

114TH CONGRESS
1ST SESSION

H. R. 2482

AN ACT

To amend the Low-Income Housing Preservation and
Resident Homeownership Act of 1990.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Preservation Enhance-
3 ment and Savings Opportunity Act of 2015”.

4 **SEC. 2. DISTRIBUTIONS AND RESIDUAL RECEIPTS.**

5 Section 222 of the Low-Income Housing Preservation
6 and Resident Homeownership Act of 1990 (12 U.S.C.
7 4112) is amended by adding at the end the following new
8 subsection:

9 “(e) DISTRIBUTION AND RESIDUAL RECEIPTS.—

10 “(1) AUTHORITY.—After the date of the enact-
11 ment of the Preservation Enhancement and Savings
12 Opportunity Act of 2015, the owner of a property
13 subject to a plan of action or use agreement pursu-
14 ant to this section shall be entitled to distribute—

15 “(A) annually, all surplus cash generated
16 by the property, but only if the owner is in ma-
17 terial compliance with such use agreement in-
18 cluding compliance with prevailing physical con-
19 dition standards established by the Secretary;
20 and

21 “(B) notwithstanding any conflicting provi-
22 sion in such use agreement, any funds accumu-
23 lated in a residual receipts account, but only if
24 the owner is in material compliance with such
25 use agreement and has completed, or set aside
26 sufficient funds for completion of, any capital

1 repairs identified by the most recent third party
2 capital needs assessment.

3 “(2) OPERATION OF PROPERTY.—An owner
4 that distributes any amounts pursuant to paragraph
5 (1) shall—

6 “(A) continue to operate the property in
7 accordance with the affordability provisions of
8 the use agreement for the property for the re-
9 maining useful life of the property;

10 “(B) as required by the plan of action for
11 the property, continue to renew or extend any
12 project-based rental assistance contract for a
13 term of not less than 20 years; and

14 “(C) if the owner has an existing multi-
15 year project-based rental assistance contract for
16 less than 20 years, have the option to extend
17 the contract to a 20-year term.”.

18 **SEC. 3. FUTURE REFINANCINGS.**

19 Section 214 of the Low-Income Housing Preservation
20 and Resident Homeownership Act of 1990 (12 U.S.C.
21 4104) is amended by adding at the end the following new
22 subsection:

23 “(c) FUTURE FINANCING.—Neither this section, nor
24 any plan of action or use agreement implementing this
25 section, shall restrict an owner from obtaining a new loan

1 or refinancing an existing loan secured by the project, or
2 from distributing the proceeds of such a loan; except that,
3 in conjunction with such refinancing—

4 “(1) the owner shall provide for adequate reha-
5 bilitation pursuant to a capital needs assessment to
6 ensure long-term sustainability of the property satis-
7 factory to the lender or bond issuance agency;

8 “(2) any resulting budget-based rent increase
9 shall include debt service on the new financing, com-
10 mercially reasonable debt service coverage, and re-
11 placement reserves as required by the lender; and

12 “(3) for tenants of dwelling units not covered
13 by a project- or tenant-based rental subsidy, any
14 rent increases resulting from the refinancing trans-
15 action may not exceed 10 percent per year, except
16 that—

17 “(A) any tenant occupying a dwelling unit
18 as of time of the refinancing may not be re-
19 quired to pay for rent and utilities, for the du-
20 ration of such tenancy, an amount that exceeds
21 the greater of—

22 “(i) 30 percent of the tenant’s income;

23 or

1 “(ii) the amount paid by the tenant
2 for rent and utilities immediately before
3 such refinancing; and

4 “(B) this paragraph shall not apply to any
5 tenant who does not provide the owner with
6 proof of income.

7 Paragraph (3) may not be construed to limit any rent in-
8 creases resulting from increased operating costs for a
9 project.”.

10 **SEC. 4. IMPLEMENTATION.**

11 The Secretary of Housing and Urban Development
12 shall issue any guidance that the Secretary considers nec-
13 essary to carry out the provisions added by the amend-
14 ments made by sections 2 and 3 not later than the expira-
15 tion of the 120-day period beginning on the date of the
16 enactment of this Act.

Passed the House of Representatives July 14, 2015.

Attest:

Clerk.

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