

105TH CONGRESS
2^D SESSION

H. R. 3039

AN ACT

To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to guarantee loans to provide multifamily transitional housing for homeless veterans, and for other purposes.

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To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to guarantee loans to provide multifamily transitional housing for homeless veterans, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Veterans Transitional
3 Housing Opportunities Act of 1998”.

4 **SEC. 2. LOAN GUARANTEE FOR MULTIFAMILY TRANSI-**
5 **TIONAL HOUSING FOR HOMELESS VETERANS.**

6 (a) IN GENERAL.—Chapter 37 of title 38, United
7 States Code, is amended by adding at the end the follow-
8 ing new subchapter:

9 “SUBCHAPTER VI—LOAN GUARANTEE FOR
10 MULTIFAMILY TRANSITIONAL HOUSING
11 FOR HOMELESS VETERANS

12 **“§ 3771. Definitions**

13 “For purposes of this subchapter—

14 “(1) the term ‘veteran’ has the meaning given
15 such term by paragraph (2) of section 101;

16 “(2) the term ‘homeless veteran’ means a vet-
17 eran who is a homeless individual; and

18 “(3) the term ‘homeless individual’ has the
19 same meaning as such term has within the meaning
20 of section 103 of the Stewart B. McKinney Home-
21 less Assistance Act (42 U.S.C. 11302).

22 **“§ 3772. General authority**

23 “(a) The Secretary may guarantee the full or partial
24 repayment of a loan that meets the requirements of this
25 subchapter.

1 “(b)(1) Not more than 15 loans may be guaranteed
2 under subsection (a), of which not more than 5 such loans
3 may be guaranteed during the 3-year period beginning on
4 the date of enactment of the Veterans Transitional Hous-
5 ing Opportunities Act of 1998.

6 “(2) A guarantee of a loan under subsection (a) shall
7 be in an amount that is not less than the amount nec-
8 essary to sell the loan in a commercial market.

9 “(3) Not more than an aggregate amount of
10 \$100,000,000 in loans may be guaranteed under sub-
11 section (a).

12 “(c) A loan may not be guaranteed under this sub-
13 chapter unless, prior to closing such loan, the Secretary
14 has approved such loan.

15 “(d)(1) The Secretary shall enter into contracts with
16 a qualified nonprofit organization to obtain advice in car-
17 rying out this subchapter, including advice on the terms
18 and conditions necessary for a loan that meets the require-
19 ments of section 3773.

20 “(2) For purposes of paragraph (1), a qualified non-
21 profit organization is a nonprofit organization—

22 “(A) described in paragraph (3) or (4) of sub-
23 section (c) of section 501 of the Internal Revenue
24 Code of 1986 and exempt from tax under subsection
25 (a) of such section; and

1 “(B) that has experience in underwriting tran-
2 sitional housing projects.

3 “(e) The Secretary may carry out this subchapter in
4 advance of the issuance of regulations for such purpose.

5 “(f) The Secretary may guarantee loans under this
6 subchapter notwithstanding any requirement for prior ap-
7 propriations for such purpose under any provision of law.

8 **“§ 3773. Requirements**

9 “(a) A loan referred to in section 3772 meets the re-
10 quirements of this subchapter if—

11 “(1) the loan is for—

12 “(A) construction of, rehabilitation of, or
13 acquisition of land for a multifamily transi-
14 tional housing project described in subsection
15 (b), or more than one of such purposes;

16 “(B) refinancing of an existing loan for
17 such a project;

18 “(C) financing acquisition of furniture,
19 equipment, supplies, or materials for such a
20 project; or

21 “(D) in the case of a loan made for pur-
22 poses of subparagraph (A), supplying such or-
23 ganization with working capital relative to such
24 a project;

1 “(2) the loan is made in connection with fund-
2 ing or the provision of substantial property or serv-
3 ices for such project by either a State or local gov-
4 ernment or a nongovernmental entity, or both;

5 “(3) the maximum loan amount does not exceed
6 the lesser of—

7 “(A) that amount generally approved (uti-
8 lizing prudent underwriting principles) in the
9 consideration and approval of projects of simi-
10 lar nature and risk so as to assure repayment
11 of the loan obligation; and

12 “(B) 90 percent of the total cost of the
13 project;

14 “(4) the loan is of sound value, taking into ac-
15 count the creditworthiness of the entity (and the in-
16 dividual members of the entity) applying for such
17 loan;

18 “(5) the loan is secured; and

19 “(6) the loan is subject to such terms and con-
20 ditions as the Secretary determines are reasonable,
21 taking into account other housing projects with simi-
22 larities in size, location, population, and services pro-
23 vided.

1 “(b) For purposes of this subchapter, a multifamily
2 transitional housing project referred to in subsection
3 (a)(1) is a project that—

4 “(1)(A) provides transitional housing to home-
5 less veterans, which housing may be single room oc-
6 cupancy (as defined in section 8(n) of the United
7 States Housing Act of 1937 (42 U.S.C. 1437f(n)));

8 “(B) provides supportive services and counsel-
9 ling services (including job counselling) at the
10 project site with the goal of making such veterans
11 self-sufficient;

12 “(C) requires that the veteran seek to obtain
13 and keep employment;

14 “(D) charges a reasonable fee for occupying a
15 unit in such housing;

16 “(E) maintains strict guidelines regarding so-
17 briety as a condition of occupying such unit; and

18 “(F) may include space for neighborhood retail
19 services or job training programs; and

20 “(2) may provide transitional housing to veter-
21 ans who are not homeless and to homeless individ-
22 uals who are not veterans if—

23 “(A) at the time of taking occupancy by
24 any such veteran or homeless individual, the

1 transitional housing needs of homeless veterans
2 in the project area have been met;

3 “(B) the housing needs of any such vet-
4 eran or homeless individual can be met in a
5 manner that is compatible with the manner in
6 which the needs of homeless veterans are met
7 under paragraph (1); and

8 “(C) the provisions of subparagraphs (D)
9 and (E) of paragraph (1) are met.

10 “(c) In determining whether to guarantee a loan
11 under this subchapter, the Secretary shall consider—

12 “(1) the availability of Department of Veterans
13 Affairs medical services to residents of the multifam-
14 ily transitional housing project; and

15 “(2) the extent to which needs of homeless vet-
16 erans are met in a community, as assessed under
17 section 107 of Public Law 102–405.

18 **“§ 3774. Default**

19 “(a) The Secretary shall take such steps as may be
20 necessary to obtain repayment on any loan that is in de-
21 fault and that is guaranteed under this subchapter.

22 “(b) Upon default of a loan guaranteed under this
23 subchapter and terminated pursuant to State law, a lender
24 may file a claim under the guarantee for an amount not
25 to exceed the lesser of—

1 “(1) the maximum guarantee; or

2 “(2) the difference between—

3 “(A) the total outstanding obligation on
4 the loan, including principal, interest, and ex-
5 penses authorized by the loan documents,
6 through the date of the public sale (as author-
7 ized under such documents and State law); and

8 “(B) the amount realized at such sale.

9 **“§ 3775. Audit**

10 “During each of the first 3 years of operation of a
11 multifamily transitional housing project with respect to
12 which a loan is guaranteed under this subchapter, there
13 shall be an annual, independent audit of such operation.
14 Such audit shall include a detailed statement of the oper-
15 ations, activities, and accomplishments of such project
16 during the year covered by such audit. The party respon-
17 sible for obtaining such audit (and paying the costs there-
18 for) shall be determined before the Secretary issues a
19 guarantee under this subchapter.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 at the beginning of chapter 37 of title 38, United States
22 Code, is amended by adding at the end the following new
23 items:

“SUBCHAPTER VI—LOAN GUARANTEE FOR MULTIFAMILY
TRANSITIONAL HOUSING FOR HOMELESS VETERANS

- “3771. Definitions.
- “3772. General authority.
- “3773. Requirements.
- “3774. Default.
- “3775. Audit.”.

Passed the House of Representatives May 19, 1998.

Attest:

Clerk.