

106TH CONGRESS
1ST SESSION

S. 1318

To authorize the Secretary of Housing and Urban Development to award grants to States to supplement State and local assistance for the preservation and promotion of affordable housing opportunities for low-income families.

IN THE SENATE OF THE UNITED STATES

JULY 1, 1999

Mr. JEFFORDS (for himself, Mr. KERRY, Mr. GRAMS, Mr. SARBANES, and Mr. WELLSTONE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To authorize the Secretary of Housing and Urban Development to award grants to States to supplement State and local assistance for the preservation and promotion of affordable housing opportunities for low-income families.

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 “Affordable Housing
5 Preservation Act of 1999”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds that—

1 (1) availability of low-income housing rental
2 units has declined nationwide in the last several
3 years;

4 (2) as rents for low-income housing increase
5 and the development of new units of affordable
6 housing decreases, there are fewer privately owned,
7 federally assisted affordable housing units available
8 to low-income individuals in need;

9 (3) the demand for affordable housing far ex-
10 ceeds the supply of such housing, as evidenced by re-
11 cent studies; and

12 (4) the efforts of nonprofit organizations have
13 significantly preserved and expanded access to low-
14 income housing.

15 (b) PURPOSES.—The purposes of this Act are—

16 (1) to continue the partnerships among the
17 Federal Government, State and local governments,
18 nonprofit organizations, and the private sector in op-
19 erating and assisting housing that is affordable to
20 low-income persons and families;

21 (2) to promote the preservation of affordable
22 housing units by providing matching grants to
23 States that have developed and funded programs for
24 the preservation of privately owned housing that is
25 affordable to low-income families and persons; and

1 (3) to minimize the involuntary displacement of
2 tenants who are currently residing in such housing,
3 many of whom are elderly or disabled persons and
4 families with children.

5 **SEC. 3. DEFINITIONS.**

6 In this Act:

7 (1) CAPITAL EXPENDITURES.—The term “cap-
8 ital expenditures” includes expenditures for acquisi-
9 tion and rehabilitation.

10 (2) LOW-INCOME AFFORDABILITY RESTRIC-
11 TIONS.—The term “low-income affordability restric-
12 tions” means, with respect to a housing project, any
13 limitations imposed by law, regulation, or regulatory
14 agreement on rents for tenants of the project, rent
15 contributions for tenants of the project, or income-
16 eligibility for occupancy in the project.

17 (3) PROJECT-BASED ASSISTANCE.—The term
18 “project-based assistance” has the meaning given
19 such term in section 16(c) of the United States
20 Housing Act of 1937 (42 U.S.C. 1437n(c)), except
21 that such term includes assistance under any suc-
22 cessor programs to the programs referred to in such
23 section.

24 (4) SECRETARY.—The term “Secretary” means
25 the Secretary of Housing and Urban Development.

1 (5) STATE.—The term “State” means each of
2 the several States and the District of Columbia.

3 **SEC. 4. AUTHORITY.**

4 The Secretary shall, to the extent amounts are made
5 available in advance under section 12, award grants under
6 this Act to States for low-income housing preservation and
7 promotion.

8 **SEC. 5. APPLICATIONS.**

9 The Secretary shall provide for States (through ap-
10 propriate State agencies) to submit applications for grants
11 under this Act. The Secretary shall require the applica-
12 tions to contain any information and certifications nec-
13 essary for the Secretary to determine who is eligible to
14 receive such a grant.

15 **SEC. 6. USE OF GRANTS.**

16 (a) ELIGIBLE USES.—

17 (1) IN GENERAL.—Amounts from grants
18 awarded under this Act may be used by States only
19 for the purpose of providing assistance for acquisi-
20 tion, rehabilitation, operating costs, and capital ex-
21 penditures for a housing project that meets the re-
22 quirements under subsection (b), (c), (d), or (e).

23 (2) FACTORS FOR CONSIDERATION.—In select-
24 ing projects described in paragraph (1) for assist-

1 ance with amounts from a grant awarded under this
2 Act, the State shall—

3 (A) take into consideration—

4 (i) whether the assistance will be used
5 to transfer the project to a resident-en-
6 dorsed nonprofit organization;

7 (ii) whether the owner of the project
8 has extended the low-income affordability
9 restrictions on the project for a period of
10 more than 15 years;

11 (iii) the extent to which the project is
12 consistent with the comprehensive housing
13 affordability strategy approved in accord-
14 ance with section 105 of the Cranston-
15 Gonzalez National Affordable Housing Act
16 (42 U.S.C. 12705) for the jurisdiction in
17 which the project is located;

18 (iv) the extent to which the project lo-
19 cation provides access to transportation,
20 jobs, shopping, and other similar conven-
21 iences;

22 (v) the extent to which the project
23 meets fair housing goals;

24 (vi) the extent to which the project
25 serves specific needs that are not otherwise

1 met by the local market, such as housing
 2 for the elderly or disabled, or families with
 3 children;

4 (vii) the extent of local government re-
 5 sources provided to the project; and

6 (viii) such other factors as the Sec-
 7 retary or the State may establish; and

8 (B) ensure that, to the maximum extent
 9 practicable, projects in both urban and rural
 10 areas in the State receive assistance.

11 (b) PROJECTS WITH HUD-INSURED MORTGAGES.—

12 A project meets the requirements under this subsection
 13 only if—

14 (1) the project is financed by a loan or mort-
 15 gage that is—

16 (A) insured or held by the Secretary under
 17 section 221(d)(3) of the National Housing Act
 18 (12 U.S.C. 1715l(d)(3)) and receiving loan
 19 management assistance under section 8 of the
 20 United States Housing Act of 1937 (42 U.S.C.
 21 1437f) due to a conversion from section 101 of
 22 the Housing and Urban Development Act of
 23 1965 (12 U.S.C. 1701s);

24 (B) insured or held by the Secretary and
 25 bears interest at a rate determined under the

1 proviso of section 221(d)(5) of the National
2 Housing Act (12 U.S.C. 1715l(d)(5)); or

3 (C) insured, assisted, or held by the Sec-
4 retary or a State or State agency under section
5 236 of the National Housing Act (12 U.S.C.
6 1715z-1);

7 (2) the project is subject to an unconditional
8 waiver of, with respect to the mortgage referred to
9 in paragraph (1)—

10 (A) all rights to any prepayment of the
11 mortgage; and

12 (B) all rights to any voluntary termination
13 of the mortgage insurance contract for the
14 mortgage; and

15 (3) if the low-income affordability restrictions
16 on the project are for less than 15 years, the owner
17 of the project has entered into binding commitments
18 (applicable to any subsequent owner) to extend those
19 restrictions, including any such restrictions imposed
20 because of any contract for project-based assistance
21 for the project, for a period of not less than 15 years
22 (beginning on the date on which assistance is made
23 available for the project by the State under this sec-
24 tion).

1 (c) PROJECTS WITH SECTION 8 PROJECT-BASED AS-
 2 SISTANCE.—A project meets the requirements under this
 3 subsection only if—

4 (1) the project is subject to a contract for
 5 project-based assistance; and

6 (2) the owner of the project has entered into
 7 binding commitments (applicable to any subsequent
 8 owner)—

9 (A) to continue to renew such contract (if
 10 offered on the same terms and conditions) until
 11 the later of—

12 (i) the last day of the remaining term
 13 of the mortgage; or

14 (ii) the date that is 15 years after the
 15 date on which assistance is made available
 16 for the project by the State under this sec-
 17 tion; and

18 (B) to extend any low-income affordability
 19 restrictions applicable to the project in connec-
 20 tion with such assistance.

21 (d) PROJECTS PURCHASED BY RESIDENTS.—A
 22 project meets the requirements under this subsection only
 23 if the project—

24 (1) is or was eligible low-income housing (as de-
 25 fined in section 229 of the Low-Income Housing

1 Preservation and Resident Homeownership Act of
 2 1990 (42 U.S.C. 4119)) or is or was a project as-
 3 sisted under section 613(b) of the Cranston-Gon-
 4 zalez National Affordable Housing Act (12 U.S.C.
 5 4125(b));

6 (2) has been purchased by a resident council or
 7 resident-approved nonprofit organization for the
 8 housing or is approved by the Secretary for such
 9 purchase, for conversion to homeownership housing
 10 under a resident homeownership program meeting
 11 the requirements under section 226 of such Act (12
 12 U.S.C. 4116); and

13 (3) the owner of the project has entered into
 14 binding commitments (applicable to any subsequent
 15 owner) to extend such assistance for not less than
 16 15 years (beginning on the date on which assistance
 17 is made available for the project by the State under
 18 this section) and to extend any low-income afford-
 19 ability restrictions applicable to the project in con-
 20 nection with such assistance.

21 (e) RURAL RENTAL ASSISTANCE PROJECTS.—A
 22 project meets the requirements of this section only if—

23 (1) the project is a rural rental housing project
 24 financed under section 515 of the Housing Act of
 25 1949 (42 U.S.C. 1485); and

1 (2) the restriction on the use of the project (as
2 required under section 502 of the Housing Act of
3 1949 (42 U.S.C. 1472)) will expire not later than 12
4 months after the date on which assistance is made
5 available for the project by the State under this sec-
6 tion.

7 **SEC. 7. AMOUNT OF STATE GRANTS.**

8 (a) IN GENERAL.—Subject to section 8, in each fiscal
9 year, the Secretary shall award to each State approved
10 for a grant under this Act a grant in an amount based
11 upon the proportion of such State’s need for assistance
12 under this Act (as determined by the Secretary in accord-
13 ance with subsection (b)) to the aggregate need among
14 all States approved for such assistance for such fiscal
15 year.

16 (b) DETERMINATION OF NEED.—In determining the
17 proportion of a State’s need under subsection (a), the Sec-
18 retary shall consider—

19 (1) the number of units in projects in the State
20 that are eligible for assistance under section 6 that,
21 due to market conditions or other factors, are at risk
22 for prepayment, opt-out, or otherwise at risk of
23 being lost to the inventory of affordable housing;
24 and

1 (2) the difficulty that residents of projects in
2 the State that are eligible for assistance under sec-
3 tion 6 would face in finding adequate, available, de-
4 cent, comparable, and affordable housing in neigh-
5 borhoods of comparable quality in the local market,
6 if those projects were not assisted by the State
7 under section 6.

8 **SEC. 8. MATCHING REQUIREMENT.**

9 (a) IN GENERAL.—The Secretary may not award a
10 grant under this Act to a State for any fiscal year in an
11 amount that exceeds twice the amount that the State cer-
12 tifies, as the Secretary shall require, that the State will
13 contribute for such fiscal year, or has contributed since
14 January 1, 1999, from non-Federal sources for the pur-
15 poses described in section 6(a).

16 (b) TREATMENT OF PREVIOUS CONTRIBUTIONS.—
17 Any portion of amounts contributed after January 1,
18 1999, that are counted for purposes of meeting the re-
19 quirement under subsection (a) for a fiscal year may not
20 be counted for such purposes for any subsequent fiscal
21 year.

22 (c) TREATMENT OF TAX INCENTIVES.—Fifty percent
23 of the funds used for the project that are allocable to tax
24 credits allocated under section 42 of the Internal Revenue
25 Code of 1986, revenue from mortgage revenue bonds

1 issued under section 143 of such Code, or proceeds from
2 the sale of tax-exempt bonds by any State or local govern-
3 ment entity shall be considered non-Federal sources for
4 purposes of this section.

5 **SEC. 9. TREATMENT OF SUBSIDY LAYERING REQUIRE-**
6 **MENTS.**

7 Neither section 8 nor any other provision of this Act
8 may be construed to prevent the use of tax credits allo-
9 cated under section 42 of the Internal Revenue Code of
10 1986 in connection with housing assisted with amounts
11 from a grant awarded under this Act, to the extent that
12 such use is in accordance with section 102(d) of the De-
13 partment of Housing and Urban Development Reform Act
14 of 1989 (42 U.S.C. 3545(d)) and section 911 of the Hous-
15 ing and Community Development Act of 1992 (42 U.S.C.
16 3545 note).

17 **SEC. 10. REPORTS.**

18 (a) **REPORTS TO SECRETARY.**—Not later than 90
19 days after the last day of each fiscal year, each State that
20 receives a grant under this Act during that fiscal year
21 shall submit to the Secretary a report on the housing
22 projects assisted with amounts made available under the
23 grant.

24 (b) **REPORTS TO CONGRESS.**—Based on the reports
25 submitted under subsection (a), the Secretary shall annu-

1 ally submit to Congress a report on the grants awarded
2 under this section during the preceding fiscal year and the
3 housing projects assisted with amounts made available
4 under those grants.

5 **SEC. 11. REGULATIONS.**

6 Not later than 12 months after the date of enactment
7 of this Act, the Secretary shall issue regulations to carry
8 out this Act.

9 **SEC. 12. AUTHORIZATION OF APPROPRIATIONS.**

10 There is authorized to be appropriated for grants
11 under this Act such sums as may be necessary for each
12 of fiscal years 2000 through 2004.

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