

115TH CONGRESS
2D SESSION

S. 2574

To provide rental assistance to low-income tenants of certain multifamily rural housing projects, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 20, 2018

Mrs. SHAHEEN (for herself and Ms. SMITH) introduced the following bill;
which was read twice and referred to the Committee on Banking, Housing,
and Urban Affairs

A BILL

To provide rental assistance to low-income tenants of certain multifamily rural housing projects, 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 “Rural Housing Preser-
5 vation Act of 2018”.

1 **SEC. 2. AVAILABILITY OF RURAL HOUSING VOUCHERS FOR**
 2 **TENANTS IN PROJECTS WITH MATURING**
 3 **LOANS.**

4 (a) IN GENERAL.—Section 542 of the Housing Act
 5 of 1949 (42 U.S.C. 1490r) is amended by adding at the
 6 end the following:

7 “(c) RURAL VOUCHERS FOR TENANTS OF PROJECTS
 8 WITH PREPAID OR MATURING LOANS.—

9 “(1) AUTHORITY.—Subject to the availability of
 10 amounts provided in appropriation Acts and to para-
 11 graph (3), the Secretary shall provide rural housing
 12 vouchers under this section, in the amount provided
 13 under this section, to any low-income household (in-
 14 cluding those not receiving rental assistance) resid-
 15 ing in a property that is—

16 “(A) financed with a loan made or insured
 17 under section 514 or 515 that has been prepaid
 18 or has matured after September 30, 2005; or

19 “(B) assisted under section 514 or 516
 20 that is owned by a nonprofit organization or
 21 public agency.

22 “(2) ADMINISTRATION AND SUBSIDIES.—

23 “(A) IN GENERAL.—The Secretary shall,
 24 to the maximum extent practicable, administer
 25 and operate rural housing vouchers under this
 26 section according to regulations and administra-

1 tive guidance that is applicable to enhanced
2 vouchers under section 8(t) of the United
3 States Housing Act of 1937 (42 U.S.C.
4 1437f(t)) administered by the Secretary of
5 Housing and Urban Development.

6 “(B) AMOUNT OF ASSISTANCE.—The
7 amount of rental assistance provided on behalf
8 of holders of rural housing vouchers under this
9 section shall be the same as the rental assist-
10 ance provided on behalf of holders of enhanced
11 vouchers under section 8(t) of the United
12 States Housing Act of 1937 (42 U.S.C.
13 1437f(t)).

14 “(3) TERMINATION OF ASSISTANCE.—The Sec-
15 retary shall terminate the provision of voucher as-
16 sistance pursuant to this subsection, with respect to
17 a property, if—

18 “(A) at any time, a new loan is made or
19 insured under section 514 or 515 for the prop-
20 erty; and

21 “(B) as a result of a loan described in sub-
22 paragraph (A), rental assistance is provided on
23 behalf of the voucher holder in an amount com-
24 parable to the rental assistance provided on be-

1 half of the voucher holder under the voucher
 2 program.

3 “(d) LIMITATION RELATING TO PROJECTS WITH
 4 PREPAID LOANS.—

5 “(1) IN GENERAL.—The Secretary shall not
 6 issue rural housing vouchers under this section to
 7 residents who remain in properties that—

8 “(A) were financed with a loan made or in-
 9 sured under section 514 or 515 that has been
 10 prepaid; and

11 “(B) are subject to any restrictive use
 12 agreements entered into pursuant to section
 13 502(c)(5)(G).

14 “(2) REVIEW AND APPROVAL.—The Secretary
 15 shall review and approve all proposed rent increases
 16 for residents of properties described in paragraph
 17 (1) that are protected by the use agreements de-
 18 scribed in that paragraph and issue, to those resi-
 19 dents, limited voucher assistance that covers the cost
 20 of all approved future rent increases that are not re-
 21 lated to the cost of prepaying the loan or refinancing
 22 the property.”.

23 (b) REQUIREMENT FOR SECTION 515 PROJECTS TO
 24 ACCEPT VOUCHERS.—Section 515 of the Housing Act of

1 1949 (42 U.S.C. 1485) is amended by adding at the end
 2 the following:

3 “(bb) **REQUIREMENT TO ACCEPT RURAL HOUSING**
 4 **VOUCHERS.**—No owner of a property financed with a loan
 5 made or insured under this section, whether the loan is
 6 outstanding or fully paid, may refuse to lease an available
 7 dwelling unit in the property to a household on behalf of
 8 whom voucher assistance is provided under section 542,
 9 and to enter into a voucher contract respecting the unit,
 10 a proximate cause of which is the status of the current
 11 or prospective tenant as a holder of that voucher.”.

12 **SEC. 3. DECOUPLING RENTAL ASSISTANCE FROM MATUR-**
 13 **ING RURAL HOUSING LOANS.**

14 Section 521(a)(2) of the Housing Act of 1949 (42
 15 U.S.C. 1490a(a)(2)) is amended by adding at the end the
 16 following:

17 “(F) **RENTAL ASSISTANCE FOR PROJECTS WITH**
 18 **MATURED LOANS.**—

19 “(i) **AUTHORITY.**—To continue to make
 20 decent, safe and sanitary housing available to
 21 low-income occupants of projects originally fi-
 22 nanced with a loan made or insured under sec-
 23 tion 514 or 515 that has matured on or after
 24 the date of enactment of this subparagraph or
 25 with a grant provided under section 516, and at

1 rental rates commensurate to income as speci-
2 fied in subparagraph (A), the Secretary may,
3 subject to the availability of amounts provided
4 in appropriation Acts, contract to make and
5 renew annual assistance payments pursuant to
6 this subparagraph to the owners of those
7 projects.

8 “(ii) OFFER.—The Secretary shall ensure
9 that an offer to provide a contract for assist-
10 ance payments pursuant to this subparagraph
11 shall be extended to all owners of projects de-
12 scribed in clause (i) not later than 24 months
13 before the maturation of the loan (except in the
14 case of loans maturing after the date that is 24
15 months before the date of enactment of this
16 subparagraph).

17 “(iii) TERMS.—Each contract for assist-
18 ance payments pursuant to this subparagraph
19 shall—

20 “(I) have a term of 20 years and be
21 subject to availability of amounts provided
22 in annual appropriations Acts;

23 “(II) cover all new and existing house-
24 holds residing in the project, regardless of
25 whether or not the households were pre-

1 viously assisted under the rental assistance
2 program authorized under subparagraph
3 (A);

4 “(III) be recorded at such local real
5 property recording office as is prescribed
6 by the State in which the project is lo-
7 cated;

8 “(IV) bind the owner of the project
9 and successors of the owner to continue to
10 operate the project in accordance with such
11 agreements;

12 “(V) require the owner and successors
13 of the owner to agree to continue to oper-
14 ate the project as if the project were sub-
15 ject to an existing loan under section 514
16 or 515 or a grant under section 516, as
17 applicable;

18 “(VI) extend to residents of the
19 project all the rights that at the time the
20 contract is entered into are extended to
21 residents of projects subject to an existing
22 loan under section 514 or 515 or a grant
23 under section 516, as applicable;

1 “(VII) require the owner successors of
 2 the owner to maintain the assisted housing
 3 as decent, safe, and sanitary housing; and

4 “(VIII) provide that the Secretary
 5 may renew the contract for additional 5-
 6 year terms if the assisted housing is main-
 7 tained in a decent, safe, and sanitary con-
 8 dition, as determined by the Secretary.

9 “(iv) ACTUAL MARKET RENTALS.—

10 “(I) IN GENERAL.—A contract for as-
 11 sistance provided pursuant to this subpara-
 12 graph for a project shall provide assistance
 13 to the owner based on an initial reasonable
 14 operating budget the rents for which do
 15 not exceed such actual market rental rates
 16 for the area in which the project is located,
 17 as are established by the Secretary.

18 “(II) ADJUSTMENT; RENEWAL.—The
 19 Secretary shall annually adjust the actual
 20 market rental rates used for purposes of
 21 this clause.

22 “(v) RENEWAL; ADJUSTMENT.—In pro-
 23 viding assistance pursuant to this subpara-
 24 graph, the Secretary shall require the owner of
 25 the project to renew the assistance provided to

each household not less frequently than annually, in accordance with the provisions of subparagraph (A), and shall adjust the amount of assistance provided to a household at any other time upon a decrease in the monthly income of the household of \$100 or more.

“(vi) ADMINISTRATION.—Except as otherwise provided in this subparagraph, rental assistance contracts authorized by this subparagraph shall be administered by the Secretary in the same manner as rental assistance contracts for projects having existing loans made or insured under section 515 or existing loans and grants made under sections 514 and 516.”.

SEC. 4. UNIFORM STANDARDS FOR TRANSFERS OF SECTION 515 PROPERTIES USING LOW-INCOME TAX CREDITS.

Section 515 of the Housing Act of 1949 (42 U.S.C. 1485), as amended by this Act, is amended by adding at the end the following:

“(cc) REQUIREMENTS FOR TRANSFERS OF PROPERTIES INVOLVING LOW-INCOME HOUSING TAX CREDITS.—The Secretary shall establish, without exception, uniform requirements, terms, and conditions for any sale or transfer of a property financed with a loan under this

1 section to any entity, including a nonprofit organization,
 2 that is seeking to acquire that property with amounts au-
 3 thorized under this section and any low-income housing
 4 tax credit under section 42 of the Internal Revenue Code
 5 of 1986.”.

6 **SEC. 5. RURAL MULTIFAMILY HOUSING REVITALIZATION**
 7 **PROGRAM.**

8 Section 515 of the Housing Act of 1949 (42 U.S.C.
 9 1485), as amended by this Act, is amended by adding at
 10 the end the following:

11 “(cc) MULTIFAMILY HOUSING REVITALIZATION PRO-
 12 GRAM.—

13 “(1) IN GENERAL.—The Secretary may estab-
 14 lish a Multifamily Housing Revitalization Program
 15 for the preservation and revitalization of multifamily
 16 housing projects funded with loans made available
 17 pursuant to this section and sections 514 and 516
 18 to ensure that those projects have sufficient re-
 19 sources to provide safe and affordable housing for
 20 low-income residents and farm laborers.

21 “(2) OPTIONS.—In carrying out paragraph (1),
 22 the Secretary may—

23 “(A) with respect to the loans—

24 “(i) reduce or eliminate interest;

25 “(ii) defer loan payments; and

1 “(iii) subordinate, reduce, or reamor-
2 tize loan debt; and

3 “(B) provide other financial assistance, in-
4 cluding—

5 “(i) advances; and

6 “(ii) payments and incentives (includ-
7 ing the ability of owners to obtain reason-
8 able returns on investment).

9 “(3) REQUIREMENTS.—In exchange for assist-
10 ance provided pursuant to this subsection, the Sec-
11 retary shall enter into a restrictive use agreement
12 with the property owner to ensure that the property
13 remains subject to low-income use restrictions for an
14 additional period of time consistent with the terms
15 of the restructuring.

16 “(4) USE OF FUNDS FOR RURAL HOUSING
17 VOUCHERS.—

18 “(A) AUTHORITY.—If the Secretary deter-
19 mines that additional voucher funds under sec-
20 tion 542 are needed, funds for the revitalization
21 program under this subsection may be used for
22 those vouchers for any low-income household
23 (including those not receiving rental assistance)
24 residing in a property financed with a loan

1 under this section that has been prepaid after
2 September 30, 2005.

3 “(B) AMOUNT.—Notwithstanding section
4 542, the amount of a voucher provided pursu-
5 ant to this paragraph shall be the difference be-
6 tween comparable market rent for the unit and
7 the tenant-paid rent for the unit.

8 “(C) AVAILABILITY.—Funds made avail-
9 able for vouchers pursuant to this paragraph
10 shall be subject to the availability of annual ap-
11 propriations.

12 “(D) ADMINISTRATION.—The Secretary
13 shall, to the maximum extent practicable, ad-
14 minister vouchers provided pursuant to this
15 paragraph with regulations and administrative
16 guidance that is applicable to housing vouchers
17 under section 8 of the United States Housing
18 Act of 1937 (42 U.S.C. 1437f) administered by
19 the Secretary of Housing and Urban Develop-
20 ment.

21 “(5) USE OF VOUCHER FUNDS FOR REVITAL-
22 IZATION PROGRAM.—If the Secretary determines
23 that additional funds for the revitalization program
24 under this subsection are needed, funds for the rural
25 housing voucher program under section 542 may be

1 used for the revitalization program under this sub-
2 section.”.

3 **SEC. 6. REGULATIONS.**

4 Not later than 120 days after the date of enactment
5 of this Act, the Secretary of Agriculture shall issue regula-
6 tions necessary to carry out the amendments made by this
7 Act.

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