

## Calendar No. 115

107TH CONGRESS  
1ST SESSION**S. 1254**

To reauthorize the Multifamily Assisted Housing Reform and Affordability Act of 1997, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 26, 2001

Mr. SARBANES (for himself, Mr. REED, and Mr. ALLARD) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

AUGUST 1, 2001

Reported by Mr. SARBANES, with an amendment

[Insert the part printed in italic]

**A BILL**

To reauthorize the Multifamily Assisted Housing Reform and Affordability Act of 1997, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Mark-to-Market Ex-  
5 tension Act of 2001”.

1 **SEC. 2. PURPOSES.**

2 The purposes of this Act are—

3 (1) to continue the progress of the Multifamily  
4 Assisted Housing Reform and Affordability Act of  
5 1997 (referred to in this section as “that Act”);

6 (2) to ensure that properties that undergo  
7 mortgage restructurings pursuant to that Act are re-  
8 habilitated to a standard that allows the properties  
9 to meet their long-term affordability requirements;

10 (3) to ensure that, for properties that undergo  
11 mortgage restructurings pursuant to that Act, re-  
12 serves are set at adequate levels to allow the prop-  
13 erties to meet their long-term affordability require-  
14 ments;

15 (4) to ensure that properties that undergo  
16 mortgage restructurings pursuant to that Act are  
17 operated efficiently, and that operating expenses are  
18 sufficient to ensure the long-term financial and  
19 physical integrity of the properties;

20 (5) to ensure that properties that undergo rent  
21 restructurings have adequate resources to maintain  
22 the properties in good condition;

23 (6) to ensure that the Office of Multifamily  
24 Housing Assistance Restructuring continues to focus  
25 on the portfolio of properties eligible for restruc-  
26 turing under that Act;

1           (7) to ensure that the Department of Housing  
2           and Urban Development carefully tracks the condi-  
3           tion of those properties on an ongoing basis;

4           (8) to ensure that tenant groups, non-profit or-  
5           ganizations, and public entities continue to have the  
6           resources for building the capacity of tenant organi-  
7           zations in furtherance of the purposes of subtitle A  
8           of that Act; and

9           (9) to encourage the Office of Multifamily  
10          Housing Assistance Restructuring to continue to  
11          provide participating administrative entities, includ-  
12          ing public participating administrative entities, with  
13          the flexibility to respond to specific problems that in-  
14          dividual cases may present, while ensuring consistent  
15          outcomes around the country.

16 **SEC. 3. DEFINITIONS.**

17          Section 512 of the Multifamily Assisted Housing Re-  
18          form and Affordability Act of 1997 (42 U.S.C. 1437f  
19          note) is amended by adding at the end the following:

20                 “(19) DEPARTMENT.—The term ‘Department’  
21                 means the Department of Housing and Urban De-  
22                 velopment.

23                 “(20) OFFICE.—The term ‘Office’ means the  
24                 Office of Multifamily Housing Assistance Restruc-  
25                 turing established under section 571.”.

1 **SEC. 4. FHA-INSURED MULTIFAMILY HOUSING MORTGAGE**  
2 **AND HOUSING ASSISTANCE RESTRUCTURING.**

3 The Multifamily Assisted Housing Reform and Af-  
4 fordability Act of 1997 (42 U.S.C. 1437f note) is  
5 amended—

6 (1) in section 514(f)(3)(A)—

7 (A) by striking “Secretary may provide”  
8 and inserting “Secretary shall provide”; and

9 (B) by striking “entities) and for tenant  
10 services,” and inserting “entities), for tenant  
11 services, and for tenant groups, nonprofit orga-  
12 nizations, and public entities described in sec-  
13 tion 517(a)(5),”;

14 (2) in section 514(g)(2)(A), by striking “mort-  
15 gages in any fiscal year” and inserting “rents and  
16 mortgages under this subtitle”;

17 (3) in section 515(c)(4), by inserting before the  
18 period the following: “, which assistance shall be ac-  
19 cepted by the owner of that project as payment for  
20 rent if the property use continues as rental hous-  
21 ing”;

22 (4) in section 516(d), by striking “Subject to”  
23 and inserting the following:

24 “(1) NOTICE TO CERTAIN RESIDENTS.—The  
25 Office shall notify any tenant that is residing in a  
26 project or receiving assistance under section 8 of the

1 United States Housing Act of 1937 (42 U.S.C.  
2 1437f) at the time of rejection under this section, of  
3 that rejection.

4 “(2) ASSISTANCE AND MOVING EXPENSES.—  
5 Subject to”;

6 (5) in section 524(e), by adding at the end the  
7 following:

8 “(3) MORTGAGE RESTRUCTURING AND RENTAL  
9 ASSISTANCE SUFFICIENCY PLANS.—Notwithstanding  
10 paragraph (1), the owner of the project may request,  
11 and the Secretary may consider, mortgage restruc-  
12 turing and rental assistance sufficiency plans to fa-  
13 cilitate sales or transfers of properties under this  
14 subtitle, subject to an approved plan of action under  
15 the Emergency Low Income Housing Preservation  
16 Act of 1987 (12 U.S.C. 1715l note) or the Low-In-  
17 come Housing Preservation and Resident Home-  
18 ownership Act of 1990 (12 U.S.C. 4101 et seq.),  
19 which plans shall result in a sale or transfer of those  
20 properties.”;

21 (6) in section 512(2), in the second sentence, by  
22 inserting “, but does include a project described in  
23 section 524(e)(3)” after “section 524(e)”;

24 (7) in section 517(b), by adding at the end the  
25 following:

1 “(8) ADDITION OF SIGNIFICANT FEATURES.—

2 “(A) IN GENERAL.—If the participating  
3 administrative entity requires the addition of  
4 significant features, such as air conditioning, an  
5 elevator, or additional community space, in ac-  
6 cordance with guidelines established by the Sec-  
7 retary, the required owner contribution shall  
8 not exceed 25 percent of the amount of rehabili-  
9 tation assistance received, as determined by the  
10 Secretary.

11 “(B) APPLICABILITY.—Subparagraph (A)  
12 shall apply to all eligible multifamily housing  
13 projects, except those for which both the Sec-  
14 retary and the project owner executed a mort-  
15 gage restructuring and rental assistance suffi-  
16 ciency plan on or before the date of enactment  
17 of the Mark-to-Market Extension Act of 2001.

18 “(C) ADDITIONAL COST.—Nothing in this  
19 paragraph shall be construed to relieve an  
20 owner or purchaser from contributing to reha-  
21 bilitation assistance, as required under para-  
22 graph (7)(B).”;

23 (8) in section 512(2), by striking subparagraph  
24 (A) and inserting the following:

1           “(A) with rents that, on an average per  
2           unit or per room basis—

3                   “(i) exceed the rent of comparable  
4                   properties in the same market area, as de-  
5                   termined by the Secretary or a partici-  
6                   pating administrative entity or any other  
7                   independent entity acting on behalf of the  
8                   Secretary and in accordance with guide-  
9                   lines established by the Secretary; or

10                   “(ii) exceeded the rent of comparable  
11                   properties in the same market area, as de-  
12                   termined by the Secretary, prior to, and  
13                   notwithstanding, any renewal of project-  
14                   based assistance under this subtitle;”;

15           (9) in section 520(b)—

16                   (A) by striking “Banking and”;

17                   (B) by striking “periods, the” and insert-  
18                   ing the following: “periods—

19                   “(1) the”;

20                   (C) by striking the period at the end and  
21                   inserting a semicolon; and

22                   (D) by adding at the end the following:

23                   “(2) the physical and financial condition of  
24                   properties that are the subject of rent and mortgage  
25                   restructurings under this subtitle, with special em-

1 phasis on properties that have undergone rent  
 2 restructurings after the Office determined that mort-  
 3 gage restructurings were necessary; and

4 “(3) the status of oversight by the Department,  
 5 of the financial and physical condition of properties  
 6 referred to in paragraph (2).”; and

7 (10) in section 517(a)(1)(B), by striking “no  
 8 more than the” and inserting the following: “not  
 9 more than the greater of—

10 “(i) the full or partial payment of  
 11 claim made under this subtitle; or

12 “(ii) the”.

13 **SEC. 5. ENHANCED VOUCHERS.**

14 Section 8(t)(1)(B) of the United States Housing Act  
 15 of 1937 (42 U.S.C. 1437f(t)(1)(B)) is amended by insert-  
 16 ing after “paragraph (10)(A) of subsection (o)” the fol-  
 17 lowing: “, and subject to the comparable rent limitations  
 18 provided in subparagraphs (A) and (B) of section  
 19 514(g)(1) of the Multifamily Assisted Housing Reform  
 20 and Affordability Act of 1997 (42 U.S.C. 1437f note)”.

21 **SEC. 6. MISCELLANEOUS HOUSING INSURANCE.**

22 Section 223(a)(7) of the National Housing Act (12  
 23 U.S.C. 1715n(a)(7)) is amended—

24 (1) by striking “under this Act: *Provided*, That  
 25 the principal” and inserting the following: “under

1 this Act, or an existing mortgage held by the Sec-  
 2 retary that is subject to a mortgage restructuring  
 3 and rental assistance sufficiency plan pursuant to  
 4 the Multifamily Assisted Housing Reform and Af-  
 5 fordability Act of 1997 (42 U.S.C. 1437f note), pro-  
 6 vided that—

7 “(A) the principal”;

8 (2) by striking “: *Provided further*, That a  
 9 mortgage” and inserting the following “; and

10 “(B) a mortgage”; and

11 (3) by striking “or” at the end and inserting  
 12 the following:

13 “(C) a mortgage that is subject to a mort-  
 14 gage restructuring and rental assistance suffi-  
 15 ciency plan pursuant to the Multifamily As-  
 16 sisted Housing Reform and Affordability Act of  
 17 1997 (42 U.S.C. 1437f note) and is refinanced  
 18 under this paragraph may have a term of not  
 19 more than 30 years; or”.

20 **SEC. 7. TECHNICAL CORRECTION.**

21 (a) **IN GENERAL.**—Section 531(c) of Public Law  
 22 106–74 (113 Stat. 1116) is amended by striking “514(h)”  
 23 and inserting “514(h)(1)”.

24 (b) **RETROACTIVE EFFECT.**—The amendment made  
 25 by subsection (a) shall be deemed to have the same effec-

1 tive date as section 531 of Public Law 106–74 (113 Stat.  
2 1109).

3 **SEC. 8. OFFICE OF MULTIFAMILY HOUSING ASSISTANCE**  
4 **RESTRUCTURING.**

5 (a) IN GENERAL.—The Multifamily Assisted Hous-  
6 ing Reform and Affordability Act of 1997 (42 U.S.C.  
7 1437f note) is amended—

8 (1) in section 571—

9 (A) by inserting “Federal Housing Admin-  
10 istration of the” after “within the”; and

11 (B) by inserting before the period at the  
12 end the following: “(in this subtitle, referred to  
13 as the ‘Office’)”;

14 (2) in section 572(a)—

15 (A) by striking “by and with the advice  
16 and consent of the Senate”; and

17 (B) by striking the second sentence;

18 (3) in section 573(b), in the first sentence, by  
19 inserting “the Federal Housing Commissioner and”  
20 before “the Secretary”; and

21 (4) in section 579—

22 (A) by striking subsection (a) and insert-  
23 ing the following:

24 “(a) REPEAL.—Subtitle A (except for section 524)  
25 and subtitle D (except for section 576 and this section)

1 are repealed effective October 1, 2006, and section 576  
2 is repealed effective October 1, 2007.”;

3 (B) in subsection (b), by striking “2001”  
4 and inserting “2006”; and

5 (C) in subsection (c), by striking “2001”  
6 and inserting “2006”.

7 (b) LIMITATION ON SUBSEQUENT EMPLOYMENT.—  
8 Section 576 of the Multifamily Assisted Housing Reform  
9 and Affordability Act of 1997 (42 U.S.C. 1437f note) is  
10 amended by striking “2-year period” and inserting “1-  
11 year period”.

12 (c) REPEAL.—Section 578 of the Multifamily As-  
13 sisted Housing Reform and Affordability Act of 1997 (42  
14 U.S.C. 1437f note) is repealed.

15 **SEC. 9. GAO REPORTS.**

16 (a) INITIAL REPORT.—

17 (1) IN GENERAL.—*Not later than October 1,*  
18 *2002, and annually thereafter through 2005, the*  
19 *Comptroller General of the United States shall submit*  
20 *to the Congress a report on the activities carried out*  
21 *under the Multifamily Assisted Housing Reform and*  
22 *Affordability Act of 1997 (42 U.S.C. 1437f note).*

23 (2) CONTENTS.—*The report required under*  
24 *paragraph (1) shall describe—*

1           (A) *progress in completing restructurings*  
2           *under subtitle A of the Multifamily Assisted*  
3           *Housing Reform and Affordability Act of 1997*  
4           *(42 U.S.C. 1437f note) in a timely manner,*  
5           *while ensuring the physical, financial, and man-*  
6           *agerial soundness of the multifamily housing*  
7           *stock; and*

8           (B) *the status of shortcomings or concerns of*  
9           *the eligible multifamily housing projects re-*  
10          *viewed in the 2001 report submitted by the*  
11          *Comptroller General in accordance with section*  
12          *521 of that Act.*

13       (b) *FINAL REPORT.—*

14           (1) *IN GENERAL.—Not less than 4 months prior*  
15          *to the date of termination of the restructuring pro-*  
16          *gram established under subtitle A of the Multifamily*  
17          *Assisted Housing Reform and Affordability Act of*  
18          *1997 (42 U.S.C. 1437f note), the Comptroller General*  
19          *of the United States shall submit to the Congress a*  
20          *final report on the activities carried out under that*  
21          *Act.*

22           (2) *CONTENTS.—The report required under*  
23          *paragraph (1) shall describe—*

24           (A) *matters pertaining to the termination*  
25          *of the Office of Multifamily Housing Assistance*

1           *Restructuring, established under section 571 of*  
2           *the Multifamily Assisted Housing Reform and*  
3           *Affordability Act of 1997 (42 U.S.C. 1437f note),*  
4           *and the restructuring program; and*

5                     *(B) the transition of any remaining respon-*  
6                     *sibilities under that Act after the date of termi-*  
7                     *nation to the Office of Housing within the De-*  
8                     *partment of Housing and Urban Development.*

**Calendar No. 115**

107TH CONGRESS  
1ST SESSION

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**A BILL**

To reauthorize the Multifamily Assisted Housing Reform and Affordability Act of 1997, and for other purposes.

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AUGUST 1, 2001

Reported with an amendment