Dated: November 22, 2016.

**Richard W. Mattison**

*Records Management Program Chief, Mission Support, Federal Emergency Management Agency, Department of Homeland Security.*

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## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**[Docket No. FR–5976–N–02]**

## Housing Opportunity Through Modernization Act of 2016: Solicitation of Comments on Implementation of Public Housing Income Limit

**AGENCY:** Office of the Assistant Secretary for Public and Indian Housing, HUD.

**ACTION:** Notice for comment.

**SUMMARY:** On July 29, 2016, President Obama signed into law the Housing Opportunity Through Modernization Act of 2016 (HOTMA). One of the statutory amendments made by HOTMA adds an income limit to the Public Housing program. This notice informs the public of how HUD proposes to implement that income limit and solicits comments on that methodology.

**DATES:** *Comment Due Date:* December 29, 2016.

**ADDRESSES:** Interested persons are invited to submit comments regarding this notice for comment. All communications must refer to the above docket number and title. There are two methods for submitting public comments.

1. *Submission of Comments by Mail.* Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Room 10276, Washington, DC 20410–0500.

2. *Electronic Submission of Comments.* Interested persons may submit comments electronically through the Federal eRulemaking Portal at *www.regulations.gov.* HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make comments immediately available to the public. Comments submitted electronically through the *www.regulations.gov* Web site can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

*No Facsimile Comments.* Facsimile (fax) comments are not acceptable.

*Public Inspection of Public Comments.* All properly submitted comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m., weekdays, at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at 202–708–3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service at 800–877–8339 (this is a toll-free number). Copies of all comments submitted are available for inspection and downloading at *www.regulations.gov*.

**FOR FURTHER INFORMATION CONTACT:** If you have any questions, please send an email to *HOTMAquestions@hud.gov*.

**SUPPLEMENTARY INFORMATION:**

### I. Background

On July 29, 2016, President Obama signed HOTMA into law (Pub. L. 114–201, 130 Stat. 782). Section 103 places an income limitation on a public housing tenancy for families. The law requires that after a family's income has exceeded 120 percent of the area median income (AMI) for the most recent two consecutive annual reviews, a PHA must terminate the family's tenancy within 6 months of the second income determination or charge the family a monthly rent equal to the greater of (1) the applicable Fair Market Rent (FMR); or (2) the amount of monthly subsidy for the unit including amounts from the operating and capital fund. A PHA must notify a family of the potential changes to monthly rent after one year of the family's income exceeding 120 percent of the AMI. Pursuant to 24 CFR 960.503, this section does not apply to small PHAs that are renting to families with income over 120 percent of AMI. Each PHA must submit a report annually to HUD about the number of families residing in public housing with incomes exceeding the applicable income limitation and the number of families on the waiting lists for admission to public housing projects. Such reports must be publically available.

Section 103 of HOTMA sets a maximum amount of annual adjusted income for a family to occupy a public housing unit at 120 percent of the AMI. However, HUD has the ability to adjust that 120 percent if the Secretary determines that it is necessary to do so because of prevailing levels of construction costs, or unusually high or low family incomes, vacancy rates, or rental costs.

On February 3, 2016, at 81 FR 5677, HUD published an advanced notice of proposed rulemaking (ANPR) soliciting public input on various questions dealing with the possibility of imposing an income limit for public housing.[1] HUD received 135 comments on the ANPR, from individuals, PHAs, tenant advocacy groups, and PHA associations. Some opposed an income limit, stating that public housing residents benefit from being in mixed-income developments, and that imposing an income limit that would apply to everyone would be unfair in areas with high rents or low demand for the public housing units. Other commenters supported an income limit, stating that encouraging families to move out when their income reached a certain level would allow families in the most need to move into decent and affordable units.

There were also many suggestions on how to impose an income limit. Commenters asked for a maximum income based on the AMI or a percentage over the income limits for admission into public housing. Some commenters said that incorporating local housing conditions into the income limit would be too complicated, while others stated that not taking local conditions into account would be unfair to families. Some commenters stated that families reaching an income limit should be given a few months to find new housing, while others suggested families be allowed a period of several years. Some commenters noted that having an income limit did allow families with a greater need to move in, while others wrote that forcing the highest-income tenants out would increase the amount of subsidy a PHA would pay and decrease their ability to provide affordable housing.

Some of these comments and questions were made moot by the passage of HOTMA. However, as HUD exercises the discretion available in the new statute, HUD has taken into account the views and suggestions already submitted for the ANPR in its initial methodology factoring in local housing costs. HUD is providing for 30 days of public comment.

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[1] The comment period was originally 30 days, but the comment period was re-opened for an additional 30 days at 81 FR 12613.

## II. Proposed Method of Determining Income Limit

HUD calculates low-, very low-, and extremely low-income limits for the public housing program. These income limits are used for assessing program eligibility. Very low-income (VLI) limits are preliminarily calculated as 50 percent of the estimated area median family income. VLI limits include several adjustments to align the income limits with program requirements including:

*1. High Housing Cost Adjustment.* The 4-Person VLI limit is increased if it would otherwise be less than the amount at which 35 percent of it equals 85 percent of the annualized two-bedroom Section 8 40th percentile FMR (this adjusts income limits upward for areas where rental housing costs are unusually high in relation to median income).

*2. Low Housing Cost Adjustment.* If the 4-person VLI limit exceeds 80 percent of the U.S. median family income, and the two bedroom 40th percentile FMR is affordable (less than or equal to 30 percent of the preliminary VLI limit), the VLI limit will be reduced to the greater of 80 percent of U.S. median family income or the amount at which 30 percent of it equals the two-bedroom 40th percentile FMR. This adjusts income limits downward for areas of unusually high median family incomes.

*3. State Non-Metro Median Family Income Adjustment.* The 4-person VLI limit is also adjusted if it would otherwise be lower than 50 percent of the State non-metro median family income; and

*4. Ceilings and Floors for Changes.* In lieu of holding income limits harmless, HUD does not allow income limits to decrease or increase more than 5 percent. The VLI limits are calculated for every FMR area, so there may be subareas for metropolitan statistical areas (MSAs).

For the purpose of determining the income limit, including any adjustments, HUD will use the VLI limit as the basis of the 120 percent income limit (by multiplying the VLI limit by a factor of 2.4). For those areas without an adjustment, the result is an income limit of 120 percent of AMI. For areas where HUD has made an adjustment to the VLI limit, the result of the multiplier will be higher or lower than 120 percent of AMI, depending on the adjustments made. For example, for the Los Angeles MSA, HUD's income limit methodology results in a high housing cost adjustment, therefore, the income limit for families residing in this area is 167 percent of AMI, due to the higher housing costs in this MSA.

HUD's income limits were developed by HUD's Office of Policy Development and Research, and are updated annually. Information about HUD's income limits and HUD's methodology for adjusting income limits as part of the income limit calculation can be found at: *https://www.huduser.gov//datasets/il/il16/index_il2016.html.*

## III. Request for Comments

HUD is seeking comments on the methodology described above. Specifically, HUD seeks comments on the following questions:

1. Does the methodology adequately consider local housing costs and make appropriate adjustments for higher housing costs?

2. What other factors should HUD consider when determining whether to make adjustments to the income limit? Please provide specific examples of circumstances that are not captured in HUD's proposed methodology.

## IV. Environmental Impact Certification

This notice does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction; or establish, revise, or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Dated: November 17, 2016.

**Jemine Bryon,**

*General Deputy Assistant, Secretary for Public and Indian Housing.*

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## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**[Docket No. FR–5913–C–34]**

## 60-Day Notice of Proposed Information Collection: FHA Single Family Model Mortgage Documents

**AGENCY:** Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

**ACTION:** Correction; notice.

**SUMMARY:** This notice corrects the document HUD published at 81 FR 84608, November 23, 2016. HUD is amending both paragraphs on page 4. HUD is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act, HUD is requesting comment from all interested parties on the proposed collection of information. The purpose of this notice is to allow for 60 days of public comment.

**DATES:** *Comments Due Date:* January 30, 2017.

**ADDRESSES:** Interested persons are invited to submit comments regarding this proposal. Comments should refer to the proposal by name and/or OMB Control Number and should be sent to: Colette Pollard, Reports Management Officer, QDAM, Department of Housing and Urban Development, 451 7th Street SW., Room 4176, Washington, DC 20410–5000; telephone 202–402–3400 (this is not a toll-free number) or email at *Colette.Pollard@hud.gov* for a copy of the proposed forms or other available information. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at (800) 877–8339.

**FOR FURTHER INFORMATION CONTACT:** Kevin Stevens, 451 7th Street SW., Washington, DC 20410; email *KevinL.Stevens@hud.gov;* or telephone 202–402–2673. This is not a toll-free number. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at (800) 877–8339.

**SUPPLEMENTARY INFORMATION:** This notice informs the public that HUD is seeking approval from OMB for the information collection described in Section A.

## A. Overview of Information Collection

*Title of Information Collection:* FHA Single Family Model Mortgage Documents.

*OMB Approval Number:* 2502—New.

*Type of Request:* Approval of a new collection of information.

*Form Number:* N/A.

*Description of the need for the information and proposed use:*

This notice advises of FHA's review and proposed revisions to the Single Family Model Forward Mortgage document. Similar to FHA's review of its multifamily mortgage transactional documents, healthcare facilities transactional documents, and hospital transactional documents, FHA is reviewing its Single Family mortgage transactional documents to determine where revisions and updates may be needed. This notice presents one document that FHA has identified for