

103^D CONGRESS
2^D SESSION

H. R. 3793

To provide for the Secretary of Housing and Urban Development to make grants for economic development activities in connection with loan guarantees under section 108 of the Housing and Community Development Act of 1974 to enhance the security of such loans and improve the viability of projects financed with such loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 1994

Mr. RIDGE introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To provide for the Secretary of Housing and Urban Development to make grants for economic development activities in connection with loan guarantees under section 108 of the Housing and Community Development Act of 1974 to enhance the security of such loans and improve the viability of projects financed with such loans, and for other purposes.

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 “Community Enterprise
5 Revitalization Amendments Act”.

1 **SEC. 2. SECTION 108 ELIGIBLE ACTIVITIES.**

2 (a) IN GENERAL.—Section 108(a) of the Housing
3 and Community Development Act of 1974 (42 U.S.C.
4 5308(a)) is amended—

5 (1) in the first sentence—

6 (A) by striking “or” after “section
7 105(a);”; and

8 (B) by inserting before the period the fol-
9 lowing: “; (5) the acquisition, construction, re-
10 construction, or installation of public facilities
11 (except for buildings for the general conduct of
12 government); or (6) in the case of colonias, pub-
13 lic works and site or other improvements”; and

14 (2) by striking the second sentence and insert-
15 ing the following: “A guarantee under this section
16 (including a guarantee combined with a grant under
17 subsection (q)) may be used to assist a grantee in
18 obtaining financing only if the grantee has made ef-
19 forts to obtain the financing without the use of the
20 guarantee (and, if applicable, the grant) and cannot
21 complete the financing consistent with the timely
22 execution of the proposed activities and projects
23 without the guarantee (or, if applicable, the
24 grant).”.

25 (b) DEFINITION.—Section 102(a) of the Housing and
26 Community Development Act of 1974 (42 U.S.C.

1 5302(a)) is amended by adding at the end the following
2 new paragraph:

3 “(24) The term ‘colonia’ means any identifiable
4 community that—

5 “(A) is in the State of Arizona, California,
6 New Mexico, or Texas;

7 “(B) is in the United States-Mexico border
8 region;

9 “(C) is determined to be a colonia on the
10 basis of objective criteria, including lack of po-
11 table water supply, lack of adequate sewage sys-
12 tems, and lack of decent, safe, and sanitary
13 housing; and

14 “(D) was in existence as a colonia before
15 the date of the enactment of the Cranston-Gon-
16 zalez National Affordable Housing Act.”.

17 **SEC. 3. ECONOMIC DEVELOPMENT GRANTS.**

18 (a) IN GENERAL.—Section 108 of the Housing and
19 Community Development Act of 1974 (42 U.S.C. 5308)
20 is amended by adding at the end the following new sub-
21 section:

22 “(q) ECONOMIC DEVELOPMENT GRANTS.—

23 “(1) AUTHORIZATION.—The Secretary may
24 make grants in connection with notes or other obli-
25 gations guaranteed under this section to eligible

1 public entities for the purpose of enhancing the secu-
2 rity of loans guaranteed under this section or im-
3 proving the viability of projects financed with loans
4 guaranteed under this section.

5 “(2) ELIGIBLE ACTIVITIES.—Assistance under
6 this subsection may be used for the purposes of and
7 in conjunction with projects and activities assisted
8 under subsection (a).

9 “(3) APPLICATIONS.—Applications for assist-
10 ance under this subsection shall be submitted by eli-
11 gible public entities in the form and in accordance
12 with the procedures established by the Secretary. El-
13 igible public entities may apply for grants only in
14 conjunction with a request for guarantee under sub-
15 section (a).

16 “(4) SELECTION CRITERIA.—The Secretary
17 shall establish criteria for awarding assistance under
18 this subsection. Such criteria shall include—

19 “(A) the extent of need for such assist-
20 ance;

21 “(B) the level of distress in the community
22 to be served and in the jurisdiction applying for
23 assistance;

1 “(C) the quality of the plan proposed and
2 the capacity or potential capacity of the appli-
3 cant to successfully carry out the plan; and

4 “(D) such other factors as the Secretary
5 determines to be appropriate.”.

6 (b) CONFORMING AMENDMENT.—Title I of the Hous-
7 ing and Community Development Act of 1974 (42 U.S.C.
8 5301 et seq.) is amended—

9 (1) in section 101(c) in the second sentence, by
10 inserting “or a grant” after “guarantee”; and

11 (2) in section 104(b)(3), by inserting “or a
12 grant” after “guarantee”.

13 **SEC. 4. USE OF UDAG RECAPTURES.**

14 Section 119(o) of the Housing and Community De-
15 velopment Act of 1974 (42 U.S.C. 5318(o)) is amended
16 by inserting before the period the following: “, except that
17 amounts available to the Secretary for use under this sub-
18 section as of October 1, 1993, and amounts released to
19 the Secretary pursuant to subsection (t) may, to the extent
20 or in such amounts as are or have been provided in appro-
21 priation Acts, be used to provide grants under section
22 108(q).”.

23 **SEC. 5. UDAG AMNESTY PROGRAM.**

24 (a) AMENDMENT.—Section 119 of the Housing and
25 Community Development Act of 1974 (42 U.S.C. 5318)

1 is amended by adding at the end the following new sub-
2 section:

3 “(t) UDAG AMNESTY PROGRAM.—If a grant or a
4 portion of a grant under this section remains unexpended
5 as of the issuance of a notice implementing this sub-
6 section, the grantee may enter into an agreement, as pro-
7 vided under this subsection, with the Secretary to receive
8 a percentage of the grant amount and relinquish all claims
9 to the balance of the grant within 90 days of the issuance
10 of notice implementing this subsection (or such later date
11 as the Secretary may approve). The Secretary shall not
12 recapture any funds obligated pursuant to this section
13 during a period beginning on the date of enactment of the
14 Housing and Community Development Act of 1993 until
15 90 days after the issuance of a notice implementing this
16 subsection. A grantee may receive as a grant under this
17 subsection—

18 “(1) 33 percent of such unexpended amounts
19 if—

20 “(A) the grantee agrees to expend not less
21 than one-half of the amount received for activi-
22 ties authorized pursuant to section 108(q) and
23 to expend such funds in conjunction with a loan
24 guarantee made under section 108 at least

1 equal to twice the amount of the funds received;
2 and

3 “(B)(i) the remainder of the amount re-
4 ceived is used for economic development activi-
5 ties eligible under title I of this Act; and

6 “(ii) except when waived by the Secretary
7 in the case of a severely distressed jurisdiction,
8 not more than one-half of the costs of activities
9 under subparagraph (B) are derived from such
10 unexpended amounts; or

11 “(2) 25 percent of such unexpended amounts
12 if—

13 “(A) the grantee agrees to expend such
14 funds for economic development activities eligi-
15 ble under title I of this Act; and

16 “(B) except when waived by the Secretary
17 in the case of a severely distressed jurisdiction,
18 not more than one-half of the costs of such ac-
19 tivities are derived from such unexpended
20 amount.”.

21 (b) IMPLEMENTATION.—Notwithstanding section 7,
22 not later than 10 days after the date of enactment of this
23 Act, the Secretary shall, by notice published in the Federal
24 Register, which shall take effect upon publication, estab-

1 lish such requirements as may be necessary to implement
2 the amendments made by this section.

3 **SEC. 6. GUARANTEE OF OBLIGATIONS BACKED BY SECTION**
4 **108 LOANS.**

5 Section 108 of the Housing and Community Develop-
6 ment Act of 1974 (42 U.S.C. 5308), as amended by sec-
7 tion 3, is amended by adding at the end the following new
8 subsection:

9 “(r) GUARANTEE OF OBLIGATIONS BACKED BY SEC-
10 TION 108 LOANS.—

11 “(1) AUTHORIZATION.—The Secretary may,
12 upon such terms and conditions as the Secretary
13 deems appropriate, guarantee the timely payment of
14 the principal of and interest on trust certificates or
15 other obligations that—

16 “(A) are offered by the Secretary, or by
17 any other offeror approved for purposes of this
18 subsection by the Secretary; and

19 “(B) are based on and backed by a trust
20 or pool composed of notes or other obligations
21 guaranteed by the Secretary under this section.

22 “(2) FULL FAITH AND CREDIT OF THE UNITED
23 STATES.—Subsection (f) shall apply to any guaran-
24 tee under this subsection.

1 “(3) SUBROGATION.—If the Secretary pays a
2 claim under a guarantee issued under this section,
3 the Secretary shall be subrogated fully to the rights
4 satisfied by such payment.

5 “(4) POWERS OF THE SECRETARY.—No Fed-
6 eral, State, or local law shall preclude or limit the
7 exercise by the Secretary of—

8 “(A) the power to contract with respect to
9 public offerings and other sales of notes, trust
10 certificates, and other obligations guaranteed
11 under this section upon such terms and condi-
12 tions as the Secretary deems appropriate;

13 “(B) the right to enforce by any means
14 deemed appropriate by the Secretary any such
15 contract; and

16 “(C) the Secretary’s ownership rights, as
17 applicable, in notes, certificates, or other obliga-
18 tions guaranteed under this section, or con-
19 stituting the trust or pool against which trust
20 certificates or other obligations guaranteed
21 under this section are offered.”.

22 **SEC. 7. EFFECTIVE DATE.**

23 The Secretary shall, by notice published in the Fed-
24 eral Register, which shall take effect upon publication, es-
25 tablish such requirements as may be necessary to imple-

1 ment the amendments made by this Act. The notice shall
2 invite public comments and, not later than 12 months
3 after the date on which the notice is published, the Sec-
4 retary shall issue final regulations based on the initial no-
5 tice, taking into account any public comments received.

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