

110TH CONGRESS
2D SESSION

S. 3363

To expedite the transfer of ownership of rural multifamily housing projects with loans made or insured under section 515 of the Housing Act of 1949 so that such projects are rehabilitated and preserved for use for affordable housing.

IN THE SENATE OF THE UNITED STATES

JULY 30, 2008

Mr. TESTER introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To expedite the transfer of ownership of rural multifamily housing projects with loans made or insured under section 515 of the Housing Act of 1949 so that such projects are rehabilitated and preserved for use for affordable housing.

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 “Section 515 Rural
5 Housing Property Transfer Improvement Act of 2008”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 Congress finds that—

1 (1) providing rural housing for poor families in
2 the United States has been an important goal, and
3 the primary reason for enactment, of the Housing
4 Act of 1949;

5 (2) rural multifamily housing financed under
6 the section 515 of the Housing Act of 1949 has been
7 an essential resource for providing affordable hous-
8 ing for some of the Nation's poorest families;

9 (3) the majority of the approximately 16,000
10 projects financed under section 515 that currently
11 have loans outstanding were constructed more than
12 25 years ago and need new financing in order to
13 continue to provide decent, affordable housing for
14 families eligible to reside in such housing;

15 (4) many owners of such projects are working
16 to transfer the properties, which often involves
17 leveraging Federal resources with private and com-
18 mercial resources; and

19 (5) the Secretary of Agriculture should protect
20 the portfolio of section 515 projects by making ad-
21 ministrative and procedural changes to process own-
22 ership transfers in a commercially reasonable time
23 and manner when such transfers will further the
24 preservation of such projects for use as affordable

1 housing for families eligible to reside in such hous-
2 ing.

3 **SEC. 3. TRANSFERS OF SECTION 515 RURAL MULTIFAMILY**
4 **HOUSING PROJECTS.**

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

7 (1) by inserting “(1) CONDITION.—” after
8 “(h)”; and

9 (2) by adding at the end the following:

10 “(2) TRANSFERS FOR PRESERVATION AND REHA-
11 BILITATION OF PROJECTS.—

12 “(A) IN GENERAL.—The Secretary shall make
13 such administrative and procedural changes as may
14 be necessary to expedite the approval of applications
15 to transfer ownership of projects for which a loan is
16 made or insured under this section for the preserva-
17 tion, continued use restriction, and rehabilitation of
18 such projects. Such changes may include changing
19 approval procedures, increasing staff and resources,
20 improving outreach to project sponsors regarding in-
21 formation that is required to be submitted for such
22 approvals, changing approval authority between na-
23 tional offices and the State and local offices, simpli-
24 fying approval requirements, establishing uniformity

1 of transfer requirements among State offices, and
2 any other actions which would expedite approvals.

3 “(B) CONSULTATION.—The Secretary of Agri-
4 culture shall consult with the Commissioner of the
5 Internal Revenue Service and the Secretary of Hous-
6 ing and Urban Development, and take such actions
7 as are appropriate in conjunction with such con-
8 sultation, to simplify the coordination of rules, regu-
9 lations, forms (including applications for transfers of
10 project ownership), and approval requirements for
11 housing projects for which assistance is provided by
12 the Secretary of Agriculture and under any low-in-
13 come housing tax credits under section 42 of the In-
14 ternal Revenue Code of 1986 or tax-exempt housing
15 bonds. The Secretary of Agriculture shall involve the
16 State Rural Development offices of Department of
17 Agriculture and the Administrator of the Rural
18 Housing Service in the consultations under this sub-
19 paragraph as the Secretary considers appropriate.

20 “(C) PRESERVATION AND REHABILITATION.—
21 The Secretary shall actively facilitate transfers of
22 the ownership of projects that will result in the pres-
23 ervation, continued use restriction, and rehabilitation
24 of such projects.

1 “(D) FINAL AUTHORITY OVER TRANSFERS.—
2 The Office of Rental Housing Preservation of the
3 Rural Housing Service, established under section
4 537, shall have final regulatory authority over all
5 transfers of properties for which a loan is made or
6 insured under this section, and such Office may,
7 with respect to such transfers, work with and seek
8 recommendations from the State Rural Development
9 offices of the Department of Agriculture.

10 “(E) DEADLINES FOR PROCESSING OF TRANS-
11 FER APPLICATIONS.—

12 “(i) PROCEDURE.—If a complete applica-
13 tion, as determined by the Secretary, for a
14 transfer of ownership of a project or projects is
15 not processed, and approved or denied, by the
16 State Rural Development office to which it is
17 submitted before the applicable deadline under
18 clause (ii)—

19 “(I) such State or local office shall
20 not have any further authority to approve
21 or deny the application;

22 “(II) such State or local office shall
23 transfer the application in accordance with
24 subclause (III); and

1 “(III) such application shall be proc-
2 essed, and approved or denied, in accord-
3 ance with clause (iii) and only by the Of-
4 fice of Rental Housing Preservation, which
5 may make the final determination with the
6 assistance of other Rural Development em-
7 ployees.

8 “(ii) DEADLINE FOR STATE AND LOCAL
9 OFFICES.—The applicable deadline under this
10 clause for processing, and approval or denial, of
11 a complete application for transfer of ownership
12 of a project, or projects, shall be the period that
13 begins upon receipt of the complete application
14 by the State Rural Development office to which
15 it is submitted and consists of—

16 “(I) in the case of an application for
17 transfer of ownership of a single project,
18 45 days;

19 “(II) in the case of an application for
20 transfer of ownership of multiple projects,
21 but not exceeding 10 projects, 90 days;
22 and

23 “(III) in the case of an application for
24 transfer of ownership of 11 or more
25 projects, 120 days.

1 “(iii) DEADLINE FOR OFFICE OF RENTAL
2 HOUSING PRESERVATION.—In the case of any
3 complete application for a transfer of ownership
4 of a project, or projects, that is transferred pur-
5 suant to clause (i), shall be processed, and ap-
6 proved or denied, before the expiration of the
7 period that begins upon receipt of the complete
8 application and consists of—

9 “(I) in the case of an application for
10 transfer of ownership of a single project,
11 30 days;

12 “(II) in the case of an application for
13 transfer of ownership of multiple projects,
14 but not exceeding 10 projects, 60 days;
15 and

16 “(III) in the case of an application for
17 transfer of ownership of 11 or more
18 projects, 120 days.

19 “(iv) APPEALS.—Only decisions regarding
20 complete applications shall be appealable to the
21 National Appeals Division of the Department of
22 Agriculture.”.

23 **SEC. 4. REPORT.**

24 Not later than July 1, 2008, the Secretary of Agri-
25 culture shall submit a report to the Committee on Bank-

1 ing, Housing, and Urban Affairs of the Senate and the
2 Committee on Financial Services of the House of Rep-
3 resentatives that—

4 (1) identifies the actions that the Secretary has
5 taken to coordinate with other Federal agencies, in-
6 cluding the Department of Housing and Urban De-
7 velopment and the Internal Revenue Service, and, in
8 particular, with the program for rental assistance
9 under section 8 of the United States Housing Act of
10 1937, the multifamily mortgage insurance programs
11 under title II of the National Housing Act, the pro-
12 gram under section 42 of the Internal Revenue Code
13 of 1986 for low-income housing tax credits, and the
14 program for tax-exempt bonds under section 142 of
15 such Code;

16 (2) identifies and describes any resulting im-
17 provements within Rural Housing Service of the De-
18 partment of Agriculture in expediting the transfer of
19 ownership of projects with loans made or insured
20 under section 515 of the Housing Act of 1949; and

21 (3) makes recommendations for any legislative
22 changes that are needed for the prompt processing
23 of applications for such ownership transfers and for
24 the transfer of such projects.

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