Suspend the Rules and Pass the Bill, H. R. 3620, With an Amendment

(The amendment strikes all after the enacting clause and inserts a complete substitute text)

116TH CONGRESS 1ST SESSION

H. R. 3620

To provide rental assistance to low-income tenants in certain multifamily rural housing projects financed by the Rural Housing Service of the Department of Agriculture, and to develop and implement a plan for preserving the affordability of rural rental housing, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 5, 2019

Mr. Clay (for himself and Mr. Cleaver) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide rental assistance to low-income tenants in certain multifamily rural housing projects financed by the Rural Housing Service of the Department of Agriculture, and to develop and implement a plan for preserving the affordability of rural rental housing, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Strategy and Investment in Rural Housing Preservation Act of 2019”.

SEC. 2. PERMANENT ESTABLISHMENT OF HOUSING PRESERVATION AND REVITALIZATION PROGRAM.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by adding at the end the following new section:

“SEC. 545. HOUSING PRESERVATION AND REVITALIZATION PROGRAM.

“(a) Establishment.—The Secretary shall carry out a program under this section for the preservation and revitalization of multifamily rental housing projects financed under section 515 or both sections 514 and 516.

“(b) Notice of Maturing Loans.—

“(1) To owners.—On an annual basis, the Secretary shall provide written notice to each owner of a property financed under section 515 or both sections 514 and 516 that will mature within the 4-year period beginning upon the provision of such notice, setting forth the options and financial incentives that are available to facilitate the extension of the loan term or the option to decouple a rental assistance contract pursuant to subsection (f).

“(2) To tenants.—
“(A) IN GENERAL.—For each property financed under section 515 or both sections 514 and 516, not later than the date that is 2 years before the date that such loan will mature, the Secretary shall provide written notice to each household residing in such property that informs them of the date of the loan maturity, the possible actions that may happen with respect to the property upon such maturity, and how to protect their right to reside in federally assisted housing after such maturity.

“(B) LANGUAGE.—Notice under this paragraph shall be provided in plain English and shall be translated to other languages in the case of any property located in an area in which a significant number of residents speak such other languages.

“(c) LOAN RESTRUCTURING.—Under the program under this section, the Secretary may restructure such existing housing loans, as the Secretary considers appropriate, for the purpose of ensuring that such projects have sufficient resources to preserve the projects to provide safe and affordable housing for low-income residents and farm laborers, by—

“(1) reducing or eliminating interest;
“(2) deferring loan payments;
“(3) subordinating, reducing, or reamortizing
loan debt; and
“(4) providing other financial assistance, in-
cluding advances, payments, and incentives (includ-
ing the ability of owners to obtain reasonable re-
turns on investment) required by the Secretary.
“(d) RENEWAL OF RENTAL ASSISTANCE.—When the
Secretary offers to restructure a loan pursuant to sub-
section (c), the Secretary shall offer to renew the rental
assistance contract under section 521(a)(2) for a 20-year
term that is subject to annual appropriations, provided
that the owner agrees to bring the property up to such
standards that will ensure its maintenance as decent, safe,
and sanitary housing for the full term of the rental assis-
tance contract.
“(e) RESTRICTIVE USE AGREEMENTS.—
“(1) REQUIREMENT.—As part of the preserva-
tion and revitalization agreement for a project, the
Secretary shall obtain a restrictive use agreement
that obligates the owner to operate the project in ac-
cordance with this title.
“(2) TERM.—
“(A) NO EXTENSION OF RENTAL ASSIST-
ANCE CONTRACT.—Except when the Secretary
enters into a 20-year extension of the rental assistance contract for the project, the term of the restrictive use agreement for the project shall be consistent with the term of the restructured loan for the project.

“(B) Extension of rental assistance contract.—If the Secretary enters into a 20-year extension of the rental assistance contract for a project, the term of the restrictive use agreement for the project shall be for 20 years.

“(C) Termination.—The Secretary may terminate the 20-year use restrictive use agreement for a project prior to the end of its term if the 20-year rental assistance contract for the project with the owner is terminated at any time for reasons outside the owner’s control.

“(f) Decoupling of rental assistance.—

“(1) Renewal of rental assistance contract.—If the Secretary determines that a maturing loan for a project cannot reasonably be restructured in accordance with subsection (c) and the project was operating with rental assistance under section 521, the Secretary may renew the rental assistance contract, notwithstanding any provision of section 521, for a term, subject to annual appropria-
tions, of at least 10 years but not more than 20 years.

“(2) RENTS.—Any agreement to extend the term of the rental assistance contract under section 521 for a project shall obligate the owner to continue to maintain the project as decent, safe and sanitary housing and to operate the development in accordance with this title, except that rents shall be based on the lesser of—

“(A) the budget-based needs of the project; or

“(B) (ii) the operating cost adjustment factor as a payment standard as provided under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437 note).

“(g) MULTIFAMILY HOUSING TRANSFER TECHNICAL ASSISTANCE.—Under the program under this section, the Secretary may provide grants to qualified non-profit organizations and public housing agencies to provide technical assistance, including financial and legal services, to borrowers under loans under this title for multifamily housing to facilitate the acquisition of such multifamily housing properties in areas where the Secretary determines there is a risk of loss of affordable housing.
“(h) Transfer of Rental Assistance.—After the loan or loans for a rental project originally financed under section 515 or both sections 514 and 516 have matured or have been prepaid and the owner has chosen not to restructure the loan pursuant to subsection (c), a tenant residing in such project shall have 18 months prior to loan maturation or prepayment to transfer the rental assistance assigned to the tenant’s unit to another rental project originally financed under section 515 or both sections 514 and 516, and the owner of the initial project may rent the tenant’s previous unit to a new tenant without income restrictions.

“(i) Administrative Expenses.—Of any amounts made available for the program under this section for any fiscal year, the Secretary may use not more than $1,000,000 for administrative expenses for carrying out such program.

“(j) Authorization of Appropriations.—There is authorized to be appropriated for the program under this section $200,000,000 for each of fiscal years 2020 through 2024.”.

SEC. 3. ELIGIBILITY FOR RURAL HOUSING VOUCHERS.

Section 542 of the Housing Act of 1949 (42 U.S.C. 1490r) is amended by adding at the end the following new subsection:
“(c) Eligibility of Households in Section 514, 515, and 516 Projects.—The Secretary may provide rural housing vouchers under this section for any low-income household (including those not receiving rental assistance) residing in a property financed with a loan made or insured under section 514 or 515 (42 U.S.C. 1484, 1485) which has been prepaid, has been foreclosed, or has matured after September 30, 2005, or residing in a property assisted under section 514 or 516 that is owned by a nonprofit organization or public agency.”.

SEC. 4. AMOUNT OF VOUCHER ASSISTANCE.

Notwithstanding any other provision of law, in the case of any rural housing voucher provided pursuant to section 542 of the Housing Act of 1949 (42 U.S.C. 1490r), the amount of the monthly assistance payment for the household on whose behalf such assistance is provided shall be determined as provided in subsection (a) of such section 542.

SEC. 5. USE OF AVAILABLE RENTAL ASSISTANCE.

Subsection (d) of section 521 of the Housing Act of 1949 (42 U.S.C. 1490a(d)) is amended by adding at the end the following new paragraph:

“(3) In the case of any rental assistance contract authority that becomes available because of the termination of assistance on behalf of an assisted family—
“(A) at the option of the owner of the rental project, the Secretary shall provide the owner a period of 6 months before such assistance is made available pursuant to subparagraph (B) during which the owner may use such assistance authority to provide assistance of behalf of an eligible unassisted family that—

“(i) is residing in the same rental project that the assisted family resided in prior to such termination; or

“(ii) newly occupies a dwelling unit in such rental project during such period; and

“(B) except for assistance used as provided in subparagraph (A), the Secretary shall use such remaining authority to provide such assistance on behalf of eligible families residing in other rental projects originally financed under section 515 or both sections 514 and 516 of this Act.”.

SEC. 6. FUNDING FOR MULTIFAMILY TECHNICAL IMPROVEMENTS.

There is authorized to be appropriated to the Secretary of Agriculture $50,000,000 for fiscal year 2020 for improving the technology of the Department of Agriculture used to process loans for multifamily housing and otherwise managing such housing. Such improvements
shall be made within the 5-year period beginning upon the
appropriation of such amounts and such amount shall re-
main available until the expiration of such 5-year period.

SEC. 7. PLAN FOR PRESERVING AFFORDABILITY OF RENT-
AL PROJECTS.

(a) PLAN.—The Secretary of Agriculture (in this sec-
tion referred to as the “Secretary”) shall submit a written
plan to the Congress, not later than the expiration of the
6-month period beginning on the date of the enactment
of this Act, for preserving the affordability for low-income
families of rental projects for which loans were made
under section 515 or made to nonprofit or public agencies
under section 514 and avoiding the displacement of tenant
households, which shall—

(1) set forth specific performance goals and
measures;

(2) set forth the specific actions and mecha-
nisms by which such goals will be achieved;

(3) set forth specific measurements by which
progress towards achievement of each goal can be
measured;

(4) provide for detailed reporting on outcomes;

and

(5) include any legislative recommendations to
assist in achievement of the goals under the plan.
(b) ADVISORY COMMITTEE.—

(1) ESTABLISHMENT; PURPOSE.—The Secretary shall establish an advisory committee whose purpose shall be to assist the Secretary in preserving section 515 properties and section 514 properties owned by nonprofit or public agencies through the multifamily housing preservation and revitalization program under section 545 and in implementing the plan required under subsection (a).

(2) MEMBER.—The advisory committee shall consist of 14 members, appointed by the Secretary, as follows:

(A) A State Director of Rural Development for the Department of Agriculture.

(B) The Administrator for Rural Housing Service of the Department of Agriculture.

(C) 2 representatives of for-profit developers or owners of multifamily rural rental housing.

(D) 2 representatives of non-profit developers or owners of multifamily rural rental housing.

(E) 2 representatives of State housing finance agencies.
(F) 2 representatives of tenants of multifamily rural rental housing.

(G) 1 representative of a community development financial institution that is involved in preserving the affordability of housing assisted under sections 514, 515, and 516 of the Housing Act of 1949.

(H) 1 representative of a nonprofit organization that operates nationally and has actively participated in the preservation of housing assisted by the Rural Housing Service by conducting research regarding, and providing financing and technical assistance for, preserving the affordability of such housing.

(I) 1 representative of low-income housing tax credit investors.

(J) 1 representative of regulated financial institutions that finance affordable multifamily rural rental housing developments.

(3) MEETINGS.—The advisory committee shall meet not less often than once each calendar quarter.

(4) FUNCTIONS.—In providing assistance to the Secretary to carry out its purpose, the advisory committee shall carry out the following functions:
(A) Assisting the Rural Housing Service of the Department of Agriculture to improve estimates of the size, scope, and condition of rental housing portfolio of the Service, including the time frames for maturity of mortgages and costs for preserving the portfolio as affordable housing.

(B) Reviewing current policies and procedures of the Rural Housing Service regarding preservation of affordable rental housing financed under sections 514, 515, 516, and 538 of the Housing Act of 1949, the Multifamily Preservation and Revitalization Demonstration program (MPR), and the rental assistance program and making recommendations regarding improvements and modifications to such policies and procedures.

(C) Providing ongoing review of Rural Housing Service program results.

(D) Providing reports to the Congress and the public on meetings, recommendations, and other findings of the advisory committee.

(5) TRAVEL COSTS.—Any amounts made available for administrative costs of the Department of Agriculture may be used for costs of travel by mem-
bers of the advisory committee to meetings of the committee.

SEC. 8. COVERED HOUSING PROGRAMS.

Paragraph (3) of section 41411(a) of the Violence Against Women Act of 1994 (34 U.S.C. 12491(a)(3)) is amended—

(1) in subparagraph (I), by striking “and” at the end;

(2) by redesignating subparagraph (J) as subparagraph (K); and

(3) by inserting after subparagraph (I) the following new subparagraph:

“(J) rural development housing voucher assistance provided by the Secretary of Agriculture pursuant to section 542 of the Housing Act of 1949 (42 U.S.C. 1490r), without regard to subsection (b) of such section, and applicable appropriation Acts; and”.