

116TH CONGRESS
1ST SESSION

S. 2567

To provide rental assistance to low-income tenants of certain multifamily rural housing projects, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 26, 2019

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

A BILL

To provide rental assistance to low-income tenants of certain multifamily rural housing projects, 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 “Rural Housing Preser-
5 vation Act of 2019”.

1 **SEC. 2. AVAILABILITY OF RURAL HOUSING VOUCHERS FOR**
2 **TENANTS IN PROJECTS WITH MATURING**
3 **LOANS.**

4 (a) IN GENERAL.—Section 542 of the Housing Act
5 of 1949 (42 U.S.C. 1490r) is amended by adding at the
6 end the following:

7 “(c) RURAL VOUCHERS FOR TENANTS OF PROJECTS
8 WITH PREPAID OR MATURING LOANS.—

9 “(1) AUTHORITY.—Subject to the availability of
10 amounts provided in appropriation Acts and to para-
11 graph (3), the Secretary shall provide rural housing
12 vouchers under this section, in the amount provided
13 under this section, to any low-income household (in-
14 cluding those not receiving rental assistance) resid-
15 ing in a property that is—

16 “(A) financed with a loan made or insured
17 under section 514 or 515 that has been prepaid
18 or has matured after September 30, 2005; or

19 “(B) assisted under section 514 or 516
20 that is owned by a nonprofit organization or
21 public agency.

22 “(2) ADMINISTRATION AND SUBSIDIES.—

23 “(A) IN GENERAL.—The Secretary shall,
24 to the maximum extent practicable, administer
25 and operate rural housing vouchers under this
26 section according to regulations and administra-

1 tive guidance that is applicable to enhanced
2 vouchers under section 8(t) of the United
3 States Housing Act of 1937 (42 U.S.C.
4 1437f(t)) administered by the Secretary of
5 Housing and Urban Development.

6 “(B) AMOUNT OF ASSISTANCE.—The
7 amount of rental assistance provided on behalf
8 of holders of rural housing vouchers under this
9 section shall be the same as the rental assist-
10 ance provided on behalf of holders of enhanced
11 vouchers under section 8(t) of the United
12 States Housing Act of 1937 (42 U.S.C.
13 1437f(t)).

14 “(3) TERMINATION OF ASSISTANCE.—The Sec-
15 retary shall terminate the provision of voucher as-
16 sistance pursuant to this subsection, with respect to
17 a property, if—

18 “(A) at any time, a new loan is made or
19 insured under section 514 or 515 for the prop-
20 erty; and

21 “(B) as a result of a loan described in sub-
22 paragraph (A), rental assistance is provided on
23 behalf of the voucher holder in an amount com-
24 parable to the rental assistance provided on be-

1 half of the voucher holder under the voucher
2 program.

3 “(d) LIMITATION RELATING TO PROJECTS WITH
4 PREPAID LOANS.—

5 “(1) IN GENERAL.—The Secretary shall not
6 issue rural housing vouchers under this section to
7 residents who remain in properties that—

8 “(A) were financed with a loan made or in-
9 sured under section 514 or 515 that has been
10 prepaid; and

11 “(B) are subject to any restrictive use
12 agreements entered into pursuant to section
13 502(c)(5)(G).

14 “(2) REVIEW AND APPROVAL.—The Secretary
15 shall—

16 “(A) review and approve all proposed rent
17 increases for residents of properties described in
18 paragraph (1) that are protected by the use
19 agreements described in that paragraph; and

20 “(B) issue, to those residents, limited
21 voucher assistance that covers the cost of all
22 approved future rent increases that are not re-
23 lated to the cost of prepaying the loan or refi-
24 nancing the property.”.

1 (b) REQUIREMENT FOR SECTION 515 PROJECTS TO
 2 ACCEPT VOUCHERS.—Section 515 of the Housing Act of
 3 1949 (42 U.S.C. 1485) is amended by adding at the end
 4 the following:

5 “(bb) REQUIREMENT TO ACCEPT RURAL HOUSING
 6 VOUCHERS.—No owner of a property financed with a loan
 7 made or insured under this section, whether the loan is
 8 outstanding or fully paid, may refuse to lease an available
 9 dwelling unit in the property to a household on behalf of
 10 whom voucher assistance is provided under section 542,
 11 and to enter into a voucher contract respecting the unit,
 12 a proximate cause of which is the status of the current
 13 or prospective tenant as a holder of that voucher.”.

14 **SEC. 3. DECOUPLING RENTAL ASSISTANCE FROM MATUR-**
 15 **ING RURAL HOUSING LOANS.**

16 Section 521(a)(2) of the Housing Act of 1949 (42
 17 U.S.C. 1490a(a)(2)) is amended by adding at the end the
 18 following:

19 “(F) RENTAL ASSISTANCE FOR PROJECTS WITH
 20 MATURED LOANS.—

21 “(i) AUTHORITY.—To continue to make
 22 decent, safe, and sanitary housing available to
 23 low-income occupants of projects originally fi-
 24 nanced with a loan made or insured under sec-
 25 tion 514 or 515 that has matured on or after

1 the date of enactment of this subparagraph or
2 with a grant provided under section 516, and at
3 rental rates commensurate to income as speci-
4 fied in subparagraph (A), the Secretary may,
5 subject to the availability of amounts provided
6 in appropriation Acts, contract to make and
7 renew annual assistance payments pursuant to
8 this subparagraph to the owners of those
9 projects.

10 “(ii) OFFER.—The Secretary shall ensure
11 that an offer to provide a contract for assist-
12 ance payments pursuant to this subparagraph
13 shall be extended to all owners of projects de-
14 scribed in clause (i) not later than 24 months
15 before the maturation of the loan (except in the
16 case of loans maturing after the date that is 24
17 months before the date of enactment of this
18 subparagraph).

19 “(iii) TERMS.—Each contract for assist-
20 ance payments pursuant to this subparagraph
21 shall—

22 “(I) have a term of 20 years and be
23 subject to availability of amounts provided
24 in annual appropriations Acts;

1 “(II) cover all new and existing house-
2 holds residing in the project, regardless of
3 whether or not the households were pre-
4 viously assisted under the rental assistance
5 program authorized under subparagraph
6 (A);

7 “(III) be recorded at such local real
8 property recording office as is prescribed
9 by the State in which the project is lo-
10 cated;

11 “(IV) bind the owner of the project
12 and successors of the owner to continue to
13 operate the project in accordance with such
14 agreements;

15 “(V) require the owner and successors
16 of the owner to agree to continue to oper-
17 ate the project as if the project were sub-
18 ject to an existing loan under section 514
19 or 515 or a grant under section 516, as
20 applicable;

21 “(VI) extend to residents of the
22 project all the rights that at the time the
23 contract is entered into are extended to
24 residents of projects subject to an existing

1 loan under section 514 or 515 or a grant
2 under section 516, as applicable;

3 “(VII) require the owner and succes-
4 sors of the owner to maintain the assisted
5 housing as decent, safe, and sanitary hous-
6 ing; and

7 “(VIII) provide that the Secretary
8 may renew the contract for additional 5-
9 year terms if the assisted housing is main-
10 tained in a decent, safe, and sanitary con-
11 dition, as determined by the Secretary.

12 “(iv) ACTUAL MARKET RENTALS.—

13 “(I) IN GENERAL.—A contract for as-
14 sistance payments provided pursuant to
15 this subparagraph for a project shall pro-
16 vide assistance to the owner based on an
17 initial reasonable operating budget the
18 rents for which do not exceed such actual
19 market rental rates for the area in which
20 the project is located, as are established by
21 the Secretary.

22 “(II) ADJUSTMENT; RENEWAL.—The
23 Secretary shall annually adjust the actual
24 market rental rates used for purposes of
25 this clause.

1 “(v) RENEWAL; ADJUSTMENT.—In pro-
 2 viding assistance pursuant to this subpara-
 3 graph, the Secretary shall require the owner of
 4 the project to renew the assistance provided to
 5 each household not less frequently than annu-
 6 ally, in accordance with the provisions of sub-
 7 paragraph (A), and shall adjust the amount of
 8 assistance provided to a household at any other
 9 time upon a decrease in the monthly income of
 10 the household of \$100 or more.

11 “(vi) ADMINISTRATION.—Except as other-
 12 wise provided in this subparagraph, rental as-
 13 sistance contracts authorized by this subpara-
 14 graph shall be administered by the Secretary in
 15 the same manner as rental assistance contracts
 16 for projects having existing loans made or in-
 17 sured under section 515 or existing loans and
 18 grants made under sections 514 and 516.”.

19 **SEC. 4. UNIFORM STANDARDS FOR TRANSFERS OF SEC-**
 20 **TION 515 PROPERTIES USING LOW-INCOME**
 21 **TAX CREDITS.**

22 Section 515 of the Housing Act of 1949 (42 U.S.C.
 23 1485), as amended by this Act, is amended by adding at
 24 the end the following:

1 “(cc) REQUIREMENTS FOR TRANSFERS OF PROP-
 2 ERTIES INVOLVING LOW-INCOME HOUSING TAX CRED-
 3 ITS.—The Secretary shall establish, without exception,
 4 uniform requirements, terms, and conditions for any sale
 5 or transfer of a property financed with a loan under this
 6 section to any entity, including a nonprofit organization,
 7 that is seeking to acquire that property with amounts au-
 8 thorized under this section and any low-income housing
 9 tax credit under section 42 of the Internal Revenue Code
 10 of 1986.”.

11 **SEC. 5. RURAL MULTIFAMILY HOUSING REVITALIZATION**
 12 **PROGRAM.**

13 Section 515 of the Housing Act of 1949 (42 U.S.C.
 14 1485), as amended by this Act, is amended by adding at
 15 the end the following:

16 “(cc) MULTIFAMILY HOUSING REVITALIZATION PRO-
 17 GRAM.—

18 “(1) IN GENERAL.—The Secretary may estab-
 19 lish a Multifamily Housing Revitalization Program
 20 for the preservation and revitalization of multifamily
 21 housing projects funded with loans made available
 22 pursuant to this section and sections 514 and 516
 23 to ensure that those projects have sufficient re-
 24 sources to provide safe and affordable housing for
 25 low-income residents and farm laborers.

1 “(2) OPTIONS.—In carrying out paragraph (1),
2 the Secretary may—

3 “(A) with respect to the loans—

4 “(i) reduce or eliminate interest;

5 “(ii) defer loan payments; and

6 “(iii) subordinate, reduce, or reamor-
7 tize loan debt; and

8 “(B) provide other financial assistance, in-
9 cluding—

10 “(i) advances; and

11 “(ii) payments and incentives (includ-
12 ing the ability of owners to obtain reason-
13 able returns on investment).

14 “(3) REQUIREMENTS.—In exchange for assist-
15 ance provided pursuant to this subsection, the Sec-
16 retary shall enter into a restrictive use agreement
17 with the property owner to ensure that the property
18 remains subject to low-income use restrictions for an
19 additional period of time consistent with the terms
20 of the restructuring.

21 “(4) USE OF FUNDS FOR RURAL HOUSING
22 VOUCHERS.—

23 “(A) AUTHORITY.—If the Secretary deter-
24 mines that additional voucher funds under sec-
25 tion 542 are needed, funds for the revitalization

1 program under this subsection may be used for
2 those vouchers for any low-income household
3 (including those not receiving rental assistance)
4 residing in a property financed with a loan
5 under this section that has been prepaid after
6 September 30, 2005.

7 “(B) AMOUNT.—Notwithstanding section
8 542, the amount of a voucher provided pursu-
9 ant to this paragraph shall be the difference be-
10 tween comparable market rent for the unit and
11 the tenant-paid rent for the unit.

12 “(C) AVAILABILITY.—Funds made avail-
13 able for vouchers pursuant to this paragraph
14 shall be subject to the availability of annual ap-
15 propriations.

16 “(D) ADMINISTRATION.—The Secretary
17 shall, to the maximum extent practicable, ad-
18 minister vouchers provided pursuant to this
19 paragraph with regulations and administrative
20 guidance that is applicable to housing vouchers
21 under section 8 of the United States Housing
22 Act of 1937 (42 U.S.C. 1437f) administered by
23 the Secretary of Housing and Urban Develop-
24 ment.

1 “(5) USE OF VOUCHER FUNDS FOR REVITAL-
2 IZATION PROGRAM.—If the Secretary determines
3 that additional funds for the revitalization program
4 under this subsection are needed, funds for the rural
5 housing voucher program under section 542 may be
6 used for the revitalization program under this sub-
7 section.”.

8 **SEC. 6. REGULATIONS.**

9 Not later than 120 days after the date of enactment
10 of this Act, the Secretary of Agriculture shall issue regula-
11 tions necessary to carry out the amendments made by this
12 Act.

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