H. R. ______

To reform the requirements regarding the amount families living in public and federally assisted housing pay toward rent, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Ross introduced the following bill; which was referred to the Committee on ____________________________

A BILL

To reform the requirements regarding the amount families living in public and federally assisted housing pay toward rent, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the “Promoting Resident
5 Opportunity through Rent Reform Act of 2018”.

SEC. 2. PHA OPTIONS FOR RENT DETERMINATION METHOD.

(a) IN GENERAL.—Subsection (a) of section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a(a)) is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking “paragraph (2)” and inserting “paragraph (8)”;

(B) by striking “(other than a family assisted under section 8(o) or (y) or paying rent under section 8(c)(3)(B))”;

(2) in paragraph (2)—

(A) in the paragraph heading, by striking “RENTAL PAYMENTS” and inserting “FLAT AND INCOME-BASED RENTAL PAYMENT OPTIONS”;

(B) in subparagraph (A)(i)—

(i) in the first sentence, by striking “A family residing in a public housing dwelling” and inserting “If, pursuant to paragraph (8), a public housing agency selects the rent determination option under this paragraph with respect to public housing, a family residing in a public housing dwelling unit owned, assisted, or operated by the agency”;
(ii) in the second sentence, by inserting “selecting the rent determination option under this paragraph” after “Each public housing agency”; and

(C) in subparagraph (B)(i), in the matter preceding subclause (I), by inserting “selecting the rent determination option under this paragraph” after “Each public housing agency”; 

(3) in paragraph (3)(A)—

(A) by inserting “or (8)” after “Notwithstanding paragraph (1)” ; and

(B) by striking “the method for rent determination elected pursuant to paragraph (2)(A) of this subsection by a family residing in public housing,”; and

(4) by adding at the end the following new paragraph:

“(8) SELECTION OF RENT DETERMINATION OPTIONS.—

“(A) COVERED HOUSING ASSISTANCE.—

For purposes of this paragraph, the term ‘covered housing assistance’ means, with respect to a public housing agency—
“(i) assistance under this Act provided for public housing owned or operated by the agency;

“(ii) rental assistance provided by the agency under housing choice voucher program under section 8(o), including project-based voucher assistance under section 8(o)(13);

“(iii) homeownership assistance provided by the agency under homeownership voucher program under section 8(y); and

“(iv) project-based assistance provided under section 8(e), but only to the extent that such assistance is provided pursuant to conversion of assistance for a dwelling unit under the Rental Assistance Demonstration authorized under the heading ‘Rental Assistance Demonstration’ in the Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112–55; 125 Stat. 673) and subsequent provisions of law.

“(B) Rent determined by option selected.—Subject to the requirement under paragraph (3), a family residing in housing for
which covered housing assistance is provided shall pay as rent for the dwelling unit for which such assistance is provided the amount of rent determined under the rent determination option selected pursuant to this paragraph by the public housing agency with respect to the project, or covered housing assistance program for the housing, in which the family resides, as applicable pursuant to subparagraph (C).

“(C) LOCAL SELECTION.—

“(i) IN GENERAL.—Except as provided in clause (iii), the Secretary shall provide for each public housing agency that provides covered housing assistance under this Act to select a rent determination option under subparagraph (E) with respect to each program for covered housing assistance administered by the agency.

“(ii) SELECTION BY PROGRAM.—Subject to clause (iii), an agency may select different rent determination options with respect to different covered housing assistance programs administered by the agency.

“(iii) SELECTION BY PROJECT.—In the case of covered housing assistance re-
ferred to in clauses (i) and (iv) of subpara-
graph (A), and project-based voucher as-
assistance referred to in clause (ii) of such
subparagraph, an agency may select dif-
derent rent determination options with re-
spect to different projects that receive such
assistance administered by the agency.

“(D) CHANGING SELECTION.—A selection
of a rent determination option under this para-
graph by an agency shall remain in effect until
notice of a change in such selection is made in
the public housing agency plan for the agency
pursuant to subsection (d)(4) or (g) of section
5A.

“(E) RENT DETERMINATION OPTIONS.—
The rent determination options under this sub-
paragraph are as follows:

“(i) FLAT- AND INCOME-BASED
RENTS.—A public housing agency may
provide that each family residing in a pub-
lic housing dwelling unit shall pay as
monthly rent for the unit the amount de-
termined under rent determination option
under paragraph (2) (regarding choice of
flat and income-based rents).
“(ii) 30 PERCENT OF ADJUSTED INCOME.—A public housing agency may provide that a family shall pay as rent for a dwelling unit assisted under a covered housing assistance program the highest of the following amounts, rounded to the nearest dollar:

“(I) 30 percent of the family’s monthly adjusted income.

“(II) 10 percent of the family’s monthly income.

“(III) If the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family’s actual housing costs, is specifically designated by such agency to meet the family’s housing costs, the portion of such payments which is so designated.

With respect to families paying rent under the option under this clause, paragraph (6)(A)(ii) shall be applied by substituting ‘biennially’ for ‘annually’.”
“(iii) Tiered rents by income bracket.—A public housing agency may provide that a family shall pay as rent for a dwelling unit assisted under a covered housing assistance program a single amount that is established by the agency and is based on the monthly adjusted income of the family, as follows:

“(I) In the case of all extremely low-income families, an amount that does not exceed the greater of—

“(aa) 30 percent of the poverty line (as such term is defined in section 673 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902), including any revision required by such section) applicable to a family of the size involved; or

“(bb) 30 percent of the income of a family whose annual income equals 30 percent of the median income for the geographic area, as determined by the Sec-
retary, with adjustments for the number of bedrooms in the unit.

“(II) In the case of all very low-income families that are not extremely low-income families, an amount that does not exceed the lesser of—

“(aa) 30 percent of the adjusted income of a family whose annual income equals 50 percent of the median income for the area, as determined by the Secretary, with adjustments for number of bedrooms in the unit; or

“(bb) the maximum low rent determined by the Secretary for a very low-income family residing in unit in the area that qualifies as affordable rental housing for purposes of section 215(a)(1)(B) of the HOME Investment Partnerships Act (42 U.S.C. 12745(a)(1)(B)).

“(III) In the case of all low-income families that are not very low-in-
come families, an amount that does not exceed the lesser of—

“(aa) 30 percent of the annual income of a family whose income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families; or

“(bb) the maximum rent determined by the Secretary for a low-income family residing in unit in the area that qualifies as affordable rental housing for purposes of section 215(a)(1)(A) of the HOME Investment Partnerships Act (42 U.S.C. 12745(a)(1)(A)).

“(iv) STEPPED RENTS BASED ON TENURE.—

“(I) IN GENERAL.—A public housing agency may provide that a family shall pay as rent for a dwelling unit assisted under a covered housing assistance program a percentage of
the applicable fair market rental established under section 8(e) for the housing area in which the dwelling unit is located based on the family’s tenure in housing assisted by the agency, as follows:

“(aa) In the case of any family whose tenure in such housing does not exceed 24 months, the amount that is equal to 20 percent of the applicable fair market rental established under section 8(e) for the housing area in which the dwelling unit is located.

“(bb) In the case of any family whose tenure in such housing exceeds 24 months, but does not exceed 48 months, the amount that is equal to 40 percent of the applicable fair market rental established under section 8(e) for the housing area in which the dwelling unit is located.
“(cc) In the case of any family whose tenure in such housing exceeds 48 months, but does not exceed 72 months, the amount that is equal to 60 percent of the applicable fair market rental established under section 8(c) for the housing area in which the dwelling unit is located.

“(dd) In the case of any family whose tenure in such housing exceeds 72 months, but does not exceed 96 months, the amount that is equal to 80 percent of the applicable fair market rental established under section 8(c) for the housing area in which the dwelling unit is located.

“(ee) In the case of any family whose tenure in such housing exceeds 96 months, but does not exceed 120 months, the amount that is equal to 100 percent of the applicable fair market rental established under section 8(c) for the housing area in which the dwelling unit is located.
13 cent of the applicable fair market rental established under section 8(c) for the housing area in which the dwelling unit is located.

“(II) BIENNIAL INCOME REVIEWS.—With respect to families paying rent under the option under this clause, paragraph (6)(A)(ii) shall be applied by substituting ‘biennially’ for ‘annually’.

“(III) HARDSHIP EXEMPTION.—

“(aa) IN GENERAL.—A public housing agency that provides for assisted families to pay rent under this option under this clause shall provide for an exemption to the application of the rent requirements under subclause (I) in same manner and for the same circumstances that a hardship exemption under paragraph (3)(B) is provided for the application of the minimum
rent requirements under paragraph (3)(A).

“(bb) SAFE HARBOR.—Any public housing agency that provides for a hardship exemption under item (aa) by applying such an exemption that has previously been approved for purposes of the Moving to Work Demonstration Program under section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437f note) shall be considered in compliance with item (aa).

“(IV) TENURE.—The Secretary shall, by regulation, establish standards and guidelines to govern how changes in the membership of a family or household affect tenure in housing for purposes of this clause.

“(v) RENT BASED ON GROSS INCOME.—A public housing agency may pro-
vide that a family shall pay as rent for a dwelling unit assisted under a covered housing assistance program 30 percent of the family’s gross monthly income, rounded to the nearest dollar, except that with respect to families paying rent under the option under this clause—

“(I) paragraph (6)(A)(ii) shall be applied by substituting ‘biennially’ for ‘annually’;

“(II) paragraph (6)(A)(iv) shall not apply;

“(III) paragraph (3)(A) shall be applied by substituting ‘$75 (except that such amount, as it may have been previously adjusted, shall be adjusted for inflation annually by the Secretary in accordance with an inflationary index selected by the Secretary)’ for ‘$50’; and

“(IV) in the case of a family who has income for a month that is attributable to more than one member of the family, the gross monthly income of the family shall include only 10
percent of the income from the family member who contributes the second-most income for that month to the family’s gross income.

“(vi) PHA-DESIGNED RENTS.—

“(I) In general.—A public housing agency may provide that a family shall pay as rent for a dwelling unit assisted under a covered housing assistance program the amount determined under a rent determination option designed by the agency and approved by the Secretary under this clause for implementation.

“(II) Goals.—The Secretary may approve a rent determination option for implementation pursuant to this clause only if the Secretary determines that implementation will further any three or more of the following goals:

“(aa) Encouraging increased earned income of assisted families and economic self-sufficiency of such families.
“(bb) Maintaining intact families.

“(cc) Maintaining affordability of housing.

“(dd) Simplification of family income and rent determinations.

“(ee) Providing housing for more families.

“(III) TIMING.—Any proposal for a rent determination option received by the Secretary shall be considered approved by the Secretary for purposes of this clause if the Secretary does not approve or disapprove such option for implementation before the expiration of the 90-day period beginning upon such receipt of such proposal by the Secretary.

“(F) Rents for elderly persons and persons with disabilities based on gross income.—

“(i) In general.—Notwithstanding any other provision of this paragraph, an elderly family or a disabled family shall
pay as rent for a dwelling unit assisted under this Act the amount that is equal to—

“(I) the amount determined under subparagraph (E)(ii); or

“(II) a percentage of the gross monthly income of the family, rounded to the nearest dollar, which percentage shall be established by the Secretary, by regulation, except that such percentage may not be established in an amount that reduces the amount of income received by a public housing agency compared to the amount received pursuant to rents charged under subclause (I).

“(ii) INCOME REVIEWS.—In the case of an elderly family or a disabled family—

“(I) paragraph (6)(A)(ii) shall be applied by substituting ‘every 3 years’ for ‘annually’; and

“(II) paragraph (6)(A)(iv) shall not apply.”.
(b) HOUSING CHOICE VOUCHER PROGRAM.—Subsection (o) of section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A), by striking “the greatest of the following amounts” and all that follows through the end of clause (iii) and inserting “the amount of rent determined under the rent determination option selected pursuant to section 3(a)(8) by the public housing agency with respect to the tenant-based rental assistance program under this subsection.”;

(B) in subparagraph (B), by striking “the greatest of amounts under clauses (i), (ii), and (iii) of subparagraph (A)” and inserting “the amount of rent determined under the rent determination option selected pursuant to section 3(a)(8) by the public housing agency with respect to the tenant-based rental assistance program under this subsection”; and

(C) in subparagraph (C)—

(i) by striking “section 3(a)(1)” and inserting “section 3(a)(8)”; and

(ii) by striking “accordance with subsection (c)(3) of this section” and inserting
“the same manner as under subparagraphs (A) and (B) of this paragraph”;

(2) by striking paragraph (3); and

(3) in paragraph (5)(A), by striking “and (7)” and inserting “(7), and (8)”.

(e) **Homeownership Voucher Assistance.**—

Paragraph (2) of section 8(y) of the United States Housing Act of 1937 (42 U.S.C. 1437f(y)(2)) is amended—

(1) in subparagraph (A), by striking “the highest of the following amounts” and all that follows through the end of clause (iii) and inserting “the amount of rent determined under the rent determination option selected pursuant to section 3(a)(8) by the public housing agency with respect to the homeownership assistance program under this subsection.”; and

(2) in subparagraph (B), by striking “the highest of the amounts under clauses (i), (ii), and (iii) of subparagraph (A)” and inserting “the amount of rent determined under the rent determination option selected pursuant to section 3(a)(8) by the public housing agency with respect to the tenant-based rental assistance program under this subsection”
(d) **PUBLIC HOUSING AGENCY PLANS.**—Section 5A of the United States Housing Act of 1937 (42 U.S.C. 1437e-1) is amended—

(1) in subsection (d), by striking paragraph (4) and inserting the following new paragraph:

“(4) **RENT DETERMINATION.**—A statement of the rent determination methods selected by the public housing agency pursuant to section 3(a)(8) for each program for covered housing assistance (as such term is defined in section 3(a)(8)(A)) or for each assisted project for which a method is selected pursuant to section 3(a)(8)(C)(iii).”; and

(2) in subsection (i)(2), by inserting “(4),” after “(3)(B),”.

(e) **CONFORMING AMENDMENT.**—Paragraph (3) of section 8(e) of the United States Housing Act of 1937 (42 U.S.C. 1437f(e)(3)) is amended by striking “section 3(a)” and inserting “section 3(a)(1)”.

**SEC. 3. SHALLOW-SUBSIDY HOUSING CHOICE VOUCHER OPTION.**

Subsection (o) of section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f(o)) is amended by adding at the end the following new paragraph:

“(21) **SHALLOW SUBSIDY VOUCHERS.**—Notwithstanding any other provision of this Act, a pub-
lic housing agency may, for any fiscal year, use not more than 40 percent of the amounts made available to the agency by the Secretary for tenant-based rental assistance under this subsection to provide such assistance in accordance with this paragraph, under which assistance is made available in the same manner and subject to the same terms and requirements as otherwise provided under this subsection, except that—

“(A) the public housing agency shall select a percentage of the applicable payment standard established under paragraph (1), that is greater than 20 percent and less than 40 percent of such payment standard, for the purpose of providing assistance in accordance with this paragraph;

“(B) for purposes of determining the amount of the monthly assistance payment for a family—

“(i) paragraph (2) shall be applied—

“(I) by substituting ‘amount that is equal to the percentage of the applicable payment standard that is selected by the public housing agency pursuant to paragraph (21)(A)’ for
‘applicable payment standard established under paragraph (1)’ each place such term appears; and

“(II) by substituting ‘amount that is equal to such percentage of the applicable payment standard exceeds’ for ‘applicable payment standard exceeds’;

“(ii) paragraph (3) shall not apply;

and

“(C) assistance in accordance with this paragraph shall be made available by a public housing agency to families in accordance with the agency’s waiting list for tenant-based assistance under this subsection and refusal of assistance made available in accordance with this paragraph shall not affect a family’s status or position on such waiting list.”.

SEC. 4. PROTECTION AGAINST REDUCTION IN PHA REVENUES.

(a) ADJUSTMENTS.—If the Secretary of Housing and Urban Development determines that the application of the amendments made by sections 2 and 3 of this Act would result in any significant adverse funding impacts for a public housing agency during any of the first three years
occurring after full implementation of such amendments, the Secretary may make appropriate adjustments for such year in the formula income for such agency and the section 8 housing choice voucher annual renewal funding allocation and administrative fee eligibility determinations for such agency, as appropriate to avoid such impacts, upon request by and in consultation with such agency and supported by documentation as required by the Secretary that demonstrates the need for the adjustments.

(b) HUD Reports on Revenue and Cost Impact.—In each of the first two years after the first year in which the amendments made by sections 2 and 3 are implemented, the Secretary of Housing and Urban Development shall submit a report to Congress identifying and calculating the impact of changes made by such amendments on the revenues and costs of each of the covered housing assistance programs (as such term is defined in section 3(a)(8) of the United States Housing Act of 1937 (42 U.S.C. 1437f(a)(8)), as added by the amendment made by section 2(a)(4) of this Act). If such report identifies a material reduction in the net income of public housing agencies nationwide or a material increase in the costs of funding any covered housing assistance program, the Secretary shall include in such report recommendations
for legislative changes to reduce or eliminate such a reduction or increase.