

105TH CONGRESS
1ST SESSION

H. R. 1555

To amend the Housing and Community Development Act of 1974 and the Federal Home Loan Bank Act to authorize Federal Home Loan Banks to make guaranteed advances for community development activities to units of general local government and advances of future community development block grant entitlement amounts, and to expand the community participation requirements relating to community development loan guarantees to include participation of major community stakeholders, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 1997

Mr. FATTAH (for himself, Mr. CONYERS, Ms. JACKSON-LEE of Texas, Mrs. MEEK of Florida, Ms. MCKINNEY, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. NORTON, Mr. PAYNE, Mr. FROST, Mr. RUSH, Mr. CLAY, Mr. DAVIS of Illinois, Mrs. CLAYTON, Mr. BARRETT of Wisconsin, Mr. THOMPSON, Mr. FORD, Mr. JEFFERSON, Ms. CARSON, Mr. BLUMENAUER, Mr. GEPHARDT, Mr. CLYBURN, Mr. SHAYS, Mr. HASTINGS of Florida, Ms. DEGETTE, Mr. DELLUMS, Mr. FILNER, Mr. MARTINEZ, Mr. EVANS, Mr. BORSKI, Mr. HILLIARD, Mr. MASCARA, Mr. FALEOMAVAEGA, Mr. WAXMAN, Ms. KILPATRICK, Mr. FOGLIETTA, Mr. COYNE, Mr. BROWN of California, Mr. LEWIS of Georgia, Ms. CHRISTIAN-GREEN, Mr. FLAKE, Ms. KAPTUR, Mr. ALLEN, Mr. TOWNS, Ms. WATERS, Mr. SNYDER, and Mr. RANGEL) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To amend the Housing and Community Development Act of 1974 and the Federal Home Loan Bank Act to authorize Federal Home Loan Banks to make guaranteed advances for community development activities to units of general local government and advances of future com-

munity development block grant entitlement amounts, and to expand the community participation requirements relating to community development loan guarantees to include participation of major community stakeholders, 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 “American Cities In-
5 vestment Act of 1997”.

6 **SEC. 2. COMMUNITY DEVELOPMENT LOAN GUARANTEES.**

7 (a) ADVANCES FROM FEDERAL HOME LOAN
8 BANKS.—Section 108 of the Housing and Community De-
9 velopment Act of 1974 (42 U.S.C. 5308) is amended by
10 adding at the end the following new subsection:

11 “(s) AUTHORITY TO GUARANTEE ADVANCES FROM
12 FEDERAL HOME LOAN BANKS.—

13 “(1) LIMITATION ON MAXIMUM OUTSTANDING
14 LOAN GUARANTEES.—Notwithstanding any other
15 provision of this section, the maximum aggregate
16 outstanding amount of notes and obligations of a
17 single issuer guaranteed under this section shall be
18 an amount determined by the Secretary based on the
19 amount of the grant approval for the issuer under
20 section 106 or 107, the fiscal condition of the issuer,
21 and the potential return on investment of the

1 projects to be undertaken with the proceeds of such
2 notes and obligations, but may not in any case ex-
3 ceed the discounted present value of the grants that
4 the issuer would receive over a period not to exceed
5 20 years if the issuer's annual grant amount over
6 such period were equal to 80 percent of the current
7 grant approval for the issuer. The amount of an ad-
8 vance guaranteed under paragraph (2) shall be in-
9 cluded in the aggregate outstanding amount of notes
10 and loans for purposes of the limitation under this
11 paragraph.

12 “(2) SECURITY.—The Secretary may use any
13 authority provided for guaranteed loans authorized
14 by this section to guarantee advances made under
15 section 10b(c) of the Federal Home Loan Bank Act,
16 but only if the unit of general local government for
17 the eligible public entity or designated public agency
18 to which the advance is made pledges any grants to
19 which it becomes eligible under this title as security
20 for repayment of the advance.”

21 (b) STAKEHOLDER PARTICIPATION.—Section 108 of
22 the Housing and Community Development Act of 1974
23 (42 U.S.C. 5308) is amended by adding after subsection
24 (s), as added by subsection (a) of this section, the follow-
25 ing new subsection:

1 “(t) STAKEHOLDER PARTICIPATION.—

2 “(1) REQUIREMENT.—For the purposes of the
3 development of activities to be funded under this
4 section, the community participation requirements of
5 section 104(a) shall be expanded to include partici-
6 pation of major stakeholders. Such stakeholders may
7 include, but not be limited to the representatives of
8 the following community interests:

9 “(A) Business.

10 “(B) Banking.

11 “(C) Education.

12 “(D) Public health and safety.

13 “(E) Labor.

14 “(F) Arts, cultural, religious, philan-
15 thropic, professional, and civic organizations.

16 “(2) DEFINITION.—For purposes of this sub-
17 section, the term ‘stakeholder’ means a public or pri-
18 vate organizational entity whose future well-being
19 depends upon the applicant’s continued social and
20 economic viability.”.

21 **SEC. 3. FEDERAL HOME LOAN BANK ADVANCES.**

22 Section 10b of the Federal Home Loan Bank Act (12
23 U.S.C. 1430b) is amended by adding at the end the follow-
24 ing new subsections:

1 “(c) ADVANCES TO UNITS OF LOCAL GOVERNMENT
2 FOR COMMUNITY DEVELOPMENT PURPOSES.—A Federal
3 Home Loan Bank may make advances to an metropolitan
4 city or urban county (as such terms are defined in section
5 102) of the Housing and Community Development Act of
6 1974) or a public agency designated by a metropolitan city
7 or urban county in the same manner provided for advances
8 to nonmember mortgagees under this section, except that
9 advances under this subsection shall not be subject to the
10 requirements under this section regarding security, but
11 may be made only—

12 “(1) pursuant to a guarantee provided under
13 section 108(s)(2) of the Housing and Community
14 Development Act of 1974; or

15 “(2) in accordance with subsection (d).

16 “(d) 3-YEAR ADVANCES OF CDBG ENTITLEMENT
17 GRANT AMOUNTS.—

18 “(1) AUTHORITY.—An advance by a Federal
19 Home Loan Bank made in accordance with this sub-
20 section in any fiscal year may be made only to a
21 metropolitan city or urban county that—

22 “(A) receives grant amounts under sub-
23 section (b) or (d) of section 106 of the Housing
24 and Community Development Act of 1974 for
25 such fiscal year;

1 “(B) includes, in its statement under sec-
2 tion 104 of such Act of community development
3 objectives and projected use of funds, the infor-
4 mation required under paragraph (3);

5 “(C) agrees to use such funds only for ex-
6 traordinary or pressing community development
7 needs, in accordance with the statement under
8 paragraph (3).

9 “(2) USE OF ADVANCES.—

10 “(A) IN GENERAL.—Amounts from an ad-
11 vance under this subsection may be used only
12 for eligible activities under section 105 of the
13 Housing and Community Development Act of
14 1974 to meet extraordinary or pressing commu-
15 nity development needs of a non- or infre-
16 quently recurring nature that—

17 “(i) require amounts greater than the
18 annual block grant amounts provided
19 under title I of the Housing and Commu-
20 nity Development Act of 1974 to the met-
21 ropolitan city or urban county; and

22 “(ii) cannot be funded with other
23 amounts available to the city or county.

24 “(B) PROHIBITION OF SUBSTITUTION OF
25 FUNDS.—A metropolitan city or urban county

1 may use amounts received from an advance
2 under this subsection only to supplement and,
3 to the extent practical, increase the level of
4 funds that would, in the absence of the ad-
5 vance, be available to the city or county from
6 other Federal and non-Federal sources for the
7 activities for which the advance is used, and in
8 no case may such funds be used so as to sup-
9 plant funds from Federal or non-Federal
10 sources.

11 “(3) STATEMENT OF COMMUNITY DEVELOP-
12 MENT OBJECTIVES.—The information required
13 under this paragraph is information that—

14 “(A) describes the projected use of the
15 funds received in the advance under this sub-
16 section and the proposed community develop-
17 ment activities to be conducted with such
18 amounts;

19 “(B) explains why such activities comply
20 with the requirements under paragraph (2)(A);

21 “(C) sets forth a business plan for using
22 such funds and conducting such activities; and

23 “(D) certifies that the metropolitan city or
24 urban county is not violating the prohibition
25 under paragraph (2)(B).

1 “(4) AMOUNT.—The amount of an advance
2 made under this subsection in any fiscal year to any
3 metropolitan city or urban county may not exceed 3
4 times the amount of the grant under subsection (b)
5 or (d) (as applicable) of section 106 of the Housing
6 and Community Development Act of 1974 made to
7 such city or county for such fiscal year. Any advance
8 shall be in addition to the grant under section 106
9 of such Act for the city or county for the fiscal year
10 in which the advance is made.

11 “(5) REPAYMENT.—Notwithstanding any other
12 provision of title I of the Housing and Community
13 Development Act of 1974, a metropolitan city or
14 urban county that receives an advance under this
15 subsection shall be subject to the following provi-
16 sions:

17 “(A) DIRECT REPAYMENT OF GRANT
18 AMOUNTS TO FEDERAL HOME LOAN BANK DUR-
19 ING PERIOD OF INELIGIBILITY.—For each fiscal
20 year after the year in which the advance was
21 made, the Secretary of Housing and Urban De-
22 velopment shall pay directly to the Federal
23 Home Loan Bank that made the advance (out
24 of any amounts appropriated for grants under
25 section 106 of the Housing and Community De-

1 velopment Act of 1974) any grant amounts that
2 are allocated under such section for such city or
3 county (and would otherwise be made available
4 to the city or county in the form of a grant
5 under title I of such Act) until the sum of the
6 amounts repaid to the Bank pursuant to this
7 subparagraph for the city or county is equal to
8 the amount of the advance.

9 “(B) INELIGIBILITY FOR ENTITLEMENT
10 GRANTS.—Such city or county may not be pro-
11 vided any grant under section 106 of such Act
12 from amounts allocated under such section 106
13 for such city or county for any fiscal year oc-
14 curring after the fiscal year in which such ad-
15 vance is made, until the first fiscal year that
16 the sum of the amounts repaid to the Bank
17 pursuant to subparagraph (A) is equal to the
18 amount the advance.

19 “(C) GRANT AMOUNT DURING FIRST YEAR
20 OF RENEWED ELIGIBILITY.—For the first fiscal
21 year after an advance under this subsection is
22 made that such city or county is eligible under
23 subparagraph (B) to receive any grant amounts
24 under section 106 of the Housing and Commu-
25 nity Development Act of 1974, the amount of

1 a grant under such section 106 for such city or
2 county shall not exceed the difference be-
3 tween—

4 “(i) the total amount allocated under
5 such section 106 for such city or county
6 for such fiscal year; and

7 “(ii) the amount by which the advance
8 exceeds the sum of the amounts repaid
9 pursuant to subparagraph (A) to the Bank
10 for such city or county in preceding fiscal
11 years occurring after the year in which the
12 advance was made.

13 “(6) INELIGIBILITY FOR ADVANCES.—A metro-
14 politan city or urban county that receives an ad-
15 vance under this subsection shall not be eligible to
16 receive a subsequent advance under this subsection
17 until the first fiscal year commencing after the fiscal
18 year in which the final payment to the Bank making
19 the advance is made pursuant to paragraph (5)(A)
20 to repay the advance for the city or county.”.

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