

114TH CONGRESS
1ST SESSION

H. R. 2482

To amend the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 2015

Mr. PAULSEN introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Low-Income Housing Preservation and Resident Homeownership Act of 1990.

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 “Preservation Enhance-
5 ment and Savings Opportunity Act of 2015”.

6 **SEC. 2. DISTRIBUTIONS AND RESIDUAL RECEIPTS.**

7 Section 222 of the Low-Income Housing Preservation
8 and Resident Homeownership Act of 1990 (12 U.S.C.
9 4112) is amended by adding at the end the following new
10 subsection:

1 “(e) DISTRIBUTION AND RESIDUAL RECEIPTS.—

2 “(1) AUTHORITY.—After the date of the enact-
3 ment of the Preservation Enhancement and Savings
4 Opportunity Act of 2015, the owner of a property
5 subject to a plan of action or use agreement pursu-
6 ant to this section shall be entitled to distribute—

7 “(A) annually, all surplus cash generated
8 by the property, but only if the owner is in ma-
9 terial compliance with such use agreement in-
10 cluding compliance with prevailing physical con-
11 dition standards established by the Secretary;
12 and

13 “(B) notwithstanding any conflicting provi-
14 sion in such use agreement, any funds accumu-
15 lated in a residual receipts account, but only if
16 the owner is in material compliance with such
17 use agreement and has completed, or set aside
18 sufficient funds for completion of, any capital
19 repairs identified by the most recent third party
20 capital needs assessment.

21 “(2) OPERATION OF PROPERTY.—An owner
22 that distributes any amounts pursuant to paragraph
23 (1) shall—

24 “(A) continue to operate the property in
25 accordance with the affordability provisions of

1 the use agreement for the property for the re-
2 maining useful life of the property;

3 “(B) as required by the plan of action for
4 the property, continue to renew or extend any
5 project-based rental assistance contract for a
6 term of not less than 20 years; and

7 “(C) if the owner has an existing multi-
8 year project-based rental assistance contract for
9 less than 20 years, have the option to extend
10 the contract to a 20-year term.”.

11 **SEC. 3. FUTURE REFINANCINGS.**

12 Section 214 of the Low-Income Housing Preservation
13 and Resident Homeownership Act of 1990 (12 U.S.C.
14 4104) is amended by adding at the end the following new
15 subsection:

16 “(c) FUTURE FINANCING.—Neither this section, nor
17 any plan of action or use agreement implementing this
18 section, shall restrict an owner from obtaining a new loan
19 or refinancing an existing loan secured by the project, or
20 from distributing the proceeds of such a loan; except that,
21 in conjunction with such refinancing—

22 “(1) the owner shall provide for adequate reha-
23 bilitation pursuant to a capital needs assessment to
24 ensure long-term sustainability of the property satis-
25 factory to the lender or bond issuance agency;

1 “(2) any resulting budget-based rent increase
2 shall include debt service on the new financing, com-
3 mercially reasonable debt service coverage, and re-
4 placement reserves as required by the lender; and

5 “(3) for tenants of dwelling units not covered
6 by a project- or tenant-based rental subsidy, any
7 rent increases resulting from the refinancing trans-
8 action may not exceed 10 percent per year, except
9 that—

10 “(A) any tenant occupying a dwelling unit
11 as of time of the refinancing may not be re-
12 quired to pay for rent and utilities, for the du-
13 ration of such tenancy, an amount that exceeds
14 the greater of—

15 “(i) 30 percent of the tenant’s income;

16 or

17 “(ii) the amount paid by the tenant
18 for rent and utilities immediately before
19 such refinancing; and

20 “(B) this paragraph shall not apply to any
21 tenant who does not provide the owner with
22 proof of income.

23 Paragraph (3) may not be construed to limit any rent in-
24 creases resulting from increased operating costs for a
25 project.”.

1 **SEC. 4. IMPLEMENTATION.**

2 The Secretary of Housing and Urban Development
3 shall issue any guidance that the Secretary considers nec-
4 essary to carry out the provisions added by the amend-
5 ments made by sections 2 and 3 not later than the expira-
6 tion of the 120-day period beginning on the date of the
7 enactment of this Act.

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