

103^D CONGRESS
1ST SESSION

H. R. 2914

To provide for the emergency disposition of multifamily housing projects acquired by the Secretary of Housing and Urban Development, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1993

Mr. BAKER of Louisiana introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To provide for the emergency disposition of multifamily housing projects acquired by the Secretary of Housing and Urban Development, 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 “FHA Multifamily
5 Housing Emergency Disposition Act of 1993”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds that—

8 (1) the Department of Housing and Urban De-
9 velopment has a large and growing inventory of mul-

1 multifamily housing projects owned by the Department
2 and multifamily housing projects subject to mort-
3 gages in foreclosure that are held by the Depart-
4 ment;

5 (2) the total number of such housing projects in
6 the inventory of the Department at the beginning of
7 fiscal year 1993 was 444 and is likely to increase to
8 742 by the end of fiscal year 1998;

9 (3) the Secretary of Housing and Urban Devel-
10 opment has estimated that the Department will lose
11 as much as \$11,900,000,000 as a result of mortgage
12 foreclosures on multifamily housing projects insured
13 by the Department, which is equivalent to 25 per-
14 cent of the value of all mortgages insured under the
15 General Insurance Fund;

16 (4) the Department is not prepared to manage
17 an inventory of multifamily housing projects as large
18 as the inventory expected by the end of fiscal year
19 1993, resulting in increased holding and disposition
20 costs for such projects; and

21 (5) existing laws would require the attachment
22 of \$7,000,000,000 of rental assistance in the form
23 of 15-year contracts under section 8 of the United
24 States Housing Act of 1937 to eliminate the backlog

1 of multifamily housing projects in the inventory of
2 the Department.

3 (b) PURPOSE.—The purpose of this Act, therefore,
4 is—

5 (1) to declare that an emergency exists with re-
6 spect to the disposition of multifamily housing
7 projects in the inventory of the Department;

8 (2) to provide for flexibility in disposing of such
9 projects by removing some of the statutory require-
10 ments that impede the sale of such projects;

11 (3) to encourage assistance for residents of
12 such projects through means other than rental as-
13 sistance under section 8 of the United States Hous-
14 ing Act of 1937; and

15 (4) to maintain, to the maximum extent pos-
16 sible, the low-income character of such projects while
17 disposing of such projects in an economical and ex-
18 peditious manner.

19 **SEC. 3. EMERGENCY PROVISIONS.**

20 (a) AUTHORITY.—During the period in which the
21 property disposition emergency under this Act is in effect
22 pursuant to section 4, the Secretary of Housing and
23 Urban Development may dispose of any multifamily hous-
24 ing project in accordance with the provisions this Act.

1 (b) APPLICABILITY OF SECTION 203 REQUIRE-
2 MENTS.—The provisions of section 203 of the Housing
3 and Community Development Amendments of 1978 shall
4 apply to the disposition of multifamily housing projects
5 under this Act, except to the extent that—

6 (1) any such provision is waived pursuant to
7 section 5 of this Act; or

8 (2) any such provision is inconsistent with any
9 provision of this Act, and then only to the extent of
10 such inconsistency.

11 The Secretary may determine whether inconsistencies re-
12 ferred to in paragraph (2) exist.

13 (c) REQUIREMENTS.—In disposing of any subsidized
14 or formerly subsidized multifamily housing project under
15 this Act, the Secretary shall, to the extent that budget
16 authority is available—

17 (1) enter into—

18 (A) a nonrenewable contract under section
19 8 of the United States Housing Act of 1937
20 having a term of not less than 60 months and
21 not more than 180 months that provides
22 project-based assistance for units in the project;
23 or

24 (B) annual contributions contracts with
25 the appropriate public housing agency to pro-

1 vide tenant-based rental assistance under sec-
2 tion 8 of the United States Housing Act of
3 1937 for a total term, including renewals, of
4 not more than 180 months; and

5 (2) provide the assistance under paragraph (1)
6 on behalf of all of the very low-income families occu-
7 pying the project on the date the project is sold by
8 the Secretary (or such other prior date as the Sec-
9 retary may determine appropriate), except that the
10 Secretary may in addition provide such assistance to
11 other eligible low-income families occupying such a
12 project on such date if the Secretary determines that
13 such assistance is appropriate under market condi-
14 tions in the area in which the project is located.

15 (d) ALTERNATIVE REQUIREMENTS.—In lieu of, or in
16 addition to, the actions required under subsection (c), the
17 Secretary shall—

18 (1) seek to ensure, through means other than
19 assistance under such section 8, that rent charges
20 for units in the project remain affordable (as such
21 term is defined by the Secretary) for a reasonable
22 period of time determined by the Secretary;

23 (2) encourage the provision of assistance from
24 non-Federal sources to maintain the affordability of
25 rent charges for units in the project; and

1 (3) encourage the sale of the project to a local
2 nonprofit organization.

3 (e) UNSUBSIDIZED PROJECTS.—In connection with
4 the disposition under this Act of a multifamily housing
5 project that is not a subsidized or formerly subsidized
6 project, the Secretary is not required to provide assistance
7 under section 8 of the United States Housing Act of 1937,
8 but the Secretary may take any of the actions specified
9 in subsection (d).

10 (f) ADDITIONAL ASSISTANCE.—In order to facilitate
11 the disposition of a multifamily housing project under this
12 Act, the Secretary may provide project-based assistance
13 under section 8 of the United States Housing Act of 1937
14 with respect to units for which such assistance is not re-
15 quired by this Act.

16 (g) NONRENTAL USES OF PROJECTS.—In disposing
17 of any multifamily housing project under this Act, the Sec-
18 retary may make the project or units in project available—

19 (1) for uses related to low-income housing other
20 than rental or cooperative use, such as low-income
21 homeownership opportunities, shelters for the home-
22 less, and office space for resident or housing-related
23 social services providers; and

24 (2) for any other use, if the Secretary, in con-
25 sultation with the local area-wide governing body,

1 determines that such use will assist efforts to reduce
2 the geographic concentration of low-income housing
3 opportunities.

4 **SEC. 4. DURATION OF EMERGENCY.**

5 A property disposition emergency under this Act shall
6 be in effect during the period that—

7 (1) begins upon the enactment of this Act; and

8 (2) ends upon the conclusion of the third fiscal
9 year that begins after the date of the enactment of
10 this Act.

11 **SEC. 5. WAIVER OF DISPOSITION PLAN REQUIREMENTS.**

12 The Secretary may waive any of the provisions of sec-
13 tion 203(e) of the Housing and Community Development
14 Amendments of 1978 with respect to the disposition of
15 any multifamily housing project under this Act, as the
16 Secretary determines appropriate to expedite such dispo-
17 sition of multifamily housing projects.

18 **SEC. 6. DEFINITIONS.**

19 For purposes of this Act:

20 (1) **MULTIFAMILY HOUSING PROJECT.**—The
21 term “multifamily housing project” has the meaning
22 given the term in section 203(i) of the Housing and
23 Community Development Amendments of 1978.

24 (2) **SUBSIDIZED PROJECT AND FORMERLY SUB-**
25 **SIDIZED PROJECT.**—The terms “subsidized project”

1 and “formerly subsidized project” have the meanings
2 given the terms in section 203(i)(2) of the Housing
3 and Community Development Amendments of 1978,
4 except that, notwithstanding subparagraph (E) of
5 such section, such terms include multifamily housing
6 projects receiving project-based housing assistance
7 payments under section 8 of the United States
8 Housing Act of 1937 or under section 23 of the
9 United States Housing Act of 1937 (as in effect be-
10 fore January 1, 1975) for 50 percent or fewer of the
11 units in the project immediately prior to the assign-
12 ment of the mortgage on such project to, or acquisi-
13 tion of such mortgage by, the Secretary.

14 (3) LOW-INCOME AND VERY LOW-INCOME.—
15 The terms “low-income” and “very low-income”
16 have the meanings given such terms in section 3(b)
17 of the United States Housing Act of 1937.

18 **SEC. 7. CONFORMING AMENDMENT.**

19 Section 203(i)(2)(E) of the Housing and Community
20 Development Amendments of 1978 (12 U.S.C. 1701z-
21 11(i)(2)(E)) is amended by inserting “tenant-based” be-
22 fore “certificates”.

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