

108TH CONGRESS
1ST SESSION

H. R. 1722

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2003

Mr. HINOJOSA (for himself and Mr. DAVIS of Alabama) 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 2003”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) There is a pressing and increasing need for
9 rental housing for rural families and senior citizens,
10 as evidenced by the fact that—

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

4 (B) more than 900,000 rural rental house-
5 holds (10.4 percent) live in either severely or
6 moderately inadequate housing; and

7 (C) substandard housing is a problem for
8 547,000 rural renters, and approximately
9 165,000 rural rental units are overcrowded.

10 (2) Many rural United States households live
11 with serious housing problems, including a lack of
12 basic water and wastewater services, structural
13 insufficiencies, and overcrowding, as shown by the
14 fact that—

15 (A) 28 percent, or 10,400,000, rural
16 households in the United States live with some
17 kind of serious housing problem;

18 (B) approximately 1,000,000 rural renters
19 have multiple housing problems; and

20 (C) an estimated 2,600,000 rural house-
21 holds live in substandard housing with severe
22 structural damage or without indoor plumbing,
23 heat, or electricity.

24 (3) In rural America—

1 (A) one-third of all renters pay more than
2 30 percent of their income for housing;

3 (B) 20 percent of rural renters pay more
4 than 50 percent of their income for housing;
5 and

6 (C) 92 percent of all rural renters with sig-
7 nificant housing problems pay more than 50
8 percent of their income for housing costs, and
9 60 percent pay more than 70 percent of their
10 income for housing.

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 since—

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 73 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.

24 **SEC. 3. DEFINITIONS.**

25 In this Act:

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

6 (2) ELIGIBLE RURAL AREA.—The term “eligible
7 rural area” means a rural area with a population of
8 not more than 25,000, as determined by the most
9 recent decennial census of the United States, and
10 that is located outside an urbanized area.

11 (3) ELIGIBLE SPONSOR.—The term “eligible
12 sponsor” means a public agency, an Indian tribe, a
13 for-profit corporation, or a private nonprofit cor-
14 poration—

15 (A) a purpose of which is planning, devel-
16 oping, or managing housing or community de-
17 velopment projects in rural areas; and

18 (B) that has a record of accomplishment in
19 housing or community development and meets
20 other criteria established by the Secretary by
21 regulation.

22 (4) LOW-INCOME FAMILIES.—The term “low-in-
23 come families” has the meaning given the term in
24 section 3(b) of the United States Housing Act of
25 1937 (42 U.S.C. 1437a(b)).

1 (5) QUALIFIED INTERMEDIARY.—The term
2 “qualified intermediary” means a State, a State
3 agency designated by the Governor of the State, a
4 public instrumentality of the State, a private non-
5 profit community development corporation, a non-
6 profit housing corporation, a community develop-
7 ment loan fund, or a community development credit
8 union, that—

9 (A) has a record of providing technical and
10 financial assistance for housing and community
11 development activities in rural areas; and

12 (B) has a demonstrated technical and fi-
13 nancial capacity to administer assistance made
14 available under this Act.

15 (6) SECRETARY.—The term “Secretary” means
16 the Secretary of Agriculture.

17 (7) STATE.—The term “State” means each of
18 the several States of the United States, the Com-
19 monwealth of Puerto Rico, the District of Columbia,
20 the Commonwealth of the Northern Mariana Is-
21 lands, Guam, the Virgin Islands, American Samoa,
22 the Trust Territories of the Pacific, and any other
23 possession of the United States.

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

2 (a) IN GENERAL.—The Secretary may, directly or
3 through 1 or more qualified intermediaries in accordance
4 with section 5, make assistance available to eligible spon-
5 sors in the form of loans, grants, interest subsidies, annu-
6 ities, and other forms of financing assistance, to finance
7 the eligible projects.

8 (b) APPLICATIONS.—

9 (1) IN GENERAL.—To be eligible to receive as-
10 sistance under this section, an eligible sponsor shall
11 submit to the Secretary, or a qualified intermediary,
12 an application in such form and containing such in-
13 formation as the Secretary shall require by regula-
14 tion.

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

21 (c) PRIORITY FOR ASSISTANCE.—In selecting among
22 applicants for assistance under this section, the Secretary,
23 or a qualified intermediary, shall give priority to providing
24 assistance to eligible projects—

1 (1) for very low-income families (as defined in
2 section 3(b) of the United States Housing Act of
3 1937 (42 U.S.C. 1437a(b)); and

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

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

15 (d) ALLOCATION OF ASSISTANCE.—

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

22 (2) SMALL STATE MINIMUM.—In making an al-
23 location under paragraph (1), the Secretary shall
24 provide each state an amount not less than
25 \$2,000,000.

1 (e) LIMITATIONS ON AMOUNT OF ASSISTANCE.—

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

6 (2) EXCEPTION.—Assistance authorized under
7 this Act shall not exceed 75 percent of the total cost
8 of the eligible project, if the project is for the acqui-
9 sition, rehabilitation, or construction of not more
10 than 20 rental housing units for use by very low-in-
11 come families.

12 **SEC. 5. DELEGATION OF AUTHORITY.**

13 (a) IN GENERAL.—The Secretary may delegate au-
14 thority for distribution of assistance—

15 (1) to one or more qualified intermediaries in
16 the State; and

17 (2) for a period of not more than 3 years, at
18 which time that delegation of authority shall be sub-
19 ject to renewal, in the discretion of the Secretary,
20 for 1 or more additional periods of not more than
21 3 years.

22 (b) SOLICITATION.—

23 (1) IN GENERAL.—The Secretary may, in the
24 discretion of the Secretary, solicit applications from

1 qualified intermediaries for a delegation of authority
2 under this section.

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

5 (A) a certification that the applicant will—

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

11 (ii) distribute assistance to eligible
12 sponsors in the State in accordance with
13 section 4; and

14 (B) a description of—

15 (i) the State or the area within a
16 State to be served;

17 (ii) the incidence of poverty and sub-
18 standard housing in the State or area to
19 be served;

20 (iii) the technical and financial quali-
21 fications of the applicant; and

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

1 (3) MULTISTATE APPLICATIONS.—The Sec-
2 retary may, in the discretion of the Secretary, seek
3 application by qualified intermediaries for more than
4 1 State.

5 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

6 There is authorized to be appropriated to carry out
7 this Act \$250,000,000 for each of fiscal years 2004
8 through 2008.

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