

At a Glance

H.R. 3620, Strategy and Investment in Rural Housing Preservation Act of 2019

As ordered reported by the House Committee on Financial Services on July 11, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	813	not estimated

Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Authorize the appropriation of \$1 billion over the 2020-2024 period for assistance to owners of housing for farm workers and rural renters
- Authorize the appropriation of \$50 million in 2020 for loan processing technology
- Expand eligibility for rental assistance
- Establish a committee to advise the Department of Agriculture on preserving farm labor and rental housing in rural areas

Estimated budgetary effects would primarily stem from

- Authorizing appropriations for assistance to owners of housing for farm workers and rural renters

Detailed estimate begins on the next page.

Bill Summary

H.R. 3620 would authorize appropriations for owners of rural and farm labor housing that is occupied by low and moderate-income households. CBO estimates that the bill also would authorize the appropriation of rental assistance for properties that are or were previously financed with loans from the Department of Agriculture (USDA).

Estimated Federal Cost

The estimated budgetary effect of H.R. 3620 is shown in Table 1. The costs of the legislation fall within budget function 600 (income security).

Table 1. Estimated Increases in Spending Subject to Appropriation Under H.R. 3620							
	By Fiscal Year, Millions of Dollars						2019-2024
	2019	2020	2021	2022	2023	2024	
Preservation of Multifamily Rental Housing							
Authorization	0	200	200	200	200	200	1,000
Estimated Outlays	0	20	120	200	200	200	740
Technology for Loan Processing							
Authorization	0	50	0	0	0	0	50
Estimated Outlays	0	5	10	20	15	0	50
Rural Rental Assistance							
Estimated Authorization	0	1	3	5	8	13	30
Estimated Outlays	0	*	2	4	6	10	22
Advisory Committee							
Estimated Authorization	0	*	*	*	*	*	1
Estimated Outlays	0	*	*	*	*	*	1
Total Changes							
Estimated Authorization	0	251	203	205	208	213	1,081
Estimated Outlays	0	25	132	224	221	210	813

Components may not sum to totals because of rounding; * = between zero and \$500,000.

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted late in 2019 and that the authorized and estimated amounts will be appropriated each year beginning in 2020. Estimated outlays are based on historical spending patterns for affected or similar programs. CBO estimates that implementing H.R. 3620 would cost \$813 million over the 2019-2024 period.



Preservation of Multifamily Rental Housing

H.R. 3620 would authorize the appropriation of \$200 million in each year over the 2020-2024 period to preserve and revitalize multifamily rental housing. Specifically, the program would allow the Department of Agriculture to restructure loans that finance farm labor or rural rental housing, or provide additional loans to property owners. Owners also could receive financial assistance such as grants from the program. Based on historical spending patterns for similar programs, CBO estimates that implementing the provision would cost \$740 million over the 2020-2024 period and \$260 million after 2024.

Technology for Loan Processing

H.R. 3620 also would authorize the appropriation of \$50 million in 2020 for USDA to improve the technology it uses to process and maintain loans for multifamily housing. Based on historical spending patterns for similar activities, CBO estimates that implementing the provision would cost \$50 million over the 2020-2024 period.

Rural Rental Assistance

Rental assistance contracts require property owners to make units available to low-income households for a specified period; in exchange, property owners receive payments from USDA. Under current law, if a loan matures, the property is no longer eligible for rental assistance. The rental assistance program is not authorized after 2019.

H.R. 3620 would require the Secretary of Agriculture offer to extend the rental assistance contracts of property owners that get loans through the preservation program. The bill also would make property owners who do not extend their loans eligible to extend their rental assistance contracts for a term of 10 years to 20 years. Payments on those contracts would be subject to annual appropriations.

Based on information from USDA, CBO estimates that rental assistance would end for about 300 housing units with maturing mortgages in 2020; that number would increase to about 1,100 units in 2024. Using data from USDA, CBO estimates that the average cost for each unit of rental assistance would be about \$5,200 in 2020. Based on information from USDA and the Government Accountability Office, CBO estimates that about 80 percent of those units would extend their rental assistance contracts under H.R. 3620. On that basis, CBO estimates that implementing this provision would increase spending subject to appropriation by \$22 million over the 2019-2024 period.

Advisory Committee

H.R. 3620 would allow the Secretary of USDA to pay for the travel costs of members of an advisory committee. The committee would have 13 members and would meet four times per year. Based on current per-diem rates and the average cost of airline tickets, and accounting for anticipated inflation, CBO estimates that implementing that section would cost \$1 million over the 2020-2024 period.

**Vouchers**

USDA provides rental vouchers to some households to help pay for their housing. The Congress appropriated \$27 million for vouchers in 2019 but limited eligibility to low-income households that live in rural rental properties with loans that were prepaid after September 30, 2005. The program is permanently authorized and the number of vouchers that USDA funds cannot exceed 5,000 in 2020 or any year thereafter.

H.R. 3620 would make low-income households that live in properties that are or were previously financed with a USDA loan eligible for housing vouchers. Only households living in housing for rural renters or farm laborers would be eligible. Because the bill would leave the cap on those vouchers at 5,000, CBO estimates that implementing the bill would have no cost, even though a new group of households would be eligible for such vouchers.

Pay-As-You-Go Considerations: None.

Increase in Long-Term Deficits: None.

Mandates: None.

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