

110TH CONGRESS  
2D SESSION

# H. R. 3873

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IN THE SENATE OF THE UNITED STATES

JANUARY 24, 2008

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Section 515 Rural  
3 Housing Property Transfer Improvement Act of 2007”.

4 **SEC. 2. CONGRESSIONAL FINDINGS.**

5 The Congress finds that—

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

10 (2) rural multifamily housing financed under  
11 the section 515 of the Housing Act of 1949 has been  
12 an essential resource for providing affordable hous-  
13 ing for some of the Nation’s poorest families;

14 (3) the majority of the approximately 16,000  
15 projects financed under section 515 that currently  
16 have loans outstanding were constructed more than  
17 25 years ago and need new financing in order to  
18 continue to provide decent, affordable housing for  
19 families eligible to reside in such housing;

20 (4) many owners of such projects are working  
21 to transfer the properties, which often involves  
22 leveraging Federal resources with private and com-  
23 mercial resources; and

24 (5) the Secretary of Agriculture should protect  
25 the portfolio of section 515 projects by making ad-  
26 ministrative and procedural changes to process own-

1       ership transfers in a commercially reasonable time  
2       and manner when such transfers will further the  
3       preservation of such projects for use as affordable  
4       housing for families eligible to reside in such hous-  
5       ing.

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

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

10               (1) by inserting “(1) CONDITION.—” after  
11       “(h)”; and

12               (2) by adding at the end the following new  
13       paragraphs:

14       “(2) TRANSFERS FOR PRESERVATION AND REHA-  
15       BILITATION OF PROJECTS.—

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

1       approvals, changing approval authority between na-  
2       tional offices and the State and local offices, simpli-  
3       fying approval requirements, establishing uniformity  
4       of transfer requirements among State offices, and  
5       any other actions which would expedite approvals.

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

23              “(C) PRESERVATION AND REHABILITATION.—  
24      The Secretary shall actively facilitate transfers of  
25      the ownership of projects that will result in the pres-

1       ervation, continued use restriction, and rehabilitation  
2       of such projects.

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

13           “(E) DEADLINES FOR PROCESSING OF TRANS-  
14      FER APPLICATIONS.—

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

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

1           “(II) such State or local office shall  
2           transfer the application in accordance with  
3           subclause (III); and

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

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

19                 “(I) in the case of an application for  
20                 transfer of ownership of a single project,  
21                 45 days;

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

1                   “(III) in the case of an application for  
2                   transfer of ownership of 11 or more  
3                   projects, 120 days.

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

12                  “(I) in the case of an application for  
13                  transfer of ownership of a single project,  
14                  30 days;

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

19                  “(III) in the case of an application for  
20                  transfer of ownership of 11 or more  
21                  projects, 120 days.

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

1 **SEC. 4. REPORT.**

2 Not later than July 1, 2008, the Secretary of Agri-  
3 culture shall submit a report to the Committee on Finan-  
4 cial Services of the House of Representatives and the  
5 Committee on Banking, Housing, and Urban Affairs of  
6 the Senate that—

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

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

24 (3) makes recommendations for any legislative  
25 changes that are needed for the prompt processing

1 of applications for such ownership transfers and for  
2 the transfer of such projects.

Passed the House of Representatives January 23,  
2008.

Attest: LORRAINE C. MILLER,  
*Clerk.*