

Fiscal Year 2018 General Provisions

Note: This documents summarizes the General Provisions (GPs) in the FY 2018 Budget relative to the FY 2016 Enacted GPs.

SEC. 201. SECTION 8 SAVINGS - *Section 1012(b) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 1437f note) is amended to read as follows:*

"Fifty percent of the amounts of budget authority, or in lieu thereof 50 percent of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 1437 note) shall be [rescinded] *cancelled* or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not rescinded or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section. Notwithstanding the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not [rescinded] *cancelled* or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate."

Explanation of this Section: This section governs the sharing of savings that result from refunding the existing bonds for certain Section 8 contracts. Section 1012 of the McKinney Act requires HUD to split the savings evenly between Treasury and State Housing Finance Agencies. These savings typically take the form of a cash rebate from the bond trustee to the U.S. Treasury. Trustee sweeps continue for the term of the contract. HAP contracts were originally for 30 years with some 40-year contracts set to expire in 2024. The savings provided to State Housing Finance Agencies can be used for social services, for professional services essential to carry out McKinney-funded activities, project facilities or mechanical systems, and office systems.

Proposed Action: The President's Budget proposes retaining this section with a technical modification to permanently codify this long-standing general provision into law.

SEC. 202. None of the amounts made available under this Act may be used during fiscal year *2018* to investigate or prosecute under the Fair Housing Act any otherwise lawful activity engaged in by one or more persons, including the filing or maintaining of a nonfrivolous legal action, that is engaged in solely for the purpose of achieving or preventing action by a Government official or entity, or a court of competent jurisdiction.

Explanation of this Section: This section makes clear that the Department will not use its authority under the Fair Housing Act to investigate or prosecute legal activity.

Proposed Action: The President's Budget proposes retaining this provision for fiscal year 2018.

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[SEC. 203.] [Sections 203 and 209 of division C of Public Law 112–55 (125 Stat. 693–694) shall apply during fiscal year 2017 as if such sections were included in this title, except that during such fiscal year such sections shall be applied by substituting "fiscal year 2017" for "fiscal year 2011" and for "fiscal year 2012" each place such terms appear, and shall be amended to reflect revised delineations of statistical areas established by the Office of Management and Budget pursuant to 44 U.S.C. 3504(e)(3), 31 U.S.C. 1104(d), and Executive Order No. 10253.]

Explanation of this Section: This provision consolidates and extends Sections 203 and 209 of the FY 2012 Appropriations Act, which are longstanding provisions for the Housing Opportunities for Persons with AIDS (HOPWA) program. The provision continues to give HUD the authority to honor agreements between cities and their states to manage HOPWA grants, allow former grantees to continue to receive direct allocations, and allow the program to use AIDS incidence data collected over a three-year period instead of one year. This provision also updates the references to the MSAs in the FY 2012 Appropriations Act to reflect the updated names as delineated by Office of Management and Budget.

Proposed Action: The President’s Budget proposes excluding this section because it is no longer necessary, since section 701 of HOTMA changed the distribution formula.

SEC. [204] 203. Except as explicitly provided in law, any grant, cooperative agreement or other assistance made pursuant to title II of this Act shall be made on a competitive basis and in accordance with section 102 of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3545).

Explanation of this Section: This provision requires that HUD funds be subject to competition unless specified otherwise in statute.

Proposed Action: The President’s Budget proposes retaining this section.

Sec. [205] 204. *GNMA LEGAL SERVICES. —Section 7 of the Department of Housing and Urban Development Act (42 U.S.C. 3535) is amended by adding at the end the following new subsection: "(u) (1) Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811-1)."*

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Explanation of this Section: This provision makes limitations on administrative expenses inapplicable to certain expenditures of Ginnie Mae, including legal services contracts and the expenses of carrying out its programmatic duties. This provision ensures that administrative expenses provided in annual appropriations bills do not preclude Ginnie Mae's reliance upon its permanent, indefinite appropriation, in Section 1 of the National Housing Act, for essential operating funds.

Proposed Action: The President's Budget proposes making this section permanent law.

[SEC. 206. Unless otherwise provided for in this Act or through a reprogramming of funds, no part of any appropriation for the Department of Housing and Urban Development shall be available for any program, project or activity in excess of amounts set forth in the budget estimates submitted to Congress.]

Explanation of this Section: This provision forbids HUD from spending more money on any program than the agency proposed in the budget estimates, unless a different amount is appropriated or provided in a reprogramming.

Proposed Action: The President's Budget proposes deleting this provision because it is redundant with the Antideficiency Act.

SEC. [207] 205. Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of such Act as may be necessary in carrying out the programs set forth in the budget for 2018 for such corporation or agency except as hereinafter provided: Provided, That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where loans or mortgage purchases are necessary to protect the financial interest of the United States Government.

Explanation of this Section: This provision is an authorization by which Congress implements its responsibilities under section 104 of the Government Corporations Control Act (31 U.S.C. 9104). After consideration of Ginnie Mae's budget program, as submitted by the President, Congress, through this section, ratifies such budget program and authorizes expenditures of funds, both provided in the appropriations act (for salaries and expenses) and by the permanent indefinite appropriation in Section 1 of the National Housing Act, necessary to carry out the programs set forth in Ginnie Mae's program budget for the coming year.

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Proposed Action: The President's Budget is proposing to retain this provision.

[SEC. 208. The Secretary of Housing and Urban Development shall provide quarterly reports to the House and Senate Committees on Appropriations regarding all uncommitted, unobligated, recaptured and excess funds in each program and activity within the jurisdiction of the Department and shall submit additional, updated budget information to these Committees upon request.]

Explanation of this Section: This provision requires HUD to submit quarterly reports on status of funds.

Proposed Action: The President's Budget proposes to exclude this provision.

[SEC. 209. The President's formal budget request for fiscal year 2016, as well as the Department of Housing and Urban Development's congressional budget justifications to be submitted to the Committees on Appropriations of the House of Representatives and the Senate, shall use the identical account and sub-account structure provided under this Act.]

Explanation of this Section: This provision requires the Department to structure its budget request and congressional justifications in an identical way to the structure of the Appropriations Act.

Proposed Action: The President's Budget proposes to exclude this provision. The Administration will continue to determine the account structure of the President's Budget and congressional justifications.

[SEC. 210. A public housing agency or such other entity that administers Federal housing assistance for the Housing Authority of the county of Los Angeles, California, and the States of Alaska, Iowa, and Mississippi shall not be required to include a resident of public housing or a recipient of assistance provided under section 8 of the United States Housing Act of 1937 on the board of directors or a similar governing board of such agency or entity as required under section (2)(b) of such Act. Each public housing agency or other entity that administers Federal housing assistance under section 8 for the Housing Authority of the county of Los Angeles, California and the States of Alaska, Iowa and Mississippi that chooses not to include a resident of public housing or a recipient of section 8 assistance on the board of directors or a similar governing board shall establish an advisory board of not less than six residents of public housing or recipients of section 8 assistance to provide advice and comment to the public housing agency or other administering entity on issues related to public housing and section 8. Such advisory board shall meet not less than quarterly.]

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Explanation of this Section: Exempts Los Angeles County, Alaska, Iowa and Mississippi from the requirement of having a PHA resident on the board of directors. Instead, the public housing agencies in these States are required to establish advisory boards that include public housing tenants and Section 8 recipients.

Proposed Action: The President's Budget proposes excluding this section as it is no longer necessary with the enactment of Section 114 of HOTMA.

[SEC. 211. No funds provided under this title may be used for an audit of the Government National Mortgage Association that makes applicable requirements under the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).]

Explanation of this Section: This provision prohibits use of GNMA funds for certain audit activities.

Proposed Action: The President's Budget proposes excluding this provision.

SEC. [212]206. TRANSFERS OF ASSISTANCE, DEBT, AND USE RESTRICTIONS.

(a) **AUTHORITY.** Notwithstanding any other provision of law, subject to the conditions listed under this section, for fiscal years [2016] 2018 and [2017] 2019, the Secretary of Housing and Urban Development may authorize the transfer of some or all project-based assistance, debt held or insured by the Secretary and statutorily required low-income and very low-income use restrictions if any, associated with one or more multifamily housing project or projects to another multifamily housing project or projects.

(b) **PHASED TRANSFERS.**—Transfers of project-based assistance under this section may be done in phases to accommodate the financing and other requirements related to rehabilitating or constructing the project or projects to which the assistance is transferred, to ensure that such project or projects meet the standards under subsection (c).

(c) **CONDITIONS.** The transfer authorized in subsection (a) is subject to the following conditions:

(1) **NUMBER AND BEDROOM SIZE OF UNITS.**—

(A) For occupied units in the transferring project: the number of low-income and very low-income units and the configuration (i.e. bedroom size) provided by the transferring project shall be no less than when transferred to the receiving project or projects and the net dollar amount of Federal assistance provided to the transferring project shall remain the same in the receiving project or projects.

(B) For unoccupied units in the transferring project: the Secretary may authorize a reduction in the number of dwelling units in the receiving project or projects to allow for a reconfiguration of bedroom sizes to meet current market demands, as determined by the Secretary and provided there is no increase in the project-based assistance budget authority.

(2) The transferring project shall, as determined by the Secretary, be either physically obsolete or economically nonviable.

(3) The receiving project or projects shall meet or exceed applicable physical standards established by the

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Secretary.

(4) The owner or mortgagor of the transferring project shall notify and consult with the tenants residing in the transferring project and provide a certification of approval by all appropriate local governmental officials.

(5) The tenants of the transferring project who remain eligible for assistance to be provided by the receiving project or projects shall not be required to vacate their units in the transferring project or projects until new units in the receiving project are available for occupancy.

(6) The Secretary determines that this transfer is in the best interest of the tenants.

(7) If either the transferring project or the receiving project or projects meets the condition specified in subsection (d)(2)(A), any lien on the receiving project resulting from additional financing obtained by the owner shall be subordinate to any FHA-insured mortgage lien transferred to, or placed on, such project by the Secretary, except that the Secretary may waive this requirement upon determination that such a waiver is necessary to facilitate the financing of acquisition, construction, and/or rehabilitation of the receiving project or projects.

(8) If the transferring project meets the requirements of subsection (d)(2), the owner or mortgagor of the receiving project or projects shall execute and record either a continuation of the existing use agreement or a new use agreement for the project where, in either case, any use restrictions in such agreement are of no lesser duration than the existing use restrictions.

(9) The transfer does not increase the cost (as defined in section 502 of the Congressional Budget Act of 1974, as amended) of any FHA-insured mortgage, except to the extent that appropriations are provided in advance for the amount of any such increased cost.

(d) DEFINITIONS For purposes of this section—

(1) the terms "low-income" and "very low-income" shall have the meanings provided by the statute and/or regulations governing the program under which the project is insured or assisted;

(2) the term "multifamily housing project" means housing that meets one of the following conditions—

(A) housing that is subject to a mortgage insured under the National Housing Act;

(B) housing that has project-based assistance attached to the structure including projects undergoing mark to market debt restructuring under the Multifamily Assisted Housing Reform and Affordability Housing Act;

(C) housing that is assisted under section 202 of the Housing Act of 1959 as amended by section 801 of the Cranston-Gonzales National Affordable Housing Act;

(D) housing that is assisted under section 202 of the Housing Act of 1959, as such section existed before the enactment of the Cranston-Gonzales National Affordable Housing Act;

(E) housing that is assisted under section 811 of the Cranston-Gonzales National Affordable Housing Act;

or

(F) housing or vacant land that is subject to a use agreement;

(3) the term "project-based assistance" means—

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- (A) assistance provided under section 8(b) of the United States Housing Act of 1937;
 - (B) assistance for housing constructed or substantially rehabilitated pursuant to assistance provided under section 8(b)(2) of such Act (as such section existed immediately before October 1, 1983);
 - (C) rent supplement payments under section 101 of the Housing and Urban Development Act of 1965;
 - (D) interest reduction payments under section 236 and/or additional assistance payments under section 236(f)(2) of the National Housing Act;
 - (E) assistance payments made under section 202(c)(2) of the Housing Act of 1959; and
 - (F) assistance payments made under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act;
- (4) the term "receiving project or projects" means the multifamily housing project or projects to which some or all of the project-based assistance, debt, and statutorily required low-income and very low-income use restrictions are to be transferred;
- (5) the term "transferring project" means the multifamily housing project which is transferring some or all of the project-based assistance, debt, and the statutorily required low-income and very low-income use restrictions to the receiving project or projects; and
- (6) the term "Secretary" means the Secretary of Housing and Urban Development.
- (e) [PUBLIC NOTICE AND] RESEARCH REPORT.—
- [(1) The Secretary shall publish by notice in the Federal Register the terms and conditions, including criteria for HUD approval, of transfers pursuant to this section no later than 30 days before the effective date of such notice.]
- [(2)] The Secretary shall conduct an evaluation of the transfer authority under this section, including the effect of such transfers on the operational efficiency, contract rents, physical and financial conditions, and long-term preservation of the affected properties.

Explanation of this Section: This provision allows the transfer of subsidy, debt and use restrictions from an obsolete multifamily project to a viable multifamily project under a variety of specified conditions.

Proposed Action: The Department proposes to retain this provision with minor drafting changes to the notice requirement and dates.

SEC. [213] 207. (a) No assistance shall be provided under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) to any individual who—

- (1) is enrolled as a student at an institution of higher education (as defined under section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002));
- (2) is under 24 years of age;

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- (3) is not a veteran;
- (4) is unmarried;
- (5) does not have a dependent child;
- (6) is not a person with disabilities, as such term is defined in section 3(b)(3)(E) of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)(E)) and was not receiving assistance under such section 8 as of November 30, 2005; and
- (7) is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible, to receive assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

(b) For purposes of determining the eligibility of a person to receive assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), any financial assistance (in excess of amounts received for tuition and any other required fees and charges) that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except for a person over the age of 23 with dependent children.

Explanation of this Section: This provision clarifies the eligibility for assistance under section 8 of the United States Housing Act of 1937.

Proposed Action: The President's Budget proposes retaining this provision.

[SEC. 214. The funds made available for Native Alaskans under the heading "Native American Housing Block Grants" in title II of this Act shall be allocated to the same Native Alaskan housing block grant recipients that received funds in fiscal year 2005.]

Explanation of this Section: This section would direct block grant funds awarded to each tribe to be allocated to those entities that received funding in fiscal year 2005.

Proposed Action: The President's Budget proposes to exclude this provision because it is not supportive of tribal self-determination.

SEC. [215] 208. *HECM CAP.* [Notwithstanding the limitation in the first sentence of section 255(g) of the National Housing Act (12 U.S.C. 1715z-20(g)), the Secretary of Housing and Urban Development may, until September 30, 2015, insure and enter into commitments to insure mortgages under such section 255.] *Section 255(g) of the National Housing Act (12 U.S.C. 1715z-20(g)) is amended by striking "AUTHORITY—" and all that follows through "275,000." and inserting "AMOUNT.—".*

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Explanation of this Section: This section removes the limitations placed on Home Equity Conversion Mortgages (HECMs) that can be insured by the FHA.

Proposed Action: The President's Budget proposed to amend the provision to permanently remove the HECM cap.

SEC. [216] 209. Notwithstanding any other provision of law, in fiscal year [2016] 2018, in managing and disposing of any multifamily property that is owned or has a mortgage held by the Secretary of Housing and Urban Development, and during the process of foreclosure on any property with a contract for rental assistance payments under section 8 of the United States Housing Act of 1937 or other Federal programs, the Secretary shall maintain any rental assistance payments under section 8 of the United States Housing Act of 1937 and other programs that are attached to any dwelling units in the property. To the extent the Secretary determines, in consultation with the tenants and the local government, that such a multifamily property owned or held by the Secretary is not feasible for continued rental assistance payments under such section 8 or other programs, based on consideration of (1) the costs of rehabilitating and operating the property and all available Federal, State, and local resources, including rent adjustments under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("MAHRAA") and (2) environmental conditions that cannot be remedied in a cost-effective fashion, the Secretary may, in consultation with the tenants of that property, contract for project-based rental assistance payments with an owner or owners of other existing housing properties, or provide other rental assistance. The Secretary shall also take appropriate steps to ensure that project based contracts remain in effect prior to foreclosure, subject to the exercise of contractual abatement remedies to assist relocation of tenants for imminent major threats to health and safety after written notice to and informed consent of the affected tenants and use of other available remedies, such as partial abatements or receivership. After disposition of any multifamily property described under this section, the contract and allowable rent levels on such properties shall be subject to the requirements under section 524 of MAHRAA.

Explanation of this Section: This section governs the use of project-based subsidy in connection with managing and disposing of multifamily properties.

Proposed Action: The President's Budget proposes retaining the provision for fiscal year 2018.

[SEC. 217. The commitment authority funded by fees as provided under the heading "Community Development Loan Guarantees Program Account" may be used to guarantee, or make commitments to guarantee, notes, or other obligations issued by any State on behalf of non-entitlement communities in the State in accordance with the requirements of section 108 of the Housing and Community Development Act of 1974: Provided, That any State receiving such a guarantee or commitment shall

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distribute all funds subject to such guarantee to the units of general local government in non-entitlement areas that received the commitment.】

Explanation of this Section: This provision allows States to use Section 108 on behalf non-entitlement communities.

Proposed Action: The President’s Budget proposes excluding this section, as it does not include Section 108 Loan Guarantees or funding for the Community Development Block Grant Program in the fiscal year 2018 request.

[SEC. 218. Public housing agencies that own and operate 400 or fewer public housing units may elect to be exempt from any asset management requirement imposed by the Secretary of Housing and Urban Development in connection with the operating fund rule: Provided, That an agency seeking a discontinuance of a reduction of subsidy under the operating fund formula shall not be exempt from asset management requirements.】

Explanation of this Section: This section permits small PHAs with 400 or fewer units to elect not to operate under asset management.

Proposed Action: The President’s Budget proposes excluding this provision because the Department does not support increasing the threshold for exemption.

[SEC. 219. With respect to the use of amounts provided in this Act and in future Acts for the operation, capital improvement and management of public housing as authorized by sections 9(d) and 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d) and (e)), the Secretary shall not impose any requirement or guideline relating to asset management that restricts or limits in any way the use of capital funds for central office costs pursuant to section 9(g)(1) or 9(g)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437g(g)(1), (2)): Provided, That a public housing agency may not use capital funds authorized under section 9(d) for activities that are eligible under section 9(e) for assistance with amounts from the operating fund in excess of the amounts permitted under section 9(g)(1) or 9(g)(2).】

Explanation of this Section: This section prohibited the Department from imposing requirements or guidelines related to asset management that restricts or limits the use of capital funds for PHAs’ central office/overhead costs.

Proposed Action: The President’s Budget recommends excluding this provision. It is not necessary to repeat this provision since it was enacted to apply to “future Acts.”

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SEC. [220] 210. No official or employee of the Department of Housing and Urban Development shall be designated as an allotment holder unless the Office of the Chief Financial Officer has determined that such allotment holder has implemented an adequate system of funds control and has received training in funds control procedures and directives. The Chief Financial Officer shall ensure that there is a trained allotment holder for each HUD sub-office under the accounts "Executive Offices" and "Administrative Support Offices," as well as each account receiving appropriations for "Program Office Salaries and Expenses," *and* "Government National Mortgage Association—Guarantees of Mortgage-Backed Securities Loan Guarantee Program Account", [and "Office of Inspector General"] within the Department of Housing and Urban Development.

Explanation of this Section: This provision requires the OCFO to make sure that an adequate funds control system is in place and training on funds control procedures and directives has occurred for an official or employee before such official or employee is designated an allotment holder. It also requires the CFO to ensure that each office in the S&E accounts has a trained allotment holder.

Proposed Action: The President's Budget proposes retaining this provision with one modification. The OIG is excluded to allow the Office full independence over its financial management.

SEC. [221] 211. The Secretary of the Department of Housing and Urban Development shall, for fiscal year [2016] 2018, notify the public through the Federal Register and other means, as determined appropriate, of the issuance of a notice of the availability of assistance or notice of funding availability (NOFA) for any program or discretionary fund administered by the Secretary that is to be competitively awarded. Notwithstanding any other provision of law, for fiscal year [2016] 2018, the Secretary may make the NOFA available only on the Internet at the appropriate Government Web site or through other electronic media, as determined by the Secretary.

Explanation of this Section: This provision requires the Department to publish notices of availability of assistance or funding availability for any program that is competitively awarded. The notices may be published on the Internet.

Proposed Action: The Department proposes retaining this provision with date changes.

[SEC. 222. Payment of attorney fees in program-related litigation shall be paid from the individual program office and Office of General Counsel salaries and expenses appropriations. The annual budget submission for the program offices and the Office of General Counsel shall include any such projected litigation costs for attorney fees as a separate line item request. No funds provided in this title may be used to pay any such litigation costs for attorney fees until the Department submits for review a spending plan for such costs to the House and Senate Committees on Appropriations.]

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Explanation of this Section: This provision requires the Department to pay all program-related litigation attorney fees from individual personnel benefits accounts and to reflect costs on separate line items in the budget submission.

Proposed Action: The Department proposes excluding this provision due to implementation issues and objections raised by the Department of Justice.

SEC. [223] 212. The Secretary is authorized to transfer up to [10] 20 percent or [\$4,000,000] *\$6,000,000*, whichever is less, of funds appropriated for any office under the heading "Administrative Support Offices" or for any account under the general heading "Program Office Salaries and Expenses" to any other such office or account: Provided, That no appropriation for any such office or account shall be increased or decreased by more than [10] 20 percent or [\$4,000,000] *\$6,000,000*, whichever is less, without prior written approval to the House and Senate Committees on Appropriations [: Provided further, That the Secretary shall provide notification to such Committees three business days in advance of any such transfers under this section up to 10 or \$4,000,000 whichever is less].

Explanation of this Section: This provision gives the Secretary the authority to transfer a limited amount of funds, as needed, between accounts that provide for personnel and non-personnel expenses.

Proposed Action: The Department proposes retaining this provision with amendments. The increased transfer authority will allow the Department additional flexibility to efficiently make strategic realignments that support Administration priorities and emerging issues.

[SEC. 224. The Disaster Housing Assistance Programs, 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 McKinney Act for the purpose of income verifications and matching.]

Explanation of this Section: This provision ensures that all recipients of HUD Disaster Assistance funds meet the criteria set forth in the McKinney Act for income verification and matching.

Proposed Action: The Department proposes excluding this provision, which was enacted under Section 501 of the Housing Opportunity Through Modernization Act of 2016.

SEC. [225] 213. (a) Any entity receiving housing assistance payments shall maintain decent, safe, and sanitary conditions in good repair, as determined by the Secretary of Housing and Urban Development (in this section referred to as the "Secretary"), and comply with any standards under applicable State or local laws, rules, ordinances, or regulations relating to the physical

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condition of any property covered under a housing assistance payment contract.

The requirements in this section shall apply to insured and noninsured projects with assistance attached to the units under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), but do not apply to such units assisted under section 8(o)(13) (42 U.S.C. 1437f(o)(13)) or to public housing units assisted with capital or operating funds under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g).

(b) The Secretary may take action under subsection (c) when a multifamily housing project with a section 8 contract or contract for similar project-based assistance:

- (1) receives a Uniform Physical Condition Standards (UPCS) score of 59 or less;
- (2) fails to certify in writing to the Secretary within 3 business days that all Exigent Health and Safety deficiencies and all Health and Safety deficiencies identified by the inspector at the project have been corrected; or
- (3) fails to meet UPCS or local code requirements that establish standards for decent, safe, and sanitary housing.

(c) (1) The Secretary must provide the owner with a Notice of Default with a specified timetable, determined by the Secretary, for correcting all deficiencies. The Secretary must also provide a copy of the Notice of Default to the tenants, the local government, any mortgagees, and any contract administrator. If the owner's appeal results in a UPCS score of 60 or above, the Secretary may withdraw the Notice of Default.

(2) At the end of the time period for correcting all deficiencies specified in the Notice of Default, if the owner fails to fully correct such deficiencies, the Secretary may—

- (A) require immediate replacement of project management with management agent approved by the Secretary;
 - (B) impose civil money penalties;
 - (C) abate the section 8 contract, including partial abatement, as determined by the Secretary, until all deficiencies have been corrected;
 - (D) pursue transfer of the project to an owner, approved by the Secretary under established procedures, which will be obligated to promptly make all required repairs and to accept renewal of the assistance contract as long as such renewal is offered;
 - (E) pursue exclusionary sanctions, including suspensions or debarments from Federal programs;
 - (F) seek judicial appointment of a receiver to manage the property and cure all project deficiencies or seek a judicial order of specific performance requiring the owner to cure all project deficiencies;
 - (G) work with the owner, lender, or other related party to stabilize the property in an attempt to preserve the property through compliance, transfer of ownership, or an infusion of capital provided by a third-party that requires time to effectuate; or
 - (H) take any other regulatory or contractual remedies available as deemed necessary and appropriate by the Secretary.
- (d) The Secretary shall also take appropriate steps to ensure that project-based contracts remain in effect, subject to the exercise of contractual abatement remedies to assist relocation of tenants for imminent major threats to health and safety after written notice to and informed consent of the affected tenants and use of other remedies set forth above. To the extent the Secretary determines, in consultation with the tenants and the local government, that the property is not feasible for continued

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rental assistance payments under such section 8 or other programs, based on consideration of (1) the costs of rehabilitating and operating the property and all available Federal, State, and local resources, including rent adjustments under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("MAHRAA") and (2) environmental conditions that cannot be remedied in a cost-effective fashion, the Secretary may, in consultation with the tenants of that property, transfer the contract for project-based rental assistance payments to an owner or owners of other existing housing properties, or provide other rental assistance to the tenants to allow them to relocate.

(e) The Secretary shall report quarterly on all properties covered by this section that are assessed through the Real Estate Assessment Center and have UPCS physical inspection scores of less than 60 or have received an unsatisfactory management and occupancy review within the past 36 months. The report shall include—

- (1) the enforcement actions being taken to address such conditions, including imposition of civil money penalties and termination of subsidies, and identify properties that have such conditions multiple times;
- (2) actions that the Secretary is taking to protect tenants of such identified properties; and
- (3) any administrative or legislative recommendations to further improve the living conditions at properties covered under a housing assistance payment contract.

Explanation of this Section: This general provision will enhance HUD's ability to exercise oversight within the PBRA program, allowing for HUD to mandate corrective action, contract transfers or change in management due to failure to meet physical condition standards.

- Language was added under (a) to include HUD's rights to take enforcement actions for violations of local codes and ordinances. This enables HUD to take coordinated actions with localities to more promptly bring properties up to decent, safe and sanitary conditions.
- Language in (b)2 was added to allow HUD to take enforcement action for an owner's failure to certify that all exigent health and safety issues, as identified in a REAC inspection, have been addressed. This is essential because these emergency repairs have a significant impact in the living conditions of residents and HUD requires proof that these unacceptable findings have been abated.
- Language in (b)1 was amended to allow HUD to demand immediate corrective action from an owner after a property receives a failing REAC score.
- Language in (b)1 was changed to allow HUD to immediately notify an owner of its obligation to take corrective action and restore the property to decent safe and sanitary condition. The removal of the prior language of a 30-day notification, followed by a 60-day window for a corrective action plan will permit HUD to immediately address substandard physical conditions. This streamlined process is set forth in (c)(1) and will have an immediate beneficial impact on troubled properties.
- The items under (c)(2) give HUD increased enforcement tools to deal with troubled properties and owners, such as replace management, use monetary penalty funds at the affected property, transfer the subsidy contract, and preservation.

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Proposed Action: The Department proposes retaining this provision.

SEC. [226] 214. None of the funds made available by this Act, or any other Act, for purposes authorized under section 8 (only with respect to the tenant-based rental assistance program) and section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), may be used by any public housing agency for any amount of salary, including bonuses, for the chief executive officer of which, or any other official or employee of which, that exceeds the annual rate of basic pay payable for a position at level IV of the Executive Schedule at any time during any public housing agency fiscal year [2016] 2018.

Explanation of this Section: This provision establishes a cap on PHA personnel compensation tied to the Federal Executive Schedule pay scale.

Proposed Action: The President's Budget proposes to retain this provision.

[SEC. 227. None of the funds in this Act may be available for the doctoral dissertation research grant program at the Department of Housing and Urban Development.]

Explanation of this Section: This section prohibits the funds from being used for the doctoral dissertation research grant program.

Proposed Action: The President's Budget does not request any funding for this program, and proposes excluding this provision.

[Sec. 228. HOPE VI AMENDMENTS.—Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended—
(1) in subsection (m)(3), by striking "shall" and inserting "may"; and
(2) in subsection (o), by striking "2016" and inserting "2017".]

Explanation of this Section: This provision extends the authorization of appropriations and sunset provision in the HOPE VI statute through fiscal year 2017.

Proposed Action: The President's Budget excludes this provision and does not request funds for the HOPE VI or Choice Neighborhoods programs.

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[SEC. 229. None of the funds in this Act provided to the Department of Housing and Urban Development may be used to make a grant award unless the Secretary notifies the House and Senate Committees on Appropriations not less than 3 full business days before any project, State, locality, housing authority, tribe, nonprofit organization, or other entity selected to receive a grant award is announced by the Department or its offices.]

Explanation of this Section: This section requires HUD to notify the House and Senate Committee on Appropriations at least 3 full business days prior to announcing a grant award.

Proposed Action: The President's Budget proposes excluding this provision.

SEC. [230] 215. [None of the funds made available by this Act may be used] *The Secretary may elect, through notice, not to require or enforce the Physical Needs Assessment (PNA) for public housing units.*

Explanation of this Section: Prohibits funds from being used to require or enforce the physical needs assessment (PNA).

Proposed Action: The President's Budget proposes modifying this provision.

[SEC. 231. 216. None of the funds made available by this Act nor any receipts or amounts collected under any Federal Housing Administration program may be used to implement the Homeowners Armed with Knowledge (HAWK) program.]

Explanation of this Section: This provision prohibits HUD from using appropriated funds to implement the Homeowners Armed with Knowledge, a program that would allow those agreeing to participate in housing counseling to pay a reduced mortgage insurance premium.

Proposed Action: The Department proposes excluding this provision.

SEC. [232] 216. None of the funds made available in this Act shall be used by the Federal Housing Administration, the Government National Mortgage Administration, or the Department of Housing and Urban Development to insure, securitize, or establish a Federal guarantee of any mortgage or mortgage backed security that refinances or otherwise replaces a mortgage

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that has been subject to eminent domain condemnation or seizure, by a state, municipality, or any other political subdivision of a state.

Explanation of this Section: Prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain.

Proposed Action: The President's Budget proposes retaining this provision.

[SEC. 233. None of the funds made available by this Act may be used to terminate the status of a unit of general local government as a metropolitan city (as defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)) with respect to grants under section 106 of such Act (42 U.S.C. 5306).]

Explanation of this Section: Prohibits funds from being used to terminate the status of a unit of local government as a metropolitan city, as defined under the CDBG program.

Proposed Action: The President's Budget proposes excluding this provision.

SEC. [234] 217. Amounts made available under this Act which are either appropriated, allocated, advanced on a reimbursable basis, or transferred to the Office of Policy Development and Research in the Department of Housing and Urban Development and functions thereof, for research, evaluation, or statistical purposes, and which are unexpended at the time of completion of a contract, grant, or cooperative agreement, may be deobligated and shall immediately become available and may be reobligated in that fiscal year or the subsequent fiscal year for the research, evaluation, or statistical purposes for which the amounts are made available to that Office [subject to reprogramming requirements in section 405 of this Act].

Explanation of this Section: This provision allows funding for research, evaluation and statistical purposes that is unexpended at the completion of a contract, grant or cooperative agreement to be deobligated and reobligated for additional research, evaluation or statistical purposes.

Proposed Action: The President's Budget proposes including this provision with modification to more quickly address research and evaluation needed to support evidence-based policies.

[SEC. 235. (a) Subsection (b) of section 225 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12755) is amended by adding at the end the following new sentence: "Such 30-day waiting period is not required if the grounds for the termination or refusal to renew involve a direct threat to the safety of the tenants or employees of the housing, or an imminent and serious threat to the property (and the termination or refusal to renew is in accordance with the requirements of State or

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local law)."]

Explanation of this Section: This provision allows for the eviction of HOME rental unit tenants who pose a direct threat to tenants or employees of the housing or are an imminent, serious threat to the property.

Proposed Action: The President's Budget proposes excluding this provision because authority was made permanent by section 235 of the 2016 Consolidated Appropriations Act.

Sec. [236] 218. [None of the funds under this title may be used for awards, including performance, special act, or spot, for any employee of the Department of Housing and Urban Development who is subject to administrative discipline in fiscal year 2016, including suspension from work.] *Employees of the Department of Housing and Urban Development who are subject to administrative discipline in fiscal year 2018, including suspension from work, shall not receive awards (including performance, special act, or spot) for the remainder of fiscal year 2018 after the effective date of the disciplinary action.*

Explanation of this Section: This provision prohibits the Department from issuing performance awards to employees subject to administrative discipline.

Proposed Action: The President's Budget proposes technical modifications to this provision to support implementation.

SEC. [237] 219. —The language under the heading Rental Assistance Demonstration in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55), is amended—

- (1) in the undesignated paragraph before the first proviso, by inserting the following before the colon: "(herein after the "First Component")";
- (2) in the second proviso, by striking "until September 30, 2018" and inserting "for fiscal year 2012 and thereafter";
- (3) by striking the fourth provisos;
- (4) in the thirteenth proviso, as reordered above, by—
 - (A) inserting "or nonprofit" before "entity, then a capable entity,"; and
 - (B) striking "preserves its interest" and inserting "or a nonprofit entity preserves an interest";
- (5) in the seventeenth proviso, as reordered above, by—
 - (A) inserting "or with a project rental assistance contract under section 202(c)(2) of the Housing Act of 1959," after "section 8(o) of the Act,";
 - (B) inserting "or assistance contracts" after "for such vouchers"; and
 - (C) inserting the following before the colon: "(Second Component" herein)";
- (6) by inserting the following proviso after the seventeenth proviso, as reordered above: "Provided further, That conversions of assistance under the Second Component may not be the basis for re-screening or termination of

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assistance or eviction of any tenant family in a property participating in the demonstration and such a family shall not be considered a new admission for any purpose, including compliance with income targeting:";

(7) in the nineteenth proviso, by striking "the previous proviso" and all that follows through the end of the proviso and inserting "the Second Component shall be available for project-based subsidy contracts entered into pursuant to the Second Component:";

(8) in the twentieth proviso, by striking "the previous two provisos" and inserting "the Second Component, except for conversion of section 202 project rental assistance contracts,";

(9) in the twenty-first proviso, by striking "the three previous provisos" and inserting "the Second Component, except for conversion of section 202 project rental assistance contracts,";

(10) by inserting the following proviso after the twenty-first proviso: "Provided further, That the Secretary may transfer amounts made available under the heading "Housing for the Elderly" to the accounts under the headings "Project-Based Rental Assistance" or "Tenant-Based Rental Assistance" to facilitate any section 202 project rental assistance contract conversion under the Second Component, and any increase in cost for "Project-Based Rental Assistance" or "Tenant-Based Rental Assistance" associated with such conversion shall be equal to amounts so transferred:"; and

(11) in the twenty-third proviso, as reordered above, by striking "the previous four provisos" and inserting "the Second Component".

Explanation of this Section: This provision makes changes to the Rental Assistance Demonstration (RAD) Program

Proposed Action: The President's Budget proposes RAD amendments including elimination of the RAD unit cap, expansion to Section 202 properties, ensuring residents in the Second Component can't be rescreened upon re-entry (in alignment with the First Component), and aligning ownership requirements for foreclosures and LIHTC recapitalizations with other types of conversions.

[SEC. 238. Section 526 (12 U.S.C. 1735f-4) of the National Housing Act is amended by inserting at the end of subsection (b):
(c) The Secretary may establish an exception to any minimum property standard established under this section in order to address alternative water systems, including cisterns, which meet requirements of State and local building codes that ensure health and safety standards.".]

Explanation of this Section: This provision modifies Section 526 of the National Housing Act to allow, but not require, HUD to establish exceptions for alternative water systems that meet requirements of State and local building codes that ensure health and safety standards.

Proposed Action: The President's Budget proposes excluding this section because it was enacted into permanent law in 2016.

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[Sec. 239.] The Secretary of Housing and Urban Development shall increase, pursuant to this section, the number of Moving to Work agencies authorized under section 204, title II, of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104-134) by adding to the program 100 public housing agencies that are designated as high performing agencies under the Public Housing Assessment System (PHAS) or the Section Eight Management Assessment Program (SEMAP). No public housing agency shall be granted this designation through this section that administers in excess of 27,000 aggregate housing vouchers and public housing units. Of the agencies selected under this section, no less than 50 shall administer 1,000 or fewer aggregate housing voucher and public housing units, no less than 47 shall administer 1,001-6,000 aggregate housing voucher and public housing units, and no more than 3 shall administer 6,001-27,000 aggregate housing voucher and public housing units. Of the 100 agencies selected under this section, five shall be agencies with portfolio awards under the Rental Assistance Demonstration that meet the other requirements of this section, including current designations as high performing agencies or such designations held immediately prior to such portfolio awards. Selection of agencies under this section shall be based on ensuring the geographic diversity of Moving to Work agencies. In addition to the preceding selection criteria, agencies shall be designated by the Secretary over a 7-year period. The Secretary shall establish a research advisory committee which shall advise the Secretary with respect to specific policy proposals and methods of research and evaluation for the demonstration. The advisory committee shall include program and research experts from the Department, a fair representation of agencies with a Moving to Work designation, and independent subject matter experts in housing policy research. For each cohort of agencies receiving a designation under this heading, the Secretary shall direct one specific policy change to be implemented by the agencies, and with the approval of the Secretary, such agencies may implement additional policy changes. All agencies designated under this section shall be evaluated through rigorous research as determined by the Secretary, and shall provide information requested by the Secretary to support such oversight and evaluation, including the targeted policy changes. Research and evaluation shall be coordinated under the direction of the Secretary, and in consultation with the advisory committee, and findings shall be shared broadly. The Secretary shall consult the advisory committee with respect to policy changes that have proven successful and can be applied more broadly to all public housing agencies, and propose any necessary statutory changes. The Secretary may, at the request of a Moving to Work agency and one or more adjacent public housing agencies in the same area, designate that Moving to Work agency as a regional agency. A regional Moving to Work agency may administer the assistance under sections 8 and 9 of the United States Housing Act of 1937 (42 U.S.C. 1437f and g) for the participating agencies within its region pursuant to the terms of its Moving to Work agreement with the Secretary. The Secretary may agree to extend the term of the agreement and to make any necessary changes to accommodate regionalization. A Moving to Work agency may be selected as a regional agency if the Secretary determines that unified administration of assistance under sections 8 and 9 by that agency across multiple jurisdictions will lead to efficiencies and to greater housing choice for low-income persons in the region. For purposes of this expansion, in addition to the provisions of the Act retained in section 204, section 8(r)(1) of the Act shall continue to apply unless the Secretary determines that waiver of this section is necessary to implement comprehensive rent reform and occupancy policies subject to evaluation by the Secretary, and the waiver contains, at a minimum, exceptions for requests to port due to employment, education, health and safety. No public housing agency granted this designation through this section shall receive more funding under sections 8 or 9

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of the United States Housing Act of 1937 than it otherwise would have received absent this designation. The Secretary shall extend the current Moving to Work agreements of previously designated participating agencies until the end of each such agency's fiscal year 2028 under the same terms and conditions of such current agreements, except for any changes to such terms or conditions otherwise mutually agreed upon by the Secretary and any such agency and such extension agreements shall prohibit any statutory offset of any reserve balances equal to 4 months of operating expenses. Any such reserve balances that exceed such amount shall remain available to any such agency for all permissible purposes under such agreement unless subject to a statutory offset. In addition to other reporting requirements, all Moving to Work agencies shall report financial data to the Department of Housing and Urban Development as specified by the Secretary, so that the effect of Moving to Work policy changes can be measured.】

Explanation of this Section: This provision expands the MTW program to high capacity PHAs. Up to fifteen PHAs, totaling no more than 150,000 combined HCV and public housing units, would be selected competitively.

Proposed Action: The President's Budget proposes excluding this section, as the authority granted in fiscal year 2016 was for a one-time MTW expansion.

[Sec. 240. (a) **AUTHORITY.**—Subject to the conditions in subsection (d), the Secretary of Housing and Urban Development may authorize, in response to requests received in fiscal years 2016 through 2020, the transfer of some or all project-based assistance, tenant-based assistance, capital advances, debt, and statutorily required use restrictions from housing assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) to other new or existing housing, which may include projects, units, and other types of housing, as permitted by the Secretary.

(b) **CAPITAL ADVANCES.**—Interest shall not be due and repayment of a capital advance shall not be triggered by a transfer pursuant to this section.

(c) **PHASED AND PROPORTIONAL TRANSFERS.**—

(1) Transfers under this section may be done in phases to accommodate the financing and other requirements related to rehabilitating or constructing the housing to which the assistance is transferred, to ensure that such housing meets the conditions under subsection (d).

(2) The capital advance repayment requirements, use restrictions, rental assistance, and debt shall transfer proportionally from the transferring housing to the receiving housing.

(d) **CONDITIONS.**—The transfers authorized by this section shall be subject to the following conditions:

(1) the owner of the transferring housing shall demonstrate that the transfer is in compliance with applicable Federal, State, and local requirements regarding Housing for Persons with Disabilities and shall provide the Secretary with evidence of obtaining any approvals related to housing disabled persons that are necessary under Federal, State, and local government requirements;

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- (2) the owner of the transferring housing shall demonstrate to the Secretary that any transfer is in the best interest of the disabled residents by offering opportunities for increased integration or less concentration of individuals with disabilities;
 - (3) the owner of the transferring housing shall continue to provide the same number of units as approved for rental assistance by the Secretary in the receiving housing;
 - (4) the owner of the transferring housing shall consult with the disabled residents in the transferring housing about any proposed transfer under this section and shall notify the residents of the transferring housing who are eligible for assistance to be provided in the receiving housing that they shall not be required to vacate the transferring housing until the receiving housing is available for occupancy;
 - (5) the receiving housing shall meet or exceed applicable physical standards established or adopted by the Secretary; and
 - (6) if the receiving housing has a mortgage insured under title II of the National Housing Act, any lien on the receiving housing resulting from additional financing shall be subordinate to any federally insured mortgage lien transferred to, or placed on, such housing, except that the Secretary may waive this requirement upon determination that such a waiver is necessary to facilitate the financing of acquisition, construction, or rehabilitation of the receiving housing.
- (e) **PUBLIC NOTICE.**—The Secretary shall publish a notice in the Federal Register of the terms and conditions, including criteria for the Department's approval of transfers pursuant to this section no later than 30 days before the effective date of such notice.】

Explanation of this Section: The provision gives the Department needed flexibility to transfer Section 811 subsidies to properties that comply with local Olmstead requirements, which prohibit the unlawful segregation of persons with disabilities.

Proposed Action: The President's Budget proposes excluding this section, as the authority granted in fiscal year 2016 continues through 2020.

[Sec. 241. (a) Of the unobligated balances, including recaptures and carryover, remaining from funds appropriated to the Department of Housing and Urban Development under the heading ``General and Special Risk Program Account", and for the cost of guaranteed notes and other obligations under the heading ``Native American Housing Block Grants", \$12,000,000 is hereby permanently rescinded.

(b) All unobligated balances, including recaptures and carryover, remaining from funds appropriated to the Department of Housing and Urban Development under the headings ``Rural Housing and Economic Development", and ``Homeownership and Opportunity for People Everywhere Grants" are hereby permanently rescinded.】

Explanation of this Section: This provision rescinds unobligated balances in several HUD programs.

Proposed Action: The President's Budget proposes excluding this section, as the authority granted in fiscal year 2016 was a

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one-time, permanent rescission.

Sec. [242] 220. Funds made available in this title under the heading "Homeless Assistance Grants" may be used by the Secretary to participate in Performance Partnership Pilots [authorized in an appropriations Act for fiscal year 2016 as initially authorized] under section 526 of division H of Public Law 113-76, [and extended under] section 524 of division G of Public Law 113-235, *section 525 of division H of Public Law 114-113, and such authorities as are enacted for Performance Partnership Pilots in an appropriations Act for fiscal years 2017 or 2018*: Provided, That such participation shall be limited to no more than 10 continuums of care and housing activities to improve outcomes for disconnected youth].

Explanation of this Section: This provision adds Homeless Assistance Grants to the list of programs authorized to participate in the Performance Partnership Pilots for Disconnected Youth.

Proposed Action: The President's Budget proposes modifying this section.

Sec. [243] 221. With respect to grant amounts awarded under the heading "Homeless Assistance Grants" for fiscal years [2015] *2018* and [2016] *2019* for the Continuum of Care (CoC) program as authorized under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act, costs paid by program income of grant recipients may count toward meeting the recipient's matching requirements, provided the costs are eligible CoC costs that supplement the recipients CoC program.

Explanation of this Section: This provision would allow Homeless Assistance Grant recipients to count program income as an eligible match for 2015 and 2016 CoC program funds.

Proposed Action: The Department proposes retaining this provision with date changes.

[Sec. 244. With respect to funds appropriated under the ``Community Development Fund" heading for formula allocation to states pursuant to 42 U.S.C. 5306(d), the Secretary shall permit a jurisdiction to demonstrate compliance with 42 U.S.C. 5305(c)(2)(A) if it had been designated as majority low- and moderate-income pursuant to data from the 2000 decennial Census and it continues to have economic distress as evidenced by inclusion in a designated Rural Promise Zone or Distressed County as defined by the Appalachian Regional Commission. This section shall apply to any such state funds appropriated under such heading under this Act, in each fiscal year from 2017 through 2020, and under prior appropriation Acts (with respect to any such allocated but uncommitted funds available to any such state.)]

Explanation of this Section: This provision modifies CDBG grantee compliance with low- and moderate-income area requirements for areas that are designated rural Promise Zone jurisdictions and certain other economically distressed communities.

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Proposed Action: The President's Budget proposes excluding this section, as the authority granted in fiscal year 2016 continues through 2020.

SEC. 222. ADMINISTRATIVE SUPPORT FEE.—Section 202 of the National Housing Act (12 U.S.C. 1708) is amended by adding the following new subsection:

"(i) **ADMINISTRATION.**— Notwithstanding any provision of law, and in addition to any other fees charged in connection with the provision of insurance under this title, in each fiscal year the Secretary may, effective on endorsements through September 30, [2019] 2020, charge and collect a fee not to exceed 4 basis points of the original principal balance of mortgages endorsed or submitted for insurance endorsement by the mortgagee that were insured under this title during the previous fiscal year.

"(A) Such fee collected from each mortgagee must be used as offsetting collections for part of the administrative contract expenses funding, information technology expenses, and any necessary salaries and expenses funding provided under the Mutual Mortgage Insurance Program Account under this title, for the purpose of modernizing FHA systems and supporting the implementation of new practices for interaction with lenders.

"(B) The Secretary must establish the amount of such fee through regulations, notice, Mortgagee Letter, or other administrative issuance after providing for public comment."

Explanation of this Section: Provides authority to charge lenders an administrative support fee. These funds will provide enhancements to administrative contract support and FHA staffing, with a focus on increasing the number of loans reviewed annually for quality assurance, which will ensure lender compliance with FHA endorsement policies and reduce losses to the FHA insurance fund.

Proposed Action: The President's Budget proposes the addition of this provision in 2018.

Sec. 223. HECM SPOUSAL SURVIVAL.—Section 255 of the National Housing Act (12 U.S.C. 1715z-20) is amended—

(1) in subsection (b)(1), by inserting before the period ", except that the term "mortgagor" shall not include the successors and assigns of the original borrower under a mortgage"; and

(2) in subsection (j), by amending that subsection to read as follows:

"(j) **SAFEGUARD TO PREVENT DISPLACEMENT OF HOMEOWNER.**—In order for a mortgage to be eligible for insurance under this section, the mortgage shall provide that the obligation of the homeowner to satisfy the loan obligation is deferred until the death of the homeowner, the sale of the home, or the occurrence of other events specified in regulations of the Secretary. The Secretary may, within the Secretary's sole discretion, provide for further deferrals. Section 1647(b) of title 15 and any implementing regulations issued by the Board of Governors of the Federal Reserve System shall not apply to a mortgage insured under this section."

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Explanation of this Section: This provision would provide HUD with flexibility to establish how long an obligation to satisfy the HECM can be deferred. This provision gives the Department discretion to make deferrals and provides program flexibility to exempt lenders who would otherwise be required to immediately foreclose upon a living spouse.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 224. REPLACEMENT HOUSING EXCEPTION.

(a) Section 8(o)(13) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)), as amended by section 106 of the Housing Opportunity Through Modernization Act of 2016 (P.L. 114-201), is amended by—

(1) revising the second sentence of subparagraph (B)(ii) by inserting after "Secretary", ", or qualify, as defined by the Secretary, as replacement units for such units,"; and

(2) revising subparagraph (D)(ii)(IV) by inserting after "Secretary", ", or qualify, as defined by the Secretary, as replacement units for such units,".

(b) The Secretary may implement the changes in subsection (a) through notice, and the changes will not take effect until the notice is issued.

Explanation of this Section: This proposal amends the recently enacted HOTMA provision that allows certain formerly federally assisted projects to be exempt from the normally applicable project-based voucher PHA program cap and income-mixing requirements. This proposal allows HUD to provide PHAs with greater flexibility to use PBV new construction under this exception authority, such as allowing the PHA to receive the exemptions when constructing replacement PBV housing at a different site from the original project.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 225. SUPPORTIVE SERVICES INCOME-MIXING EXCEPTION.

(a) Section 8(o)(13)(D)(ii)(I) of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)(13)(D)(ii)(I)), as amended by section 106 of the Housing Opportunity Through Modernization Act of 2016 (P.L. 114-201), is amended by striking "of the project" and inserting in its place, "in the project's supportive service units".

(b) The Secretary may implement the changes in subsection (a) through notice, and the changes will not take effect until the notice is issued.

Explanation of this Section: Section 106(a)(3) of the Housing Opportunity Through Modernization Act of 2016 (HOTMA) recently amended section 8(o)(13)(D) of the United States Housing Act of 1937. Section 8(o)(13)(D) limits the number of units within a project that may receive project-based assistance to the greater of 25 units or 25 percent of the units in the project.

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There are several exceptions provided to this income mixing requirement, including an exception for units exclusively made available to households eligible for supportive services that are made available to the assisted residents of the project.

This proposal would amend the statute to provide that this exception applies for households eligible for supportive services that are made available for the supportive service units in the project, as opposed to requiring that services must be made available to all of the assisted families. Under this change, a project would be able to designate a certain number of units for supportive housing for persons with disabilities while also providing project-based voucher assistance in other units for very low-income families that would not need and would not be eligible for those supportive services.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 226. TENANT RENT CONTRIBUTION.—*The Secretary may, through a notice published in the Federal Register, require a family residing in a dwelling unit assisted under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), or section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013) to pay as rent for such dwelling unit the greater of any applicable minimum rent or up to 35 percent of the family's monthly income, unless that family would otherwise experience a hardship.*

Explanation of this Section: The proposal allows HUD to increase the amount that an assisted family pays as rent to the greater of the minimum rent or up to 35 percent of the family's gross monthly income (rather than 30 percent of the family's adjusted income) under any or all of the following programs: Public Housing, Section 8, Section 202, and Section 811. (Gross income reflects exclusions, such as the Earned Income Tax Credit, but not deductions, such as the child deduction.) HUD will have the authority to implement a temporary increase to the rent the family pays under the impacted programs through a Federal Register notice.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 227. MINIMUM RENTS.—*For this fiscal year, the minimum monthly rental amount under section 3(a)(3)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)(3)(A)), section 202(c)(3) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(3)), and section 811(d)(3) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(3)) shall be \$50 consistent with any applicable hardship exemptions, beginning on the tenant's first annual or interim recertification following enactment of this section.*

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Explanation of this Section: The proposal temporarily establishes a minimum rent of \$50 per month for families assisted under the public housing, Section 8, Section 202, and Section 811 programs, in order to ensure families are contributing a modest amount toward their rent. The proposal would retain the existing hardship exemptions for the minimum rent requirement.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 228. PROHIBITION ON UTILITY REIMBURSEMENTS .—For this fiscal year, for dwelling units assisted under the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.), section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), or section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), no family may receive utility reimbursements, notwithstanding any other provision that limits the amount of rent paid by a family, unless that family would otherwise experience a hardship, as such term is defined by the Secretary through notice.

Explanation of this Section: This proposal temporarily eliminates utility reimbursements that families receive from the PHA or owner in the Public Housing, Section 8, Section 202, and Section 811 programs. The proposal will end direct payments from HUD to families when tenant-paid utility costs exceeded the minimum rent due, but will maintain the utility allowance up to the amount of the tenant rent contribution. Hardship exemptions, as defined by the Secretary, will be available for tenants.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 229. RENT INCREASES.—For this fiscal year, the Secretary may elect through a Federal Register notice not to provide rent adjustments for properties receiving assistance under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), section 811 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013), section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. 1701s), section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1(f)(2)), or section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) other than the voucher program under section 8(o) and the moderate rehabilitation program under section 8(e)(2) (including the single room occupancy program authorized by title IV of the McKinney-Vento Homeless Assistance Act).

Explanation of this Section: The Department provides project based rental subsidies, through programs such as Sections 8, 202, 811 and 236, to approximately 20,000 private and not for profit multifamily property owners, containing approximately 1.4 million units. The majority of these contracts are governed by the Multifamily Assisted Housing Reform and Affordability Act (MAHRA), which requires the Department to provide annual rent increases. This provision would enable the Department to suspend this requirement for FY 2018.

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Proposed Action: The President's Budget proposes adding this new provision.

Sec. 230. PUBLIC HOUSING FLEXIBILITIES.—*For funds made available under the accounts "Public Housing Capital Fund" and "Public Housing Operating Fund", the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, statutes or regulations related to public housing agency reporting or planning requirements, energy audits, income recertifications, and assessments, upon a finding by the Secretary, consistent with a process and criteria established by notice published in the Federal Register, that any such waivers or alternative requirements are necessary to reduce costs or for the effective delivery and administration of such funds.*

Explanation of this Section: This proposal provides HUD with the authority to waive or specify alternative requirements to reduce costs or provide for the more effective administration of the Public Housing program. This authority is limited to certain subject areas and will provide PHAs with a variety of options for temporary administrative relief that may be tailored to reflect the specific needs of the individual PHA.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 231. TENANT-BASED RENTAL ASSISTANCE FLEXIBILITIES.—*For this fiscal year, for funds made available under the account "Tenant-Based Rental Assistance", the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, statutes or regulations related to the setting and adjustment of allowable rent levels, payment standards, tenant rent contributions, occupancy standards, PHA assessment programs, or other PHA administrative and reporting requirements, upon a finding by the Secretary, consistent with a process and criteria established by notice published in the Federal Register, that any such waivers or alternative requirements are necessary to reduce costs or for the effective delivery and administration of such funds.*

Explanation of this Section: This proposal provides HUD with the authority to waive or specify alternative requirements to reduce costs or provide for the more effective administration of the housing choice voucher program. This authority is limited to certain subject areas and will provide PHAs with a variety of options for cost savings and temporary administrative relief that may be tailored to reflect the specific needs of the individual PHA.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 232. ENHANCED VOUCHER PAYMENT STANDARDS.—*Section 8(t)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437f(t)(1)) is amended—*
(1) in subparagraph (B), by striking ", and if, during" and all that follows through "families";

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(2) by amending subparagraph (C) to read as follows:

"(C) the tenant rent limitation in section 8(o)(3) shall not apply to families receiving enhanced voucher assistance under this paragraph"; and

(3) in subparagraph (D), by striking "exceed" and inserting "be less than".

Explanation of this Section: This proposal would eliminate the higher payment standard provision for enhanced vouchers. Instead, the normally applicable PHA payment standard that establishes a maximum limit on the amount of subsidy that may be paid on behalf of an assisted family will also apply to enhanced vouchers. The tenant rent limitation is waived so that families will not be required to relocate as a result of this change.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 233. CAPITAL AND OPERATING FUND FLEXIBILITY. —*For funds appropriated under the headings "Public Housing Capital Fund" and "Public Housing Operating Fund" in fiscal year 2018 and in prior fiscal years, a public housing agency may use any amounts allocated to the agency for any eligible activities under subsections 9(d)(1) and 9(e)(1), regardless of the fund from which the amounts were allocated and provided.*

Explanation of this Section: This provision extends the flexibility to use the Capital and Operating Funds interchangeably to all PHAs, regardless of troubled status and the condition of a PHA's public housing portfolio. Today, only small PHAs (under 250 units) that are not troubled and operate public housing in a safe, clean and healthy condition have full flexibility. Larger agencies are permitted to transfer only 20% of the Operating Fund to the Capital Fund and vice versa. HUD proposes full flexibility for all PHAs using fiscal year 2018 and previous years funding, including the use of existing Operating Reserves for capital improvements. This flexibility would enable PHAs to focus scarce resources on local priorities without being constrained by the statutory limitations of each fund.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 234. MARK-TO-MARKET. —*Section 579 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by striking "October 1, 2017" each place it appears and inserting in lieu thereof "October 1, 2022".*

Explanation of this Section: This provision extends the Mark-to-Market (M2M) program, which would otherwise sunset on October 1, 2017. The purpose of the M2M program is to reduce Section 8 costs and preserve the affordability and availability of low-income rental housing. The M2M program allows participants to reduce the property rents to market level while, when

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necessary, simultaneously reducing property debt levels and owner costs through a number of tools authorized by the legislation. The M2M program includes properties with FHA-insured loans and Section 8 subsidies and was created in the Multifamily Assisted Housing Reform And Affordability Act of 1997.

Proposed Action: The President's Budget proposes adding this new provision.

Sec. 235. CONTINUUM OF CARE TRANSITION GRANTS. *Section 428 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11386b) is amended by adding at the end of the section, subsection (f) to read as follows:*

"(f) TRANSITION FOR REALLOCATED GRANT.—

"(1) From amounts under this subtitle made available to carry out subtitle B and this subtitle, the Secretary may award one-year transition grants to recipients to transition from one Continuum of Care program component to another.

"(2) In order to be eligible to receive a transition grant, the project must have the consent of the Continuum of Care, and meet standards determined by the Secretary."

Explanation of this Section: This provision would allow CoC grantees to receive one-year transition grants to transition from one CoC program component to another. When a grant for a project is awarded through reallocation, it is a new project and cannot start operations until the grant agreement has been executed. However, there are instances where a new grant created through reallocation is using the staff and other resources, including housing, from the grant that is being eliminated to create the new grant. To avoid undue hardship on organizations, and to ensure that program participants are served in the most appropriate manner during the transition period, HUD is seeking authority to allow the eliminated project to continue operating during the transition period from the old to new grant.

Proposed Action: The President's Budget proposes adding this new provision.

SEC. 236. *Unobligated balances, including recaptures and carryover, remaining available for obligation from funds appropriated to the Department of Housing and Urban Development in prior Acts and under the headings "Revitalization of Severely Distressed Public Housing (HOPE VI)" and "Choice Neighborhoods Initiative" maybe used for purposes under the "Public Housing Capital Fund" heading in this Act, notwithstanding the purposes for which such funds were appropriated.*

Explanation of this Section: This provision would allow the Department to use Hope VI and Choice Neighborhoods Initiative unobligated balances for Public Housing Capital Fund purposes.

Proposed Action: The President's Budget proposes adding this new provision.