

115TH CONGRESS  
2D SESSION

# S. 2574

To provide rental assistance to low-income tenants of certain multifamily rural housing projects, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MARCH 20, 2018

Mrs. SHAHEEN (for herself and Ms. SMITH) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To provide rental assistance to low-income tenants of certain multifamily rural housing projects, 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 “Rural Housing Preser-**  
**5 vation Act of 2018”.**

1 SEC. 2. AVAILABILITY OF RURAL HOUSING VOUCHERS FOR  
2 TENANTS IN PROJECTS WITH MATURING  
3 LOANS.

4 (a) IN GENERAL.—Section 542 of the Housing Act  
5 of 1949 (42 U.S.C. 1490r) is amended by adding at the  
6 end the following:

7 “(c) RURAL VOUCHERS FOR TENANTS OF PROJECTS  
8 WITH PREPAID OR MATURING LOANS.—

9 “(1) AUTHORITY.—Subject to the availability of  
10 amounts provided in appropriation Acts and to para-  
11 graph (3), the Secretary shall provide rural housing  
12 vouchers under this section, in the amount provided  
13 under this section, to any low-income household (in-  
14 cluding those not receiving rental assistance) resid-  
15 ing in a property that is—

16 “(A) financed with a loan made or insured  
17 under section 514 or 515 that has been prepaid  
18 or has matured after September 30, 2005; or

19 “(B) assisted under section 514 or 516  
20 that is owned by a nonprofit organization or  
21 public agency.

22 “(2) ADMINISTRATION AND SUBSIDIES.—

23 “(A) IN GENERAL.—The Secretary shall,  
24 to the maximum extent practicable, administer  
25 and operate rural housing vouchers under this  
26 section according to regulations and administra-

1           tive guidance that is applicable to enhanced  
2           vouchers under section 8(t) of the United  
3           States Housing Act of 1937 (42 U.S.C.  
4           1437f(t)) administered by the Secretary of  
5           Housing and Urban Development.

6           “(B) AMOUNT OF ASSISTANCE.—The  
7           amount of rental assistance provided on behalf  
8           of holders of rural housing vouchers under this  
9           section shall be the same as the rental assist-  
10          ance provided on behalf of holders of enhanced  
11          vouchers under section 8(t) of the United  
12          States Housing Act of 1937 (42 U.S.C.  
13          1437f(t)).

14          “(3) TERMINATION OF ASSISTANCE.—The Sec-  
15          retary shall terminate the provision of voucher as-  
16          sistance pursuant to this subsection, with respect to  
17          a property, if—

18                 “(A) at any time, a new loan is made or  
19                 insured under section 514 or 515 for the prop-  
20                 erty; and

21                 “(B) as a result of a loan described in sub-  
22                 paragraph (A), rental assistance is provided on  
23                 behalf of the voucher holder in an amount com-  
24                 parable to the rental assistance provided on be-

1 half of the voucher holder under the voucher  
2 program.

3 “(d) LIMITATION RELATING TO PROJECTS WITH  
4 PREPAID LOANS.—

5 “(1) IN GENERAL.—The Secretary shall not  
6 issue rural housing vouchers under this section to  
7 residents who remain in properties that—

8 “(A) were financed with a loan made or in-  
9 sured under section 514 or 515 that has been  
10 prepaid; and

11 “(B) are subject to any restrictive use  
12 agreements entered into pursuant to section  
13 502(c)(5)(G).

14 “(2) REVIEW AND APPROVAL.—The Secretary  
15 shall review and approve all proposed rent increases  
16 for residents of properties described in paragraph  
17 (1) that are protected by the use agreements de-  
18 scribed in that paragraph and issue, to those resi-  
19 dents, limited voucher assistance that covers the cost  
20 of all approved future rent increases that are not re-  
21 lated to the cost of prepaying the loan or refinancing  
22 the property.”.

23 (b) REQUIREMENT FOR SECTION 515 PROJECTS TO  
24 ACCEPT VOUCHERS.—Section 515 of the Housing Act of

1 1949 (42 U.S.C. 1485) is amended by adding at the end  
2 the following:

3 “(bb) REQUIREMENT TO ACCEPT RURAL HOUSING  
4 VOUCHERS.—No owner of a property financed with a loan  
5 made or insured under this section, whether the loan is  
6 outstanding or fully paid, may refuse to lease an available  
7 dwelling unit in the property to a household on behalf of  
8 whom voucher assistance is provided under section 542,  
9 and to enter into a voucher contract respecting the unit,  
10 a proximate cause of which is the status of the current  
11 or prospective tenant as a holder of that voucher.”.

12 SEC. 3. DECOUPLING RENTAL ASSISTANCE FROM MATUR-  
13 ING RURAL HOUSING LOANS.

14 Section 521(a)(2) of the Housing Act of 1949 (42  
15 U.S.C. 1490a(a)(2)) is amended by adding at the end the  
16 following:

17 “(F) RENTAL ASSISTANCE FOR PROJECTS WITH  
18 MATURED LOANS.—

19 “(i) AUTHORITY.—To continue to make  
20 decent, safe and sanitary housing available to  
21 low-income occupants of projects originally fi-  
22 nanced with a loan made or insured under sec-  
23 tion 514 or 515 that has matured on or after  
24 the date of enactment of this subparagraph or  
25 with a grant provided under section 516, and at

1 rental rates commensurate to income as speci-  
2 fied in subparagraph (A), the Secretary may,  
3 subject to the availability of amounts provided  
4 in appropriation Acts, contract to make and  
5 renew annual assistance payments pursuant to  
6 this subparagraph to the owners of those  
7 projects.

8 “(ii) OFFER.—The Secretary shall ensure  
9 that an offer to provide a contract for assist-  
10 ance payments pursuant to this subparagraph  
11 shall be extended to all owners of projects de-  
12 scribed in clause (i) not later than 24 months  
13 before the maturation of the loan (except in the  
14 case of loans maturing after the date that is 24  
15 months before the date of enactment of this  
16 subparagraph).

17 “(iii) TERMS.—Each contract for assist-  
18 ance payments pursuant to this subparagraph  
19 shall—

20 “(I) have a term of 20 years and be  
21 subject to availability of amounts provided  
22 in annual appropriations Acts;

23 “(II) cover all new and existing house-  
24 holds residing in the project, regardless of  
25 whether or not the households were pre-

1 viously assisted under the rental assistance  
2 program authorized under subparagraph  
3 (A);

4 “(III) be recorded at such local real  
5 property recording office as is prescribed  
6 by the State in which the project is lo-  
7 cated;

8 “(IV) bind the owner of the project  
9 and successors of the owner to continue to  
10 operate the project in accordance with such  
11 agreements;

12 “(V) require the owner and successors  
13 of the owner to agree to continue to oper-  
14 ate the project as if the project were sub-  
15 ject to an existing loan under section 514  
16 or 515 or a grant under section 516, as  
17 applicable;

18 “(VI) extend to residents of the  
19 project all the rights that at the time the  
20 contract is entered into are extended to  
21 residents of projects subject to an existing  
22 loan under section 514 or 515 or a grant  
23 under section 516, as applicable;

1 “(VII) require the owner successors of  
2 the owner to maintain the assisted housing  
3 as decent, safe, and sanitary housing; and

4 “(VIII) provide that the Secretary  
5 may renew the contract for additional 5-  
6 year terms if the assisted housing is main-  
7 tained in a decent, safe, and sanitary con-  
8 dition, as determined by the Secretary.

9 “(iv) ACTUAL MARKET RENTALS.—

10 “(I) IN GENERAL.—A contract for as-  
11 sistance provided pursuant to this subpara-  
12 graph for a project shall provide assistance  
13 to the owner based on an initial reasonable  
14 operating budget the rents for which do  
15 not exceed such actual market rental rates  
16 for the area in which the project is located,  
17 as are established by the Secretary.

18 “(II) ADJUSTMENT; RENEWAL.—The  
19 Secretary shall annually adjust the actual  
20 market rental rates used for purposes of  
21 this clause.

22 “(v) RENEWAL; ADJUSTMENT.—In pro-  
23 viding assistance pursuant to this subpara-  
24 graph, the Secretary shall require the owner of  
25 the project to renew the assistance provided to



1 each household not less frequently than annu-  
 2 ally, in accordance with the provisions of sub-  
 3 paragraph (A), and shall adjust the amount of  
 4 assistance provided to a household at any other  
 5 time upon a decrease in the monthly income of  
 6 the household of \$100 or more.

7 “(vi) ADMINISTRATION.—Except as other-  
 8 wise provided in this subparagraph, rental as-  
 9 sistance contracts authorized by this subpara-  
 10 graph shall be administered by the Secretary in  
 11 the same manner as rental assistance contracts  
 12 for projects having existing loans made or in-  
 13 sured under section 515 or existing loans and  
 14 grants made under sections 514 and 516.”.

15 **SEC. 4. UNIFORM STANDARDS FOR TRANSFERS OF SEC-**  
 16 **TION 515 PROPERTIES USING LOW-INCOME**  
 17 **TAX CREDITS.**

18 Section 515 of the Housing Act of 1949 (42 U.S.C.  
 19 1485), as amended by this Act, is amended by adding at  
 20 the end the following:

21 “(cc) REQUIREMENTS FOR TRANSFERS OF PROP-  
 22 erties INVOLVING LOW-INCOME HOUSING TAX CRED-  
 23 ITS.—The Secretary shall establish, without exception,  
 24 uniform requirements, terms, and conditions for any sale  
 25 or transfer of a property financed with a loan under this

1 section to any entity, including a nonprofit organization,  
 2 that is seeking to acquire that property with amounts au-  
 3 thorized under this section and any low-income housing  
 4 tax credit under section 42 of the Internal Revenue Code  
 5 of 1986.”.

6 **SEC. 5. RURAL MULTIFAMILY HOUSING REVITALIZATION**  
 7 **PROGRAM.**

8 Section 515 of the Housing Act of 1949 (42 U.S.C.  
 9 1485), as amended by this Act, is amended by adding at  
 10 the end the following:

11 “(cc) **MULTIFAMILY HOUSING REVITALIZATION PRO-**  
 12 **GRAM.—**

13 “(1) **IN GENERAL.—**The Secretary may estab-  
 14 lish a Multifamily Housing Revitalization Program  
 15 for the preservation and revitalization of multifamily  
 16 housing projects funded with loans made available  
 17 pursuant to this section and sections 514 and 516  
 18 to ensure that those projects have sufficient re-  
 19 sources to provide safe and affordable housing for  
 20 low-income residents and farm laborers.

21 “(2) **OPTIONS.—**In carrying out paragraph (1),  
 22 the Secretary may—

23 “(A) with respect to the loans—

24 “(i) reduce or eliminate interest;

25 “(ii) defer loan payments; and

1                   “(iii) subordinate, reduce, or reamor-  
2                   tize loan debt; and

3                   “(B) provide other financial assistance, in-  
4                   cluding—

5                   “(i) advances; and

6                   “(ii) payments and incentives (includ-  
7                   ing the ability of owners to obtain reason-  
8                   able returns on investment).

9                   “(3) REQUIREMENTS.—In exchange for assist-  
10                  ance provided pursuant to this subsection, the Sec-  
11                  retary shall enter into a restrictive use agreement  
12                  with the property owner to ensure that the property  
13                  remains subject to low-income use restrictions for an  
14                  additional period of time consistent with the terms  
15                  of the restructuring.

16                  “(4) USE OF FUNDS FOR RURAL HOUSING  
17                  VOUCHERS.—

18                  “(A) AUTHORITY.—If the Secretary deter-  
19                  mines that additional voucher funds under sec-  
20                  tion 542 are needed, funds for the revitalization  
21                  program under this subsection may be used for  
22                  those vouchers for any low-income household  
23                  (including those not receiving rental assistance)  
24                  residing in a property financed with a loan

1 under this section that has been prepaid after  
2 September 30, 2005.

3 “(B) AMOUNT.—Notwithstanding section  
4 542, the amount of a voucher provided pursu-  
5 ant to this paragraph shall be the difference be-  
6 tween comparable market rent for the unit and  
7 the tenant-paid rent for the unit.

8 “(C) AVAILABILITY.—Funds made avail-  
9 able for vouchers pursuant to this paragraph  
10 shall be subject to the availability of annual ap-  
11 propriations.

12 “(D) ADMINISTRATION.—The Secretary  
13 shall, to the maximum extent practicable, ad-  
14 minister vouchers provided pursuant to this  
15 paragraph with regulations and administrative  
16 guidance that is applicable to housing vouchers  
17 under section 8 of the United States Housing  
18 Act of 1937 (42 U.S.C. 1437f) administered by  
19 the Secretary of Housing and Urban Develop-  
20 ment.

21 “(5) USE OF VOUCHER FUNDS FOR REVITAL-  
22 IZATION PROGRAM.—If the Secretary determines  
23 that additional funds for the revitalization program  
24 under this subsection are needed, funds for the rural  
25 housing voucher program under section 542 may be

1       used for the revitalization program under this sub-  
2       section.”.

3 **SEC. 6. REGULATIONS.**

4       Not later than 120 days after the date of enactment  
5 of this Act, the Secretary of Agriculture shall issue regula-  
6 tions necessary to carry out the amendments made by this  
7 Act.

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