

114TH CONGRESS  
1ST SESSION

# H. R. 2997

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IN THE SENATE OF THE UNITED STATES

JULY 15, 2015

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

To authorize the Secretary of Housing and Urban Development to carry out a demonstration program to enter into budget-neutral, performance-based contracts for energy and water conservation improvements for multi-family residential units.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Private Investment in  
3 Housing Act of 2015”.

4 **SEC. 2. BUDGET-NEUTRAL DEMONSTRATION PROGRAM**  
5 **FOR ENERGY AND WATER CONSERVATION IM-**  
6 **PROVEMENTS AT MULTIFAMILY RESIDEN-**  
7 **TIAL UNITS.**

8 (a) ESTABLISHMENT.—The Secretary of Housing  
9 and Urban Development (in this section referred to as the  
10 “Secretary”) shall establish a demonstration program  
11 under which the Secretary may execute budget-neutral,  
12 performance-based agreements in fiscal years 2016  
13 through 2019 that result in a reduction in energy or water  
14 costs with such entities as the Secretary determines to be  
15 appropriate under which the entities shall carry out  
16 projects for energy or water conservation improvements at  
17 not more than 20,000 residential units in multifamily  
18 buildings participating in—

19 (1) the project-based rental assistance program  
20 under section 8 of the United States Housing Act of  
21 1937 (42 U.S.C. 1437f), other than assistance pro-  
22 vided under section 8(o) of that Act;

23 (2) the supportive housing for the elderly pro-  
24 gram under section 202 of the Housing Act of 1959  
25 (12 U.S.C. 1701q); or

1           (3) the supportive housing for persons with dis-  
2           abilities program under section 811(d)(2) of the  
3           Cranston-Gonzalez National Affordable Housing Act  
4           (42 U.S.C. 8013(d)(2)).

5           (b) REQUIREMENTS.—

6           (1) PAYMENTS CONTINGENT ON SAVINGS.—

7           (A) IN GENERAL.—The Secretary shall  
8           provide to an entity a payment under an agree-  
9           ment under this section only during applicable  
10          years for which an energy or water cost savings  
11          is achieved with respect to the applicable multi-  
12          family portfolio of properties, as determined by  
13          the Secretary, in accordance with subparagraph

14          (B).

15          (B) PAYMENT METHODOLOGY.—

16          (i) IN GENERAL.—Each agreement  
17          under this section shall include a pay-for-  
18          success provision that—

19                  (I) shall serve as a payment  
20                  threshold for the term of the agree-  
21                  ment; and

22                  (II) requires that payments shall  
23                  be contingent on realized cost savings  
24                  associated with reduced utility con-

1                   sumption in the participating prop-  
2                   erties.

3                   (ii) LIMITATIONS.—A payment made  
4                   by the Secretary under an agreement  
5                   under this section—

6                   (I) shall be contingent on docu-  
7                   mented utility savings; and

8                   (II) shall not exceed the utility  
9                   savings achieved by the date of the  
10                  payment, and not previously paid, as  
11                  a result of the improvements made  
12                  under the agreement.

13                  (C) THIRD-PARTY VERIFICATION.—Savings  
14                  payments made by the Secretary under this sec-  
15                  tion shall be based on a measurement and  
16                  verification protocol that includes at least—

17                  (i) establishment of a weather-normal-  
18                  ized and occupancy-normalized utility con-  
19                  sumption baseline established pre-retrofit;

20                  (ii) annual third-party confirmation of  
21                  actual utility consumption and cost for  
22                  utilities;

23                  (iii) annual third-party validation of  
24                  the tenant utility allowances in effect dur-

1           ing the applicable year and vacancy rates  
2           for each unit type; and

3                   (iv) annual third-party determination  
4           of savings to the Secretary.

5           An agreement under this section with an entity  
6           shall provide that the entity shall cover costs  
7           associated with third-party verification under  
8           this subparagraph.

9           (2) TERMS OF PERFORMANCE-BASED AGREE-  
10          MENTS.—A performance-based agreement under this  
11          section shall include—

12                   (A) the period that the agreement will be  
13           in effect and during which payments may be  
14           made, which may not be longer than 12 years;

15                   (B) the performance measures that will  
16           serve as payment thresholds during the term of  
17           the agreement;

18                   (C) an audit protocol for the properties  
19           covered by the agreement;

20                   (D) a requirement that payments shall be  
21           contingent on realized cost savings associated  
22           with reduced utility consumption in the partici-  
23           pating properties; and

24                   (E) such other requirements and terms as  
25           determined to be appropriate by the Secretary.

1           (3) ENTITY ELIGIBILITY.—The Secretary  
2 shall—

3           (A) establish a competitive process for en-  
4 tering into agreements under this section; and

5           (B) enter into such agreements only with  
6 entities that, either jointly or individually, dem-  
7 onstrate significant experience relating to—

8           (i) financing or operating properties  
9 receiving assistance under a program iden-  
10 tified in subsection (a);

11           (ii) oversight of energy or water con-  
12 servation programs, including oversight of  
13 contractors; and

14           (iii) raising capital for energy or  
15 water conservation improvements from  
16 charitable organizations or private inves-  
17 tors.

18           (4) GEOGRAPHICAL DIVERSITY.—Each agree-  
19 ment entered into under this section shall provide  
20 for the inclusion of properties with the greatest fea-  
21 sible regional and State variance.

22           (5) PROPERTIES.—A property may only be in-  
23 cluded in the demonstration under this section only  
24 if the property is subject to affordability restrictions  
25 for at least 15 years after the date of the completion

1 of any conservation improvements made to the prop-  
2 erty under the demonstration program. Such restric-  
3 tions may be made through an extended affordability  
4 agreement for the property under a new housing as-  
5 sistance payments contract with the Secretary of  
6 Housing and Urban Development or through an en-  
7 forceable covenant with the owner of the property.

8 (c) PLAN AND REPORTS.—

9 (1) PLAN.—Not later than 90 days after the  
10 date of enactment of this Act, the Secretary shall  
11 submit to the Committees on Appropriations and Fi-  
12 nancial Services of the House of Representatives and  
13 the Committees on Appropriations and Banking,  
14 Housing, and Urban Affairs of the Senate a detailed  
15 plan for the implementation of this section.

16 (2) REPORTS.—Not later than 1 year after the  
17 date of enactment of this Act, and annually there-  
18 after, the Secretary shall—

19 (A) conduct an evaluation of the program  
20 under this section; and

21 (B) submit to Congress a report describing  
22 each evaluation conducted under subparagraph  
23 (A).

24 (d) FUNDING.—For each fiscal year during which an  
25 agreement under this section is in effect, the Secretary

1 may use to carry out this section any funds appropriated  
2 to the Secretary for the renewal of contracts under a pro-  
3 gram described in subsection (a).

Passed the House of Representatives July 14, 2015.

Attest:

KAREN L. HAAS,

*Clerk.*