

## Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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### A Recap of Housing Legislation in 2016

#### **Background**

As 2016 draws to a close, NAHMA provides members with a recap of affordable housing legislation that Congress deliberated this year, including bills related to the Low-Income Housing Tax Credit (LIHTC).

Despite continued partisanship and funding constraints, Congress was able to build on last year's momentum to unanimously pass HOTMA, the Housing Opportunity Through Modernization Act. Additionally, a number of new housing, infrastructure, and tax bills were introduced this session, and although they did not advance through the legislature, they demonstrate an appetite for housing reform in America on both sides of the aisle.

#### **2016 Housing Legislation – Passed by Congress**

##### **The Housing Opportunity Through Modernization Act of 2016 (HOTMA)**

On July 29, President Obama signed into law H.R.3700, the Housing Opportunity Through Modernization Act of 2016 (HOTMA), after Congress passed the legislation unanimously. HOTMA streamlines certain parts of HUD rental assistance programs, including the public housing program, the Housing Choice Voucher (HCV) program, and the project-based rental assistance program. HOTMA makes common-sense revisions to income calculations, inspection processes, and eligibility limitations based on assets. The Congressional Budget Office (CBO) estimates that implementing HOTMA will “reduce spending subject to appropriation by \$311 million over the 2017-2021 period, assuming appropriations are consistent with the estimate.”<sup>1</sup>

The law contains key reforms to inspection requirements, such as permitting housing agencies to approve tenant lease-ups in properties which had passed inspections under a program with stringent standards such as HOME or the LIHTC. These provisions will help expedite the lease-up process for voucher holders, providing residents with housing access sooner, while preventing lost-income for owners due to delayed move-ins.

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<sup>1</sup> CBO Cost Estimate for HOTMA <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/costestimate/hr3700.pdf>

Over the past year, NAHMA had been part of a large industry coalition of housing advocates supporting the passage of HOTMA. For a more in-depth overview of the new law, as well as a summary of relevant housing sections, please review this recent [NAHMA Analysis](#).

### **Other Affordable Housing Bills**

Throughout 2016, many other affordable housing bills were introduced in Congress, ranging in content from amending HUD inspection and PHA processes, to encouraging economic independence within affordable housing, to increasing protections against discrimination. As is expected, most bills were not passed. (Please note that H.R. denotes a House bill, while S. denotes a Senate bill.)

Because funding legislation is not covered herein, please review this [NAHMA Analysis](#) to learn more about affordable housing appropriations legislation for fiscal year 2017.

#### **S.3537: Choice Neighborhoods Initiative Act**

This bill would authorize HUD to transform neighborhoods of extreme poverty into sustainable, mixed-income neighborhoods with access to economic opportunities, by revitalizing severely distressed housing, and investing and leveraging investments in well-functioning services, educational opportunities, public assets, public transportation, and improved access to jobs. The purpose of the bill is to make HUD's Choice Neighborhood Program a permanent program. *This bill was introduced on the last day of the 114<sup>th</sup> Congress, so it did not have any chance to move through Congress and serves as a placeholder to the new Congress to pick-up if they choose.*

#### **S. 3398: HUD Inspection Process and Enforcement Reform Act of 2016**

This bill would shorten the required response time for a property owner to respond to contract violations from 30 days to 15 days. HUD would also be required to prepare a Compliance, Disposition and Enforcement Plan at a quicker rate, from the current 60 days to a new target of 30 days. S.3398 includes provisions allowing HUD to terminate or demote employees overseeing inspections should they be found to be neglectful of their duties in inspecting a property, and the inspection process managed by HUD's Real Estate Assessment Center (REAC) would be audited as well. *Introduced by Senator Marco Rubio (R-FL) on 9/26/16. This bill recodifies and expands upon an amendment that Senator Rubio introduced for the recent HUD appropriations bill for fiscal year 2017 (H.R.2577). This bill did not progress past the Senate Banking Housing and Urban Affairs Committee.*

#### **H.R. 3827: The Project-Based Voucher Improvement Act**

This bill allows public housing authorities (PHAs) increased flexibility to develop new units of housing that serve vulnerable populations, including the homeless, the elderly, and persons with disabilities. H.R. 3827 seeks to also create housing opportunities in areas where vouchers are difficult to use. *Introduced by Representative Maxine Waters (D-CA) in 2015, the bill did not advance past the committee level, but it was included in HOTMA under Sect. 106, which passed Congress unanimously.*

#### **H.R. 4816/S. 2292: Small Public Housing Agency Opportunity Act of 2016**

This bill subjects small public housing agencies (PHAs with fewer than 550 Section 8 units) to the same requirements as a PHA with regard to carrying out physical inspections, determining financial conditions, and determining management conditions. However, the bill revises certain requirements to reduce the administration burden on small PHAs, primarily with regard to reporting and environmental reviews. *Introduced by Representative Palazzo (R-MS) in March*

and Senator Tester (D-MT) in November 2015, the bill gained 42 cosponsors in the House and 10 in the Senate. Hearings were held in Subcommittee, but the bill did not advance.

#### **H.R. 5137: Moving to Work Reform and Expansion Act of 2016**

This bill makes permanent the Moving to Work Demonstration program and revises its purpose to promote employment and economic independence for able-bodied individuals and heads of households. *Introduced by Representative McCarthy (R-CA) in April, the bill gained 26 cosponsors but did not advance through the House Financial Services Committee.*

#### **H.R. 5202: The Preserving HUD's Multifamily Field Offices Act of 2016**

This bill seeks to preserve asset management staff in each of HUD's 54 multifamily field offices across the country. It would require HUD to backfill all asset management positions in every field office. Appropriations would be provided to accomplish this goal, and the bill stipulates that asset managers may not be relocated to the five hub offices. *Introduced by House Financial Services Committee Ranking Member Maxine Waters (D-CA) on 5/11/16 and gained 14 cosponsors. Representative Waters previously introduced an amendment to the HUD funding bill that required HUD to maintain asset management staff in all existing field offices at that time.*

#### **H.R. 5835: The Fair Distribution of Affordable Housing Funds Act of 2016**

Under this bill, the minimum funding level given to every state by the National Housing Trust Fund (HTF) would be repealed and replaced with a formula based on population and need. *Introduced by Representative Bill Foster (D-IL) on 7/14/16. The Fair Distribution of Affordable Housing Funds Act gained zero cosponsors and did not advance through the House Financial Services Committee.*

#### **H.R. 6211/S. 3164: Fair Housing for Domestic Violence and Sexual Assault Survivors Act of 2016**

This bill amends the Fair Housing Act and the Civil Rights Act of 1968 to provide additional legal protections to ensure that victims of domestic violence and sexual assault have access to safe housing. Building upon provisions included in the Violence Against Women Act (VAWA), the bill would establish a nationwide standard that victims of domestic violence and sexual assault cannot be evicted or otherwise penalized solely for being victims of those crimes. VAWA was limited to federally funded public housing and federally subsidized housing programs – S.3220 will apply to all housing in the United States. *Introduced by Senator Shaheen (D-NH) in July and Representative Schultz (D-FL) in late September, the bill gained 41 cosponsors in the House and 7 cosponsors in the Senate, but did not progress past the committee level.*

### **Tax Credit Legislation**

#### **S. 2962: The Affordable Housing Credit Improvement Act of 2016**

This bill seeks to expand the LIHTC, and includes additional provisions to make the program more streamlined and flexible. The Housing Credit allocation authority would be expanded by 50 percent, phased in by ten percent per year for the next five years. This expansion is expected to finance the development or preservation of up to 400,000 affordable homes over the next decade. S. 2962 would also provide a minimum 4 percent Housing Credit rate for the acquisition of affordable housing and for multifamily Housing Bond-financed developments; this change would streamline program administration, increase predictability, and empower states to allocate more Housing Credit equity to properties as needed for financial feasibility. Finally the bill would permit income averaging in Housing Credit properties. This provision would preserve rigorous targeting while providing more flexibility and responsiveness to local needs. *Introduced by Senator Maria Cantwell (D-WA) and Senate Finance Committee Chairman Orrin Hatch (R-*

*UT) on 5/19/16. The bill currently has 13 cosponsors and has been referred to the Senate Finance Committee. NAHMA strongly supports the expansion the LIHTC and the minimum 4 percent credit rate.*

**S. 3237: The Affordable Housing Credit Improvement Act of 2016**

This bill includes the provisions of S. 2962, which seek to expand the LIHTC by 50 percent, and incorporates additional provisions to make the Housing Credit program more streamlined and flexible. Other policy changes include creating incentives for projects that target homeless or extremely low-income individuals and families, as well as in Native American communities; allowing a non-profit or government sponsor to acquire properties when the current 15 year compliance period expires; allowing LIHTC properties to claim clean energy credits such as the Energy Efficient New Homes Credit; aligning LIHTC rules, such as the student rule, more closely with the HUD regulations; renaming the LIHTC to the Affordable Housing Tax Credit (AHTC), and more. *Introduced by Senators Orrin Hatch (R-UT) and Maria Cantwell (D-WA) on 7/14/2016. The bill gained ten cosponsors and was referred to the Senate Finance Committee. NAHMA strongly supports this legislation and will advocate for its passage in the next Congress.*

**Conclusion**

Congress adjourned in early December, ending the two year cycle of the 114<sup>th</sup> Congress. Any bills that did not complete the entire legislative process are considered 'dead' and will need to be reintroduced in the 115<sup>th</sup> session in order to be considered. Lawmakers reconvene on January 3, 2017 to kick off the 115<sup>th</sup> Congress.

NAHMA embraces both the housing supporters in Congress and the new challenges brought on by the Congressional and Presidential elections; the upcoming transition period brings as much uncertainty to the next Congress as it does opportunity. We will continue to support favored housing, tax, and appropriations legislation in 2017 and advance industry and advocate views to support and preserve affordable housing throughout the country.