

SECOND REGULAR SESSION

# HOUSE BILL NO. 2039

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WEBER.

3711H.011

DANA RADEMAN MILLER, Chief Clerk

## AN ACT

To repeal sections 215.300, 215.305, 215.307, 215.311, 215.314, 215.316, and 215.327, RSMo, and to enact in lieu thereof seven new sections relating to senior rental housing projects.

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 215.300, 215.305, 215.307, 215.311, 215.314, 215.316, and 215.327, RSMo, are repealed and seven new sections enacted in lieu thereof, to be known as sections 215.300, 215.305, 215.307, 215.311, 215.314, 215.316, and 215.327, to read as follows:

- 215.300. As used in sections 215.300 to 215.318, the following terms mean:
- (1) "Additional subsidies", subsidies provided by the Missouri housing development commission to the owner of a subsidized multifamily rental housing project **or senior rental housing project** pursuant to section 215.311;
  - (2) "Administering agency", the Missouri housing development commission;
  - (3) "Affordable rent", a rent amount less than or equal to thirty percent of a family's income;
  - (4) "Expand affordability", to reduce the cost of the housing to one or more low income tenants;
  - (5) "HUD", the United States Department of Housing and Urban Development, and shall include the Federal Housing Administration and a local housing authority when it is acting to administer a HUD program;
  - (6) "Low income tenant", a tenant who is a person or group of persons residing in the same housing accommodation so long as the total income for all such persons for the most

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 recent twelve-month period is less than or equal to fifty percent of the median income for the  
16 area, as defined by HUD, in accordance with section 1437a, Title 42, United States Code;

17 (7) "Low income unit", a housing unit for which the annual rental charge is less than  
18 or equal to thirty percent of the maximum annual income for a low income tenant;

19 (8) **"Middle income senior tenant", a tenant who is a person sixty-five years of**  
20 **age or older or a group of persons residing in the same housing accommodation headed**  
21 **by a person at least sixty-five years of age or older so long as the total income for all such**  
22 **persons for the most recent twelve-month period is more than eighty percent but less**  
23 **than or equal to one hundred twenty-five percent of the median income for the area, as**  
24 **defined by HUD, in accordance with section 1437a, Title 42, United States Code;**

25 (9) **"Middle income senior unit", a housing unit for which the annual rental**  
26 **charge is less than or equal to thirty percent of the maximum annual income for a**  
27 **middle income senior tenant;**

28 (10) "Moderate income tenant", a tenant who is a person or group of persons residing  
29 in the same housing accommodation so long as the total income for all such persons for the  
30 most recent twelve-month period is more than fifty percent but less than or equal to eighty  
31 percent of the median income for the area, as defined by HUD, in accordance with section  
32 1437a, Title 42, United States Code;

33 [~~9~~] (11) "Moderate income unit", a housing unit for which the annual rental charge  
34 is less than or equal to thirty percent of the maximum annual income for a moderate income  
35 tenant;

36 [~~10~~] (12) "Mortgage prepayment", repayment of outstanding debt on a loan issued  
37 pursuant to a federal mortgage insurance program, prior to the maturity date of the loan;

38 [~~11~~] (13) "Multifamily rental housing project", a building or buildings under  
39 common ownership and containing four or more rental units that were constructed or  
40 substantially rehabilitated pursuant to a federal mortgage insurance program;

41 [~~12~~] (14) "Prepayment restriction", any limitation imposed by the federal  
42 government with regard to the repayment of outstanding debt on a loan issued pursuant to  
43 a federal mortgage insurance program, prior to the maturity date of the loan, without the prior  
44 approval of the secretary of the Department of Housing and Urban Development;

45 (15) **"Senior rental housing project", a building or buildings under common**  
46 **ownership and containing four or more rental units that were constructed or**  
47 **substantially rehabilitated pursuant to a federal mortgage insurance program and are**  
48 **restricted to tenants who are sixty-five years of age or older or a group of persons**  
49 **residing in the same housing accommodation headed by a person sixty-five years of age**  
50 **or older.**

215.305. The provisions of sections 215.300 to 215.318 shall apply to all multifamily  
2 rental housing projects **and senior rental housing projects** in any city or town in this state  
3 constructed or substantially rehabilitated pursuant to sections 236 and 221(d)(3) of the  
4 National Housing Act, as amended.

215.307. Any owner of a multifamily housing project **or senior rental housing**  
2 **project** subject to the provisions of sections 215.300 to 215.318 which is or will become  
3 eligible for mortgage prepayment without the prior approval of the secretary of the  
4 Department of Housing and Urban Development shall be eligible for additional subsidies  
5 under the provisions of sections 215.300 to 215.318.

215.311. 1. An owner of a multifamily rental housing project **or senior rental**  
2 **housing project** seeking additional subsidies for the property shall file with the Missouri  
3 housing development commission a request for subsidies in such form and manner as the  
4 Missouri housing development commission shall prescribe. Upon receipt of a notice of  
5 intent, the Missouri housing development commission shall provide the owner with such  
6 information as the owner needs to prepare a plan to expand affordability, which information  
7 shall include a description of the state incentives authorized under sections 215.300 to  
8 215.318 and the affordability restrictions placed on properties whose owners are granted the  
9 additional subsidies. The owner may submit the plan to expand affordability to the Missouri  
10 housing development commission in such form and manner as the Missouri housing  
11 development commission shall prescribe.

12 2. The plan to expand affordability shall include:

13 (1) A description of any incentive that the owner is requesting from the state or local  
14 government agencies as determined by prior consultation between the owner and any  
15 appropriate state or local agencies;

16 (2) An assessment of the effect of the grant of the proposed incentives on present and  
17 future tenants dwelling at the property, including, but not limited to, affordability and  
18 maintenance of units of the property;

19 (3) Any other information that the Missouri housing development commission  
20 determines is necessary to achieve the purposes of sections 215.300 to 215.318.

21 3. The owner may from time to time revise and amend the plan of action as may be  
22 necessary to obtain approval of the plan under this section.

23 4. After receiving a plan of action from an owner of a multifamily rental housing  
24 project **or senior rental housing project**, the Missouri housing development commission  
25 may enter into such agreements as are necessary to satisfy the criteria for approval under  
26 section 215.314.

27           5. Such agreements may include the provision to the owner by the state or local  
28 government of one or more of the following incentives that the Missouri housing  
29 development commission determines to be necessary including:

30           (1) State income tax credits, pursuant to section 32.115;

31           (2) Recommendations to local governments to grant property tax abatements;

32           (3) Financing for second mortgages from the housing development fund as  
33 established by section 215.050;

34           (4) Grants from the housing development fund as established by section 215.050.

215.314. The Missouri housing development commission shall not make additional  
2 subsidies to a multifamily rental housing project **or senior rental housing project** unless the  
3 owner enters into such agreements with the state or local government agency as are necessary  
4 to assure that:

5           (1) The housing will be retained as housing affordable for low income families or  
6 persons, ~~and~~ moderate income families or persons, **and middle income senior-headed**  
7 **families or seniors** for the remaining term of the mortgage or until the term of any subsidy  
8 contract expires or an additional twenty years, whichever is longer, and throughout such  
9 extended period, adequate expenditures shall be made for maintenance and operation of the  
10 housing;

11           (2) The owner shall not charge or attempt to charge rents in excess of those deemed  
12 affordable to low income families for forty percent of those units becoming available to new  
13 tenants following vacation of a subsidized unit by previous tenants, and the owner shall not  
14 charge or attempt to charge rents in excess of those deemed affordable to moderate income  
15 families for the remaining sixty percent of the subsidized units becoming available following  
16 vacation by previous tenants;

17           (3) Following any vacation of a moderate or low income unit by its occupants the  
18 owner shall rent the unit to a household that qualifies as a low income household or moderate  
19 income household on its initial occupancy of the unit;

20           (4) **(a) The owner shall not charge or attempt to charge rents at a senior rental**  
21 **housing project in excess of those deemed affordable to low income families for thirty**  
22 **percent of units becoming available to new tenants following vacation of a subsidized**  
23 **unit by previous tenants;**

24           **(b) The owner shall not charge or attempt to charge rents in excess of those**  
25 **deemed affordable to moderate income families for thirty percent of the subsidized units**  
26 **becoming available following vacation by previous tenants; and**

27           **(c) The owner shall not charge or attempt to charge rents in excess of those**  
28 **deemed affordable to middle income senior tenants for the remaining forty percent of**  
29 **the subsidized units becoming available following vacation by previous tenants;**

30           **(5) Following any vacation of a middle income senior unit by its occupants, the**  
31 **owner shall rent the unit to a tenant that qualifies as a middle income senior tenant on**  
32 **its initial occupancy of the unit;**

33           **(6)** The owner shall not increase rents on additional subsidy units more than one time  
34 every twelve months nor by more than a percentage amount equal to the percentage increase  
35 in the CPI for the preceding year unless the administering agency approves a greater increase  
36 due to extraordinary circumstances;

37           ~~[(5)]~~ **(7)** The owner shall seek to retain, renew, extend and utilize, to the greatest  
38 extent feasible, any financing or subsidy arrangements available to the project which would  
39 expand the affordability of the housing;

40           ~~[(6)]~~ **(8)** The owner shall not refuse to accept housing vouchers and section 8 existing  
41 housing certificates from tenants in partial payment of rent due;

42           ~~[(7)]~~ **(9)** The owner shall not discriminate against any household desiring to rent a  
43 subsidized unit on the basis of the household's receipt of any public assistance payments or  
44 utilization of housing vouchers or section 8 existing housing certificates;

45           ~~[(8)]~~ **(10)** Each year following grant of the additional subsidies, no later than sixty  
46 days following the anniversary date of the first grant of additional subsidies, the owner of the  
47 multifamily rental housing project **or senior rental housing project** shall submit a written  
48 certification to the administering agency on a form provided by the administering agency  
49 which set forth the rent of each additional subsidy unit held by the owner as of the date of the  
50 certification and which certifies to the administering agency that the occupants of each  
51 additional subsidy unit qualified as a low income household or moderate income household  
52 on the date of initial occupancy of the additional subsidy unit by that household;

53           ~~[(9)]~~ **(11)** Any tenant residing in a multifamily rental housing project **or senior rental**  
54 **housing project** receiving additional subsidies may petition the administering agency for a  
55 downward adjustment of rent, if the tenant is paying rent in excess of thirty percent of his  
56 income.

215.316. Prior to entering agreements to grant additional subsidies to the owner of a  
2 subsidized multifamily rental housing project **or senior rental housing project**, the Missouri  
3 housing development commission shall consult with the owner, the tenants, the local  
4 government, and HUD and shall hold a public hearing. The Missouri housing development  
5 commission shall give due consideration to any comments submitted by the tenants and the  
6 local government with regards to the expansion of affordability.

215.327. After August 28, 1994, before the commission approves any assistance for  
2 multifamily rental housing **or senior rental housing** of twelve or more units, the commission  
3 shall notify the chief elected official of the city or, if not within a city, notify the chief elected  
4 official of the county in which proposed site is located, of the request to the commission for

5 assistance for multifamily rental housing **or senior rental housing** and invite written  
6 comments from the chief elected official of the city or county within thirty days before taking  
7 action on the assistance request.

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