

Summary of Housing Preservation and Tenant Protection Act of 2008

Based on March 14th 2008 Discussion Draft

Section Title	Summary / Benefit
TITLE I—PRESERVATION OF FEDERALLY FINANCED AND STATE FINANCED AFFORDABLE HOUSING AT RISK OF CONVERSION TO MARKET-RATE HOUSING	
<p>Sec. 101. Conversion of rent supplement and RAP contracts to project-based rental assistance under section 8.</p> <p>Sec. 102. Displacement prevention.</p> <p>Sec. 103. Federal first right of purchase before conversion of multifamily housing.</p> <p>Sec. 104. Preservation project-based voucher assistance in lieu of enhanced voucher assistance.</p> <p>Sec. 105. Preservation of State-financed affordable housing not subsidized by Federal Government.</p> <p>Sec. 106. Conversion of project-based certificates to project-based vouchers.</p> <p>Sec. 107. Protection of State and local preservation laws pre-empted by LIHPRHA.</p> <p>Sec. 108. Preservation of HUD-held and HUD-owned buildings.</p> <p>Sec. 109. Authority for HUD to assign flexible subsidy loans to qualified preservation owners.</p> <p>Sec. 110. Market rents for tax-credit financed housing with project-based voucher assistance.</p>	<ul style="list-style-type: none"> • Prevents impending subsidy cutoff in non-Section 8 programs and creates incentives for owners to continue participating. • Prevents tenant displacement by providing financial incentives for property owners to extend affordability periods, for rehabilitation, or for purchase of at-risk properties by nonprofits. • Provides enhanced vouchers to tenants in assisted properties with maturing mortgages. • Requires owners to provide notice to tenants, HUD, and local governments if affordability will not be continued. • Encourages the long-term preservation of affordable projects by allowing preservation-oriented owners the right to purchase properties prior to any termination of affordability. • Allows use of project-based vouchers in-lieu of enhanced vouchers to maintain project-based assistance when warranted. • Expands scope of existing preservation tools to provide protection and incentives for projects financed by state agencies. • Helps ensure maintenance of project-based assistance, at no cost to the federal government, by converting older certificates into the newer and more flexible voucher program. [Already enacted under separate legislation.] • Clarifies that existing federal law does not expressly or impliedly preempt certain state and local preservation laws. • Extends HUD’s authority, and reinforces HUD’s mandate, to provide financial assistance to preserve assisted properties with HUD-held mortgages or that are HUD-owned. • Encourages transfer of projects to nonprofit preservation purchasers through forgiveness or relief of deferred Flexible Subsidy loans. • Encourages the use of project-based Section 8 vouchers with Low-Income Housing Tax Credit properties.

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TITLE II—RESTORATION OF HOUSING AT RISK OF LOSS DUE TO DETERIORATION	
<p>Sec. 201. Replacement of State housing agency contracts.</p> <p>Sec. 202. Authority to transfer section 8 assistance to other properties.</p> <p>Sec. 203. Building transfers: requirements for purchasers of FHA insured projects and section 8 projects.</p> <p>Sec. 204. Use of interest reduction payments for rehabilitation grants.</p> <p>Sec. 205. Clarification of budget-based rent increases for rehabilitated projects.</p> <p>Sec. 206. Interest reduction payments for section 236 projects experiencing a reduction of units.</p>	<ul style="list-style-type: none"> • Allows for the extension of affordability for at-risk projects financed by state housing finance agencies. [Note: this is similar to certain provisions in §105] • Allows replacement of outdated, physically obsolete or economically non-viable projects with better quality housing, and encourages mixed-income communities by allowing project-based Section 8 contracts to be transferred to multiple other projects. Strengthens and makes permanent existing temporary authority. • Ensures qualified ownership of HUD-insured and subsidized properties. • Encourages HUD to use, and provides a funding source for, existing authority to pool unused subsidy dollars resulting from certain prepayments for rehabilitation in other preservation projects. • Allows rent increases for rehabilitation and preservation in return for extended affordability. • Maintains mortgage subsidy levels in existing projects where preservation requires reduction in unit count.
TITLE III—PROTECTION AND EMPOWERMENT OF RESIDENTS FACING CONVERSION	
<p>Sec. 301. Requirement for owners of converting projects to accept vouchers for all tenants.</p> <p>Sec. 302. Tenant protection voucher to replace lost subsidized units on a 1-for-1 basis.</p> <p>Sec. 303. Ongoing enforcement of housing quality standards.</p> <p>Sec. 304. Third party beneficiary status for residents.</p> <p>Sec. 305. Resident Access to building information.</p> <p>Sec. 306. Transparency Regarding Building Information.</p>	<ul style="list-style-type: none"> • Prevents tenant displacement by conforming enhanced voucher eligibility to pre-conversion standards. • Clearly states a policy to issue enhanced vouchers for all dwelling units lost due to demolition, disposition, or conversion. • Provides HUD with incremental tools to hold owners accountable for achievement of housing quality standards. • Broadens rights for tenants of subsidized housing and provides more consistent treatment for Section 8 contracts and those with mortgages restructured under MAHRA. • Requires owners to provide tenants with information that they need to hold owners and HUD accountable. • Requires HUD to provide the general public with information that they need to hold owners and HUD accountable.
TITLE IV—PRESERVATION OF TROUBLED PROJECTS FACING FORECLOSURE	
<p>Sec. 401. Maintaining affordability through escrowing of rental assistance.</p> <p>Sec. 402. Multifamily housing mortgage foreclosure.</p>	<ul style="list-style-type: none"> • Provides incremental enforcement tools and direction to HUD to ensure that troubled properties are brought up to HUD quality standards, rather than losing subsidies. • Facilitates transfer of assisted mortgages, and non-judicial foreclosure

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<p>Sec. 403. Building acquisition: valuation of physically distressed properties sold by HUD in discount sales.</p> <p>Sec. 404. Investment through up-front grants from General Insurance Fund.</p> <p>Sec. 405. Maintaining project-based assistance for projects disposed of by HUD</p>	<p>authority, to state and local government in order to improve resolution of troubled properties.</p> <ul style="list-style-type: none"> • Requires an industry-standard valuation of distressed properties being sold by HUD to state and local governments for subsequent purchase by nonprofits and other preservation entities. • Repeals a prohibition against certain rehabilitation grants to properties being sold by HUD. • Helps ensure that properties will remain affordable after HUD disposition.
TITLE V—INCENTIVES UNDER MAHRA FOR OWNERS TO MAINTAIN HOUSING AFFORDABILITY	
<p>Sec. 501. Maintaining affordability in preservation project transactions.</p> <p>Sec. 502. Mark-to-market for moderate rehabilitation projects.</p> <p>Sec. 503. Prepayment of FHA mortgages on multifamily housing.</p> <p>Sec. 504. Treatment of second mortgage in transfers to tenant organizations.</p> <p>Sec. 505. Rent adjustments upon subsequent renewals of section 8 contracts.</p> <p>Sec. 506. Budget-based rent adjustments.</p> <p>Sec. 507. Independent appraisal requirement in cases of divergent rent studies.</p> <p>Sec. 508. Extension of housing assistance payment contract.</p> <p>Sec. 509. Otherwise eligible projects.</p> <p>Sec. 510. Period of eligibility for nonprofit debt relief.</p>	<ul style="list-style-type: none"> • Facilitates the continued preservation of properties helped under older preservation programs. • Permits Section 8 Moderate Rehabilitation properties to undergo the Mark-Up to-market process, allowing more reasonable rent levels and therefore helping to prevent loss of these properties from the affordable housing stock. • Modifies prepayment restrictions on nonprofit and certain other owners, facilitating access to equity in certain regulated properties. Some nonprofits would be permitted to use proceeds for their own charitable purposes. • Extends the duration of HUD’s authority to facilitate nonprofit purchases of mark-to-market properties, and enhances the benefits to the nonprofit. • Provides flexibility for continued extension of affordability in projects that have previously renewed contracts. • Clarifies future rent adjustments for certain previously restructured mark-to-market projects, and allows HUD-funded assistance for rehabilitation needs of all previously restructured projects. • Provides a mechanism to resolve differences between HUD and property owners in determining a Section 8 contract’s renewal rents. • Allows owners to obtain longer-term Section 8 contracts at their discretion. • Extends the eligibility for debt restructuring, a helpful preservation tool, on a voluntary basis to certain projects whose rents are not above market levels. • Similar to one provision of §514
TITLE VI—FUNDING FOR TENANT AND OTHER PARTICIPATION AND CAPACITY BUILDING	
<p>Sec. 601. Funding for tenant and other participation and capacity building.</p>	<ul style="list-style-type: none"> • Requires HUD to use existing authority to reinvest in tenant capacity building, and broadens both eligibility and allowable purposes to cover more project types and to encourage improvement of properties in addition to preservation.

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TITLE VII—PRESERVATION DATABASE	
Sec. 701. Preservation database.	<ul style="list-style-type: none"> • Provides consistent information on assisted properties to the public in a user-friendly format. Authorizes, subject to appropriations, grants to state and local governments to make information available. This will help local, regional, and national preservation entities and public agencies to monitor the stock and preserve properties in a more strategic manner.