

A motion to reconsider was laid on the table.

**ANNOUNCEMENT BY THE SPEAKER
PRO TEMPORE**

The SPEAKER pro tempore (Mr. HILL). Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken later.

**SECTION 515 RURAL HOUSING
PROPERTY TRANSFER IMPROVE-
MENT ACT OF 2007**

Mr. HODES. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3873) 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.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3873

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Section 515 Rural Housing Property Transfer Improvement Act of 2007".

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress finds that—

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

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

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

(4) many owners of such projects are working to transfer the properties, which often involves leveraging Federal resources with private and commercial resources; and

(5) the Secretary of Agriculture should protect the portfolio of section 515 projects by making administrative and procedural changes to process ownership transfers in a commercially reasonable time and manner when such transfers will further the preservation of such projects for use as affordable housing for families eligible to reside in such housing.

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

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

(1) by inserting "(1) CONDITION.—" after "(h)"; and

(2) by adding at the end the following new paragraphs:

"(2) TRANSFERS FOR PRESERVATION AND REHABILITATION OF PROJECTS.—

"(A) IN GENERAL.—The Secretary shall make such administrative and procedural

changes as may be necessary to expedite the approval of applications to transfer ownership of projects for which a loan is made or insured under this section for the preservation, continued use restriction, and rehabilitation of such projects. Such changes may include changing approval procedures, increasing staff and resources, improving outreach to project sponsors regarding information that is required to be submitted for such approvals, changing approval authority between national offices and the State and local offices, simplifying approval requirements, establishing uniformity of transfer requirements among State offices, and any other actions which would expedite approvals.

"(B) CONSULTATION.—The Secretary of Agriculture shall consult with the Commissioner of the Internal Revenue Service and the Secretary of Housing and Urban Development, and take such actions as are appropriate in conjunction with such consultation, to simplify the coordination of rules, regulations, forms (including applications for transfers of project ownership), and approval requirements for housing projects for which assistance is provided by the Secretary of Agriculture and under any low-income housing tax credits under section 42 of the Internal Revenue Code of 1986 or tax-exempt housing bonds. The Secretary of Agriculture shall involve the State Rural Development offices of Department of Agriculture and the Administrator of the Rural Housing Service in the consultations under this subparagraph as the Secretary considers appropriate.

"(C) PRESERVATION AND REHABILITATION.—The Secretary shall actively facilitate transfers of the ownership of projects that will result in the preservation, continued use restriction, and rehabilitation of such projects.

"(D) FINAL AUTHORITY OVER TRANSFERS.—The Office of Rental Housing Preservation of the Rural Housing Service, established under section 537 (42 U.S.C. 1490p-1), shall have final regulatory authority over all transfers of properties for which a loan is made or insured under this section, and such Office may, with respect to such transfers, work with and seek recommendations from the State Rural Development offices of the Department of Agriculture.

"(E) DEADLINES FOR PROCESSING OF TRANSFER APPLICATIONS.—

"(i) PROCEDURE.—If a complete application, as determined by the Secretary, for a transfer of ownership of a project or projects is not processed, and approved or denied, by the State Rural Development office to which it is submitted before the applicable deadline under clause (ii)—

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

"(II) such State or local office shall transfer the application in accordance with subclause (III); and

"(III) such application shall be processed, and approved or denied, in accordance with clause (iii) and only by the Office of Rental Housing Preservation, which may make the final determination with the assistance of other Rural Development employees.

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

"(I) in the case of an application for transfer of ownership of a single project, 45 days;

"(II) in the case of an application for transfer of ownership of multiple projects, but not exceeding 10 projects, 90 days; and

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

"(iii) DEADLINE FOR OFFICE OF RENTAL HOUSING PRESERVATION.—In the case of any complete application for a transfer of ownership of a project, or projects, that is transferred pursuant to clause (i), shall be processed, and approved or denied, before the expiration of the period that begins upon receipt of the complete application and consists of—

"(I) in the case of an application for transfer of ownership of a single project, 30 days;

"(II) in the case of an application for transfer of ownership of multiple projects, but not exceeding 10 projects, 60 days; and

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

"(iv) APPEALS.—Only decisions regarding complete applications shall be appealable to the National Appeals Division of the Department of Agriculture."

SEC. 4. REPORT.

Not later than July 1, 2008, the Secretary of Agriculture shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that—

(1) identifies the actions that the Secretary has taken to coordinate with other Federal agencies, including the Department of Housing and Urban Development and the Internal Revenue Service, and, in particular, with the program for rental assistance under section 8 of the United States Housing Act of 1937, the multifamily mortgage insurance programs under title II of the National Housing Act, the program under section 42 of the Internal Revenue Code of 1986 for low-income housing tax credits, and the program for tax-exempt bonds under section 142 of such Code;

(2) identifies and describes any resulting improvements within Rural Housing Service of the Department of Agriculture in expediting the transfer of ownership of projects with loans made or insured under section 515 of the Housing Act of 1949; and

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

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Hampshire (Mr. HODES) and the gentlewoman from West Virginia (Mrs. CAPITO) each will control 20 minutes.

The Chair recognizes the gentleman from New Hampshire.

GENERAL LEAVE

Mr. HODES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. HODES. Mr. Speaker, I yield myself so much time as I may consume. I rise today in support of H.R. 3873.

Mr. Speaker, rural poverty is a particularly harsh brand of indigence. It tends to be more extreme than urban poverty, and because it develops in areas far from television cameras and

daily newspapers, to most Americans it is faceless. But its presence and its consequences are real, and they present formidable challenges to both our country and our conscience.

The poverty rate in rural areas is 14.6 percent, topping that of most urban centers. Rural families are farther from population centers and, thus, less likely or able to take advantage of basic housing services. There is desperate need in parts of our country. As Members of the people's House we have a moral imperative to help children and parents trapped in destitute circumstances.

The shortage of affordable housing is a problem nationwide and a crisis in rural communities. To reduce the barriers rural families face when trying to find affordable housing, together with my colleague from West Virginia (Mrs. CAPITO), we have introduced H.R. 3873, the Section 515 Rural Housing Property Transfer Improvement Act of 2007, which would take important steps to help alleviate this rural housing crisis.

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The section 515 rural housing program provides loans for the Rural Housing Service. These loans are made to nonprofit, for-profit, cooperative, and public entities for the construction of rental or cooperative housing in rural areas. The loans are made to make units affordable for low and very low-income areas in rural areas. This important program serves roughly 450,000 families.

Section 515 loans have financed approximately 16,000 projects. Of those, more than 50 percent of the projects were constructed more than 25 years ago. These aging properties are often in desperate need of renovation, which most often happens when a property is sold.

When a section 515 property is sold, the transfer of ownership must be approved by the State's rural development office. The process by which States approve the transfer of ownership of section 515 properties is too slow and steeped in bureaucracy. Families sometimes wait years for housing while loans are held back by red tape. Our bill will make several key changes to cut through the red tape so rural families can move into affordable houses.

Now, while some State rural development offices transfer section 515 applications in a timely way, others do not. Nonaction on these applications often results in deals going bad. Because of the reduced turnaround and red tape, the appraisals become outdated and invalid, so the deal cannot be underwritten.

Under our bill, if applications are not processed in a timely way by the State rural development office, the applications will be transferred for processing to the national Rural Housing Service. The State offices that process applications on time won't have to worry about provisions in the bill.

The bill will also improve the way rural housing program money is used with low-income housing tax credits. When the tax credits and rural housing programs are used together, there are often different rules and procedures required of the participants in the deals from each of the agencies involved. More red tape. Our bill requires the USDA to work with the IRS to resolve the differences. Better coordination will make tax credit deals move smoother through the USDA and leverage more money for much-needed rural housing.

H.R. 3873 will help both the owners of the property as well as residents in rural communities both in my home State of New Hampshire and across the country.

I'm pleased that 13 housing organizations support H.R. 3873, including the Council for Affordable and Rural Housing as well as the Housing Assistance Council.

The Financial Services Committee reported the bill by voice vote. I ask my colleagues on both sides of the aisle to support H.R. 3873.

Mr. Speaker, I reserve the balance of my time.

Mrs. CAPITO. Mr. Speaker, today I rise in support of H.R. 3873, the 515 Rural Housing Property Transfer Improvement Act of 2007, which would expedite the transfer of ownership of rural multifamily housing projects with loans made and ensured under section 515 of the Housing Act.

First, I would like to commend my colleague from New Hampshire (Mr. HODES) for his dedication to rural housing issues and for the bipartisan way that this bill has come to the floor. I would also like to thank the chairman of the full committee. Since he's sitting there, I want to thank him.

The result of these bipartisan efforts is a bill that represents a sound approach to improving the administration of the Department of Agriculture's section 515 program.

Section 515 is a direct loan program administered by the USDA that provides low-interest loans to construct and renovate affordable multifamily housing. While this program has provided numerous benefits, as my colleague has enumerated, to low-income rural families, the process by which the USDA's State rural development offices considers requests to transfer ownership must be improved.

Section 515 owners may wish to transfer the project to other entities during the terms of their loan for a variety of reasons, including changes in owner circumstances or changes in local market conditions. Transfers of ownership in section 515 can be beneficial for all parties, as it presents an opportunity to recapitalize a project for better maintenance, rehabilitation and improved management.

Unfortunately, the transfer application process is time-consuming, and many of the rural development offices do not process these applications in a

timely fashion simply because they are probably overwhelmed with the process. Certain RD offices have been slow in approving transfer requests, leading to a number of problems, including inaccurate appraisals and expiration of outside financing rate guarantees and bond and tax credit deadlines. This nonaction has been a major source of irritation for owners of 515s and groups representing section 515 tenants.

H.R. 3873 would fix these impediments by directing the USDA Secretary to streamline the application process, require applications to be processed within a timely deadline, and to transfer any applications not processed within that deadline to the Office of Rental Housing Preservation that would then have sole review authority.

Mr. Speaker, this bill was approved, as my colleague mentioned, by a voice vote in the Financial Services Committee and makes commonsense changes to section 515 that would improve the ownership transfer process.

I urge my colleagues to support this worthwhile measure.

Mr. Speaker, I reserve the balance of my time.

Mr. HODES. Mr. Speaker, I yield to the distinguished gentleman from Massachusetts (Mr. FRANK), the chairman of the Financial Services Committee, so much time as he may consume.

Mr. FRANK of Massachusetts. Mr. Speaker, I appreciate the leadership that my colleague and neighbor from New Hampshire has shown on this bill, and I appreciate, also, the work on the other side.

Let me begin with a very important point: People in this country, I think, and our friends in the media misunderstand the true and legitimate meaning of partisanship. Partisanship has a very essential role to play in democracy. The Founding Fathers simultaneously launched this Nation, denounced parties, and formed them, because it does seem inevitable when large numbers of people are going to govern themselves that some forms of organization come forward.

Partisanship is not only not a bad thing, it's a necessary thing in a self-governing polity. Partisanship becomes a problem if the legitimate differences that define the parties spill over angrily and make it impossible to work on issues where those differences should not exist.

I think the Committee on Financial Services, under my predecessor as chairman, Mr. Oxley of Ohio, and I hope under my own chairmanship, have shown that that is not necessary to be the case, that it is possible from time to time to have legitimate strong differences on an ideological or partisan basis without that in any way interfering with our ability to come together on areas where we should agree. This bill, obviously, today is an example of the latter.

We have a bill that has been brought forward in a totally bipartisan manner to improve the efficiency with which

assistance goes for rural housing. That's the second point I wanted to make. Much of what we do is, in fact, to improve the efficiency with which programs work, and the committee has had a chance to bring several bills to the floor that do that. We will be doing more.

The gentleman from New Hampshire mentioned one of the conflicts we are trying to resolve here is between the rules that apply when you were trying to use tax credits for low-income housing and those that apply when you were talking about the programmatic legislation. We do something about that here.

Under the leadership of the chairman of the Committee on Ways and Means, the gentleman from New York (Mr. RANGEL), and the Financial Services Committee, we are working out legislation that will do that kind of reconciliation for all housing programs. And we will shortly have on the floor of this House a bill that will greatly increase the efficiency with which all housing programs can be merged, tax-based ones and appropriations-based ones, increasing the amount of housing we can build at no further increase to the taxpayer.

And the third point I would note is that this is rural housing. Too often when people think about Federal housing programs they think only about the urban areas. Urban areas are important, but so are rural areas. And I am very proud that this committee has given equal attention, or let me say appropriate attention, to both. Obviously, the need is often greater in the more heavily populated areas, but we have given fully proportionate attention to the rural areas.

So, I am very proud we have a bill today that shows how you can be bipartisan, even while there are legitimate partisan differences, that aims at increasing the efficiency with which Federal funds are spent and which recognizes that people in the rural areas have a need for housing assistance, to some extent, just as do people in the urban areas.

I thank the gentleman from New Hampshire for the leadership he has shown. I appreciate the gentlewoman from West Virginia, who has become the ranking member of the Housing Subcommittee and with whom we have very good relationships. And I hope the bill is passed.

Mr. HODES. Mr. Speaker, I thank the gentleman for his comments and reserve the balance of my time.

Mrs. CAPITO. I have no further speakers. I urge passage of this bill. We have the best of intentions here. We've worked out any kind of differences we may have had, and the end product is going to be better and more affordable and more accessible rural housing across America.

Mr. Speaker, I yield back the balance of my time.

Mr. HODES. I thank the gentlewoman for her work in a bipartisan

way on this bill. And I thank the chairman for his great leadership for rural housing over many years.

Mrs. MILLER of Michigan. Mr. Speaker, I rise in strong support of this legislation.

This measure corrects a problem which has been culminating since 1974 when the National Flood Insurance Program began subsidizing flood insurance rates. These rates were designed to encourage participation in the program and to generate sufficient income to pay anticipated claims on these properties. Originally, Congress had expected that over time the percentage of these structures would decline and that most of them would be subject to actuarial rates. However that has not occurred.

This bill corrects this problem by removing subsidies for properties that are purchased in excess of a half of a million dollars.

Sadly, this is just one of the many problems the National Flood Insurance Program faces. Currently, FEMA is engaged in efforts to modernize flood maps throughout the country, which in many places, are horribly outdated. Utilizing antiquated data impacts millions of property owners, property owners that live on, near or around the Upper Great Lakes, which is essentially everything in the Great Lakes Basin upstream from Niagara Falls. So Lake Superior, Lake Michigan, Lake Huron and Lake Erie, Lake St. Clair and the St. Mary's River, St. Clair River, the Detroit River and the Niagara River.

Unfortunately, FEMA's efforts in the upper Great Lakes are being conducted with flawed and outdated data. The data currently being used is from when Great Lakes water levels were at an all time high, and in the 20 years since this study was completed, lake levels have fallen for 11 years.

Let me use St. Clair County in my district as an example. In St. Clair County, FEMA is abusing the authority Congress granted them through management of the National Flood Insurance Program. As the agency continues to modernize the maps in the county, the effects will double the number of county residents who will be forced to purchase flood insurance even though they are at virtually no risk of flooding. More specifically, Lake St. Clair is currently more than 55 inches below the current flood level, and over 6 feet below FEMA's proposed flood level. This means that St. Clair County alone has subsidized the flood insurance program to the tune of \$8.2 million. Using such flawed data is nothing more than a waste of FEMA's time and money not to mention the waste of taxpayer dollars.

How can the FEMA justify doing this? The agency claims these residents are at a higher risk of a flood and wants to raise the base flood elevation which determines the boundaries of the 100-year flood zone. As a result, states like Michigan become ATMs for FEMA to withdraw money and spend it in regions of the country that experience high levels of repeated flooding. In Michigan, we look down at the water, not up.

Certainly we can all agree that using sound science in this instance—when hundreds of millions of dollars are about to be assessed against American property owners—is the most prudent course of action. It is time that FEMA stop using antiquated data and forcing the American people into purchasing a product that some don't need.

Mr. HODES. Mr. Speaker, at this time, I have no further requests for

time and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Hampshire (Mr. HODES) that the House suspend the rules and pass the bill, H.R. 3873.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

NATIONAL FLOOD INSURANCE ACT OF 1968 AMENDMENTS

Mr. FRANK of Massachusetts. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3959) to amend the National Flood Insurance Act of 1968 to provide for the phase-in of actuarial rates for certain pre-FIRM properties, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3959

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PHASE-IN OF ACTUARIAL RATES FOR CERTAIN PRE-FIRM PROPERTIES.

(a) *IN GENERAL.*—Section 1308(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following new paragraph:

“(2) *RECENTLY PURCHASED PRE-FIRM SINGLE FAMILY PROPERTIES USED AS PRINCIPAL RESIDENCES.*—Any single family property that is used as a principal residence that—

“(A) has been constructed or substantially improved and for which such construction or improvement was started, as determined by the Director, before December 31, 1974, or before the effective date of the initial rate map published by the Director under paragraph (2) of section 1360 for the area in which such property is located, whichever is later; and

“(B) is purchased—

“(i) after the date of enactment of this paragraph; and

“(ii) for not less than \$600,000.”

(b) *TECHNICAL AMENDMENTS.*—Section 1308(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(c)) is amended—

(1) in the matter preceding paragraph (1), by striking “the limitations provided under paragraphs (1) and (2)” and inserting “subsection (e)”; and

(2) in paragraph (1), by striking “, except” and all that follows through “subsection (e)”.

(c) *EFFECTIVE DATE AND TRANSITION.*—

(1) *EFFECTIVE DATE.*—The amendments made by subsections (a) and (b) shall apply beginning on January 1, 2011, except as provided in paragraph (2) of this subsection.

(2) *TRANSITION FOR PROPERTIES COVERED BY FLOOD INSURANCE UPON EFFECTIVE DATE.*—

(A) *INCREASE OF RATES OVER TIME.*—In the case of any property described in paragraph (2) of section 1308(c) of the National Flood Insurance Act of 1968, as amended by subsection (a) of this section, that, as of the effective date under paragraph (1) of this subsection, is covered under a policy for flood insurance made available under the national flood insurance program for which the chargeable premium rates are less than the applicable estimated risk premium rate under section 1307(a)(1) for the area in which the property is located, the Director of the Federal Emergency Management Agency