

109TH CONGRESS
2D SESSION

H. R. 5373

To promote the development of affordable, quality rental housing in rural areas for low-income households.

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 2006

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

A BILL

To promote the development of affordable, quality rental housing in rural areas for low-income households.

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 “Rural Rental Housing
5 Act of 2006”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) There is a pressing and increasing need for
9 housing in the United States for families and senior

1 citizens in rural areas, as evidenced by the fact
2 that—

3 (A) 28 percent, or 10,400,000, of rural
4 households in the United States live with some
5 kind of serious housing problem; and

6 (B) an estimated 2,600,000 rural house-
7 holds live in substandard housing with severe
8 structural damage or without indoor plumbing,
9 heat, or electricity.

10 (2) There is an acute shortage of affordable
11 rental housing exists in the rural United States, as
12 evidenced by the fact that—

13 (A) two-thirds of extremely low-income and
14 very low-income rural households do not have
15 access to affordable rental housing units;

16 (B) 36 percent of all rural renters pay
17 more than 30 percent of their income for hous-
18 ing, and 20 percent pay more than 50 percent
19 of their income for housing; and

20 (C) 92 percent of all renters with signifi-
21 cant housing problems pay more than 50 per-
22 cent of their income for housing costs, and 60
23 percent pay more than 70 percent of their in-
24 come for housing.

1 (3) Many rural renters live with serious housing
2 problems, including a lack of basic water and waste-
3 water services, structural insufficiencies, and over-
4 crowding, as evidenced by the fact that—

5 (A) more than 900,000 rural rental house-
6 holds (10.4 percent of all such households) live
7 in either moderately or severely inadequate
8 housing; and

9 (B) approximately 1,000,000 rural renters
10 have multiple housing problems.

11 (4) Rural economies are often less diverse, and
12 therefore, jobs and economic opportunity are limited
13 because—

14 (A) factors that exist in rural environ-
15 ments, such as remoteness and low population
16 density, lead to limited access to many forces
17 driving the economy, such as technology, lend-
18 ing, and investment; and

19 (B) local expertise is often limited in rural
20 areas where the economies are focused on farm-
21 ing or natural resource-based industries.

22 (5) Rural areas have less access to credit than
23 metropolitan areas, because—

1 (A) banks and other investors that look for
2 larger projects with lower risk seek metropoli-
3 tan areas for loans and investment;

4 (B) credit that is available is often insuffi-
5 cient, leading to the need for interim or bridge
6 financing; and

7 (C) credit in rural areas is often more ex-
8 pensive and available at less favorable terms
9 than in metropolitan areas.

10 (6) The Federal Government investment in
11 rural rental housing has dropped during the last 10
12 years, as evidenced by the fact that—

13 (A) Federal spending for rural rental hous-
14 ing has been cut by 77 percent since 1994; and

15 (B) rural rental housing unit production fi-
16 nanced by the Federal Government has been re-
17 duced by 88 percent since 1990.

18 (7) To address the scarcity of rural rental hous-
19 ing, the Federal Government must work in partner-
20 ship with State and local governments, private finan-
21 cial institutions, private philanthropic institutions,
22 and the private sector, including nonprofit organiza-
23 tions.

1 **SEC. 3. DEFINITIONS.**

2 For purposes of this Act, the following definitions
3 shall apply:

4 (1) **ELIGIBLE PROJECT.**—The term “eligible
5 project” means a project for the acquisition, reha-
6 bilitation, or construction of rental housing and re-
7 lated facilities in an eligible rural area for occupancy
8 by low-income families.

9 (2) **ELIGIBLE RURAL AREA.**—The term “eligible
10 rural area” means a rural area that—

11 (A) has a population of not more than
12 25,000, as determined by the most recent de-
13 cennial census of the United States; and

14 (B) is located outside an urbanized area.

15 (3) **ELIGIBLE SPONSOR.**—The term “eligible
16 sponsor” means—

17 (A) a public agency;

18 (B) an Indian tribe;

19 (C) a for-profit corporation; or

20 (D) a private nonprofit corporation—

21 (i) a purpose of which is planning, de-
22 veloping, or managing housing or commu-
23 nity development projects in rural areas;

24 (ii) that has a record of accomplish-
25 ment in housing or community develop-
26 ment; and

1 (iii) that meets other criteria estab-
2 lished by the Secretary by regulation.

3 (4) LOW-INCOME FAMILIES.—The term “low-in-
4 come families” has the meaning given such term in
5 section 3(b) of the United States Housing Act of
6 1937 (42 U.S.C. 1437a(b)).

7 (5) QUALIFIED INTERMEDIARY.—The term
8 “qualified intermediary” means a State, a State
9 agency designated by the Governor of the State, a
10 public instrumentality of the State, a private non-
11 profit community development corporation, a non-
12 profit housing corporation, a community develop-
13 ment loan fund, or a community development credit
14 union, that—

15 (A) has a record of providing technical and
16 financial assistance for housing and community
17 development activities in rural areas; and

18 (B) has a demonstrated technical and fi-
19 nancial capacity to administer assistance made
20 available under this Act.

21 (6) SECRETARY.—The term “Secretary” means
22 the Secretary of Agriculture.

23 (7) STATE.—The term “State” means each of
24 the several States of the United States, the Com-
25 monwealth of Puerto Rico, the District of Columbia,

1 the Commonwealth of the Northern Mariana Is-
2 lands, Guam, the Virgin Islands, American Samoa,
3 and any other possession of the United States.

4 **SEC. 4. RURAL RENTAL HOUSING ASSISTANCE.**

5 (a) IN GENERAL.—The Secretary may, directly or
6 through one or more qualified intermediaries in accord-
7 ance with section 5, make assistance available under this
8 Act to eligible sponsors in the form of loans, grants, inter-
9 est subsidies, annuities, and other forms of financing as-
10 sistance, to finance the eligible projects.

11 (b) APPLICATIONS.—

12 (1) IN GENERAL.—To be eligible to receive as-
13 sistance under this section, an eligible sponsor shall
14 submit to the Secretary, or a qualified intermediary,
15 an application in such form and containing such in-
16 formation as the Secretary shall, by regulation, re-
17 quire.

18 (2) AFFORDABILITY RESTRICTION.—Each ap-
19 plication under this subsection shall include a certifi-
20 cation by the applicant that the housing to be ac-
21 quired, rehabilitated, or constructed with assistance
22 under this section will remain affordable for low-in-
23 come families for not less than 30 years.

24 (c) PRIORITY FOR ASSISTANCE.—In selecting among
25 applicants for assistance under this section, the Secretary,

1 or a qualified intermediary, shall give priority to providing
2 assistance to eligible projects—

3 (1) for very low-income families (as such term
4 is defined in section 3(b) of the United States Hous-
5 ing Act of 1937 (42 U.S.C. 1437a(b));

6 (2) in low-income communities or in commu-
7 nities with a severe lack of affordable rental housing,
8 in eligible rural areas, as determined by the Sec-
9 retary; or

10 (3) if the applications are submitted by public
11 agencies, Indian tribes, private nonprofit corpora-
12 tions or limited dividend corporations in which the
13 general partner is a non-profit entity whose principal
14 purposes include planning, developing and managing
15 low-income housing and community development
16 projects.

17 (d) ALLOCATION OF ASSISTANCE.—

18 (1) IN GENERAL.—In carrying out this section,
19 the Secretary shall allocate assistance among the
20 States taking into consideration the incidence of
21 rural substandard housing and rural poverty in each
22 State and the share of that State of the national
23 total of such incidence.

24 (2) SMALL STATE MINIMUM.—To the extent
25 sufficient amounts are made available for assistance

1 under this Act, in making allocations under para-
2 graph (1), the Secretary shall provide each State an
3 amount not less than \$2,000,000.

4 (e) LIMITATIONS ON AMOUNT OF ASSISTANCE.—

5 (1) IN GENERAL.—Except as provided in para-
6 graph (2), assistance made available under this Act
7 for an eligible project may not exceed 50 percent of
8 the total cost of such project.

9 (2) EXCEPTION.—In the case of any eligible
10 project for the acquisition, rehabilitation, or con-
11 struction of not more than 20 rental housing units
12 for use by very low-income families, assistance made
13 available under this Act may not exceed 75 percent
14 of the total cost of such project.

15 **SEC. 5. DELEGATION OF AUTHORITY.**

16 (a) IN GENERAL.—The Secretary may delegate au-
17 thority for distribution, in a State, of assistance under this
18 Act—

19 (1) to one or more qualified intermediaries in
20 the State; and

21 (2) for a period of not more than 3 years, upon
22 the expiration of which such delegation of authority
23 shall be subject to renewal, in the discretion of the
24 Secretary, for one or more additional periods of not
25 more than 3 years.

1 (b) SOLICITATION.—

2 (1) IN GENERAL.—The Secretary may, in the
3 discretion of the Secretary, solicit applications from
4 qualified intermediaries for a delegation of authority
5 under this section.

6 (2) CONTENTS OF APPLICATION.—Each appli-
7 cation under this subsection shall include—

8 (A) a certification that the applicant will—

9 (i) provide matching funds from
10 sources other than this Act in an amount
11 that is not less than the amount of assist-
12 ance provided to the applicant under this
13 section; and

14 (ii) distribute assistance to eligible
15 sponsors in the State in accordance with
16 section 4; and

17 (B) a description of—

18 (i) the State or the area within a
19 State to be served;

20 (ii) the incidence of poverty and sub-
21 standard housing in the State or area to
22 be served;

23 (iii) the technical and financial quali-
24 fications of the applicant; and

1 (iv) the assistance sought and a pro-
2 posed plan for the distribution of such as-
3 sistance in accordance with section 4.

4 (3) MULTISTATE APPLICATIONS.—The Sec-
5 retary may, in the discretion of the Secretary, seek
6 application by qualified intermediaries for more than
7 one State.

8 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

9 There is authorized to be appropriated to carry out
10 this Act \$250,000,000 for each of fiscal years 2007
11 through 2011.

○