



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

February 2, 2016  
(House)

## STATEMENT OF ADMINISTRATION POLICY

### H.R. 3700 — Housing Opportunity Through Modernization Act of 2015

(Rep. Luetkemeyer, R-MO, and 11 cosponsors)

The Administration appreciates the bipartisan effort to modernize and improve Federal housing programs in H.R. 3700, the Housing Opportunity Through Modernization Act of 2015.

H.R. 3700 contains provisions that would modify several programs administered by the Department of Housing and Urban Development (HUD), including core rental assistance programs (Housing Choice Vouchers, Public Housing, and Project-Based Rental Assistance), homelessness prevention and assistance programs, and Federal Housing Administration (FHA) mortgage insurance for condominiums. H.R. 3700 also amends the Rural Housing Service program in the Department of Agriculture.

H.R. 3700 includes provisions that would help streamline the administration of HUD programs, particularly with respect to income determination for tenants and housing quality inspections for assisted rental housing. The bill also would expand flexibility between public housing operating and capital funds, and would provide additional flexibility to public housing agencies to conditionally approve housing voucher units with non-life threatening deficiencies in order to allow families immediate access. Although the Administration has supported many of the bill's reforms in previous Budgets, some of the provisions could potentially increase administrative burden and have unintended consequences.

H.R. 3700 would ease restrictions on the purchase of condominiums with FHA insurance. While generally supportive of the revisions to the condominium project approval requirements, the Administration is concerned with the delegation of the authority to grant exceptions to HUD requirements to the lenders approving projects under the Direct Endorsement Lender Review and Approval Process. The delegation does not appear to provide HUD with sufficient ability to set standards for exceptions and oversee their application. Furthermore, other FHA requirements in the bill may create future difficulties for HUD in implementing timely and consistent program changes in response to market conditions.

The bill also would provide the Secretary of Agriculture with the authority to delegate some loan guarantee approval and execution functions under the guaranteed rural housing loan program, which should streamline those loans and speed up processing times.

The Administration looks forward to working with the Congress on continuing to improve the bill as it moves forward.

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