

106TH CONGRESS  
1ST SESSION

# S. 1319

To authorize the Secretary of Housing and Urban Development to renew project-based contracts for assistance under section 8 of the United States Housing Act of 1937 at up to market rent levels, in order to preserve these projects as affordable low-income housing, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 1, 1999

Mr. BOND introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To authorize the Secretary of Housing and Urban Development to renew project-based contracts for assistance under section 8 of the United States Housing Act of 1937 at up to market rent levels, in order to preserve these projects as affordable low-income housing, 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.**

4 This Act may be cited as the “Save My Home Act  
5 of 1999”.

1 **SEC. 2. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—Congress finds that—

3 (1) there exists a need for decent, safe, and af-  
4 fordable housing throughout the United States for  
5 low-income families;

6 (2) affordable housing is critical to the physical  
7 and emotional well-being of low-income families, es-  
8 pecially vulnerable populations such as the elderly  
9 and persons with disabilities;

10 (3) an unprecedented number of contracts for  
11 section 8 contracts are expiring over the next few  
12 years, including contracts covering 2,384,000 units  
13 in fiscal year 2000 alone;

14 (4) a substantial number of housing units re-  
15 ceiving project-based assistance have rents that are  
16 lower than the rents of comparable, unassisted rent-  
17 al units in the same housing rental market;

18 (5) many of the residents in federally assisted  
19 housing are elderly or persons with disabilities;

20 (6) the elderly are especially vulnerable to dis-  
21 placement trauma, which can lead to emotional  
22 problems and death;

23 (7) due to the down sizing of the Department  
24 of Housing and Urban Development and diminished  
25 administrative capacity, the Department lacks the

1 ability to effectively appraise the market value of  
2 properties;

3 (8) during 1998 alone, some 219 properties  
4 with over 25,000 units opted out of renewing their  
5 section 8 contracts, resulting in the loss of this  
6 housing as affordable, low-income housing;

7 (9) currently some 3,000 section 8 project-  
8 based units are being lost each month as affordable  
9 housing because owners of section 8 project-based  
10 housing choosing to prepay or opt-out upon the expi-  
11 ration of their section 8 contracts;

12 (10) a significant number of these section 8  
13 project-based housing projects for which owners have  
14 elected to opt-out and not renew their section 8 con-  
15 tracts are located in areas where the availability of  
16 affordable housing is scarce;

17 (11) in many of the cases where residents have  
18 been provided vouchers because the owners of sec-  
19 tion 8 project-based housing elected not to renew  
20 their section 8 contracts, the residents have not been  
21 able to adequately use their vouchers to obtain hous-  
22 ing because of the lack of available, affordable hous-  
23 ing;

24 (12) it is expected that—

1 (A) if no changes in the terms and condi-  
2 tions of the section 8 contracts for project-  
3 based assistance are made before the contracts  
4 expire, more private owners will elect to not  
5 renew their contracts; and

6 (B) of those properties with respect to  
7 which the owners do not renew their section 8  
8 contracts, many of the properties will no longer  
9 be affordable to its current assisted residents  
10 due to significant rent increases and, since  
11 many of the residents have little or no means  
12 to pay the additional rent for these units from  
13 personal income, these residents will be effec-  
14 tively forced to move from their homes;

15 (13) the Department of Housing and Urban  
16 Development has had the authority to renew expir-  
17 ing section 8 project-based contracts up to com-  
18 parable market rent levels since October 27, 1997,  
19 and has failed to implement any policy for renewing  
20 these contracts, resulting in the unnecessary loss of  
21 many of these housing units as affordable, low-in-  
22 come housing and the displacement of many vulner-  
23 able low-income families, including the elderly and  
24 persons with disabilities;

1           (14) the Department of Housing and Urban  
2       Development has adequate funds in the Housing  
3       Certificate account to renew all expiring section 8  
4       project-based contracts at market rental rates but  
5       has failed to make these funds available to preserve  
6       this housing as affordable, low-income housing; and

7           (15) the Department of Housing and Urban  
8       Development should use all appropriate means to  
9       preserve housing assisted with section 8 project-  
10      based contracts as affordable, low-income housing.

11      (b) PURPOSE.—The purpose of this Act is to protect  
12   vulnerable residents of affordable housing, especially the  
13   elderly, persons with disabilities, and those with large  
14   families—

15           (1) to the extent feasible and appropriate, by  
16      ensuring that the Department of Housing and  
17      Urban Development renew expiring section 8  
18      project-based contracts, and allowing low-income  
19      families to live in their homes without fear of unrea-  
20      sonable displacement;

21           (2) by ensuring that the Department of Hous-  
22      ing and Urban Development has done everything in  
23      its power to ensure that housing with expiring sec-  
24      tion 8 project-based contracts are renewed, espe-

1 cially those in rural areas and in other areas with  
 2 low vacancy rates; and

3 (3) after the Department of Housing and  
 4 Urban Development has exhausted all means to en-  
 5 sure that housing with expiring section 8 contracts  
 6 are renewed, by providing flexible rental assistance,  
 7 including enhanced vouchers, to ensure that vulner-  
 8 able populations are not forced to move from their  
 9 homes when rent levels rise to unaffordable levels  
 10 due to the opt-out of owners who elect to not renew  
 11 their expiring section 8 project-based contracts.

12 **SEC. 3. DEFINITIONS.**

13 For purposes of this Act, the following definitions  
 14 shall apply:

15 (1) ASSISTED DWELLING UNIT.—The term “as-  
 16 sisted dwelling unit” means a dwelling unit that—

17 (A) is in a covered project; and

18 (B) is covered by rental assistance pro-  
 19 vided under the contract for project-based as-  
 20 sistance for the covered project.

21 (2) COVERED PROJECT.—The term “covered  
 22 project” means any housing that—

23 (A) consists of more than 4 dwelling units;

24 (B) is covered in whole or in part by a con-  
 25 tract for project-based assistance under—

1 (i) the new construction or substantial  
2 rehabilitation program under section  
3 8(b)(2) of the United States Housing Act  
4 of 1937 (42 U.S.C. 1437f(b)) (as in effect  
5 before October 1, 1983);

6 (ii) the property disposition program  
7 under section 8(b) of the United States  
8 Housing Act of 1937 (42 U.S.C.  
9 1437f(b));

10 (iii) the moderate rehabilitation pro-  
11 gram under section 8(e)(2) of the United  
12 States Housing Act of 1937 (42 U.S.C.  
13 1437f(e)(2)) (as in effect before October 1,  
14 1991);

15 (iv) the loan management assistance  
16 program under section 8 of the United  
17 States Housing Act of 1937 (42 U.S.C.  
18 1437f);

19 (v) section 23 of the United States  
20 Housing Act of 1937 (42 U.S.C. 1437u)  
21 (as in effect before January 1, 1975);

22 (vi) the rent supplement program  
23 under section 101 of the Housing and  
24 Urban Development Act of 1965; or

1 (vii) section 8 of the United States  
 2 Housing Act of 1937 (42 U.S.C. 1437f),  
 3 following conversion from assistance under  
 4 section 101 of the Housing and Urban De-  
 5 velopment Act of 1965,  
 6 which contract will (under its own terms) expire  
 7 during the period consisting of fiscal years  
 8 2000 through 2004; and

9 (C) is not housing for which residents are  
 10 eligible for enhanced voucher assistance as pro-  
 11 vided under the “Preserving Existing Housing  
 12 Investment” account in the Departments of  
 13 Veterans Affairs and Housing and Urban De-  
 14 velopment, and Independent Agencies Appro-  
 15 priations Act, 1997 (Public Law 104–204; 110  
 16 Stat. 2884), pursuant to such provision or any  
 17 other subsequently enacted provision of law.

18 (3) COVERED RESIDENT.—The term “covered  
 19 resident” means a family who—

20 (A) is a low-income family as provided  
 21 under section 3(b)(2) of the United States  
 22 Housing Act of 1937 (42 U.S.C. 1437a(b)(2));  
 23 and

24 (B) upon the date of the expiration of the  
 25 contract for project-based assistance for a cov-



1           ered project, is residing in an assisted dwelling  
2           unit in the covered project.

3           (4) LOW-VACANCY AREA.—The term “low-va-  
4           cancy area” means an area that, in the determina-  
5           tion of the Secretary, is not adequate available and  
6           affordable housing or that the tenants of the covered  
7           project would not be able to locate suitable units or  
8           that the tenants of the covered project would not be  
9           able to use tenant-based assistance successfully.

10          (5) PROJECT-BASED ASSISTANCE.—The term  
11          “project-based assistance” has the same meaning as  
12          in section 8(f) of the United States Housing Act of  
13          1937 (42 U.S.C. 1437f(f)).

14          (6) TENANT-BASED ASSISTANCE.—The term  
15          “tenant-based assistance” has the same meaning as  
16          in section 8(f) of the United States Housing Act of  
17          1937 (42 U.S.C. 1437f(f)).

18          (7) SECRETARY.—The term “Secretary” means  
19          the Secretary of Housing and Urban Development.

20   **SEC. 4. RENEWAL OF SECTION 8 PROJECT-BASED CON-**  
21               **TRACTS.**

22          (a) IN GENERAL.—Notwithstanding any other provi-  
23          sion of law and except as provided in subsection (b) of  
24          this section, the Secretary may use amounts available for  
25          the renewal of assistance under section 8 of the United

1 States Housing Act of 1937 (42 U.S.C. 1437f), upon the  
 2 termination or expiration of a contract for assistance  
 3 under section 8 of the United States Housing Act of 1937  
 4 (42 U.S.C. 1437f) (other than a contract for tenant-based  
 5 assistance and, notwithstanding section 8(v) of such Act,  
 6 for loan management assistance), to provide assistance  
 7 under section 8 of such Act for a covered project under  
 8 this Act at rent levels that do not exceed comparable mar-  
 9 ket rents for the market area.

10 (b) MANDATORY RENEWALS.—The Secretary shall  
 11 offer to renew, at up to rent levels that do not exceed com-  
 12 parable market rents for the market area, any contract  
 13 for assistance under section 8 of the United States Hous-  
 14 ing Act of 1937 (42 U.S.C. 1437f) (other than a contract  
 15 for tenant-based assistance and, notwithstanding section  
 16 8(v) of such Act, for loan management assistance) that  
 17 has expired for any covered project—

18 (1) in a low-vacancy area; or

19 (2) where a predominant number of units are  
 20 occupied by elderly families, disabled families, or el-  
 21 derly and disabled families.

22 (c) ESTABLISHMENT OF MARKET RENTS.—The Sec-  
 23 retary shall establish, for units assisted with project-based  
 24 assistance in a covered project, adjusted rent levels that  
 25 are equivalent to rents based on appraisals that are de-

1 rived from comparable properties, if the market rent de-  
2 termination is based on not less than 2 comparable prop-  
3 erties, including, if there are no comparable properties in  
4 the same market area, 2 properties that have been cer-  
5 tified by the Secretary as similar to the covered properties  
6 as to neighborhood (including risk of crime), type of loca-  
7 tion, access, street appeal, age, property size, apartment  
8 mix, physical configuration, property and unit amenities,  
9 utilities, and other relevant characteristics, provided that  
10 the comparable projects are not receiving project-based as-  
11 sistance.

12 (d) SUBSIDY LAYERING REQUIREMENTS.—For pur-  
13 poses of this Act, in determining the market rent for re-  
14 newing any contract for assistance under section 8 of the  
15 United States Housing Act of 1937 (42 U.S.C. 1437f)  
16 (other than a contract for tenant-based assistance and,  
17 notwithstanding section 8(v) of such Act, for loan manage-  
18 ment assistance), the Secretary shall ensure that any as-  
19 sistance provided within the jurisdiction of the Housing  
20 and Urban Development shall not be greater than is nec-  
21 essary to provide affordable housing.

22 (e) 10-YEAR CONTRACTS.—Notwithstanding any  
23 other provision of law, the Secretary and owner of any  
24 covered project may agree to up to a 10-year renewal of  
25 a contract for assistance under section 8 of the United

1 States Housing Act of 1937 (42 U.S.C. 1437f) (other than  
 2 a contract for tenant-based assistance and, notwith-  
 3 standing section 8(v) of such Act, for loan management  
 4 assistance) under which payments shall be subject to the  
 5 annual availability of appropriations.

6 **SEC. 5. ENHANCED VOUCHERS FOR RESIDENTS OF**  
 7 **PROJECTS WITH EXPIRING SECTION 8 CON-**  
 8 **TRACTS.**

9 (a) IN GENERAL.—Upon the date of expiration of a  
 10 contract for assistance under section 8 of the United  
 11 States Housing Act of 1937 (42 U.S.C. 1437f) (other than  
 12 a contract for tenant-based assistance and, notwith-  
 13 standing section 8(v) of such Act, for loan management  
 14 assistance) for a covered project that is not renewed under  
 15 section 4, the Secretary—

16 (1) shall make enhanced voucher assistance  
 17 under this section available on behalf of each covered  
 18 resident of a covered project that is located in a low-  
 19 vacancy area; and

20 (2) may make enhanced voucher assistance  
 21 available on behalf of any other low-income family  
 22 who, upon the date of such expiration, is residing in  
 23 an assisted dwelling unit in a covered project.

24 (b) ENHANCED ASSISTANCE.—Enhanced voucher as-  
 25 sistance under this section for a family shall be voucher

1 assistance under section 8(o) of the United States Hous-  
2 ing Act of 1937 (42 U.S.C. 1437f(o)) (42 U.S.C.  
3 1437f(o)), except that under such enhanced voucher  
4 assistance—

5           (1) if the assisted family elects to remain in the  
6 covered project in which the family was residing on  
7 the date of the expiration of such contract and the  
8 rent for such unit exceeds the applicable payment  
9 standard established pursuant to section 8(o) for the  
10 unit, the amount of the rental assistance provided on  
11 behalf of family shall be determined using the pay-  
12 ment standard that is equal to the rent for the  
13 dwelling unit, subject to paragraph (10)(A) of such  
14 section 8(o); and

15           (2) if the assisted family elects to move from  
16 such covered project, subparagraph (A) of this para-  
17 graph shall not apply and the payment standard for  
18 the dwelling unit occupied by the family shall be de-  
19 termined in accordance with section 8(o).

20           (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
21 authorized to be appropriated for each of fiscal years  
22 2000, 2001, 2002, 2003, and 2004 such sums as may be  
23 necessary to carry out this section.

1 **SEC. 6. APPRAISALS.**

2 (a) USE OF APPRAISALS.—The appraisals used to es-  
3 tablish market rents under section 4(c) shall—

4 (1) meet the standards and procedures of the  
5 Uniform Standards of Professional Appraisal Prac-  
6 tice as published by the Appraisal Standards Board  
7 of the Appraisal Standards Foundation, as modified  
8 by the Secretary of Housing and Urban Develop-  
9 ment; and

10 (2) be performed by individuals who have dem-  
11 onstrated competence and whose professional con-  
12 duct is subject to effective supervision.

13 (b) APPRAISAL CLEARINGHOUSE.—In conjunction  
14 with the Appraisal Standards Foundation, the Secretary  
15 shall establish an Appraisal Clearinghouse, which shall be  
16 used to collect appraisal data and to develop model ap-  
17 praisal standards for use to establish the market value of  
18 multifamily housing, including covered projects, through-  
19 out the United States, including rural areas with multi-  
20 family housing that have no comparable housing in the  
21 same area.

22 **SEC. 7. STAFFING REQUIREMENTS.**

23 The Secretary shall assign not less than 1 staff per-  
24 son to each Department of Housing and Urban Develop-  
25 ment Field Office that shall be responsible for evaluating  
26 the appraisals for the covered projects within the State.

1 Each staff person shall have demonstrated competence to  
 2 make appraisals and shall meet all licensing and certifi-  
 3 cation requirements, as provided under applicable Federal  
 4 or State law.

5 **SEC. 8. HOUSING FINANCE AGENCIES.**

6 The Secretary may contract with State or local hous-  
 7 ing finance agencies that have been selected as a Partici-  
 8 pating Administrative Entity under the Multifamily As-  
 9 sisted Housing Reform and Affordability Act of 1997 for  
 10 determining the market rental rates of a covered project.

11 **SEC. 9. TECHNICAL ASSISTANCE.**

12 Section 514(f)(3) of the Multifamily Assisted Hous-  
 13 ing Reform and Affordability Act of 1997 is amended by  
 14 inserting after “the capacity of tenant organizations”, the  
 15 following: “for technical assistance for preserving prop-  
 16 erties whose owners may not renew their section 8 project-  
 17 based contracts where the rental assistance is below mar-  
 18 ket (including transfer of developments to tenant groups,  
 19 nonprofit organizations, and public entities)”.

20 **SEC. 10. TRANSFER OF COVERED PROJECTS TO NON-**  
 21 **PROFIT ORGANIZATIONS.**

22 For covered projects with contracts for assistance  
 23 under section 8 of the United States Housing Act of 1937  
 24 (42 U.S.C. 1437f) (other than a contract for tenant-based  
 25 assistance and, notwithstanding section 8(v) of such Act,

1 for loan management assistance) that are not renewed  
2 under section 4, the Secretary shall establish procedures  
3 to facilitate the voluntary sale or transfer of those covered  
4 projects, with a preference for tenant organizations, for  
5 tenant-endorsed, community-based nonprofit organiza-  
6 tions, and for public agency purchasers meeting such rea-  
7 sonable qualifications as may be established by the Sec-  
8 retary.

9 **SEC. 11. REPORTS TO CONGRESS.**

10 Not later than 1 year after the date of enactment  
11 of this Act and semiannually thereafter, the Secretary  
12 shall report, by State, to Congress on the number of sec-  
13 tion 8 assisted units that have renewed, the number of  
14 section 8 assisted units that have not been renewed, and  
15 the costs associated with these activities.

16 **SEC. 12. REGULATIONS.**

17 Not later than 6 months after the date of enactment  
18 of this Act, the Secretary shall issue regulations to carry  
19 out this Act.

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