

110TH CONGRESS  
1ST SESSION

# H. R. 3873

To expedite the transfer of ownership of rural multifamily housing projects with loans made or insured under section 515 of the Housing Act of 1949 so that such projects are rehabilitated and preserved for use for affordable housing.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 17, 2007

Mr. HODES (for himself and Mrs. CAPITO) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To expedite the transfer of ownership of rural multifamily housing projects with loans made or insured under section 515 of the Housing Act of 1949 so that such projects are rehabilitated and preserved for use for affordable housing.

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 “Section 515 Rural  
5 Housing Property Transfer Improvement Act of 2007”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 The Congress finds that—

1           (1) providing rural housing for poor families in  
2 the United States has been an important goal, and  
3 the primary reason for enactment, of the Housing  
4 Act of 1949;

5           (2) rural multifamily housing financed under  
6 the section 515 of the Housing Act of 1949 has been  
7 an essential resource for providing affordable hous-  
8 ing for some of the Nation's poorest families;

9           (3) the majority of the approximately 16,000  
10 projects financed under section 515 that currently  
11 have loans outstanding were constructed more than  
12 25 years ago and need new financing in order to  
13 continue to provide decent, affordable housing for  
14 families eligible to reside in such housing;

15           (4) many owners of such projects are working  
16 to transfer the properties, which often involves  
17 leveraging Federal resources with private and com-  
18 mercial resources; and

19           (5) the Secretary of Agriculture should protect  
20 the portfolio of section 515 projects by making ad-  
21 ministrative and procedural changes to process own-  
22 ership transfers in a commercially reasonable time  
23 and manner when such transfers will further the  
24 preservation of such projects for use as affordable

1 housing for families eligible to reside in such hous-  
2 ing.

3 **SEC. 3. TRANSFERS OF SECTION 515 RURAL MULTIFAMILY**  
4 **HOUSING PROJECTS.**

5 Section 515(h) of the Housing Act of 1949 (42  
6 U.S.C. 1485) is amended—

7 (1) by inserting “(1) CONDITION.—” after  
8 “(h)”; and

9 (2) by adding at the end the following new  
10 paragraphs:

11 “(2) TRANSFERS FOR PRESERVATION AND REHA-  
12 BILITATION OF PROJECTS.—

13 “(A) IN GENERAL.—The Secretary shall make  
14 such administrative and procedural changes as may  
15 be necessary to expedite the approval of applications  
16 to transfer ownership of projects for which a loan is  
17 made or insured under this section for the preserva-  
18 tion, continued use restriction, and rehabilitation of  
19 such projects. Such changes may include changing  
20 approval procedures, increasing staff and resources,  
21 improving outreach to project sponsors regarding in-  
22 formation that is required to be submitted for such  
23 approvals, changing approval authority between na-  
24 tional offices and the State and local offices, simpli-  
25 fying approval requirements, establishing uniformity

1 of transfer requirements among State offices, and  
2 any other actions which would expedite approvals.

3 “(B) CONSULTATION.—The Secretary of Agri-  
4 culture shall consult with the Commissioner of the  
5 Internal Revenue Service and the Secretary of Hous-  
6 ing and Urban Development, and take such actions  
7 as are appropriate in conjunction with such con-  
8 sultation, to simplify the coordination of rules, regu-  
9 lations, forms (including applications for transfers of  
10 project ownership), and approval requirements for  
11 housing projects for which assistance is provided by  
12 the Secretary of Agriculture and under any low-in-  
13 come housing tax credits under section 42 of the In-  
14 ternal Revenue Code of 1986 or tax-exempt housing  
15 bonds. The Secretary of Agriculture shall involve the  
16 State Rural Development offices of Department of  
17 Agriculture and the Administrator of the Rural  
18 Housing Service in the consultations under this sub-  
19 paragraph as the Secretary considers appropriate.

20 “(C) PRESERVATION AND REHABILITATION.—  
21 The Secretary shall actively facilitate transfers of  
22 the ownership of projects that will result in the pres-  
23 ervation, continued use restriction, and rehabilitation  
24 of such projects.

1           “(D) FINAL AUTHORITY OVER TRANSFERS.—  
2           The Office of Rental Housing Preservation of the  
3           Rural Housing Service, established under section  
4           537 (42 U.S.C. 1490p–1), shall have final regu-  
5           latory authority over all transfers of properties for  
6           which a loan is made or insured under this section,  
7           and such Office may, with respect to such transfers,  
8           work with and seek recommendations from the State  
9           Rural Development offices of the Department of Ag-  
10          riculture.

11           “(E) DEADLINES FOR PROCESSING OF TRANS-  
12          FER APPLICATIONS.—

13           “(i) PROCEDURE.—If a complete applica-  
14          tion, as determined by the Secretary, for a  
15          transfer of ownership of a project or projects is  
16          not processed, and approved or denied, by the  
17          State Rural Development office to which it is  
18          submitted before the applicable deadline under  
19          clause (ii)—

20           “(I) such State or local office shall  
21          not have any further authority to approve  
22          or deny the application;

23           “(II) such State or local office shall  
24          transfer the application in accordance with  
25          subclause (III); and

1           “(III) such application shall be proc-  
2           essed, and approved or denied, in accord-  
3           ance with clause (iii) and only by the Of-  
4           fice of Rental Housing Preservation, which  
5           may make the final determination with the  
6           assistance of other Rural Development em-  
7           ployees.

8           “(ii) DEADLINE FOR STATE AND LOCAL  
9           OFFICES.—The applicable deadline under this  
10          clause for processing, and approval or denial, of  
11          a complete application for transfer of ownership  
12          of a project, or projects, shall be the period that  
13          begins upon receipt of the complete application  
14          by the State Rural Development office to which  
15          it is submitted and consists of—

16               “(I) in the case of an application for  
17               transfer of ownership of a single project,  
18               45 days;

19               “(II) in the case of an application for  
20               transfer of ownership of multiple projects,  
21               but not exceeding 10 projects, 90 days;  
22               and

23               “(III) in the case of an application for  
24               transfer of ownership of 11 or more  
25               projects, 120 days.

1           “(iii) DEADLINE FOR OFFICE OF RENTAL  
2 HOUSING PRESERVATION.—In the case of any  
3 complete application for a transfer of ownership  
4 of a project, or projects, that is transferred pur-  
5 suant to clause (i), shall be processed, and ap-  
6 proved or denied, before the expiration of the  
7 period that begins upon receipt of the complete  
8 application and consists of—

9           “(I) in the case of an application for  
10 transfer of ownership of a single project,  
11 30 days;

12           “(II) in the case of an application for  
13 transfer of ownership of multiple projects,  
14 but not exceeding 10 projects, 60 days;  
15 and

16           “(III) in the case of an application for  
17 transfer of ownership of 11 or more  
18 projects, 120 days.

19           “(iv) APPEALS.—Only decisions regarding  
20 complete applications shall be appealable to the  
21 National Appeals Division of the Department of  
22 Agriculture.”.

23 **SEC. 4. REPORT.**

24           Not later than July 1, 2008, the Secretary of Agri-  
25 culture shall submit a report to the Committee on Finan-

1 cial Services of the House of Representatives and the  
2 Committee on Banking, Housing, and Urban Affairs of  
3 the Senate that—

4           (1) identifies the actions that the Secretary has  
5 taken to coordinate with other Federal agencies, in-  
6 cluding the Department of Housing and Urban De-  
7 velopment and the Internal Revenue Service, and, in  
8 particular, with the program for rental assistance  
9 under section 8 of the United States Housing Act of  
10 1937, the multifamily mortgage insurance programs  
11 under title II of the National Housing Act, the pro-  
12 gram under section 42 of the Internal Revenue Code  
13 of 1986 for low-income housing tax credits, and the  
14 program for tax-exempt bonds under section 142 of  
15 such Code;

16           (2) identifies and describes any resulting im-  
17 provements within Rural Housing Service of the De-  
18 partment of Agriculture in expediting the transfer of  
19 ownership of projects with loans made or insured  
20 under section 515 of the Housing Act of 1949; and

21           (3) makes recommendations for any legislative  
22 changes that are needed for the prompt processing  
23 of applications for such ownership transfers and for  
24 the transfer of such projects.

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