

109TH CONGRESS
2D SESSION

S. 3511

To extend for 5 years the Mark-to-Market program of the Department of Housing and Urban Development.

IN THE SENATE OF THE UNITED STATES

JUNE 14, 2006

Mr. ALLARD (for himself and Mr. REED) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To extend for 5 years the Mark-to-Market program of the Department of Housing and Urban Development.

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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Mark-to-Market Extension Act of 2006”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Purposes.
- Sec. 3. Definitions.
- Sec. 4. Extension of Mark-to-Market program.
- Sec. 5. Exception rents.
- Sec. 6. Otherwise eligible projects with at-or-below-market rents.

Sec. 7. Disaster-damaged eligible projects.

Sec. 8. Period of eligibility for nonprofit debt relief.

Sec. 9. Effective date.

1 **SEC. 2. PURPOSES.**

2 The purpose of this Act is to—

3 (1) continue the progress of the Multifamily As-
4 sisted Housing Reform and Affordability Act of
5 1997, as amended by the Mark-To-Market Exten-
6 sion Act of 2001;

7 (2) expand eligibility for Mark-to-Market re-
8 structuring so as to further the preservation of af-
9 fordable housing in a cost-effective manner; and

10 (3) provide for the preservation and rehabilita-
11 tion of projects damaged by Hurricanes Katrina,
12 Rita, and Wilma, or by other natural disasters.

13 **SEC. 3. DEFINITIONS.**

14 Section 512 of the Multifamily Assisted Housing Re-
15 form and Affordability Act of 1997 (42 U.S.C. 1473f
16 note) is amended by adding at the end the following:

17 “(20) DISASTER-DAMAGED ELIGIBLE
18 PROJECT.—

19 “(A) IN GENERAL.—The term ‘disaster-
20 damaged eligible project’ means an otherwise el-
21 igible multifamily housing project—

22 “(i) that is located in a county that
23 was designated a major disaster area on or
24 after January 1, 2005, by the President

1 pursuant to title IV of the Robert T. Staf-
2 ford Disaster Relief and Emergency Assist-
3 ance Act (42 U.S.C. 5121 et seq.);

4 “(ii) whose owner carried casualty and
5 liability insurance covering such project in
6 an amount required by the Secretary;

7 “(iii) that suffered damages not cov-
8 ered by such insurance that the Secretary
9 determines is likely to exceed \$5,000 per
10 unit in connection with the natural disaster
11 that was the subject of the designation de-
12 scribed in subparagraph (A); and

13 “(iv) whose owner requests restruc-
14 turing of the project not later than 2 years
15 after the date that such damage occurred.

16 “(B) RULE OF CONSTRUCTION.—A dis-
17 aster-damaged eligible project shall be eligible
18 for amounts under this Act without regard to
19 the relationship between rent levels for the as-
20 sisted units in such project and comparable
21 rents for the relevant market area.”.

22 **SEC. 4. EXTENSION OF MARK-TO-MARKET PROGRAM.**

23 Section 579 of the Multifamily Assisted Housing Re-
24 form and Affordability Act of 1997 (42 U.S.C. 1473f

1 note) is amended by striking “October 1, 2006” each place
 2 that term appears and inserting “October 1, 2011”.

3 **SEC. 5. EXCEPTION RENTS.**

4 Section 514(g)(2) of the Multifamily Assisted Hous-
 5 ing Reform and Affordability Act of 1997 (42 U.S.C.
 6 1473f note) is amended—

7 (1) by inserting “disaster-damaged eligible
 8 projects and” after “waive this limit”; and

9 (2) by striking “five percent” and inserting “9
 10 percent”.

11 **SEC. 6. OTHERWISE ELIGIBLE PROJECTS WITH AT-OR-**
 12 **BELOW-MARKET RENTS.**

13 Section 512(2)(A) of the Multifamily Assisted Hous-
 14 ing Reform and Affordability Act of 1997 (42 U.S.C.
 15 1473f note) is amended—

16 (1) by inserting “(i)” after “(A)”;

17 (2) by striking the semicolon and inserting “;
 18 or”; and

19 (3) by adding at the end the following:

20 “(ii) with rents below the level specified in
 21 clause (i) if the Secretary determines that—

22 “(I) such property is worthy of pres-
 23 ervation; and

24 “(II) treating such project as an eligi-
 25 ble multifamily housing project will be

1 cost-effective to the Secretary in relation to
2 alternative preservation options.”.

3 **SEC. 7. DISASTER-DAMAGED ELIGIBLE PROJECTS.**

4 (a) MARKET RENT DETERMINATIONS.—Section
5 514(g)(1)(B) of the Multifamily Assisted Housing Reform
6 and Affordability Act of 1997 (42 U.S.C. 1473f note) is
7 amended by striking “determined, are equal” and insert-
8 ing the following: “determined—

9 “(i) with respect to a disaster-dam-
10 aged eligible property, are equal to 100
11 percent of the fair market rents for the rel-
12 evant market area (as such rents were in
13 effect at the time of such disaster; and

14 “(ii) with respect to other eligible
15 multifamily housing projects, are equal”.

16 (b) OWNER INVESTMENT.—Section 517(e) of the
17 Multifamily Assisted Housing Reform and Affordability
18 Act of 1997 (42 U.S.C. 1473f note) is amended by adding
19 at the end the following:

20 “(3) PROPERTIES DAMAGED BY NATURAL DIS-
21 ASTERS.—With respect to a disaster-damaged eligi-
22 ble property, the owner contribution toward rehabili-
23 tation needs shall be determined in accordance with
24 paragraph (2)(C).”.

1 **SEC. 8. PERIOD OF ELIGIBILITY FOR NONPROFIT DEBT RE-**
 2 **LIEF.**

3 Section 517(a)(5) of the Multifamily Assisted Hous-
 4 ing Reform and Affordability Act of 1997 (42 U.S.C.
 5 1473f note) is amended by adding at the end the following:
 6 “If such purchaser acquires such project subsequent to the
 7 date of recordation of the affordability agreement de-
 8 scribed in section 514(e)(6)—

9 “(1) such purchaser shall acquire such project
 10 on or before the later of—

11 “(A) 5 years after the date of recordation
 12 of the affordability agreement; or

13 “(B) 2 years after the date of enactment
 14 of the Mark-to-Market Extension Act of 2006;
 15 and

16 “(2) the Secretary shall have received, and de-
 17 termined acceptable, such purchaser’s application for
 18 modification, assignment, or forgiveness prior to the
 19 acquisition of the project by such purchaser.”.

20 **SEC. 9. EFFECTIVE DATE.**

21 This Act, and the amendments made by this Act,
 22 shall take effect on the earlier of—

23 (1) the date of enactment of this Act; or

24 (2) September 30, 2006.

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