

106TH CONGRESS
2D SESSION

H. R. 5255

To amend the National Housing Act to authorize the Secretary of Housing and Urban Development to make grants to hospitals with mortgages insured under such Act for conversion and re-utilization of excess capacity.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 2000

Mr. LAFALCE introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To amend the National Housing Act to authorize the Secretary of Housing and Urban Development to make grants to hospitals with mortgages insured under such Act for conversion and re-utilization of excess capacity.

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 “FHA-Insured Hospital
5 Conversion and Re-Utilization Act”.

1 **SEC. 2. GRANTS FOR FHA-INSURED HOSPITALS.**

2 Section 242 of the National Housing Act (12 U.S.C.
3 1715z-7) is amended by adding at the end the following
4 new subsections:

5 “(i) GRANTS FOR HOSPITAL CONVERSION AND RE-
6 UTILIZATION.—

7 “(1) IN GENERAL.—To the extent amounts are
8 made available for grants under this subsection, the
9 Secretary may make grants in accordance with this
10 subsection to owners of eligible hospitals under para-
11 graph (3) for use only for carrying out activities de-
12 signed to convert hospitals (or portions thereof) to
13 facilities described in paragraph (4).

14 “(2) FORM AND USE OF GRANTS.—Grants
15 under this subsection may be made only in the fol-
16 lowing forms for the following uses:

17 “(A) CAPITAL GRANTS.—In the form of a
18 capital grant for use only for the capital costs
19 of conversion activities.

20 “(B) INTEREST SUBSIDIES.—In the form
21 of periodic payments of interest subsidies in
22 connection with any loan made to finance such
23 conversion activities.

24 “(3) ELIGIBLE HOSPITALS.—An eligible hos-
25 pital under this paragraph is a hospital that—

1 “(A) is subject to a mortgage that is in-
2 sured under this section;

3 “(B)(i) is located in an area that the Sec-
4 retary determines has excess hospital capacity;
5 or

6 “(ii) would, in the determination of the
7 Secretary, improve its financial soundness as a
8 result of the proposed conversion and re-utiliza-
9 tion activities; and

10 “(C) has submitted an application to the
11 Secretary for a grant under this subsection,
12 which has been approved by the Secretary.

13 “(4) ELIGIBLE HEALTH CARE FACILITIES.—
14 The Secretary shall determine, for purposes of this
15 subsection, the types of facilities providing health
16 care and supportive housing for elderly persons and
17 families to which hospitals (or portions thereof) may
18 be converted using grant amounts under this sub-
19 section. Such facilities shall include assisted living
20 facilities, nursing homes, supportive housing for the
21 elderly, and any other facilities that the Secretary
22 considers appropriate.

23 “(5) APPLICATIONS.—The Secretary shall pro-
24 vide for owners of eligible hospitals under paragraph
25 (3) to submit to the Secretary applications for

1 grants under this subsection in such form and in ac-
2 cordance with such procedures as the Secretary shall
3 provide. An application shall contain—

4 “(A) a description of the proposed conver-
5 sion activities for which a grant under this sub-
6 section is requested and the type of facility to
7 be established by such activities;

8 “(B) a statement of the amount of the
9 grant requested for such conversion activities;

10 “(C) a description of the resources that are
11 expected to be made available, if any, in con-
12 junction with the grant under this subsection;
13 and

14 “(D) such other information or certifi-
15 cations that the Secretary determines to be nec-
16 essary or appropriate.

17 “(6) SELECTION CRITERIA.—The Secretary
18 shall select applications for grants under this sub-
19 section based upon selection criteria, which shall be
20 established by the Secretary and shall include—

21 “(A) the extent to which the conversion is
22 likely to meet health care and supportive hous-
23 ing needs in the local community in which the
24 hospital (or portion thereof) to be converted is
25 located;

1 “(B) the inability of the applicant to fund
2 the conversion activities from existing financial
3 resources, as evidenced by the applicant’s finan-
4 cial records;

5 “(C) the extent to which the applicant has
6 evidenced community support for the conver-
7 sion, by such indicators as letters of support
8 from the local community for the conversion
9 and financial contributions from public and pri-
10 vate sources;

11 “(D) the capability of the applicant of pro-
12 viding for the sound operation of the proposed
13 facility; and

14 “(E) such other criteria as the Secretary
15 determines to be appropriate to ensure that
16 amounts made available for grants under this
17 subsection are used effectively.

18 “(7) TREATMENT OF MORTGAGE INSURANCE.—
19 Notwithstanding any provision of this section or of
20 any contract for mortgage insurance provided pursu-
21 ant to this section, an eligible hospital (or a portion
22 thereof) under paragraph (3) that is subject to a
23 mortgage insured pursuant to this section may be
24 converted using grant amounts under this sub-
25 section. The Secretary shall provide for the uninter-

1 rupted continuation of the mortgage insurance cov-
2 erage for the hospital that is subject to the conver-
3 sion activities for the duration of the original term
4 of the mortgage insurance contract.

5 “(8) DEFINITIONS.—For the purposes of this
6 subsection:

7 “(A) ASSISTED LIVING FACILITY; NURSING
8 HOME.—The terms ‘assisted living facility’ and
9 ‘nursing home’ have the meanings given such
10 terms in section 232(b) (12 U.S.C. 1715w(b)).

11 “(B) OTHERS.—The definitions in section
12 202(k) of the Housing Act of 1959 (12 U.S.C.
13 1701q(k)) shall apply.

14 “(9) FUNDING.—Amounts shall be available for
15 grants under this subsection as provided in sections
16 519(g) and 205(i).

17 “(j) GRANTS FOR HOSPITAL DEBT SERVICE ASSIST-
18 ANCE.—

19 “(1) IN GENERAL.—To the extent amounts are
20 made available for grants under this subsection, the
21 Secretary may make grants in accordance with this
22 subsection to owners of eligible hospitals under para-
23 graph (2) for use only to assist in paying debt serv-
24 ice on debt insured under this section. Grants under

1 this section shall be made only in the form of peri-
2 odic payments of interest subsidies.

3 “(2) ELIGIBLE HOSPITALS.—An eligible hos-
4 pital under this paragraph is a hospital that—

5 “(A) is subject to a mortgage that is in-
6 sured under this section;

7 “(B) in the determination of the Secretary,
8 is in a distressed financial condition; and

9 “(C) has submitted an application to the
10 Secretary for a grant under this subsection, as
11 the Secretary shall require, which has been ap-
12 proved by the Secretary.

13 “(3) FUNDING.—Amounts shall be available for
14 grants under this subsection as provided in sections
15 519(g) and 205(i).”.

16 **SEC. 3. FUNDING OF GRANTS FROM GENERAL INSURANCE**
17 **FUND SURPLUS.**

18 Section 519 of the National Housing Act (12 U.S.C.
19 1735c) is amended by adding at the end the following new
20 subsection:

21 “(g) AVAILABILITY OF AMOUNTS FOR HOSPITAL
22 CONVERSION GRANTS.—

23 “(1) IN GENERAL.—The amount of any nega-
24 tive credit subsidy that is determined for any fiscal
25 year, for purposes of title V of the Congressional

1 Budget Act of 1974 (2 U.S.C. 661 et seq.), and is
2 attributable to the programs referred to in para-
3 graph (2) shall be considered to be new budget au-
4 thority and shall be available, without fiscal year
5 limitation, for grants under subsections (i) and (j) of
6 section 242.

7 “(2) COVERED PROGRAMS.—The programs re-
8 ferred to in this paragraph are the programs under
9 this Act for insurance of mortgages and loans that,
10 on page 515 of the Appendix to the Budget of the
11 United States Government, Fiscal Year 2001 (H.
12 Doc. 106–162, Vol. II), in the table entitled ‘Sum-
13 mary of Loan Levels, Subsidy Budget Authority and
14 Outlays by Program’, are classified under budget ac-
15 count number 86–0200–0–1–371 and are referred to
16 as ‘FHA Full Insurance for Health Care Facilities
17 (plus 241/232)’, ‘Health Care Refinances’, and ‘Hos-
18 pitals’.”.

19 **SEC. 4. FUNDING OF GRANTS FROM MUTUAL MORTGAGE**
20 **INSURANCE FUND SURPLUS.**

21 Section 205 of the National Housing Act (12 U.S.C.
22 1711) is amended—

23 (1) in subsection (e), by inserting “or for use
24 for grants pursuant to subsection (i)” before the
25 comma;

1 (2) in subsection (h)(1), by inserting “may not
2 make grants pursuant to subsection (i),” after the
3 4th comma; and

4 (2) by adding at the end the following new sub-
5 section:

6 “(i) AVAILABILITY OF SURPLUS AMOUNTS FOR HOS-
7 PITAL CONVERSION GRANTS.—Any amounts in the Mu-
8 tual Mortgage Insurance Fund that are determined by the
9 Secretary to be surplus to the amount required to meet
10 the operational goals under subsection (h)(2) shall be
11 available, without fiscal year limitation, for grants under
12 subsections (i) and (j) section 242.”.

○