594. (consideration: CR H451-470, H470-482)
- **Feb 2, 2016:** Rule provides for consideration of H.R. 3700 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. Measure will be considered read. Specified amendments are in order. In lieu of the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill, it shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule an amendment in the nature of a substitute consisting of the text of Rules Committee Print 114-42.
- **Feb 2, 2016:** The Speaker designated the Honorable Ryan A. Costello to act as Chairman of the Committee.
- **Feb 2, 2016:** House resolved itself into the Committee of the Whole House on the state of the Union pursuant to H. Res. 594 and Rule XVIII.
- **Feb 2, 2016:** GENERAL DEBATE - The Committee of the Whole proceeded with one hour of general debate on H.R. 3700.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Buchanan amendment No. 1.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Maxine Waters (CA) amendment No. 2.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Sewell amendment No. 3.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Hinojosa amendment No. 5.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Meng amendment No. 6.
- **Feb 2, 2016:** RISING INFORMALLY - The Committee of the Whole rose informally to receive a message. Subsequently, the Committee resumed its sitting.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Palazzo amendment No. 7.
- **Feb 2, 2016:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Palazzo amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Palazzo demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until a time to be announced.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Welch amendment No. 8.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Peters amendment No. 9.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Peters amendment No. 10.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Ellison amendment No. 11.
- **Feb 2, 2016:** DEBATE - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10

minutes of debate on the Al Green amendment No. 12.

- **Feb 2, 2016: POSTPONED PROCEEDINGS** - At the conclusion of debate on the Al Green amendment, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Al Green demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until a time to be announced.
- **Feb 2, 2016: DEBATE** - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Jackson Lee amendment No. 13.
- **Feb 2, 2016: DEBATE** - The Committee of the Whole proceeded with debate on the Jackson Lee amendment, as modified.
- **Feb 2, 2016: DEBATE** - Pursuant to the provisions of H. Res. 594, the Committee of the Whole proceeded with 10 minutes of debate on the Price (NC) amendment No. 14.
- **Feb 2, 2016:** The House rose from the Committee of the Whole House on the state of the Union to report H.R. 3700.
- **Feb 2, 2016:** The previous question was ordered pursuant to the rule. (consideration: CR H481)
- **Feb 2, 2016:** The House adopted the amendment in the nature of a substitute as agreed to by the Committee of the Whole House on the state of the Union. (text of amendment in the nature of a substitute: CR H459-465)
- **Feb 2, 2016:** Passed/agreed to in House: On passage Passed by the Yeas and Nays: 427 - 0 (Roll no. 52).
- **Feb 2, 2016:** On passage Passed by the Yeas and Nays: 427 - 0 (Roll no. 52).
- **Feb 2, 2016:** Motion to reconsider laid on the table Agreed to without objection.
- **Feb 1, 2016:** Rules Committee Resolution H. Res. 594 Reported to House. Rule provides for consideration of H.R. 3700 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit with or without instructions. Measure will be considered read. Specified amendments are in order. In lieu of the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill, it shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule an amendment in the nature of a substitute consisting of the text of Rules Committee Print 114-42.
- **Jan 28, 2016:** Reported (Amended) by the Committee on Financial Services. H. Rept. 114-397.
- **Jan 28, 2016:** Placed on the Union Calendar, Calendar No. 300.
- **Dec 9, 2015:** Committee Consideration and Mark-up Session Held.
- **Dec 9, 2015:** Ordered to be Reported (Amended) by the Yeas and Nays: 44 - 10.
- **Dec 8, 2015:** Committee Consideration and Mark-up Session Held.
- **Oct 21, 2015:** Hearings Held by the Subcommittee on Housing and Insurance Prior to Referral.
- **Oct 7, 2015:** Introduced in House
- **Oct 7, 2015:** Referred to the House Committee on Financial Services.