

## Union Calendar No. 156

116TH CONGRESS  
1ST SESSION

# H. R. 3620

[Report No. 116-198]

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

SEPTEMBER 6, 2019

Additional sponsors: Mrs. AXNE, Mr. LAWSON of Florida, and Mr. DAVID SCOTT of Georgia

SEPTEMBER 6, 2019

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on July 5, 2019]

# **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 Investment*  
5 *in Rural Housing Preservation Act of 2019”.*

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

8        *Title V of the Housing Act of 1949 (42 U.S.C. 1471*  
9 *et seq.) is amended by adding at the end the following new*  
10 *section:*

11 **“SEC. 545. HOUSING PRESERVATION AND REVITALIZATION**  
12 **PROGRAM.**

13        *“(a) ESTABLISHMENT.—The Secretary shall carry out*  
14 *a program under this section for the preservation and revi-*  
15 *talization of multifamily rental housing projects financed*  
16 *under section 515 or both sections 514 and 516.*

17        *“(b) NOTICE OF MATURING LOANS.—*

18                *“(1) TO OWNERS.—On an annual basis, the Sec-*  
19 *retary shall provide written notice to each owner of*  
20 *a property financed under section 515 or both sec-*  
21 *tions 514 and 516 that will mature within the 4-year*  
22 *period beginning upon the provision of such notice,*  
23 *setting forth the options and financial incentives that*  
24 *are available to facilitate the extension of the loan*

1 *term or the option to decouple a rental assistance con-*  
2 *tract pursuant to subsection (f).*

3 *“(2) TO TENANTS.—*

4 *“(A) IN GENERAL.—For each property fi-*  
5 *nanced under section 515 or both sections 514*  
6 *and 516, not later than the date that is 2 years*  
7 *before the date that such loan will mature, the*  
8 *Secretary shall provide written notice to each*  
9 *household residing in such property that informs*  
10 *them of the date of the loan maturity, the pos-*  
11 *sible actions that may happen with respect to the*  
12 *property upon such maturity, and how to protect*  
13 *their right to reside in federally assisted housing*  
14 *after such maturity.*

15 *“(B) LANGUAGE.—Notice under this para-*  
16 *graph shall be provided in plain English and*  
17 *shall be translated to other languages in the case*  
18 *of any property located in an area in which a*  
19 *significant number of residents speak such other*  
20 *languages.*

21 *“(c) LOAN RESTRUCTURING.—Under the program*  
22 *under this section, the Secretary may restructure such exist-*  
23 *ing housing loans, as the Secretary considers appropriate,*  
24 *for the purpose of ensuring that such projects have sufficient*  
25 *resources to preserve the projects to provide safe and afford-*

1 *able housing for low-income residents and farm laborers,*  
2 *by—*

3 *“(1) reducing or eliminating interest;*

4 *“(2) deferring loan payments;*

5 *“(3) subordinating, reducing, or reamortizing*  
6 *loan debt; and*

7 *“(4) providing other financial assistance, includ-*  
8 *ing advances, payments, and incentives (including*  
9 *the ability of owners to obtain reasonable returns on*  
10 *investment) required by the Secretary.*

11 *“(d) RENEWAL OF RENTAL ASSISTANCE.—When the*  
12 *Secretary offers to restructure a loan pursuant to subsection*  
13 *(c), the Secretary shall offer to renew the rental assistance*  
14 *contract under section 521(a)(2) for a 20-year term that*  
15 *is subject to annual appropriations, provided that the*  
16 *owner agrees to bring the property up to such standards*  
17 *that will ensure its maintenance as decent, safe, and sani-*  
18 *tary housing for the full term of the rental assistance con-*  
19 *tract.*

20 *“(e) RESTRICTIVE USE AGREEMENTS.—*

21 *“(1) REQUIREMENT.—As part of the preserva-*  
22 *tion and revitalization agreement for a project, the*  
23 *Secretary shall obtain a restrictive use agreement that*  
24 *obligates the owner to operate the project in accord-*  
25 *ance with this title.*

1           “(2) *TERM.*—

2                   “(A) *NO EXTENSION OF RENTAL ASSIST-*  
3                   *ANCE CONTRACT.*—*Except when the Secretary*  
4                   *enters into a 20-year extension of the rental as-*  
5                   *stance contract for the project, the term of the*  
6                   *restrictive use agreement for the project shall be*  
7                   *consistent with the term of the restructured loan*  
8                   *for the project.*

9                   “(B) *EXTENSION OF RENTAL ASSISTANCE*  
10                   *CONTRACT.*—*If the Secretary enters into a 20-*  
11                   *year extension of the rental assistance contract*  
12                   *for a project, the term of the restrictive use agree-*  
13                   *ment for the project shall be for 20 years.*

14                   “(C) *TERMINATION.*—*The Secretary may*  
15                   *terminate the 20-year use restrictive use agree-*  
16                   *ment for a project prior to the end of its term*  
17                   *if the 20-year rental assistance contract for the*  
18                   *project with the owner is terminated at any time*  
19                   *for reasons outside the owner’s control.*

20           “(f) *DECOUPLING OF RENTAL ASSISTANCE.*—

21                   “(1) *RENEWAL OF RENTAL ASSISTANCE CON-*  
22                   *TRACT.*—*If the Secretary determines that a maturing*  
23                   *loan for a project cannot reasonably be restructured*  
24                   *in accordance with subsection (c) and the project was*  
25                   *operating with rental assistance under section 521,*

1        *the Secretary may renew the rental assistance con-*  
2        *tract, notwithstanding any provision of section 521,*  
3        *for a term, subject to annual appropriations, of at*  
4        *least 10 years but not more than 20 years.*

5            *“(2) RENTS.—Any agreement to extend the term*  
6        *of the rental assistance contract under section 521 for*  
7        *a project shall obligate the owner to continue to main-*  
8        *tain the project as decent, safe and sanitary housing*  
9        *and to operate the development in accordance with*  
10       *this title, except that rents shall be based on the lesser*  
11       *of—*

12            *“(A) the budget-based needs of the project;*

13            *or*

14            *“(B) (ii) the operating cost adjustment fac-*  
15        *tor as a payment standard as provided under*  
16        *section 524 of the Multifamily Assisted Housing*  
17        *Reform and Affordability Act of 1997 (42 U.S.C.*  
18        *1437 note).*

19            *“(g) MULTIFAMILY HOUSING TRANSFER TECHNICAL*  
20        *ASSISTANCE.—Under the program under this section, the*  
21        *Secretary may provide grants to qualified non-profit orga-*  
22        *nizations and public housing agencies to provide technical*  
23        *assistance, including financial and legal services, to bor-*  
24        *rowers under loans under this title for multifamily housing*  
25        *to facilitate the acquisition of such multifamily housing*

1 *properties in areas where the Secretary determines there is*  
2 *a risk of loss of affordable housing.*

3       “(h) *TRANSFER OF RENTAL ASSISTANCE.*—*After the*  
4 *loan or loans for a rental project originally financed under*  
5 *section 515 or both sections 514 and 516 have matured or*  
6 *have been prepaid and the owner has chosen not to restruc-*  
7 *ture the loan pursuant to subsection (c), a tenant residing*  
8 *in such project shall have 18 months prior to loan matura-*  
9 *tion or prepayment to transfer the rental assistance as-*  
10 *signed to the tenant’s unit to another rental project origi-*  
11 *nally financed under section 515 or both sections 514 and*  
12 *516, and the owner of the initial project may rent the ten-*  
13 *ant’s previous unit to a new tenant without income restric-*  
14 *tions.*

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

19       “(j) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*  
20 *authorized to be appropriated for the program under this*  
21 *section \$200,000,000 for each of fiscal years 2020 through*  
22 *2024.”.*



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

2 *Section 542 of the Housing Act of 1949 (42 U.S.C.*  
3 *1490r) is amended by adding at the end the following new*  
4 *subsection:*

5 *“(c) ELIGIBILITY OF HOUSEHOLDS IN SECTION 514,*  
6 *515, AND 516 PROJECTS.—The Secretary may provide*  
7 *rural housing vouchers under this section for any low-in-*  
8 *come household (including those not receiving rental assist-*  
9 *ance) residing in a property financed with a loan made*  
10 *or insured under section 514 or 515 (42 U.S.C. 1484, 1485)*  
11 *which has been prepaid, has been foreclosed, or has matured*  
12 *after September 30, 2005, or residing in a property assisted*  
13 *under section 514 or 516 that is owned by a nonprofit orga-*  
14 *nization or public agency.”.*

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

16 *Notwithstanding any other provision of law, in the*  
17 *case of any rural housing voucher provided pursuant to sec-*  
18 *tion 542 of the Housing Act of 1949 (42 U.S.C. 1490r),*  
19 *the amount of the monthly assistance payment for the*  
20 *household on whose behalf such assistance is provided shall*  
21 *be determined as provided in subsection (a) of such section*  
22 *542.*

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

24 *Subsection (d) of section 521 of the Housing Act of*  
25 *1949 (42 U.S.C. 1490a(d)) is amended by adding at the*  
26 *end the following new paragraph:*

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

4               “(A) *at the option of the owner of the rental*  
5 *project, the Secretary shall provide the owner a period*  
6 *of 6 months before such assistance is made available*  
7 *pursuant to subparagraph (B) during which the*  
8 *owner may use such assistance authority to provide*  
9 *assistance of behalf of an eligible unassisted family*  
10 *that—*

11                       “(i) *is residing in the same rental project*  
12 *that the assisted family resided in prior to such*  
13 *termination; or*

14                       “(ii) *newly occupies a dwelling unit in such*  
15 *rental project during such period; and*

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

22 **SEC. 6. FUNDING FOR MULTIFAMILY TECHNICAL IMPROVE-**  
23 **MENTS.**

24       *There is authorized to be appropriated to the Secretary*  
25 *of Agriculture \$50,000,000 for fiscal year 2020 for improv-*

1 *ing the technology of the Department of Agriculture used*  
2 *to process loans for multifamily housing and otherwise*  
3 *managing such housing. Such improvements shall be made*  
4 *within the 5-year period beginning upon the appropriation*  
5 *of such amounts and such amount shall remain available*  
6 *until the expiration of such 5-year period.*

7 **SEC. 7. PLAN FOR PRESERVING AFFORDABILITY OF RENTAL**  
8 **PROJECTS.**

9 (a) *PLAN.*—*The Secretary of Agriculture (in this sec-*  
10 *tion referred to as the “Secretary”) shall submit a written*  
11 *plan to the Congress, not later than the expiration of the*  
12 *6-month period beginning on the date of the enactment of*  
13 *this Act, for preserving the affordability for low-income*  
14 *families of rental projects for which loans were made under*  
15 *section 515 or made to nonprofit or public agencies under*  
16 *section 514 and avoiding the displacement of tenant house-*  
17 *holds, which shall—*

18 (1) *set forth specific performance goals and*  
19 *measures;*

20 (2) *set forth the specific actions and mechanisms*  
21 *by which such goals will be achieved;*

22 (3) *set forth specific measurements by which*  
23 *progress towards achievement of each goal can be*  
24 *measured;*

1           (4) *provide for detailed reporting on outcomes;*  
2           *and*

3           (5) *include any legislative recommendations to*  
4           *assist in achievement of the goals under the plan.*

5           **(b) ADVISORY COMMITTEE.—**

6           (1) **ESTABLISHMENT; PURPOSE.—***The Secretary*  
7           *shall establish an advisory committee whose purpose*  
8           *shall be to assist the Secretary in preserving section*  
9           *515 properties and section 514 properties owned by*  
10          *nonprofit or public agencies through the multifamily*  
11          *housing preservation and revitalization program*  
12          *under section 545 and in implementing the plan re-*  
13          *quired under subsection (a).*

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

16                  (A) *A State Director of Rural Development*  
17                  *for the Department of Agriculture.*

18                  (B) *2 representatives of for-profit developers*  
19                  *or owners of multifamily rural rental housing.*

20                  (C) *2 representatives of non-profit devel-*  
21                  *opers or owners of multifamily rural rental*  
22                  *housing.*

23                  (D) *2 representatives of State housing fi-*  
24                  *nance agencies.*

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

3           (F) 1 representative of a community devel-  
4           opment financial institution that is involved in  
5           preserving the affordability of housing assisted  
6           under sections 514, 515, and 516 of the Housing  
7           Act of 1949.

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

15          (H) 1 representative of low-income housing  
16          tax credit investors.

17          (I) 1 representative of regulated financial  
18          institutions that finance affordable multifamily  
19          rural rental housing developments.

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

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

1           (A) *Assisting the Rural Housing Service of*  
2 *the Department of Agriculture to improve esti-*  
3 *mates of the size, scope, and condition of rental*  
4 *housing portfolio of the Service, including the*  
5 *time frames for maturity of mortgages and costs*  
6 *for preserving the portfolio as affordable housing.*

7           (B) *Reviewing current policies and proce-*  
8 *dures of the Rural Housing Service regarding*  
9 *preservation of affordable rental housing fi-*  
10 *nanced under sections 514, 515, 516, and 538 of*  
11 *the Housing Act of 1949, the Multifamily Preser-*  
12 *vation and Revitalization Demonstration pro-*  
13 *gram (MPR), and the rental assistance program*  
14 *and making recommendations regarding im-*  
15 *provements and modifications to such policies*  
16 *and procedures.*

17           (C) *Providing ongoing review of Rural*  
18 *Housing Service program results.*

19           (D) *Providing reports to the Congress and*  
20 *the public on meetings, recommendations, and*  
21 *other findings of the advisory committee.*

22           (5) *TRAVEL COSTS.—Any amounts made avail-*  
23 *able for administrative costs of the Department of Ag-*  
24 *riculture may be used for costs of travel by members*

1       *of the advisory committee to meetings of the com-*  
2       *mittee.*

3       **SEC. 8. COVERED HOUSING PROGRAMS.**

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

7               *(1) in subparagraph (I), by striking “and” at*  
8       *the end;*

9               *(2) by redesignating subparagraph (J) as sub-*  
10       *paragraph (K); and*

11               *(3) by inserting after subparagraph (I) the fol-*  
12       *lowing new subparagraph:*

13                       *“(J) rural development housing voucher as-*  
14                       *sistance provided by the Secretary of Agriculture*  
15                       *pursuant to section 542 of the Housing Act of*  
16                       *1949 (42 U.S.C. 1490r), without regard to sub-*  
17                       *section (b) of such section, and applicable appro-*  
18                       *priation Acts; and”.*

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