

118TH CONGRESS
2D SESSION

S. 3931

To preserve and protect multifamily housing properties assisted by the
Secretary of Housing and Urban Development.

IN THE SENATE OF THE UNITED STATES

MARCH 12, 2024

Mr. BROWN introduced the following bill; which was read twice and referred
to the Committee on Banking, Housing, and Urban Affairs

A BILL

To preserve and protect multifamily housing properties as-
sisted by the Secretary of Housing and Urban Develop-
ment.

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 “Affordable Housing
5 Preservation and Protection Act of 2024”.

6 **SEC. 2. REVITALIZATION AND PRESERVATION OF DIS-**
7 **TRESSED MULTIFAMILY PROPERTIES.**

8 (a) DEFINITIONS.—As used in this section—

9 (1) the term “multifamily housing project”
10 means a project consisting of five or more dwelling

1 units assisted or approved to receive a transfer of
2 assistance, insured, or with a loan held by the Sec-
3 retary or a State or State agency in part or in whole
4 pursuant to—

5 (A) section 8(b) of the United States
6 Housing Act of 1937 (42 U.S.C. 1437f(b));

7 (B) section 202 of the Housing Act of
8 1959 (12 U.S.C. 1701q);

9 (C) section 202 of the Housing Act of
10 1959 (former 12 U.S.C. 1701q), as such section
11 existed before the enactment of the Cranston-
12 Gonzalez National Affordable Housing Act
13 (Public Law 101–625; 104 Stat. 4079);

14 (D) section 811 of the Cranston-Gonzalez
15 National Affordable Housing Act (42 U.S.C.
16 8013);

17 (E) section 236 of the National Housing
18 Act (12 U.S.C. 1715z–1);

19 (F) a housing assistance payments con-
20 tract for project-based rental assistance; or

21 (G) a Second Component contract for
22 project-based rental assistance converted in ac-
23 cordance with the matter under the heading
24 “RENTAL ASSISTANCE DEMONSTRATION” under
25 the heading “MANAGEMENT AND ADMINISTRA-

1 TION” under the heading “DEPARTMENT OF
2 HOUSING AND URBAN DEVELOPMENT”
3 in title II of division C of the Consolidated and
4 Continuing Appropriations Act, 2012 (42
5 U.S.C. 1437f note; Public Law 112–55); and

6 (2) the term “necessary physical improve-
7 ments” means new construction or capital improve-
8 ments to an existing multifamily housing project
9 that the Secretary determines are necessary to ad-
10 dress the deficiencies or that rise to such a level that
11 delaying physical improvements to the project would
12 be detrimental to the longevity of the project as suit-
13 able housing for occupancy.

14 (b) AUTHORITY.—To such extent or in such amounts
15 as provided in appropriations Acts, the Secretary of Hous-
16 ing and Urban Development (in this section referred to
17 as the “Secretary”) may offer capital assistance under
18 this section to owners or sponsors of eligible multifamily
19 housing projects for the purpose of ensuring the long-term
20 preservation of safe, affordable housing.

21 (c) ELIGIBLE COSTS.—The Secretary may use funds
22 under this section for—

23 (1) the cost of providing direct loans, which
24 may be forgivable, and the costs of modifying such
25 loans, to owners or sponsors of distressed multi-

1 family housing projects for the purpose of making
2 necessary physical improvements, including to sub-
3 sidize gross obligations for the principal amount of
4 such loans, subject to the terms and conditions in
5 subsection (d), to fund projects that improve phys-
6 ical conditions; and

7 (2) administering the implementation of this
8 section, including—

9 (A) the cost of contracts or cooperative
10 agreements to support implementation; and

11 (B) costs related to outreach and consulta-
12 tion with residents of distressed multifamily
13 housing projects and other community stake-
14 holders.

15 (d) LOAN TERMS AND CONDITIONS.—

16 (1) ELIGIBILITY.—Owners or sponsors of multi-
17 family housing projects who meet each of the fol-
18 lowing requirements shall be eligible for loan assist-
19 ance under this section:

20 (A) The multifamily housing project, in-
21 cluding any project from which assistance has
22 been approved to be transferred has deficiencies
23 that cause the project to be at risk of physical
24 obsolescence or economic nonviability.

1 (B) The actual rents received by the owner
2 or sponsor of the distressed property would not
3 adequately sustain the debt needed to make
4 necessary physical improvements.

5 (C) The owner or sponsor meets any such
6 additional eligibility criteria as the Secretary
7 determines to be appropriate, considering fac-
8 tors that contributed to the project's defi-
9 ciencies.

10 (D) The owner or sponsor agrees to extend
11 or establish an affordable housing use agree-
12 ment for 30 years and agrees to accept a re-
13 newal of a housing assistance payments con-
14 tract in any year in which a renewal is offered
15 by the Secretary.

16 (2) USE OF LOAN FUNDS.—Each recipient of
17 loan assistance under this section may only use such
18 loan assistance for eligible uses, as determined by
19 the Secretary, to result in necessary physical im-
20 provements.

21 (3) LOAN AVAILABILITY.—The Secretary shall
22 only provide loan assistance to an owner or sponsor
23 of a multifamily housing project when such assist-
24 ance, considered with other financial resources avail-

1 able to the owner or sponsor, is needed to make the
2 necessary physical improvements.

3 (4) INTEREST RATES AND LENGTH.—Loans
4 provided under this section shall bear interest at 1
5 percent, and at origination shall have a repayment
6 period coterminous with the affordability period de-
7 scribed in paragraph (1)(D), with the frequency and
8 amount of repayments to be determined by require-
9 ments established by the Secretary.

10 (5) LOAN MODIFICATIONS OR FORGIVENESS.—
11 With respect to loans provided under this section,
12 the Secretary may take any of the following actions
13 if the Secretary determines that doing so will pre-
14 serve affordability of the project:

15 (A) Waive any due on sale or due on refi-
16 nancing restriction.

17 (B) Consent to the terms of new debt to
18 which the loans may be subordinate, even if
19 such new debt would impact the repayment of
20 the loan.

21 (C) Extend the term of the loan.

22 (D) Forgive the loan in whole or in part.

23 (6) MATCHING CONTRIBUTION.—Each recipient
24 of loan assistance under this section shall secure at
25 least 20 percent of the total cost needed to make the

1 necessary physical improvements from non-Federal
2 sources, except in cases where the Secretary deter-
3 mines that a lack of financial resources qualifies a
4 loan recipient for—

5 (A) a reduced contribution below 20 per-
6 cent; or

7 (B) an exemption to the matching con-
8 tribution requirement.

9 (7) ADDITIONAL LOAN CONDITIONS.—The Sec-
10 retary may establish additional conditions for loan
11 eligibility provided under this section as the Sec-
12 retary determines to be appropriate.

13 (8) MULTIFAMILY HOUSING PROJECTS INSURED
14 BY THE SECRETARY.—In the case of any property
15 with respect to which assistance is provided under
16 this section that has a mortgage insured by the Sec-
17 retary, the Secretary may use funds available under
18 this section as necessary to pay for the costs of
19 modifying such loan.

20 (e) IMPLEMENTATION.—

21 (1) IN GENERAL.—The Secretary shall take
22 steps to ensure the effective implementation of this
23 section, including ensuring—

24 (A) timely execution of rehabilitation ac-
25 tivities funded by assistance under this section;

1 (B) ongoing owner compliance with con-
2 tract or program requirements; and

3 (C) outreach to and consultation with resi-
4 dents of distressed properties.

5 (2) REQUIREMENTS.—The Secretary shall have
6 the authority to establish by notice any requirements
7 that the Secretary determines are necessary for
8 timely and effective implementation of the program
9 and expenditure of funds appropriated, which re-
10 quirements shall take effect upon issuance.

11 (f) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated to the Secretary to carry
13 out this section—

14 (1) for fiscal year 2025, \$25,000,000; and

15 (2) for each fiscal year thereafter, such sums as
16 may be necessary.

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