II

118TH CONGRESS
1ST SESSION

S. 1389

To reform rural housing programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 1, 2023

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

A BILL

To reform rural housing programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Rural Housing Service Reform Act of 2023".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—STREAMLINING AND UPDATES

SEC. 101. APPLICATION OF MULTIFAMILY MORTGAGE FORECLOSURE PROCEDURES TO MULTIFAMILY MORTGAGES HELD BY THE SECRETARY OF AGRICULTURE.

The Multifamily Mortgage Foreclosure Act of 1981 (12 U.S.C. 3701 et seq.) is amended—

(1) in section 363 (12 U.S.C. 3702)—

(A) in paragraph (2)—

(i) in subparagraph (D), by striking "and" at the end;

(ii) in subparagraph (E), by striking the period at the end and inserting "; or"; and

(iii) by adding at the end the following:

"(F) section 514, 515, or 538 of the Housing Act of 1949 (42 U.S.C. 1484, 1485, 1490p)."; and

(B) in paragraph (10)—

(i) by striking "means the Secretary" and inserting the following: "means—

"(A) the Secretary";

(ii) in subparagraph (A), as so designated, by striking the period at the end and inserting ", with respect to a multifamily mortgage described in subparagraph (A), (B), (C), (D), or (E) of paragraph (2); and"; and

(iii) by adding at the end the following:

"(B) the Secretary of Agriculture, with respect to a multifamily mortgage described in paragraph (2)(F).".

SEC. 102. STUDY ON RURAL HOUSING LOANS FOR HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES.

Not later than 6 months after the date of enactment of this Act, the Secretary of Agriculture shall conduct a study and submit to Congress a publicly available report on the loan program under section 521 of the Housing Act of 1949 (42 U.S.C. 1490a), including—

(1) the total amount provided by the Secretary in subsidies under such section 521;

(2) how much of the subsidies are being recaptured; and

(3) the amount of time and costs associated with recapturing those subsidies.

SEC. 103. AUTHORIZATION OF APPROPRIATIONS FOR STAFFING NEEDS AND INFORMATION TECHNOLOGY UPGRADES.

There is authorized to be appropriated to the Secretary of Agriculture such sums as may be necessary for increased staffing needs and information technology upgrades to support all preservation efforts of the Rural Housing Service.

TITLE II—RURAL HOUSING PRESERVATION AND REVITALIZATION

SEC. 201. PERMANENT ESTABLISHMENT OF HOUSING PRESERVATION AND REVITALIZATION PROGRAM.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by adding at the end the following:

"SEC. 545. HOUSING PRESERVATION AND REVITALIZATION PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall carry out a program under this section for the preservation and revitalization of multifamily rental housing projects financed under section 515 or both sections 514 and 516.

"(b) NOTICE OF MATURING LOANS.—

"(1) TO OWNERS.—On an annual basis, the Secretary shall provide written notice to each owner of a property financed under section 515 or both sections 514 and 516 that will mature within the 4-year period beginning upon the provision of the notice, setting forth the options and financial incentives that are available to facilitate the extension of the loan term or the option to decouple a rental assistance contract pursuant to subsection (f).

"(2) TO TENANTS.—

"(A) IN GENERAL.—For each property financed under section 515 or both sections 514 and 516, not later than the date that is 2 years before the date that the loan will mature, the Secretary shall provide written notice to each household residing in the property that informs them of the date of the loan maturity, the possible actions that may happen with respect to the property upon that maturity, and how to protect their right to reside in federally assisted housing after that maturity.

"(B) LANGUAGE.—Notice under this paragraph shall be provided in plain English and shall be translated to other languages in the case of any property located in an area in which a significant number of residents speak such other languages.

"(c) LOAN RESTRUCTURING.—Under the program under this section, in any circumstance in which the Secretary proposes a restructuring to an owner or an owner proposes a restructuring to the Secretary, the Secretary may restructure such existing housing loans, as the Secretary considers appropriate, for the purpose of ensuring that those projects have sufficient resources to preserve the projects to provide safe and affordable housing for low-income residents and farm laborers, by—

"(1) reducing or eliminating interest;

"(2) deferring loan payments;

"(3) subordinating, reducing, or reamortizing loan debt; and

"(4) providing other financial assistance, including advances, payments, and incentives (including the ability of owners to obtain reasonable returns on investment) required by the Secretary.

"(d) RENEWAL OF RENTAL ASSISTANCE.—

"(1) IN GENERAL.—When the Secretary proposes to restructure a loan or agrees to the proposal of an owner to restructure a loan pursuant to subsection (c), the Secretary shall offer to renew the rental assistance contract under section 521(a)(2) for a 20-year term that is subject to annual appropriations, provided that the owner agrees to bring the property up to such standards that will ensure maintenance of the property as decent, safe, and sanitary housing for the full term of the rental assistance contract.

"(2) ADDITIONAL RENTAL ASSISTANCE.—With respect to a project described in paragraph (1), if rental assistance is not available for all households in the project for which the loan is being restructured pursuant to subsection (c), the Secretary may extend such additional rental assistance to unassisted households at that project as is necessary to make the project safe and affordable to low-income households.

"(e) RESTRICTIVE USE AGREEMENTS.—

"(1) REQUIREMENT.—As part of the preservation and revitalization agreement for a project, the Secretary shall obtain a restrictive use agreement that obligates the owner to operate the project in accordance with this title.

"(2) TERM.—

"(A) NO EXTENSION OF RENTAL ASSISTANCE CONTRACT.—Except when the Secretary enters into a 20-year extension of the rental assistance contract for a project, the term of the restrictive use agreement for the project shall be consistent with the term of the restructured loan for the project.

"(B) EXTENSION OF RENTAL ASSISTANCE CONTRACT.—If the Secretary enters into a 20-year extension of the rental assistance contract for a project, the term of the restrictive use agreement for the project shall be for 20 years.

"(C) TERMINATION.—The Secretary may terminate the 20-year use restrictive use agreement for a project before the end of the term of the agreement if the 20-year rental assistance contract for the project with the owner is terminated at any time for reasons outside the control of the owner.

"(f) DECOUPLING OF RENTAL ASSISTANCE.—

"(1) RENEWAL OF RENTAL ASSISTANCE CONTRACT.—If the Secretary determines that a maturing loan for a project cannot reasonably be restructured in accordance with subsection (c) because it is not financially feasible or the owner does not agree with the proposed restructuring, and the project was operating with rental assistance under section 521, the Secretary may renew the rental assistance contract, notwithstanding any provision of section 521, for a term, subject to annual appropriations, of not less than 10 years but not more than 20 years.

"(2) ADDITIONAL RENTAL ASSISTANCE.—With respect to a project described in paragraph (1), if rental assistance is not available for all households in the project for which the loan is being restructured pursuant to subsection (c), the Secretary may extend such additional rental assistance to unassisted households at that project as is necessary to make the project safe and affordable to low-income households.

"(3) RENTS.—Any agreement to extend the term of the rental assistance contract under section 521 for a project shall obligate the owner to continue to maintain the project as decent, safe and sanitary housing and to operate the development in accordance with this title, except that rents shall be based on the lesser of—

"(A) the budget-based needs of the project; or

"(B) the operating cost adjustment factor as a payment standard as provided under section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437 note).

"(4) CONDITIONS FOR APPROVAL.—

"(A) PLAN.—Before the approval of a rental assistance contract authorized under this section, the Secretary shall require the owner to submit to the Secretary a plan that identifies financing sources and a timetable for renovations and improvements determined to be necessary by the Secretary to maintain and preserve the project.

"(B) AUTOMATIC APPROVAL.—If a plan submitted under subparagraph (A) is not acted upon by the Secretary within 30 days of the submission, the rental assistance contract is automatically approved for not more than a 1-year period.

"(g) MULTIFAMILY HOUSING TRANSFER TECHNICAL ASSISTANCE.—Under the program under this section, the Secretary may provide grants to qualified nonprofit organizations and public housing agencies to provide technical assistance, including financial and legal services, to borrowers under loans under this title for multifamily housing to facilitate the acquisition of such multifamily housing properties in areas where the Secretary determines there is a risk of loss of affordable housing.

"(h) TRANSFER OF RENTAL ASSISTANCE.—After the loan or loans for a rental project originally financed under section 515 or both sections 514 and 516 have matured or have been prepaid and the owner has chosen not to restructure the loan pursuant to subsection (c)—

"(1) a tenant residing in the project shall have 18 months before loan maturation or prepayment to transfer the rental assistance assigned to the unit of the tenant to another rental project originally financed under section 515 or both sections 514 and 516, and such tenants will have priority for admission over other applicants; and

"(2) the owner of the initial project may rent the previous unit of the tenant to a new tenant without income restrictions.

"(i) ADMINISTRATIVE EXPENSES.—Of any amounts made available for the program under this section for any fiscal year, the Secretary may use not more than $1,000,000 for administrative expenses for carrying out such program.

"(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the program under this section $200,000,000 for each of fiscal years 2024 through 2028.

"(k) RULEMAKING.—

"(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Rural Housing Service Reform Act of 2023, the Secretary shall—

"(A) publish an advance notice of proposed rulemaking; and

"(B) consult with appropriate stakeholders.

"(2) INTERIM FINAL RULE.—Not later than 1 year after the date of enactment of the Rural Housing Service Reform Act of 2023, the Secretary shall publish an interim final rule to carry out this section.".

SEC. 202. ELIGIBILITY FOR RURAL HOUSING VOUCHERS.

Section 542 of the Housing Act of 1949 (42 U.S.C. 1490r) is amended by adding at the end the following:

"(c) ELIGIBILITY OF HOUSEHOLDS IN SECTIONS 514, 515, AND 516 PROJECTS.—

"(1) IN GENERAL.—The Secretary may provide rural housing vouchers under this section for any low-income household (including those not receiving rental assistance) residing—

"(A) for a term longer than the remaining term of their lease in effect just prior to prepayment, in a property financed with a loan made or insured under section 514 or 515 that has—

"(i) been prepaid without restrictions imposed by the Secretary pursuant to section 502(c)(5)(G)(ii)(I);

"(ii) been foreclosed; or

"(iii) matured after September 30, 2005; or

"(B) in a property assisted under section 514 or 516.

"(2) PRIORITY.—The Secretary shall prioritize the provision of rental housing vouchers under this section for projects owned by nonprofit organizations and their affiliates or public agencies.".

SEC. 203. AMOUNT OF VOUCHER ASSISTANCE.

Notwithstanding any other provision of law, in the case of any rural housing voucher provided pursuant to section 542 of the Housing Act of 1949 (42 U.S.C. 1490r), the amount of the monthly assistance payment for the household on whose behalf the assistance is provided shall be determined as provided in subsection (a) of such section 542.

SEC. 204. RENTAL ASSISTANCE CONTRACT AUTHORITY.

Section 521(d) of the Housing Act of 1949 (42 U.S.C. 1490a(d)) is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively;

(B) by inserting after subparagraph (A) the following:

"(B) upon request of an owner of a project financed under section 514 or 515, the Secretary is authorized to enter into renewal of such agreements for a period of 20 years or the term of the loan, whichever is shorter, subject to amounts made available in appropriations Acts;''; and

(C) in subparagraph (C), as so redesignated, by striking ''subparagraph (A)'' and inserting ''subparagraphs (A) and (B)''; and

(D) in subparagraph (D), as so redesignated, by striking ''subparagraphs (A) and (B)'' and inserting ''subparagraphs (A), (B), and (C)''; and

(2) by adding at the end the following:

''(3) In the case of any rental assistance contract authority that becomes available because of the termination of assistance on behalf of an assisted family—

''(A) at the option of the owner of the rental project, the Secretary shall provide the owner a period of 6 months before unused assistance is made available pursuant to subparagraph (B) during which the owner may use such assistance authority to provide assistance of behalf of an eligible unassisted family that—

''(i) is residing in the same rental project that the assisted family resided before the termination; or "(ii) newly occupies a dwelling unit in the rental project during that 6-month period; and

"(B) except for assistance used as provided in subparagraph (A), the Secretary shall use such remaining authority to provide assistance on behalf of eligible families residing in other rental projects originally financed under section 515 or both sections 514 and 516.".

SEC. 205. FUNDING FOR MULTIFAMILY TECHNICAL IMPROVEMENTS.

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Agriculture such sums as may be necessary for fiscal year 2024 for improving the technology of the Department of Agriculture used to process loans for multifamily housing and otherwise managing that housing.

(b) TIMELINE.—The improvements required under subsection (a) shall be made within the 5-year period beginning upon the appropriation of amounts under subsection (a), and those amounts shall remain available until the expiration of that 5-year period.

TITLE III—NATIVE CDFI RELENDING

SEC. 301. NATIVE CDFI RELENDING PROGRAM.

Section 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amended by adding at the end the following:

"(j) SET ASIDE FOR NATIVE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—

"(1) DEFINITIONS.—In this subsection—

"(A) the term 'Alaska Native' has the meaning given the term 'Native' in section 3(b) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(b));

"(B) the term 'appropriate congressional committees' means—

"(i) the Committee on Agriculture of the Senate;

"(ii) the Committee on Indian Affairs of the Senate;

"(iii) the Committee on Banking, Housing, and Urban Affairs of the Senate;

"(iv) the Committee on Agriculture of the House of Representatives;

"(v) the Committee on Natural Resources of the House of Representatives; and "(vi) the Committee on Financial Services of the House of Representatives;

"(C) the term 'community development financial institution' has the meaning given the term in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702);

"(D) the term 'Indian Tribe' has the meaning given the term 'Indian tribe' in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103);

"(E) the term 'Native community development financial institution' means an entity—

"(i) that has been certified as a community development financial institution by the Secretary of the Treasury;

"(ii) that is not less than 50 percent owned or controlled by members of Indian Tribes, Alaska Native communities, or Native Hawaiian communities; and

"(iii) for which not less than 50 percent of the activities of the entity serve Indian Tribes, Alaska Native communities, or Native Hawaiian communities;

"(F) the term 'Native Hawaiian' has the meaning given the term in section 801 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4221); and

"(G) the term 'priority Tribal land' means—

"(i) any land located within the boundaries of—

"(I) an Indian reservation, pueblo, or rancheria; or

"(II) a former reservation within Oklahoma;

"(ii) any land not located within the boundaries of an Indian reservation, pueblo, or rancheria, the title to which is held—

"(I) in trust by the United States for the benefit of an Indian Tribe or an individual Indian;

"(II) by an Indian Tribe or an individual Indian, subject to restriction against alienation under laws of the United States; or

"(III) by a dependent Indian community;

"(iii) any land located within a region established pursuant to section 7(a) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(a));

"(iv) Hawaiian Home Lands, as defined in section 801 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4221); or

"(v) those areas or communities designated by the Assistant Secretary of Indian Affairs of the Department of the Interior that are near, adjacent, or contiguous to reservations where financial assistance and social service programs are provided to Indians because of their status as Indians.

"(2) PURPOSE.—The purpose of this subsection is to—

"(A) increase homeownership opportunities for Indian Tribes, Alaska Native Communities, and Native Hawaiian communities in rural areas; and

"(B) provide capital to Native community development financial institutions to increase the number of mortgage transactions carried out by those institutions.

"(3) SET ASIDE FOR NATIVE CDFIS.—Of amounts appropriated to make direct loans under this section for each fiscal year, the Secretary shall use $50,000,000 to make direct loans to Native community development financial institutions in accordance with this subsection.

"(4) APPLICATION REQUIREMENTS.—A Native community development financial institution desiring a loan under this subsection shall demonstrate that the institution—

"(A) can provide the non-Federal cost share required under paragraph (6); and

"(B) is able to originate and service loans for single family homes.

"(5) LENDING REQUIREMENTS.—A Native community development financial institution that receives a loan pursuant to this subsection shall—

"(A) use those amounts to make loans to borrowers—

"(i) who otherwise meet the requirements for a loan under this section; and

"(ii) who—

"(I) are members of an Indian Tribe, an Alaska Native community, or a Native Hawaiian community; or

"(II) maintain a household in which not less 1 member is a member of an Indian Tribe, an Alaska Native community, or a Native Hawaiian community; and

"(B) in making loans under subparagraph (A), give priority to borrowers described in that subparagraph who are residing on priority Tribal land.

"(6) NON-FEDERAL COST SHARE.—

"(A) IN GENERAL.—A Native community development financial institution that receives a loan under this section shall be required to match not less than 20 percent of the amount received.

"(B) WAIVER.—In the case of a loan for which amounts are used to make loans to borrowers described in paragraph (5)(B), the Secretary shall waive the non-Federal cost share requirement described in subparagraph (A) with respect to those loan amounts.

"(7) REPORTING.—

"(A) ANNUAL REPORT BY NATIVE CDFIS.—Each Native community development financial institution that receives a loan pursuant to this subsection shall submit an annual report to the Secretary on the lending activities of the institution using the loan amounts, which shall include—

"(i) a description of the outreach efforts of the institution in local communities to identify eligible borrowers;

"(ii) a description of how the institution leveraged additional capital to reach prospective borrowers;

"(iii) the number of loan applications received, approved, and deployed;

"(iv) the average loan amount;

"(v) the number of finalized loans that were made on Tribal trust lands and not on Tribal trust lands; and

"(vi) the number of finalized loans that were made on priority Tribal land and not priority Tribal land.

"(B) ANNUAL REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this subsection, and every year thereafter, the Secretary shall submit to the appropriate congressional communities a report that includes—

"(i) a list of loans made to Native community development financial institutions pursuant to this subsection, including the name of the institution and the loan amount;

"(ii) the percentage of loans made under this section to members of Indian Tribes, Alaska Native communities, and Native Hawaiian communities, respectively, including a breakdown of loans made to households residing on and not on Tribal trust lands; and

"(iii) the average loan amount made by Native community development financial institutions pursuant to this subsection.

"(C) EVALUATION OF PROGRAM.—Not later than 3 years after the date of enactment of this subsection, the Secretary and the Secretary of the Treasury shall conduct an evaluation of and submit to the appropriate congressional committees a report on the program under this subsection, which shall—

"(i) evaluate the effectiveness of the program, including an evaluation of the demand for loans under the program; and

"(ii) include recommendations relating to the program, including whether—

"(I) the program should be expanded to such that all community development financial institutions may make loans under the program to the borrowers described in paragraph (5); and

"(II) the set aside amount paragraph (3) should be modified in order to match demand under the program.

"(8) GRANTS FOR OPERATIONAL SUPPORT.—

"(A) IN GENERAL.—The Secretary shall make grants to Native community development financial institutions that receive a loan under this section to provide operational support and other related services to those institutions, subject to—

"(i) to the satisfactory performance, as determined by the Secretary, of a Native community development financial institution in carrying out this section; and “(ii) the availability of funding.

“(B) AMOUNT.—A Native community development financial institution that receives a loan under this section shall be eligible to receive an annual grant described in subparagraph (A) in an amount equal to not less than 20 percent and not more than 25 percent of the total outstanding balance of loans made by the Native community development financial institution under the program under this section as of the date on which the grant is awarded.

“(9) OUTREACH AND TECHNICAL ASSISTANCE.—There is authorized to be appropriated to the Secretary $1,000,000 for each of fiscal years 2024, 2025, and 2026—

“(A) to provide technical assistance to Native community development financial institutions—

“(i) relating to homeownership and other housing-related assistance provided by the Secretary; and

“(ii) to assist those institutions to perform outreach to eligible homebuyers relating to the loan program under this section; or

"(B) to provide funding to a national organization representing Native American housing interests to perform outreach and provide technical assistance as described in clauses (i) and (ii), respectively, of subparagraph (A).".

TITLE IV—SECTION 504 LOANS AND GRANTS

SEC. 401. MODIFICATIONS TO LOANS AND GRANTS FOR MINOR IMPROVEMENTS TO FARM HOUSING AND BUILDINGS.

Section 504(a) of the Housing Act of 1949 (42 U.S.C. 1474) is amended by striking "$7,500" and inserting "$15,000".

TITLE V—RURAL COMMUNITY DEVELOPMENT INITIATIVE GRANTS

SEC. 501. RURAL COMMUNITY DEVELOPMENT INITIATIVE.

Subtitle E of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009 et seq.) is amended by adding at the end the following:

"SEC. 381O. RURAL COMMUNITY DEVELOPMENT INITIATIVE.

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(A) a private, nonprofit community-based housing or community development organization;

"(B) a low-income rural community; or

"(C) a federally recognized Indian Tribe.

"(2) ELIGIBLE INTERMEDIARY.—The term 'eligible intermediary' means a qualified—

"(A) private, nonprofit organization; or

"(B) public organization.

"(b) ESTABLISHMENT.—The Secretary shall establish a Rural Community Development Initiative, under which the Secretary shall provide grants to eligible intermediaries to carry out programs to provide financial and technical assistance to eligible entities to develop the capacity and ability of eligible entities to carry out projects to improve housing, community facilities, and community and economic development projects in rural areas.

"(c) AMOUNT OF GRANTS.—The amount of a grant provided to an eligible intermediary under this section shall be not more than $250,000.

"(d) MATCHING FUNDS.—

"(1) IN GENERAL.—An eligible intermediary receiving a grant under this section shall provide matching funds from other sources, including Federal funds for related activities, in an amount not less than the amount of the grant.

"(2) WAIVER.—The Secretary may waive paragraph (1) with respect to a project that would be carried out in a persistently poor rural region, as determined by the Secretary.".

TITLE VI—ANNUAL REPORT

SEC. 601. ANNUAL REPORT ON RURAL HOUSING PROGRAMS.

Title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.), as amended by this Act, is amended by adding at the end the following

"SEC. 546. ANNUAL REPORT.

"The Secretary shall submit to the appropriate committees of Congress and publish on the website of the Department of Agriculture an annual report on rural housing programs carried out under this title, which shall include significant details on the health of Rural Housing Service programs, including—

"(1) raw data sortable by services and by region regarding loan performance;

"(2) the housing stock of those programs, including information on why properties end participation in those programs, such as for maturation, prepayment, foreclosure, or other servicing issues; and

"(3) risk ratings for properties assisted under those programs.".

TITLE VII—RURAL HOUSING VOUCHER PROGRAM

SEC. 701. ADJUSTMENT TO RURAL DEVELOPMENT VOUCHER AMOUNT.

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Secretary of Agriculture shall issue regulations to establish a process for adjusting the voucher amount provided under section 542 of the Housing Act of 1949 (42 U.S.C. 1490r) after the issuance of the voucher following an interim or annual review of the amount of the voucher.

(b) INTERIM REVIEW.—The interim review described in subsection (a) shall, at the request of a tenant, allow for a recalculation of the voucher amount when the tenant experiences a reduction in income or change in family composition.

(c) ANNUAL REVIEW.—

(1) IN GENERAL.—The annual review described in subsection (a) shall require tenants to annually recertify the family composition of the household and that the family income of the household does not exceed 80 percent of the area median income at a time determined by the Secretary.

(2) CONSIDERATIONS.—If a tenant does not recertify the family composition and family income of the household within the timeframe required under paragraph (1), the Secretary of Agriculture—

(A) shall consider whether extenuating circumstances caused the delay in recertification; and

(B) may alter associated consequences for the failure to recertify based on those circumstances.

(3) EFFECTIVE DATE.—Following the annual review of a voucher under subsection (a), the updated voucher amount shall be effective on the 1st day of the month following the expiration of the voucher.

(d) DEADLINE.—The process established under subsection (a) shall require the Secretary of Agriculture to review and update the voucher amount described in subsection (a) for a tenant not later than 60 days before the end of the voucher term.

TITLE VIII—TRANSFERS TO NONPROFIT ORGANIZATIONS

SEC. 801. TRANSFER OF ELDERLY RURAL HOUSING PROJECTS.

Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended—

(1) in subsection (h), by adding at the end the following:

"(3) TRANSFER TO NONPROFIT ORGANIZATIONS.—A nonprofit or public body purchaser, including a limited partnership with a nonprofit controlled general partner, may purchase a property for which a loan is made or insured under this section that has received a market value appraisal, without addressing rehabilitation needs at the time of purchase, if the purchaser—

"(A) makes a commitment to address rehabilitation needs during ownership and long-term use restrictions on the property; and

"(B) at the time of purchase, accepts long-term use restrictions on the property."; and

(2) in subsection (w)(1), in the first sentence in the matter preceding subparagraph (A), by striking "9 percent" and inserting "50 percent".

TITLE IX—TERM OF DIRECT LOANS MADE BY THE RURAL HOUSING SERVICE

SEC. 901. EXTENSION OF LOAN TERM.

(a) IN GENERAL.—Section 502(a)(2) of the Housing Act of 1949 (42 U.S.C. 1472(a)(2)) is amended to read as follows:

"(2) The Secretary may extend the period of any loan made under this section for a total term of not more than 40 years.".

(b) APPLICATION.—The amendment made under subsection (a) shall apply with respect to loans made under section 502 of the Housing Act of 1949 (42 U.S.C. 1472) before, on, or after the date of enactment of this Act.

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