

[DISCUSSION DRAFT]

111TH CONGRESS
1ST SESSION

H. R. _____

To prevent the loss of affordable housing dwelling units in the United States.

IN THE HOUSE OF REPRESENTATIVES

Mr. FRANK of Massachusetts introduced the following bill; which was referred to the Committee on _____

A BILL

To prevent the loss of affordable housing dwelling units in the United States.

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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Housing Preservation and Tenant Protection Act of
6 2009”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title and table of contents.

Sec. 2. Definitions.

TITLE I—PRESERVATION OF FEDERALLY FINANCED AND STATE-FINANCED AFFORDABLE HOUSING AT RISK OF CONVERSION TO MARKET-RATE HOUSING

- Sec. 101. Conversion of rent supplement and RAP contracts to project-based rental assistance under section 8.
- Sec. 102. Preservation of properties with expiring use restrictions.
- Sec. 103. Federal first right of purchase before conversion of multifamily housing.
- Sec. 104. Enhanced voucher assistance and preservation project-based section 8 assistance for State-financed affordable housing.
- Sec. 105. Project-based preservation vouchers.
- Sec. 106. Preservation of State-financed affordable housing not subsidized by Federal Government.
- Sec. 107. Protection of State and local preservation laws.
- Sec. 108. Preservation of HUD-held and HUD-owned buildings.
- Sec. 109. Authority for HUD to assign flexible subsidy loans.
- Sec. 110. Use of existing section 8 funds to preserve and revitalize affordable housing.
- Sec. 111. Authority for Ginnie Mae to securitize FHA risk-sharing mortgages.

TITLE II—RESTORATION OF HOUSING AT RISK OF LOSS DUE TO DETERIORATION

- Sec. 201. Authority to transfer section 8 assistance to other properties.
- Sec. 202. Building transfers: requirements for purchasers of FHA insured projects and section 8 projects.
- Sec. 203. Use of interest reduction payments for rehabilitation grants.
- Sec. 204. Clarification of budget-based rent increases for rehabilitated projects.
- Sec. 205. Interest reduction payments for section 236 projects experiencing a reduction of units.

TITLE III—PROTECTION AND EMPOWERMENT OF RESIDENTS FACING CONVERSION

- Sec. 301. Requirement for owners of converting projects to accept vouchers for all tenants.
- Sec. 302. Tenant protection voucher to replace lost subsidized units on 1-for-1 basis.
- Sec. 303. Ongoing enforcement of housing quality standards.
- Sec. 304. Third party beneficiary status for residents.
- Sec. 305. Resident Access to building information.

TITLE IV—PRESERVATION OF TROUBLED PROJECTS FACING FORECLOSURE

- Sec. 401. Maintaining affordability through escrowing of rental assistance.
- Sec. 402. Multifamily housing mortgage foreclosure.
- Sec. 403. Building acquisition: valuation of physically distressed properties sold by HUD.
- Sec. 404. Investment through up-front grants from General Insurance Fund.
- Sec. 405. Maintaining project-based assistance for projects disposed of by HUD.
- Sec. 406. Correcting harm caused by late subsidy payments.

**TITLE V—INCENTIVES UNDER MAHRA FOR OWNERS TO
MAINTAIN HOUSING AFFORDABILITY**

- Sec. 501. Maintaining affordability in preservation project transactions.
- Sec. 502. Encouraging continued participation in assisted housing programs.
- Sec. 503. Prepayment of FHA mortgages on multifamily housing.
- Sec. 504. Period of eligibility for nonprofit debt relief.
- Sec. 505. Acquisition of restructured projects by nonprofit organizations.
- Sec. 506. Rent adjustments upon subsequent renewals of section 8 contracts.
- Sec. 507. Budget-based rent adjustments.
- Sec. 508. Independent appraisal requirement in cases of divergent rent studies.
- Sec. 509. Extension of housing assistance payment contract.
- Sec. 510. Otherwise eligible projects.
- Sec. 511. Exception rents.
- Sec. 512. Disaster-damaged eligible projects.
- Sec. 513. Funding for tenant and other participation and capacity building.

TITLE VI—PRESERVATION DATABASE

- Sec. 601. Preservation database.

TITLE VII—SECTION 202 SUPPORTIVE HOUSING FOR THE AGING

- Sec. 701. Short title and table of contents.

Subtitle A—New Construction Reforms

- Sec. 711. Project rental assistance.
- Sec. 712. Selection criteria.
- Sec. 713. Development cost limitations.
- Sec. 714. Owner deposits.
- Sec. 715. Definition of private nonprofit organization.
- Sec. 716. Preferences for homeless elderly.
- Sec. 717. Nonmetropolitan allocation.

Subtitle B—Refinancing

- Sec. 721. Approval of prepayment of debt.
- Sec. 722. Sources of refinancing.
- Sec. 723. Use of unexpended amounts.
- Sec. 724. Use of project residual receipts.
- Sec. 725. Additional provisions.

Subtitle C—Assisted Living Facilities

- Sec. 731. Definition of assisted living facility.
- Sec. 732. Monthly assistance payment under rental assistance.

Subtitle D—National Senior Housing Clearinghouse

- Sec. 741. National senior housing clearinghouse.

TITLE VIII—RURAL HOUSING PRESERVATION

- Sec. 801. Short title.
- Sec. 802. Preservation of multifamily housing.
- Sec. 803. Rural preservation and rural tenant protection vouchers.
- Sec. 804. Priority for financing.

Sec. 805. Conforming amendment.

Sec. 806. Regulations.

1 **SEC. 2. DEFINITIONS.**

2 For purposes of this Act, the following definitions
3 shall apply:

4 (1) **QUALIFIED PRESERVATION OWNER OR PUR-**
5 **CHASER.**—The terms “qualified preservation owner”
6 and “qualified preservation purchaser” mean, with
7 respect to a housing project, a for-profit or nonprofit
8 organization owner that, in connection with its own-
9 ership or purchase of the project, as applicable,
10 agrees to—

11 (A) use restrictions that retain the use and
12 affordability of the property for a term of not
13 less than 30 years; and

14 (B) provides an assignable right of refusal
15 in favor of the State housing credit agency (as
16 such term is defined in section 42(h)(8) of the
17 Internal Revenue Code of 1986 (26 U.S.C.
18 42(h)(8))) that grants such housing credit
19 agency, and its successors and assigns, a first
20 right of refusal to purchase the property upon
21 termination of any Federal low-income rental
22 assistance contract or any Federal low-income
23 use restrictions at a purchase price in accord-
24 ance with section 42(i)(7) of such Code (26

1 U.S.C. 42(i)(7)), which right of refusal is sub-
2 ordinate to any right of refusal granted by a
3 first mortgage on the project or rights grant
4 under section 103 of this Act.

5 (2) SECRETARY.—The term “Secretary” means
6 the Secretary of Housing and Urban Development.

7 **TITLE I—PRESERVATION OF**
8 **FEDERALLY FINANCED AND**
9 **STATE-FINANCED AFFORD-**
10 **ABLE HOUSING AT RISK OF**
11 **CONVERSION TO MARKET-**
12 **RATE HOUSING**

13 **SEC. 101. CONVERSION OF RENT SUPPLEMENT AND RAP**
14 **CONTRACTS TO PROJECT-BASED RENTAL AS-**
15 **SISTANCE UNDER SECTION 8.**

16 (a) CONVERSION.—Notwithstanding any other provi-
17 sion of law and subject to the availability of appropria-
18 tions, the Secretary of Housing and Urban Development
19 shall, at the request of a project owner with a contract
20 under section 101 of the Housing and Urban Development
21 Act of 1965 (12 U.S.C. 1701s) or a contract under section
22 236(f)(2) of the National Housing Act (12 U.S.C. 1715z–
23 1(f)(2)), submitted during the 12-month period beginning
24 on the date of the enactment of this Act, convert such
25 contract to project-based assistance under section 8 of the

1 United States Housing Act of 1937 (42 U.S.C. 1437f) (in
2 this section referred to as “section 8”).

3 (b) TERMS.—A contract for project-based rental as-
4 sistance under section 8 pursuant to a conversion under
5 subsection (a) of this section shall—

6 (1) be subject to the availability of amounts
7 provided in appropriations Act; and

8 (2) have a term that is not shorter in duration
9 than the remaining term of the contract that is con-
10 verted, pursuant to subsection (a) of this section, to
11 project-based assistance under such section 8, plus
12 an additional 5 years.

13 (c) LOAN MANAGEMENT ASSISTANCE CONTRACTS.—
14 After the initial year of a project-based rental assistance
15 contract under section 8 for loan management assistance,
16 the contract may, at the option of the project owner and
17 subject to the conditions specified in section 524(a)(4)(D)
18 of the Multifamily Assisted Housing Reform and Afford-
19 ability Act of 1997 (42 U.S.C. 1437f note), be converted
20 to a renewal contract under such section 524, subject to
21 the availability of appropriations, if the project owner
22 agrees to a contract term that extends 10 years beyond
23 the remaining term of the assistance contract.

24 (d) USE RESTRICTIONS.—Notwithstanding any other
25 provision of law, conversion of a contract pursuant to sub-

1 section (a) shall not diminish the affordability restrictions
2 or number of assisted units applicable to the property that
3 is subject to the contract converted.

4 (e) USE OF RECAPTURED AMOUNTS.—Any budget
5 authority recaptured as a result of conversion of any con-
6 tract pursuant to subsection (a)—

7 (1) shall be used by the Secretary of Housing
8 and Urban Development for making assistance pay-
9 ments with respect to the initial 12-month period of
10 the contract for project-based rental assistance
11 under section 8 resulting from such conversion; and

12 (2) to the extent such budget authority exceeds
13 the amount necessary for such assistance payments,
14 shall be retained and used for assistance under sec-
15 tion 102 of this Act.

16 **SEC. 102. PRESERVATION OF PROPERTIES WITH EXPIRING**
17 **USE RESTRICTIONS.**

18 (a) FEDERAL ASSISTANCE AND EXTENSION OF AF-
19 FORDABILITY REQUIREMENTS.—

20 (1) PROVISION OF ASSISTANCE.—

21 (A) AUTHORITY.—The Secretary may use
22 amounts made available under paragraph (5) to
23 provide assistance under this section with re-
24 spect to properties with an impending termi-

1 nation date **[or conversion action]** as defined in
2 this section.

3 (B) APPLICATIONS AND SELECTION CRI-
4 TERIA.—The Secretary shall provide for owners
5 of covered multifamily housing properties to
6 submit applications for assistance under this
7 section and shall establish criteria for selection
8 of properties to receive assistance that shall
9 take into consideration the need of a property
10 for such assistance.

11 (2) REHABILITATION ASSISTANCE.—The Sec-
12 retary may provide a grant or loan under this para-
13 graph to the owner or purchaser of the property,
14 subject to the following requirements:

15 (A) PURPOSE.—The assistance shall be
16 provided for the purpose of rehabilitating the
17 property for continued use as housing afford-
18 able to low- and moderate-income families.

19 (B) ELIGIBLE USE.—Amounts from the
20 grant or loan may be used only for payment of
21 nonrecurring maintenance and capital improve-
22 ments for the property, and associated trans-
23 action costs, under such terms and conditions
24 as are determined by the Secretary.

1 (C) PER UNIT AMOUNT LIMITATIONS.—

2 The amount from a grant or loan used with re-
3 spect to a dwelling unit in the property may not
4 exceed the per unit dollar amount limitation as
5 the Secretary shall establish for purposes of
6 this paragraph for dwelling units of the applica-
7 ble size.

8 (D) REQUIRED EXTENSION OF AFFORD-
9 ABILITY RESTRICTIONS.—The Secretary may
10 provide assistance under this paragraph for a
11 property only if the owner of the property en-
12 ters into such binding commitments as the Sec-
13 retary may require, which shall be applicable to
14 any subsequent owner, to ensure that the prop-
15 erty will be operated, for a period of not less
16 than 20 years that begins on the termination
17 date for the property, in accordance with all af-
18 fordability restrictions that are applicable to the
19 property under the multifamily housing subsidy
20 program under which the property is assisted
21 before the termination date, with flexibility to
22 recognize more significant restrictions accom-
23 panying other subsidies for the property.

24 (3) ASSISTANCE FOR PURCHASE BY NONPROFIT
25 ENTITIES.— The Secretary may provide a grant or

1 loan under this paragraph to a nonprofit organiza-
2 tion for acquisition of a covered multifamily housing
3 property, subject to the following requirements:

4 (A) PURPOSE.—The assistance shall be
5 provided for the purpose of facilitating acquisi-
6 tion of properties by nonprofit organizations
7 whose missions are to provide affordable hous-
8 ing to low- and moderate-income families.

9 (B) ELIGIBLE NONPROFIT ORGANIZA-
10 TIONS.—A grant or loan under this paragraph
11 may be made only to a nonprofit organization
12 that provides such assurances as the Secretary
13 may require that the organization—

14 (i) will acquire the property; and
15 (ii) is capable of managing the prop-
16 erty and related facilities (either directly or
17 through a contract) for the remaining use-
18 ful life of the property and related facili-
19 ties.

20 (C) ELIGIBLE USE.—Amounts from the
21 grant or loan may be used only to cover any di-
22 rect costs (other than the purchase price) in-
23 curred by the nonprofit organization in pur-
24 chasing and assuming responsibility for the
25 property and related facilities involved.

1 (D) PER UNIT AMOUNT LIMITATIONS.—

2 The amount from a grant or loan used with re-
3 spect to a dwelling unit in the property may not
4 exceed the per unit dollar amount limitation as
5 the Secretary shall establish for purposes of
6 this paragraph for dwelling units of the applica-
7 ble size.

8 (E) REQUIRED EXTENSION OF AFFORD-
9 ABILITY RESTRICTIONS.—The Secretary may
10 provide assistance under this paragraph for a
11 property only if the owner of the property en-
12 ters into such binding commitments as the Sec-
13 retary may require, which shall be applicable to
14 any subsequent owner, to ensure that the prop-
15 erty will be operated, for the remaining useful
16 life of the property, in accordance with all af-
17 fordability restrictions that are applicable to the
18 property under the multifamily housing subsidy
19 program under which the property is assisted
20 before the termination date.

21 (4) LOW- AND MODERATE-INCOME AFFORD-
22 ABILITY ASSISTANCE.—The Secretary may provide
23 new project-based assistance under section 8 of the
24 United States Housing Act of 1937 (42 U.S.C.
25 1437f) for currently unassisted units in covered mul-

1 multifamily housing properties occupied by tenants oth-
2 erwise eligible for such assistance, subject to the fol-
3 lowing requirements:

4 (A) PURPOSE.—The assistance shall be
5 provided for the purpose of maintaining the af-
6 fordability of dwelling units in covered multi-
7 family housing properties not currently provided
8 project-based rental assistance.

9 (B) ELIGIBILITY.—Assistance may be
10 made available for a property only if the prop-
11 erty—

12 (i) is located in an area without ade-
13 quate available and affordable rental hous-
14 ing; or

15 (ii) may be subject to rent level in-
16 creases as the result of mortgage maturity
17 or termination or as the result of a recap-
18 italization activity approved by the Sec-
19 retary or the Secretary of Agriculture.

20 (C) FORM AND TERM.—The assistance
21 shall be in the form of a housing assistance
22 payment contract under such section 8 and
23 shall be provided for such term as may be
24 agreed to by the Secretary and the owner of the
25 property. The form of assistance may include

1 an amendment of an existing assistance con-
2 tract to cover additional units in the subject
3 property.

4 (D) PREVENTION OF DUPLICATIVE SUB-
5 SIDIES.—Assistance may not be provided for
6 any dwelling unit in a property if such assist-
7 ance would duplicate other project- or tenant-
8 based rental assistance of any kind for the
9 dwelling unit from any source.

10 (E) AMOUNT AND RENT LEVELS.—The
11 Secretary shall determine the amount of annual
12 assistance provided for a property based on rent
13 levels, for the dwelling units in the property
14 that are subject to affordability restrictions pur-
15 suant to subparagraph (F), that are equal to
16 the lesser of—

17 (i) comparable market rents for the
18 market area in which the property is lo-
19 cated for dwelling units of the applicable
20 size; and

21 (ii) 150 percent of the fair market
22 rentals established under section 8(c) of
23 the United States Housing Act of 1937 for
24 the market area in which the property is

1 located for dwelling units of the applicable
2 size.

3 (F) REQUIRED EXTENSION OF AFFORD-
4 ABILITY RESTRICTIONS.—The Secretary may
5 provide assistance under this paragraph for a
6 property only if the owner of the property en-
7 ters into such binding commitments as the Sec-
8 retary may require, which shall be applicable to
9 any subsequent owner, to ensure that the prop-
10 erty will be operated, for a period not shorter
11 than the term of the assistance agreed to pur-
12 suant to subparagraph (C) or 10 years, which-
13 ever is longer, that begins on the termination
14 date for the property, in accordance with all af-
15 fordability restrictions that are applicable to the
16 property under the multifamily housing subsidy
17 program under which the property is assisted
18 before the termination date.

19 (5) AUTHORIZATION OF APPROPRIATIONS.—
20 There are authorized be to appropriated for [assist-
21 ance under this subsection/ project-based assistance
22 under paragraph (4)] such sums as may be nec-
23 essary.

24 (b) ENHANCED VOUCHERS.—

1 (1) REQUIREMENT.—Upon the termination
2 date for each assisted multifamily housing project,
3 to the extent that amounts for assistance under this
4 paragraph are provided in advance in appropriation
5 Acts, the Secretary shall make enhanced voucher as-
6 sistance under section 8(t) of the United States
7 Housing Act of 1937 (42 U.S.C. 1437f(t)) available
8 on behalf of each family described in paragraph (2)
9 who is otherwise eligible for such assistance and
10 elects to remain in the residence. Such assistance
11 shall be made available no later than 60 days before
12 the termination date for those families electing to
13 move from the property.

14 (2) ELIGIBILITY.—A family described in this
15 paragraph is a family who, on such termination
16 date, is residing in a dwelling unit of the project
17 that—

18 (A) immediately before such termination
19 date was assisted under the multifamily housing
20 subsidy program for the project; and

21 (B) is not assisted after such termination
22 date under section 8 of such Act or pursuant to
23 assistance under subsection (a) of this section.

24 (3) ELIGIBILITY EVENT.—Section 8(t)(2) of the
25 United States Housing Act of 1937 (42 U.S.C.

1 1437f(t)(2)) is amended by adding after the period
2 at the end the following new sentence: “Such term
3 includes, with respect to an assisted multifamily
4 housing project (as such term is defined in section
5 102(f) of the Housing Preservation and Tenant Pro-
6 tection Act of 2009)—

7 “(A) the maturity of the mortgage or loan
8 for the project;

9 “(B) the termination or expiration of an
10 assistance contract for the project that cannot
11 be renewed;

12 “(C) in the case of a project that is not eli-
13 gible low-income housing, as such term is de-
14 fined in section 229 of the Low-Income Hous-
15 ing Preservation and Resident Homeownership
16 Act of 1990 (12 U.S.C. 4119), the prepayment
17 of a mortgage or loan or termination of an in-
18 surance contract that covers the project;

19 “(D) the expiration of use restrictions im-
20 posed with respect to the project pursuant to
21 the Emergency Low Income Housing Preserva-
22 tion Act of 1987; and

23 “(E) the occurrence of the termination
24 date for the project.”.

25 (c) NOTIFICATION REQUIREMENT.—

1 (1) TIMING.—An owner of an assisted multi-
2 family housing property, including any owner of a
3 property with rent limitations that expire concu-
4 rrently with the expiration of the term of the mort-
5 gage for the property, who intends to terminate or
6 alter the affordability restrictions for the property
7 on or after the termination date for the property
8 shall, not less than 12 months before such termi-
9 nation date, provide written notice of such termi-
10 nation date to the Secretary of Housing and Urban
11 Development, the chief executive officer of the State
12 and the unit of general local government (as such
13 term is defined in section 104 of the Cranston-Gon-
14 zalez National Affordable Housing Act (42 U.S.C.
15 12704)) in which the property is located, and each
16 tenant of the project.

17 (2) CONTENTS.—The notice shall include—

18 (A) a statement specifying any changes in
19 the terms or applicability of the affordability re-
20 strictions for the property that the owner in-
21 tends to make on or after the termination date
22 for the property;

23 (B) a statement that, if the owner pro-
24 ceeds with such intended changes and the Con-
25 gress makes funds available, the Department of

1 Housing and Urban Development will provide
2 tenant-based rental assistance to all eligible
3 residents, enabling them to choose the place
4 they wish to rent, which may include the right
5 to remain in the dwelling unit in which they
6 currently reside; and

7 (C) a statement that, if the Congress
8 makes funds available, the owner and the Sec-
9 retary may yet agree to renewal of assistance
10 and affordability restrictions for the project,
11 thereby obviating the need for such tenant-
12 based rental assistance.

13 (3) FAILURE TO PROVIDE NOTICE.—If the
14 owner does not provide the notice required under
15 this subsection, notwithstanding any inapplicability
16 of the affordability restrictions for the project, the
17 owner may not evict the tenants or increase the ten-
18 ants' rent payments until such time as the owner
19 has provided the notice and the 12-month period be-
20 ginning upon the provision of such notice has
21 elapsed.

22 (4) OTHER TERMS.—The Secretary may, to
23 preserve affordable housing or protect tenants in
24 such properties, establish additional notice require-

1 ments concerning mortgage or alteration or termi-
2 nation of affordability restrictions.

3 (5) SAVINGS PROVISION.—This subsection may
4 not be construed to annul, alter, affect, or preempt
5 any provision of the law of a State or political sub-
6 division thereof requiring notice regarding termi-
7 nation of assistance or affordability restrictions with
8 respect to a multifamily housing project or to ex-
9 empt any person from complying with such a law.

10 (d) PROJECTS WITH COMMON USE AGREEMENTS.—
11 Notwithstanding any provision of the Emergency Low In-
12 come Housing Preservation Act of 1987 (12 U.S.C. 1715l
13 note), if two [projects/ covered multifamily housing prop-
14 erties?] are encumbered by use agreements that were re-
15 corded in land records on the same date pursuant to such
16 Act and both such [projects/properties?] are [secured by/
17 subject to?] a single mortgage, both such use agreements
18 shall be deemed to expire on the earlier of the expiration
19 dates stated in such use agreements, but only if the owner
20 of the [projects/properties] agrees to maintain any
21 project-based rental assistance [for both such projects]
22 for the 20-year period beginning upon such common expi-
23 ration date. At the request of the owner, the Secretary
24 shall establish contract rents for such project-based assist-

1 ance at levels for comparable properties in the same mar-
2 ket area.

3 (e) ANNUAL AND SEMIANNUAL REVIEWS.—

4 (1) ANNUAL REVIEW.—To ensure compliance
5 with this section, the Secretary shall conduct an an-
6 nual review on actions taken under this section and
7 the status of covered multifamily housing properties
8 and submit a report to the Congress regarding each
9 such annual review.

10 (2) SEMIANNUAL REVIEW.—Not less than semi-
11 annually during the 2-year period beginning on the
12 date of the enactment of this Act and not less than
13 annually thereafter, the Secretary shall submit re-
14 ports to the Committee on Financial Services of the
15 House of Representatives and the Committee on
16 Banking, Housing, and Urban Affairs of the Senate
17 stating, for such periods, the total number of as-
18 sisted multifamily housing properties for which noti-
19 fication has been provided under subsection (c) dur-
20 ing such period, the total number of covered multi-
21 family housing properties for which assistance has
22 been provided under subsection (a), and the type or
23 types of such assistance provided.

24 (f) DEFINITIONS.—For purposes of this section:

1 (1) AFFORDABILITY RESTRICTIONS.—The term
2 “affordability restrictions” means, with respect to a
3 covered multifamily housing property, limits imposed
4 by regulation or regulatory agreement on tenant
5 rents, rent contributions, or income eligibility.

6 (2) ASSISTED MULTIFAMILY HOUSING PROP-
7 ERTY.—The term “assisted multifamily housing
8 property” means a multifamily housing project for
9 which assistance is provided under a multifamily
10 housing subsidy program.

11 (3) COMPARABLE PROPERTIES.—The term
12 “comparable properties” means, with respect to a
13 covered multifamily housing property, properties in
14 the same market area, where practicable, that—

15 (A) are similar to the covered multifamily
16 housing property as to neighborhood (including
17 risk of crime), type of location, access, street
18 appeal, age, property size, apartment mix, phys-
19 ical configuration, property and unit amenities,
20 utilities, and other relevant characteristics; and

21 (B) are not receiving project-based rental
22 assistance of any kind from any source.

23 (4) COVERED MULTIFAMILY HOUSING PROP-
24 ERTY.—The term “covered multifamily housing
25 property” means an assisted multifamily housing

1 project for which the termination date will occur
2 within the 10-year period beginning on the date of
3 the enactment of this Act.

4 (5) LOW-INCOME FAMILY.—The term “low-in-
5 come family” has the meaning given such term in
6 section 3(b) of the United States Housing Act of
7 1937 (42 U.S.C. 1437a(b)).

8 (6) MODERATE-INCOME FAMILY.—The term
9 “moderate-income family” has the meaning given
10 such term in section 229 of the Low-Income Hous-
11 ing Preservation and Resident Homeownership Act
12 of 1992 (12 U.S.C. 4119).

13 (7) MULTIFAMILY HOUSING SUBSIDY PRO-
14 GRAM.—The term “multifamily housing subsidy pro-
15 gram” means—

16 (A) the below-market interest rate mort-
17 gage insurance program under section
18 221(d)(3) of the National Housing Act (12
19 U.S.C. 1715l(d)(3));

20 (B) the program for interest reduction
21 payments under section 236 of the National
22 Housing Act (12 U.S.C. 1715z-1);

23 (C) the program for supportive housing for
24 the elderly under section 202 of the Housing
25 Act of 1959 (12 U.S.C. 1701q), including as-

1 sistance under such section as in effective be-
2 fore the enactment of the Cranston-Gonzalez
3 National Affordable Housing Act; and

4 (D) the program for rural rental housing
5 under section 515 of the Housing Act of 1949
6 (42 U.S.C. 1485).

7 (8) NONPROFIT ORGANIZATION.—The term
8 “nonprofit organization” means—

9 (A) any incorporated private institution or
10 foundation—

11 (i) no part of the net earnings of
12 which inures to the benefit of any member,
13 founder, contributor, or individual; and

14 (ii) that is approved by the Secretary
15 as to financial responsibility;

16 (B) any corporation wholly owned and con-
17 trolled by an organization meeting the require-
18 ments under subparagraph (A);

19 (C) any for-profit limited partnership, all
20 general partners of which are organizations
21 meeting the requirements under subparagraph
22 (A) or (B); or

23 (D) any limited liability company, the
24 managing members of which are controlled by

1 an organization meeting the requirements under
2 subparagraph (A) or (B).

3 (9) TERMINATION DATE.—The term “termi-
4 nation date” means, with respect to an assisted or
5 a covered multifamily housing property, the date
6 that—

7 (A)(i) the mortgage for the property that
8 is insured under the below-market interest rate
9 program under section 221(d)(3) of the Na-
10 tional Housing Act, or for which interest reduc-
11 tion payments are made under section 236 of
12 such Act, matures; or

13 (ii) the term of the loan or capital advance
14 for the property made under section 202 of the
15 Housing Act of 1959 or section 515 of the
16 Housing Act of 1949 expires; and

17 (B) the affordability restrictions applicable
18 to the property because of assistance for the
19 property pursuant to a multifamily housing
20 subsidy program terminate with respect to the
21 property.

22 (g) REGULATIONS.—The Secretary may issue any
23 regulations necessary to carry out this section.

1 **SEC. 103. FEDERAL FIRST RIGHT OF PURCHASE BEFORE**
2 **CONVERSION OF MULTIFAMILY HOUSING.**

3 (a) COVERED HOUSING.—For purposes of this sec-
4 tion, the term “covered housing” means any housing that
5 is financed by a loan or mortgage, or assisted, under—

6 (1) the new construction, substantial rehabilita-
7 tion, moderate rehabilitation, property disposition,
8 and loan management set-aside programs, or any
9 other program providing project-based assistance,
10 under section 8 of the United States Housing Act of
11 1937 (42 U.S.C. 1437f);

12 (2) the below-market interest rate program
13 under paragraphs (3) and (5) of section 221(d)(3)
14 of the National Housing Act (12 U.S.C. 1715l(d));

15 (3) section 236 of the National Housing Act
16 (12 U.S.C. 1715z-1);

17 (4) section 202 of the Housing Act of 1959 (12
18 U.S.C. 1701q);

19 (5) the rent supplement program under section
20 101 of the Housing and Urban Development Act of
21 1965 (12 U.S.C. 1701s);

22 (6) the programs under sections 514, 515, 516,
23 521, 533, and 538 of the Housing Act of 1949 (42
24 U.S.C. 1484, 1485, 1486, 1490a, 1490m, and
25 1490p-2);

1 (7) section 42 of the Internal Revenue Code of
2 1986 (26 U.S.C. 42);

3 (8) section 142(d) of the Internal Revenue Code
4 of 1986 (relating to tax-exempt private activity
5 mortgage revenue bonds);

6 (9) section 147 of the Internal Revenue Code of
7 1986;

8 (10) title I of the Housing and Community De-
9 velopment Act of 1974 (42 U.S.C. 5301 et seq.);

10 (11) title II of the Cranston-Gonzales National
11 Affordable Housing Act of 1990 (42 U.S.C. 12721
12 et seq.);

13 (12) titles IV and V of the McKinney-Vento
14 Homeless Assistance Act of 1987 (42 U.S.C. 11361
15 et seq., 11411 et seq.); and

16 (13) other federal affordable housing programs,
17 as identified by regulation by the applicable Sec-
18 retary.

19 (b) LIMITATIONS ON CONVERSION ACTIONS.—

20 (1) IN GENERAL.—Except as provided in para-
21 graph (2), an owner of covered housing may not
22 take any conversion action with respect to such
23 housing unless—

1 (A) the owner has provided notice of the
2 conversion action for the housing in accordance
3 with subsection (c);

4 (B) the owner has complied with sub-
5 section (d); and

6 (C) the conversion action is taken only
7 after the expiration of the 24-month period be-
8 ginning upon submission to the applicable Sec-
9 retary of notice under subsection (c) regarding
10 the covered housing.

11 (2) EXCEPTIONS.—The prohibition under para-
12 graph (1) shall not apply in the case of a conversion
13 action for any covered housing that the applicable
14 Secretary determines, in accordance with regulations
15 issued by such Secretary, is part of a transaction
16 under which any limits or restrictions imposed by
17 Federal statute, regulation, or regulatory agreement
18 on tenant rents, rent contributions, or income eligi-
19 bility for the covered housing, including the rent
20 schedule in effect at the time of giving the notice,
21 or on use of the covered housing, will be preserved
22 for the remaining useful life of the property under
23 substantially the same terms and conditions, except
24 that rents may be increased if additional project-

1 based assistance is provided to limit the rent bur-
2 dens to tenants to those previously in effect..

3 (c) NOTICE.—

4 (1) IN GENERAL.—Notice with respect to a con-
5 version action for covered housing is provided in ac-
6 cordance with this subsection only if the notice com-
7 plies with the following requirements:

8 (A) IN WRITING.—The notice shall be pro-
9 vided in writing.

10 (B) RECIPIENTS.—The notice—

11 (i) shall be provided by first class mail
12 to—

13 (I) the applicable Secretary;

14 (II) each tenant;

15 (III) any tenant association rep-
16 resenting tenants of the covered hous-
17 ing; and

18 (IV) the chief executive officer of
19 the State and unit of general local
20 government in which the covered
21 housing is located; and

22 (ii) shall be posted conspicuously in
23 the common area of the covered housing.

24 (C) CONTENTS.—The notice shall—

1 (i) specify the conversion action to be
2 taken;

3 (ii) provide a description, as approved
4 by the applicable Secretary, of the oppor-
5 tunity to purchase the property and pre-
6 serve its use as affordable housing pro-
7 vided under subsection (d);

8 (iii) include such other information re-
9 garding the covered housing and the con-
10 version action as the applicable Secretary
11 may require, which shall include informa-
12 tion concerning the identity of the covered
13 housing and any applicable subsidies or re-
14 strictions, the identity of the ownership en-
15 tity for the covered housing and any indi-
16 viduals exercising operational control of
17 the ownership entity, and a statement that
18 additional information concerning the cov-
19 ered housing will be made available within
20 14 days of serving the notice, pursuant to
21 paragraph (3).

22 (D) CERTIFICATION.—The owner of the
23 covered housing shall certify to the Secretary
24 that notice has been provided as required under
25 this paragraph.

1 (2) NOTIFICATION TO MEMBERS OF CON-
2 GRESS.—

3 (A) NOTIFICATION.—In the case of any
4 covered housing for which notice of a conversion
5 action is submitted under this subsection or for
6 which any determination is made to abate or
7 terminate an assistance contract for such hous-
8 ing or to proceed to foreclosure of any mortgage
9 or loan for such housing described in subsection
10 (a), not later 7 days after such notice is sub-
11 mitted to the applicable Secretary or such de-
12 termination is made, the applicable Secretary
13 shall provide to the Member of the House of
14 Representatives representing the district in
15 which the housing is located, and to the Mem-
16 bers of the Senate for the State in which the
17 housing is located, a copy of such notice or no-
18 tice of such proposed foreclosure or termi-
19 nation.

20 (B) WEB POSTING.—Not later than 14 day
21 after the applicable Secretary submits any no-
22 tice pursuant to subparagraph (A), the applica-
23 ble Secretary shall make such notice available
24 for access by the general public at an easily

1 identifiable location on a World Wide Web loca-
2 tion of the Department.

3 (d) FEDERAL FIRST RIGHT OF PURCHASE.—

4 (1) LIMITATION ON SALE DURING OFFER PE-
5 RIOD.—During the period referred to in subsection
6 (b)(1)(C), an owner of covered housing may not sell
7 or otherwise transfer, or enter into any contract for
8 the sale or other transfer of, the covered housing
9 other than in accordance with paragraph (2).

10 (2) QUALIFIED PRESERVATION PURCHASER
11 RIGHT TO PURCHASE DURING OFFER PERIOD.—If—

12 (A) during the first 12 months of the pe-
13 riod referred to in subsection (b)(1)(C) for cov-
14 ered housing, a qualified preservation purchaser
15 (as such term is defined in section 2 of this
16 Act) provides the owner of the covered housing
17 notice of an intent to purchase the property,
18 and

19 (B) during the period referred to in sub-
20 section (b)(1)(C) for covered housing, such
21 qualified preservation purchaser makes, to the
22 owner of the covered housing, a bona fide offer
23 to purchase the housing that meets the require-
24 ments of paragraph (3) of this subsection,

1 the owner shall accept such offer and sell the cov-
2 ered housing to the qualified preservation purchaser
3 in accordance with such offer. The applicable Sec-
4 retary shall, by regulation, establish priorities for ac-
5 ceptance of offers in any case in which more than
6 one offer meeting the requirements of paragraph (3)
7 is made during such period.

8 (3) FAIR MARKET VALUE PRICE; EXTENSION OF
9 AFFORDABILITY REQUIREMENTS.—An offer complies
10 with the requirements of this paragraph only if the
11 offer—

12 (A) is made in writing;

13 (B) provides for purchase at a price that
14 is not less than the fair market value of the
15 property, as determined under paragraph (4);
16 and

17 (C) provides that the qualified preservation
18 purchaser making the offer will enter into such
19 agreements, contained in the deed or other re-
20 corded instrument for the covered housing, as
21 specified by the applicable Secretary, that will
22 ensure that the housing and related facilities
23 will remain affordable for very low-income fami-
24 lies for the remaining useful life of the prop-
25 erty, utilizing all available assistance, including

1 renewal of existing Federal assistance contracts
2 and leasing to holders of tenant-based assist-
3 ance.

4 (4) DETERMINATION OF FAIR MARKET
5 VALUE.—A determination under this paragraph of
6 the fair market value of covered housing shall—

7 (A) take into consideration all restrictions
8 that would still be applicable to the property
9 after the proposed conversion, including restric-
10 tions imposed by deed, contract, use restriction,
11 or by applicable State and local laws and regu-
12 lations, including land use, zoning and other po-
13 lice power regulations, and all of the costs of
14 converting the housing to whatever uses may be
15 permissible; and

16 (B) be made by two independent, qualified
17 appraisers, one of whom shall be selected by the
18 applicable Secretary and one of whom shall be
19 selected by the owner of the housing; if the two
20 appraisers fail to agree on the fair market
21 value, the applicable Secretary and the owner
22 shall jointly select a third appraiser whose ap-
23 praisal shall be binding for purposes of this
24 subsection.

1 (5) ADVANCES FOR QUALIFIED PRESERVATION
2 PURCHASERS.—

3 (A) PREDEVELOPMENT AND ADMINISTRA-
4 TIVE COSTS.—To the extent amounts are pro-
5 vided in advance in appropriations Acts for as-
6 sistance under this subparagraph, the applica-
7 ble Secretary shall make an advance to each
8 qualified preservation purchaser that is not a
9 for-profit entity whose offer to purchase covered
10 housing is accepted pursuant to paragraph (2)
11 in an amount as may be necessary to cover the
12 direct predevelopment and administrative costs
13 involved in the acquiring and assuming control
14 of the housing, but not including any portion of
15 the purchase price.

16 (B) TENANT OUTREACH, EDUCATION, AND
17 ASSISTANCE.—To the extent amounts are pro-
18 vided in advance in appropriations Acts for as-
19 sistance under this subparagraph or for assist-
20 ance to tenants under other provisions of law,
21 including section 514 of the Multifamily As-
22 sisted Housing Reform and Affordability Act of
23 1997 (42 U.S.C. 1437f note), the applicable
24 Secretary may provide grants for outreach, edu-
25 cation, and assistance to affected tenants in

1 covered housing, notwithstanding any limita-
2 tions imposed by such other provisions of law
3 on properties eligible for assistance.

4 (C) AUTHORIZATION OF APPROPRIA-
5 TIONS.—There are authorized to be appro-
6 priated \$10,000,000 for each of fiscal years
7 2010, 2011, and 2012 for advances under this
8 paragraph.

9 (6) LOANS FOR QUALIFIED PRESERVATION
10 PURCHASERS.—The applicable Secretary may make
11 a loan as otherwise authorized under Federal law to
12 a qualified preservation purchaser whose offer to
13 purchase covered housing is accepted pursuant to
14 paragraph (2), to finance the purchase of the prop-
15 erty.

16 (7) TRANSFER OF LOAN AND RENTAL ASSIST-
17 ANCE CONTRACT.—In the case of any purchase pur-
18 suant to paragraph (2) of covered housing by a
19 qualified preservation purchaser, the applicable Sec-
20 retary shall—

21 (A) provide that the qualified preservation
22 purchaser may assume the loan or mortgage re-
23 ferred to in subsection (a) for the housing;

24 (B) require that any contract for project-
25 based rental assistance referred to in subsection

1 (a) for the housing shall continue under the
2 terms of the contract, notwithstanding such
3 purchase, and the purchaser shall commit to
4 renew such contract upon expiration, or to exe-
5 cute any similar contract offered by the applica-
6 ble Secretary, for the remaining useful life of
7 the housing; and

8 (C) require that the qualified preservation
9 purchaser execute such agreements, contained
10 in the deed or another recorded instrument for
11 the covered housing, as specified by the applica-
12 ble Secretary, that ensure that the housing and
13 related facilities will remain affordable for sub-
14 stantially the same proportions of low, very low-
15 , and extremely low-income households in occu-
16 pancy at the time of the notice under subsection
17 (e) for the remaining useful life of the property
18 (except that the proportion of extremely low or
19 very low-income households may be increased as
20 higher-income households move), utilizing all
21 available assistance, including renewal of exist-
22 ing federal assistance contracts and leasing to
23 holders of tenant-based assistance.

24 (e) ENHANCED VOUCHERS FOR TENANTS OF HOUS-
25 ING NOT SOLD TO QUALIFIED PRESERVATION PUR-

1 CHASERS.—In the case of any covered housing that is not
2 sold to a qualified preservation purchaser pursuant to sub-
3 section (d) and for which a conversion action is taken, to
4 the extent that amounts for assistance under this sub-
5 section are provided in advance in appropriation Acts,
6 upon the date of such conversion action the applicable Sec-
7 retary shall make enhanced voucher assistance under sec-
8 tion 8(t) of the United States Housing Act of 1937 (42
9 U.S.C. 1437f(t)) available on behalf of each family who
10 is eligible for such assistance under guidelines established
11 by the Secretary and who, upon the date of such conver-
12 sion action, is residing in a dwelling unit in the covered
13 housing that is covered by low-income affordability restric-
14 tions pursuant to the loan or mortgage for the housing
15 described in subsection (a), or by rental assistance for the
16 housing described in subsection (a).

17 (f) TREATMENT OF OTHER LAWS.—This section
18 shall supercede any other provisions of Federal law relat-
19 ing to conversion of housing that is covered housing that
20 are inconsistent with this section, but only to the extent
21 of such inconsistency. The applicable Secretaries shall, by
22 regulations issued pursuant to subsection (i), determine
23 and identify any such other provisions of Federal law that
24 are inconsistent with this section and shall provide for the

1 effectiveness of the provisions of this section and the inap-
2 plicability of such inconsistent provisions.

3 (g) ENFORCEMENT.—

4 (1) PRIVATE CAUSE OF ACTION.—Any current
5 or future tenant of covered housing, recipient of a
6 notice under this section, or prospective qualified
7 preservation purchaser, who is affected by a viola-
8 tion of this section may bring an action in an appro-
9 priate United States district court or any other
10 court of competent jurisdiction for appropriate relief,
11 including damages and injunctive or declaratory re-
12 lief. In any action under this paragraph, the court
13 shall award costs and attorneys fees to prevailing
14 plaintiffs.

15 (2) CIVIL MONEY PENALTIES.—The applicable
16 Secretary may impose a civil money penalty for a
17 violation of this section in the same manner and
18 amount, and subject to the same procedures, re-
19 quirements, and limitations, as the Secretary of
20 Housing and Urban Development may impose under
21 section 29 of the United States Housing Act of 1937
22 (42 U.S.C. 1437z–1) or section 537 of the National
23 Housing Act (12 U.S.C. 1735f–15) for a violation
24 for which civil money penalties are available under
25 such sections.

1 (3) OTHER REMEDIES.—The actions, remedies,
2 and penalties available under this subsection shall be
3 in addition to any remedies and methods of enforce-
4 ment otherwise provided under law.

5 (h) DEFINITIONS.—For purposes of this section, the
6 following definitions shall apply:

7 (1) ADJUSTED INCOME.—The term “adjusted
8 income” has the meaning given such term in section
9 3(b) of the United States Housing Act of 1937 (42
10 U.S.C. 1437a(b)).

11 (2) AFFORDABLE.—The term “affordable”
12 means, with respect to housing, that dwelling units
13 in such housing bear monthly rents that—

14 (A) in the case of any unit for which rental
15 assistance is provided, require the tenant family
16 to an amount that does not exceed 30 percent
17 of the monthly adjusted income of the family;
18 and

19 (B) in the case of any unit for which rental
20 assistance is not provided and that is made
21 available for occupancy only by very low-income
22 families (as such term is defined in section 3(b)
23 of the United States Housing Act of 1937), re-
24 quire the tenant family to pay an amount that
25 does not exceed 30 percent of 50 percent of the

1 adjusted median income for the area in which
2 the housing is located.

3 (3) APPLICABLE SECRETARY.—The term “ap-
4 plicable Secretary” means—

5 (A) the Secretary of Housing and Urban
6 Development with respect to covered housing
7 described in subsection (a), except for para-
8 graph (6) of such subsection; and

9 (B) the Secretary of Agriculture, with re-
10 spect to covered housing described in subsection
11 (a)(6).

12 (4) CONVERSION ACTION.—The term “conver-
13 sion action” means, with respect to covered hous-
14 ing—

15 (A) any full payment, expiration, prepay-
16 ment, or termination of a mortgage for the
17 housing;

18 (B) any termination or non-renewal of a
19 contract for project-based assistance for the
20 housing; and

21 (C) any termination or expiration of use
22 restrictions of affordability requirements for the
23 housing not otherwise described in subpara-
24 graph (A) or (B).

1 (i) REGULATIONS.—Not later than the expiration of
2 the 180-day period beginning upon the date of the enact-
3 ment of this Act, each applicable Secretary shall issue pro-
4 posed regulations to carry out this section. Not later than
5 the 12-month period beginning upon such date of enact-
6 ment, the applicable Secretaries shall consult with each
7 other and issue final regulations to carry out this section.

8 **SEC. 104. ENHANCED VOUCHER ASSISTANCE AND PRESER-**
9 **VATION PROJECT-BASED SECTION 8 ASSIST-**
10 **ANCE FOR STATE-FINANCED AFFORDABLE**
11 **HOUSING.**

12 (a) ENHANCED VOUCHER ASSISTANCE.—

13 (1) REQUIREMENT.—Upon the prepayment or
14 maturity of a mortgage for which interest reduction
15 payments have been made through a State housing
16 program or financed by a State housing finance
17 agency, to the extent that amounts for assistance
18 under this subsection are provided in advance in ap-
19 propriation Acts, the Secretary of Housing and
20 Urban Development shall make enhanced voucher
21 assistance under section 8(t) of the United States
22 Housing Act of 1937(42 U.S.C. 1437(t)) available
23 on behalf of families described in paragraph (2).

24 (2) ELIGIBLE FAMILIES.—A family described in
25 this paragraph is a family that—

1 (A)(i) is a low-income family, as such term
2 is defined in section 3(b) of the United States
3 Housing Act of 1937 (42 U.S.C. 1437a(b)); or

4 (ii) is a moderate-income family that has
5 an income that is not less than 80 percent, and
6 not greater than 95 percent, of the median in-
7 come for the area, as determined by the Sec-
8 retary, that—

9 (I) is an elderly family (as such term
10 is used in section 3(b) of the United States
11 Housing Act of 1937 (42 U.S.C.
12 1437a(b));

13 (II) is a disabled family (as such term
14 is used in such section 3(b); or

15 (III) resides in a low-vacancy area, as
16 determined by the Secretary; and

17 (B) on such prepayment or maturity date
18 is residing in dwelling unit of the project that—

19 (i) immediately before such prepay-
20 ment or maturity was subject to the mort-
21 gage for which interest reduction payments
22 were made and subject to affordability re-
23 strictions; and

24 (ii) is not assisted after such prepay-
25 ment or maturity date under section 8 of

1 the United States Housing Act of 1937,
2 other than as provided under section
3 8(t)(4) of the United States Housing Act
4 of 1937 (42 U.S.C. 1437f(t)(4)).

5 (3) ELIGIBILITY EVENT.—Paragraph (2) of sec-
6 tion 8(t) of the United States Housing Act of 1937
7 (42 U.S.C. 1437f(t)(2)), as amended by the pre-
8 ceding provisions of this Act, is further amended by
9 adding after the period at the end the following new
10 sentence: “Such term also includes, with respect to
11 a multifamily family housing project with a mort-
12 gage for which interest reduction payments have
13 been made through a State housing program or fi-
14 nanced by a State housing finance agency, the pre-
15 payment or maturity of such mortgage which results
16 in eligible residents of such housing project being eli-
17 gible for enhanced voucher assistance under this
18 subsection, pursuant to section 104(a) of the Hous-
19 ing Preservation and Tenant Protection Act of
20 2009.”.

21 (b) PRESERVATION PROJECT-BASED SECTION 8 AS-
22 SISTANCE.—

23 (1) IN GENERAL.—Notwithstanding any other
24 provision of law, in connection with the prepayment
25 or maturity of a multifamily housing project mort-

1 gage subsidized by interest reduction payments
2 made through a State housing program or financed
3 by a State housing finance agency, to prevent dis-
4 placement of residents and to further preservation
5 and affordability of such multifamily housing
6 project, at the election of the project owner and in
7 lieu of enhanced voucher assistance under subsection
8 (a) of this section or project-based voucher assist-
9 ance under subsections (t)(4) and (o)(13)(N) of sec-
10 tion 8 of the United States Housing Act of 1937 (42
11 U.S.C. 1437f), the Secretary of Housing and Urban
12 Development shall, pursuant to the authority under
13 subsections (a) and (b) of such section 8, enter an
14 annual contributions contract with the State housing
15 finance agency to permit the State housing finance
16 agency enter project-based assistance contract under
17 this subsection covering all units in the project for
18 which such enhanced or project-based voucher assist-
19 ance would otherwise be provided.

20 (2) CONTRACT TERMS.—Any project-based as-
21 sistance contract pursuant to this subsection shall—

22 (A) be considered for all purposes a con-
23 tract entered into under section 8 of the United
24 States Housing Act of 1937 (42 U.S.C. 1437f);

25 (B) have a term of at least 20 years;

1 (C) provide such assistance at rent levels
2 established as provided under section 524 of the
3 Multifamily Assisted Housing Reform and Af-
4 fordability Act of 1997 (42 U.S.C. 1437f note);

5 (D) be subsequently renewable at the re-
6 quest of the owner under such section 524;

7 (E) be subject to the availability of
8 amounts provided in appropriations Acts; and

9 (F) be subject to such other terms as the
10 Secretary considers appropriate.

11 (3) INCOME TARGETING.—To the extent that
12 dwelling units subject to an assistance contract
13 under this paragraph are occupied by families eligi-
14 ble for enhanced voucher assistance under section
15 8(t) of the United States Housing Act of 1937 (42
16 U.S.C. 1437f(t)), the units shall be considered to be
17 in compliance with all income targeting requirements
18 under the United States Housing Act of 1937.

19 (4) TENANT ELIGIBILITY.—Notwithstanding
20 any other provision of law, in the multifamily hous-
21 ing project for which project-based assistance is pro-
22 vided pursuant to this subsection, each eligible fam-
23 ily described in subsection (a)(2) of this section that
24 resides in a dwelling unit in such project on the date
25 such assistance contract first becomes effective shall

1 be considered to meet any applicable requirements
2 for income eligibility and occupancy.

3 (5) CONTRACT ADMINISTRATION.—Notwith-
4 standing any other provision of law, any contract for
5 project-based assistance entered into pursuant to
6 this subsection shall be administered by the State
7 housing finance agency of the State in which the
8 multifamily housing project is located.

9 **SEC. 105. PROJECT-BASED PRESERVATION VOUCHERS.**

10 (a) PROVISION IN LIEU OF ENHANCED VOUCHERS.—
11 Section 8(t) of the United States Housing Act of 1937
12 (42 U.S.C. 1437f(t)) is amended—

13 (1) by redesignating paragraph (4) as para-
14 graph (5); and

15 (2) by inserting after paragraph (3) the fol-
16 lowing new paragraph:

17 “(4) PRESERVATION PROJECT-BASED VOUCHER
18 ASSISTANCE.—Notwithstanding any other provision
19 of law, in the case of a multifamily housing project
20 with respect to which an eligibility event occurs or
21 has occurred, project-based voucher assistance may
22 be provided in accordance with subsection
23 (o)(13)(N) in lieu of enhanced voucher assistance
24 under this subsection. Such project-based voucher
25 assistance shall not be subject to the provisions of

1 this subsection, except as otherwise specifically pro-
2 vided in subsection (o)(13)(N).”.

3 (b) PHA PROJECT-BASED VOUCHER ASSISTANCE.—
4 Paragraph (13) of section 8(o) of the United States Hous-
5 ing Act of 1937 (42 U.S.C. 1437f(o)(13)) is amended by
6 adding at the end the following new subparagraph::

7 “(N) PRESERVATION ASSISTANCE.—

8 “(i) AUTHORITY.—Project-based
9 voucher assistance under this paragraph
10 shall be made available in accordance with
11 this subparagraph for multifamily housing
12 projects for which an eligibility event (as
13 such term is defined in subsection (t)) oc-
14 curs or has occurred and for which en-
15 hanced voucher assistance would otherwise
16 be, or has been, provided under subsection
17 (t). Any such assistance shall be in lieu of
18 enhanced voucher assistance under sub-
19 section (t) for tenants residing in the
20 project and shall be provided by the Sec-
21 retary to a public housing agency.

22 “(ii) REQUEST AND PROVISION.—If
23 the owner of a multifamily housing project
24 makes a request for project-based voucher
25 assistance pursuant to this subparagraph

1 for the project to a public housing agency
2 that administers a program for assistance
3 under subsection (o) for a jurisdiction
4 within which the project is located, a con-
5 tract for assistance under this subpara-
6 graph shall be provided with respect to the
7 project, subject to clause (v).

8 “(iii) TIMING, COVERAGE, AND UNIT
9 RENTS.—

10 “(I) REQUEST MADE BEFORE
11 ELIGIBILITY EVENT.—In the case of a
12 contract for assistance under this sub-
13 paragraph with respect to a project
14 that is requested prior to the occur-
15 rence of the eligibility event, the con-
16 tract for assistance shall be provided,
17 subject to clause (v), upon the occur-
18 rence of the eligibility event. Such
19 contract shall cover all dwelling units
20 in the project for which enhanced
21 voucher assistance under subsection
22 (t) would otherwise be provided.

23 “(II) REQUEST MADE AFTER
24 ISSUANCE OF ENHANCED VOUCH-
25 ERS.—In the case of a contract for

1 assistance under this subparagraph
2 with respect to a project that is re-
3 quired after the issuance of enhanced
4 vouchers under subsection (t) for the
5 project, the contract shall be provided,
6 subject to clause (v), as soon as pos-
7 sible. Such contract shall cover all
8 dwelling units in the project that are
9 occupied by tenants receiving such en-
10 hanced voucher assistance at the time
11 the contract is effective.

12 “(III) COVERAGE OF ADDI-
13 TIONAL DWELLING UNITS.—At the re-
14 quest of the owner of a multifamily
15 housing project for which a contract
16 for assistance is to be provided under
17 this subparagraph, the public housing
18 agency may contract with the owner
19 for project-based voucher assistance
20 under this subparagraph to cover ad-
21 ditional dwelling units, if the public
22 housing agency determines that such
23 additional assistance is necessary or
24 desirable to further the purposes re-
25 flected in clause (v).

1 “(IV) APPROVAL OF HIGHER
2 RENTS.—At the request of the owner
3 of a multifamily housing project for a
4 contract for assistance under this sub-
5 paragraph to establish rents at levels
6 above those permitted by subpara-
7 graph (H), a public housing agency
8 that has made the determinations re-
9 quired by clause (v) may request, and
10 the Secretary may approve, higher
11 unit rents if necessary to preserve
12 housing opportunities that further the
13 purposes of clause (v).

14 “(iv) PROJECTS IN MULTIPLE PHA JU-
15 RISDICTIONS.—If the Secretary has not en-
16 tered into a contract with a public housing
17 agency to provide enhanced voucher assist-
18 ance under subsection (t) for the project at
19 the time the owner of a multifamily hous-
20 ing project requests assistance under this
21 subparagraph, and the project is located
22 within the jurisdiction for the program
23 under subsection (o) of more than one pub-
24 lic housing agency, in determining which

1 agency will administer such assistance, the
2 Secretary shall—

3 “(I) consider the ratio of the
4 number of vouchers to be awarded
5 under this subparagraph and of other
6 project-based vouchers administered
7 under this paragraph to the total
8 number of vouchers administered by
9 an agency; and

10 “(II) among other factors, pro-
11 vide preference to an agency for which
12 the total number of project-based
13 vouchers administered under this
14 paragraph, including vouchers to be
15 awarded pursuant to this subpara-
16 graph, would not exceed 50 percent of
17 the total number of all vouchers to be
18 administered by the agency after such
19 award.

20 “(v) REQUIRED DETERMINATIONS.—
21 As a condition of entering into a contract
22 pursuant to this subparagraph, the public
23 housing agency shall have determined, be-
24 fore entering into such contract that—

1 “(I) the housing to be assisted
2 under the contract is economically via-
3 ble; and

4 “(II)(aa) there is a significant
5 demand for the housing;

6 “(bb) the housing will contribute
7 to a community revitalization plan or
8 to deconcentrating poverty and ex-
9 panding housing and economic oppor-
10 tunities; or

11 “(cc) the continued affordability
12 of the housing otherwise is an impor-
13 tant asset to the community.

14 “(vi) INAPPLICABILITY OF GOALS.—
15 Subparagraph (C) shall not apply to a
16 housing assistance payment contract pur-
17 suant to this subparagraph.

18 “(vii) DISREGARD OF ASSISTANCE
19 UNDER PERCENTAGE LIMITATION.—
20 Amounts provided pursuant to this sub-
21 paragraph shall not be considered for pur-
22 poses of calculating the limitation under
23 subparagraph (B).

24 “(viii) INAPPLICABILITY OF INCOME-
25 MIXING REQUIREMENT.—Subparagraph

1 (D) shall not apply with respect to a hous-
2 ing assistance payments contract pursuant
3 to this subparagraph.

4 “(ix) ELIGIBILITY.—Subject only to
5 clause (iii) and notwithstanding any other
6 provision of law, any family residing in a
7 multifamily housing project on the date of
8 the eligibility event for the project who
9 would otherwise be eligible for enhanced
10 voucher assistance under subsection (t)
11 shall be eligible for project-based voucher
12 assistance pursuant to this subpara-
13 graph.”.

14 **SEC. 106. PRESERVATION OF STATE-FINANCED AFFORD-**
15 **ABLE HOUSING NOT SUBSIDIZED BY FED-**
16 **ERAL GOVERNMENT.**

17 (a) MAXIMUM CONTRACT TERM.—In the case of a
18 State housing finance agency that has entered into a hous-
19 ing assistance payments contract with the owner of a
20 housing project for project-based rental assistance under
21 section 8 of the United States Housing Act of 1937 (42
22 U.S.C. 1437f), using the November 1975 version of form
23 HUD 52645A of the Department of Housing and Urban
24 Development, under the Section 8 Housing Assistance
25 Payment Program for State Housing Finance and Devel-

1 opment Agencies, if such contract provides that the max-
2 imum total term of the contract for any dwelling unit shall
3 not exceed a period terminating on the date of the last
4 payment of principal due on the permanent financing,
5 such provision shall be construed as providing for a max-
6 imum term extending to the originally scheduled maturity
7 date of the permanent financing, without regard to any
8 prepayment of such permanent financing.

9 (b) AMENDMENT TO MARK-TO-MARKET PROVI-
10 SIONS.—Section 524 of the Multifamily Assisted Housing
11 Reform and Affordability Act of 1997 is amended—

12 (1) by redesignating subsection (g) as sub-
13 section (i); and

14 (2) by inserting after subsection (f) the fol-
15 lowing new subsection:

16 “(g) STATE HOUSING AGENCY CONTRACTS.—

17 “(1) RENT ADJUSTMENTS FOR EXTENDED CON-
18 TRACTS.—In the case of a contract for project-based
19 assistance under section 8 of the United States
20 Housing Act of 1937 pursuant to the State Housing
21 Agencies program governed by part 883 of the Sec-
22 retary’s regulations (24 C.F.R. 883), the provisions
23 of this section authorizing the increase of rent levels
24 to comparable market rents shall apply upon the ex-
25 piration of any contract term, notwithstanding the

1 renewal provisions of the contract. If, at any time
2 during the five-year period ending upon the final ex-
3 piration date of any such contract, the owner of the
4 housing project assisted under the contract enters
5 into a binding commitment to renew the contract at
6 the rent levels authorized under subsection (a)(4)(A)
7 for an additional five-year term beginning upon the
8 final expiration of the contract, the annual rent ad-
9 justment during such five-year period ending upon
10 such final expiration date may be to such rent levels.

11 “(2) PROJECTS WITH DEBT FINANCING .—In
12 the case of a contract for project-based assistance
13 under section 8 for a project with debt financing
14 provided by a State housing agency or local housing
15 authority, with the approval of the State housing
16 agency or local authority, the owner may, at the op-
17 tion of the owner, terminate the contract and enter
18 into a new contract for project-based assistance
19 under this section for a term of 20 years, subject to
20 the availability of amounts provided by appropriation
21 Acts, but only if the owner enters into an enforce-
22 able commitment to preserve the affordability of the
23 project for not fewer than 55 years from the date of
24 such contract, subject to the continued provision

1 rental assistance under section 8 or a comparable
2 program.”.

3 **SEC. 107. PROTECTION OF STATE AND LOCAL PRESERVA-**
4 **TION LAWS.**

5 Section 232 of the Low-Income Housing Preservation
6 and Resident Homeownership Act of 1990 (12 U.S.C.
7 4122) is amended—

8 **[(1) in subsection (a), by striking “No State”**
9 **and inserting “Except as provided in subsection (c),**
10 **no State”; and]**

11 **(2) by adding at the end the following new sub-**
12 **section:**

13 **“(c) INAPPLICABILITY TO HOUSING FOR WHICH NO**
14 **PLAN OF ACTION IS EXECUTED.—Preemption [under**
15 **subsection (a)] shall not apply to eligible low-income hous-**
16 **ing for which an owner has not executed a plan of action**
17 **for incentives under this subtitle.**

18 **“(d) CLARIFICATION OF CONGRESSIONAL INTENT**
19 **REGARDING FEDERAL PREEMPTION.—State and local**
20 **laws intended to further the preservation of affordable**
21 **housing or to protect tenants when owners propose to ter-**
22 **minate their participation in Federal affordable housing**
23 **programs are not preempted by Federal law, except as ex-**
24 **pressly required by the terms of any applicable Federal**
25 **statute.”.**

1 **SEC. 108. PRESERVATION OF HUD-HELD AND HUD-OWNED**
2 **BUILDINGS.**

3 (a) USE OF ALL AVAILABLE ENFORCEMENT AND
4 INTERVENTION TOOLS.—To maximize the preservation of
5 existing housing assisted by the Department of Housing
6 and Urban Development, the Secretary of Housing and
7 Urban Development should utilize all available enforce-
8 ment and intervention tools to stabilize properties in dis-
9 tress, including acting as mortgagee-in-possession, accept-
10 ing deeds in lieu of foreclosure from owners, and exer-
11 cising rights under applicable program contacts and regu-
12 lations.

13 (b) MANAGEMENT AND DISPOSITION AUTHORITY.—
14 Subsection (a) of 204 of the Departments of Veterans Af-
15 fairs and Housing and Urban Development, and Inde-
16 pendent Agencies Appropriations Act, 1997 (12 U.S.C.
17 1715z-11a(a)) is amended—

18 (1) by striking “During” and all that follows
19 through “and thereafter, the provision of” and in-
20 serting “In managing and disposing of multifamily
21 properties that are owned by the Secretary or that
22 have mortgages held by the Secretary, during any
23 fiscal year, the Secretary may provide”;

24 (2) by striking “and multifamily mortgages held
25 by the Secretary”; and

1 (3) by striking “notwithstanding any other pro-
2 vision” and inserting “consistent with other applica-
3 ble provisions”.

4 **SEC. 109. AUTHORITY FOR HUD TO ASSIGN FLEXIBLE SUB-**
5 **SIDY LOANS.**

6 The Secretary of Housing and Urban Development
7 may, in connection with a preservation transaction or
8 transfer of an assisted project to a qualified preservation
9 owner (as such term is defined in section 2 of this Act)
10 that commits to long-term use and affordability restric-
11 tions with respect to the property to forgive or assign to
12 the transferee any debt held by the Secretary that was
13 created pursuant to section 201 of the Housing and Com-
14 munity Development Amendments of 1978 (12 U.S.C.
15 1715z-1a), if required for the financial viability of the
16 preservation transaction or the transfer. If any low-income
17 housing tax credits under section 42 of the Internal Rev-
18 enue Code of 1986 (26 U.S.C. 42), State or local funds,
19 tax-exempt housing bonds, or other affordable housing re-
20 sources are being utilized by the purchaser in connection
21 with the transfer of the property, the Secretary shall not
22 require any repayment in connection with the assignment
23 or forgiveness of the mortgages to the purchaser.

1 **SEC. 110. USE OF EXISTING SECTION 8 FUNDS TO PRE-**
2 **SERVE AND REVITALIZE AFFORDABLE HOUS-**
3 **ING.**

4 Section 8 of the United States Housing Act of 1937
5 (42 U.S.C. 1437f) is amended by adding at the end the
6 following:

7 “(ff) AFFORDABLE HOUSING PRESERVATION AND
8 REVITALIZATION PROGRAM.—

9 “(1) IN GENERAL.—The Secretary of Housing
10 and Urban Development shall ensure that funds in
11 the residual receipts account of an [eligible multi-
12 family housing property] are transferred, at the
13 time of a qualified sale or exchange, to a qualified
14 preservation owner (as such term is defined in sec-
15 tion 2 of the Housing Preservation and Tenant Pro-
16 tection Act of 2009). [NOTE: The term ‘eligible
17 multifamily housing property’ is not defined.]

18 “(2) USE OF FUNDS.—A qualified preservation
19 owner that acquires an eligible multifamily housing
20 property through a qualified sale shall, subject to
21 the approval of the public housing agency that ad-
22 ministers housing assistance with respect to such
23 property, use the funds in the residual receipts ac-
24 count transferred to it, or for its benefit—

25 “(A) to pay for rehabilitation costs ap-
26 proved by the public housing agency;

1 “(B) to deposit funds into the replacement
2 reserve account of the property;

3 “(C) to pay for social and other services
4 that directly benefit the tenants of such prop-
5 erty, but in any 1 year such payments may not
6 exceed 10 percent of the balance of the residual
7 receipts account of the property at the end of
8 the prior fiscal year;

9 “(D) to pay for costs associated with the
10 acquisition of the property, but such payments
11 may not exceed 50 percent of the amount in the
12 residual receipts account of the property at the
13 time of acquisition; and

14 “(E) to pay for any other costs that have
15 been approved by the public housing agency and
16 will directly benefit the tenants of the property.

17 “(3) DEFINITIONS.—For purposes of this sub-
18 section, the following definitions shall apply:

19 “(A) QUALIFIED SALE.—

20 “(i) IN GENERAL.—The term ‘quali-
21 fied sale’ means the sale of an eligible mul-
22 tifamily housing property to a qualified
23 preservation owner which agrees to main-
24 tain affordability and use restrictions re-
25 garding the property that are—

1 “(I) for a term of not less than
2 the **[extended use period]**; and
3 **[NOTE: The term ‘extended use pe-**
4 **riod’ is not defined.]**

5 “(II) legally enforceable.

6 “(ii) **FUTURE APPLICABILITY OF RE-**
7 **STRICTIONS.**—The restrictions under sub-
8 paragraph (A) shall be—

9 “(I) binding on all successors
10 and assigns of the qualified preserva-
11 tion owner; and

12 “(II) recorded as a restrictive
13 covenant on the property pursuant to
14 State law.

15 “(B) **RESIDUAL RECEIPTS.**—The term ‘re-
16 sidual receipts’ means—

17 “(i) funds generated by a property in
18 excess of the amount needed for operating
19 expenses, operating reserve requirements,
20 and allowable distributions to project own-
21 ers; and

22 “(ii) includes any other funds that the
23 Secretary, in his or her discretion, des-
24 ignates as residual receipts.

1 “(4) RESIDUAL RECEIPTS NOT TREATED AS
2 FEDERAL FUNDS.—For the purposes of section 42
3 of the Internal Revenue Code of 1986, residual re-
4 ceipts used or transferred under this section shall
5 not be considered Federal funds.”.

6 **SEC. 111. AUTHORITY FOR GINNIE MAE TO SECURITIZE**
7 **FHA RISK-SHARING MORTGAGES.**

8 (a) AUTHORITY.—Section 542 of the Housing and
9 Community Development Act of 1992 (12 U.S.C. 1715z–
10 22) is amended—

11 【(1) in subsection (b), by striking paragraph
12 (8) and inserting the following new paragraph:】

13 【“(8) GINNIE MAE SECURITIZATION.—The
14 Government National Mortgage Association may
15 securitize any multifamily loan insured or reinsured
16 under this subsection under the same terms and
17 conditions as if the loan were insured under the Na-
18 tional Housing Act.”; and】

19 (2) in subsection (c), by striking paragraph (6)
20 and inserting the following new paragraph:

21 “(6) GINNIE MAE SECURITIZATION.—The Gov-
22 ernment National Mortgage Association may
23 securitize any multifamily loan insured under this
24 subsection under the same terms and conditions as

1 if the loan were insured under the National Housing
2 Act.”; and

3 (b) CONFORMING AMENDMENT.—Clause (ii) of the
4 first sentence of section 306(g)(1) of the National Hous-
5 ing Act (12 U.S.C. 1721(g)(1)) is amended by inserting
6 before the period at the end the following: “; or insured
7 [or reinsured] under subsection [(b) or] (c) of section
8 542 of the Housing and Community Development Act of
9 1992, subject to the terms of paragraph [(8) or] (6), re-
10 spectively, of such subsection”.

11 **TITLE II—RESTORATION OF**
12 **HOUSING AT RISK OF LOSS**
13 **DUE TO DETERIORATION**

14 **SEC. 201. AUTHORITY TO TRANSFER SECTION 8 ASSIST-**
15 **ANCE TO OTHER PROPERTIES.**

16 (a) AUTHORITY.—Subject to subsection (b) and not-
17 withstanding any other provision of law, the Secretary
18 may authorize the transfer of some or all of project-based
19 assistance, debt, interest reduction payments, and statu-
20 torily required low-income and very low-income use restric-
21 tions, associated with one or more multifamily housing
22 projects to another multifamily housing project or projects
23 located in the same metropolitan area.

24 (b) CONDITIONS.—A transfer authorized in sub-
25 section (a) shall be subject to the following conditions:

1 (1) TOTAL NUMBER OF LOW-INCOME UNITS.—

2 The number of low-income and very low-income
3 dwelling units provided by the transferring project
4 or projects shall remain the same as the number of
5 such dwelling units in the receiving project or
6 projects. Upon transfer of subsidy, vacant or obso-
7 lete efficiency units may be replaced with one bed-
8 room units, but only if there is no impact on as-
9 sisted residents of such units.

10 (2) NET AMOUNT OF ASSISTANCE.—The net
11 dollar amount of Federal assistance provided to the
12 transferring project or projects shall remain the
13 same and the net dollar amount of Federal assist-
14 ance provided to the receiving project or projects,
15 unless an increase in Federal assistance is necessary
16 to secure project financing, to allow rent increases
17 permitted under the Multifamily Affordable Housing
18 Reform and Affordability Act of 1997 (42 U.S.C.
19 1437f note), or to allow standard contract extensions
20 similar to that extended to comparable projects, as
21 determined by the Secretary.

22 (3) CONDITION OF TRANSFERRING PROJECT.—
23 The transferring project shall, as determined by the
24 Secretary, be physically obsolete or economically
25 non-viable.

1 (4) CONDITION OF RECEIVING PROJECT.—The
2 receiving project shall meet or exceed applicable
3 physical standards established by the Secretary with-
4 in a reasonable period of time, as determined by the
5 Secretary.

6 (5) TENANT CONSULTATION.—The owner or
7 mortgagor of the transferring project shall notify
8 and consult with the tenants of the transferring
9 project concerning all significant elements of the
10 transfer plan, including the identification of receiv-
11 ing projects and any proposed additional ownership
12 entities, and provide a certification of approval by all
13 appropriate local governmental officials.

14 (6) AVAILABILITY OF NEW UNITS.—The ten-
15 ants of the transferring project shall not be required
16 to vacate their dwelling units in the transferring
17 project until new units in the receiving project or
18 projects are available for occupancy.

19 (7) TENANT AND LOCAL SUPPORT.—The Sec-
20 retary shall determine that the transfer—

21 (A) has received the support of tenants
22 and local government, pursuant to procedures
23 and criteria established by the Secretary;

24 (B) is in the best interest of the tenants;
25 and

1 (C) complies with applicable statutes and
2 regulations relating to fair housing.

3 (8) MORTGAGES UNDER NATIONAL HOUSING
4 ACT.—If either the transferring project or the re-
5 ceiving project is a multifamily housing project de-
6 scribed in **subsection (c)(2)(A)**, any lien on the re-
7 ceiving project resulting from additional financing
8 obtained by the owner shall be subordinate to any
9 lien under a mortgage insured under the National
10 Housing Act that is transferred to, or placed on,
11 such project by the Secretary, except that the Sec-
12 retary may waive this requirement upon determina-
13 tion that such waiver is necessary to facilitate the fi-
14 nancing of acquisition, construction, or rehabilitation
15 of the receiving project.

16 (9) HOUSING SUBJECT TO A USE AGREE-
17 MENT.—If the transferring project is a multifamily
18 housing project described in **section 2 of this Act**,
19 the owner or mortgagor of the receiving project shall
20 execute and record a continuation of the existing use
21 agreement or a new use agreement for the project
22 containing use restrictions having a duration at least
23 as long as the existing restrictions.

24 (10) REDUCTION OF RISK TO INSURANCE
25 FUNDS.—The transfer under this section shall result

1 in a reduction of any financial risk to the General
2 and Special Risk Insurance Funds of the Secretary,
3 as determined by the Secretary, except that the Sec-
4 retary may waive this requirement upon determina-
5 tion that such waiver is necessary to facilitate the fi-
6 nancing of acquisition, construction, or rehabilitation
7 of the receiving project.

8 (11) NO INCREASE OF FEDERAL LIABILITY.—
9 Federal liability with regard to the receiving project
10 shall not be increased, as determined by the Sec-
11 retary, except as provided in paragraph (2).

12 (c) PROJECT-BASED HOUSING ASSISTANCE PAY-
13 MENTS CONTRACTS FOR UNITS DAMAGED OR DE-
14 STROYED.—

15 (1) TOLLING OF CONTRACT TERM.—Notwith-
16 standing any other provision of law, a project-based
17 housing assistance payments contract for a covered
18 assisted multifamily housing project shall not expire
19 or be terminated because of the damage or destruc-
20 tion of dwelling units in the project. The expiration
21 date of the contract shall be deemed to be the later
22 of the date specified in the contract or a date that
23 is not less than three months after the dwelling
24 units in the project or in a replacement project are
25 first made habitable.

1 (2) OWNER PROPOSALS FOR REUSE OR RE-
2 SITING.—The Secretary of Housing and Urban De-
3 velopment shall promptly review and shall approve
4 all feasible proposals made by owners of covered as-
5 sisted multifamily housing projects submitted to the
6 Secretary that provide for the rehabilitation of the
7 project and the resumption of use of the assistance
8 under the contract for the project, or, alternatively,
9 for the transfer, pursuant to paragraph (3), of the
10 contract or, in the case of a project with an interest
11 reduction payments contract, of the remaining budg-
12 et authority under the contract, to another multi-
13 family housing project.

14 (3) TRANSFER OF CONTRACT.—In the case of
15 any covered assisted multifamily housing project, the
16 Secretary shall—

17 (A) in the case of a project with a project-
18 based rental assistance payments contract,
19 transfer the contract to another appropriate
20 and habitable existing project or a project to be
21 constructed (having the same or a different
22 owner); and

23 (B) in the case of a project with an inter-
24 est reduction payments contract pursuant to
25 section 236 of the National Housing Act, use

1 the remaining budget authority under the con-
2 tract for interest reduction payments to reduce
3 financing costs with respect to dwelling units in
4 other habitable projects not currently so as-
5 sisted, and such dwelling units shall be subject
6 to the low-income affordability restrictions ap-
7 plicable to projects for which such payments are
8 made under section 236 of the National Hous-
9 ing Act.

10 A project to which a project-based rental assistance
11 payments contract is transferred may have a dif-
12 ferent number of units or bedroom configuration
13 than the damaged or destroyed project if approxi-
14 mately the same number of individuals are expected
15 to occupy the subsidized units in the replacement
16 project as occupied the damaged or destroyed
17 project.

18 (4) COVERED ASSISTED MULTIFAMILY HOUSING
19 PROJECT.—The term “covered assisted multifamily
20 housing project” means a multifamily housing
21 project that—

22 (A) as of the date of the enactment of this
23 Act, is subject to a project-based rental assist-
24 ance payments contract (including pursuant to
25 paragraph (1) of this subsection); and

1 (B) that was damaged or destroyed by
2 Hurricane Katrina or Hurricane Rita of 2005.

3 **SEC. 202. BUILDING TRANSFERS: REQUIREMENTS FOR PUR-**
4 **CHASERS OF FHA INSURED PROJECTS AND**
5 **SECTION 8 PROJECTS.**

6 (a) REQUIREMENTS FOR POTENTIAL PUR-
7 CHASERS.—Not later than 90 days after the date of the
8 enactment of this Act, the Secretary of Housing and
9 Urban Development shall issue a proposed rulemaking, in
10 accordance with title 5, United States Code, that applies
11 the participation and certification requirements for poten-
12 tial purchasers required under section 219 of Division G
13 of the Consolidated Appropriations Act, 2004 (Public Law
14 108–199; 118 Stat. 397) to the sale or transfer of any
15 multifamily housing having a mortgage that is insured or
16 receives assistance under the National Housing Act or for
17 which project-based assistance is provided under section
18 8 of the United States Housing Act of 1937 (42 U.S.C.
19 1437f).

20 (b) NOTICE TO LOCAL GOVERNMENT AND RESI-
21 DENTS OF APPLICATION FOR TRANSFER.— The Secretary
22 shall provide notice of an owner’s application for approval
23 of any such transfer to the unit of local government where
24 the property is located, and to the residents of the prop-

1 erty, using procedures required under the Housing and
2 Community Development Amendments of 1978.

3 (c) **GROUNDS FOR DISAPPROVAL.**—Grounds for dis-
4 approval of a transfer may include—

5 (1) a purchaser’s record of pervasive or con-
6 tinuing noncompliance under housing, health, and
7 safety codes with respect to other housing owned or
8 managed by the purchaser, regardless of location,
9 except where the Secretary determines that such
10 noncompliance did not result from the actions of the
11 purchaser and would be satisfactorily remedied by a
12 plan approved by the Secretary; and

13 (2) a risk of financial instability for the project
14 under the terms of the acquisition (e.g. as indicated
15 by the application of conventional underwriting
16 standards)

17 **SEC. 203. USE OF INTEREST REDUCTION PAYMENTS FOR**
18 **REHABILITATION GRANTS.**

19 The Secretary of Housing and Urban Development
20 may obligate any amounts recaptured from the termi-
21 nation of a contract for interest reduction payments under
22 section 236 of the National Housing Act (12 U.S.C.
23 1715z–1), for the use under subsection (s) of such section,
24 except that the Secretary shall take immediate action to
25 issue appropriate guidelines to make such funds available

1 within 180 days after the date of the enactment of this
2 Act, which shall include the availability of both loans and
3 grants.

4 **SEC. 204. CLARIFICATION OF BUDGET-BASED RENT IN-**
5 **CREASES FOR REHABILITATED PROJECTS.**

6 (a) APPROVAL OF RENT INCREASES.—At the request
7 of a qualified preservation owner (as such term is defined
8 in section 2 of this Act) of an eligible assisted multifamily
9 housing project that is to undergo rehabilitation, the Sec-
10 retary of Housing and Urban Development shall, prior to
11 rehabilitation and subject to subsection (b), adjust project
12 rents on a budget-based basis to support the cost of the
13 rehabilitation, any increased debt service, and other appro-
14 priate costs.

15 (b) CONDITIONS.—Rent adjustments pursuant to this
16 section shall—

17 (1) not become effective until completion of the
18 rehabilitation;

19 (2) be subject to adjustment by the Secretary
20 based on differences between estimated and actual
21 costs; and

22 (3) except for a project described in paragraph
23 (1)(B) of subsection (c), not exceed, after rehabilita-
24 tion, the rent for comparable unassisted units in the
25 area;

1 (4) be subject to the provision to tenants of [a
2 statement of tenant’s rights to] notice and comment
3 [regarding such rent adjustments], in accordance
4 with rent increase procedures of the Department of
5 Housing and Urban Development; and

6 (5) be subject to the provision of rental assist-
7 ance for all affected eligible tenants.

8 (c) DEFINITION.—As used in this section, the term
9 “eligible assisted multifamily housing project” means a
10 multifamily housing project—

11 (1) that is assisted under—

12 (A) section 8 of the United States Housing
13 Act of 1937 (42 U.S.C. 1437f);

14 (B) section 202 of the Housing Act of
15 1959 (12 U.S.C. 1701q);

16 (C) section 236 of the National Housing
17 Act (12 U.S.C. 1715z–1);

18 (D) the proviso in section 221(d)(5) of the
19 National Housing Act (12 U.S.C. 1715l); or

20 (E) section 101 of the Housing and Urban
21 Development Act of 1965 (12 U.S.C. 1701s);

22 and

23 (2) for which the owner or purchaser will exe-
24 cute a binding agreement to preserve the project as
25 affordable housing at least until the later of the ma-

1 turity date of the original mortgage or the termi-
2 nation of an assistance contract on the project.

3 (d) EFFECT ON OTHER TRANSACTIONS.—This sec-
4 tion shall not have any effect on transactions not meeting
5 the terms and conditions of this section.

6 **SEC. 205. INTEREST REDUCTION PAYMENTS FOR SECTION**
7 **236 PROJECTS EXPERIENCING A REDUCTION**
8 **OF UNITS.**

9 (a) IN GENERAL.—Section 236(e)(2) of the National
10 Housing Act (12 U.S.C. 1715z–1(e)(2)) is amended—

11 (1) by striking “under the terms” and inserting
12 “for the remaining term”; and

13 (2) by adding at the end the following new sen-
14 tence: “The Secretary shall continue to provide the
15 interest reduction payments in their entirety not-
16 withstanding a reduction of total units due to chang-
17 ing market conditions, economic infeasibility, or
18 physical obsolescence, as determined by a State or
19 local housing agency.”.

20 (b) APPLICABILITY.—The amendments made by sub-
21 section (a) shall apply to all interest reduction payments
22 made after October 1, 2006.

1 **TITLE III—PROTECTION AND**
2 **EMPOWERMENT OF RESI-**
3 **DENTS FACING CONVERSION**

4 **SEC. 301. REQUIREMENT FOR OWNERS OF CONVERTING**
5 **PROJECTS TO ACCEPT VOUCHERS FOR ALL**
6 **TENANTS.**

7 (a) IN GENERAL.—Section 8(t)(1) of the United
8 States Housing Act of 1937 (42 U.S.C. 1437f(t) is
9 amended—

10 (1) in the matter preceding subparagraph (A),
11 by inserting “a family need not requalify under an
12 agency’s selection standards for participation, and”
13 after “except that” ; and

14 (2) in subparagraph (B), by inserting “regard-
15 less of unit and family size standards normally used
16 by the administering agency, and the owner must
17 accept the voucher and terminate the tenancy only
18 for good cause” after “eligibility event for the
19 project,”.

20 (b) REGULATIONS.—The Secretary of Housing and
21 Urban Development shall issue regulations to implement
22 the amendments made by subsection (a) not later than
23 the expiration of the 6-month period beginning on the date
24 of the enactment of this Act, which regulations shall re-

1 quire that the requirements under such amendments shall
2 be contained in the lease.

3 **SEC. 302. TENANT PROTECTION VOUCHER TO REPLACE**
4 **LOST SUBSIDIZED UNITS ON 1-FOR-1 BASIS.**

5 Subject only to the availability of amounts provided
6 for such purpose in appropriation Acts, the Secretary of
7 Housing and Urban Development shall provide replace-
8 ment vouchers for rental assistance under section 8 of the
9 United States Housing Act of 1937 (42 U.S.C. 1437f) for
10 all dwelling units in projects that cease to be assisted mul-
11 tifamily housing projects (as such term is defined in sec-
12 tion [—?] of this Act) due to demolition, disposition,
13 or conversion.

14 **SEC. 303. ONGOING ENFORCEMENT OF HOUSING QUALITY**
15 **STANDARDS.**

16 Section 8(d) of the United States Housing Act of
17 1937 (42 U.S.C. 1437f(d)) is amended by adding at the
18 end the following new paragraphs:

19 “(7) ENFORCEMENT OF HOUSING QUALITY STAND-
20 ARDS.—If the Secretary determines, upon any inspection
21 or management review for any multifamily housing project
22 covered by a housing assistance payments contract under
23 this section, that there are serious violations of housing
24 quality standards applicable to such project that are not
25 corrected after reasonable notice, or any other substantial

1 or repeated violations of other program requirements, in-
2 cluding residents right to organize, the Secretary may take
3 on or more of the following actions:

4 “(A) Withhold all or part of the housing assist-
5 ance payments due under the contract.

6 “(B) Withhold any rent increases otherwise
7 due.

8 “(C) Use such withheld payments to effectuate
9 repairs or to reimburse others who make repairs.

10 “(D) Assume possession and management of
11 the project and take any actions necessary to correct
12 the violations.

13 “(8) ESCROW OF TENANT RENTS.—If the Secretary
14 determines that there are serious violations of housing
15 quality standards applicable to any multifamily housing
16 project covered by a housing assistance payments contract
17 under this section or any other substantial or repeated vio-
18 lations of other program requirements, any tenants in as-
19 sisted units in the project may withhold the tenant con-
20 tribution toward rent and pay such amount, when due,
21 into an escrow fund established and controlled by the Sec-
22 retary, or use such withheld payments to effectuate re-
23 pairs, in accordance with procedures established by the
24 Secretary. If a tenant withholds the tenant contribution
25 toward rent in accordance with this paragraph, the Sec-

1 retary shall withhold all or part of the housing assistance
2 payments due under the contract until the violation is
3 remedied. An owner of a project shall not evict tenants
4 for nonpayment of rent for exercising rights under this
5 paragraph.

6 “(9) INSPECTIONS UPON REQUEST OR PETITION.—
7 In addition to periodic inspections by the Secretary, the
8 Secretary shall conduct an inspection or management re-
9 view of any multifamily housing project covered by a hous-
10 ing assistance payments contract under this section when
11 requested by the local government in which the project is
12 located or by a petition signed by not less than 10 percent
13 of the tenants of the occupied units in the project.”.

14 **SEC. 304. THIRD PARTY BENEFICIARY STATUS FOR RESI-**
15 **DENTS.**

16 (a) IN GENERAL.—In each covered agreement de-
17 scribed in subsection (b), the Secretary of Housing and
18 Urban Development may include provisions that establish
19 the residents of the affected project and any resident and
20 tenant associations as third party beneficiaries of the con-
21 tract.

22 (b) COVERED AGREEMENTS.—A covered agreement
23 described in this subsection is any—

24 (1) contract between the Secretary and any
25 public housing agency for housing assistance pay-

1 ments under section 8 of the United States Housing
2 Act of 1937 (42 U.S.C. 1437f);

3 (2) agreement under the Multifamily Assisted
4 Housing Reform and Affordability Act of 1997 (42
5 U.S.C. 1437f note) for—

6 (A) Mark-to-Market Restructuring Com-
7 mitments or renewal of section 8 rental assist-
8 ance for a project involving any action under
9 section 517(b) of such Act; or

10 (B) Rehabilitation Escrow Deposit Agree-
11 ments for Mark-to-Market; or

12 (3) contract for mortgage insurance executed by
13 the Secretary and any owner or purchaser of a mul-
14 tifamily housing project.

15 **SEC. 305. RESIDENT ACCESS TO BUILDING INFORMATION.**

16 Upon a written request by a legitimate residents asso-
17 ciation established with respect to a multifamily housing
18 property to which part 245 of the regulations of the Sec-
19 retary of Housing and Urban Development (24 C.F.R.
20 Part 245), or by its designee or representative, the Sec-
21 retary shall make available, for the property represented
22 by the association—

23 (1) information regarding property ownership
24 and management, including identification of general
25 partners and other principals, and their other prop-

1 erties assisted by the Department of Housing and
2 Urban Development, including any previous partici-
3 pation certifications (HUD Form 2530);

4 (2) an annual operating statement of profit and
5 loss (HUD Form 92410);

6 (3) any subsidy contracts between owners and
7 the Department of Housing and Urban Develop-
8 ment, including correspondence between the owners
9 and the Department;

10 (4) any management reviews conducted by the
11 Department;

12 (5) a statement of the balances of, and expendi-
13 tures from, any replacement reserves and other es-
14 crow funds for the project administered by the De-
15 partment or its contract administrator; and

16 (6) any management contracts between the
17 owners and management agent.

18 **TITLE IV—PRESERVATION OF**
19 **TROUBLED PROJECTS FAC-**
20 **ING FORECLOSURE**

21 **SEC. 401. MAINTAINING AFFORDABILITY THROUGH**
22 **ESCROWING OF RENTAL ASSISTANCE.**

23 In the case of any transfer of a distressed multifamily
24 property that does not comply with housing quality stand-
25 ards applicable to the property, the Secretary may not re-

1 capture any rental assistance that is attached to any
2 dwelling units in the property and provided under a con-
3 tract for the property under section 8 of the United States
4 Housing Act of 1937 or under any other program adminis-
5 tered by the Secretary, but shall hold any such assistance
6 in escrow for the property during the period of noncompli-
7 ance and, upon determining that the property complies
8 with such standards make such assistance available for the
9 property.

10 **SEC. 402. MULTIFAMILY HOUSING MORTGAGE FORE-**
11 **CLOSURE.**

12 The Multifamily Mortgage Foreclosure Act of 1981
13 is amended—

14 (1) in section 362 (12 U.S.C. 3701)—

15 (A) in paragraph (5), by striking “and” at
16 the end;

17 (B) in paragraph (6), by striking the pe-
18 riod at the end and inserting “; and”; and

19 (C) by adding at the end the following new
20 paragraph:

21 “(7) mortgages transferred by the Secretary to
22 State and local governments should be foreclosed in
23 the same manner as mortgages held by the Sec-
24 retary.”;

25 (2) in section 363 (12 U.S.C. 3702)—

1 (A) in paragraph (9), by striking “and” at
2 the end;

3 (B) in paragraph (10), by striking the pe-
4 riod at the end and inserting “; and”; and

5 (C) by adding at the end the following new
6 paragraph:

7 “(11) ‘State or local government transferee’
8 means any State or unit of general local govern-
9 ment, any public housing authority, or any State or
10 local housing finance agency that has acquired mort-
11 gages pursuant to section 203 of the Housing and
12 Community Development Amendments of 1978 (12
13 U.S.C. 1701z-11), section 204 of the Departments
14 of Veterans Affairs and Housing and Urban Devel-
15 opment, and Independent Agencies Appropriations
16 Act, 1997 (12 U.S.C. 1715z-11a), or any other pro-
17 vision of law, that were previously held by the Sec-
18 retary.”;

19 (3) in section 364 (12 U.S.C. 3703)—

20 (A) by inserting “, or any State or local
21 government transferee,” after “Secretary” the
22 first and fourth places such term appears; and

23 (B) by inserting “, or the State or local
24 government transferee,” after “Secretary” the

1 second, third, and fifth places such term ap-
2 pears;

3 (4) in section 365 (12 U.S.C. 3704)—

4 (A) by inserting “, or any State or local
5 government transferee,” after “Secretary” the
6 first place such term appears;

7 (B) by inserting “, or the State or local
8 government transferee,” after “Secretary” each
9 other place such term appears; and

10 (C) by striking the last 3 sentences and in-
11 serting the following: “The entity designating
12 the foreclosure commissioner, whether the Sec-
13 retary or any State or local government trans-
14 feree, shall be a guarantor of payment of any
15 judgment against the foreclosure commissioner
16 for damages based upon the commissioner’s
17 failure properly to perform the commissioner’s
18 duties. As between the entity designating the
19 foreclosure commissioner, whether the Secretary
20 or any State or local government transferee,
21 and the mortgagor, the entity designating the
22 foreclosure commissioner shall bear the risk of
23 any financial default by the foreclosure commis-
24 sioner. In the event that the Secretary or any
25 State or local government transferee makes any

1 payment pursuant to the preceding two sen-
2 tences, the Secretary or any State or local gov-
3 ernment transferee shall be fully subrogated to
4 the rights satisfied by such payment.”;

5 (5) in section 366 (12 U.S.C. 3705)—

6 (A) by inserting “, or any State or local
7 government transferee,” after “Secretary” the
8 first, third, fourth, and fifth place such term
9 appears; and

10 (B) by inserting “, or the State or local
11 government transferee,” after “Secretary” the
12 second and sixth places such term appears;

13 (6) in section 367 (12 U.S.C. 3706)—

14 (A) in subsection (a)—

15 (i) in paragraph (1), by inserting “or
16 the State or local government transferee,”
17 after “Secretary,”; and

18 (ii) in paragraph (8), by inserting “,
19 or the State or local government trans-
20 feree” after “Secretary”;

21 (B) in subsection (b)—

22 (i) by inserting “, or any State or
23 local government transferee,” after “Sec-
24 retary” the first and second places such
25 term appears; and

1 (ii) by inserting “, or the State or
2 local government transferee,” after “Sec-
3 retary” the third place such term appears;
4 and

5 (C) by adding at the end the following new
6 subsection:

7 “(c) In any case in which a State or local government
8 transferee is the purchaser of a multifamily project, the
9 State or local government transferee shall manage and dis-
10 pose of such project to benefit those originally intended
11 to be assisted under the prior program unless continued
12 operation and disposition of the property under such pro-
13 gram is not feasible based on consideration of the costs
14 of rehabilitating and operating the property after consid-
15 ering all available Federal, State, and local resources, in-
16 cluding rent adjustments under section 524 of the Multi-
17 family Assisted Housing Reform and Affordability Act of
18 1997 (42 U.S.C. 1437f note).”.

19 (7) in section 368 (12 U.S.C. 3707)—

20 (A) by inserting “, or any State or local
21 government transferee,” after “Secretary” the
22 first and third places such term appears; and

23 (B) by inserting “, or the State of local
24 government transferee,” after “Secretary” the
25 second place such term appears;

1 (8) in section 369A (12 U.S.C. 3709)—

2 (A) by inserting “, or any State or local
3 government transferee,” after “Secretary” the
4 second place such term appears; and

5 (B) by inserting ‘, or the State or local
6 government transferee,’ after ‘Secretary’ the
7 first, third, and fourth places such term ap-
8 pears;

9 (9) in section 369B (12 U.S.C. 3710)—

10 (A) by inserting “, or the State of local
11 government transferee,” after “Secretary” the
12 first and second places such term appears; and

13 (B) by inserting “, or any State or local
14 government transferee,” after “Secretary” each
15 other place such term appears;

16 (10) in section 369E (12 U.S.C. 3713), by in-
17 serting “, or any State or local government trans-
18 feree,” after “Secretary” each place such term ap-
19 pears; and

20 (11) in section 369F(a)(1) (12 U.S.C.
21 3714(a)(1)), by inserting “, or any State or local
22 government transferee,” before the semicolon at the
23 end.

1 **SEC. 403. BUILDING ACQUISITION: VALUATION OF PHYS-**
2 **ICALLY DISTRESSED PROPERTIES SOLD BY**
3 **HUD.**

4 (a) IN GENERAL.— Notwithstanding title II of the
5 Deficit Reduction Act of 2005 (12 U.S.C. 1701z–11 note)
6 or any other provision of law, in determining the market
7 value of any multifamily real property or multifamily loan
8 for any noncompetitive sale to a State or local government,
9 the Secretary shall consider industry standard appraisal
10 practices, including the cost of repairs needed to bring the
11 property into such condition as to satisfy minimum State
12 and local code standards and the cost of maintaining the
13 affordability requirements imposed by the Secretary on
14 the multifamily real property or multifamily loan, as well
15 as any other practices the Secretary deems appropriate.

16 (b) DEFINITIONS.—For purposes of this section, the
17 terms “affordability requirements”, “multifamily loan”,
18 and “multifamily real property” have the same meaning
19 given such terms in section 2001 of the Deficit Reduction
20 Act of 2005 (12 U.S.C. 1701z–11 note).

21 **SEC. 404. INVESTMENT THROUGH UP-FRONT GRANTS FROM**
22 **GENERAL INSURANCE FUND.**

23 (a) 1997 ACT.—Subsection (a) of section 204 of the
24 Departments of Veterans Affairs and Housing and Urban
25 Development, and Independent Agencies Appropriations

1 Act, 1997 (12 U.S.C. 1715z–11a(a)) is amended by strik-
2 ing the last sentence.

3 (b) 1978 ACT.—Paragraph (4) of section 203(f) of
4 the Housing and Community Development Amendments
5 of 1978 (12 U.S.C. 1701z–11(f)(4)) is amended by strik-
6 ing the last sentence.

7 **SEC. 405. MAINTAINING PROJECT-BASED ASSISTANCE FOR**
8 **PROJECTS DISPOSED OF BY HUD .**

9 (a) IN GENERAL.—In fiscal year 2009 and there-
10 after, in managing and disposing of any multifamily prop-
11 erty that is owned by, or has a mortgage held by, the Sec-
12 retary of Housing and Urban Development, the Secretary
13 shall maintain any contracts for rental assistance pay-
14 ments under section 8 of the United States Housing Act
15 of 1937 (42 U.S.C. 1437f) and other programs that are
16 attached to any dwelling units in the property.

17 (b) INFEASIBILITY OF CONTINUED ASSISTANCE.—To
18 the extent the Secretary determines, in consultation with
19 the tenants and the local government, that such a multi-
20 family property owned or held by the Secretary is not fea-
21 sible for continued rental assistance payments under such
22 section 8 or other programs, based on consideration of (1)
23 the costs of rehabilitating and operating the property and
24 all available Federal, State, and local resources, including
25 rent adjustments under section 524 of the Multifamily As-

1 sisted Housing Reform and Affordability Act of 1997 (42
2 U.S.C. 1437f note), and (2) environmental conditions that
3 cannot be remedied in a cost-effective fashion, the Sec-
4 retary may, in consultation with the tenants of such prop-
5 erty, contract for project-based rental assistance payments
6 with an owner or owners of other existing housing prop-
7 erties, or provide other rental assistance.

8 (c) FORECLOSURE.—For all properties with project-
9 based section 8 assistance, regardless of the type of under-
10 lying financing, the Secretary shall also take appropriate
11 actions to ensure that project-based contracts remain in
12 effect prior to foreclosure, subject to the exercise of con-
13 tractual remedies to assist relocation of tenants for immi-
14 nent major threats to health and safety, after written no-
15 tice to and informed consent of the affected tenants and
16 use of other available remedies, such as partial abatements
17 or receivership.

18 (d) APPLICABILITY OF MAHRA.—After disposition
19 of any multifamily property described under this section,
20 the contract and allowable rent levels on such properties
21 shall be subject to section 524 of the Multifamily Assisted
22 Housing Reform and Affordability Act of 1997 (42 U.S.C.
23 1437f note).

1 **SEC. 406. CORRECTING HARM CAUSED BY LATE SUBSIDY**
2 **PAYMENTS.**

3 Section 8 of the United States Housing Act of 1937
4 (42 U.S.C. 1437f), as amended by the preceding provi-
5 sions of this Act, is further amended by adding at the end
6 the following new subsection:”.

7 “(gg) LATE PAYMENTS.—

8 “(1) IN GENERAL.—The Secretary shall make
9 payments of project-based rental assistance provided
10 under this section for each month on or before the
11 due date under paragraph (2) for the payment.

12 “(2) DUE DATE.—The due date under this
13 paragraph for a monthly payment is the first busi-
14 ness day of the month.

15 “(3) NOTIFICATION OF LATE PAYMENT.—The
16 Secretary shall notify a project owner at least 10
17 days before the due date for a housing assistance
18 payment if such payment will be late and shall in-
19 form the project owner of the approximate date the
20 payment will be made.

21 “(4) USE OF RESERVES.—If a housing assist-
22 ance payment for a project has not been received be-
23 fore the expiration of the 10-day period beginning
24 upon the due date for such payment, the project
25 owner shall, after the expiration of such period, be
26 entitled to obtain funds from a project replacement

1 reserve, residual receipts reserve, or other project re-
2 serve in order to pay operating and debt service
3 costs for the project. Upon receipt of the monthly
4 housing assistance payment from the Secretary, the
5 project owner shall promptly replace or replenish
6 any such funds advanced pursuant to the preceding
7 sentence.

8 “(5) INTEREST PAYMENT.—If a monthly hous-
9 ing assistance payment is not made before the expi-
10 ration of the 30-day period beginning upon the due
11 date for such payment, the Secretary shall pay to
12 the owner simple interest on the amount of such
13 monthly payment, from the due date until the date
14 of payment, at a rate determined by the Secretary
15 of Treasury in accordance with section 12 of the
16 Contract Disputes Act of 1978 (41 U.S.C. 611). In-
17 terest payments under this paragraph shall be made
18 from amounts made available for management and
19 administration of the Department of Housing and
20 Urban Development.”.

1 **TITLE V—INCENTIVES UNDER**
2 **MAHRA FOR OWNERS TO**
3 **MAINTAIN HOUSING AFFORD-**
4 **ABILITY**

5 **SEC. 501. MAINTAINING AFFORDABILITY IN PRESERVATION**
6 **PROJECT TRANSACTIONS.**

7 (a) RENEWAL UNDER ALTERNATIVE AUTHORI-
8 TIES.—Paragraph (1) of section 524(e) of the Multifamily
9 Assisted Housing Reform and Affordability Act of 1997
10 (42 U.S.C. 1437f note) is amended by adding at the end
11 the following new sentences: “At the request of the owner
12 of the project, in order to facilitate a rehabilitation plan
13 approved by the Secretary as being necessary to ensure
14 the sustainability of a project, a contract eligible for re-
15 newal pursuant to this paragraph may instead be renewed
16 pursuant to any provision of subsection (a) or (b) of this
17 section if the contract is otherwise eligible for renewal pur-
18 suant to such provision. In the case of a renewal pursuant
19 to subsection (a) or (b), the rent and rent adjustment
20 standards applicable to a renewal pursuant to those sub-
21 sections shall apply, but tenant occupancy and afford-
22 ability restrictions in the plan of action shall continue to
23 apply to the project for the duration of those restric-
24 tions.”.

1 (b) EXTENSION OF AFFORDABILITY PERIOD FOR
2 ELIHPA PROJECTS.—Section 524(e) of the Multifamily
3 Assisted Housing Reform and Affordability Act of 1997
4 (42 U.S.C. 1437f note) is amended by adding at the end
5 the following new paragraph:

6 “(4) HYBRID CONTRACT.—To facilitate a sale
7 of a project that is subject to a plan of action under
8 the Emergency Low Income Housing Preservation
9 Act of 1987 (12 U.S.C. 1715l note) to a qualified
10 preservation owner (as such term is defined in sec-
11 tion 2 of the Housing Preservation and Tenant Pro-
12 tection Act of 2009) who agrees to binding low-in-
13 come affordability restrictions for at least 20 years
14 beyond the term of the plan of action and a rehabili-
15 tation plan approved by the Secretary as being nec-
16 essary to ensure the sustainability of the project, a
17 contract for such a project shall, at the request of
18 the owner of the project, be renewed under this
19 paragraph for a term of not less than 20 years. The
20 contract shall provide that the terms of the plan of
21 action shall apply for the duration of the original
22 plan of action, and that at the expiration of the plan
23 of action the rents shall be established at rent levels
24 equal to comparable market rents for the market
25 area. After expiration of the plan of action, rent ad-

1 justments shall be determined in accordance with
2 the provisions of subsection (c) that are applicable to
3 contracts renewed pursuant to subsection (a). Any
4 existing contract entered into pursuant to paragraph
5 (1) shall be terminated at the request of the owner
6 of the project, and replaced by a contract under this
7 paragraph.”.

8 **SEC. 502. ENCOURAGING CONTINUED PARTICIPATION IN**
9 **ASSISTED HOUSING PROGRAMS.**

10 (a) RENEWAL OF EXPIRING PROJECT-BASED SEC-
11 TION 8 MODERATE REHABILITATION CONTRACTS.—Sec-
12 tion 524 of the Multifamily Assisted Housing Reform and
13 Affordability Act of 1997 (42 U.S.C. 1437f note) is
14 amended—

15 (1) in subsection (a)(4)(A)(iv)—

16 (A) in subclause (I), by inserting “or”
17 after the semicolon;

18 (B) by striking subclause (II); and

19 (C) by redesignating subclause (III) as
20 subclause (II); and

21 (2) in subsection (b), by striking paragraph (3).

22 (b) RENT ADJUSTMENTS FOR COVERED
23 PROJECTS.—

24 (1) RENT DETERMINATION AT INITIAL RE-
25 NEWAL AFTER ENACTMENT.—Upon the first request

1 by an owner of a covered housing project for renewal
2 of project-based assistance pursuant to section 524
3 of the Multifamily Assisted Housing Reform and Af-
4 fordability Act of 1997 made after the date of the
5 enactment of this Act—

6 (A) the rent levels at which assistance will
7 be provided pursuant to such renewal shall be
8 determined as if such renewal were the initial
9 renewal of a contract for assistance under sec-
10 tion 524, as amended by subsection (a) of this
11 section; and

12 (B) solely for purposes of determining the
13 rent levels at which assistance will be provided
14 pursuant to such first renewal after the date of
15 the enactment of this Act, in the case of a
16 project for which contract rents were reduced
17 upon a prior renewal of an expiring contract
18 pursuant to subsection (b)(3) of section 524, as
19 in effect on the day before the date of the en-
20 actment of this Act, the contract rent levels in
21 effect immediately prior to such first renewal
22 after the date of the enactment of this Act shall
23 be the considered to be the deemed rent levels
24 described in paragraph (3)(C).

1 (2) RENT ADJUSTMENTS AFTER INITIAL RE-
2 NEWAL AFTER ENACTMENT.—After the first renewal
3 of a contract for assistance of a covered housing
4 project after the date of the enactment of this Act
5 in accordance with paragraph (1) of this subsection,
6 the Secretary of Housing and Urban Development
7 shall adjust rents in accordance with subsection (c)
8 of section 524.

9 (3) DEFINITIONS.—For purposes of this sub-
10 section, the following definitions shall apply:

11 (A) The term “section 524” means section
12 524 of the Multifamily Assisted Housing Re-
13 form and Affordability Act of 1997 (42 U.S.C.
14 1437f note).

15 (B) The term “covered housing project”
16 means a project that receives project-based as-
17 sistance under section 8 of the United States
18 Housing Act of 1937 (42 U.S.C. 1437f) which
19 was renewed prior to the date of the enactment
20 of this Act pursuant to subsection (b)(3) of sec-
21 tion 524, as in effect on the day before the date
22 of the enactment of this Act.

23 (C) The term “deemed rent levels” means
24 the contract rent levels in effect immediately
25 prior to the first renewal of assistance pursuant

1 to subsection (b)(3) of section 524, as in effect
2 on the day before the date of the enactment of
3 this Act, upon which contract rent levels were
4 reduced, as adjusted by the applicable operating
5 cost adjustment factor established by the Sec-
6 retary at the date of such renewal and at the
7 date of any subsequent renewal pursuant to
8 such subsection (b)(3).

9 **SEC. 503. PREPAYMENT OF FHA MORTGAGES ON MULTI-**
10 **FAMILY HOUSING.**

11 (a) CONDITIONS FOR PREPAYMENT.—Section 250 of
12 the National Housing Act (12 U.S.C. 1715z–15) is
13 amended—

14 (1) in subsection (a)—

15 (A) by striking paragraph (1) and insert-
16 ing the following new paragraph;

17 “(1) the Secretary has determined that—

18 “(A) such project is no longer meeting a
19 need for rental housing for lower income fami-
20 lies in the area, as evidenced by a persistent
21 lack of demand for the units under the rent
22 schedule approved by the Secretary; or

23 “(B) the prepayment is part of a trans-
24 action to preserve and improve the project as
25 affordable housing, pursuant to the guidance in

1 effect that implements section 236(e)(2) of this
2 Act (12 U.S.C. 1715z-1(e)2)) or pursuant to
3 additional administrative guidance, ensuring
4 that—

5 “(i) the proceeds of any refinancing
6 will be used for rehabilitation of the
7 project and related costs or for affordable
8 housing and related social services under a
9 plan approved by the Secretary;

10 “(ii) tenants will not be displaced
11 from the project;

12 “(iii) rent burdens for unassisted ten-
13 ants as a result of the transaction will not
14 be increased by more than 10 percent an-
15 nually or 20 percent in total, unless addi-
16 tional project-based assistance is provided;
17 and

18 “(iv) binding commitments, which
19 shall apply to current and subsequent own-
20 ers, are made to ensure that the project
21 will operate in accordance with all cur-
22 rently applicable low-income affordability
23 restrictions for a period of not less than
24 the original mortgage term plus an addi-
25 tional 20 years, including a duty to main-

1 tain a substantially similar occupancy pro-
2 file for the project of low-, very low-, and
3 extremely low-income tenants, to renew
4 any expiring rental assistance contracts for
5 the project, and accept additional rental
6 assistance for the project.”.

7 (B) in paragraph (2)—

8 (i) in subparagraph (A), by inserting
9 before the semicolon at the end the fol-
10 lowing: “which shall include reasonable ac-
11 cess to all information relevant to the re-
12 quest, including the anticipated sources
13 and uses of proceeds, any additional fi-
14 nancing, subsidies, and rental assistance,
15 and any proposed rehabilitation plan, af-
16 fordable housing and services plan, or use
17 agreement”;

18 (ii) in subparagraph (C), by inserting
19 before the semicolon the following: “in
20 making the determination required by
21 paragraph (1)”;

22 (C) in paragraph (3), by striking the pe-
23 riod at the end and inserting “; and”;

24 (D) by adding at the end the following new
25 paragraph:

1 “(4) such prepayment or termination involves
2 **【extension?】** of any low-income affordability restric-
3 tions (as such term is defined in section 229 of the
4 Low-Income Housing Preservation and Resident
5 Homeownership Act of 1990 (12 U.S.C. 4119) for
6 the project for a period of not less than 20 years.”.

7 (b) USE OF PROCEEDS OF PRESERVATION TRANS-
8 ACTIONS BY NONPROFIT OWNERS OF MULTIFAMILY
9 PROJECTS.—Section 250 of the National Housing Act (12
10 U.S.C. 1715z–15) is amended by adding at the end the
11 following new subsection:

12 “(d) USE OF PROCEEDS FROM PRESERVATION
13 TRANSACTION.—Notwithstanding any other provision of
14 law, in connection with the prepayment of a mortgage on
15 a multifamily rental housing project, the termination of
16 an insurance contract pursuant to section 229, or the sale
17 or refinancing of a multifamily rental housing project for
18 which approval of the Secretary is required, the Secretary
19 may not, in any manner that is not equally applicable to
20 a for-profit owner of such a project—

21 “(1) restrict the right of any owner of such a
22 project that is a nonprofit organization or controlled
23 by a nonprofit-organization to distribute cash flow
24 from the project to any other nonprofit organization;

1 “(2) impose on any owner of such a project
2 that is a nonprofit organization or controlled by a
3 nonprofit-organization any limitation on the right of
4 such owner to use the proceeds of such preservation
5 transaction for the housing mission of such organi-
6 zation; or

7 “(3) restrict the right of any owner of such a
8 project that is a nonprofit organization or controlled
9 by a nonprofit-organization to do business, in con-
10 nection with any affiliate or entity in which it has
11 a financial interest.”.

12 (c) CLARIFICATION OF EFFECT.—Section 250 of the
13 National Housing Act (12 U.S.C. 1715z–15), as amended
14 by subsection (b) of this section, is further amended by
15 adding at the end the following new subsection:

16 “(e) APPLICABILITY.—Notwithstanding any existing
17 administrative directive of the Secretary to the contrary,
18 except as specifically authorized in this section, this sec-
19 tion shall apply to the prepayment of any multifamily
20 mortgage on any property insured or held by the Secretary
21 under this Act for which the approval of the Secretary
22 is required for prepayment of the mortgage.”.

1 **SEC. 504. PERIOD OF ELIGIBILITY FOR NONPROFIT DEBT**
2 **RELIEF.**

3 Section 517(a)(5) of the Multifamily Assisted Hous-
4 ing Reform and Affordability Act of 1997 (42 U.S.C.
5 1437f note) is amended by adding at the end the following
6 new sentences: “If such purchaser acquires such project
7 subsequent to the date of recordation of the affordability
8 agreement described in section 514(e)(6), (A) the pur-
9 chaser must acquire the project on or before the later of
10 (i) seven years after the date of recordation of the afford-
11 ability agreement and (ii) two years after the date of en-
12 actment of this sentence; and (B) the Secretary must have
13 received, and determined acceptable, the purchaser’s ap-
14 plication for modification, assignment, or forgiveness prior
15 to the purchaser’s acquisition of the project. In the event
16 any low-income housing tax credits, State or local funds,
17 tax-exemption or other affordable housing resources are
18 being utilized by the purchaser in connection with the
19 transfer of the property, the Secretary shall not require
20 any repayment in connection with the assignment or for-
21 giveness of the mortgages to the purchaser.”.

22 **SEC. 505. ACQUISITION OF RESTRUCTURED PROJECTS BY**
23 **NONPROFIT ORGANIZATIONS.**

24 Paragraph (5) of section 517(a) of the Multifamily
25 Assisted Housing Reform and Affordability Act of 1997
26 (42 U.S.C. 1437 note) is amended by inserting “, or the

1 sole general partner of the limited partnership owning the
2 project,” after “if the project”.

3 **SEC. 506. RENT ADJUSTMENTS UPON SUBSEQUENT RENEW-**
4 **ALS OF SECTION 8 CONTRACTS.**

5 Section 524(c) of the Multifamily Assisted Housing
6 Reform and Affordability Act of 1997 (42 U.S.C. 1437f
7 note) is amended by adding at the end the following new
8 paragraph:

9 “(3) SUBSEQUENT RENEWALS.—At the request
10 of the owner of the project, a contract initially re-
11 newed pursuant to this section may subsequently be
12 renewed under any renewal authority in this section
13 for which it is eligible. The subsequent renewal of a
14 contract initially renewed under subsection (b)(1)
15 shall be at rents established in accordance with
16 paragraph (1) of this subsection. A project whose
17 contract is initially renewed under this section shall
18 not be considered an eligible multifamily housing
19 project as defined in section 512(2) unless (A) the
20 owner of the project and the Secretary consent to
21 the project’s designation as an eligible multifamily
22 housing project, and (B) the project meets the re-
23 quirements of subparagraphs (A) and (C) of such
24 section 512(2).”.

1 **SEC. 507. BUDGET-BASED RENT ADJUSTMENTS.**

2 (a) **METHODS FOR ANNUAL RENT ADJUSTMENTS.—**

3 Section 514(g) of the Multifamily Assisted Housing Re-
4 form and Affordability Act of 1997 (42 U.S.C. 1437f
5 note) is amended by adding at the end the following new
6 paragraph:

7 “(4) **ANNUAL RENT ADJUSTMENTS.—**The Sec-
8 retary shall annually adjust the rents initially estab-
9 lished pursuant to this section using an operating
10 cost adjustment factor established by the Secretary
11 (which shall not result in a negative adjustment) or,
12 upon the request of the project owner, on a budget
13 basis.”

14 (b) **MEETING REHABILITATION NEEDS OF PRE-**
15 **VIOUSLY RESTRUCTURED PROJECTS.—**Section 517(e) of
16 the Multifamily Assisted Housing Reform and Afford-
17 ability Act of 1997 (42 U.S.C. 1437f note) is amended
18 by adding at the end the following new paragraph:

19 “(3) **REHABILITATION NEEDS OF RESTRUC-**
20 **TURED PROJECTS.—**

21 “(A) **REHABILITATION ASSISTANCE.—**Not-
22 withstanding any other provision of this title, at
23 the request of a qualified preservation owner
24 **【**as such term is defined in section 2 of the
25 **Housing Preservation and Tenant Protection**
26 **Act of 2009**】**, the Secretary shall, pursuant to**

1 a revised evaluation of the physical condition of
2 the project approved by the Secretary, provide
3 rehabilitation assistance from the funding
4 sources specified in the first sentence of para-
5 graph (1)(A) for any project for which the Sec-
6 retary and the project owner executed a mort-
7 gage restructuring and rental assistance suffi-
8 ciency plan prior to October 1, 2001, pursuant
9 to which mortgage debt on the project was re-
10 structured.

11 “(B) FUNDING THROUGH DEBT RESTRUC-
12 TURING.—The Secretary may, in connection
13 with the transfer of a project to a qualified
14 preservation owner, modify or waive any of the
15 requirements or conditions on debt restruc-
16 turing contained in this title in order to provide
17 a simplified debt restructuring for funding the
18 rehabilitation of previously restructured projects
19 under this title. The Secretary may make a
20 non-default partial or full payment of claim
21 under a mortgage insurance contract pursuant
22 to section 541(b) of the National Housing Act
23 (12 U.S.C. 1735f-19(b)), notwithstanding the
24 limitation in section 541(b) to its one-time use.
25 The Secretary may also modify or waive any re-

1 requirement or condition in such section 541(b)
2 that the Secretary considers inconsistent with
3 the simplified debt restructuring authorized by
4 this paragraph.

5 “(C) CONTRIBUTION.—The project owner
6 receiving rehabilitation assistance under this
7 paragraph shall not be required to make the
8 contribution specified in paragraph (1)(B) or
9 (2)(C), except to the extent the Secretary in-
10 creases project rents to provide for a return of
11 the owner’s contribution over such period as the
12 Secretary shall determine.”.

13 **SEC. 508. INDEPENDENT APPRAISAL REQUIREMENT IN**
14 **CASES OF DIVERGENT RENT STUDIES.**

15 Section 524(a)(5) of the Multifamily Assisted Hous-
16 ing Reform and Affordability Act of 1997 (42 U.S.C.
17 1437f note) is amended by adding at the end the following
18 new sentence: “In connection with a contract renewal
19 under this section or section 515, if the comparable mar-
20 ket rent determination made by the Secretary and the
21 owner’s appraiser differ by 15 percent or more, the owner
22 may request a third appraiser, jointly selected and com-
23 pensated by the Secretary and the owner, to make a com-
24 parable market rent determination that shall be binding
25 on both parties.”.

1 **SEC. 509. EXTENSION OF HOUSING ASSISTANCE PAYMENT**

2 **CONTRACT.**

3 Section 524(a) of the Multifamily Assisted Housing
4 Reform and Affordability Act of 1997 (42 U.S.C. 1437f
5 note) is amended by adding at the end the following new
6 paragraph:

7 “(6) **EXTENSION OF CONTRACT TERM.**—In con-
8 nection with the refinancing or sale of a project cov-
9 ered by a contract renewed under this section, the
10 Secretary shall, at the request of the owner, amend
11 the contract to extend the term to 20 years or such
12 shorter term as the owner may request. Such an ex-
13 tension shall be subject to the availability of suffi-
14 cient amounts provided in appropriation Acts.”

15 **SEC. 510. OTHERWISE ELIGIBLE PROJECTS.**

16 Section 514 of the Multifamily Assisted Housing Re-
17 form and Affordability Act of 1997 (42 U.S.C. 1437f
18 note) is amended by adding at the end the following new
19 subsection:

20 “(i) **OTHER ELIGIBLE PROJECTS.**—

21 “(1) **IN GENERAL.**—Notwithstanding any other
22 provision of this subtitle, a project that meets the re-
23 quirements of subparagraphs (B) and (C) of section
24 512(2) but does not meet the requirements of sub-
25 paragraph (A) of section 512(2), may be treated as
26 an eligible multifamily housing project on an excep-

1 tion basis if the Secretary determines, subject to
2 paragraph (2), that such treatment is necessary to
3 preserve the project in the most cost-effective man-
4 ner in relation to other alternative preservation op-
5 tions.

6 “(2) OWNER REQUEST.—

7 “(A) REQUEST REQUIRED.—The Secretary
8 shall not treat an otherwise eligible project de-
9 scribed under paragraph (1) as an eligible mul-
10 tifamily housing project unless the owner of the
11 project requests such treatment.

12 “(B) NO ADVERSE TREATMENT IF NO RE-
13 QUEST MADE.—If the owner of a project does
14 not make a request under subparagraph (A),
15 the Secretary shall not withhold from such
16 project any other available preservation option.

17 “(3) CANCELLATION.—

18 “(A) TIMING.—At any time prior to the
19 completion of a mortgage restructuring under
20 this subtitle, the owner of a project may—

21 “(i) withdraw any request made under
22 paragraph (2)(A); and

23 “(ii) pursue any other option with re-
24 spect to the renewal of such owner’s sec-

1 tion 8 contract pursuant to any applicable
2 statute or regulation.

3 “(B) DOCUMENTATION.—If an owner of a
4 project withdraws such owner’s request and
5 pursues other renewal options under this para-
6 graph, such owner shall be entitled to submit
7 documentation or other information to replace
8 the documentation or other information used
9 during processing for mortgage restructuring
10 under this subtitle.

11 “(4) LIMITATION.—The Secretary may exercise
12 the authority to treat projects as eligible multifamily
13 housing projects pursuant to this subsection only to
14 the extent that the number of units in such projects
15 do not exceed 10 percent of all units for which mort-
16 gage restructuring pursuant to section 517 is com-
17 pleted.”.

18 **SEC. 511. EXCEPTION RENTS.**

19 In the matter preceding clause (i) of section
20 514(g)(2)(A) of the Multifamily Assisted Housing Reform
21 and Affordability Act of 1997 (42 U.S.C. 1437f note) is
22 amended—

23 (1) by inserting “disaster-damaged eligible
24 projects and” after “waive this limit for”; and

1 (2) by striking “five percent” and inserting “9
2 percent”.

3 **SEC. 512. DISASTER-DAMAGED ELIGIBLE PROJECTS.**

4 (a) MARKET RENT DETERMINATION.—Section
5 514(g)(1)(B) of the Multifamily Assisted Housing Reform
6 and Affordability Act of 1997 (42 U.S.C. 1437f note) is
7 amended by striking “determined, are equal” and insert-
8 ing the following: “determined—

9 “(i) with respect to a disaster-dam-
10 aged property, are equal to 100 percent of
11 the fair market rents for the relevant mar-
12 ket area (as such rents were in effect at
13 the time of such disaster); and

14 “(ii) with respect to other eligible
15 multifamily housing projects, are equal”.

16 (b) OWNER INVESTMENT.—Section 517(e) of the
17 Multifamily Assisted Housing Reform and Affordability
18 Act of 1997 (42 U.S.C. 1437f note) is amended by adding
19 at the end the following:”.

20 “(3) PROPERTIES DAMAGED BY NATURAL DIS-
21 ASTERS.—With respect to a disaster-damaged eligi-
22 ble property, the owner contribution toward rehabili-
23 tation needs shall be determined in accordance with
24 paragraph (2)(C).”.

1 **SEC. 513. FUNDING FOR TENANT AND OTHER PARTICIPA-**
2 **TION AND CAPACITY BUILDING.**

3 Paragraph (3) of section 514(f) of the Multifamily
4 Assisted Housing Reform and Affordability Act of 1997
5 (42 U.S.C. 1437f note) is amended—

6 (1) in subparagraph (A)—

7 (A) in the first sentence—

8 (i) by striking “not more than” and
9 inserting “not less than”;

10 (ii) by striking “of low-income housing
11 for which project-based rental assistance is
12 provided at below market rent levels and
13 may not be renewed” and inserting the fol-
14 lowing: “and improvement of low-income
15 housing for which project-based rental as-
16 sistance, subsidized loans, or enhanced
17 vouchers under section 8(t) are provided”;
18 and

19 (iii) in the second parenthetical
20 clause, by inserting before the closing pa-
21 renthesis the following: “, and
22 predevelopment assistance to enable such
23 transfers”; and

24 (B) by inserting after the period at the end
25 the following: “For outreach and training of
26 tenants and technical assistance, the Secretary

1 shall implement a grant program utilizing per-
2 formance-based outcome measures for eligible
3 costs incurred. Recipients providing capacity
4 building or technical assistance services to ten-
5 ant groups shall be qualified nonprofit State-
6 wide, countywide, area-wide or citywide organi-
7 zations with demonstrated experience including
8 at least a two-year recent track record of orga-
9 nizing and providing assistance to tenants, and
10 independence from the owner, a prospective
11 purchaser, or their managing agents. The Sec-
12 retary may provide assistance and training to
13 grantees in administrative and fiscal manage-
14 ment to ensure compliance with applicable Fed-
15 eral requirements. The Secretary shall expedite
16 the provision of funding for fiscal year 2008 by
17 entering into new multi-year contracts with any
18 prior grantee without adverse audit findings or
19 whose adverse audit findings have been cleared,
20 and by entering into an interagency agreement
21 for not less than \$1,000,000 with the Corpora-
22 tion for National and Community Service or
23 any other agency of the Federal Government,
24 that is selected by the Secretary and the Sec-
25 retary determines is qualified to conduct such

1 program, to conduct a tenant outreach and
2 training program under the same or similar
3 terms and conditions as was most recently con-
4 ducted by the Corporation. The Secretary shall
5 also make available flexible grants to qualified
6 nonprofit organizations that do not own eligible
7 multifamily properties, for tenant outreach in
8 underserved areas, and to experienced national
9 or regional nonprofit organizations to provide
10 specialized training or support to grantees as-
11 sisted under this section. Notwithstanding any
12 other provision of law, funds authorized under
13 this section for any fiscal year shall be available
14 for obligation in subsequent fiscal years. The
15 Secretary shall require each recipient of
16 amounts made available pursuant to this sub-
17 paragraph to submit to the Secretary reports,
18 on a quarterly basis, detailing the use of such
19 funds and including such information as the
20 Secretary shall require.”; and

21 (2) by adding at the end the following new sub-
22 paragraphs:

23 “(D) PROHIBITIONS.—None of the funds
24 made available under subparagraph (A) may be
25 used for any political activities, political advo-

1 eacy, or lobbying (as such terms are defined by
2 Circular A-122 of the Office of Management
3 and Budget, entitled ‘Cost Principles for Non-
4 Profit Organizations’), or for expenses for trav-
5 el to engage in political activities or preparation
6 of or provision of advice on tax returns.

7 “(E) PROGRAM COMPLIANCE SYSTEMS.—
8 Each recipient of amounts made available under
9 subparagraph (A) shall develop systems to en-
10 sure compliance with the program and the re-
11 quirements of this paragraph.

12 “(F) PENALTIES.—The Secretary may im-
13 pose penalties on any recipient of amounts
14 made available under subparagraph (A) that
15 fails to comply with any requirement under this
16 paragraph or of the program established pursu-
17 ant to this paragraph, which penalties may in-
18 clude—

19 “(i) ineligibility for further assistance
20 from amounts made available under sub-
21 paragraph (A); and

22 “(ii) requiring the recipient to reim-
23 burse the Secretary for any amounts that
24 were so misused.”.

1 **TITLE VI—PRESERVATION**
2 **DATABASE**

3 **SEC. 601. PRESERVATION DATABASE.**

4 (a) **UNIQUE IDENTIFIER.**—The Secretary of Housing
5 and Urban Development shall establish a unique alpha-
6 numeric identifier for each covered multifamily property
7 (as such term is defined in subsection (h)), which shall
8 be identical for each property receiving more than one of
9 the forms of assistance identified in subsection (h).

10 (b) **PUBLIC AVAILABILITY OF INFORMATION.**—The
11 Secretary of Housing and Urban Development shall make
12 publicly available information about each of the covered
13 multifamily properties identified in subsection (a), which
14 information shall include the following:

15 (1) The unique identifier for the property.

16 (2) The name of the property.

17 (3) The address and geographical coordinates of
18 the property .

19 (4) The name of, and contact information for,
20 the owner (or owners) or sponsor (or sponsors) of
21 the property.

22 (5) A characterization of the type of owners or
23 sponsors of the property (such as nonprofit or for-
24 profit).

1 (6) The name of, and contact information for,
2 the manager of the property.

3 (7) The year that the property was built or
4 placed in service.

5 (8) The total number of dwelling units in the
6 property.

7 (9) The total number of dwelling units in the
8 property of each size (such as studio units, 1-bed-
9 room units, or 2-bedroom units).

10 (10) The average income of tenants of the prop-
11 erty, according to the most recent available informa-
12 tion.

13 (11) For each size of dwelling unit in the prop-
14 erty, the contract rents for such dwelling units.

15 (12) For each size of dwelling unit in the prop-
16 erty, the ratio of the contract rents for such dwelling
17 units to the fair market rent established under sec-
18 tion 8(c) of the United States Housing Act of 1937
19 for such size dwelling units for the area in which the
20 property is located.

21 (13) The most recent 3 scores for the property
22 for any physical inspections, including any real es-
23 tate assessment center (REAC) scores for the prop-
24 erty.

1 (14) Notification of any foreclosure proceedings
2 on the property and any bankruptcy filings by the
3 entity holding title to the property.

4 (15) The form or forms of assistance identified
5 in subsection (h) that are provided for the property.

6 (16) For each form of assistance identified in
7 subsection (h) that is provided for the property, the
8 total number of dwelling units in the property for
9 which such assistance is provided.

10 (17) For each form of assistance identified in
11 subsection (h) that is provided for the property, the
12 total number of assisted dwelling units in the prop-
13 erty of each size (such as studio units, 1-bedroom
14 units, and 2-bedroom units).

15 (18) For each form of assistance identified in
16 subsection (h) that is provided for the property, a
17 characterization of the type of population served by
18 the property (such as elderly, disabled, or families).

19 (19) For each form of assistance identified in
20 subsection (h) that is provided for the property, any
21 limitations on the incomes of tenants applicable to
22 the property.

23 (20) For each form of assistance identified in
24 subsection (h) that is provided for the property, the
25 day, month, and year that any affordability or low-

1 income use restrictions applicable to the property
2 first applied.

3 (21) For each form of assistance identified in
4 subsection (h) that is provided for the property, the
5 day, month, and year that any affordability or low-
6 income use restrictions applicable to the property
7 will terminate.

8 (22) For each form of assistance identified in
9 subsection (h) that is provided for the property, the
10 day, month, and year of any early termination date
11 for such form of assistance after which any afford-
12 ability or low-income use restrictions will not nec-
13 essarily apply to the property (such as the termi-
14 nation of the compliance period for any low-income
15 housing tax credit for the property or the date that
16 a loan or mortgage for the property held or insured
17 by the Secretary is first eligible for prepayment).

18 (23) Any notices, plans, and information relat-
19 ing to the property required under the Low-Income
20 Housing Preservation and Resident Homeownership
21 Act of 1990 (12 U.S.C. 4101 et seq.), including any
22 notice of intent to prepay a mortgage under section
23 212 of such Act, information provided under section
24 216 of such Act by the Secretary, second notice of
25 intent under section 216(d) of such Act, plan of ac-

1 tion under section 217 of such Act, and notice of ap-
2 proval of a plan of action under section 225 of such
3 Act.

4 (24) Any notice of a request to terminate an in-
5 surance contract under title II of the National
6 Housing Act for a loan or mortgage on the property.

7 (25) Any notice of a request to prepay a loan
8 or mortgage on the property insured under title II
9 of the National Housing Act.

10 (26) Any notice under section 8(c)(8) of the
11 United States Housing Act of 1937 of proposed ter-
12 mination of an assistance contract under such sec-
13 tion for the property.

14 (27) A description of any notice indicating an
15 intention of the owner in selling the property.

16 (c) MEANS.—

17 (1) AVAILABILITY IN WRITTEN FORM AND
18 THROUGH WORLD WIDE WEB.—The information
19 made available pursuant to subsection (b) shall be
20 made available to the public in written form and
21 through a World Wide Web site of the Department
22 of Housing and Urban Development.

23 (2) SEARCHABLE ELECTRONIC DATABASE.—
24 Such information shall be made available in a
25 searchable electronic database format that allows for

1 the data for each of the forms of assistance specified
2 in subsection (h) to be aggregated in a single data-
3 base.

4 (3) USE OF EXISTING SYSTEMS AND DATA-
5 BASES.—The requirements of subsection (b) may be
6 met by adapting existing systems or databases to in-
7 clude the unique identifier established pursuant to
8 subsection (a) and the information specified in sub-
9 section (b).

10 (4) ANNUAL LIST.—At least annually, the Sec-
11 retary shall publish a list of properties receiving one
12 of more forms of assistance specified in subsection
13 (h). The list shall include, for each such property,
14 the unique identifier established pursuant to sub-
15 section (a) and the information specified in para-
16 graphs (1) through (3) of subsection (b).

17 (d) UPDATING.—The information made available
18 pursuant to subsection (b) shall be updated not less than
19 annually and, in any case, in accordance with any rules
20 or practice applicable to the subsidy program involved that
21 require information to be made available more frequently.
22 Any historical databases shall remain available to the pub-
23 lic through a World Wide Web site of the Department of
24 Housing and Urban Development.

1 (e) INITIAL AVAILABILITY.—The Secretary of Hous-
2 ing and Urban Development shall make information ini-
3 tially publicly available pursuant to this section not later
4 than the expiration of the 18-month period beginning on
5 the date of the enactment of this Act.

6 (f) INFORMATION FROM DEPARTMENT OF AGRI-
7 CULTURE.—The Secretary of Agriculture shall take such
8 actions as may be necessary to ensure that information
9 regarding any covered multifamily properties described in
10 paragraphs (1)(E) and (3)(G) of subsection (h) that is
11 sufficient for the Secretary of Housing and Urban Devel-
12 opment to comply with the requirements of this section,
13 with respect to such properties, is timely made available
14 to the Secretary of Housing and Urban Development.

15 (g) GRANTS TO STATES AND LOCALITIES.—

16 (1) AUTHORITY.—The Secretary of Housing
17 and Urban Development shall, to the extent amounts
18 are made available for grants under this subsection,
19 make grants to States and units of local government
20 to enable such entities to collect and make available
21 to the public information about State and local as-
22 sistance provided to covered multifamily properties
23 identified in databases developed by the Secretary
24 pursuant to this section or to other properties as-
25 sisted by such States and units of local government.

1 (2) AUTHORIZATION OF APPROPRIATIONS.—

2 There is authorized to be appropriated to the Sec-
3 retary of Housing and Urban Development for
4 grants under this subsection such sums as may be
5 necessary in each fiscal year to carry out this sub-
6 section.

7 (h) COVERED MULTIFAMILY PROPERTIES.—For pur-
8 poses of this section, the term “covered multifamily prop-
9 erty” means a property consisting of [4 or more/ more
10 than 4?] rental dwelling units, which property—

11 (1) is covered in whole or in part by a contract
12 for assistance that is attached to the structure
13 under—

14 (A) section 8 of the United States Housing
15 Act of 1937 (42 U.S.C. 1437f), including—

16 (i) subsections (b) and (o)(13) of such
17 section 8;

18 (ii) the new construction and substan-
19 tial rehabilitation program under such sec-
20 tion 8(b)(2), as in effect before October 1,
21 1983;

22 (iii) the property disposition program
23 under such section 8(b);

24 (iv) the moderate rehabilitation pro-
25 gram under such section 8(e)(2); and

1 (v) the loan management assistance
2 program under such section 8; and

3 (B) section 23 of the United States Hous-
4 ing Act of 1937, as in effect before January 1,
5 1975;

6 (C) the rent supplement program under
7 section 101 of the Housing and Urban Develop-
8 ment Act of 1965 (12 U.S.C. 1701s);

9 (D) section 8 of the United States Housing
10 Act of 1937, following conversion from assist-
11 ance under section 101 of the Housing and
12 Urban Development Act of 1965; or

13 (E) section 521 of the Housing Act of
14 1949 (42 U.S.C. 1490a);

15 (2) that is financed by a mortgage insured or
16 held by the Secretary under title II of the National
17 Housing Act (12 U.S.C. 1707 et seq.);

18 (3) that receives assistance pursuant to—

19 (A) section 202 of the Housing Act of
20 1959 (12 U.S.C. 1701q), including properties
21 receiving assistance prior to the enactment of
22 the Cranston-Gonzalez National Affordable
23 Housing Act;

1 (B) section 811 of the Cranston-Gonzalez
2 National Affordable Housing Act (42 U.S.C.
3 8013);

4 (C) section 5 [and/or] 9 of the United
5 States Housing Act of 1937 (42 U.S.C. 1437c,
6 1437g);

7 (D) title II of the Cranston-Gonzalez Na-
8 tional Affordable Housing Act (42 U.S.C.
9 12721 et seq.);

10 (E) subtitle D of title VIII Cranston-Gon-
11 zalez National Affordable Housing Act, as in ef-
12 fect before September 22, 2006;

13 (F) [title IV of?] the McKinney-Vento
14 Homeless Assistance Act (12 U.S.C. 11301 et
15 seq.); or

16 (G) sections 514 or 515 of the Housing
17 Act of 1949 (42 U.S.C. 1484, 1485);

18 (4) that is financed in whole or part with low-
19 income housing tax credits pursuant to section 42 of
20 the Internal Revenue Code of 1986 (26 U.S.C. 42);

21 (5) that is financed in whole or part with
22 amounts from the Housing Trust Fund established
23 under section 1338 of the Federal Housing Enter-
24 prises Financial Safety and Soundness Act of 1992
25 (12 U.S.C. 4568); or

1 (6) that is financed in whole or in part with the
2 proceeds from a bond issued pursuant to section 141
3 or 142 of the Internal Revenue Code of 1986 (26
4 U.S.C. 141, 142).

5 **TITLE VII—SECTION 202 SUP-**
6 **PORTIVE HOUSING FOR THE**
7 **AGING**

8 **SEC. 701. SHORT TITLE AND TABLE OF CONTENTS.**

9 This title may be cited as the “Section 202 Sup-
10 portive Housing for the Elderly Act of 2009”.

11 **Subtitle A—New Construction**
12 **Reforms**

13 **SEC. 711. PROJECT RENTAL ASSISTANCE.**

14 Paragraph (2) of section 202(e) of the Housing Act
15 of 1959 (12 U.S.C. 1701q(e)(2)) is amended—

16 (1) by inserting after “ASSISTANCE.—” the fol-
17 lowing: “(A) INITIAL PROJECT RENTAL ASSISTANCE
18 CONTRACT.—”;

19 (2) in the last sentence, by striking “may” and
20 inserting “shall”; and

21 (3) by adding at the end the following new sub-
22 paragraph:

23 “(B) RENEWAL OF AND INCREASES IN CON-
24 TRACT AMOUNTS.—

1 “(i) EXPIRATION OF CONTRACT TERM.—
2 Upon the expiration of each contract term, the
3 Secretary shall adjust the annual contract
4 amount to provide for reasonable project costs,
5 and any increases, including adequate reserves,
6 supportive services, and service coordinators,
7 except that any contract amounts not used by
8 a project during a contract term shall not be
9 available for such adjustments upon renewal.

10 “(ii) EMERGENCY SITUATIONS.—In the
11 event of emergency situations that are outside
12 the control of the owner, the Secretary shall in-
13 crease the annual contract amount, subject to
14 reasonable review and limitations as the Sec-
15 retary shall provide.”.

16 **SEC. 712. SELECTION CRITERIA.**

17 Section 202(f)(1) of the Housing Act of 1959 (12
18 U.S.C. 1701q(f)) is amended—

19 (1) by redesignating subparagraphs (F) and
20 (G) as subparagraphs (G) and (H), respectively; and

21 (2) by inserting after subparagraph (E) (as so
22 redesignated by paragraph (2) of this subsection)
23 the following new subparagraph:

24 “(F) the extent to which the applicant has en-
25 sured that a service coordinator will be employed or

1 otherwise retained for the housing, who has the
2 managerial capacity and responsibility for carrying
3 out the actions described in subparagraphs (A) and
4 (B) of subsection (g)(2);”.

5 **SEC. 713. DEVELOPMENT COST LIMITATIONS.**

6 Section 202(h)(1) of the Housing Act of 1959 (12
7 U.S.C. 1701q(h)(1)) is amended, in the matter preceding
8 subparagraph (A), by inserting “reasonable” before “de-
9 velopment cost limitations”.

10 **SEC. 714. OWNER DEPOSITS.**

11 Section 202(j)(3)(A) of the Housing Act of 1959 (12
12 U.S.C. 1701q(j)(3)(A)) is amended by inserting after the
13 period at the end the following: “Such amount shall be
14 used only to cover operating deficits during the first 3
15 years of operations and shall not be used to cover con-
16 struction shortfalls or inadequate initial project rental as-
17 sistance amounts.”.

18 **SEC. 715. DEFINITION OF PRIVATE NONPROFIT ORGANIZA-**
19 **TION.**

20 Subparagraph (B) of section 202(k)(4) of the Hous-
21 ing Act of 1959 (12 U.S.C. 1701q(k)(4)(B)) is amended
22 by inserting before the semicolon the following: “, except
23 that, in the case of any national organization that is the
24 owner of multiple housing projects assisted under this sec-
25 tion, the organization may comply with clause (i) of this

1 subparagraph by having a local advisory board to the gov-
2 erning board of the organization the membership which
3 is selected in the manner required under clause (i)”.

4 **SEC. 716. PREFERENCES FOR HOMELESS ELDERLY.**

5 Subsection (j) of section 202 of the Housing Act of
6 1959 (12 U.S.C. 1701q(j)) is amended by adding at the
7 end the following new paragraph:

8 “(9) PREFERENCES FOR HOMELESS ELDER-
9 LY.—The Secretary shall permit an owner of hous-
10 ing assisted under this section to establish for, and
11 apply to, such housing a preference in tenant selec-
12 tion for the homeless elderly, either within the appli-
13 cation or after selection pursuant to subsection (f),
14 but only if—

15 “(A) such preference is consistent with
16 paragraph (2); and

17 “(B) the owner demonstrates that the sup-
18 portive services identified pursuant to sub-
19 section (e)(4), or additional supportive services
20 to be made available upon implementation of
21 the preference, will meet the needs of the home-
22 less elderly, maintain safety and security for all
23 tenants, and be provided on a consistent, long-
24 term, and economical basis.”.

1 **SEC. 717. NONMETROPOLITAN ALLOCATION.**

2 Paragraph (3) of section 202(l) of the Housing Act
3 of 1959 (12 U.S.C. 1701q(l)(3)) is amended by inserting
4 after the period at the end the following: “In complying
5 with this paragraph, the Secretary shall either operate a
6 national competition for the nonmetropolitan funds or
7 make allocations to regional offices of the Department of
8 Housing and Urban Development.”.

9 **Subtitle B—Refinancing**

10 **SEC. 721. APPROVAL OF PREPAYMENT OF DEBT.**

11 Subsection (a) of section 811 of the American Home-
12 ownership and Economic Opportunity Act of 2000 (12
13 U.S.C. 1701q note) is amended—

14 (1) in the matter preceding paragraph (1), by
15 inserting “, for which the Secretary’s consent to pre-
16 payment is required,” after “Affordable Housing
17 Act)”;

18 (2) in paragraph (1)—

19 (A) by inserting “at least 20 years fol-
20 lowing” before “the maturity date”;

21 (B) by inserting “project-based” before
22 “rental assistance payments contract”;

23 (C) by inserting “project-based” before
24 “rental housing assistance programs”; and

1 (D) by inserting “, or any successor
2 project-based rental assistance program,” after
3 “1701s))”;

4 (3) by amending paragraph (2) to read as fol-
5 lows:

6 “(2) the prepayment may involve refinancing of
7 the loan if such refinancing results in—

8 “(A) a lower interest rate on the principal
9 of the loan for the project and in reductions in
10 debt service related to such loan; or

11 “(B) a transaction in which the project
12 owner will address the physical needs of the
13 project, but only if, as a result of the refi-
14 nancing—

15 “(i) the rent charges for unassisted
16 families residing in the project do not in-
17 crease or such families are provided rental
18 assistance under a senior preservation
19 rental assistance contract for the project
20 pursuant to subsection (e); and

21 “(ii) the overall cost for providing
22 rental assistance under section 8 for the
23 project (if any) is not increased, except,
24 upon approval by the Secretary to—

1 “(I) mark-up-to-market contracts
2 pursuant to section 524(a)(3) of the
3 Multifamily Assisted Housing Reform
4 and Affordability Act of 1997(42
5 U.S.C. 1437f note), as such section is
6 carried out by the Secretary for prop-
7 erties owned by nonprofit organiza-
8 tions; or

9 “(II) mark-up-to-budget con-
10 tracts pursuant to section 524(a)(4)
11 of the Multifamily Assisted Housing
12 Reform and Affordability Act of 1997
13 (42 U.S.C. 1437f note), as such sec-
14 tion is carried out by the Secretary
15 for properties owned by eligible own-
16 ers (as such term is defined in section
17 202(k) of the Housing Act of 1959
18 (12 U.S.C. 1701q(k)); and”;

19 (4) by adding at the end the following:

20 “(3) notwithstanding paragraph (2)(A), the
21 prepayment and refinancing authorized pursuant to
22 paragraph (2)(B) involves an increase in debt service
23 only in the case of a refinancing of a project assisted
24 with a loan under such section 202 carrying an in-
25 terest rate of 6 percent or lower.”.

1 **SEC. 722. SOURCES OF REFINANCING.**

2 The last sentence of section 811(b) of the American
3 Homeownership and Economic Opportunity Act of 2000
4 (12 U.S.C. 1701q note) is amended—

5 (1) by inserting after “National Housing Act,”
6 the following: “or approving the standards used by
7 authorized lenders to underwrite a loan refinanced
8 with risk sharing as provided by section 542 of the
9 Housing and Community Development Act of 1992
10 (12 U.S.C. 1701 note),”; and

11 (2) by striking “may” and inserting “shall”.

12 **SEC. 723. USE OF UNEXPENDED AMOUNTS.**

13 Subsection (c) of section 811 of the American Home-
14 ownership and Economic Opportunity Act of 2000 (12
15 U.S.C. 1701q note) is amended—

16 (1) by striking “USE OF UNEXPENDED
17 AMOUNTS.—” and inserting “USE OF PROCEEDS.—
18 ”;

19 (2) by amending the matter preceding para-
20 graph (1) to read as follows: “Upon execution of the
21 refinancing for a project pursuant to this section,
22 the Secretary shall ensure that proceeds are used in
23 a manner advantageous to tenants, or are used in
24 the provision of affordable rental housing and re-
25 lated social services for elderly persons by the pri-
26 vate nonprofit organization project owner, private

1 nonprofit organization project sponsor, or private
2 nonprofit organization project developer, including—
3 ”;

4 (3) in paragraph (1), by striking “not more
5 than 15 percent of”;

6 (4) in paragraph (2), by inserting before the
7 semicolon the following: “, including reducing the
8 number of units by reconfiguring units that are
9 functionally obsolete, unmarketable, or not economi-
10 cally viable”;

11 (5) in paragraph (3), by striking “or” at the
12 end;

13 (6) in paragraph (4), by striking “according to
14 a pro rata allocation of shared savings resulting
15 from the refinancing.” and inserting a semicolon;
16 and

17 (7) by adding at the end the following new
18 paragraphs:

19 “(5) rehabilitation of the project to ensure long-
20 term viability;

21 “(6) the payment to the project owner, sponsor,
22 or third party developer of a developer’s fee in an
23 amount not to exceed—

24 “(A) in the case of a project refinanced
25 through a State low income housing tax credit

1 program, the fee permitted by the low income
2 housing tax credit program as calculated by the
3 State program as a percentage of acceptable de-
4 velopment cost as defined by that State pro-
5 gram; or

6 “(B) in the case of a project refinanced
7 through any other source of refinancing, 15
8 percent of the acceptable development cost; and
9 “(7) the payment of equity, if any, to—

10 “(A) in the case of a sale, to the seller or
11 the sponsor of the seller, in an amount equal to
12 the lesser of the purchase price or the appraised
13 value of the project, as each is reduced by the
14 cost of prepaying any outstanding indebtedness
15 on the project and transaction costs of the sale;
16 or

17 “(B) in the case of a refinancing without
18 the transfer of the project, to the project owner
19 or the project sponsor, in an amount equal to
20 the difference between the appraised value of
21 the project less the outstanding indebtedness
22 and total acceptable development cost.

23 For purposes of paragraphs (6)(B) and (7)(B), the term
24 “acceptable development cost” shall include, as applicable,

1 the cost of acquisition, rehabilitation, loan prepayment,
2 initial reserve deposits, and transaction costs.”.

3 **SEC. 724. USE OF PROJECT RESIDUAL RECEIPTS.**

4 Paragraph (1) of section 811(d) of the American
5 Homeownership and Economic Opportunity Act of 2000
6 (12 U.S.C. 1701q note) is amended—

7 (1) by striking “not more than 15 percent of”;

8 and

9 (2) by inserting before the period at the end the
10 following: “or other purposes approved by the Sec-
11 retary”.

12 **SEC. 725. ADDITIONAL PROVISIONS.**

13 Section 811 of the American Homeownership and
14 Economic Opportunity Act of 2000 (12 U.S.C. 1701q
15 note) is amended by adding at the end the following new
16 subsections:

17 “(e) SENIOR PRESERVATION RENTAL ASSISTANCE
18 CONTRACTS.—Notwithstanding any other provision of
19 law, in connection with a prepayment plan for a project
20 approved under subsection (a) by the Secretary or as oth-
21 erwise approved by the Secretary to prevent displacement
22 of elderly residents of the project in the case of refinancing
23 or recapitalization and to further preservation and afford-
24 ability of such project, the Secretary shall provide project-

1 based rental assistance for the project under a senior pres-
2 ervation rental assistance contract, as follows:

3 “(1) Assistance under the contract shall be
4 made available to the private nonprofit organization
5 owner—

6 “(A) for a term of at least 20 years, sub-
7 ject to annual appropriations; and

8 “(B) under the same rules governing
9 project-based rental assistance made available
10 under section 8 of the Housing Act of 1937.

11 “(2) Any projects for which a senior preserva-
12 tion rental assistance contract is provided shall be
13 subject to a use agreement to ensure continued
14 project affordability having a term of the longer of
15 (A) the term of the senior preservation rental assist-
16 ance contract, or (B) such term as is required by the
17 new financing.

18 “(f) MORTGAGE SALE DEMONSTRATION.—

19 “(1) IN GENERAL.—The Secretary may sell
20 mortgages associated with loans made under section
21 202 of the Housing Act of 1959 (as in effect before
22 the enactment of the Cranston-Gonzalez National
23 Affordable Housing Act) in accordance with the rel-
24 evant terms for sales of subsidized loans on multi-
25 family housing projects under section 203 of the

1 Housing and Community Development Amendments
2 of 1978 (12 U.S.C. 1701z–11). For the purpose of
3 demonstrating the efficiency, effectiveness, quality,
4 and timeliness of asset management and regulatory
5 oversight of certain portfolios of such mortgages by
6 State housing finance agencies, the Secretary shall
7 carry out a demonstration program, in not more
8 than 5 States, to sell portfolios of such mortgages to
9 State housing finance agencies for a price not to ex-
10 ceed the unpaid principal balances of such mort-
11 gages and otherwise in accordance with the require-
12 ments of such section 203.

13 “(2) LIMITATIONS.—In carrying out the dem-
14 onstration program required under paragraph (1),
15 the Secretary shall—

16 “(A) prohibit State housing finance agen-
17 cies from giving preference to, or conditioning
18 the approval of, awards of subordinate debt
19 funds, allocations of tax credits, or tax exempt
20 bonds based on the use of financing for the first
21 mortgage that is provided by such State hous-
22 ing finance agency;

23 “(B) require such agencies to allow, in ac-
24 cordance with this section, for the refinancing
25 or prepayment of loans made under section 202

1 of the Housing Act of 1959 with a loan selected
2 by the owners, except that any use restrictions
3 on the property for which the loan was made
4 shall remain in effect for the duration provided
5 under the original terms of such loan; and

6 “(C) only carry out the demonstration pro-
7 gram in a State that has experience with oper-
8 ating and maintaining a housing preservation
9 revolving loan fund.

10 “(3) STUDY.—The Secretary shall conduct a
11 study to evaluate the performance and results of the
12 demonstration program carried out under paragraph
13 (1). In conducting such study, the Secretary shall
14 place particular emphasis on whether the asset man-
15 agement functions and activities related to loans and
16 properties held in the portfolios sold to State hous-
17 ing finance agencies under such demonstration pro-
18 gram have been accomplished in a timely, effective,
19 and efficient manner, including an analysis of ap-
20 provals of refinancings and preservation trans-
21 actions, rent increase requests, withdrawals from re-
22 serves or residual receipts (where there is no con-
23 tract administrator), and provider and resident sat-
24 isfaction.

1 “(4) REPORT.—Not later than 3 years after the
2 date of enactment of this subsection, the Secretary
3 shall submit a report to the Committee on Banking,
4 Housing, and Urban Affairs of the Senate and the
5 Committee on Financial Services of the House of
6 Representatives on—

7 “(A) the findings of the study required
8 under paragraph (3); and

9 “(B) any recommendations the Secretary
10 may have for expanding the demonstration
11 project required under paragraph (1).

12 “(g) SUBORDINATION OR ASSUMPTION OF EXISTING
13 DEBT.—In lieu of prepayment under this section of the
14 indebtedness with respect to a project, the Secretary may
15 approve—

16 “(1) in connection with new financing for the
17 project, the subordination of the loan for the project
18 under section 202 of the Housing Act of 1959 (as
19 in effect before the enactment of the Cranston-Gon-
20 zalez National Affordable Housing Act) and the con-
21 tinued subordination of any other existing subordi-
22 nate debt previously approved by the Secretary to
23 facilitate preservation of the project as affordable
24 housing; or

1 “(2) the assumption (which may include the
2 subordination described in paragraph (1)) of the
3 loan for the project under such section 202 in con-
4 nection with the transfer of the project with such a
5 loan to a private nonprofit organization.

6 “(h) FLEXIBLE SUBSIDY DEBT.—The Secretary
7 shall waive the requirement that debt for a project pursu-
8 ant to the flexible subsidy program under section 201 of
9 the Housing and Community Development Amendments
10 of 1978 (12 U.S.C. 1715z–1a) be prepaid in connection
11 with a prepayment, refinancing, or transfer under this sec-
12 tion of a project if such waiver is necessary for the finan-
13 cial feasibility of the transaction and is consistent with
14 the long-term preservation of the project as affordable
15 housing.

16 “(i) TENANT INVOLVEMENT IN PREPAYMENT AND
17 REFINANCING.—The Secretary shall not accept an offer
18 to prepay the loan for any project under section 202 of
19 the Housing Act of 1959 unless the Secretary has—

20 “(1) determined that the owner of the project
21 has notified the tenants of the owner’s request for
22 approval of a prepayment;

23 “(2) determined that the owner of the project
24 has provided the tenants with an opportunity to
25 comment on the owner’s request for approval of a

1 prepayment, including a description of any antici-
2 pated rehabilitation or other use of the proceeds
3 from the transaction, and its impacts on project
4 rents, tenant contributions, or the affordability re-
5 strictions for the project; and

6 “(3) taken such comments into consideration.

7 “(j) DEFINITION OF PRIVATE NONPROFIT ORGANI-
8 ZATION.—For purposes of this section, the term ‘private
9 nonprofit organization’ has the meaning given such term
10 in section 202(k) of the Housing Act of 1959 (12 U.S.C.
11 1701q(k)).”.

12 **Subtitle C—Assisted Living** 13 **Facilities**

14 **SEC. 731. DEFINITION OF ASSISTED LIVING FACILITY.**

15 Section 202b(g) of the Housing Act of 1959 (12
16 U.S.C. 1701q–2(g)) is amended by striking paragraph (1)
17 and inserting the following new paragraph:

18 “(1) the term ‘assisted living facility’ means a
19 facility that—

20 “(A) is owned by a private nonprofit orga-
21 nization; and

22 “(B)(i) is licensed and regulated by a
23 State (or if there is no State law providing for
24 such licensing and regulation by the State, by

1 the municipality or other political subdivision in
2 which the facility is located); or

3 “(ii)(I) makes available, directly or
4 through licensed or certified third party service
5 providers, to residents at the resident’s request
6 or choice supportive services to assist the resi-
7 dents in carrying out the activities of daily liv-
8 ing, as described in section 232(b)(6)(B) of the
9 National Housing Act (12 U.S.C.
10 1715w(b)(6)(B)); and

11 “(II) provides separate dwelling units for
12 residents, each of which may contain a full
13 kitchen and bathroom and which includes com-
14 mon rooms and other facilities appropriate for
15 the provision of supportive services to the resi-
16 dents of the facility; and”.

17 **SEC. 732. MONTHLY ASSISTANCE PAYMENT UNDER RENTAL**
18 **ASSISTANCE.**

19 Clause (iii) of section 8(o)(18)(B) of the United
20 States Housing Act of 1937 (42 U.S.C.
21 1437f(o)(18)(B)(iii)) is amended by inserting before the
22 period at the end the following: “, except that a family
23 may be required at the time the family initially receives
24 such assistance to pay rent in an amount exceeding 40
25 percent of the monthly adjusted income of the family by

1 such an amount or percentage that is reasonable given the
2 services and amenities provided and as the Secretary
3 deems appropriate.”.

4 **Subtitle D—National Senior**
5 **Housing Clearinghouse**

6 **SEC. 741. NATIONAL SENIOR HOUSING CLEARINGHOUSE.**

7 (a) ESTABLISHMENT.—Not later than 180 days after
8 the date of enactment of this Act, the Secretary of Hous-
9 ing and Urban Development shall establish and operate
10 a clearinghouse to serve as a national repository to receive,
11 collect, process, assemble, and disseminate information re-
12 garding the availability and quality of multifamily develop-
13 ments for elderly tenants, including—

14 (1) the availability of—

15 (A) supportive housing for the elderly pur-
16 suant to section 202 of the Housing Act of
17 1959 (12 U.S.C. 1701q), including any housing
18 unit assisted with a project rental assistance
19 contract under such section;

20 (B) properties and units eligible for assist-
21 ance under section 8 of the United States
22 Housing Act of 1937 (42 U.S.C. 1437f);

23 (C) properties eligible for the low-income
24 housing tax credit under section 42 of the In-
25 ternal Revenue Code of 1986;

1 (D) units in assisted living facilities in-
2 sured pursuant to section 221(d)(4) of the Na-
3 tional Housing Act (12 U.S.C. 1715l(d)(4));

4 (E) units in any multifamily project that
5 has been converted into an assisted living facil-
6 ity for elderly persons pursuant to section 202b
7 of the Housing Act of 1959 (12 U.S.C. 1701q-
8 2); and

9 (F) any other federally assisted or sub-
10 sidized housing for the elderly;

11 (2) the number of available units in each prop-
12 erty, project, or facility described in paragraph (1);

13 (3) the number of bedrooms in each available
14 unit in each property, project, or facility described in
15 paragraph (1);

16 (4) the estimated cost to a potential tenant to
17 rent or reside in each available unit in each prop-
18 erty, project, or facility described in paragraph (1);

19 (5) the presence of a waiting list for entry into
20 any available unit in each property, project, or facil-
21 ity described in paragraph (1);

22 (6) the number of persons on the waiting list
23 for entry into any available unit in each property,
24 project, or facility described in paragraph (1);

1 (7) the estimated time an individual can expect
2 to be on the waiting list for entry into any available
3 unit in each property, project, or facility described in
4 paragraph (1);

5 (8) the amenities available in each available
6 unit in each property, project, or facility described in
7 paragraph (1), including—

8 (A) the services provided by such property,
9 project, or facility;

10 (B) the size and availability of common
11 space within each property, project, or facility;

12 (C) the availability of organized activities
13 for individuals residing in such property,
14 project, or facility; and

15 (D) any other additional amenities avail-
16 able to individuals residing in such property,
17 project, or facility;

18 (9) the level of care (personal, physical, or nurs-
19 ing) available to individuals residing in any property,
20 project, or facility described in paragraph (1);

21 (10) whether there is a service coordinator in
22 any property, project, or facility described in para-
23 graph (1); and

24 (11) any other criteria determined appropriate
25 by the Secretary.

1 (b) COLLECTION AND UPDATING OF INFORMA-
2 TION.—

3 (1) INITIAL COLLECTION.—Not later than 90
4 days after the date of enactment of this Act, the
5 Secretary of Housing and Urban Development shall
6 conduct an annual survey requesting information
7 from each owner of a property, project, or facility
8 described in subsection (a)(1) regarding the provi-
9 sions described in paragraphs (2) through (11) of
10 such subsection.

11 (2) RESPONSE TIME.—Not later than 30 days
12 after receiving the request described under para-
13 graph (1), the owner of each such property, project,
14 or facility shall submit such information to the Sec-
15 retary of Housing and Urban Development.

16 (3) PUBLIC AVAILABILITY.—Not later than 60
17 days after the Secretary of Housing and Urban De-
18 velopment receives the submission of any informa-
19 tion required under paragraph (2), the Secretary
20 shall make such information publicly available
21 through the clearinghouse.

22 (4) UPDATES.—The Secretary of Housing and
23 Urban Development shall conduct an annual survey
24 of each owner of a property, project, or facility de-
25 scribed in subsection (a)(1) for the purpose of up-

1 dating or modifying information provided in the ini-
2 tial collection of information under paragraph (1).
3 Not later than 30 days after receiving such a re-
4 quest, the owner of each such property, project, or
5 facility shall submit such updates or modifications to
6 the Secretary. Not later than 60 days after receiving
7 such updates or modifications, the Secretary shall
8 inform the clearinghouse of such updated or modi-
9 fied information.

10 (c) FUNCTIONS.—The clearinghouse established
11 under subsection (a) shall—

12 (1) respond to inquiries from State and local
13 governments, other organizations, and individuals re-
14 questing information regarding the availability of
15 housing in multifamily developments for elderly ten-
16 ants;

17 (2) make such information publicly available via
18 the Internet website of the Department of Housing
19 and Urban Development, which shall include—

20 (A) access via electronic mail; and

21 (B) an easily searchable, sortable,
22 downloadable, and accessible index that itemizes
23 the availability of housing in multifamily devel-
24 opments for elderly tenants by State, county,
25 and zip code;

1 (3) establish a toll-free number to provide the
2 public with specific information regarding the avail-
3 ability of housing in multifamily developments for el-
4 derly tenants; and

5 (4) perform any other duty that the Secretary
6 determines necessary to achieve the purposes of this
7 section.

8 (d) AUTHORIZATION OF APPROPRIATIONS.—There
9 are authorized to be appropriated such sums as necessary
10 to carry out this section.

11 **TITLE VIII—RURAL HOUSING** 12 **PRESERVATION**

13 **SECTION 801. SHORT TITLE.**

14 This title may be cited as the “Rural Housing Preser-
15 vation Act of 2009”.

16 **SEC. 802. PRESERVATION OF MULTIFAMILY HOUSING.**

17 (a) PRESERVATION PROGRAM.—Title V of the Hous-
18 ing Act of 1949 (42 U.S.C. 1471 et seq.) is amended by
19 adding at the end the following new section:

20 **“SEC. 544. PRESERVATION OF MULTIFAMILY HOUSING AND** 21 **PROTECTION OF TENANTS.**

22 “(a) PRESERVATION PROGRAM.—The Secretary
23 shall, subject to the availability of amounts appropriated,
24 carry out a preservation program in accordance with this
25 section to provide financial incentives and other assistance

1 to owners of eligible projects through long-term use agree-
2 ments entered into between the project owners and the
3 Secretary.

4 “(b) APPLICATIONS TO PARTICIPATE.—

5 “(1) IN GENERAL.—The Secretary shall accept
6 applications from owners of eligible projects to par-
7 ticipate in the preservation program under this sec-
8 tion.

9 “(2) PRIORITY.—In selecting among applica-
10 tions of eligible projects to participate in the preser-
11 vation program, the Secretary may give priority to
12 applications for such projects that are located on
13 tribal trust lands or other Indian areas, in colonias
14 (as such term is defined in section 916(e) of the
15 Cranston-Gonzalez National Affordable Housing Act
16 (42 U.S.C. 5306 note), or in other small, poor, low-
17 income communities.

18 “(c) LONG-TERM VIABILITY PLAN.—

19 “(1) REQUIREMENT.—The Secretary shall pre-
20 pare and approve a long-term viability plan under
21 this subsection with respect to each eligible project
22 for which the owner requests to participate.

23 “(2) CONTENTS.—Each long-term viability plan
24 for an eligible project shall include the following in-
25 formation:

1 “(A) PHYSICAL NEEDS ASSESSMENT.—A
2 physical needs assessment of the project that
3 identifies and projects, for the following 30
4 years—

5 “(i) all necessary repairs, improve-
6 ments, maintenance, and management
7 standards for the project, and when they
8 will be made, in order to meet the require-
9 ments of this title; and

10 “(ii) the costs associated with the
11 items referred to clause (i).

12 “(B) FINANCIAL PLAN.—A financial plan
13 for the project that—

14 “(i) reviews the financial stability of
15 the project;

16 “(ii) includes the loan restructuring
17 elements, rent adjustments, management
18 and operational efficiencies, and other fi-
19 nancial adjustments to the project that are
20 necessary to cover operating expenses for
21 the project and maintain an adequate fi-
22 nancial reserve for the future maintenance
23 and capital needs of the project;

24 “(iii) provides the project owner with
25 a long-term rate of return on equity of the

1 project owner, as determined by the Sec-
2 retary, commensurate to comparable rural
3 multifamily housing projects for which a
4 tax credit is provided under section 42 of
5 the Internal Revenue Code of 1986 (26
6 U.S.C. 42), and provides that any return
7 in excess of such rate of return shall be
8 made available to the Secretary only for
9 use under section 515;

10 “(iv) meets the physical needs for the
11 project determined under the physical
12 needs assessment;

13 “(v) ensures that rents available
14 under the plan are affordable to eligible
15 households in accordance with subsection
16 (f); and

17 “(vi) addresses any costs associated
18 with any temporary tenant displacement
19 resulting from renovations or rehabilitation
20 undertaken as a result of participation of
21 the project in the preservation program.

22 “(3) DEVELOPMENT THROUGH PARTICIPATING
23 ADMINISTRATIVE ENTITIES.—The Secretary may de-
24 velop long-term viability plans through the use of
25 third-party participating administrative entities, who

1 may be a private contractor, a State housing finance
2 agency, or a nonprofit organization.

3 “(4) PRESERVATION DETERMINATION.—Based
4 on the long-term viability plan for an eligible project,
5 the Secretary shall determine whether to offer the
6 project owner a financial restructuring plan under
7 subsection (d) and the financial incentives to be in-
8 cluded in any such plan offered.

9 “(5) FINAL REVIEW AND COMMENT.—Before a
10 determination is made under subparagraph (D) with
11 respect to any long-term viability plan prepared by
12 the Secretary, the Secretary shall—

13 “(A) provide the project owner an oppor-
14 tunity to review the plan and discuss the plan
15 with the Secretary or its agent;

16 “(B) make available to the tenants of the
17 project a copy of such plan and provide a period
18 of not less than 30 days for tenants to submit
19 comments regarding the plan to the Secretary;
20 and

21 “(C) respond in writing to such comments.

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

1 “(7) PAYMENT OF FEES.—If a long-term viabil-
2 ity for a project is approved, the payment of such
3 fee may be incorporated into a project owner’s finan-
4 cial restructuring plan for the project provided by
5 the Secretary pursuant to subsection (d).

6 “(d) FINANCIAL RESTRUCTURING PLAN; PRESERVA-
7 TION INCENTIVES.—Based on the long-term viability plan
8 for an eligible project, the Secretary may offer a project
9 owner a financial restructuring plan for the project. Such
10 a plan may include one or more of the following preserva-
11 tion incentives:

12 “(1) Reduction or elimination of interest on the
13 loan or loans for the project made under section
14 515.

15 “(2) Partial or full deferral of payments due
16 under such loan or loans.

17 “(3) Forgiveness of such loan or loans.

18 “(4) Subordination of such loan or loans, sub-
19 ject to such terms and conditions as the Secretary
20 shall determine.

21 “(5) Reamortization of loan payments under
22 such loan or loans over extended terms.

23 “(6) A grant from the Secretary for the project.

24 “(7) Payment of project costs associated with
25 developing the long-term viability plan.

1 “(8) Opportunity for project owners to obtain
2 further investment equity from third parties.

3 “(9) A direct loan or guarantee of a loan for
4 the project, with a subsidized interest rate without
5 regard to the value of the project.

6 “(e) LONG-TERM USE AGREEMENT.—

7 “(1) IN GENERAL.—If the owner of an eligible
8 project agrees to the terms of a financial restruc-
9 turing plan for the project providing preservation
10 benefits under subsection (d), in exchange for such
11 benefits, the Secretary and the project owner shall
12 enter into a long-term use agreement under this sub-
13 section for the project.

14 “(2) AGREEMENT.—A long-term use agreement
15 for an eligible project shall include—

16 “(A) the terms of the financial restruc-
17 turing plan for the project, including any pres-
18 ervation incentives to be provided;

19 “(B) an agreement by the project owner—

20 “(i) to continue the property use re-
21 strictions with respect to the project in ac-
22 cordance with this title for a period of—

23 “(I) 30 years, or

24 “(II) the remaining term of any
25 loans under this title for the project,

1 whichever ends later;

2 “(ii) to comply with the long-term via-
3 bility plan for the project; and

4 “(iii) to comply with the rent terms
5 under subsection (f) for the project;

6 “(C) provisions terminating the agreement
7 if any material preservation incentives for the
8 project to be provided under the agreement are
9 no longer available and the Secretary deter-
10 mines that such unavailability is not the fault
11 of the owner;

12 “(D) any rent terms for the project pursu-
13 ant to subsection (f);

14 “(E) a covenant which runs with the land;

15 “(F) a representation and warranty by the
16 owner to provide safe, healthy, clean buildings
17 pursuant to the Secretary’s guidelines;

18 “(G) provisions providing for rural preser-
19 vation voucher assistance under section 542(c)
20 for low-income households residing in the
21 project who are eligible for such vouchers; and

22 “(H) such other terms as the Secretary de-
23 termines are necessary to implement the pur-
24 poses of this section.

1 “(f) RENTS UNDER LONG-TERM USE AGREE-
2 MENT.—Rents for any eligible households residing in
3 dwelling units in any preserved project shall comply with
4 the following requirements:

5 “(1) MAXIMUM HOUSEHOLD CONTRIBUTION TO
6 RENT AND UTILITIES.—The maximum household
7 contribution to monthly rent and utilities for any eli-
8 gible household may not exceed 30 percent of the
9 adjusted income of the eligible household.

10 “(2) RENT ADJUSTMENTS.—The rents for eligi-
11 ble projects may be increased or decreased only on
12 an annual basis and only in accordance with stand-
13 ards incorporated in such agreement.

14 “(3) LOWEST COST REQUIREMENT.—In deter-
15 mining the terms of a restructuring plan, and the
16 type and amount of preservation benefits under such
17 plan to approve under this section for an eligible
18 project, the Secretary shall, to the extent prac-
19 ticable, approve assistance that imposes the least
20 cost to the Secretary while meeting the requirements
21 of the long-term viability plan for the project.

22 “(g) EARNED INCOME DISREGARD FOR RESI-
23 DENTS.—

24 “(1) IN GENERAL.—Notwithstanding any other
25 provision of law, the amount of the contribution to-

1 ward rent for a dwelling unit payable, by any house-
2 hold described in paragraph (3), for occupancy in a
3 project funded with a loan under section 515 may
4 not be increased as a result of the increased income
5 due to employment during the 12-month period be-
6 ginning on the date on which the employment is
7 commenced.

8 “(2) PHASE-IN OF RENT INCREASES.—Upon
9 the expiration of the 12-month period referred to in
10 paragraph (1), the contribution toward rent payable
11 by a household described in paragraph (3) may be
12 increased due to the continued employment of the
13 household member described in subparagraph
14 (3)(B), except that during the 12-month period be-
15 ginning upon such expiration the amount of the in-
16 crease may not be greater than 50 percent of the
17 amount of the total increase in contribution toward
18 rent that would be applicable but for this paragraph.

19 “(3) ELIGIBLE HOUSEHOLD.—A household de-
20 scribed in this paragraph is a household that—

21 “(A)(i) is an eligible household who resides
22 in a eligible project; or

23 “(ii) is provided rural preservation voucher
24 assistance pursuant to section 542(c); and

1 “(B)(i) whose income increases as a result
2 of employment of a member of the household
3 who was previously unemployed for 1 or more
4 years;

5 “(ii) whose earned income increases during
6 the participation of a household member in any
7 family self-sufficiency or other job training pro-
8 gram; or

9 “(iii) who is or was, within 6 months, as-
10 sisted under any State program for temporary
11 assistance for needy families funded under part
12 A of title IV of the Social Security Act (42
13 U.S.C. 601 et seq.) and whose earned income
14 increases.

15 “(h) INELIGIBILITY.—

16 “(1) PROCEDURE FOR DETERMINATION.—The
17 Secretary may determine that a project owner is in-
18 eligible for participation in the preservation program
19 under this section in accordance with the standards
20 under paragraph (2).

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

23 “(A) the project owner has a history of
24 poor management or maintenance of multi-
25 family housing properties;

1 “(B) the project owner is in default on a
2 loan made available under the section 515 hous-
3 ing program;

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

8 “(D) the project owner is suspended or
9 debarred from participating in Federal con-
10 tracts or programs; or

11 “(E) the Secretary has other good cause
12 for withholding from the project owner the ben-
13 efits made available under this section.

14 “(3) INELIGIBILITY BECAUSE OF ACTION FOR
15 PREPAYMENT.—A project owner shall be ineligible
16 for participation in the preservation program under
17 this section if the owner—

18 “(A) is a party to an ongoing civil action
19 brought to authorize the prepayment of the sec-
20 tion 515 loan for the eligible project, or is a
21 party to a damages action brought to recover
22 damages caused by the passage of the Emer-
23 gency Low Income Housing Preservation Act of
24 1987 or amendments to such Act, for which a

1 final judgment, settlement agreement, or con-
2 sent decree has not yet been issued; or

3 “(B) was a party to a civil action brought
4 to authorize the prepayment of the section 515
5 loan for the eligible project, or was a party to
6 a damages action brought to recover damages
7 caused by the passage of the Emergency Low
8 Income Housing Preservation Act of 1987 or
9 amendments to such Act, under which damages
10 were awarded to the project owner, and the
11 owner has not agreed to contribute at least 50
12 percent of such damages, or \$100,000, which-
13 ever is less, to carrying out the financial re-
14 structuring plan and long-term use agreement
15 for the preserved project.

16 “(i) DEFINITIONS.—For purposes of this section, the
17 following definitions shall apply:

18 “(1) ELIGIBLE HOUSEHOLD.—The term ‘eligi-
19 ble household’ means a household that, under sec-
20 tion 515, is eligible to reside in a project funded
21 with a loan made by the Secretary under such sec-
22 tion.

23 “(2) ELIGIBLE PROJECT.—The term ‘eligible
24 project’ means a housing project funded with a loan
25 made at any time by the Secretary under section

1 515, the principal obligation of which has not been
2 fully repaid.

3 “(3) PROJECT OWNER; OWNER.—The terms
4 ‘project owner’ and ‘owner’ mean, with respect to an
5 eligible project, an individual or entity, or principals
6 thereof that own, or plan to purchase, the project.

7 “(4) PRESERVED PROJECT.—The term ‘pre-
8 served project’ means an eligible project for which
9 the Secretary and owner have entered into agree-
10 ment on a financial restructuring plan for the
11 project and into a long-term use agreement for the
12 project, under this section.

13 “(j) ANNUAL REPORT.—The Secretary shall submit
14 a report to the Congress annually regarding the compli-
15 ance of owners of eligible projects participating in the
16 preservation program under this section with the require-
17 ments of such program, which shall identify and describe
18 any significant failures to comply.

19 “(k) AUTHORIZATION OF APPROPRIATIONS.—There
20 are authorized to be appropriated for each of fiscal years
21 2010 through 2014 such sums as may be necessary to
22 carry out the preservation program under this section.”.

1 **SEC. 803. RURAL PRESERVATION AND RURAL TENANT PRO-**
2 **TECTION VOUCHERS.**

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

6 “(c) RURAL PRESERVATION VOUCHERS.—In the case
7 of a housing project subject to a loan made under section
8 515 that is a preserved project (as such term is defined
9 in section 544(i)), the Secretary shall, to the extent that
10 amounts for assistance under this subsection are provided
11 in advance in appropriation Acts, make available voucher
12 assistance to each eligible household (as such term is de-
13 fined in section 544(i)) that is not assisted under the rent-
14 al assistance program under section 521 or the program
15 for rental assistance under section 8 of the United States
16 Housing Act of 1937 (42 U.S.C. 1437f), and is residing
17 in the project upon the date that a long-term use agree-
18 ment is entered into pursuant to section 544(e) between
19 the project owner and the Secretary, voucher assistance
20 upon such date, as follows:

21 “(1) The amount of assistance provided under
22 the voucher shall be sufficient to allow such house-
23 hold to remain in the project after it is preserved.

24 “(2) The percentage of adjusted income paid by
25 the eligible household for rent and utilities for the
26 assisted dwelling, pursuant to the voucher, shall not

1 exceed 30 percent of adjusted income of the eligible
2 household.

3 “(3) The voucher assistance shall be available
4 to the eligible household only during the period in
5 which the eligible household resides in the preserved
6 project and the long-term use agreement remains in
7 effect.

8 “(4) Upon termination of the participation of
9 the eligible household in the voucher program, the
10 voucher shall remain attached to the preserved
11 project and shall be available for use by another eli-
12 gible household residing in the preserved project.

13 “(d) RURAL TENANT PROTECTION VOUCHERS.—

14 “(1) IN GENERAL.—In the case of a housing
15 project subject to a loan made under section 515
16 that is prepaid or foreclosed upon, the Secretary
17 shall, to the extent that amounts for assistance
18 under this subsection are provided in advance in ap-
19 propriation Acts, make available to each eligible
20 household (as such term is defined in section 544(i))
21 that is not assisted under the rental assistance pro-
22 gram under section 521 or the program for rental
23 assistance under section 8 of the United States
24 Housing Act of 1937 (42 U.S.C. 1437f), and is re-
25 siding in a dwelling unit in the project upon the date

1 that the Secretary approves the prepayment or sub-
2 mits notice of foreclosure to the project owner, as
3 applicable, voucher assistance upon such date, as fol-
4 lows:

5 “(A) RELOCATION VOUCHERS.—In the
6 case of any such eligible household who must
7 relocate from a project for which the loan is
8 being prepaid or foreclosed upon, voucher as-
9 sistance under this subsection shall be subject
10 to the terms of section 8(o) of the United State
11 Housing Act of 1937 (42 U.S.C. 1437(o)), ex-
12 cept that—

13 “(i) the percentage of adjusted income
14 paid by the eligible household for rent and
15 utilities for the assisted dwelling unit shall
16 not at any time exceed 30 percent of the
17 adjusted income of the eligible household;
18 and

19 “(ii) a voucher provided pursuant to
20 this subparagraph shall be subject to the
21 terms of section 8(r) of such Act (relating
22 to portability), except that if an eligible
23 household uses the voucher to move to a
24 community other than the community in
25 which the project from which the family re-

1 located pursuant to such prepayment or
2 foreclosure is located, upon termination of
3 the participation of such eligible family in
4 the voucher program, the voucher shall be
5 returned for use in the community in
6 which such project is located.

7 “(B) ENHANCED VOUCHERS.—In the case
8 of any such eligible household who remains in
9 a project for which the loan is prepaid or fore-
10 closed upon, voucher assistance under this sub-
11 section shall be subject to the terms of section
12 8(t) of the United State Housing Act of 1937
13 (42 U.S.C. 1437f(t)), except that—

14 “(i) the percentage of adjusted income
15 paid by the eligible household for rent and
16 utilities for the assisted dwelling unit shall
17 not at any time exceed 30 percent of the
18 adjusted income of the eligible household;

19 “(ii) the owner of the project may not
20 refuse to lease, to an eligible household for
21 whom voucher assistance under this sub-
22 paragraph is made available, any available
23 appropriately sized rental dwelling unit in
24 the project;

1 “(iii) voucher assistance under this
2 subparagraph may be used only for dwell-
3 ing units in housing that is decent, safe,
4 and sanitary; and

5 “(iv) upon termination of participa-
6 tion of such eligible family in the enhanced
7 voucher program, the voucher shall convert
8 to a relocation voucher under subpara-
9 graph (A) of this paragraph, and shall be
10 available with respect to such project only
11 to provide assistance in accordance with
12 the provisions of such subparagraph.

13 “(e) ADMINISTRATION.—The Secretary may contract
14 with a public housing agency or a private or nonprofit or-
15 ganization to administer vouchers authorized under sub-
16 sections (c) and (d).

17 “(f) RENEWAL.—Vouchers under subsections (c) and
18 (d) shall be renewed annually, subject to the availability
19 of appropriations for such renewal.

20 “(g) USE OF SAVINGS.—Notwithstanding any other
21 provision of law, any amounts made available for voucher
22 assistance under subsections (c) and (d) that remain un-
23 used because of increases in the incomes of household as-
24 sisted under such vouchers shall be available to the Sec-
25 retary for eligible activities under this Act.

1 “(h) APPLICABILITY OF SECTION 8 PROGRAM.—Ex-
2 cept as specifically provided otherwise in this section, to
3 the maximum extent practicable, the Secretary shall ad-
4 minister voucher assistance subsections (c) and (d) in ac-
5 cordance with, but not subject to, regulations and admin-
6 istrative guidance for housing vouchers administered by
7 the Secretary of Housing and Urban Development under
8 section 8(o) of such Act.

9 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
10 authorized to be appropriated for voucher assistance under
11 subsections (c) and (d) such sums as may be necessary
12 for each of fiscal years 2010 through 2014.”.

13 **SEC. 804. PRIORITY FOR FINANCING.**

14 Subsection (j) of section 515 of the Housing Act of
15 1949 (42 U.S.C. 1485(j)) is amended—

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

17 (2) by adding at the end the following new
18 paragraph:

19 “(2) The Secretary may give priority, in entering into
20 contracts under this section involving financing for new
21 construction of a project, for projects located in eligible
22 rural areas having a need for affordable low-income rental
23 housing due to prepayment of loans made or insured
24 under this section.”.

1 **SEC. 805. CONFORMING AMENDMENT.**

2 Section 537(b)(1) of the Housing Act of 1949 (42
3 U.S.C. 1490p–1(b)(1)) is amended by inserting before the
4 semicolon the following: “and to administer the preserva-
5 tion program under section 544”.

6 **SEC. 806. REGULATIONS.**

7 The Secretary of Agriculture shall issue proposed
8 regulations to carry out the amendments made by this title
9 not later than the expiration of the 90-day period begin-
10 ning upon the date of the enactment of this Act, and shall
11 issue final regulations to carry out the amendments made
12 by this title not later than the expiration of the 180-day
13 period beginning upon such date of enactment.