

110TH CONGRESS  
1ST SESSION

# H. R. 44

To preserve affordable housing opportunities for low-income families, and  
for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2007

Ms. VELÁZQUEZ (for herself and Mr. TOWNS) introduced the following bill;  
which was referred to the Committee on Financial Services

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## A BILL

To preserve affordable housing opportunities for low-income  
families, 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 “Stabilizing Affordable  
5       Housing for the Future Act”.

6       **SEC. 2. INVESTMENT THROUGH UP-FRONT GRANTS FROM**  
7       **GENERAL INSURANCE FUND.**

8       (a) 1997 ACT.—Subsection (a) of section 204 of the  
9       Departments of Veterans Affairs and Housing and Urban  
10      Development, and Independent Agencies Appropriations

1 Act, 1997 (12 U.S.C. 1715z–11a(a)) is amended by strik-  
 2 ing the last sentence.

3 (b) 1978 ACT.—Paragraph (4) of section 203(f) of  
 4 the Housing and Community Development Amendments  
 5 of 1978 (12 U.S.C. 1701z–11(f)(4)) is amended by strik-  
 6 ing the last sentence.

7 **SEC. 3. PRESERVATION OF HUD-HELD AND HUD-OWNED**  
 8 **BUILDINGS.**

9 Section 204(a) of the Departments of Veterans Af-  
 10 fairs and Housing and Urban Development, and Inde-  
 11 pendent Agencies Appropriations Act, 1997 (12 U.S.C.  
 12 1715z–11a(a)) is amended—

13 (1) by striking “During” and all that follows  
 14 through “and thereafter, the provision of” and in-  
 15 serting “In managing and disposing of multifamily  
 16 properties during any fiscal year, the Secretary may  
 17 provide”; and

18 (2) by striking “notwithstanding any other pro-  
 19 vision” and inserting “consistent with other provi-  
 20 sions”.

21 **SEC. 4. MAINTAINING AFFORDABILITY THROUGH CONTIN-**  
 22 **UED ASSISTANCE AND ESCROWING OF RENT-**  
 23 **AL ASSISTANCE.**

24 (a) REQUIREMENT TO MAINTAIN ASSISTANCE.—  
 25 Subject to subsection (c) and notwithstanding any other

1 provision of law, in managing and disposing of any multi-  
2 family property that is owned by, or subject to a mortgage  
3 held by, the Secretary of Housing and Urban Develop-  
4 ment, the Secretary shall maintain payment of any rental  
5 assistance that is attached to any dwelling units in the  
6 property and provided under a contract for the property  
7 under section 8 of the United States Housing Act of 1937  
8 or under any other program administered by the Sec-  
9 retary, as provided in this section.

10 (b) ESCROW FOR PROPERTIES NOT MEETING HOUS-  
11 ING QUALITY STANDARDS.—In the case of any transfer  
12 of a distressed multifamily property that does not comply  
13 with housing quality standards applicable to the property,  
14 the Secretary may not recapture any rental assistance de-  
15 scribed in subsection (a) for the property, but shall hold  
16 any such assistance in escrow for the property during the  
17 period of noncompliance and, upon determining that the  
18 property complies with such standards make such assist-  
19 ance available for the property.

20 (c) PROJECTS NOT FEASIBLE FOR CONTINUED AS-  
21 SISTANCE.—With respect to a multifamily property de-  
22 scribed in subsection (a), to the extent the Secretary, in  
23 consultation with the tenants of the property, determines  
24 that the property is not feasible for continued rental as-  
25 sistance payments under such section 8, or other pro-

1 grams, based on consideration of the costs of rehabili-  
 2 tating and operating the property, after utilizing all avail-  
 3 able Federal, State, and local resources including rent ad-  
 4 justments under section 524 of the Multifamily Assisted  
 5 Housing Reform and Affordability Act of 1997 (42 U.S.C.  
 6 1437f note), the Secretary may, in consultation with the  
 7 tenants of that property, contract with an owner or owners  
 8 of other existing housing properties to make project-based  
 9 rental assistance payments for such other properties or  
 10 provide other rental assistance.

11 **SEC. 5. BUILDING ACQUISITION: VALUATION OF PHYS-**  
 12 **ICALLY DISTRESSED PROPERTIES SOLD BY**  
 13 **HUD IN DISCOUNT SALES.**

14 Section 2001 of the Deficit Reduction Act of 2005  
 15 (12 U.S.C. 1701z–11 note) is amended—

16 (1) in paragraph (4), by striking “without tak-  
 17 ing into account any affordability requirements” and  
 18 inserting the following: “as determined using indus-  
 19 try standard appraisal practices, including consider-  
 20 ation of the cost of repairs needed for the property  
 21 subject to the loan to comply with minimum safety  
 22 and building standards and the cost of maintaining  
 23 the affordability restrictions applicable under the  
 24 original loan or grant for the property” ; and

1           (2) in paragraph (7), by striking “without tak-  
2           ing into account any affordability requirements” and  
3           inserting the following: “as determined using indus-  
4           try standard appraisal practices, including consider-  
5           ation of the cost of repairs needed for the property  
6           to comply with minimum safety and building stand-  
7           ards and the cost of maintaining the affordability re-  
8           strictions applicable under the original loan or grant  
9           for the property”.

10 **SEC. 6. MULTIFAMILY HOUSING MORTGAGE FORE-**  
11 **CLOSURE.**

12       The Multifamily Mortgage Foreclosure Act of 1981  
13 is amended—

14           (1) in section 362 (12 U.S.C. 3701)—

15               (A) in paragraph (5), by striking “and” at  
16           the end;

17               (B) in paragraph (6), by striking the pe-  
18           riod at the end and inserting “; and”; and

19               (C) by adding at the end the following new  
20           paragraph:

21           “(7) mortgages transferred by the Secretary to  
22           State and local governments should be foreclosed in  
23           the same manner as mortgages held by the Sec-  
24           retary.”;

25           (2) in section 363 (12 U.S.C. 3702)—

1 (A) in paragraph (9), by striking “and” at  
2 the end;

3 (B) in paragraph (10), by striking the pe-  
4 riod at the end and inserting “; and”; and

5 (C) by adding at the end the following new  
6 paragraph:

7 “(11) “State or local government transferee”  
8 means any state or unit of general local government,  
9 any public housing authority, or any State or local  
10 housing finance agency that has acquired mortgages  
11 pursuant to section 203 of the Housing and Commu-  
12 nity Development Amendments of 1978 (12 U.S.C.  
13 1701z–11), section 204 of the Departments of Vet-  
14 erans Affairs and Housing and Urban Development,  
15 and Independent Agencies Appropriations Act, 1997  
16 (12 U.S.C. 1715z–11a), or any other provision of  
17 law, that were previously held by the Secretary.”;

18 (3) in section 364 (12 U.S.C. 3703)—

19 (A) by inserting “, or any State or local  
20 government transferee,” after “Secretary” the  
21 first and fourth places such term appears; and

22 (B) by inserting “, or the State or local  
23 government transferee,” after “Secretary” the  
24 second, third, and fifth places such term ap-  
25 pears;

1 (4) in section 365 (12 U.S.C. 3704)—

2 (A) by inserting “, or any State or local  
3 government transferee,” after “Secretary” the  
4 first place such term appears;

5 (B) by inserting “, or the State or local  
6 government transferee,” after “Secretary” each  
7 other place such term appears; and

8 (C) by striking the last 3 sentences and in-  
9 serting the following: “The entity designating  
10 the foreclosure commissioner, whether the Sec-  
11 retary or any State or local government trans-  
12 feree, shall be a guarantor of payment of any  
13 judgment against the foreclosure commissioner  
14 for damages based upon the commissioner’s  
15 failure properly to perform the commissioner’s  
16 duties. As between the entity designating the  
17 foreclosure commissioner, whether the Secretary  
18 or any State or local government transferee,  
19 and the mortgagor, the entity designating the  
20 foreclosure commissioner shall bear the risk of  
21 any financial default by the foreclosure commis-  
22 sioner. In the event that the Secretary or any  
23 State or local government transferee makes any  
24 payment pursuant to the preceding two sen-  
25 tences, the Secretary or any State or local gov-

ernment transferee shall be fully subrogated to the rights satisfied by such payment.”;

(5) in section 366 (12 U.S.C. 3705)—

(A) by inserting “, or any State or local government transferee,” after “Secretary” the first, third, fourth, and fifth place such term appears; and

(B) by inserting “, or the State or local government transferee,” after “Secretary” the second and sixth places such term appears;

(6) in section 367 (12 U.S.C. 3706)—

(A) in subsection (a)—

(i) in paragraph (1), by inserting “or the State or local government transferee,” after “Secretary,”; and

(ii) in paragraph (8), by inserting “, or the State or local government transferee” after “Secretary”;

(B) in subsection (b)—

(i) by inserting “, or any State or local government transferee,” after “Secretary” the first and second places such term appears; and

(ii) by inserting “, or the State or local government transferee,” after “Sec-



1                   retary” the third place such term appears;

2                   and

3                   (C) by adding at the end the following new

4                   subsection:

5           “(c) In any case in which a State or local government  
6 transferee is the purchaser of a multifamily project, the  
7 State or local government transferee shall manage and dis-  
8 pose of such project to benefit those originally intended  
9 to be assisted under the prior program unless continued  
10 operation and disposition of the property under such pro-  
11 gram is not feasible based on consideration of the costs  
12 of rehabilitating and operating the property after consid-  
13 ering all available Federal, State, and local resources, in-  
14 cluding rent adjustments under section 524 of the Multi-  
15 family Assisted Housing Reform and Affordability Act of  
16 1997 (42 U.S.C. 1437f note).”.

17           (7) in section 368 (12 U.S.C. 3707)—

18                   (A) by inserting “, or any State or local  
19 government transferee,” after “Secretary” the  
20 first and third places such term appears; and

21                   (B) by inserting “, or the State of local  
22 government transferee,” after “Secretary” the  
23 second place such term appears;

24           (8) in section 369A (12 U.S.C. 3709)—

1 (A) by inserting “, or any State or local  
2 government transferee,” after “Secretary” the  
3 second place such term appears; and

4 (B) by inserting “, or the State or local  
5 government transferee,” after “Secretary” the  
6 first, third, and fourth places such term ap-  
7 pears;

8 (9) in section 369B (12 U.S.C. 3710)—

9 (A) by inserting “, or the State of local  
10 government transferee,” after “Secretary” the  
11 first and second places such term appears; and

12 (B) by inserting “, or any State or local  
13 government transferee,” after “Secretary” each  
14 other place such term appears;

15 (10) in section 369E (12 U.S.C. 3713), by in-  
16 serting “, or any State or local government trans-  
17 feree,” after “Secretary” each place such term ap-  
18 pears; and

19 (11) in section 369F(a)(1) (12 U.S.C.  
20 3714(a)(1)), by inserting “, or any State or local  
21 government transferee,” before the semicolon at the  
22 end.

1 **SEC. 7. BUILDING TRANSFERS: REQUIREMENTS FOR PUR-**  
2 **CHASERS OF FHA-INSURED PROJECTS AND**  
3 **SECTION 8 PROJECTS.**

4 Not later than 90 days after the date of the enact-  
5 ment of this Act, the Secretary of Housing and Urban  
6 Development shall issue a proposed rulemaking, in accord-  
7 ance with title 5, United States Code, that applies the par-  
8 ticipation and certification requirements for potential pur-  
9 chasers required under section 219 of Division G of the  
10 Consolidated Appropriations Act, 2004 (Public Law 108–  
11 199; 118 Stat. 397) and applicable to the sale of HUD-  
12 owned multifamily housing projects and the foreclosure  
13 sale of any multifamily housing securing a mortgage held  
14 by the Secretary also to the sale of any multifamily hous-  
15 ing having a mortgage that is insured under the National  
16 Housing Act or for which assistance is provided under sec-  
17 tion 8 of the United States Housing Act of 1937 (42  
18 U.S.C. 1437f) under a project-based assistance contract.

19 **SEC. 8. TRANSPARENCY REGARDING BUILDING INFORMA-**  
20 **TION.**

21 (a) **REQUIRED POSTING ON WEBSITE.**—The Sec-  
22 retary of Housing and Urban Development shall make  
23 publicly available, by posting on a World Wide Web site  
24 of the Department, information regarding multifamily  
25 housing properties for which rental assistance is provided  
26 under section 8 of the United States Housing Act of 1937

1 (42 U.S.C. 1437f), for which other rental assistance or  
2 a subsidy is provided under a program administered by  
3 the Secretary, or for which a mortgage is insured under  
4 the National Housing Act (12 U.S.C. 1701 et seq.).

5 (b) REQUIRED INFORMATION.—The information de-  
6 scribed in subsection (a) regarding a property shall in-  
7 clude—

8 (1) information regarding the results of phys-  
9 ical inspections of the property, including any real  
10 estate assessment center (REAC) scores for the  
11 property;

12 (2) any notices, plans, and information relating  
13 to the property required under the Low-Income  
14 Housing Preservation and Resident Homeownership  
15 Act of 1990, including a notice of intent to prepay  
16 a mortgage under section 212, information under  
17 section 216, a second notice of intent under section  
18 216(d), a plan of action under section 217, and no-  
19 tice of approval of a plan of action under section  
20 225;

21 (3) any notice of request to terminate an insur-  
22 ance contract under title II of the National Housing  
23 Act (12 U.S.C. 1707 et seq.) for a loan or mortgage  
24 on the property;

1           (4) any notice of request to prepay a loan or  
2 mortgage on the property insured under title II of  
3 the National Housing Act (12 U.S.C. 1707 et seq.);  
4 and

5           (5) any notice under section 8(c)(8) of the  
6 United States Housing Act of 1937 (42 U.S.C.  
7 1437f(c)(8)) of proposed termination of an assist-  
8 ance contract under such section for the property.

9       (c) UPDATING.—The Secretary of Housing and  
10 Urban Development shall update the information made  
11 available pursuant to this section not less than quarterly.

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