MARK-TO-MARKET EXTENSION ACT OF 2001

Mr. GREEN of Wisconsin. Mr. Speaker, I move to suspend the rules and pass the bill (2589) to amend the Multifamily Assisted Housing Reform and Affordability Act of 1997 to reauthorize the Office of Multifamily Housing Assistance Restructuring, and for other purposes, as amended.

The Clerk read as follows:

H. R. 2589
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Mark-to-Market Extension Act of 2001”.

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

Sec. 1. Short title and table of contents.
Sec. 2. Purposes.
Sec. 3. Effective date.

TITLE I—MULTIFAMILY HOUSING MORTGAGE RESTRUCTURING AND SECTION 8 CONTRACT RESTRUC-
TURING AND SECTION 8 CONTRACT RE-
NEWAL

Sec. 101. Definitions.
Sec. 102. Mortgage-to-market program amendments.
Sec. 103. Consistency of rent levels under enhanced voucher assistance and rent restructuring.
Sec. 104. Eligible inclusions for renewal rents of partially assisted buildings.
Sec. 105. Eligibility of restructuring projects for miscellaneous housing insurance.
Sec. 106. Technical corrections.

TITLE II—OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

Sec. 201. Reauthorization of Office and extension of program.
Sec. 202. Appointment of Director.
Sec. 203. Vacancy in position of Director.
Sec. 204. Oversight by Federal Housing Commissioner.
Sec. 205. Limitation on subsequent employment.

TITLE III—MISCELLANEOUS HOUSING PROGRAM AMENDMENTS

Sec. 301. Extension of CDBG public services cap exception.
Sec. 302. Use of section 8 enhanced vouchers for prepayments.
Sec. 303. Prepayment and refinancing of loans for section 202 supportive housing.
Sec. 304. Technical correction.

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to continue the progress of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (referred to in this section as “that Act”);
(2) to ensure that properties that undergo mortgage restructurings pursuant to that Act are rehabilitated to a standard that allows the properties to meet their long-term affordability requirements;
(3) to ensure that, for properties that undergo mortgage restructurings pursuant to that Act, reserves are set at adequate levels to allow the properties to meet their long-term affordability requirements;
(4) to ensure that properties that undergo mortgage restructurings pursuant to that Act are operated efficiently, and that operating expenses are sufficient to ensure the long-term financial and physical integrity of the properties;
(5) to ensure that properties that undergo rent restructurings have adequate resources maintained in good condition to meet the participation requirements for such properties; and
(6) to ensure that the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development continues to focus on the portfolio of properties eligible for restructuring under that Act;
(7) to ensure that the Department of Housing and Urban Development continues to examine the capital funding sufficiency plan on or before the date of enactment of this Act;
(8) to ensure that the Department of Housing and Urban Development continues to focus on the condition of those properties on an ongoing basis;
(9) to ensure that tenant groups, nonprofit organizations, and public entities continue to have the resources for building the capacity of tenant organizations in furtherance of the purposes of subtitle A of that Act; and
(10) to ensure that the Office of Multifamily Housing Assistance Restructuring to continue to provide participating administrative entities, including public participating administrative entities, with the flexibility to respond to specific problems that individual cases may present, while ensuring consistent outcomes around the country.

SEC. 3. EFFECTIVE DATE.

Except as provided in sections 106(a)(2), 303(b), and 304(b), this Act and the amendments made by this Act shall take effect or be deemed to have taken effect, as appropriate, on the earlier of—

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

TITLE I—MULTIFAMILY HOUSING MORTGAGE RESTRUCTURING AND SECTION 8 CONTRACT RE-
NEWAL

SEC. 101. DEFINITIONS.

Section 512 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by adding after the period “; and”—

“(B) in subsection (b)—
(1) the date of the enactment of this Act; and
(2) September 30, 2001.”

SEC. 102. MORTGAGE-TO-MARKET PROGRAM AMEND-
MENTS

(a) FUNDING FOR TENANT AND NONPROFIT PARTICIPATION.—Section 514(c)(3)(A) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended—

(1) by striking subsection (A) and inserting “Office shall make available not less than $10,000,000 annually in funding for each fiscal year; and
(2) by striking subsection (B) and inserting “Secretary shall establish guidelines regarding the inclusion of requirements regarding such additional significant features under such plans.”;

(b) FUNDING.—Significant features added pursuant to an approved mortgage restructuring and rental assistance sufficiency plan may be paid from the funding sources specified in the first sentence of paragraph (1), subject to the administration of such features and any other conditions specified in such paragraph.

(c) LIMITATION ON OWNER CONTRIBUTION.—An owner of a project may not be required to contribute from non-project resources, toward the cost of any additional significant features required pursuant to this paragraph, more than 25 percent of the amount of any assistance received for the inclusion of such features.

(d) APPLICABILITY.—This paragraph shall apply to all mortgage restructuring and rental assistance sufficiency plan on or before the date of the enactment of the Mark-to-Market Extension Act of 2001.

(3) By inserting after paragraph (6) of subsection (b) the following:

“(A) AUTHORITY.—An approved mortgage restructuring and rental assistance sufficiency plan may be paid from the funding sources specified in the first sentence of paragraph (1), subject to the administration of such features and any other conditions specified in such paragraph.

(C) LIMITATION ON OWNER CONTRIBUTION.—An owner of a project may not be required to contribute from non-project resources, toward the cost of any additional significant features required pursuant to this paragraph, more than 25 percent of the amount of any assistance received for the inclusion of such features.

D) APPLICABILITY.—This paragraph shall apply to all mortgage restructuring and rental assistance sufficiency plan on or before the date of the enactment of the Mark-to-Market Extension Act of 2001.

(3) By inserting after paragraph (6) of subsection (b) the following:

“(A) AUTHORITY.—An approved mortgage restructuring and rental assistance sufficiency plan may be paid from the funding sources specified in the first sentence of paragraph (1), subject to the administration of such features and any other conditions specified in such paragraph.

(C) LIMITATION ON OWNER CONTRIBUTION.—An owner of a project may not be required to contribute from non-project resources, toward the cost of any additional significant features required pursuant to this paragraph, more than 25 percent of the amount of any assistance received for the inclusion of such features.

(D) APPLICABILITY.—This paragraph shall apply to all mortgage restructuring and rental assistance sufficiency plan on or before the date of the enactment of the Mark-to-Market Extension Act of 2001.”; and

September 24, 2001
at the end of the last sentence the following: “Notwithstanding any other provision of this title, the Secretary shall include in such budget-based cost increases costs relat-
ging to the project as a whole (including costs incurred with respect to units not covered by the contract for assistance), but only (I) if inclusion of such costs is requested by the owner or purchaser of the project, (II) if in-
clusion of such costs will permit capital re-
pairs to the project or acquisition of the project by a nonprofit organization, and (III) to the extent that inclusion of such costs (or a portion thereof) complies with the require-
ment under clause (ii).’’.

SEC. 105. ELIGIBILITY OF RESTRUCTURING PROJECTS FOR MISCELLANEOUS HOUSING INSURANCE.

Section 223(a)(7) of the National Housing Act (12 U.S.C. 1715f(a)(7)) is amended—
(1) by striking “under this Act: Provided, That the principal” and inserting the fol-
lowing: “under this Act, or an existing mort-
gage held by the Secretary that is subject to a mortgage restructuring and rental assist-
ance (as defined under subsection (d) of this Act) for purposes of section 524(a)(4) of the Mul-
tifamily Assisted Housing Reform and Afford-
ability Act of 1997 (42 U.S.C. 1437f note), pro-
vided that—
(’’(A) the principal’’;
(2) by striking “except that (A)” and in-
serting “except that (I)’’;
(3) by striking “(B)” and inserting “(II)’’;
(4) by striking “(C)” and inserting “(III)’’;
(5) by striking “(D)” and inserting “(IV)’’;
(6) by striking “Provided further, That a mortgage” and inserting the following: “(V) a mortgage for purposes of this section may have a term of not more than 30 years; or”;

SEC. 106. TECHNICAL CORRECTIONS.

(a) EXEMPTIONS FROM RESTRUCTURING.—
Section 514(h) of the Multifamily Assisted 
Housing Reform and Affordability Act of 1997 
(42 U.S.C. 1437f note) is amended by striking 
subsection (a) and inserting the following new 
subsection:
(1) in subsection (3)(A)(i), by striking “contract for assistance” and inserting “affordability plan”; and

(b) APPlicability.—The amendment made by subsection (a) shall apply to any vacancy in the position of the Director of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development which occurs or exists after the date of the enactment of this Act, and any such Director appointed thereafter.

TITLE II—OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

SEC. 201. REAUTHORIZATION OF OFFICE AND EXTENSION OF PROGRAM.

Section 579 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended—
(1) by striking subsection (a) and inserting the following new subsection:
(2) by striking subsection (d) and inserting the following new subsection:

SEC. 202. APPOINTMENT OF DIRECTOR.

(a) IN GENERAL.—Section 572 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by striking subsection (2) and inserting—

(b) APPlicability.—The amendment made by subsection (a) shall apply to any vacancy in the position of the Director of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development which occurs or exists after the date of the enactment of this Act, and any such Director appointed thereafter.

SEC. 203. VACANCY IN POSITION OF DIRECTOR.

SEC. 204. OVERSIGHT BY FEDERAL HOUSING COMMISSIONER.

(a) IN GENERAL.—Section 578 of the Multi-
family Assisted Housing Reform and Afford-
ability Act of 1997 (42 U.S.C. 1437f note) is amended by striking subsection (b) and in-
serting the following:

(b) REPORT.—The second sentence of sec-

SEC. 578. OVERSIGHT BY FEDERAL HOUSING COMMISSIONER.

All authority and responsibilities as-
signed under this subtitle to the Secretary shall be carried out through the Assistant 
Secretary of the Department of Housing and Urban 
Development who is the Federal Housing 
Commissioner.’’.

(b) REPORT.—The second sentence of sec-

TITLE III—MORTGAGE-ENDANGERED UNITS

SEC. 301. RESTRUCTURING OF MORTGAGE-LIMI-
TED UNITS.

Section 513 of the Multifamily Assisted 
Housing Reform and Affordability Act of 1997 
(42 U.S.C. 1437f note) is amended—
(1) by striking subsection (a) and inserting the following new subsection:

(b) EXEMPTIONS.—The amendment made by subsection (a) shall apply to any vacancy in the position of Director of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development which occurs or exists after the date of the enactment of this Act, and any such Director appointed thereafter.

(b) APPlicability.—The amendment made by subsection (a) shall apply to any vacancy in the position of the Director of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development which occurs or exists after the date of the enactment of this Act, and any such Director appointed thereafter.
U.S.C. 137f note) is amended by striking “Secretary” and inserting “Assistant Secretary of the Department of Housing and Urban Development who is the Federal Housing Commissioner”.

SEC. 255. LIMITATION ON SUBSEQUENT EMPLOYMENT.
Section 576 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended by striking “2-year period” and inserting “1-year period”.

TITLE III—MISCELLANEOUS HOUSING PROGRAM AMENDMENTS

SEC. 301. EXTENSION OF CBGC PUBLIC SERVICES PROGRAM.
Section 106(a)(8) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(8)) is amended by striking “through 2001” and inserting “through 2005”.

SEC. 302. USE OF SECTION 8 ENHANCED VOUCHERS FOR PREPAYMENTS.
Section 8(c)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)(2)) is amended by inserting a new subsection after the insurance contract for the mortgage for such housing project” the following: “(including any such mortgage prepayment during fiscal year 2000 or a fiscal year thereafter).”

SEC. 303. PREPAYMENT AND REFINANCING OFNameValuePair FOR POSSESSION.
(a) IN GENERAL.—Section 811 of the American Homeownership and Economic Opportunity Act of 2000 (42 U.S.C. 1701q) is amended by striking subsection (e).
(b) EFFECTIVENESS UPON DATE OF ENACTMENT.—(1) This amendment made by subsection (a) of this section shall take effect upon the date of the enactment of this Act and the provisions of section 811 of the American Homeownership and Economic Opportunity Act of 2000 (42 U.S.C. 1701q) are, as amended by subsection (a) of this section, shall apply as so amended upon such date of enactment.
(c) SPECIAL RULE.—(1) any authority of the Secretary of Housing and Urban Development to issue regulations to implement or carry out the amendments made by subsection (a) of this section or the provisions of section 811 of the American Homeownership and Economic Opportunity Act of 2000 (42 U.S.C. 1701q) is, as amended by subsection (a) of this section, shall apply as so amended upon such date of enactment.

SEC. 304. TECHNICAL CORRECTION.
(a) IN GENERAL.—Section 105(a) of Public Law 100–77 (42 U.S.C. 11931 note) is amended to read as if the amendment made by section 1 of Public Law 106–400 (114 Stat. 1675) were made to “Section 101” instead of “Section 11”.
(b) RETROACTIVE EFFECT.—The amendment made by subsection (a) of this section is deemed to have taken effect immediately after the enactment of Public Law 106–400 (114 Stat. 1675).

Mr. Green of Wisconsin. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 2589, the bill now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. GREEN of Wisconsin. Mr. Speaker, I yield myself such time as I may consume.

The legislation we are considering today represents a House-Senate consensus.

H.R. 2589 extends the Office of Multifamily Housing Assistance Restructuring, OMHAR, are both scheduled to terminate on September 30, 2001. The legislation we are considering today represents a House-Senate consensus.

H.R. 2589 extends the Office of Multifamily Housing Assistance Restructuring through October 1, 2004, and reauthorizes the mark-to-market program through October 1, 2006.

My colleagues should note, as a way of background, that in the late 1970s and in the early 1980s, about 800,000 units in 8,500 multifamily housing projects were financed with mortgage insurance provided by the Federal Housing Administration and supported by Section 8 housing assistance payment contracts. The Federal Government guaranteed that these projects would be built by insuring the mortgages and using Section 8 contracts to guarantee the mortgagors were high enough to pay off the mortgages. In most markets, these rents were above market levels. Typically, the mortgages for these multifamily dwellings had terms of 40 years and the Section 8 contracts had terms of 20 years.

By the late 1990s, the 20-year Section 8 contracts started to expire. Congress started renewing the Section 8 contracts for 1 year at market rents. In some areas, the market rents were sufficient to support the mortgages; but in other areas, market rents were not enough to support the mortgage payments. Consequently, those properties were in danger of defaulting and costing the Federal taxpayer billions of dollars.

In 1997, after a careful review of the insured multifamily portfolio of the FHA, Congress realized that if substantial changes to the Section 8 project-based program were not made, the reinsurance of expiring contracts for Section 8 assistance would consume an increasingly larger share of HUD’s future budgets. In fact, HUD estimated that if no action were taken by 2007, the annual cost of renewing project-based Section 8 contracts would rise to approximately $7 billion, or about one-third of HUD’s entire budget.

In an effort to address this growing problem, Congress enacted the Multifamily Assisted Housing Reform and Affordability Act. The goal of that 1997 legislation was twofold: First and foremost, to preserve affordable low-income rental housing; and, second, to reduce the cost to the Federal Government of rental assisted payments.

Specifically, the legislation established OMHAR, the Office of Multifamily Housing Assistance, and the mark-to-market program for restructuring section 8 based properties with FHA-insured mortgages. The mark-to-market program provides the tools necessary for HUD to restructure the insured Section 8 multifamily housing projects by lowering their rents to market levels when their current Section 8 contracts expire, and also by restructuring their mortgage debt, if such action is necessary, for the property to continue to have a positive cash flow.

In addition to extending OMHAR and the authority of the mark-to-market program, H.R. 2589 simplifies issues of jurisdiction and coordination by requiring the program director to report directly to the Federal Housing Commissioner instead of the Secretary of HUD. At present, the Office of Housing is responsible for Section 8 subsidy payments and the management of insurance contracts while at the same time OMHAR is responsible for restructuring them for the future. The same projects are under the jurisdiction of two separate equal offices, each reporting to the Secretary simultaneously. Having OMHAR report to the Commissioner will simplify these issues of coordination and jurisdiction.

Mr. Speaker, I will be submitting for the record a section-by-section analysis of the bill and also several support letters for this legislation, letters from the National Association of Home Builders, the National Leased Housing Association, the National Housing Trust, and the National Affordable Housing Management Association.

Mr. Speaker, this legislation is supported by the National Leased Housing Association, the National Apartment Association, the National Multi-Housing Council, the National Affordable Housing Management Association, the National Association of Realtors, the Institute of Real Estate Management, the Mortgage Bankers Association, the Council for Affordable and Rural Housing, the Coalition for Affordable Housing Preservation, the Appraisal Institute, the National Housing Trust, and the National Association of Home Builders.

Mr. Speaker, with all of that support, I urge my colleagues to support this legislation, and I urge its adoption.

Mr. Speaker, I submit for the RECORD the letters and section by section analysis I referred to earlier.
Hon. MARGE ROUKEMA,
Chair, House of Representatives Subcommittee on Housing and Community Opportunity, Rayburn House Office Building, Washington, DC.

DEAR CHAIRWOMAN ROUKEMA: On behalf of the 200,000 members of the National Association of Home Builders, I write to express our support for H.R. 2589, the Office of Multi-family Housing Assistance Restructuring Act of 2001.

Timely passage of the reauthorizing legislation is critical to the continuation of the Department of Housing and Urban Development's (HUD) authority to restructure mortgages on multifamily properties insured by FHA and enhanced by Section 8 rental assistance. This program ensures the continued viability of affordable multifamily properties and ultimately saves the federal government money. Because the program is due to expire on October 1, 2001, I respectfully request your swift passage of H.R. 2589 which extends the program for another five years.

NAHB urges you to support passage of H.R. 2589, as amended. Thank you in advance for your consideration of views important to the housing industry.

Sincerely,

KATHERINE E. DODDRIDGE,
Acting Senior Staff Vice President.


Hon. MARGE ROUKEMA,
Chair, Subcommittee on Housing & Community Opportunity, Rayburn House Office Building, Washington, DC.

DEAR CHAIRWOMAN ROUKEMA: I am writing on behalf of the National Leased Housing Association (NLHA) in support of H.R. 2589 as revised. The bill includes the necessary reauthorization of the mark to market program while making a number of non-controversial revisions that will improve processing under the program.

The bill will prevent a disruption of mortgages currently in the OMHM pipeline, will provide a measure of stability for future properties that will benefit from the technical provisions impacting contributions to rehabilitation, length of second mortgages, and the eligibility of HUD-held loans for certain mortgage processing. The bill also ensures the adequate distribution of technical assistance funding and corrects several inconsistent provisions in current law.

We are grateful for your leadership in crafting a compromise with the Senate to eliminate the controversial provisions in S. 1254. NLHA recently joined with a number of industry groups to express our concern with several provisions contained in the original S. 1254. Including the National Apartment Association, the National Multi Housing Council, the National Association of Realtors, the National Valuation Appraisers Institute, the Mortgage Bankers Association, the Council for Affordable and Rural Housing, the National Affordable Housing Management Association, Appraisal Institute and the Coalition for Affordable Housing Preservation. We appreciate your efforts to address and mitigate those concerns.

As always, we are thankful for your interest in promoting the preservation of the affordable housing stock.

Sincerely,

DENISE R. MURA,
Executive Director.

HR 2589 makes a technical change permitting subordinate debt to be assumable by a nonprofit organization interested in preserving the housing as affordable; HR 2589 permits HUD to consider for Mark to Market certain properties for sale to nonprofits, and tenant groups which had previously not been permitted in the program; HR 2589 requires the Secretary to include, for partially assisted projects owned by non-profit organizations, budget based costs related to the project as a whole, including costs incurred with respect to units not covered by the contract for assistance; and HR 2589 permits Section 229(a)(7), a HUD insurance program ideally suited for Mark to Market projects, more useful for Mark to Market financing.

Thank you for your leadership on this important issue.

Very truly yours,

MICHAEL BODAKEN, Executive Director.


Hon. MICHAEL G. OXLEY, Chairman, Committee on Financial Services, House of Representatives, Washington, DC.

DEAR CHAIRMAN OXLEY: NAHAM is pleased to express its support for H.R. 2589, the Mark-to-Market Extension Act of 2001.

An effective mortgage restructuring program can meet the dual objectives of reducing the cost of section 8 assistance at the time of contract renewal and preserving the existing supply of housing affordable by lower income families. Although we have been disappointed at times by the slow implementation of the mark-to-market program and by some of its short-comings, we believe that reauthorization of the program presents the best opportunity for an orderly restructuring process that protects the interests of owners, residents, communities and the public.

We want to thank you and your staff for considering the needs of the multifamily housing industry in the development of this latest version of H.R. 2589. As currently drafted the bill makes a number of improvements in the mark-to-market program and its administration. We believe that H.R. 2589 will increase the confidence of all stakeholders in the mark-to-market process.

Again, NAHAM thanks you for your leadership on this issue.

Sincerely,

GEORGE C. CARUSO, Executive Director.


The purposes of this Act are: (1) to continue the progress of the Multifamily Housing Assistance Restructuring Act of 1997; (2) to ensure that properties that undergo mortgage restructurings are rehabilitated to a standard allowing them to meet long-term affordability requirements; and that they have adequate reserves for long-term commitments; (3) to ensure that participating properties are operated efficiently and cost-effectively by entities that maintain the properties in good physical and financial condition; (4) to ensure that properties that undergo rent restructuring have adequate resources to maintain the properties in good condition; (5) to ensure that
OMHAR continues to focus on the portfolio of properties eligible for restructuring; (6) that these properties are tracked on an ongoing basis; (7) to ensure that tenant groups, nonprofit organizations, and public entities continue to have the resources and staff capacity of tenant organizations; (8) to encourage OMHAR to continue to provide participating administrative entities with the flexibility to respond to special problems while ensuring consistent outcomes around the country.

**SEC. 3. EFFECTIVE DATE**

Except for sections 106(a)(2) and 303(b), this Act and its amendments take effect on the date of enactment. 

**Title I—Multifamily Housing Mortgage and Assistance Restructuring and Section 8 Contract Renewal**

**SEC. 101. DEFINITIONS**

This section makes some technical changes to section 512 of the Multifamily Assisted Housing reform and Affordability Act of 1997 (42 U.S.C. 1437f) designating “office” as OMHAR.

**SEC. 102. MARK-TO-MARKET PROGRAM AMENDMENTS**

(1) This section amends 514(f)(3) of the Act by requiring HUD to give restructuring grants to tenant groups, tenant-endorsed community-based nonprofits, and public entities for tenant services in projects undergoing restructuring. These grants are available over a two-year period.

514(g)(2) of the Act—Excepting is amended by striking “restructured mortgages in any fiscal year” and inserting “portfolio restructuring agreements”.

516(c) is amended to require section 8 tenants, living in projects that will no longer receive assistance, to be notified at the time of a rejection that a project will no longer participate in the program, and subject to the availability of appropriations, tenants of the project will be given enhanced vouchers and affordable moving expenses.

524(e) is amended by adding that if the owner of a property assisted under the Emergency Low Income Housing Preservation and Redevelopment Act (12 U.S.C. 1750(a)(7)) is an owner of a property in a portfolio restructuring program in order to facilitate the sale or transfer of the property.

517(b)—Restructuring Tools—adds that if a participating administrative entity (PAE) determines that major additions (air-conditioning, elevators, etc.) are required for a property in the mortgage restructuring program, the owner contribution may not exceed 25% of the amount of rehabilitation assistance for this purpose. This applies to all eligible multifamily projects except those that worked out a restructuring plan with HUD before the enactment of this Act. All owners are still required to obtain at least 25% of their rehabilitation costs by preparing and submitting a package of applications in a project's capacity for regular rehabilitation concerns.

512(2)—Look-Back Projects—allows the Secretary to participate in a project as an eligible multifamily housing project if the project is assisted pursuant to a contract for project-based assistance under 8 of the United States Housing Act of 1934 and the renews the authority under section 524 of this act, if the owner consents and the project meets the requirements in this section for eligibility. Essentially, this provision saves money for the Federal tax payers by “look back” and bring properties into the Mark-to-Market (MTM) program after they have already gone through an initial rent comparability review at the discretion of the owner.

517(a)—Second Mortgages—permits second mortgages on participating projects to be restructured if the condition of the project is not consistent with the requirements in this section for eligibility. This provision also allows the Secretary to assign the second mortgage to an organization, such as a non-profit corporation.


513. CONSISTENCY OF ENHANCED VOUCHER ASSISTANCE AND MARK-TO-MARKET RENTS

Requires the Secretary to establish procedures and guidelines that ensure that rent payment standards for enhanced voucher assistance, mark to market and contract renewal are consistent.

514. ELIGIBLE INCLUSIONS FOR RENEWAL RENTS OF PARTIALLY ASSISTED BUILDINGS

Amends section 524(a)(4)(C) to require the Secretary to approve rents under section 8 of the Act that are not up to 35% of the adjusted market rent.

520. ELIGIBILITY OF RESTRUCTURING PROJECTS FOR MISCELLANEOUS HOUSING INSURANCE

Section 222(a)(7) of the National Housing Act (12 U.S.C. 1715u(a)(7)) is amended by including properties undergoing restructuring in FHA’s streamlined refinancing program, and permits restructuring properties to have a refinancing term of up to 30 years.

516. TECHNICAL CORRECTIONS

This section makes technical corrections to the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f) noted above.

**Title II—Office of Multifamily Housing Assistance Restructuring**

**SEC. 201. REAUTHORIZATION OF OFFICE AND EXTENSION OF PROGRAM**

This section extends the Office of Multifamily Housing Assistance Restructuring (OMHAR) for three years and restructures authority for an additional two years. Section 579 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 is amended by repealing Subtitle A, the Mark-to-Market program, (except for section 524) effective October 1, 2006. Subtitle D, OMHAR, is repealed effective October 1, 2004 (except for this section).

Repealing Subtitle A in 2006 terminates HUD’s authority to restructure mortgages after 5 years, though excluding section 524 allows HUD to continue to renew section 8 contracts indefinitely. Repealing Subtitle D in 2004 terminates OMHAR after 3 years.

518. TECHNICAL CORRECTIONS

The Office shall be under the management of a Director, who shall be appointed by the President. The amendment made by subsection (a) shall apply to the first Director of OMHAR appointed under this statute of enactment.

**SEC. 203. VACANCY IN POSITION OF DIRECTOR**

Section 572 is amended to permit the President to appoint a Director of OMHAR within 60 days after the position becomes vacant.

**SEC. 204. OVERSIGHT BY FEDERAL HOUSING COMMISSIONER**

Section 578 is amended by placing overight authority and responsibilities for OMHAR with the Federal Housing Commissioner.

Section 573(b) is amended by requiring the Director of OMHAR to report semi-annually to the Committee on Financial Services regarding his activities, actions and determinations, rather than to the Secretary of HUD.

**SEC. 205. LIMITATION ON SUBSEQUENT EMPLOYMENT**

Section 576 is amended by changing the limitation on subsequent employment from 2 years to 1 year (anti-conflict of interest provision).

**Title III—Miscellaneous Housing Programs**

**SEC. 301. EXTENSION OF CDBG PUBLIC SERVICES CAP EXCEPTION**

Section 105(a)(9) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(a)(9)) is amended by striking “through 2001” and inserting “through 2003”.

**SEC. 302. USE OF SECTION 8 ENHANCED VOUCHERS FOR PREPAYMENTS**

Section 8(c)(2) of the U.S. Housing Act of 1937 (42 U.S.C. 1437f note) is amended to provide a technical correction allowing residents of developments, where the owner prepaid in FY 1996, to be eligible for enhanced vouchers.

**SEC. 303. PREPAYMENT AND REFINANCING OF LOANS FOR SECTION 202 SUPPORTIVE HOUSING**

Section 811 of the American Homeownership and Economic Opportunity Act of 2000 (12 U.S.C. 171aa note) makes technical corrections to allow the program to proceed without advance appropriations and make effective immediately notwithstanding any delay in issuing HUD regulations.

**SEC. 304. TECHNICAL CORRECTION**

This section makes technical corrections to the McKinney—Vento Homeless Assistance Act (42 U.S.C. 13001).
by reducing our section 8 expenditures. However, the statutory authority for mark-to-market activities and for OMHAR is set to expire at the end of this month. As I mentioned, the GAO 1,588 properties have entered the mark-to-market program but only 500 of these properties have completed rent reductions. Thus, over 1,000 properties have yet to have their rents reduced. As most GAO experts anticipated, there will be additional properties that need to go through rent restructuring.

Therefore, Mr. Speaker, it is essential to extend the program at this time. I would note that this legislation is estimated to save over $300 million through the reduction of rents. I would also note that since this bill saves money, there is a reasonable possibility that it will later be attached to the VA/HUD appropriations conference report in order to receive a credit from the savings from this bill. If that occurs, we would urge appropriators to reinvest these savings in affordable housing programs instead of being diverted to other programs as is often the case.

With respect to the specific provisions of the bill, we have struck a balance between giving OMHAR the tools it needs while retaining accountability. We have also included a number of good provisions to further housing affordability including providing technical assistance to tenant groups and increasing flexibility for nonprofits to operate. So in conclusion of my remarks, Mr. Speaker, I am heartened by the bipartisan approach we have developed the first major piece of housing legislation in this Congress. I am urging a "yes" vote.

Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. FRANK), a very distinguished, articulate and dynamic friend of mine. Mr. FRANK. Mr. Speaker, I thank the gentlewoman for yielding me this time. I am currently in the Committee on the Judiciary having hearings on the important question of the anti-terrorism legislation. The gentlewoman from Indiana (Ms. CARSON) graciously agreed to come down and has done a very good job of explaining the bill.

I simply want to note that the gentlewoman is correct. This is bipartisan. It is bicameral. We have worked out something in conjunction with the other party. It is important to note what I think is a duality of these issues. When it comes to how best to use existing resources to preserve housing, we are able to work together. There continues to be differences between the parties on how much we should be putting in additional resources for housing. But once we have come to an agreement by whatever process as to what resources are there, I am very pleased we have been able to work in agreement because I think we are committed to the principle that for the Federal Government to have put money into subsidized housing, to have invited people to come in and live there and then to allow people in economics to drive them out of what have become their homes is simply unacceptable.

We need to have this ongoing commitment to do this. This is part of that ongoing commitment. We can make adjustments that will save government money as well as require us in other instances, in this bill, increases. So I am grateful for this. I do note it, but I note that it does not do away from what I believe and I know what the gentlewoman from Indiana (Ms. CARSON) believes, is the need to put additional resources in this very rich country into the area of housing.

Let me ask the indulgence to say because I know the other bill will be coming. Let me ask the Housing Commission. I also want to express my gratitude to the gentleman from New York (Mr. WALSH), the chairman of the Subcommittee on VA, HUD and Independent Agencies of the Committee on Appropriations because he was helpful in working that out. I am glad we are able to work out the extension and the appropriate staffing.

With that, I will take my leave and let us be guided by the gentlewoman from Indiana; and I will go back to the hearing of the Committee on the Judiciary.


H.R. 2589 will extend authorization of the Office of Multifamily Housing Assistance Restructuring, also known as OMHAR, which is currently a separate office within the Department of Housing and Urban Development (HUD). The authority would extend by three years the office through FY 2004 and extend the Secretary's authority to provide mark-to-market services through FY 2006. We believe that HUD will be provided the special tools necessary to restructure developments that receive both project-based rental section 8 payments and Federal Housing Administration mortgage insurance.

As I understand, the original Act was enacted in 1997 and was designed to curtail exploding section 8 rental costs for units renting at far above the prevailing market rates. Without this Act, section 8 contract renewals could cost up to $77 million. This was for as much as one-third of HUD's future budgets. Because the authorization for this office sunsets September 30th of this year, it is necessary that this bill pass the House today.

The Committee majority and minority staff worked with our Senate counterparts to agree on a legislative solution. Moreover, this Committee worked with the Administration and the Department of Housing and Urban Development to accommodate their concerns. According to the Congressional Budget Office, this compromise language will result in savings of over $307 million dollars.

Mr. Speaker, this is a good bill and deserves favorable House consideration. Housing Subcommittee Chairwoman MARJE ROUKE and Ranking Member BARNEY FRANK are to be commended for their leadership on this bill.

Mr. GREEN of Wisconsin. Mr. Speaker, I yield back the balance of my time.

Ms. CARSON of Indiana. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from Wisconsin (Mr. GREEN) that the House suspend the rules and pass the bill, H.R. 2589, as amended.

The question was taken. The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

MUSCULAR DYSTROPHY COMMUNITY ASSISTANCE, RESEARCH AND EDUCATION AMENDMENTS OF 2001

Mr. BLIRAKIS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 717) to amend the Public Health Service Act to provide for research and services with respect to Duchenne muscular dystrophy, as amended.

The Clerk read as follows:

H.R. 717

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Muscular Dystrophy Community Assistance, Research and Education Amendments of 2001", or the "MD-CARE Act".

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Of the childhood muscular dystrophies, Duchenne Muscular Dystrophy (DMD) is the world's most common and catastrophic form of genetic childhood disease, and is characterized by a rapidly progressive muscle weakness that almost always results in death, usually by 20 years of age.

(2) Duchenne muscular dystrophy is genetically linked, and women are carriers in approximately 70 percent of all cases.

(3) If a female is a carrier of the dystrophin gene, there is a 50 percent chance per birth that her male offspring will have Duchenne muscular dystrophy, and a 50 percent chance per birth that her female offspring will be carriers.

(4) Duchenne is the most common lethal genetic disorder of childhood worldwide, affecting approximately 1 in every 3,500 boys worldwide.

(5) Children with muscular dystrophy exhibit extreme symptoms of weakness, delay in walking, waddling gait, difficulty in climbing stairs,