

Fiscal Year 2020 General Provisions

This document summarizes the General Provisions (GPs) in the FY 2020 Budget relative to the FY 2018 Enacted GPs.

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SEC. 201. SECTION 8 SAVINGS.— 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1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 1437f note) shall be **[rescinded]** *cancelled* or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not **[rescinded]** *cancelled* or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects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the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not **[rescinded]** *cancelled* or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.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, 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 technical modification.

SEC. 202. FAIR HOUSING ACT INVESTIGATIONS AND PROSECUTIONS.—None of the amounts made available under this Act may be used during fiscal year **[2018]** *2020* 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

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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 2020.

SEC. 203. *COMPETITION IN ACCORDANCE WITH HUD REFORM ACT.*—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. 204. *GNMA LEGAL SERVICES.*—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).

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 retaining this section.

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SEC. [206] 205. HUD CORPORATIONS EXPENDITURES.—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] 2020 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.

Proposed Action: The President’s Budget proposes retaining this provision for fiscal year 2020.

SEC. [210] 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 [2018] 2020 and [2019] 2021, 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

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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 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**] *(2 U.S.C. 661a)*) 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—

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- (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**] (12 U.S.C. 1701q);
 - (D) housing that is assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), 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 (42 U.S.C. 8013); or
 - (F) housing or vacant land that is subject to a use agreement;
- (3) the term “project-based assistance” means—
 - (A) assistance provided under section 8(b) of the United States Housing Act of 1937 (42 U.S.C. 1437f(b));
 - (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 (12 U.S.C. 1701s);
 - (D) interest reduction payments under section 236 and/or additional assistance payments under section 236(f)(2) of the National Housing Act (12 U.S.C. 1715z-1);
 - (E) assistance payments made under section 202(c)(2) of the Housing Act of 1959 (12 U.S.C. 1701q(c)(2)); and
 - (F) assistance payments made under section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8013(d)(2));
- (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.

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(e) RESEARCH REPORT.—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 President’s Budget proposes retaining this section with technical modifications.

SEC. [211] 207. *VOUCHER ASSISTANCE FOR STUDENTS AT INSTITUTIONS OF HIGHER EDUCATION.*— (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;

(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;

(7) is not a youth who left foster care at age 14 or older and is at risk of becoming homeless; and

(8) 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 *section 102 of* 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.

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Proposed Action: The President’s Budget proposes retaining this section with a technical modification.

SEC. [213] 208. *HECM LOAN 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, [2018] 2020, insure and enter into commitments to insure mortgages under such section 255.

Explanation of this Section: This section waives, through the end of 2020, the limitation placed on Home Equity Conversion Mortgages (HECMs) that can be insured by the FHA.

Proposed Action: The President’s Budget proposes retaining this provision for fiscal year 2020.

SEC. [214] 209. *MANAGEMENT AND DISPOSITION OF CERTAIN MULTIFAMILY HOUSING PROJECTS.*—Notwithstanding any other provision of law, in fiscal year [2018] 2020, 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 (*42 U.S.C. 1437f*) 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”) (*42 U.S.C. 1437f note*) 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.

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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 this provision for fiscal year 2020 and with technical modifications.

SEC. [2018] 210. DESIGNATED ALLOTMENT HOLDERS.— 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] *appropriation* under the accounts “Executive Offices”, [and] “Administrative Support Offices”, [as well as each account receiving appropriations for] “Program Offices [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 for fiscal year 2020 and with technical modifications.

SEC. [2019] 211. NOFA PUBLICATION.—The Secretary of the Department of Housing and Urban Development shall, for fiscal year [2018] 2020, 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 [2018] 2020, 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.

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Proposed Action: The President’s Budget proposes retaining this provision for fiscal year 2020.

SEC. [221] 212. TRANSFER OF FUNDS.—The Secretary is authorized to transfer up to [10] 20 percent or \$[5] 6,000,000, whichever is less, of funds appropriated for any office under the headings “Administrative Support Offices” or “*Program Offices*” [for any account under the general heading “Program Office Salaries and Expenses”] to any other such office [or account]: *Provided, That the Secretary shall provide notification to the House and Senate Committees on Appropriations three business days in advance of any such transfers: Provided further,* That no appropriation for any such office [or account] shall be increased or decreased by more than [10] 20 percent or \$[5]6,000,000, whichever is less, [without prior written approval of the House and Senate Committees on Appropriations] *unless such Committees are notified in writing ten business days in advance of such transfer: [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 percent or \$5,000,000, 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 modifications. The increased transfer authority will provide the Department additional flexibility to efficiently make strategic realignments that support Administration priorities and emerging issues.

SEC. [222] 213. PHYSICAL CONDITIONS REQUIREMENTS.—

(a)(1) 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 condition of any property covered under a housing assistance payment contract.

(2) 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)) of such Act or to public housing units assisted with capital or operating funds under section 9 (42 U.S.C. 1437g) of such Act.

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(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 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) If the Secretary decides to take action based on a deficiency listed in subsection (b), 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 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 has failed to fully correct such deficiencies, the Secretary may—

(A) require immediate replacement of project management with a management agent approved by the Secretary;

(B) impose civil money penalties;

(C) abate or suspend payment on the section 8 contract, including partial abatement or suspension, as determined by the Secretary;

(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) transfer the existing section 8 contract to another project or projects and owner or owners, as determined 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;

(F) pursue exclusionary sanctions, including suspensions or debarments from Federal programs;

(G) 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;

(H) 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

(I) take any other regulatory or contractual remedies available, including abatement, suspension, or termination of the section 8 contract, as deemed necessary and appropriate by the Secretary.

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(d)(1) Any Notice of Default issued pursuant to subsection (c)(1) shall include a requirement that the owner provide a copy of the Notice of Default to each tenant.

(2) The Secretary shall ensure that the owner or its agents provide tenants an opportunity to comment on the physical condition and management of the property, and any needed repairs. The Secretary may provide the substance of these communications to the project owner to assist in its corrective opportunity.

(3) If the Secretary terminates the section 8 contract pursuant to subsection (c)(2), the Secretary shall provide tenants with a copy of any notice to the owner to that effect.

(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; and

(2) actions that the Secretary is taking to protect tenants of such identified properties.

Explanation of this Section: This general provision enhances HUD’s ability to exercise oversight within the PBRA program, allowing HUD to mandate corrective action, contract transfers, or change in management due to failure to meet physical condition standards. It makes minor edits and additions to increase the options available to the Secretary and clarify his role and responsibilities.

Proposed Action: The President’s Budget proposes retaining this provision for fiscal year 2020.

SEC. [223] 214 PHA EXECUTIVE COMPENSATION.—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 [2018] 2020.

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

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Proposed Action: The President’s Budget proposes retaining this provision for fiscal year 2020.

SEC. [226] 215. *PHYSICAL NEEDS ASSESSMENTS.*—None of the funds made available by this Act may be used to require or enforce the Physical Needs Assessment (PNA).

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 retaining this provision.

SEC. [227] 216. *EMINENT DOMAIN RESTRICTIONS.*— 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 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. [229] 217. *UNOBLIGATED RESEARCH FUNDS.*—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.

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Proposed Action: The President’s Budget proposes retaining this provision with a technical modification.

SEC. [230] 218. PROHIBITION OF AWARDS.—Employees of the Department of Housing and Urban Development who are subject to administrative discipline in fiscal year [2019] 2020, including suspension from work, shall not receive awards (including performance, special act, or spot) for the remainder of fiscal year [2019] 2020 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 retaining this provision for fiscal year 2020.

SEC. [237] 219. RAD AMENDMENTS.—The language under the heading “Rental Assistance Demonstration” in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55), as amended [by Public Law 113–76, Public Law 113–235, Public Law 114–113, and Public Law 115–31], is *further* amended—

(1) in the second proviso, by striking “until September 30, 2024” and inserting “for fiscal year 2012 and thereafter”; and

(2) by striking the fourth and final provisos. [(1) in the second proviso, by striking “September 30, 2020” and inserting “September 30, 2024”;

(2) in the matter preceding the first proviso, by inserting the following before the colon: “(herein the ‘First Component’)”;

(3) in the fourth proviso, by striking “225,000” and inserting “455,000”;

(4) in the fourteenth proviso, 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 eighteenth proviso, 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 “the subordination, restructuring, or both, of any capital advance documentation, including any note, mortgage, use agreement or other agreements, evidencing or securing a capital advance previously provided by the Secretary under section 202(c)(1) of the Housing Act of 1959 as necessary to facilitate the conversion of assistance while maintaining the affordability period and the designation of the property as serving elderly persons, and,” following “including but not limited to”;

(C) inserting “or assistance contracts” after “for such vouchers”;

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- (D) striking “of Housing and Urban Development” after “Secretary”; and
- (E) inserting the following before the colon: “(herein the ‘Second Component’)”;
- (6) by inserting the following provisos after the eighteenth proviso:

“Provided further, That contracts provided to properties converting assistance from section 101 of the Housing and Urban Development Act of 1965 or section 236(f)(2) of the National Housing Act located in high-cost areas shall have initial rents set at comparable market rents for the market area: Provided further, That conversions of assistance under the Second Component may not be the basis for re-screening or termination of 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 twenty-first proviso, as reordered above, by striking “the previous proviso” and all that follows through the end of the proviso and inserting “the Second Component, except for conversion of section 202 project rental assistance contracts, shall be available for project-based subsidy contracts entered into pursuant to the Second Component:”;

(8) in the twenty-second proviso, as reordered above, 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-third proviso, as reordered above, by striking “the three previous provisos” and inserting “the Second Component, except for conversion of section 202 project rental assistance contracts,”; and

- (10) by inserting the following proviso before the final 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 conversions 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:”.]

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

Proposed Action: The President’s Budget proposes RAD amendments that will remove RAD deadlines and eliminate the RAD unit cap.

Sec. [231] 220. *PERFORMANCE PARTNERSHIP PILOTS.*—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 under section 526 of division H of Public Law 113–76, section 524 of division G of Public Law 113–235, section 525 of division H of Public Law 114–113, *section 525 of*

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division H of Public Law 115-31, section 525 of Division H of Public Law 115-141, and such authorities as are enacted for Performance Partnership Pilots in an appropriations Act for fiscal years **[2018] 2019 or 2020. [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 includes 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 this provision with modifications.

Sec. [232] 221. *MATCHING REQUIREMENTS.*—With respect to grant amounts awarded under the heading “Homeless Assistance Grants” for fiscal year[s] 2015 **[,2016, 2017, and 2018]** *and subsequent fiscal years* for the **[c]Continuum of [c]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 recipient’s CoC program.

Explanation of this Section: This provision allows Homeless Assistance Grant recipients to count program income as an eligible match for CoC program funds.

Proposed Action: The President’s Budget proposes retaining this provision with modifications.

Sec. [233] 222. *CONTINUUM OF CARE TRANSITION GRANTS.* (a) From amounts made available under this title under the heading “Homeless Assistance Grants”, the Secretary may award 1-year transition grants to recipients of funds for activities under subtitle C of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.) to transition from one Continuum of Care program component to another.

(b) [No more than 50 percent of each transition grant may be used for costs of eligible activities of the program component originally funded.]

(c) Transition grants made under this section are eligible for renewal in subsequent fiscal years for the eligible activities of the new program component.

(d)] In order to be eligible to receive a transition grant, the funding recipient must have the consent of the Continuum of Care and meet standards determined by the Secretary.

General Provisions

Explanation of this Section: This provision allows CoC grantees to receive one-year transition grants to transition from one CoC program component to another.

Proposed Action: The President’s Budget proposes retaining this provision with modifications to allow for additional flexibility.

SEC. 223. INFORMATION TECHNOLOGY FEE.—(a) *FEE.*—*For a period of four years, as established by the Secretary in subsection (c), notwithstanding any provision of law, and in addition to any other fees charged in connection with the provision of insurance under title II the National Housing Act (hereafter referred to as “the Act”) (12 U.S.C. 1707 et seq.), the Secretary may charge and collect from each mortgagee a fee not to exceed \$25 per mortgage endorsed or submitted for insurance endorsement under title II of the Act (12 U.S.C. 1707 et seq.), except mortgages insured under section 255 of such title (12 U.S.C. 1715z-20).*

(b) PURPOSE OF FEE.—*Such fee collected shall offset part of the administrative contract expenses funding and information technology expenses funding provided under the Mutual Mortgage Insurance Program Account under title II of the National Housing Act (12 U.S.C. 1707 et seq.), for the purpose of modernizing single-family technology systems and supporting the implementation of new practices for interaction with mortgagees.*

(c) IMPLEMENTATION.—*The Secretary shall establish the amount of such fee through Mortgagee Letter or other administrative issuance after providing for public comment.*

Explanation of this Section: This provision provides the authority to charge lenders a fee that will be used to enhance information technology systems within Single Family. This fee will allow FHA to upgrade its IT infrastructure and better serve lenders and borrowers.

Proposed Action: The President’s Budget proposes this provision in 2020.

SEC. 224. RENT ADJUSTMENTS.—*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).*

General Provisions

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 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 adjustments. This provision would enable to Department to suspend this requirement for FY 2020.

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

SEC. 225. PUBLIC HOUSING FLEXIBILITIES.—*For funds made available in this or prior acts 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, statutory or regulatory provisions related to public housing agency (PHA) annual plan requirements, energy audits, and community service 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 for annual plan requirements, energy audits, and community service requirements to reduce costs or provide for the more effective administration of the Public Housing program. This authority will provide PHAs with a number 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. 226. TENANT-BASED RENTAL ASSISTANCE FLEXIBILITIES.—*For funds made available in this or prior acts under the account "Tenant-Based Rental Assistance", the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, statutory or regulatory provisions related to PHAs establishing payment standards below the basic range of 90 percent but not less than 80 percent of the Fair Market Rent and for the suspension of certain PHA Section Eight Management Assistance Program (SEMAP) indicators, 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.*

General Provisions

Explanation of this Section: This provision would allow specific indicators of SEMAP, which will be further defined in a Federal Register notice, to be temporarily suspended by HUD. Suspending certain SEMAP indicators would eliminate administrative burden and reduce PHA costs associated with preparing the SEMAP certifications and submissions that are used by HUD to generate the PHA's SEMAP designation. In addition, this provision would be used to permit PHAs to set their payment standards below 90 percent of the Fair Market Rent (FMR) without HUD approval, provided the payment standard is no less than 80 percent of the FMR. This additional flexibility will further reduce PHA burden and simplify program administration.

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

SEC. 227. CAPITAL AND OPERATING FUND FLEXIBILITY.—*A public housing agency may use operating reserve funds or any amounts allocated to the agency from funds appropriated under the heading "Public Housing Operating Fund" in fiscal year 2020 or prior fiscal years, except for any set-asides listed under such headings, for any eligible activities under subsections 9(d)(1) and 9(e)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d)(1) and (e)(1)). For funds appropriated under the heading "Public Housing Capital Fund" in prior fiscal years, except for any set-asides listed under such headings, a public housing agency may use any amounts allocated to the agency for any eligible activities under sections 9(d)(1) and 9(e)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d)(1) and (e)(1)).*

Explanation of this Section: This provision permits public housing agencies to use FY 2020 and prior Public Housing Operating funds, and prior Public Housing Capital funds for any eligible public housing purpose, regardless of the fund from which the amounts were allocated and provided.

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

SEC. 228. MEETING EXPENSES.—*Amounts made available in title II of division K of the Consolidated Appropriations Resolution, 2003 (Public Law 108-7, approved February 20, 2003) under the heading "Indian Housing Loan Guarantee Fund Program Account" for necessary expenses of the Land Title Report Commission may be used by the Secretary of Housing and Urban Development, notwithstanding the purposes for which such funds originally were appropriated, in addition to other amounts made available to the Secretary, for necessary expenses including support of meetings, hearings, or other collaborations with the Bureau of Indian Affairs of the Department of the Interior to improve the process or system for maintaining land ownership records and title documents and issuing certified title status reports relating to Indian trust lands.*

General Provisions

Explanation of this Section: This provision allows HUD to use funds previously appropriated for the Land Title Commission to be used more broadly to support the same goal of improving processes and systems related to maintaining land records in Indian Country.

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

SEC. 229. TRANSFER TO INFORMATION TECHNOLOGY FUND.—*Of the amounts made available for salaries and expenses under all accounts under this title (except for the Office of Inspector General account), a total of up to \$10,000,000 may be transferred to and merged with amounts made available in the "Information Technology Fund" account under this title.*

Explanation of this Section: This provision allows for the transfer of up to \$10 million from salaries and expenses to the Information Technology Fund.

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