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109TH CONGRESS
2^D SESSION

H. R. 5039

[Report No. 109-604]

To establish a program to revitalize rural multifamily housing assisted under the Housing Act of 1949.

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 2006

Mr. DAVIS of Kentucky (for himself, Mr. FRANK of Massachusetts, Mr. NEY, Mr. DAVIS of Alabama, Mr. GARY G. MILLER of California, Mr. HINOJOSA, and Mr. RENZI) introduced the following bill; which was referred to the Committee on Financial Services

JULY 27, 2006

Additional sponsors: Mr. CLAY, Mr. CUELLAR, Mr. YOUNG of Alaska, and Mr. PEARCE

JULY 27, 2006

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 March 29, 2006]

A BILL

To establish a program to revitalize rural multifamily housing assisted under the Housing Act of 1949.

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 “Saving America’s Rural*
3 *Housing Act of 2006”.*

4 **SEC. 2. FINDINGS AND PURPOSES.**

5 *(a) FINDINGS.—The Congress finds that—*

6 *(1) section 502(c) of the Housing Act of 1949 re-*
7 *stricts the rights of certain owners of projects for*
8 *which loans were made or insured under section 515*
9 *of such Act to prepay such loans;*

10 *(2) expensive litigation against the Department*
11 *of Agriculture has cost the taxpayers of the United*
12 *States millions of dollars to date, funds that would be*
13 *better spent preserving affordable multifamily hous-*
14 *ing;*

15 *(3) if such section 502(c) is partially repealed*
16 *and the prepayment restrictions are eliminated for*
17 *multifamily housing loans made before 1989 under*
18 *section 515, it is expected, according to a report, that*
19 *approximately 10 percent of the portfolio of such*
20 *loans would be prepaid and those projects would leave*
21 *the program;*

22 *(4) the average age of a multifamily housing*
23 *project with a section 515 loan is 28 years, and there-*
24 *fore much of the portfolio of such projects is aging*
25 *and in need of revitalization, while the need for af-*
26 *fordable rural housing is increasing;*

1 (5) *section 515 projects house some of the poorest*
2 *families in rural America, with almost 60 percent of*
3 *the units occupied by senior citizens or persons with*
4 *disabilities and an average annual household income*
5 *among all occupants of approximately \$10,000;*

6 (6) *in many small towns and communities, rental*
7 *housing financed by direct loans under section 515*
8 *is the only decent, affordable rental housing avail-*
9 *able.; and*

10 (7) *consequently, any revitalization or disposi-*
11 *tion of this portfolio, which houses nearly 450,000*
12 *low-income families and seniors, should be handled*
13 *with great care.*

14 (b) *PURPOSES.—The purposes of this Act are—*

15 (1) *to authorize the Secretary of Agriculture to*
16 *carry out a program that encourages, to the extent*
17 *practicable, the retention of section 515 housing*
18 *project developments for long-term use and the repair*
19 *and preservation of such properties, and ensures that*
20 *the minimum number of residents are displaced;*

21 (2) *to repeal a portion of section 502(c) of the*
22 *Housing Act of 1949 to avoid further costly litigation*
23 *against the Department of Agriculture;*

24 (3) *to preserve the availability of affordable*
25 *rural housing by providing a voluntary mechanism*

1 *for owners of multifamily rural housing projects with*
2 *loans under section 515 to enter into loan restruc-*
3 *turing agreements with the Secretary to provide cap-*
4 *ital for revitalization activities; and*

5 *(4) to provide for affordable rents for tenants*
6 *who live in such projects that are revitalized under*
7 *this Act and to protect tenants who live in such*
8 *projects for which the loan is prepaid.*

9 **SEC. 3. REVITALIZATION OF MULTIFAMILY HOUSING.**

10 *(a) REVITALIZATION PROGRAM.—Title V of the Hous-*
11 *ing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by*
12 *adding at the end the following new section:*

13 **“SEC. 544. REVITALIZATION AND TENANT PROTECTION**
14 **VOUCHERS.**

15 *“(a) PURPOSE.—The purposes of this section are—*

16 *“(1) to protect tenants who live in multifamily*
17 *housing projects that are subsidized under this title*
18 *and, in the case of prepayments of loans under sec-*
19 *tion 515, to protect tenants that are displaced when*
20 *the projects cease being eligible projects;*

21 *“(2) to strengthen the long-term viability of eli-*
22 *gible projects;*

23 *“(3) to promote the revitalization of rural multi-*
24 *family housing projects; and*

25 *“(4) to accomplish such several purposes—*

1 “(A) by providing a voluntary mechanism
2 for project owners to enter into loan restruc-
3 turing agreements with the Secretary to obtain
4 new types of financial assistance to rehabilitate
5 and maintain the projects; and

6 “(B) by deregulating certain projects in a
7 manner that still provides measurable perform-
8 ance standards and effective financing and reha-
9 bilitation of multifamily housing.

10 “(b) REVITALIZATION.—

11 “(1) IN GENERAL.—The Secretary shall, subject
12 to the availability of amounts appropriated, carry
13 out a revitalization program in accordance with this
14 subsection to provide financial incentives and other
15 assistance to owners of eligible projects through vol-
16 untary long-term use agreements entered into between
17 the project owners and the Secretary.

18 “(2) APPLICATIONS TO PARTICIPATE.—The Sec-
19 retary may accept applications from owners of eligi-
20 ble projects to participate in the revitalization pro-
21 gram under this section.

22 “(3) LONG-TERM VIABILITY PLAN.—

23 “(A) REQUIREMENT.—The Secretary may
24 prepare and approve a long-term viability plan
25 under this paragraph with respect to each eligi-

1 *ble project for which the owner requests to par-*
2 *ticipate.*

3 “(B) *CONTENTS.*—*Each long-term viability*
4 *plan for an eligible project shall include the fol-*
5 *lowing information:*

6 “(i) *PHYSICAL NEEDS ASSESSMENT.*—
7 *A physical needs assessment of the project*
8 *that identifies and projects, for the following*
9 *20 years—*

10 “(I) *all necessary repairs, im-*
11 *provements, maintenance, and man-*
12 *agement standards for the project, and*
13 *when they will be made, in order to*
14 *meet the requirements of this title; and*

15 “(II) *the costs associated with the*
16 *items referred to in this subparagraph*
17 *(A).*

18 “(ii) *FINANCIAL PLAN.*—*A financial*
19 *plan for the project that—*

20 “(I) *reviews the financial stability*
21 *of the project;*

22 “(II) *includes the loan restruc-*
23 *turing elements, rent adjustments,*
24 *management and operational effi-*
25 *ciencies, and other financial adjust-*

1 *ments to the project that are necessary*
2 *to cover operating expenses for the*
3 *project and maintain an adequate fi-*
4 *nancial reserve for the future mainte-*
5 *nance and capital needs of the project;*

6 *“(III) provides the project owner*
7 *with a long-term rate of return on new*
8 *capital, as determined by the Sec-*
9 *retary, commensurate to comparable*
10 *commercial multifamily housing*
11 *projects;*

12 *“(IV) meets the physical needs for*
13 *the project determined under the phys-*
14 *ical needs assessment;*

15 *“(V) ensures that rents available*
16 *under the plan are affordable to eligi-*
17 *ble households in accordance with*
18 *paragraph (7); and*

19 *“(VI) addresses any costs associ-*
20 *ated with any temporary tenant dis-*
21 *placement resulting from renovations*
22 *or rehabilitation undertaken as a re-*
23 *sult of participation of the project in*
24 *the revitalization program.*

1 “(C) *DEVELOPMENT THROUGH PARTICI-*
2 *PATING ADMINISTRATIVE ENTITIES.*—*The Sec-*
3 *retary may develop long-term viability plans*
4 *through the use of third-party participating ad-*
5 *ministrative entities, who may be a private con-*
6 *tractor, a State housing finance agency, or a*
7 *nonprofit organization.*

8 “(D) *REVITALIZATION DETERMINATION.*—
9 *Based on the long-term viability plan for an eli-*
10 *gible project, the Secretary shall determine*
11 *whether to offer the project owner a financial re-*
12 *structuring plan under paragraph (4) and the*
13 *financial incentives to be included in any such*
14 *plan offered.*

15 “(E) *FINAL REVIEW AND COMMENT.*—*With*
16 *respect to any long-term viability plan prepared*
17 *by the Secretary, the Secretary shall provide the*
18 *project owner an opportunity to review the plan*
19 *and discuss the plan with the Secretary or its*
20 *agent before a determination is made under sub-*
21 *paragraph (D).*

22 “(F) *FEEES.*—*The Secretary may charge the*
23 *project owner a fee for preparation of the long-*
24 *term viability plan.*

1 “(G) *PAYMENT OF FEES.*—If a long-term
2 *viability for a project is approved, the payment*
3 *of such fee may be incorporated into a project*
4 *owner’s financial restructuring plan for the*
5 *project provided by the Secretary pursuant to*
6 *paragraph (4)*

7 “(4) *FINANCIAL RESTRUCTURING PLAN; REVITAL-*
8 *IZATION INCENTIVES.*—Based on the long-term *viabil-*
9 *ity plan for an eligible project, the Secretary may*
10 *offer a project owner a financial restructuring plan*
11 *for the project. Such a plan may include one or more*
12 *of the following revitalization incentives:*

13 “(A) *Reduction or elimination of interest on*
14 *the loan or loans for the project made under sec-*
15 *tion 515.*

16 “(B) *Partial or full deferral of payments*
17 *due under such loan or loans.*

18 “(C) *Forgiveness of such loan or loans.*

19 “(D) *Subordination of such loan or loans,*
20 *subject to such terms and conditions as the Sec-*
21 *retary shall determine.*

22 “(E) *Reamortization of loan payments*
23 *under such loan or loans over extended terms.*

24 “(F) *A grant from the Secretary for the*
25 *project.*

1 “(G) *Payment of project costs associated*
2 *with developing the long-term viability plan.*

3 “(H) *Opportunity for project owners to ob-*
4 *tain further investment equity from third parties*
5 *in the project.*

6 “(I) *A direct loan or guarantee of a loan for*
7 *the project, with a subsidized interest rate with-*
8 *out regard to the value of the project.*

9 “(5) *LONG-TERM USE AGREEMENT.—*

10 “(A) *IN GENERAL.—If the owner of an eligi-*
11 *ble project agrees to the terms of a financial re-*
12 *structuring plan for the project providing revi-*
13 *talization benefits under paragraph (4), in ex-*
14 *change for such benefits, the Secretary and the*
15 *project owner shall enter into a long-term use*
16 *agreement under this paragraph for the project.*

17 “(B) *AGREEMENT.—A long-term use agree-*
18 *ment for an eligible project shall include—*

19 “(i) *the terms of the financial restruc-*
20 *turing plan for the project, including any*
21 *revitalization incentives to be provided;*

22 “(ii) *an agreement by the project*
23 *owner—*

24 “(I) *to continue the property use*
25 *restrictions with respect to the project*

1 *in accordance with this title for a pe-*
2 *riod of (aa) 20 years, or (bb) the re-*
3 *maining term of any loans under this*
4 *title for the project, whichever ends*
5 *later;*

6 *“(II) to comply with the long-*
7 *term viability plan for the project;*

8 *“(III) to comply with the rent*
9 *terms under paragraph (7) for the*
10 *project; and*

11 *“(IV) to make value payments*
12 *under paragraph (6) to the Secretary,*
13 *and the terms of such payments;*

14 *“(iii) provisions terminating the agree-*
15 *ment if any revitalization incentives for the*
16 *project to be provided under the agreement*
17 *are no longer available and the Secretary*
18 *determines that such unavailability is not*
19 *the fault of the owner;*

20 *“(iv) any rent terms for the project*
21 *pursuant to paragraph (7);*

22 *“(v) a covenant which runs with the*
23 *land; and*

1 “(vi) such other terms as the Secretary
2 determines are necessary to implement the
3 purposes of this section.

4 “(6) *SHARED VALUE AGREEMENTS.*—Each long-
5 term use agreement shall include a shared value
6 agreement secured by the property of the eligible
7 project that is the subject of the long-term use agree-
8 ment, which shall determine how proceeds are divided
9 at the end of the term of the loan or loans and shall
10 require the project owner, at the end of such loan
11 term or terms, to pay the lesser of—

12 “(A) the sum of—

13 “(i) the amounts of any loan
14 writedowns, write-offs, and interest sub-
15 sidies provided in connection with the loan
16 restructuring under this subsection, at the
17 closing of revitalization;

18 “(ii) any outstanding principal and
19 interest; and

20 “(iii) any non-loan funds provided by
21 the Secretary under this subsection; or

22 “(B) 75 percent of the appraised value of
23 the eligible project.

24 “(7) *RENTS UNDER LONG-TERM USE AGREE-*
25 *MENT.*—In any eligible project that is subject to a

1 *long-term use agreement, rents for eligible households*
2 *shall comply with the following requirements:*

3 *“(A) MINIMUM RENT.—The Secretary, act-*
4 *ing through the director of the applicable local*
5 *agency or office of the Department responsible*
6 *for carrying out the programs under this title in*
7 *such area, may provide that each eligible house-*
8 *hold is charged a minimum monthly rent in an*
9 *amount determined by such local director that*
10 *does not in any case exceed \$25. The Secretary*
11 *may allow exceptions to such minimum rent for*
12 *an eligible household or groups of eligible house-*
13 *holds for demonstrated hardship, as determined*
14 *by the Secretary, which hardship exceptions, if*
15 *allowed by the Secretary, shall include the hard-*
16 *ship exceptions provided or established by the*
17 *Secretary of Housing and Urban Development,*
18 *as appropriate, under subclauses (I) through (V)*
19 *of section 3(a)(3)(B)(i) of the United States*
20 *Housing Act of 1937 (42 U.S.C.*
21 *1437a(a)(3)(B)(i)).*

22 *“(B) MAXIMUM HOUSEHOLD CONTRIBUTION*
23 *TO RENT.—Notwithstanding any minimum*
24 *monthly rent established pursuant to subpara-*
25 *graph (A), the maximum household contribution*

1 to monthly rent for any eligible household may
2 not exceed 30 percent of the adjusted income of
3 the eligible household. Such local director may
4 take actions as may be necessary to verify tenant
5 incomes for purposes of carrying out this sub-
6 paragraph.

7 “(C) *RENT ADJUSTMENTS.*—The rents for
8 eligible households may be increased or decreased
9 only on an annual basis and only in accordance
10 with standards incorporated in such agreement.
11 The Secretary shall issue regulations establishing
12 such standards, which shall include standards
13 for rents that are considered affordable for eligi-
14 ble households for the area in which a project is
15 located and for establishing rents that conform to
16 such standards.

17 “(8) *LOWEST COST REQUIREMENT.*—In deter-
18 mining the terms of a restructuring plan, and the
19 type and amount of revitalization benefits under such
20 plan to approve under this subsection for an eligible
21 project, the Secretary shall, to the extent practicable,
22 approve assistance that imposes the least cost to the
23 Secretary while meeting the requirements of the long-
24 term viability plan for the project.

1 “(9) *AUTHORIZATION OF APPROPRIATIONS.*—
2 *There are authorized to be appropriated for each fis-*
3 *cal year such sums as may be necessary to carry out*
4 *the revitalization program under this subsection.*

5 “(c) *HOMEOWNERSHIP OPPORTUNITIES.*—*The owner*
6 *of an eligible project may, in conjunction with revitaliza-*
7 *tion of the project pursuant to this section, propose a sale*
8 *to a tenant-based condominium or cooperative. Any such*
9 *proposal shall be subject to a notice to tenants under terms*
10 *that the Secretary shall establish.*

11 “(d) *DETERMINATION OF INELIGIBILITY.*—

12 “(1) *PROCEDURE.*—*The Secretary may deter-*
13 *mine that a project owner is ineligible for participa-*
14 *tion in the revitalization program under this section*
15 *in accordance with the standards under paragraph*
16 *(2).*

17 “(2) *STANDARDS.*— *The Secretary may deter-*
18 *mine that a project owner is ineligible if—*

19 “(A) *the project owner has a history of poor*
20 *management or maintenance of multifamily*
21 *housing properties;*

22 “(B) *the project owner is in default on a*
23 *loan made available under the section 514 or 515*
24 *housing program;*

1 “(C) the Secretary is unable to enter into a
2 long-term use agreement for the project that is
3 the subject of the application with the project
4 owner within a reasonable time;

5 “(D) the project owner is suspended or
6 debarred from participating in Federal contracts
7 or programs; or

8 “(E) the Secretary has other good cause for
9 withholding from the project owner the benefits
10 made available under this section.

11 “(e) *DEFINITIONS.*—For purposes of this section, the
12 following definitions shall apply:

13 “(1) *ELIGIBLE HOUSEHOLD.*—The term ‘eligible
14 household’ means a household that, under section 515,
15 is eligible to reside in a project funded with a loan
16 made by the Secretary under such section.

17 “(2) *ELIGIBLE PROJECT.*—The term ‘eligible
18 project’ means a housing project funded with a loan
19 made at any time by the Secretary under section 515,
20 the principal obligation of which has not been fully
21 repaid.

22 “(3) *PROJECT OWNER; OWNER.*—The terms
23 ‘project owner’ and ‘owner’ mean, with respect to an
24 eligible project, an individual or entity, or principals
25 thereof that own, or plan to purchase, the project.”.

1 (b) *PRIORITY FOR SECTION 515 FINANCING.*—Sub-
 2 section (j) of section 515 of the Housing Act of 1949 (42
 3 U.S.C. 1485(j)) is amended—

4 (1) by inserting “(1)” before “For”; and

5 (2) by adding at the end the following new para-
 6 graph:

7 “(2) The Secretary may give priority, in entering into
 8 contracts under this section involving financing for new
 9 construction of a project, for projects located in areas hav-
 10 ing a need for affordable low-income rental housing due to
 11 prepayment of loans made or insured under this section.”.

12 (c) *PARTIAL REPEAL OF PREPAYMENT RESTRICTIONS;*
 13 *ADMINISTRATION OF PREPAYMENT REQUESTS.*—Section
 14 502 of the Housing Act of 1949 (42 U.S.C. 1472) is amend-
 15 ed—

16 (1) in subsection (c)—

17 (A) by striking “or 515” each place such
 18 term appears;

19 (B) in paragraph (4)(B)—

20 (i) by striking clause (iv);

21 (ii) by redesignating clauses (v) and
 22 (vi) as clauses (iv) and (v), respectively;
 23 and

24 (iii) by realigning clause (v) (as so re-
 25 designated by clause (ii) of this subpara-

1 *graph) so as to be indented two ems from*
2 *the left margin; and*

3 *(C) in paragraph (5)(G)(i)(I), by striking*
4 *“, as the case may be,”; and*

5 *(2) by adding at the end the following new sub-*
6 *section:*

7 “(i) *PREPAYMENT OF SECTION 515 MULTIFAMILY*
8 *HOUSING LOANS.—*

9 “(1) *ADMINISTRATION.—*

10 “(A) *PLAN.—The Secretary shall develop a*
11 *plan to administer requests to prepay (not made*
12 *in connection with any revitalization under sec-*
13 *tion 544) any loan made under section 515. The*
14 *plan shall provide for administration of voucher*
15 *assistance in accordance with paragraph (3).*
16 *The plan shall encourage and facilitate owners of*
17 *projects to maintain the projects, or to transfer*
18 *projects to owners who will maintain projects, as*
19 *housing affordable to low-income residents, but*
20 *shall not prevent an owner from prepaying.*

21 “(B) *IMPLEMENTATION.—The Secretary*
22 *shall implement this subsection not later than*
23 *the expiration of the 90-day period beginning on*
24 *the date of the enactment of the Saving Amer-*
25 *ica’s Rural Housing Act of 2006. Notwith-*

1 *standing that full implementation of this sub-*
2 *section may not have been completed, the Sec-*
3 *retary may not delay the processing of any re-*
4 *quest to prepay a loan made under section 515.*

5 “(2) *NOTICE OF PREPAYMENT OR SALE.—In*
6 *preparation for prepayment of a loan made or in-*
7 *sured under section 515, the project owner shall, not*
8 *less than 120 days before the date of prepayment of*
9 *the loan or sale of the project for which the loan was*
10 *made, provide the following notices:*

11 “(A) *NOTICE TO TENANTS.—To the tenants*
12 *of the project, notice of the prepayment, as fol-*
13 *lows:*

14 “(i) *The notice shall include informa-*
15 *tion sufficient to inform each tenant of the*
16 *plan after prepayment for the project, in*
17 *which they reside as a tenant, and whether*
18 *such plan may result in, or is likely to re-*
19 *sult in, the tenant being required to move*
20 *and the earliest date that the tenant’s lease*
21 *will expire or the tenant may have to move,*
22 *and of the availability of vouchers pursuant*
23 *to paragraph (3), actions tenants must take*
24 *to receive voucher assistance, the date pre-*
25 *payment is expected to take place, a tele-*

1 *phone number and electronic mail address*
2 *at which to contact the owner of the project,*
3 *and any limitations, use, and other terms*
4 *the Secretary considers appropriate.*

5 “(ii) *In the case of any prepayment*
6 *involving transfer of the ownership of a*
7 *project, the notice shall include the name of*
8 *the transferee, the date that the transfer was*
9 *agreed to, the date the transfer is to take*
10 *place, and telephone numbers and electronic*
11 *mail addresses at which to contact the*
12 *transferor and transferee.*

13 “(B) *NOTICE TO SECRETARY.—To the Sec-*
14 *retary, notice that the requirements under sub-*
15 *paragraph (A) have been met, which shall iden-*
16 *tify the date that notice under such subpara-*
17 *graph was made and the names of each tenant*
18 *to which such notice was provided.*

19 “(3) *RURAL TENANT PROTECTION VOUCHERS.—*

20 “(A) *IN GENERAL.—In the case of a housing*
21 *project subject to a loan made under section 515,*
22 *if the loan is prepaid or foreclosed upon, the Sec-*
23 *retary shall, to the extent that amounts for as-*
24 *sistance under this paragraph are provided in*
25 *advance in appropriation Acts, offer voucher as-*

1 *sistance to each low-income family who on the*
2 *date that notice is provided in accordance with*
3 *paragraph (2)(A) is residing in a dwelling unit*
4 *in the project.*

5 “(B) *USE.*—*A voucher under this para-*
6 *graph for a family may be used for rental of a*
7 *dwelling unit in the project that the family re-*
8 *sides in on the date of the notice in accordance*
9 *with paragraph (2)(A) or for a dwelling unit*
10 *elsewhere.*

11 “(C) *RENEWAL.*—*Vouchers under this para-*
12 *graph shall be renewed annually, subject to the*
13 *availability of appropriations for such renewal,*
14 *during the period that the family assisted re-*
15 *mains eligible for such assistance.*

16 “(D) *RIGHT TO USE.*—*In the case of a*
17 *project for which a loan made under section 515*
18 *is prepaid—*

19 “(i) *a family residing in such project*
20 *on the date of prepayment may elect to re-*
21 *main in the unit in which the family was*
22 *residing on such date; and*

23 “(ii) *the owner of the project may not*
24 *refuse to lease, to a family for whom vouch-*
25 *er assistance under this paragraph is made*

1 *available, any available rental dwelling*
2 *unit in the project.*

3 “(E) AMOUNT OF ASSISTANCE.—*The*
4 *amount of rental assistance provided under a*
5 *voucher under this paragraph on behalf of a ten-*
6 *ant shall be the amount by which—*

7 “(i) *the lesser of*

8 “(I) *the rent for the dwelling unit*
9 *rented using such voucher, or*

10 “(II) *the rent for a comparable*
11 *unit in the same market area as the*
12 *housing project for which the loan was*
13 *prepaid; exceeds*

14 “(ii) *the lesser of*

15 “(I) *the amount of rent paid by*
16 *the tenant for the dwelling unit occu-*
17 *pled by the tenant at the time of the*
18 *prepayment referred to in paragraph*
19 *(1), or*

20 “(II) *the amount equal to 30 per-*
21 *cent of the tenant’s adjusted income (as*
22 *such term is defined in section 3(b) of*
23 *the United States Housing Act of 1937*
24 *(42 U.S.C. 1437a(b)).*

1 “(F) *RURAL AFFORDABLE VOUCHER.*—For
2 *communities with insufficient affordable housing*
3 *alternatives, and in the case of any elderly or*
4 *disabled tenant who is eligible for a voucher*
5 *under this paragraph and has a need to move to*
6 *another community to be near immediate family*
7 *or necessary medical services, as determined by*
8 *the Secretary, voucher assistance under this*
9 *paragraph may be provided in accordance with*
10 *section 8(t)(1) of the United States Housing Act*
11 *of 1937 (42 U.S.C. 1437f(t)(1)).*

12 “(G) *ADMINISTRATION.*—To the maximum
13 *extent practicable, the Secretary shall administer*
14 *voucher assistance under this paragraph in ac-*
15 *cordance with, but not subject to, regulations and*
16 *administrative guidance for housing vouchers*
17 *administered by the Secretary of Housing and*
18 *Urban Development under section 8 of such Act.*

19 “(H) *HOMEOWNERSHIP OPPORTUNITIES.*—
20 *A voucher under this paragraph may be used by*
21 *a tenant to make payments towards the purchase*
22 *of a single-family home anywhere in the United*
23 *States, subject to subsidy limits for vouchers*
24 *under this title and the same limitations appli-*
25 *cable under section 8(y) of the United States*

1 *Housing Act of 1937 (42 U.S.C. 1437f(y)) to the*
2 *use of tenant-based assistance under such section*
3 *8 for homeownership.*

4 “(I) *AUTHORIZATION OF APPROPRIA-*
5 *TIONS.—There is authorized to be appropriated*
6 *for tenant protection vouchers under this para-*
7 *graph—*

8 “(i) *for fiscal year 2007, \$74,000,000;*
9 *and*

10 “(ii) *for each of fiscal years 2008*
11 *through 2011, the amount necessary to pro-*
12 *vide vouchers in each such fiscal year for all*
13 *of the families identified in subparagraph*
14 *(A).*

15 “(4) *PREPAYMENT STANDARDS FOR PRE-1989*
16 *LOANS.—In the case of a loan made or insured under*
17 *section 515 pursuant to a contract entered into before*
18 *December 15, 1989:*

19 “(A) *IN GENERAL.—Subject to subpara-*
20 *graph (B), the Secretary shall approve any offer*
21 *to prepay such a loan that meets the following*
22 *requirements:*

23 “(i) *The borrower under the loan has*
24 *not been provided any assistance to extend*
25 *low-income use pursuant to section*

1 502(c)(4) of this Act, as such section was in
2 effect before the date of the enactment of the
3 Saving America’s Rural Housing Act of
4 2006.

5 “(ii) The loan was not at any time re-
6 stricted by servicing actions, including
7 transfers.

8 “(iii) The 20-year period during which
9 the project is subject to use restrictions
10 under the loan has concluded.

11 “(B) PROHIBITION.—The Secretary may
12 not approve any offer to prepay such a loan dur-
13 ing the 20-year period during which the project
14 is subject to use restrictions under the loan.

15 “(5) SALE RESTRICTIONS AND MARKETING AS-
16 SISTANCE.—

17 “(A) SALE RESTRICTIONS.—During the pe-
18 riod that begins upon the owner providing notice
19 to the Secretary under paragraph (2)(B) and
20 having a duration of 75 days, the owner may
21 not sell the property except to a purchaser who
22 enters into such binding agreements for purchase
23 at market rates as the Secretary considers nec-
24 essary to continue the property use restrictions
25 with respect to the project in accordance with

1 *this title for a period of 20 years. This para-*
2 *graph may not be construed to prohibit an*
3 *owner, during such period, from soliciting or re-*
4 *ceiving any offers of sale or purchase.*

5 “(B) *MARKETING ASSISTANCE.*—

6 “(i) *DATABASE OF POTENTIAL BUY-*
7 *ERS.*—*The Secretary shall establish and*
8 *maintain a database of potential buyers of*
9 *projects with loans made under section 515.*
10 *Such database shall include only persons*
11 *who have expressed an interest to the Sec-*
12 *retary in purchasing such projects at fair*
13 *market value and maintaining the projects*
14 *for use as affordable housing.*

15 “(ii) *PUBLIC NOTIFICATION OF PRE-*
16 *PAYMENT.*—*Upon notification to the Sec-*
17 *retary under paragraph (2)(B) regarding*
18 *prepayment of a loan for a project, the Sec-*
19 *retary shall make publicly available, on the*
20 *appropriate World Wide Web site of the De-*
21 *partment or by other appropriate electronic*
22 *method, including individual notification, a*
23 *notice containing information sufficient, in*
24 *the determination of the Secretary, to notify*

1 *persons with an interest in purchasing the*
2 *project of the prepayment.”.*

3 **SEC. 4. CONFORMING AMENDMENTS TO TITLE V OF THE**
4 **HOUSING ACT OF 1949.**

5 *Title V of the Housing Act of 1949 is amended—*

6 (1) *in section 502(b)(2) (42 U.S.C. 1472(b)(2))—*

7 (A) *by striking “or 515”; and*

8 (B) *by inserting before the semicolon at the*

9 *end the following: “and any prepayment of a*

10 *loan made or insured under section 515 shall be*

11 *subject to the provisions of subsection (i)”;* and

12 (2) *in section 537(b)(1) (42 U.S.C. 1490p–*

13 *1(b)(1)), by inserting before the semicolon the fol-*

14 *lowing: “and to administer the revitalization pro-*

15 *gram under section 544”.*

16 **SEC. 5. EFFECTIVE DATE.**

17 *This Act and the amendments made by this Act shall*

18 *take effect on October 10, 2007.*

Union Calendar No. 348

109TH CONGRESS
2^D SESSION

H. R. 5039

[Report No. 109-604]

A BILL

To establish a program to revitalize rural multi-family housing assisted under the Housing Act of 1949.

JULY 27, 2006

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