

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## FISCAL YEAR 2024 GENERAL PROVISIONS

(INCLUDING TRANSFER OF FUNDS)  
**[(INCLUDING RESCISSION)]**  
(INCLUDING CANCELLATIONS)

This document summarizes the General Provisions (GPs) in the 2024 President's Budget.

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1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 1437f note) shall be **[rescinded]** *cancelled* or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not **[rescinded]** *cancelled* or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects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the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not **[rescinded]** *cancelled* or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.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

SEC. 202. *FAIR HOUSING ACT INVESTIGATIONS AND PROSECUTIONS.*— None of the funds made available by this Act may be used **[during fiscal year 2023]** 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 provision makes clear that the Department will not use its authority under the Fair Housing Act to investigate or prosecute legal activity.

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.

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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 does not preclude Ginnie Mae's reliance upon its permanent, indefinite appropriation, in Section 1 of the National Housing Act, for essential operating funds.

**[SEC. 205. 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.]**

SEC. [206] 205. *HUD CORPORATION 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 [2023] 2024 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), which is necessary to carry out the programs set forth in Ginnie Mae's budget for the coming year.

**[SEC. 207. The Secretary 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.]**

**[SEC. 208. None of the funds made available by 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.)]**

**SEC. [209] 206. TRANSFERS OF ASSISTANCE, DEBT, AND USE RESTRICTIONS.**

(a) Notwithstanding any other provision of law, subject to the conditions listed under this section, for fiscal years [2023] 2024 and [2024] 2025, 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) 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, or be reasonably expected to become economically nonviable when complying with State or Federal requirements for community integration and reduced concentration of individuals with disabilities.

(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

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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 (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) 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 (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 Secretary to 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 obsolete multifamily housing project(s) to a viable multifamily housing project.

### SEC. [210] 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 from 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.

SEC. [211] 208. *DISTRIBUTION OF NAHASDA BLOCK GRANT FUNDS TO NATIVE ALASKAN RECIPIENTS.*— The funds made available for Native Alaskans under paragraph (1) under the heading "Native American Programs" 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, and only such recipients shall be eligible to apply for funds made available under paragraph (2) of such heading.

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**Explanation of this Section:** This provision directs block grant funds awarded to each Tribe to be allocated to those entities that received funding in fiscal year 2005.

SEC. [212] 209. *MANAGEMENT AND DISPOSITION OF CERTAIN MULTIFAMILY PROJECTS.*— Notwithstanding any other provision of law, in fiscal year [2023] 2024, 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 any 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 having a mortgage 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 (in this section "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 in 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 provision governs the use of project-based subsidy in connection with managing and disposing of multifamily properties.

SEC. [213] 210. *SMALL PHA ASSEST MANAGEMENT EXEMPTIONS.*— 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 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 provision permits small PHAs with 400 or fewer units to elect not to operate under asset management.

SEC. [214] 211. *ASSET MANAGEMENT REQUIREMENTS FOR CAPITAL FUNDS.*—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),(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 paragraph (1) or (2) of section 9(g) 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

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section 9(e) for assistance with amounts from the operating fund in excess of the amounts permitted under paragraph (1) or (2) of section 9(g).

**Explanation of this Section:** This provision prohibits the Department from imposing requirements or guidelines related to asset management that restrict or limit the use of capital funds for PHAs' central office/overhead costs.

SEC. [215] 212. *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 appropriation under the accounts "Executive Offices", "Administrative Support Offices", "Program Offices", "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 allotment holders have an adequate funds control system in place and that 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 salaries and expenses (S&E) accounts has a trained allotment holder.

SEC. [216] 213. *NOFO PUBLICATION.*— The Secretary shall, for fiscal year [2023] 2024, 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 opportunity (NOFO) 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 [2023] 2024, the Secretary may make the NOFO available only on the Internet at the appropriate Government website 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 opportunity for any program that is competitively awarded. The notices may be published on the Internet.

**[SEC. 217. 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.]**

SEC. [218] 214. *TRANSFER OF FUNDS.*— The Secretary is authorized to transfer up to 10 percent or \$5,000,000, whichever is less, of funds appropriated for any office under the headings "Administrative Support Offices" [or] , "Program Offices", or "Government National Mortgage Association—Guarantees of Mortgage-Backed Securities Loan Guarantee Program Account" to any other such office [under such headings]: *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 [under such headings] shall be increased or decreased by more than 10 percent or \$5,000,000, whichever is less, [without prior written approval of the House and Senate] unless such Committees [on*

**Appropriations: *Provided further, That the Secretary shall provide notification to such Committees 3 business days in advance of any such transfers under this section up to 10 percent or \$5,000,000, whichever is less*** are notified in writing 10 business days in advance of any such transfers.

**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. The Budget expands the transfer authority to Ginnie Mae and amends the Congressional approval requirement.

**SEC. [219] 215. PHYSICAL CONDITIONS REQUIREMENTS.**

(a) Any entity receiving housing assistance payments shall maintain decent, safe, and sanitary conditions, as determined by 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.

(b) The Secretary shall take action under subsection (c) when a multifamily housing project with a contract under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) or a contract for similar project-based assistance—

(1) receives a *failing score under the Uniform Physical Condition Standards (UPCS) [score of 59 or less]* or *successor standard*; or

(2) fails to certify in writing to the Secretary within 3 days that all Exigent Health and Safety deficiencies, or *those deficiencies requiring correction within 24 hours*, identified by the inspector at the project have been corrected. Such requirements 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 shall not apply to such units assisted under section 8(o)(13) of such Act (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).

(c)(1) Within 15 days of the issuance of the Real Estate Assessment Center ("REAC") inspection, the Secretary shall provide the owner with a Notice of Default with a specified timetable, determined by the Secretary, for correcting all deficiencies. The Secretary shall 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]** *passing score*, 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 a management agent approved by the Secretary;

(B) impose civil money penalties, which shall be used solely for the purpose of supporting safe and sanitary conditions at applicable properties, as designated by the Secretary, with priority given to the tenants of the property affected by the penalty;

(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, who will be obligated to promptly make all required repairs and to accept renewal of the assistance contract if such renewal is offered;

(E) transfer the existing section 8 contract to another project or projects and



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owner or owners;

(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 as deemed necessary and appropriate by the Secretary.

(d) The Secretary shall 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 major threats to health and safety after written notice to the affected tenants. To the extent the Secretary determines, in consultation with the tenants and the local government, that the property 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 contract for project-based rental assistance payments with an owner or owners of other existing housing properties, or provide other rental assistance.

(e) The Secretary shall report semi-annually on all properties covered by this section that are assessed through the Real Estate Assessment Center and have **[UPCS]** *failing* 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) identification of the enforcement actions being taken to address such conditions, including imposition of civil money penalties and termination of subsidies, and identification of properties that have such conditions multiple times;

(2) identification of actions that the Department of Housing and Urban Development 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. The first report shall be submitted to the Senate and House Committees on Appropriations not later than 30 days after the enactment of this Act, and the second report shall be submitted within 180 days of the transmittal of the first report.

**Explanation of this Section:** This 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 has been updated to allow it to continue to function when HUD implements the new NSPIRE standards.

**SEC. [220] 216. 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

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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 **[2023]** 2024.

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

**[Sec. 221. None of the funds made available by this Act and 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: *Provided*, That such notification shall list each grant award by State and congressional district.]**

SEC. **[222]** 217. *EMINENT DOMAIN RESTRICTIONS*.— None of the funds made available in this Act shall be used by the Federal Housing Administration, the Government National Mortgage Association, 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:** This provision prohibits HUD from guaranteeing mortgages or mortgage-backed securities that refinance or otherwise replace mortgages that have been subject to eminent domain.

SEC. **[223]** 218. *ENTITLEMENT STATUS*.— 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:** This provision prohibits HUD from taking an action that would remove a community from entitlement status for Community Development Block Grants.

SEC. **[224]** 219. *UNOBLIGATED RESEARCH FUNDS*.— Amounts made available by this Act that are appropriated, allocated, advanced on a reimbursable basis, or transferred to the Office of Policy Development and Research of the Department of Housing and Urban Development and functions thereof, for research, evaluation, or statistical purposes, and that 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]** 404 of this Act.

**Explanation of this Section:** This provision gives HUD the ability to re-obligate research funds left unexpended at the conclusion of an agreement.

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SEC. [225] 220. *PROHIBITION OF AWARDS*.— None of the funds provided in this Act or any other Act may be used for awards, including performance, special act, or spot, for any employee of the Department of Housing and Urban Development subject to administrative discipline (including suspension from work), in this fiscal year, but this prohibition shall not be effective prior to the effective date of any such administrative discipline or after any final decision over-turning such discipline.

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

SEC. [226] 221. *MATCHING REQUIREMENTS*.— With respect to grant amounts awarded under the heading "Homeless Assistance Grants" for fiscal years 2015 through [2023] 2024 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 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.

SEC. [227] 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) 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.

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

SEC. [228] 223. *PROMISE ZONE DESIGNATIONS AND AGREEMENTS*.— The Promise Zone designations and Promise Zone Designation Agreements entered into pursuant to such designations, made by the Secretary in prior fiscal years, shall remain in effect in accordance with the terms and conditions of such agreements.

**Explanation of this Section:** This provision requires that Promise Zone designations and agreements shall remain in effect.

**[SEC. 229. None of the amounts made available in this Act may be used to consider Family Self-Sufficiency performance measures or performance scores in determining funding awards for programs receiving Family Self-Sufficiency program coordinator funding provided in this Act.]**

SEC. [230] 224. *MOVING TO WORK FLEXIBILITIES*.— Any public housing agency designated as a Moving to Work agency pursuant to section 239 of division L of Public Law 114-113 (42 U.S.C. 1437f note; 129 Stat. 2897) may, upon such designation, use funds (except for special purpose funding, including special purpose vouchers) previously allocated to any such public housing agency under section 8 or 9 of the United States Housing Act of 1937, including any reserve funds

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held by the public housing agency or funds held by the Department of Housing and Urban Development, pursuant to the authority for use of section 8 or 9 funding provided under such section and section 204 of title II of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104-134; 110 Stat. 1321-28), notwithstanding the purposes for which such funds were appropriated.

**Explanation of this Section:** This provision allows public housing agencies designated as Moving to Work agencies to use pre-designation housing choice voucher and public housing funds, including reserves, consistent with the Moving to Work authorities.

SEC. [231] 225. *PROHIBITION ON LIMITING LEAD-BASED PAINT GRANTS.*— None of the amounts made available by this Act may be used to prohibit any public housing agency under receivership or the direction of a Federal monitor from applying for, receiving, or using funds made available under the heading "Public Housing Fund" for competitive grants to evaluate and reduce lead-based paint hazards in this Act or that remain available and not awarded from prior Acts, or be used to prohibit a public housing agency from using such funds to carry out any required work pursuant to a settlement agreement, consent decree, voluntary agreement, or similar document for a violation of the Lead Safe Housing or Lead Disclosure Rules.

**Explanation of this Section:** This provision prohibits funds from being used to make certain eligibility limitations as part of a notice of funding opportunity for certain competitive grant awards under the Public Housing Fund.

**[Sec. 232. None of the funds made available by this title may be used to issue rules or guidance in contravention of section 1210 of Public Law 115-254 (132 Stat. 3442) or section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155).]**

SEC. [233] 226. *CHOICE NEIGHBORHOODS EXTENSION.*—

(a) Funds previously made available in the Consolidated Appropriations Act, [2016] 2017 (Public Law [114-113] 115-31) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year [2018] 2019 are to remain available through fiscal year [2024] 2025 for the liquidation of valid obligations incurred in fiscal years [2016] 2017 through [2018] 2019.

(b) Funds previously made available in the Consolidated Appropriations Act, 2018 (Public Law 115-141) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2020 are to remain available through fiscal year 2026 for the liquidation of valid obligations incurred in fiscal years 2018 through 2020.

(c) Funds previously made available in the Consolidated Appropriations Act, 2019 (Public Law 116-6) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2021 are to remain available through fiscal year 2027 for the liquidation of valid obligations incurred in fiscal years 2019 through 2021.

(d) Funds previously made available in the Further Consolidated Appropriations Act, 2020 (Public Law 116-94) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2022 are to remain available through fiscal year 2028 for the liquidation of valid obligations incurred in fiscal years 2020 through 2022.

(e) Funds previously made available in the Consolidated Appropriations Act, 2021 (Public Law 116-260) for the "Choice Neighborhoods Initiative" that were available for obligation through fiscal year 2023 are to remain available through fiscal year 2029 for the liquidation of valid obligations incurred in fiscal years 2021 through 2023.

**Explanation of this Section:** This provision extends by one year the expenditure period for previously appropriated Choice Neighborhoods funds.

**[SEC. 234. None of the funds made available by this Act may be used by the Department of Housing and Urban Development to direct a grantee to undertake specific changes to existing zoning laws as part of carrying out the final rule entitled ``Affirmatively Furthering Fair Housing'' (80 Fed. Reg. 42272 (July 16, 2015)) or the notice entitled ``Affirmatively Furthering Fair Housing Assessment Tool'' (79 Fed. Reg. 57949 (September 26, 2014)).]**

**SEC. [235] 227. FORMULA GRANT ALLOCATION ADJUSTMENTS.**— For fiscal year **[2023] 2024**, if the Secretary determines or has determined, for any prior formula grant allocation administered by the Secretary through the Offices of Public and Indian Housing, Community Planning and Development, or Housing, that a recipient received an allocation greater than the amount such recipient should have received for a formula allocation cycle pursuant to applicable statutes and regulations, the Secretary may adjust for any such funding error in the next applicable formula allocation cycle by (a) offsetting each such recipient's formula allocation (if eligible for a formula allocation in the next applicable formula allocation cycle) by the amount of any such funding error, and (b) reallocating any available balances that are attributable to the offset to the recipient or recipients that would have been allocated additional funds in the formula allocation cycle in which any such error occurred (if such recipient or recipients are eligible for a formula allocation in the next applicable formula allocation cycle) in an amount proportionate to such recipient's eligibility under the next applicable formula allocation cycle: *Provided*, That all offsets and reallocations from such available balances shall be recorded against funds available for the next applicable formula allocation cycle: *Provided further*, That the term "next applicable formula allocation cycle" means the first formula allocation cycle for a program that is reasonably available for correction following such a Secretarial determination: *Provided further*, That if, upon request by a recipient and giving consideration to all Federal resources available to the recipient for the same grant purposes, the Secretary determines that the offset in the next applicable formula allocation cycle would critically impair the recipient's ability to accomplish the purpose of the formula grant, the Secretary may adjust for the funding error across two or more formula allocation cycles.

**Explanation of this Section:** This provision allows the Department to correct any past formula allocation errors as part of the next applicable formula allocation cycle.

**[SEC. 236. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended—**

**(a) in section 515, by adding at the end the following new subsection:**

**``(d) Rent Adjustments and Subsequent Renewals.—After the initial renewal of a section 8 contract pursuant to this section and notwithstanding any other provision of law or contract regarding the adjustment of rents or subsequent renewal of such contract for a project, including such a provision in section 514 or this section, in the case of a project subject to any restrictions imposed pursuant to sections 514 or this section, the Secretary may, not more often than once every 10 years, adjust such rents or renew such contracts at rent levels that are equal to the lesser of budget-based rents or comparable market rents for the market area upon the request of an owner or purchaser who—**

“(1) demonstrates that—

“(A) project income is insufficient to operate and maintain the project, and no rehabilitation is currently needed, as determined by the Secretary; or

“(B) the rent adjustment or renewal contract is necessary to support commercially reasonable financing (including any required debt service coverage and replacement reserve) for rehabilitation necessary to ensure the long-term sustainability of the project, as determined by the Secretary, and in the event the owner or purchaser fails to implement the rehabilitation as required by the Secretary, the Secretary may take such action against the owner or purchaser as allowed by law; and

“(2) agrees to—

“(A) extend the affordability and use restrictions required under 514(e)(6) for an additional twenty years; and

“(B) enter into a binding commitment to continue to renew such contract for and during such extended term, provided that after the affordability and use restrictions required under

514(e)(6) have been maintained for a term of 30 years:

“(i) an owner with a contract for which rent levels were set at the time of its initial renewal under section 514(g)(2) shall request that the Secretary renew such contract under section 524 for and during such extended term; and

“(ii) an owner with a contract for which rent levels were set at the time of its initial renewal under section 514(g)(1) may request that the Secretary renew such contract under section 524 for and during such extended term.”; and

(b) in section 579, by striking “October 1, 2022” each place it appears and inserting in lieu thereof “October 1, 2027”.]

SEC. [237] 228. *INFORMATION TECHNOLOGY TRANSFER AUTHORITY.*— [The Secretary may transfer from] *Of the amounts made available for salaries and expenses under all headings in this title (excluding amounts made available under the heading "Office of Inspector General"), a total of up to \$500,000 from each office \$10,000,000 may be transferred to and merged with amounts made available in this title under the heading "Information Technology Fund" [for information technology needs, including for additional development, modernization, and enhancement, to remain available until September 30, 2025: Provided, That the total amount of such transfers shall not exceed \$5,000,000: Provided further, That this transfer authority shall not be used to fund information technology projects or activities that have known out-year development, modernization, or enhancement costs in excess of \$500,000: Provided further, That the Secretary shall provide notification to the House and Senate Committees on Appropriations no less than three business days in advance of any such transfer].*

**Explanation of this Section:** This provision, as modified in the Budget, allows for the transfer and merger of up to \$10 million in S&E funds to the Information Technology Fund.

SEC. [238] 229. *LEAD HAZARD REDUCTION EXPENDITURE EXTENSION.*—

(a) Funds previously made available in the Consolidated Appropriations Act, [2019] 2017 (Public Law [116-6] 115-31) for “Lead Hazard Reduction” that were available for obligation through fiscal year [2020] 2018 are to remain available through fiscal year [2027] 2025 for the liquidation of valid obligations incurred in fiscal years [2019] 2017 through [2020] 2018.

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*(b) Funds previously made available in the Consolidated Appropriations Act, 2018 (Public Law 115-141) for “Lead Hazard Reduction” that were available for obligation through fiscal year 2019 are to remain available through fiscal year 2026 for the liquidation of valid obligations incurred in fiscal years 2018 through 2019.*

*(c) Funds previously made available in the Consolidated Appropriations Act, 2020 (Public Law 116-94) for “Lead Hazard Reduction” that were available for obligation through fiscal year 2022 are to remain available through fiscal year 2029 for the liquidation of valid obligations incurred in fiscal years 2020 through 2022.*

**Explanation of this Section:** This provision extends by two years the expenditure period for previously appropriated Lead Hazard Reduction funds.

**[SEC. 239. The Secretary shall comply with all process requirements, including public notice and comment, when seeking to revise any annual contributions contract.]**

**[SEC. 240. None of the funds appropriated or otherwise made available in this or prior Acts may be used by the Department to carry out customer experience activities within the Office of the Assistant Chief Financial Officer for Budget.]**

*SEC. 230. NONRECURRING EXPENSES FUND.—There is hereby established in the Treasury of the United States a fund to be known as the “Department of Housing and Urban Development Nonrecurring Expenses Fund” (the Fund): Provided, That unobligated balances of expired discretionary funds appropriated in this or any succeeding fiscal year from the General Fund of the Treasury to the Department of Housing and Urban Development by this or any other Act may be transferred (not later than the end of the fifth fiscal year after the last fiscal year for which such funds are available for the purposes for which they were appropriated) into the Fund: Provided further, That amounts deposited in the Fund shall be available until expended, in addition to such other funds as may be available for such purposes, for capital needs of the Department, including facilities infrastructure and information technology infrastructure, subject to approval by the Office of Management and Budget: Provided further, That amounts in the Fund may be obligated only after the Committees on Appropriations of the House of Representatives and the Senate are notified at least 15 days in advance of the planned use of funds.*

**Explanation of this Section:** This provision establishes a nonrecurring expenses fund (NEF) and authorize the transfer of unobligated balances of expiring discretionary funds appropriated in 2024 and subsequent years to the NEF, to remain available until expended, for capital needs of the Department.

*SEC. 231. FLEXIBILITY FOR TRIBES.— (a) With respect to the funds made available for the Continuum of Care program authorized under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.) under the heading “Homeless Assistance Grants” in this and prior Acts and under section 231 of the Department of Housing and Urban Development Appropriations Act, 2020 (42 U.S.C. 11364a), Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.) shall not apply to applications by or awards for projects to be carried out—*

*(1) on or off reservation or trust lands for awards made to Indian tribes or tribally designated housing entities; or*

*(2) on reservation or trust lands for awards made to eligible entities as defined in section 401 of the McKinney-Vento Homeless-Assistance Act (42 U.S.C. 11360).*

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*(b) With respect to funds made available for the Continuum of Care program authorized under subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381 et seq.) under the heading "Homeless Assistance Grants" in this title or under section 231 of the Department of Housing and Urban Development Appropriations Act, 2020 (42 U.S.C. 11364a)—*

*(1) applications for projects to be carried out on reservations or trust land shall contain a certification of consistency with an approved Indian housing plan developed under section 102 of the Native American Housing Assistance and Self-Determination Act (NAHASDA) (25 U.S.C. 4112), notwithstanding section 106 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12706) and section 403 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11361);*

*(2) Indian tribes and tribally designated housing entities that are recipients of awards for projects on reservations or trust land shall certify that they are following an approved housing plan developed under section 102 of NAHASDA (25 U.S.C. 4112); and*

*(3) a collaborative applicant for a Continuum of Care whose geographic area includes only reservation and trust land is not required to meet the requirement in section 402(f)(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360a(f)(2)).*

**Explanation of this Section:** This provision will give Indian tribes the flexibility needed to successfully participate in the Continuum of Care (CoC) program as recipients and as Continuums of Care.

*SEC. 232. GNMA SECURITIZATION OF RISK SHARE LOANS.— Paragraph (6) of section 542(c) of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z22(c)) is amended in its title by deleting "Prohibition on" and by revising its text to read as follows:*

*"(6) The Government National Mortgage Association may, at the discretion of the Secretary, securitize any multifamily loan insured under this subsection, provided that, notwithstanding any other provision, any successors and assigns of the risk share partner (including the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee therein named) shall not assume any obligation under the risk-sharing agreement and may assign any defaulted loan to the Federal Housing Administration in exchange for payment of the full mortgage insurance claim. The risk-sharing agreement must provide for reimbursement to the Secretary by the risk share partner(s) for either all or a portion of the losses incurred on the loans insured. The originating Housing Finance Agency cannot assign or otherwise be relieved of its risk share obligations under the risk-sharing agreement."*

**Explanation of this Section:** This provision authorizes Ginnie Mae to securitize affordable multifamily loans made by Housing Finance Agencies (HFAs) and insured under the Federal Housing Administration's (FHA) 542(c) Risk-Sharing program. Authorizing securitization in support of this multifamily housing program would provide a permanent source of stable and low-cost capital and enhanced market liquidity for this critical form of affordable housing.

*SEC. 233 CAPITAL FOR DISTRESSED MULTIFAMILY PROPERTIES.— The United States Housing Act of 1937 is amended by adding after section 8 the following new section and renumbering the subsequent sections accordingly:*

***"SEC. 8A. CAPITAL ASSISTANCE FOR MULTIFAMILY DISTRESSED PROPERTIES.***

*"(a) AUTHORITY.—To such extent or in such amounts as provided in appropriations Acts, the Secretary may provide direct loans, which may be forgivable, for the purpose of making*



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necessary physical improvements, to owners of multifamily properties that have deficiencies that cause the property to be at risk of physical obsolescence or economic non-viability.

“(b) LOAN TERMS AND CONDITIONS.—

“(1) ELIGIBILITY.—Owners of multifamily housing projects that meet each of the following requirements are eligible for loan assistance under this section:

“(A) The property has deficiencies that cause the property to be at risk of physical obsolescence or economic non-viability.

“(B) The actual rents received by the owner of the distressed property would not adequately sustain the debt needed to make necessary physical improvements.

“(C) Any such additional eligibility criteria as the Secretary determines to be appropriate, including factors that contributed to the property’s distressed state.

“(2) USE OF LOAN FUNDS.—Each recipient of loan assistance under this section may only use such loan assistance for eligible uses, as determined by the Secretary, that result in the necessary physical improvements to a distressed property to return it to a position of economic viability.

“(3) EXTENDED AFFORDABILITY PERIOD.—Each recipient of loan assistance under this section shall agree to an extended affordability period for the property that is subject to the loan by extending any existing affordable housing use agreements for an additional 30 years or, if the property is not currently subject to a use agreement establishing affordability requirements, by establishing a use agreement for 30 years.

“(4) ADDITIONAL LOAN CONDITIONS.—The Secretary may establish additional conditions for loan eligibility provided under this section as the Secretary determines to be appropriate.

“(c) DEFINITION.—As used in this section, the term “multifamily housing project” means a project consisting of more than four dwelling units assisted, insured, or with a loan held by the Secretary or a State or State agency in part or in whole pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), not including subsection (o)(13) of such section.

“(d) IMPLEMENTATION.—The Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this section.”

**Explanation of this Section:** This provision allows HUD to make direct loans to owners of distressed PBRA properties to support rehabilitation or replacement. Properties receiving these loans would agree to extended affordability.

**SEC. 234. BUDGET-BASED RENT INCREASES.—** *The Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended in section 524, by adding at the end the following new subsection:*

*“(h) RENT ADJUSTMENTS TO ADDRESS DISTRESS.—In the case of a section 8 contract that will be eligible for renewal under this section when it expires or terminates, notwithstanding any provision of contract or law regarding the adjustment of rents, including such a provision in this section, the Secretary may adjust such rents, subject to the availability of funds for such rent adjustments, to rent levels that are equal to the lesser of budget-based rents or comparable market rents for the market area at the request of an owner or purchaser who demonstrates that such rent adjustment is needed to address project health and safety deficiencies and that—*

*“(1) project income is insufficient to operate and maintain the project, as determined by the Secretary; or*

*“(2) the rent adjustment is necessary to support commercially reasonable financing (including any required debt service coverage and replacement reserve) for rehabilitation necessary to ensure the long-term sustainability of the project, as determined by the*

*Secretary.*"

**Explanation of this Section:** Some PBRA properties are subject to rent adjustment provisions that result in property revenue inadequate to meet the property's needs. This addition to MAHRAA provides a mechanism to address these problem situations if the property has health and safety deficiencies. The provision allows HUD to implement a rent adjustment to the lesser of budget-based rents or comparable market rents as necessary to fix identified deficiencies. The provision authorizes the rent adjustment as the necessary companion provision to \$3 million requested for this purpose in the PBRA account.

*Sec. 235. LUMP-SUM INTEREST REDUCTION PAYMENTS.—*

*(a) Section 236 of the National Housing Act (12 U.S.C. 1715z-1) is amended—*

*(1) in subsection (c), by—*

*(A) designating the existing subsection (c) as (c)(1);*

*(B) by inserting “, except as described in (c)(2),” before “in an amount not exceeding”; and*

*(C) by inserting after (c)(1), as redesignated above, the following new paragraph:*

*“(2) During the term of the interest reduction payments, a project owner, including an owner subject to (e)(2) below, may request to combine the remaining interest reduction payments described in (c)(1) which the project owner would be eligible to receive under this section into one lump-sum payment, and the Secretary will pay this lump-sum amount to a mortgagee on behalf of the project owner provided the project owner agrees to remain subject to such binding commitments and affordability restrictions as projected prior to such lump-sum payment.”; and*

*(2) in subsection (e)(1), by—*

*(A) inserting “including the lump sum payment available under (c)(2),” after “As a condition for receiving the benefits of interest reduction payments,”; and*

*(B) inserting “If a project owner that receives a lump-sum payment under (c)(2) fails to operate the project in accordance with requirements prescribed by the Secretary for the full period that would have been covered by monthly payments under (c)(1), all or a portion of such lump-sum payment will be subject to repayment to the Secretary.” after the first sentence.*

*(b) The Secretary of Housing and Urban Development may implement the amendments made in subsection (a) by notice or other administrative means, including by providing alternative requirements to regulations implementing section 236 of the National Housing Act, other than provisions related to fair housing, nondiscrimination, labor standards, and the environment.*

**Explanation of this Section:** This provision allows HUD to accelerate Interest Reduction Payment (IRP) subsidy payments to the 29 remaining Section 236 IRP properties, so that HUD can end the IRP program and accompanying decoupling program. Accelerating payments to these properties would allow owners to pay their debt service in a lump sum or continue monthly payments as scheduled. This change only modifies the disbursement of the funds, relieving HUD and the owner of administration costs, without altering affordability restrictions on the property.

*Sec. 236 RENTAL ASSISTANCE DEMONSTRATION.—The language under the heading “Rental Assistance Demonstration” in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55), as most recently amended by Public Law 117–103, is further*

amended—

(a) *in the initial undesignated matter, by striking “and ‘Public Housing Operating Fund’” and inserting “, ‘Public Housing Operating Fund’ and ‘Public Housing Fund’”;*

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

(c) *by striking the fourth proviso and inserting the following new provisos: “Provided further, That at properties with assistance under section 9 of the Act requesting to partially convert such assistance, and where an event under section 18 of the Act occurs that results in the eligibility for tenant protection vouchers under section 8(o) of the Act, the Secretary may convert the tenant protection voucher assistance to assistance under a project-based subsidy contract under section 8 of the Act, which shall be eligible for renewal under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, or assistance under section 8(o)(13) of the Act, so long as the property meets any additional requirements established by the Secretary to facilitate conversion: Provided further, That to facilitate the conversion of assistance under the previous proviso, the Secretary may transfer an amount equal to the total amount that would have been allocated for tenant protection voucher assistance for properties that have requested such conversions from amounts made available for tenant protection voucher assistance under the heading “Tenant-Based Rental Assistance” to the heading “Project-Based Rental Assistance”: Provided further, That at properties with assistance previously converted hereunder to assistance under the heading “Project-Based Rental Assistance,” which are also separately assisted under section 8(o)(13) of the Act, the Secretary may, with the consent of the public housing agency and owner, terminate such project-based subsidy contracts and immediately enter into one new project-based subsidy contract under section 8 of the Act, which shall be eligible for renewal under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, subject to the requirement that any residents assisted under section 8(o)(13) of the Act at the time of such termination of such project-based subsidy contract shall retain all rights accrued under section 8(o)(13)(E) of the Act under the new project-based subsidy contract and section 8(o)(13)(F)(iv) of the Act shall not apply: Provided further, That to carry out the previous proviso, the Secretary may transfer from the heading “Tenant-Based Rental Assistance” to the heading “Project-Based Rental Assistance” an amount equal to the amounts associated with such terminating contract under section 8(o)(13) of the Act.”;*

(d) *in the thirteenth proviso, as reordered above, by—*

(1) *inserting “‘Public Housing Fund’, ‘Self-Sufficiency Programs’, ‘Family Self-Sufficiency’, ‘Housing for the Elderly’,” following “‘Public Housing Operating Fund’,”; and*

(2) *inserting “or the ongoing availability of services for residents” after “effective conversion of assistance under the demonstration”;*

(e) *after the twenty-third proviso, as reordered above, by inserting the following proviso: “Provided further, That owners of properties with a senior preservation rental assistance contract under section 811 of the American Homeownership and Economic Opportunity Act of 2000 (12 U.S.C. 1701q note), shall be eligible, subject to requirements established by the Secretary as necessary to facilitate the conversion of assistance while maintaining the affordability period and the designation of the property as serving elderly families, and tenant consultation procedures, for conversion of assistance available for such assistance contracts to assistance under a long-term project-based subsidy contract under section 8 of the Act”;*

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*(f) in the twenty-eighth proviso, as reordered above, by inserting “; section 811 of the American Homeownership and Economic Opportunity Act of 2000,” after “Housing Act of 1959”; and*

*(g) in the thirty-third proviso, as reordered above, by striking “any section 202 project rental assistance contract or section 811 project rental assistance contract conversions” and inserting “the conversion of assistance from section 202(c)(2) of the Housing Act of 1959, section 811 of the American Homeownership and Economic Opportunity Act of 2000, or section 811(d)(2) of the Cranston-Gonzalez National Affordable Housing Act”.*

**Explanation of this Section:** This provision makes programmatic changes to the Rental Assistance Demonstration, including making the program permanent, expanding funding access, and other technical changes. Please see the Project-Based Rental Assistance justification for more details on these changes.

*Sec. 237. PBCA MODIFICATIONS.— Notwithstanding sections 3(b) and 8 of the United States Housing Act of 1937 (the Act) and chapter 63 of title 31, United States Code, amounts made available to the Secretary in this or any prior Act under the headings “Project-Based Rental Assistance” or “Housing Certificate Fund” for performance-based contract administrators to carry out section 8 of the Act (42 U.S.C. 1437f), as implemented by the Secretary in chapter VIII of title 24, Code of Federal Regulations, may be awarded through a Notice of Funding Opportunity not subject to procurement laws or regulations: Provided, That such awards shall be deemed for all purposes to be cooperative agreements: Provided further, That for purposes of such Notice, eligible applicants are public housing agencies as defined by section 3(b)(6)(A) of the Act and nonprofits of such agencies when operating outside of the State or territory in which such agency is established: Provided further, That the Secretary shall award one cooperative agreement for each State or territory, except that the Secretary may award more than one cooperative agreement for a State or territory if the population of such State or territory exceeds 25,000,000: Provided further, That the Secretary may select the best qualified applicant regardless of whether it operates within the jurisdiction of the State or territory served: Provided further, That if the Secretary does not select a qualified applicant under such Notice, the Secretary may utilize a procurement contract subject to all procurement laws and regulations to assist in carrying out such section 8.*

**Explanation of this Section:** The provision allows the Department to use cooperative agreements to select state and local housing agencies through a Notice of Funding Opportunity as performance-based contract administrators (PBCAs) of Project-Based Rental Assistance contracts. Contract administration is essential to the rental assistance upon which renters and properties rely.

*SEC. 238 MOD REHAB AND SRO SUNSET.— Public housing agencies may not renew rental assistance contracts under the moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437f(e)(2)) or the moderate rehabilitation single room occupancy program under section 441 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401) after September 30, 2027.*

**Explanation of this Section:** The PBRA account continues to renew approximately 21,000 affordable units through the Mod Rehab and SRO programs on year-to-year contracts. Through RAD, these properties have a path to enter long-term Section 8 contracts. Alternatively, an owner may choose to opt out of their contract and secure tenant protection vouchers to issue to residents. The budget proposes a sunset of the Mod Rehab

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and SRO programs in 2027 to give owners time to develop plans for transition to one of the two alternative platforms (PBRA or PBV). This proposal would protect residents, produce and secure long-term affordable housing opportunities, streamline HUD and PHA administration, and result in improved properties within HUD's portfolio.