

119TH CONGRESS  
1ST SESSION

# S. 1260

To reform rural housing programs, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

APRIL 2, 2025

Ms. SMITH (for herself, Mr. ROUNDS, Mr. DAINES, Mr. FETTERMAN, Mr. CRAPO, Mr. WARNER, Mr. CRAMER, Mr. WARNOCK, Mrs. SHAHEEN, and Mr. MORAN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

---

## A BILL

To reform rural housing programs, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Rural Housing Service Reform Act of 2025”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—STREAMLINING AND UPDATES

Sec. 101. Application of multifamily mortgage foreclosure procedures to multifamily mortgages held by the Secretary of Agriculture and preservation of the rental assistance contract upon foreclosure.

- Sec. 102. Study on rural housing loans for housing for low- and moderate-income families.
- Sec. 103. Authorization of appropriations for staffing and IT upgrades.
- Sec. 104. Funding for technical improvements.

## TITLE II—RURAL HOUSING PRESERVATION AND REVITALIZATION

- Sec. 201. Permanent establishment of housing preservation and revitalization program.
- Sec. 202. Rental assistance contract authority.

## TITLE III—NATIVE CDFI RELENDING

- Sec. 301. Native CDFI relending program.

## TITLE IV—SECTION 504 LOANS AND GRANTS

- Sec. 401. Modifications to loans and grants for minor improvements to farm housing and buildings; income eligibility.

## TITLE V—RURAL COMMUNITY DEVELOPMENT INITIATIVE GRANTS

- Sec. 501. Rural community development initiative.

## TITLE VI—REPORTS

- Sec. 601. Annual report on rural housing programs.
- Sec. 602. GAO report on Rural Housing Service technology.

## TITLE VII—RURAL HOUSING VOUCHER PROGRAM

- Sec. 701. Adjustment to rural development voucher amount.
- Sec. 702. Eligibility for rural housing vouchers.
- Sec. 703. Amount of voucher assistance.

## TITLE VIII—TRANSFERS TO NONPROFIT ORGANIZATIONS

- Sec. 801. Transfer of multifamily rural housing projects.

## TITLE IX—SECTION 502 LOANS AND GUARANTEES

- Sec. 901. Extension of loan term.
- Sec. 902. Release of liability for section 502 guaranteed borrower upon assumption of original loan by new borrower.
- Sec. 903. Department of Agriculture loan restrictions.

## TITLE X—ACCESSORY DWELLING UNITS

- Sec. 1001. Loan guarantees.

## TITLE XI—TIME FRAME FOR COMPLETING APPLICATION REVIEW

- Sec. 1101. Application review.

# **TITLE I—STREAMLINING AND UPDATES**

## **SEC. 101. APPLICATION OF MULTIFAMILY MORTGAGE FORECLOSURE PROCEDURES TO MULTI- FAMILY MORTGAGES HELD BY THE SEC- RETARY OF AGRICULTURE AND PRESERVA- TION OF THE RENTAL ASSISTANCE CON- TRACT UPON FORECLOSURE.**

(a) MULTIFAMILY MORTGAGE PROCEDURES.—Sec-  
tion 363(2) of the Multifamily Mortgage Foreclosure Act  
of 1981 (12 U.S.C. 3702(2)) is amended—

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

(2) in subparagraph (E), by striking the period  
at the end and inserting “; or”; and

(3) by adding at the end the following:

“(F) section 514, 515, or 538 of the Hous-  
ing Act of 1949 (42 U.S.C. 1484, 1485,  
1490p).”.

(b) PRESERVATION OF CONTRACT.—Section 521(d)  
of the Housing Act of 1949 (42 U.S.C. 1490a(d)) is  
amended by adding at the end the following:

“(3) Notwithstanding any other provision of law in  
managing and disposing of any multifamily property that  
is owned or has a mortgage held by the Secretary, and

1 during the process of foreclosure on any property with a  
 2 contract for rental assistance under this section—

3 “(A) the Secretary shall maintain any rental as-  
 4 sistance payments that are attached to any dwelling  
 5 units in the property; and

6 “(B) the rental assistance contract may be used  
 7 to provide further assistance to existing projects  
 8 under 514, 515, or 516.”.

9 **SEC. 102. STUDY ON RURAL HOUSING LOANS FOR HOUSING**  
 10 **FOR LOW- AND MODERATE-INCOME FAMI-**  
 11 **LIES.**

12 Not later than 6 months after the date of enactment  
 13 of this Act, the Secretary of Agriculture shall conduct a  
 14 study and submit to Congress a publicly available report  
 15 on the loan program under section 521 of the Housing  
 16 Act of 1949 (42 U.S.C. 1490a), including—

17 (1) the total amount provided by the Secretary  
 18 in subsidies under such section 521 to borrowers  
 19 with loans made pursuant to section 502 of such Act  
 20 (42 U.S.C. 1472);

21 (2) how much of the subsidies described in  
 22 paragraph (1) are being recaptured; and

23 (3) the amount of time and costs associated  
 24 with recapturing those subsidies.

1 **SEC. 103. AUTHORIZATION OF APPROPRIATIONS FOR**  
2 **STAFFING AND IT UPGRADES.**

3       There is authorized to be appropriated to the Sec-  
4 retary of Agriculture for each of fiscal years 2026 through  
5 2030 such sums as may be necessary for increased staff-  
6 ing needs and information technology upgrades to support  
7 all Rural Housing Service programs.

8 **SEC. 104. FUNDING FOR TECHNICAL IMPROVEMENTS.**

9       (a) **AUTHORIZATION OF APPROPRIATIONS.**—There is  
10 authorized to be appropriated to the Secretary of Agri-  
11 culture such sums as may be necessary for fiscal year  
12 2026 for improvements to the technology of the Rural  
13 Housing Service of the Department of Agriculture used  
14 to process and manage housing loans.

15       (b) **AVAILABILITY.**—Amounts appropriated pursuant  
16 to subsection (a) shall remain available until the date that  
17 is 5 years after the date of the appropriation.

18       (c) **TIMELINE.**—The Secretary of Agriculture shall  
19 make the improvements described in subsection (a) during  
20 the 5-year period beginning on the date on which amounts  
21 are appropriated under subsection (a).

1 **TITLE II—RURAL HOUSING**  
 2 **PRESERVATION AND REVI-**  
 3 **TALIZATION**

4 **SEC. 201. PERMANENT ESTABLISHMENT OF HOUSING PRES-**  
 5 **ERVATION AND REVITALIZATION PROGRAM.**

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

8 **“SEC. 545. HOUSING PRESERVATION AND REVITALIZATION**  
 9 **PROGRAM.**

10 “(a) ESTABLISHMENT.—The Secretary shall carry  
 11 out a program under this section for the preservation and  
 12 revitalization of multifamily rental housing projects fi-  
 13 nanced under section 514, 515, or 516.

14 “(b) NOTICE OF MATURING LOANS.—

15 “(1) TO OWNERS.—On an annual basis, the  
 16 Secretary shall provide written notice to each owner  
 17 of a property financed under section 514, 515, or  
 18 516 that will mature within the 4-year period begin-  
 19 ning upon the provision of the notice, setting forth  
 20 the options and financial incentives that are avail-  
 21 able to facilitate the extension of the loan term or  
 22 the option to decouple a rental assistance contract  
 23 pursuant to subsection (f).

24 “(2) TO TENANTS.—

1           “(A) IN GENERAL.—On an annual basis,  
2           for each property financed under section 514,  
3           515, or 516, not later than the date that is 2  
4           years before the date that the loan will mature,  
5           the Secretary shall provide written notice to  
6           each household residing in the property that in-  
7           forms them of—

8                     “(i) the date of the loan maturity;

9                     “(ii) the possible actions that may  
10           happen with respect to the property upon  
11           that maturity; and

12                    “(iii) how to protect their right to re-  
13           side in federally assisted housing, or how  
14           to secure housing voucher, after that ma-  
15           turity.

16           “(B) LANGUAGE.—Notice under this para-  
17           graph shall be provided in plain English and  
18           shall be translated to other languages in the  
19           case of any property located in an area in which  
20           a significant number of residents speak such  
21           other languages.

22           “(c) LOAN RESTRUCTURING.—Under the program  
23           under this section, in any circumstance in which the Sec-  
24           retary proposes a restructuring to an owner or an owner  
25           proposes a restructuring to the Secretary, the Secretary

1 may restructure such existing housing loans, as the Sec-  
 2 retary considers appropriate, for the purpose of ensuring  
 3 that those projects have sufficient resources to preserve  
 4 the projects to provide safe and affordable housing for low-  
 5 income residents and farm laborers, by—

6 “(1) reducing or eliminating interest;

7 “(2) deferring loan payments;

8 “(3) subordinating, reducing, or reamortizing  
 9 loan debt;

10 “(4) providing other financial assistance, in-  
 11 cluding advances, payments, and incentives (includ-  
 12 ing the ability of owners to obtain reasonable re-  
 13 turns on investment) required by the Secretary; and

14 “(5) permanently removing a portion of the  
 15 housing units from income restrictions when sus-  
 16 tained vacancies have occurred.

17 “(d) RENEWAL OF RENTAL ASSISTANCE.—

18 “(1) IN GENERAL.—When the Secretary pro-  
 19 poses to restructure a loan or agrees to the proposal  
 20 of an owner to restructure a loan pursuant to sub-  
 21 section (c), the Secretary shall offer to renew the  
 22 rental assistance contract under section 521(a)(2)  
 23 for a term that is the shorter of 20 years and the  
 24 term of the restructured loan, subject to annual ap-  
 25 propriations, provided that the owner agrees to bring



1 the property up to such standards that will ensure  
2 maintenance of the property as decent, safe, and  
3 sanitary housing for the full term of the rental as-  
4 sistance contract.

5 “(2) ADDITIONAL RENTAL ASSISTANCE.—With  
6 respect to a project described in paragraph (1), if  
7 rental assistance is not available for all households  
8 in the project for which the loan is being restruc-  
9 tured pursuant to subsection (c), the Secretary may  
10 extend such additional rental assistance to unas-  
11 sisted households at that project as is necessary to  
12 make the project safe and affordable to low-income  
13 households.

14 “(e) RESTRICTIVE USE AGREEMENTS.—

15 “(1) REQUIREMENT.—As part of the preserva-  
16 tion and revitalization agreement for a project, the  
17 Secretary shall obtain a restrictive use agreement  
18 that is recorded and obligates the owner to operate  
19 the project in accordance with this title.

20 “(2) TERM.—

21 “(A) NO EXTENSION OF RENTAL ASSIST-  
22 ANCE CONTRACT.—Except when the Secretary  
23 enters into a 20-year extension of the rental as-  
24 sistance contract for a project, the term of the  
25 restrictive use agreement for the project shall

1 be consistent with the term of the restructured  
2 loan for the project.

3 “(B) EXTENSION OF RENTAL ASSISTANCE  
4 CONTRACT.—If the Secretary enters into a 20-  
5 year extension of the rental assistance contract  
6 for a project, the term of the restrictive use  
7 agreement for the project shall be for the longer  
8 of—

9 “(i) 20 years; or

10 “(ii) the remaining term of the loan  
11 for that project.

12 “(C) TERMINATION.—The Secretary may  
13 terminate the 20-year use restrictive use agree-  
14 ment for a project before the end of the term  
15 of the agreement if the 20-year rental assist-  
16 ance contract for the project with the owner is  
17 terminated at any time for reasons outside the  
18 control of the owner.

19 “(f) DECOUPLING OF RENTAL ASSISTANCE.—

20 “(1) RENEWAL OF RENTAL ASSISTANCE CON-  
21 TRACT.—If the Secretary determines that a loan ma-  
22 turing during the 4-year period beginning upon the  
23 provision of the notice required under subsection  
24 (b)(1) for a project cannot reasonably be restruc-  
25 tured in accordance with subsection (c) because it is

1 not financially feasible or the owner does not agree  
2 with the proposed restructuring, and the project was  
3 operating with rental assistance under section 521  
4 and the recipient is a borrower under section 514 or  
5 515, the Secretary may renew the rental assistance  
6 contract, notwithstanding any requirement under  
7 section 521 that the recipient be a current borrower  
8 under section 514 or 515, for a term of 20 years,  
9 subject to annual appropriations.

10 “(2) ADDITIONAL RENTAL ASSISTANCE.—With  
11 respect to a project described in paragraph (1), if  
12 rental assistance is not available for all households  
13 in the project for which the loan is being restruc-  
14 tured pursuant to subsection (c), the Secretary may  
15 extend such additional rental assistance to unas-  
16 sisted households at that project as is necessary to  
17 make the project safe and affordable to low-income  
18 households.

19 “(3) RENTS.—

20 “(A) IN GENERAL.—Any agreement to ex-  
21 tend the term of the rental assistance contract  
22 under section 521 for a project shall obligate  
23 the owner to continue to maintain the project  
24 as decent, safe, and sanitary housing and to op-

1           erate the development as affordable housing in  
2           a manner that meets the goals of this title.

3           “(B) RENT AMOUNTS.—Subject to sub-  
4           paragraph (C), in setting rents, the Secretary—

5           “(i) shall determine the maximum ini-  
6           tial rent based on current fair market  
7           rents established under section 8 of the  
8           United States Housing Act of 1937 (42  
9           U.S.C. 1437f); and

10          “(ii) may annually adjust the rent de-  
11          termined under clause (i) by the operating  
12          cost adjustment factor as provided under  
13          section 524 of the Multifamily Assisted  
14          Housing Reform and Affordability Act of  
15          1997 (42 U.S.C. 1437f note).

16          “(C) HIGHER RENT.—

17          “(i) IN GENERAL.—Subparagraph (B)  
18          shall not apply if the Secretary determines  
19          that the budget-based needs of a project  
20          require a higher rent than the rent de-  
21          scribed in subparagraph (B).

22          “(ii) RENT.—If the Secretary makes a  
23          positive determination under clause (i), the  
24          Secretary may approve a budget-based rent  
25          level for the project.

1 “(4) CONDITIONS FOR APPROVAL.—

2 “(A) PLAN.—Before the approval of a  
3 rental assistance contract authorized under this  
4 section, the Secretary shall require, through an  
5 annual notice in the Federal Register, the  
6 owner to submit to the Secretary a plan that  
7 identifies financing sources and a timetable for  
8 renovations and improvements determined to be  
9 necessary by the Secretary to maintain and pre-  
10 serve the project.

11 “(B) AUTOMATIC APPROVAL.—If a plan  
12 submitted under subparagraph (A) is not acted  
13 upon by the Secretary within 30 days of the  
14 submission, the rental assistance contract is  
15 automatically approved for not more than a 1-  
16 year period.

17 “(g) MULTIFAMILY HOUSING TRANSFER TECHNICAL  
18 ASSISTANCE.—Under the program under this section, the  
19 Secretary may provide grants to qualified nonprofit orga-  
20 nizations and public housing agencies to provide technical  
21 assistance, including financial and legal services, to bor-  
22 rowers under loans under this title for multifamily housing  
23 to facilitate the acquisition or preservation of such multi-  
24 family housing properties in areas where the Secretary de-  
25 termines there is a risk of loss of affordable housing.

1       “(h) ADMINISTRATIVE EXPENSES.—Of any amounts  
2 made available for the program under this section for any  
3 fiscal year, the Secretary may use not more than  
4 \$1,000,000 for administrative expenses for carrying out  
5 such program.

6       “(i) AUTHORIZATION OF APPROPRIATIONS.—There is  
7 authorized to be appropriated for the program under this  
8 section \$200,000,000 for each of fiscal years 2026  
9 through 2030.

10       “(j) RULEMAKING.—

11               “(1) IN GENERAL.—Not later than 180 days  
12 after the date of enactment of the Rural Housing  
13 Service Reform Act of 2025, the Secretary shall—

14                       “(A) publish an advance notice of proposed  
15 rulemaking; and

16                       “(B) consult with appropriate stake-  
17 holders.

18               “(2) INTERIM FINAL RULE.—Not later than 1  
19 year after the date of enactment of the Rural Hous-  
20 ing Service Reform Act of 2025, the Secretary shall  
21 publish an interim final rule to carry out this sec-  
22 tion.”.

1 **SEC. 202. RENTAL ASSISTANCE CONTRACT AUTHORITY.**

2 Section 521(d) of the Housing Act of 1949 (42  
3 U.S.C. 1490a(d)), as amended by section 101(b), is  
4 amended—

5 (1) in paragraph (1)—

6 (A) by redesignating subparagraphs (B)  
7 and (C) as subparagraphs (C) and (D), respec-  
8 tively;

9 (B) by inserting after subparagraph (A)  
10 the following:

11 “(B) upon request of an owner of a project fi-  
12 nanced under section 514 or 515, the Secretary is  
13 authorized to enter into renewal of such agreements  
14 for a period of 20 years or the term of the loan,  
15 whichever is shorter, subject to amounts made avail-  
16 able in appropriations Acts;”;

17 (C) in subparagraph (C), as so redesign-  
18 nated, by striking “subparagraph (A)” and in-  
19 serting “subparagraphs (A) and (B)”;

20 (D) in subparagraph (D), as so redesign-  
21 nated, by striking “subparagraphs (A) and  
22 (B)” and inserting “subparagraphs (A), (B),  
23 and (C)”;

24 (2) in paragraph (2), by striking “shall” and  
25 inserting “may”; and

26 (3) by adding at the end the following:

1       “(4) In the case of any rental assistance contract au-  
 2       thority that becomes available because of the termination  
 3       of assistance on behalf of an assisted family—

4               “(A) at the option of the owner of the rental  
 5       project, the Secretary shall provide the owner a pe-  
 6       riod of not more than 6 months before unused as-  
 7       sistance is made available pursuant to subparagraph  
 8       (B) during which the owner may use such assistance  
 9       authority to provide assistance on behalf of an eligi-  
 10      ble unassisted family that—

11               “(i) is residing in the same rental project  
 12              in which the assisted family resided before the  
 13              termination; or

14               “(ii) newly occupies a dwelling unit in the  
 15              rental project during that 6-month period; and

16               “(B) except for assistance used as provided in  
 17              subparagraph (A), the Secretary shall use such re-  
 18              maining authority to provide assistance on behalf of  
 19              eligible families residing in other rental projects  
 20              originally financed under section 514, 515, or 516.”.

## 21               **TITLE III—NATIVE CDFI** 22               **RELENDING**

### 23       **SEC. 301. NATIVE CDFI RELENDING PROGRAM.**

24              Section 502 of the Housing Act of 1949 (42 U.S.C.  
 25       1472) is amended by adding at the end the following:



1       “(j) SET ASIDE FOR NATIVE COMMUNITY DEVELOP-  
2   MENT FINANCIAL INSTITUTIONS.—

3               “(1) DEFINITIONS.—In this subsection—

4                       “(A) the term ‘Alaska Native’ has the  
5                       meaning given the term ‘Native’ in section 3(b)  
6                       of the Alaska Native Claims Settlement Act (43  
7                       U.S.C. 1602(b));

8                       “(B) the term ‘appropriate congressional  
9                       committees’ means—

10                               “(i) the Committee on Agriculture of  
11                               the Senate;

12                               “(ii) the Committee on Indian Affairs  
13                               of the Senate;

14                               “(iii) the Committee on Banking,  
15                               Housing, and Urban Affairs of the Senate;

16                               “(iv) the Committee on Agriculture of  
17                               the House of Representatives;

18                               “(v) the Committee on Natural Re-  
19                               sources of the House of Representatives;  
20                               and

21                               “(vi) the Committee on Financial  
22                               Services of the House of Representatives;

23                       “(C) the term ‘community development fi-  
24                       nancial institution’ has the meaning given the  
25                       term in section 103 of the Community Develop-

1           ment Banking and Financial Institutions Act of  
2           1994 (12 U.S.C. 4702);

3           “(D) the term ‘Indian Tribe’ has the  
4           meaning given the term ‘Indian tribe’ in section  
5           4 of the Native American Housing Assistance  
6           and Self-Determination Act of 1996 (25 U.S.C.  
7           4103);

8           “(E) the term ‘Native community develop-  
9           ment financial institution’ means an entity—

10           “(i) that has been certified as a com-  
11           munity development financial institution by  
12           the Secretary of the Treasury;

13           “(ii) that is not less than 51 percent  
14           owned or controlled by members of Indian  
15           Tribes, Alaska Native communities, or Na-  
16           tive Hawaiian communities; and

17           “(iii) for which not less than 51 per-  
18           cent of the activities of the entity serve In-  
19           dian Tribes, Alaska Native communities,  
20           or Native Hawaiian communities;

21           “(F) the term ‘Native Hawaiian’ has the  
22           meaning given the term in section 801 of the  
23           Native American Housing Assistance and Self-  
24           Determination Act of 1996 (25 U.S.C. 4221);  
25           and

1           “(G) the term ‘priority Tribal land’  
2 means—

3           “(i) any land located within the  
4 boundaries of—

5                   “(I) an Indian reservation, pueb-  
6 lo, or rancharia; or

7                   “(II) a former reservation within  
8 Oklahoma;

9           “(ii) any land not located within the  
10 boundaries of an Indian reservation, pueb-  
11 lo, or rancharia, the title to which is held—

12                   “(I) in trust by the United States  
13 for the benefit of an Indian Tribe or  
14 an individual Indian;

15                   “(II) by an Indian Tribe or an  
16 individual Indian, subject to restric-  
17 tion against alienation under laws of  
18 the United States; or

19                   “(III) by a dependent Indian  
20 community;

21           “(iii) any land located within a region  
22 established pursuant to section 7(a) of the  
23 Alaska Native Claims Settlement Act (43  
24 U.S.C. 1606(a));

1                   “(iv) Hawaiian Home Lands, as de-  
 2                   fined in section 801 of the Native Amer-  
 3                   ican Housing Assistance and Self-Deter-  
 4                   mination Act of 1996 (25 U.S.C. 4221); or

5                   “(v) those areas or communities des-  
 6                   ignated by the Assistant Secretary of In-  
 7                   dian Affairs of the Department of the Inte-  
 8                   rior that are near, adjacent, or contiguous  
 9                   to reservations where financial assistance  
 10                  and social service programs are provided to  
 11                  Indians because of their status as Indians.

12               “(2) PURPOSE.—The purpose of this subsection  
 13               is to—

14                   “(A) increase homeownership opportunities  
 15                  for Indian Tribes, Alaska Native Communities,  
 16                  and Native Hawaiian communities in rural  
 17                  areas; and

18                   “(B) provide capital to Native community  
 19                  development financial institutions to increase  
 20                  the number of mortgage transactions carried  
 21                  out by those institutions.

22               “(3) SET ASIDE FOR NATIVE CDFIS.—Of  
 23                  amounts appropriated to make direct loans under  
 24                  this section for each fiscal year, the Secretary may  
 25                  use not more than \$50,000,000 to make direct loans

1 to Native community development financial institu-  
2 tions in accordance with this subsection.

3 “(4) APPLICATION REQUIREMENTS.—A Native  
4 community development financial institution desiring  
5 a loan under this subsection shall demonstrate that  
6 the institution—

7 “(A) can provide the non-Federal cost  
8 share required under paragraph (6); and

9 “(B) is able to originate and service loans  
10 for single family homes.

11 “(5) LENDING REQUIREMENTS.—A Native com-  
12 munity development financial institution that re-  
13 ceives a loan pursuant to this subsection shall—

14 “(A) use those amounts to make loans to  
15 borrowers—

16 “(i) who otherwise meet the require-  
17 ments for a loan under this section; and

18 “(ii) who—

19 “(I) are members of an Indian  
20 Tribe, an Alaska Native community,  
21 or a Native Hawaiian community; or

22 “(II) maintain a household in  
23 which not less than 1 member is a  
24 member of an Indian Tribe, an Alaska

1 Native community, or a Native Ha-  
2 waiian community; and

3 “(B) in making loans under subparagraph  
4 (A), give priority to borrowers described in that  
5 subparagraph who are residing on priority Trib-  
6 al land.

7 “(6) NON-FEDERAL COST SHARE.—

8 “(A) IN GENERAL.—A Native community  
9 development financial institution that receives a  
10 loan under this section shall be required to  
11 match not less than 20 percent of the amount  
12 received.

13 “(B) WAIVER.—In the case of a loan for  
14 which amounts are used to make loans to bor-  
15 rowers described in paragraph (5)(B), the Sec-  
16 retary shall waive the non-Federal cost share  
17 requirement described in subparagraph (A) with  
18 respect to those loan amounts.

19 “(7) REPORTING.—

20 “(A) ANNUAL REPORT BY NATIVE  
21 CDFIS.—Each Native community development  
22 financial institution that receives a loan pursu-  
23 ant to this subsection shall submit an annual  
24 report to the Secretary on the lending activities

1 of the institution using the loan amounts, which  
2 shall include—

3 “(i) a description of the outreach ef-  
4 forts of the institution in local communities  
5 to identify eligible borrowers;

6 “(ii) a description of how the institu-  
7 tion leveraged additional capital to reach  
8 prospective borrowers;

9 “(iii) the number of loan applications  
10 received, approved, and deployed;

11 “(iv) the average loan amount;

12 “(v) the number of finalized loans  
13 that were made on Tribal trust lands and  
14 not on Tribal trust lands; and

15 “(vi) the number of finalized loans  
16 that were made on priority Tribal land and  
17 not priority Tribal land.

18 “(B) ANNUAL REPORT TO CONGRESS.—

19 Not later than 1 year after the date of enact-  
20 ment of this subsection, and every year there-  
21 after, the Secretary shall submit to the appro-  
22 priate congressional communities a report that  
23 includes—

24 “(i) a list of loans made to Native  
25 community development financial institu-

1           tions pursuant to this subsection, including  
2           the name of the institution and the loan  
3           amount;

4           “(ii) the percentage of loans made  
5           under this section to members of Indian  
6           Tribes, Alaska Native communities, and  
7           Native Hawaiian communities, respectively,  
8           including a breakdown of loans made to  
9           households residing on and not on Tribal  
10          trust lands; and

11          “(iii) the average loan amount made  
12          by Native community development finan-  
13          cial institutions pursuant to this sub-  
14          section.

15          “(C) EVALUATION OF PROGRAM.—Not  
16          later than 3 years after the date of enactment  
17          of this subsection, the Secretary and the Sec-  
18          retary of the Treasury shall conduct an evalua-  
19          tion of and submit to the appropriate congres-  
20          sional committees a report on the program  
21          under this subsection, which shall—

22               “(i) evaluate the effectiveness of the  
23               program, including an evaluation of the de-  
24               mand for loans under the program; and



1 “(ii) include recommendations relating  
2 to the program, including whether—

3 “(I) the program should be ex-  
4 panded to such that all community de-  
5 velopment financial institutions may  
6 make loans under the program to the  
7 borrowers described in paragraph (5);  
8 and

9 “(II) the set aside amount para-  
10 graph (3) should be modified in order  
11 to match demand under the program.

12 “(8) GRANTS FOR OPERATIONAL SUPPORT.—

13 “(A) IN GENERAL.—The Secretary shall  
14 make grants to Native community development  
15 financial institutions that receive a loan under  
16 this section to provide operational support and  
17 other related services to those institutions, sub-  
18 ject to—

19 “(i) the satisfactory performance, as  
20 determined by the Secretary, of a Native  
21 community development financial institu-  
22 tion in carrying out this section; and

23 “(ii) the availability of funding.

24 “(B) AMOUNT.—A Native community de-  
25 velopment financial institution that receives a

1 loan under this section shall be eligible to re-  
 2 ceive a grant described in subparagraph (A) in  
 3 an amount equal to 20 percent of the direct  
 4 loan amount received by the Native community  
 5 development financial institution under the pro-  
 6 gram under this section as of the date on which  
 7 the direct loan is awarded.

8 “(9) OUTREACH AND TECHNICAL ASSIST-  
 9 ANCE.—There is authorized to be appropriated to  
 10 the Secretary \$1,000,000 for each of fiscal years  
 11 2025, 2026, and 2027—

12 “(A) to provide technical assistance to Na-  
 13 tive community development financial institu-  
 14 tions—

15 “(i) relating to homeownership and  
 16 other housing-related assistance provided  
 17 by the Secretary; and

18 “(ii) to assist those institutions to  
 19 perform outreach to eligible homebuyers  
 20 relating to the loan program under this  
 21 section; or

22 “(B) to provide funding to a national orga-  
 23 nization representing Native American housing  
 24 interests to perform outreach and provide tech-

1            nical assistance as described in clauses (i) and  
2            (ii), respectively, of subparagraph (A).

3            “(10) ADMINISTRATIVE COSTS.—In addition to  
4            other available funds, the Secretary may use not  
5            more than 3 percent of the amounts made available  
6            to carry out this subsection for administration of the  
7            programs established under this subsection.”.

8            **TITLE IV—SECTION 504 LOANS**  
9            **AND GRANTS**

10        **SEC. 401. MODIFICATIONS TO LOANS AND GRANTS FOR**  
11                **MINOR IMPROVEMENTS TO FARM HOUSING**  
12                **AND BUILDINGS; INCOME ELIGIBILITY.**

13            Section 504(a) of the Housing Act of 1949 (42  
14        U.S.C. 1474(a)) is amended—

15            (1) in the first sentence, by inserting “and may  
16            make a loan to an eligible low-income applicant”  
17            after “applicant”;

18            (2) by inserting “Not less than 60 percent of  
19            loan funds made available under this section shall be  
20            reserved and made available for very low-income ap-  
21            plicants.” after the first sentence; and

22            (3) by striking “\$7,500” and inserting  
23            “\$15,000”.

1 **TITLE V—RURAL COMMUNITY**  
 2 **DEVELOPMENT INITIATIVE**  
 3 **GRANTS**

4 **SEC. 501. RURAL COMMUNITY DEVELOPMENT INITIATIVE.**

5 Subtitle E of the Consolidated Farm and Rural De-  
 6 velopment Act (7 U.S.C. 2009 et seq.) is amended by add-  
 7 ing at the end the following:

8 **“SEC. 3810. RURAL COMMUNITY DEVELOPMENT INITIA-**  
 9 **TIVE.**

10 “(a) DEFINITIONS.—In this section:

11 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-  
 12 tity’ means—

13 “(A) a private, nonprofit community-based  
 14 housing or community development organiza-  
 15 tion;

16 “(B) a rural community; or

17 “(C) a federally recognized Indian Tribe.

18 “(2) ELIGIBLE INTERMEDIARY.—The term ‘eli-  
 19 gible intermediary’ means a qualified—

20 “(A) private, nonprofit organization; or

21 “(B) public organization.

22 “(b) ESTABLISHMENT.—The Secretary shall estab-  
 23 lish a Rural Community Development Initiative, under  
 24 which the Secretary shall provide grants to eligible inter-  
 25 mediaries to carry out programs to provide financial and

1 technical assistance to eligible entities to develop the ca-  
 2 pacity and ability of eligible entities to carry out projects  
 3 to improve housing, community facilities, and community  
 4 and economic development projects in rural areas.

5 “(c) AMOUNT OF GRANTS.—The amount of a grant  
 6 provided to an eligible intermediary under this section  
 7 shall be not more than \$250,000.

8 “(d) MATCHING FUNDS.—

9 “(1) IN GENERAL.—An eligible intermediary re-  
 10 ceiving a grant under this section shall provide  
 11 matching funds from other sources, including Fed-  
 12 eral funds for related activities, in an amount not  
 13 less than the amount of the grant.

14 “(2) WAIVER.—The Secretary may waive para-  
 15 graph (1) with respect to a project that would be  
 16 carried out in a persistently poor rural region, as de-  
 17 termined by the Secretary.”.

## 18 **TITLE VI—REPORTS**

### 19 **SEC. 601. ANNUAL REPORT ON RURAL HOUSING PRO-** 20 **GRAMS.**

21 Title V of the Housing Act of 1949 (42 U.S.C. 1471  
 22 et seq.), as amended by this Act, is amended by adding  
 23 at the end the following:

1 **“SEC. 546. ANNUAL REPORT.**

2 “(a) IN GENERAL.—The Secretary shall submit to  
3 the appropriate committees of Congress and publish on  
4 the website of the Department of Agriculture an annual  
5 report on rural housing programs carried out under this  
6 title, which shall include significant details on the health  
7 of Rural Housing Service programs, including—

8 “(1) raw data sortable by programs and by re-  
9 gion regarding loan performance;

10 “(2) the housing stock of those programs, in-  
11 cluding information on why properties end participa-  
12 tion in those programs, such as for maturation, pre-  
13 payment, foreclosure, or other servicing issues; and

14 “(3) risk ratings for properties assisted under  
15 those programs.

16 “(b) PROTECTION OF INFORMATION.—The data in-  
17 cluded in each report required under subsection (a) may  
18 be aggregated or anonymized to protect participant finan-  
19 cial or personal information.”.

20 **SEC. 602. GAO REPORT ON RURAL HOUSING SERVICE**  
21 **TECHNOLOGY.**

22 Not later than 1 year after the date of enactment  
23 of this Act, the Comptroller General of the United States  
24 shall submit to Congress a report that includes—

1           (1) an analysis of how the outdated technology  
2       used by the Rural Housing Service impacts partici-  
3       pants in the programs of the Rural Housing Service;

4           (2) an estimate of the amount of funding that  
5       is needed to modernize the technology used by the  
6       Rural Housing Service; and

7           (3) an estimate of the number and type of new  
8       employees the Rural Housing Service needs to mod-  
9       ernize the technology used by the Rural Housing  
10      Service.

## 11       **TITLE VII—RURAL HOUSING** 12       **VOUCHER PROGRAM**

### 13   **SEC. 701. ADJUSTMENT TO RURAL DEVELOPMENT VOUCH-** 14       **ER AMOUNT.**

15       (a) IN GENERAL.—Not later than 2 years after the  
16   date of enactment of this Act, the Secretary of Agriculture  
17   shall issue regulations to establish a process for adjusting  
18   the voucher amount provided under section 542 of the  
19   Housing Act of 1949 (42 U.S.C. 1490r) after the issuance  
20   of the voucher following an interim or annual review of  
21   the amount of the voucher.

22       (b) INTERIM REVIEW.—The interim review described  
23   in subsection (a) shall, at the request of a tenant, allow  
24   for a recalculation of the voucher amount when the tenant

1 experiences a reduction in income, change in family com-  
 2 position, or change in rental rate.

3 (c) ANNUAL REVIEW.—

4 (1) IN GENERAL.—The annual review described  
 5 in subsection (a) shall require tenants to annually  
 6 recertify the family composition of the household  
 7 and that the family income of the household does  
 8 not exceed 80 percent of the area median income at  
 9 a time determined by the Secretary of Agriculture.

10 (2) CONSIDERATIONS.—If a tenant does not re-  
 11 certify the family composition and family income of  
 12 the household within the time frame required under  
 13 paragraph (1), the Secretary of Agriculture—

14 (A) shall consider whether extenuating cir-  
 15 cumstances caused the delay in recertification;  
 16 and

17 (B) may alter associated consequences for  
 18 the failure to recertify based on those cir-  
 19 cumstances.

20 (3) EFFECTIVE DATE.—Following the annual  
 21 review of a voucher under subsection (a), the up-  
 22 dated voucher amount shall be effective on the 1st  
 23 day of the month following the expiration of the  
 24 voucher.



1 (d) DEADLINE.—The process established under sub-  
 2 section (a) shall require the Secretary of Agriculture to  
 3 review and update the voucher amount described in sub-  
 4 section (a) for a tenant not later than 60 days before the  
 5 end of the voucher term.

6 **SEC. 702. ELIGIBILITY FOR RURAL HOUSING VOUCHERS.**

7 Section 542 of the Housing Act of 1949 (42 U.S.C.  
 8 1490r) is amended by adding at the end the following:

9 “(c) ELIGIBILITY OF HOUSEHOLDS IN SECTIONS  
 10 514, 515, AND 516 PROJECTS.—The Secretary may pro-  
 11 vide rural housing vouchers under this section for any low-  
 12 income household (including those not receiving rental as-  
 13 sistance) residing for a term longer than the remaining  
 14 term of their lease that is in effect on the date of prepay-  
 15 ment, foreclosure, or mortgage maturity, in a property fi-  
 16 nanced with a loan under section 514 or 515 or a grant  
 17 under section 516 that has—

18 “(1) been prepaid with or without restrictions  
 19 imposed by the Secretary pursuant to section  
 20 502(c)(5)(G)(ii)(I);

21 “(2) been foreclosed; or

22 “(3) matured after September 30, 2005.”.

23 **SEC. 703. AMOUNT OF VOUCHER ASSISTANCE.**

24 Notwithstanding any other provision of law, in the  
 25 case of any rural housing voucher provided pursuant to

1 section 542 of the Housing Act of 1949 (42 U.S.C.  
 2 1490r), the amount of the monthly assistance payment for  
 3 the household on whose behalf the assistance is provided  
 4 shall be determined as provided in subsection (a) of such  
 5 section 542, including providing for interim and annual  
 6 review of the voucher amount in the event of a change  
 7 in household composition or income or rental rate.

## 8 **TITLE VIII—TRANSFERS TO** 9 **NONPROFIT ORGANIZATIONS**

### 10 **SEC. 801. TRANSFER OF MULTIFAMILY RURAL HOUSING** 11 **PROJECTS.**

12 Section 515 of the Housing Act of 1949 (42 U.S.C.  
 13 1485) is amended—

14 (1) in subsection (h), by adding at the end the  
 15 following:

16 “(3) TRANSFER TO NONPROFIT ORGANIZA-  
 17 TIONS.—A nonprofit or public body purchaser, in-  
 18 cluding a limited partnership with a general partner  
 19 with the principal purpose of providing affordable  
 20 housing, may purchase a property for which a loan  
 21 is made or insured under this section that has re-  
 22 ceived a market value appraisal, without addressing  
 23 rehabilitation needs at the time of purchase, if the  
 24 purchaser—

1           “(A) makes a commitment to address re-  
 2           habilitation needs during ownership and long-  
 3           term use restrictions on the property; and

4           “(B) at the time of purchase, accepts long-  
 5           term use restrictions on the property.”; and

6           (2) in subsection (w)(1), in the first sentence in  
 7           the matter preceding subparagraph (A), by striking  
 8           “9 percent” and inserting “50 percent”.

## 9       **TITLE IX—SECTION 502 LOANS** 10       **AND GUARANTEES**

### 11   **SEC. 901. EXTENSION OF LOAN TERM.**

12       (a) IN GENERAL.—Section 502(a)(2) of the Housing  
 13   Act of 1949 (42 U.S.C. 1472(a)(2)) is amended—

14           (1) by inserting “(A)” before “The Secretary”;

15           (2) in subparagraph (A), as so designated, by  
 16   striking “paragraph” and inserting “subparagraph”;  
 17   and

18           (3) by adding at the end the following:

19           “(B) The Secretary may refinance or modify  
 20   the period of any loan, including any refinanced  
 21   loan, made under this section in accordance with  
 22   terms and conditions as the Secretary shall pre-  
 23   scribe, but in no event shall the total term of the  
 24   loan from the date of the refinance or modification  
 25   exceed 40 years.”.

1 (b) APPLICATION.—The amendment made under  
 2 subsection (a) shall apply with respect to loans made  
 3 under section 502 of the Housing Act of 1949 (42 U.S.C.  
 4 1472) before, on, or after the date of enactment of this  
 5 Act.

6 **SEC. 902. RELEASE OF LIABILITY FOR SECTION 502 GUAR-**  
 7 **ANTEED BORROWER UPON ASSUMPTION OF**  
 8 **ORIGINAL LOAN BY NEW BORROWER.**

9 Section 502(h)(10) of the Housing Act of 1949 (42  
 10 U.S.C. 1472(h)(10)) is amended to read as follows:

11 “(10) TRANSFER AND ASSUMPTION.—Upon the  
 12 transfer of property for which a guaranteed loan  
 13 under this subsection was made and the assumption  
 14 of the guaranteed loan by an approved eligible bor-  
 15 rower, the original borrower of a guaranteed loan  
 16 under this subsection shall be relieved of liability  
 17 with respect to the loan.”.

18 **SEC. 903. DEPARTMENT OF AGRICULTURE LOAN RESTRIC-**  
 19 **TIONS.**

20 (a) DEFINITIONS.—In this section, the terms “State”  
 21 and “Tribal organization” have the meanings given those  
 22 terms in section 658P of the Child Care and Development  
 23 Block Grant Act of 1990 (42 U.S.C. 9858n).

24 (b) REVISION.—The Secretary of Agriculture shall  
 25 revise section 3555.102(c) of title 7, Code of Federal Reg-

1   ulations, to exclude from the restriction under that sec-  
2   tion—

3           (1) a home-based business that is a licensed,  
4       registered, or regulated child care provider under  
5       State law or by a Tribal organization; and

6           (2) an applicant that has applied to become a  
7       licensed, registered or regulated child care provider  
8       under State law or by a Tribal organization.

## 9   **TITLE X—ACCESSORY DWELLING** 10                           **UNITS**

### 11   **SEC. 1001. LOAN GUARANTEES.**

12       Section 502(h)(4) of the Housing Act of 1949 (42  
13   U.S.C. 1472(h)(4)) is amended—

14           (1) by redesignating subparagraphs (A), (B),  
15       and (C) as clauses (i), (ii), and (iii), respectively;

16           (2) by striking “Loans may be guaranteed” and  
17       inserting the following:

18                   “(A) DEFINITION.—In this paragraph, the  
19       term ‘accessory dwelling unit’ means a single,  
20       habitable living unit—

21                           “(i) with means of separate ingress  
22                           and egress;

23                           “(ii) that is usually subordinate in  
24                           size;

1 “(iii) that can be added to, created  
2 within, or detached from a primary 1-unit,  
3 single-family dwelling; and

4 “(iv) in combination with a primary  
5 1-unit, single family dwelling, constitutes a  
6 single interest in real estate.

7 “(B) SINGLE FAMILY REQUIREMENT.—  
8 Loans may be guaranteed”; and  
9 (3) by adding at the end the following:

10 “(C) RULE OF CONSTRUCTION.—Nothing  
11 in this paragraph shall be construed to prohibit  
12 the leasing of an accessory dwelling unit or the  
13 use of rental income derived from such a lease  
14 to qualify for a loan guaranteed under this sub-  
15 section—

16 “(i) after the date of enactment of the  
17 Rural Housing Service Reform Act of  
18 2025; and

19 “(ii) if the property that is the subject  
20 of the loan was constructed before the date  
21 of enactment of the Rural Housing Service  
22 Reform Act of 2025.”.

1 **TITLE XI—TIME FRAME FOR**  
 2 **COMPLETING APPLICATION**  
 3 **REVIEW**

4 **SEC. 1101. APPLICATION REVIEW.**

5 (a) SENSE OF CONGRESS.—It is the sense of Con-  
 6 gress, not later than 90 days after the date on which the  
 7 Secretary of Agriculture receives an application for a loan,  
 8 grant or combined loan and grant under section 502 or  
 9 504 of the Housing Act of 1949 (42 U.S.C. 1472, 1474),  
 10 the Secretary of Agriculture should—

- 11 (1) review the application;
- 12 (2) complete the underwriting;
- 13 (3) make a determination of eligibility with re-
- 14 spect to the application; and
- 15 (4) notify the applicant of determination.

16 (b) REPORT.—

17 (1) IN GENERAL.—Not later than 90 days after  
 18 the date of enactment of this Act, and annually  
 19 thereafter until the date described in paragraph (2),  
 20 the Secretary of Agriculture shall submit to the  
 21 Committee on Banking, Housing, and Urban Affairs  
 22 of the Senate and the Committee on Financial Serv-  
 23 ices of the House of Representatives a report—

- 24 (A) detailing the timeliness of eligibility de-
- 25 terminations and final determinations with re-

1 spect to applications under section 502 and 504  
2 of the Housing Act of 1949 (42 U.S.C. 1472,  
3 1474), including justifications for any eligibility  
4 determinations taking longer than 90 days;

5 (B) that includes recommendations to  
6 shorten the timeline for notifications of eligi-  
7 bility determinations described in paragraph (1)  
8 to not more than 90 days.

9 (2) DATE DESCRIBED.—The date described in  
10 this paragraph is the date on which, during the pre-  
11 ceding 5-year period, the Secretary of Agriculture  
12 provides each eligibility determination described in  
13 paragraph (1) during the 90-day period beginning  
14 on the date on which each application is received.

○