

116TH CONGRESS  
1ST SESSION

# H. R. 3620

To provide rental assistance to low-income tenants in certain multifamily rural housing projects financed by the Rural Housing Service of the Department of Agriculture, and to develop and implement a plan for preserving the affordability of rural rental housing, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 5, 2019

Mr. CLAY (for himself and Mr. CLEAVER) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To provide rental assistance to low-income tenants in certain multifamily rural housing projects financed by the Rural Housing Service of the Department of Agriculture, and to develop and implement a plan for preserving the affordability of rural rental housing, 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 “Strategy and Invest-  
5        ment in Rural Housing Preservation Act of 2019”.

1 **SEC. 2. PERMANENT ESTABLISHMENT OF HOUSING PRES-**  
2 **ERVATION AND REVITALIZATION PROGRAM.**

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

6 **“SEC. 545. HOUSING PRESERVATION AND REVITALIZATION**  
7 **PROGRAM.**

8 “(a) ESTABLISHMENT.—The Secretary shall carry  
9 out a program under this section for the preservation and  
10 revitalization of multifamily rental housing projects fi-  
11 nanced with loans under sections 514, 515, and 516.

12 “(b) NOTICE OF MATURING LOANS.—

13 “(1) TO OWNERS.—On an annual basis, the  
14 Secretary shall provide written notice to each owner  
15 of a property financed under section 515 or both  
16 sections 514 and 516 that will mature within the 4-  
17 year period beginning upon the provision of such no-  
18 tice, setting forth the options and financial incen-  
19 tives that are available to facilitate the extension of  
20 the loan term or the option to decouple a rental as-  
21 sistance contract pursuant to subsection (f).

22 “(2) TO TENANTS.—

23 “(A) IN GENERAL.—For each property fi-  
24 nanced with a loan made or insured under sec-  
25 tion 514, 515, or 516, not later than the date  
26 that is 2 years before the date that such loan

1 will mature, the Secretary shall provide written  
2 notice to each household residing in such prop-  
3 erty that informs them of the date of the loan  
4 maturity, the possible actions that may happen  
5 with respect to the property upon such matu-  
6 rity, and how to protect their right to reside in  
7 federally assisted housing after such maturity.

8 “(B) LANGUAGE.—Notice under this para-  
9 graph shall be provided in plain English and  
10 shall be translated to other languages in the  
11 case of any property located in an area in which  
12 a significant number of residents speak such  
13 other languages.

14 “(c) LOAN RESTRUCTURING.—Under the program  
15 under this section, the Secretary may restructure such ex-  
16 isting housing loans, as the Secretary considers appro-  
17 priate, for the purpose of ensuring that such projects have  
18 sufficient resources to preserve the projects to provide safe  
19 and affordable housing for low-income residents and farm  
20 laborers, by—

21 “(1) reducing or eliminating interest;

22 “(2) deferring loan payments;

23 “(3) subordinating, reducing, or reamortizing  
24 loan debt; and

1           “(4) providing other financial assistance, in-  
2           cluding advances, payments, and incentives (includ-  
3           ing the ability of owners to obtain reasonable re-  
4           turns on investment) required by the Secretary.

5           “(d) RENEWAL OF RENTAL ASSISTANCE.—When the  
6           Secretary offers to restructure a loan pursuant to sub-  
7           section (c), the Secretary shall offer to renew the rental  
8           assistance contract under section 521(a)(2) for a 20-year  
9           term that is subject to annual appropriations, provided  
10          that the owner agrees to bring the property up to such  
11          standards that will ensure its maintenance as decent, safe,  
12          and sanitary housing for the full term of the rental assist-  
13          ance contract.

14          “(e) RESTRICTIVE USE AGREEMENTS.—

15                 “(1) REQUIREMENT.—As part of the preserva-  
16                 tion and revitalization agreement for a project, the  
17                 Secretary shall obtain a restrictive use agreement  
18                 that obligates the owner to operate the project in ac-  
19                 cordance with this title.

20                 “(2) TERM.—

21                         “(A) NO EXTENSION OF RENTAL ASSIST-  
22                         ANCE CONTRACT.—Except when the Secretary  
23                         enters into a 20-year extension of the rental as-  
24                         sistance contract for the project, the term of  
25                         the restrictive use agreement for the project

1 shall be consistent with the term of the restruc-  
2 tured loan for the project.

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

8 “(C) TERMINATION.—The Secretary may  
9 terminate the 20-year use restrictive use agree-  
10 ment for a project prior to the end of its term  
11 if the 20-year rental assistance contract for the  
12 project with the owner is terminated at any  
13 time for reasons outside the owner’s control.

14 “(f) DECOUPLING OF RENTAL ASSISTANCE.—

15 “(1) RENEWAL OF RENTAL ASSISTANCE CON-  
16 TRACT.—If the Secretary determines that a matur-  
17 ing loan for a project cannot reasonably be restruc-  
18 tured in accordance with subsection (c) and the  
19 project was operating with rental assistance under  
20 section 521, the Secretary may renew the rental as-  
21 sistance contract, notwithstanding any provision of  
22 section 521, for a term, subject to annual appropria-  
23 tions, of at least 10 years but not more than 20  
24 years.

1           “(2) RENTS.—Any agreement to extend the  
2 term of the rental assistance contract under section  
3 521 for a project shall obligate the owner to con-  
4 tinue to maintain the project as decent, safe and  
5 sanitary housing and to operate the development in  
6 accordance with this title, except that rents shall be  
7 based on the lesser of—

8                   “(A) the budget-based needs of the project;  
9 or

10                   “(B) (ii) the operating cost adjustment  
11 factor as a payment standard as provided under  
12 section 524 of the Multifamily Assisted Hous-  
13 ing Reform and Affordability Act of 1997 (42  
14 U.S.C. 1437 note).

15           “(g) MULTIFAMILY HOUSING TRANSFER TECHNICAL  
16 ASSISTANCE.—Under the program under this section, the  
17 Secretary may provide grants to qualified nonprofit orga-  
18 nizations and public housing agencies to provide technical  
19 assistance, including financial and legal services, to bor-  
20 rowers under loans under this title for multifamily housing  
21 to facilitate the acquisition of such multifamily housing  
22 properties in areas where the Secretary determines there  
23 is a risk of loss of affordable housing.

24           “(h) TRANSFER OF RENTAL ASSISTANCE.—After the  
25 loan or loans for a rental project originally financed under

1 section 515 or both sections 514 and 516 have matured  
2 or have been prepaid and the owner has chosen not to  
3 restructure the loan pursuant to subsection (c), a tenant  
4 residing in such project shall have 18 months prior to loan  
5 maturation or prepayment to transfer the rental assist-  
6 ance assigned to the tenant’s unit to another rental project  
7 originally financed under section 515 or both sections 514  
8 and 516, and the owner of the initial project may rent  
9 the tenant’s previous unit to a new tenant without income  
10 restrictions.

11 “(i) ADMINISTRATIVE EXPENSES.—Of any amounts  
12 made available for the program under this section for any  
13 fiscal year, the Secretary may use not more than  
14 \$1,000,000 for administrative expenses for carrying out  
15 such program.

16 “(j) AUTHORIZATION OF APPROPRIATIONS.—There  
17 is authorized to be appropriated for the program under  
18 this section \$200,000,000 for each of fiscal years 2020  
19 through 2024.”.

20 **SEC. 3. ELIGIBILITY FOR RURAL HOUSING VOUCHERS.**

21 Section 542 of the Housing Act of 1949 (42 U.S.C.  
22 1490r) is amended by adding at the end the following new  
23 subsection:

24 “(c) ELIGIBILITY OF HOUSEHOLDS IN SECTION 514  
25 AND 515 PROJECTS.—The Secretary may provide rural

1 housing vouchers under this section for any low-income  
2 household (including those not receiving rental assistance)  
3 residing in a property financed with a loan made or in-  
4 sured under section 514 or 515 (42 U.S.C. 1484, 1485)  
5 which has been prepaid, has been foreclosed, or has ma-  
6 tured after September 30, 2005, or residing in a property  
7 assisted under section 514 or 516 that is owned by a non-  
8 profit organization or public agency.”.

9 **SEC. 4. AMOUNT OF VOUCHER ASSISTANCE.**

10 Notwithstanding any other provision of law, in the  
11 case of any rural housing voucher provided pursuant to  
12 section 542 of the Housing Act of 1949 (42 U.S.C.  
13 1490r), the amount of the monthly assistance payment for  
14 the household on whose behalf such assistance is provided  
15 shall be determined as provided in subsection (a) of such  
16 section 542.

17 **SEC. 5. USE OF AVAILABLE RENTAL ASSISTANCE.**

18 Subsection (d) of section 521 of the Housing Act of  
19 1949 (42 U.S.C. 1490a(d)) is amended by adding at the  
20 end the following new paragraph:

21 “(3) In the case of any rental assistance contract au-  
22 thority that becomes available because of the termination  
23 of assistance on behalf of an assisted family—

24 “(A) at the option of the owner of the rental  
25 project, the Secretary shall provide the owner a pe-



1       riod of 6 months before such assistance is made  
2       available pursuant to subparagraph (B) during  
3       which the owner may use such assistance authority  
4       to provide assistance on behalf of an eligible unas-  
5       sisted family that—

6               “(i) is residing in the same rental project  
7               that the assisted family resided in prior to such  
8               termination; or

9               “(ii) newly occupies a dwelling unit in such  
10              rental project during such period; and

11             “(B) except for assistance used as provided in  
12             subparagraph (A), the Secretary shall use such re-  
13             maining authority to provide such assistance on be-  
14             half of eligible families residing in other rental  
15             projects originally financed under section 515 or  
16             both sections 514 and 516 of this Act.”.

17 **SEC. 6. FUNDING FOR MULTIFAMILY TECHNICAL IMPROVE-**  
18 **MENTS.**

19       There is authorized to be appropriated to the Sec-  
20       retary of Agriculture \$50,000,000 for fiscal year 2020 for  
21       improving the technology of the Department of Agri-  
22       culture used to process loans for multifamily housing and  
23       otherwise managing such housing. Such improvements  
24       shall be made within the 5-year period beginning upon the

1 appropriation of such amounts and such amount shall re-  
2 main available until the expiration of such 5-year period.

3 **SEC. 7. PLAN FOR PRESERVING AFFORDABILITY OF RENT-**  
4 **AL PROJECTS.**

5 (a) PLAN.—The Secretary of Agriculture (in this sec-  
6 tion referred to as the “Secretary”) shall submit a written  
7 plan to the Congress, not later than the expiration of the  
8 6-month period beginning on the date of the enactment  
9 of this Act, for preserving the affordability for low-income  
10 families of rental projects for which loans were made or  
11 insured under section 514 or 515 of the Housing Act of  
12 1949 and avoiding the displacement of tenant households,  
13 which shall—

14 (1) set forth specific performance goals and  
15 measures;

16 (2) set forth the specific actions and mecha-  
17 nisms by which such goals will be achieved;

18 (3) set forth specific measurements by which  
19 progress towards achievement of each goal can be  
20 measured;

21 (4) provide for detailed reporting on outcomes;  
22 and

23 (5) include any legislative recommendations to  
24 assist in achievement of the goals under the plan.

25 (b) ADVISORY COMMITTEE.—

1           (1) ESTABLISHMENT; PURPOSE.—The Sec-  
2           retary shall establish an advisory committee whose  
3           purpose shall be to assist the Secretary in preserving  
4           section 515 and 514 properties through the multi-  
5           family housing preservation and revitalization pro-  
6           gram under section 545 and in implementing the  
7           plan required under subsection (a).

8           (2) MEMBER.—The advisory shall consist of 13  
9           members, appointed by the Secretary, as follows:

10           (A) A State Director of Rural Develop-  
11           ment for the Department of Agriculture.

12           (B) 2 representatives of for-profit devel-  
13           opers or owners of multifamily rural rental  
14           housing.

15           (C) 2 representatives of nonprofit devel-  
16           opers or owners of multifamily rural rental  
17           housing.

18           (D) 2 representatives of State housing fi-  
19           nance agencies.

20           (E) 2 representatives of tenants of multi-  
21           family rural rental housing.

22           (F) 1 representative of a community devel-  
23           opment financial institution that is involved in  
24           preserving the affordability of housing assisted

1 under sections 514, 515, and 516 of the Hous-  
2 ing Act of 1949.

3 (G) 1 representative of a nonprofit organi-  
4 zation that operates nationally and has actively  
5 participated in the preservation of housing as-  
6 sisted by the Rural Housing Service by con-  
7 ducting research regarding, and providing fi-  
8 nancing and technical assistance for, preserving  
9 the affordability of such housing.

10 (H) 1 representative of low-income housing  
11 tax credit investors.

12 (I) 1 representative of regulated financial  
13 institutions that finance affordable multifamily  
14 rural rental housing developments.

15 (3) MEETINGS.—The advisory committee shall  
16 meet not less often than once each calendar quarter.

17 (4) FUNCTIONS.—In providing assistance to the  
18 Secretary to carry out its purpose, the advisory com-  
19 mittee shall carry out the following functions:

20 (A) Assisting the Rural Housing Service of  
21 the Department of Agriculture to improve esti-  
22 mates of the size, scope, and condition of rental  
23 housing portfolio of the Service, including the  
24 time frames for maturity of mortgages and

1 costs for preserving the portfolio as affordable  
2 housing.

3 (B) Reviewing current policies and proce-  
4 dures of the Rural Housing Service regarding  
5 preservation of affordable rental housing fi-  
6 nanced under sections 514, 515, and 538 of the  
7 Housing Act of 1949, the Multifamily Preserva-  
8 tion and Revitalization Demonstration program  
9 (MPR), and the rental assistance program and  
10 making recommendations regarding improve-  
11 ments and modifications to such policies and  
12 procedures.

13 (C) Providing ongoing review of Rural  
14 Housing Service program results.

15 (D) Providing reports to the Congress and  
16 the public on meetings, recommendations, and  
17 other findings of the advisory committee.

18 (5) TRAVEL COSTS.—Any amounts made avail-  
19 able for administrative costs of the Department of  
20 Agriculture may be used for costs of travel by mem-  
21 bers of the advisory committee to meetings of the  
22 committee.

1 **SEC. 8. COVERED HOUSING PROGRAMS.**

2 Paragraph (3) of section 41411(a) of the Violence  
3 Against Women Act of 1994 (34 U.S.C. 12491(a)(3)) is  
4 amended—

5 (1) in subparagraph (I), by striking “and” at  
6 the end;

7 (2) by redesignating subparagraph (J) as sub-  
8 paragraph (K); and

9 (3) by inserting after subparagraph (I) the fol-  
10 lowing new subparagraph:

11 “(J) rural development housing voucher  
12 assistance provided by the Secretary of Agri-  
13 culture pursuant to section 542 of the Housing  
14 Act of 1949 (42 U.S.C. 1490r), without regard  
15 to subsection (b) of such section, and applicable  
16 appropriation Acts; and”.

○