

108TH CONGRESS
1ST SESSION

S. 811

AN ACT

To support certain housing proposals in the fiscal year 2003 budget for the Federal Government, including the down-payment assistance initiative under the HOME Investment Partnership Act, 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,*

1 **SECTION 1. TABLE OF CONTENTS.**

2 The table of contents for this Act is as follows:

Sec. 1. Table of contents.

TITLE I—DOWNPAYMENT ASSISTANCE

Sec. 101. Short title.

Sec. 102. Downpayment assistance initiative.

TITLE II—INTERGENERATIONAL HOUSING ASSISTANCE

Sec. 201. Short title.

Sec. 202. Definitions.

Sec. 203. Demonstration program for elderly housing for intergenerational families.

Sec. 204. Training for HUD personnel regarding grandparent-headed and relative-headed families issues.

Sec. 205. Study of housing needs of grandparent-headed and relative-headed families.

TITLE III—ADJUSTABLE RATE SINGLE FAMILY MORTGAGES AND
LOAN LIMIT ADJUSTMENTS

Sec. 301. Hybrid arms.

Sec. 302. FHA multifamily loan limit adjustments.

TITLE IV—HOPE VI PROGRAM REAUTHORIZATION

Sec. 401. Short title.

Sec. 402. Hope VI program reauthorization.

Sec. 403. Hope VI grants for assisting affordable housing through main street projects.

TITLE V—COMMUNITY DEVELOPMENT BLOCK GRANTS

Sec. 501. Funding for insular areas.

3 **TITLE I—DOWNPAYMENT**
4 **ASSISTANCE**

5 **SEC. 101. SHORT TITLE.**

6 This title may be cited as the “American Dream
7 Downpayment Act”.

8 **SEC. 102. DOWNPAYMENT ASSISTANCE INITIATIVE.**

9 (a) DOWNPAYMENT ASSISTANCE INITIATIVE.—Sub-
10 title E of title II of the Cranston-Gonzalez National Af-

1 affordable Housing Act (42 U.S.C. 12821) is amended to
 2 read as follows:

3 **“Subtitle E—Other Assistance**

4 **“SEC. 271. DOWNPAYMENT ASSISTANCE INITIATIVE.**

5 “(a) DEFINITIONS.—In this section:

6 “(1) DOWNPAYMENT ASSISTANCE.—The term
 7 “downpayment assistance” means assistance to help
 8 a family acquire a principal residence.

9 “(2) HOME REPAIRS.—The term “home re-
 10 pairs” means capital improvements or repairs that—

11 “(A) are identified in an appraisal or home
 12 inspection completed in conjunction with a
 13 home purchase; or

14 “(B) are completed within 1 year of the
 15 purchase of a home, and are necessary to bring
 16 the housing into compliance with health and
 17 safety housing codes of the unit of general local
 18 government in which the housing is located, in-
 19 cluding the remediation of lead paint or other
 20 home health hazards.

21 “(3) PARTICIPATING JURISDICTION.—The term
 22 “participating jurisdiction” means a State or unit of
 23 general local government designated under section
 24 216.

1 “(4) STATE.—The term “State” means any
2 State of the United States and the District of Co-
3 lumbia.

4 “(b) GRANT AUTHORITY.—The Secretary may award
5 grants to participating jurisdictions to assist low-income
6 families to achieve homeownership, in accordance with this
7 section.

8 “(c) ELIGIBLE ACTIVITIES.—

9 “(1) IN GENERAL.—

10 “(A) DOWNPAYMENT ASSISTANCE.—Sub-
11 ject to subparagraph (B), grants awarded under
12 this section may be used only for downpayment
13 assistance toward the purchase of single family
14 housing (including 1 to 4 unit family dwelling
15 units, condominium units, cooperative units,
16 and manufactured housing units which are lo-
17 cated on land which is owned by the manufac-
18 tured housing unit owner, owned as a coopera-
19 tive, or is subject to a leasehold interest with a
20 term equal to at least the term of the mortgage
21 financing on the unit, and manufactured hous-
22 ing lots) by low-income families who are first-
23 time home-buyers.

24 “(B) HOME REPAIRS.—Not more than 20
25 percent of the grant funds provided under sub-

1 section (d) to a participating jurisdiction may
2 be used to provide assistance to low-income,
3 first-time home-buyers for home repairs.

4 “(2) LIMITATIONS.—

5 “(A) AMOUNT OF ASSISTANCE.—The
6 amount of assistance provided to any low-in-
7 come families under paragraph (1) shall not ex-
8 ceed the greater of—

9 “(i) 6 percent of the purchase price of
10 a single family housing unit; or

11 “(ii) \$10,000.

12 “(B) PARTICIPATION.—A participating ju-
13 risdiction may not use any amount of a grant
14 awarded under this section to provide funding
15 to an entity or organization that provides down-
16 payment assistance if the activities of that enti-
17 ty or organization are financed in whole or in
18 part, directly or indirectly, by contributions,
19 service fees, or other payments from the sellers
20 of housing.

21 “(d) FORMULA ALLOCATION.—

22 “(1) IN GENERAL.—For each fiscal year, the
23 Secretary shall allocate any amounts made available
24 for assistance under this section to each State that
25 is a participating jurisdiction in an amount equal to

1 a percentage of the total allocation that is equal to
2 the percentage of the national total of low-income
3 households residing in rental housing in the State,
4 as determined on the basis of the most recent census
5 data compiled by the Bureau of the Census.

6 “(2) PARTICIPATING JURISDICTIONS OTHER
7 THAN STATES.—

8 “(A) IN GENERAL.—Subject to subpara-
9 graph (B), for each fiscal year, of the amount
10 allocated to each State under paragraph (1),
11 the Secretary shall further allocate from such
12 amount to each participating jurisdiction lo-
13 cated within such State an amount equal to the
14 percentage of the allocation made to the State
15 under paragraph (1) that is equal to the per-
16 centage of the State-wide total of low-income
17 households residing in rental housing in such
18 participating jurisdiction, as determined on the
19 basis of the most recent census data compiled
20 by the Bureau of the Census.

21 “(B) LIMITATION.—

22 “(i) IN GENERAL.—Direct allocations
23 made under subparagraph (A) shall be
24 made to a local participating jurisdiction
25 only if—

1 “(I) the participating jurisdiction
2 has a total population of 150,000 in-
3 dividuals or more, as determined on
4 the basis of the most recent census
5 data compiled by the Bureau of the
6 Census; or

7 “(II) the participating jurisdic-
8 tion would receive an allocation of
9 \$50,000 or more.

10 “(ii) REVERSION.—Any allocation
11 that would have otherwise been made to a
12 participating jurisdiction that does not
13 meet the requirements of clause (i) shall
14 revert back to the State in which the par-
15 ticipating jurisdiction is located.

16 “(e) REALLOCATION.—If any amounts allocated to a
17 participating jurisdiction under this section become avail-
18 able for reallocation, the amounts shall be reallocated to
19 other participating jurisdictions in accordance with sub-
20 section (d).

21 “(f) APPLICABILITY OF OTHER PROVISIONS.—

22 “(1) IN GENERAL.—Except as otherwise pro-
23 vided in this section, grants made under this section
24 shall not be subject to the provisions of this title.

1 “(2) APPLICABLE PROVISIONS.—In addition to
2 the requirements of this section, grants made under
3 this section shall be subject to the provisions of title
4 I, sections 215(b), 218, 219, 221, 223, 224, and
5 226(a) of subtitle A of this title, and subtitle F of
6 this title.

7 “(3) REFERENCES.—In applying the require-
8 ments of subtitle A referred to in paragraph (2)—

9 “(A) any references to funds under subtitle
10 A shall be considered to refer to amounts made
11 available for assistance under this section; and

12 “(B) any references to funds allocated or
13 reallocated under section 217 or 217(d) shall be
14 considered to refer to amounts allocated or re-
15 allocated under subsection (d) or (e) of this sec-
16 tion, respectively.

17 “(g) HOUSING STRATEGY.—To be eligible to receive
18 a grant under this section in any fiscal year, a partici-
19 pating jurisdiction shall include in its comprehensive hous-
20 ing affordability strategy developed under section 105 of
21 the Cranston-Gonzalez National Affordable Housing Act
22 (42 U.S.C. 12705) for such fiscal year—

23 “(1) a description of the anticipated use of any
24 grant received under this section;

1 “(2) a plan for conducting targeted outreach to
2 residents and tenants of public housing, trailer
3 parks, and manufactured housing, and to other fam-
4 ilies assisted by public housing agencies, for the pur-
5 pose of ensuring that grant amounts provided under
6 this section to a participating jurisdiction are used
7 for downpayment assistance for such residents, ten-
8 ants, and families; and

9 “(3) a description of the actions to be taken to
10 ensure the suitability of families receiving downpay-
11 ment assistance under this section to undertake and
12 maintain homeownership.

13 “(h) REPORT.—Not later than June 30, 2006, the
14 Comptroller General of the United States shall submit a
15 report containing a State-by-State analysis of the impact
16 of grants awarded under this section to—

17 “(1) the Committee on Banking, Housing, and
18 Urban Affairs of the Senate; and

19 “(2) the Committee on Financial Services of
20 the House of Representatives.

21 “(i) SUNSET.—The Secretary shall have no authority
22 to make grants under this Act after December 31, 2007.

23 “(j) RELOCATION ASSISTANCE AND DOWNPAYMENT
24 ASSISTANCE.—The Uniform Relocation Assistance and
25 Real Property Acquisition Policies Act of 1970 (84 Stat.

1 1894) shall not apply to downpayment assistance under
2 this section.

3 “(k) AUTHORIZATION OF APPROPRIATIONS.—There
4 is authorized to be appropriated to carry out this section
5 \$200,000,000 for each of fiscal years 2004 through
6 2007.”.

7 **TITLE II—INTERGENERATIONAL** 8 **HOUSING ASSISTANCE**

9 **SEC. 201. SHORT TITLE.**

10 This title may be cited as the “Living Equitably:
11 Grandparents Aiding Children and Youth Act of 2003”
12 or the “LEGACY Act of 2003”.

13 **SEC. 202. DEFINITIONS.**

14 In this title:

15 (1) CHILD.—The term “child” means an indi-
16 vidual who—

17 (A) is not attending school and is not more
18 than 18 years of age; or

19 (B) is attending school and is not more
20 than 19 years of age.

21 (2) COVERED FAMILY.—The term “covered
22 family” means a family that—

23 (A) includes a child; and

24 (B) has a head of household who is—

1 (i) a grandparent of the child who is
2 raising the child; or

3 (ii) a relative of the child who is rais-
4 ing the child.

5 (3) ELDERLY PERSON.—The term “elderly per-
6 son” has the same meaning as in section 202(k) of
7 the Housing Act of 1959 (12 U.S.C. 1701q(k)).

8 (4) GRANDPARENT.—

9 (A) IN GENERAL.—The term “grand-
10 parent” means, with respect to a child, an indi-
11 vidual who is a grandparent or stepgrandparent
12 of the child by blood or marriage, regardless of
13 the age of such individual.

14 (B) CASE OF ADOPTION.—In the case of a
15 child who was adopted, the term includes an in-
16 dividual who, by blood or marriage, is a grand-
17 parent or stepgrandparent of the child as
18 adopted.

19 (5) INTERGENERATIONAL DWELLING UNIT.—
20 The term “intergenerational dwelling unit” means a
21 qualified dwelling unit that is reserved for occupancy
22 only by an intergenerational family.

23 (6) INTERGENERATIONAL FAMILY.—The term
24 “intergenerational family” means a covered family

1 that has a head of household who is an elderly per-
2 son.

3 (7) PRIVATE NONPROFIT ORGANIZATION.—The
4 term “private nonprofit organization” has the same
5 meaning as in section 202(k) of the Housing Act of
6 1959 (12 U.S.C. 1701q(k)).

7 (8) QUALIFIED DWELLING UNIT.—The term
8 “qualified dwelling unit” means a dwelling unit
9 that—

10 (A) has not fewer than 2 separate bed-
11 rooms;

12 (B) is equipped with design features ap-
13 propriate to meet the special physical needs of
14 elderly persons, as needed; and

15 (C) is equipped with design features appro-
16 priate to meet the special physical needs of
17 young children, as needed.

18 (9) RAISING A CHILD.—The term “raising a
19 child” means, with respect to an individual, that the
20 individual—

21 (A) resides with the child; and

22 (B) is the primary caregiver for the
23 child—

24 (i) because the biological or adoptive
25 parents of the child do not reside with the

1 child or are unable or unwilling to serve as
2 the primary caregiver for the child; and

3 (ii) regardless of whether the indi-
4 vidual has a legal relationship to the child
5 (such as guardianship or legal custody) or
6 is caring for the child informally and has
7 no such legal relationship with the child.

8 (10) RELATIVE.—

9 (A) IN GENERAL.—The term “relative”
10 means, with respect to a child, an individual
11 who—

12 (i) is not a parent of the child by
13 blood or marriage; and

14 (ii) is a relative of the child by blood
15 or marriage, regardless of the age of the
16 individual.

17 (B) CASE OF ADOPTION.—In the case of a
18 child who was adopted, the term “relative” in-
19 cludes an individual who, by blood or marriage,
20 is a relative of the family who adopted the
21 child.

22 (11) SECRETARY.—The term “Secretary”
23 means the Secretary of Housing and Urban Develop-
24 ment.

1 **SEC. 203. DEMONSTRATION PROGRAM FOR ELDERLY HOUS-**
2 **ING FOR INTERGENERATIONAL FAMILIES.**

3 (a) DEMONSTRATION PROGRAM.—The Secretary
4 shall carry out a demonstration program (referred to in
5 this section as the “demonstration program”) to provide
6 assistance for intergenerational dwelling units for
7 intergenerational families in connection with the sup-
8 portive housing program under section 202 of the Housing
9 Act of 1959 (12 U.S.C. 1701q).

10 (b) INTERGENERATIONAL DWELLING UNITS.—The
11 Secretary shall provide assistance under this section only
12 to private nonprofit organizations selected under sub-
13 section (d) for use only for expanding the supply of
14 intergenerational dwelling units, which units shall be
15 provided—

16 (1) by designating and retrofitting, for use as
17 intergenerational dwelling units, existing dwelling
18 units that are located within a project assisted under
19 section 202 of the Housing Act of 1959 (12 U.S.C.
20 1701q);

21 (2) through development of buildings or
22 projects comprised solely of intergenerational dwell-
23 ing units; or

24 (3) through the development of an annex or ad-
25 dition to an existing project assisted under section
26 202 of the Housing Act of 1959 (12 U.S.C. 1701q),

1 that contains intergenerational dwelling units, in-
2 cluding through the development of elder cottage
3 housing opportunity units that are small, free-
4 standing, barrier free, energy efficient, removable
5 dwelling units located adjacent to a larger project or
6 dwelling.

7 (c) PROGRAM TERMS.—Assistance provided pursuant
8 to this section shall be subject to the provisions of section
9 202 of the Housing Act of 1959 (12 U.S.C. 1701q), except
10 that—

11 (1) notwithstanding subsection (d)(1) of that
12 section 202 or any provision of that section restrict-
13 ing occupancy to elderly persons, any
14 intergenerational dwelling unit assisted under the
15 demonstration program may be occupied by an
16 intergenerational family;

17 (2) subsections (e) and (f) of that section 202
18 shall not apply;

19 (3) in addition to the requirements under sub-
20 section (g) of that section 202, the Secretary shall—

21 (A) ensure that occupants of
22 intergenerational dwelling units assisted under
23 the demonstration program are provided a
24 range of services that are tailored to meet the

1 needs of elderly persons, children, and
2 intergenerational families; and

3 (B) coordinate with the heads of other
4 Federal agencies as may be appropriate to en-
5 sure the provision of such services; and

6 (4) the Secretary may waive or alter any other
7 provision of that section 202 necessary to provide
8 for assistance under the demonstration program.

9 (d) SELECTION.—The Secretary shall—

10 (1) establish application procedures for private
11 nonprofit organizations to apply for assistance under
12 this section; and

13 (2) to the extent that amounts are made avail-
14 able pursuant to subsection (f), select not less than
15 2 and not more than 4 projects that are assisted
16 under section 202 of the Housing Act of 1959 (12
17 U.S.C. 1701q) for assistance under this section,
18 based on the ability of the applicant to develop and
19 operate intergenerational dwelling units and national
20 geographical diversity among those projects funded.

21 (e) REPORT.—Not later than 36 months after the
22 date of enactment of this Act, the Secretary shall submit
23 a report to Congress that—

24 (1) describes the demonstration program; and

1 (2) analyzes the effectiveness of the demonstra-
2 tion program.

3 (f) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated \$10,000,000 to carry
5 out this section.

6 (g) SUNSET.—The demonstration program carried
7 out under this section shall terminate 5 years after the
8 date of enactment of this Act.

9 **SEC. 204. TRAINING FOR HUD PERSONNEL REGARDING**
10 **GRANDPARENT-HEADED AND RELATIVE-**
11 **HEADED FAMILIES ISSUES.**

12 Section 7 of the Department of Housing and Urban
13 Development Act (42 U.S.C. 3535) is amended by adding
14 at the end the following:

15 “(t) TRAINING REGARDING ISSUES RELATING TO
16 GRANDPARENT-HEADED AND RELATIVE-HEADED FAMI-
17 LIES.—The Secretary shall ensure that all personnel em-
18 ployed in field offices of the Department who have respon-
19 sibilities for administering the housing assistance program
20 under section 8 of the United States Housing Act of 1937
21 (42 U.S.C. 1437f) or the supportive housing program
22 under section 202 of the Housing Act of 1959 (12 U.S.C.
23 1701q), and an appropriate number of personnel in the
24 headquarters office of the Department who have respon-
25 sibilities for those programs, have received adequate train-

1 ing regarding how covered families (as that term is defined
2 in section 202 of the LEGACY Act of 2003) can be served
3 by existing affordable housing programs.”.

4 **SEC. 205. STUDY OF HOUSING NEEDS OF GRANDPARENT-**
5 **HEADED AND RELATIVE-HEADED FAMILIES.**

6 (a) IN GENERAL.—The Secretary and the Director
7 of the Bureau of the Census jointly shall—

8 (1) conduct a study to determine an estimate of
9 the number of covered families in the United States
10 and their affordable housing needs; and

11 (2) submit a report to Congress regarding the
12 results of the study conducted under paragraph (1).

13 (b) REPORT AND RECOMMENDATIONS.—The report
14 required under subsection (a) shall—

15 (1) be submitted to Congress not later than 12
16 months after the date of enactment of this Act; and

17 (2) include recommendations by the Secretary
18 and the Director of the Bureau of the Census re-
19 garding how the major assisted housing programs of
20 the Department of Housing and Urban Develop-
21 ment, including the supportive housing for the elder-
22 ly program under section 202 of the Housing Act of
23 1959 (12 U.S.C. 1701q) can be used and, if appro-
24 priate, amended or altered, to meet the affordable
25 housing needs of covered families.

1 **TITLE III—ADJUSTABLE RATE**
 2 **SINGLE FAMILY MORTGAGES**
 3 **AND LOAN LIMIT ADJUST-**
 4 **MENTS**

5 **SEC. 301. HYBRID ARMS.**

6 (a) IN GENERAL.—Section 251(d)(1)(C) of the Na-
 7 tional Housing Act (12 U.S.C. 1715z–16(d)(1)(C)) is
 8 amended by striking “five” and inserting “3”.

9 (b) APPLICABILITY.—The amendment made by sub-
 10 section (a) shall apply to mortgages executed on or after
 11 the date of the enactment of this title.

12 **SEC. 302. FHA MULTIFAMILY LOAN LIMIT ADJUSTMENTS.**

13 (a) SHORT TITLE.—This section may be cited as the
 14 “FHA Multifamily Loan Limit Adjustment Act of 2003”.

15 (b) MAXIMUM MORTGAGE AMOUNT LIMIT FOR MUL-
 16 TIFAMILY HOUSING IN HIGH-COST AREAS.—Sections
 17 207(c)(3), 213(b)(2)(B)(i), 220(d)(3)(B)(iii)(III),
 18 221(d)(3)(ii)(II), 221(d)(4)(ii)(II), 231(c)(2)(B), and
 19 234(e)(3)(B) of the National Housing Act (12 U.S.C.
 20 1713(c)(3), 1715e(b)(2)(B)(i), 1715k(d)(3)(B)(iii)(II),
 21 1715l(d)(3)(ii)(III), 1715l(d)(4)(ii)(II), 1715v(e)(2)(B)),
 22 and 1715y(e)(3)(B)) are each amended—

23 (1) by striking “110 percent” and inserting
 24 “140 percent”; and

1 (2) by inserting “, or 170 percent in high cost
2 areas,” after “140 percent”.

3 (c) CATCH-UP ADJUSTMENTS TO CERTAIN MAXIMUM
4 MORTGAGE AMOUNT LIMITS.—

5 (1) SECTION 207 LIMITS.—Section
6 207(c)(3)(A) of the National Housing Act (12
7 U.S.C. 1713(c)(3)(A)) is amended by striking
8 “\$11,250” and inserting “\$17,460”.

9 (2) SECTION 213 LIMITS.—Section
10 213(b)(2)(A) of the National Housing Act (12
11 U.S.C. 1715e(b)(2)(A)) is amended—

12 (A) by striking “\$38,025” and inserting
13 “\$41,207”;

14 (B) by striking “\$42,120” and inserting
15 “\$47,511”;

16 (C) by striking “\$50,310” and inserting
17 “\$57,300”;

18 (D) by striking “\$62,010” and inserting
19 “\$73,343”;

20 (E) by striking “\$70,200” and inserting
21 “\$81,708”;

22 (F) by striking “\$49,140” and inserting
23 “\$49,710”;

24 (G) by striking “\$60,255” and inserting
25 “\$60,446”;

1 (H) by striking “\$75,465” and inserting
2 “\$78,197”; and

3 (I) by striking “\$85,328” and inserting
4 “\$85,836”.

5 (d) REHABILITATION AND NEIGHBORHOOD CON-
6 SERVATION HOUSING MORTGAGE INSURANCE.—Section
7 220(d)(3)(B)(iii) of the National Housing Act (12 U.S.C.
8 1715k(d)(3)(B)(iii) is amended—

9 (1) by striking “with respect to dollar amount
10 limitations applicable to rehabilitation projects de-
11 scribed in subclause (II),” and inserting “; (III)”;
12 and

13 (2) by redesignating subclauses (III) and (IV)
14 as subclauses (IV) and (V), respectively.

15 **TITLE IV—HOPE VI PROGRAM**
16 **REAUTHORIZATION**

17 **SEC. 401. SHORT TITLE.**

18 This title may be cited as the “HOPE VI Program
19 Reauthorization and Small Community Mainstreet Reju-
20 venation and Housing Act of 2003”.

21 **SEC. 402. HOPE VI PROGRAM REAUTHORIZATION.**

22 (a) SELECTION CRITERIA.—Section 24(e)(2) of the
23 United States Housing Act of 1937 (42 U.S.C.
24 1437v(e)(2)) is amended—

1 (1) by striking the matter preceding subpara-
2 graph (A) and inserting the following:

3 “(2) SELECTION CRITERIA.—The Secretary
4 shall establish criteria for the award of grants under
5 this section and shall include among the factors—”;

6 (2) in subparagraph (B), by striking “large-
7 scale”;

8 (3) in subparagraph (D)—

9 (A) by inserting “and ongoing implementa-
10 tion” after “development”; and

11 (B) by inserting “, except that the Sec-
12 retary may not award a grant under this sec-
13 tion unless the applicant has involved affected
14 public housing residents at the beginning and
15 during the planning process for the revitaliza-
16 tion program, prior to submission of an applica-
17 tion” before the semicolon at the end;

18 (4) in subparagraph (H), by striking “and” at
19 the end;

20 (5) by redesignating subparagraph (I) as sub-
21 paragraph (L); and

22 (6) by inserting after subparagraph (H) the fol-
23 lowing:

24 “(I) the extent to which the plan minimizes
25 permanent displacement of current residents of

1 the public housing site who wish to remain in
 2 or return to the revitalized community and pro-
 3 vides for community and supportive services to
 4 residents prior to any relocation;

5 “(J) the extent to which the plan sustains
 6 or creates more project-based housing units
 7 available to persons eligible for public housing
 8 in markets where the plan shows there is de-
 9 mand for the maintenance or creation of such
 10 units;

11 “(K) the extent to which the plan gives to
 12 existing residents priority for occupancy in
 13 dwelling units which are public housing dwelling
 14 units, or for residents who can afford to live in
 15 other units, priority for those units in the re-
 16 talized community; and”.

17 (b) DEFINITION OF SEVERELY DISTRESSED PUBLIC
 18 HOUSING.—Section 24(j)(2)(A)(iii) of the United States
 19 Housing Act of 1937 (42 U.S.C. 1437v(j)(2)(A)(iii)) is
 20 amended—

21 (1) in subclause (I), by striking “or” at the
 22 end;

23 (2) in subclause (II), by inserting “or” after the
 24 semicolon at the end; and

25 (3) by inserting at the end the following:

1 “(III) is lacking in sufficient appro-
2 priate transportation, supportive services,
3 economic opportunity, schools, civic and re-
4 ligious institutions, and public services, re-
5 sulting in severe social distress in the
6 project;”.

7 (c) STUDY OF ELDERLY AND DISABLED PUBLIC
8 HOUSING NEEDS.—Not later than 18 months after the
9 date of enactment of this Act, the Comptroller General
10 of the United States shall submit a report to Congress
11 regarding the extent of severely distressed elderly and non-
12 elderly disabled public housing, and recommendations for
13 improving that housing through the HOPE VI program
14 or other means, taking into account the special needs of
15 the residents.

16 (d) AUTHORIZATION OF APPROPRIATIONS.—Para-
17 graph (1) of section 24(m) of the United States Housing
18 Act of 1937 (42 U.S.C. 1437v(m)(1)) is amended by strik-
19 ing “, 2001, and 2002” and inserting “through 2006”.

20 (e) EXTENSION OF PROGRAM.—Section 24(n) of the
21 United States Housing Act of 1937 (42 U.S.C. 1437v(n))
22 is amended by striking “September 30, 2004” and insert-
23 ing “September 30, 2006”.

1 **SEC. 403. HOPE VI GRANTS FOR ASSISTING AFFORDABLE**
 2 **HOUSING THROUGH MAIN STREET**
 3 **PROJECTS.**

4 (a) PURPOSES.—Section 24(a) of the United States
 5 Housing Act of 1937 (42 U.S.C. 1437v(a)) is amended
 6 by adding after and below paragraph (4) the following:
 7 “It is also the purpose of this section to provide assistance
 8 to smaller communities for the purpose of facilitating the
 9 development of affordable housing for low-income families
 10 that is undertaken in connection with a main street re-
 11 talization or redevelopment project in such communities.”.

12 (b) GRANTS FOR ASSISTING AFFORDABLE HOUSING
 13 DEVELOPED THROUGH MAIN STREET PROJECTS IN
 14 SMALLER COMMUNITIES.—Section 24 of the United
 15 States Housing Act of 1937 (42 U.S.C. 1437v) is
 16 amended—

17 (1) by redesignating subsection (n) as sub-
 18 section (o); and

19 (2) by inserting after subsection (m) the fol-
 20 lowing new subsection:

21 “(n) GRANTS FOR ASSISTING AFFORDABLE HOUSING
 22 DEVELOPED THROUGH MAIN STREET PROJECTS IN
 23 SMALLER COMMUNITIES.—

24 “(1) AUTHORITY AND USE OF GRANT
 25 AMOUNTS.—The Secretary may make grants under
 26 this subsection to smaller communities. Such grant

1 amounts shall be used by smaller communities only
2 to provide assistance to carry out eligible affordable
3 housing activities under paragraph (4) in connection
4 with an eligible project under paragraph (2).

5 “(2) ELIGIBLE PROJECT.—For purposes of this
6 subsection, the term ‘eligible project’ means a
7 project that—

8 “(A) the Secretary determines, under the
9 criteria established pursuant to paragraph (3),
10 is a main street project;

11 “(B) is carried out within the jurisdiction
12 of smaller community receiving the grant; and

13 “(C) involves the development of affordable
14 housing that is located in the commercial area
15 that is the subject of the project.

16 “(3) MAIN STREET PROJECTS.—The Secretary
17 shall establish requirements for a project to be con-
18 sider a main street project for purposes of this sec-
19 tion, which shall require that the project—

20 “(A) has as its purpose the revitalization
21 or redevelopment of a historic or traditional
22 commercial area;

23 “(B) involves investment, or other partici-
24 pation, by the government for, and private enti-

1 ties in, the community in which the project is
2 carried out; and

3 “(C) complies with such historic preserva-
4 tion guidelines or principles as the Secretary
5 shall identify to preserve significant historic or
6 traditional architectural and design features in
7 the structures or area involved in the project.

8 “(4) ELIGIBLE AFFORDABLE HOUSING ACTIVI-
9 TIES.—For purposes of this subsection, the activities
10 described in subsection (d)(1) shall be considered eli-
11 gible affordable housing activities, except that—

12 “(A) such activities shall be conducted
13 with respect to affordable housing rather than
14 with respect to severely distressed public hous-
15 ing projects; and

16 “(B) eligible affordable housing activities
17 under this subsection shall not include the ac-
18 tivities described in subparagraphs (B) through
19 (E), (J), or (K) of subsection (d)(1).

20 “(5) MAXIMUM GRANT AMOUNT.—A grant
21 under this subsection for a fiscal year for a single
22 smaller community may not exceed \$1,000,000.

23 “(6) CONTRIBUTION REQUIREMENT.—A smaller
24 community applying for a grant under this sub-
25 section shall be considered an applicant for purposes

1 of subsection (c) (relating to contributions by appli-
2 cants), except that—

3 “(A) such supplemental amounts shall be
4 used only for carrying out eligible affordable
5 housing activities; and

6 “(B) paragraphs (1)(B) and (3) shall not
7 apply to grants under this subsection.

8 “(7) APPLICATIONS AND SELECTION.—

9 “(A) APPLICATION.—Pursuant to sub-
10 section (e)(1), the Secretary shall provide for
11 smaller communities to apply for grants under
12 this subsection, except that the Secretary may
13 establish such separate or additional criteria for
14 applications for such grants as may be appro-
15 priate to carry out this subsection.

16 “(B) SELECTION CRITERIA.—The Sec-
17 retary shall establish selection criteria for the
18 award of grants under this subsection, which
19 shall be based on the selection criteria estab-
20 lished pursuant to subsection (e)(2), with such
21 changes as may be appropriate to carry out the
22 purposes of this subsection.

23 “(8) COST LIMITS.—The cost limits established
24 pursuant to subsection (f) shall apply to eligible af-

1 fordable housing activities assisted with grant
2 amounts under this subsection.

3 “(9) INAPPLICABILITY OF OTHER PROVI-
4 SIONS.—The provisions of subsections (g) (relating
5 to disposition and replacement of severely distressed
6 public housing), and (h) (relating to administration
7 of grants by other entities), shall not apply to grants
8 under this subsection.

9 “(10) REPORTING.—The Secretary shall require
10 each smaller community receiving a grant under this
11 subsection to submit a report regarding the use of
12 all amounts provided under the grant.

13 “(11) DEFINITIONS.—For purposes of this sub-
14 section, the following definitions shall apply:

15 “(A) AFFORDABLE HOUSING.—The term
16 ‘affordable housing’ means rental or home-
17 ownership dwelling units that—

18 “(i) are made available for initial oc-
19 cupancy to low-income families, with a sub-
20 set of units made available to very- and ex-
21 tremely-low income families; and

22 “(ii) are subject to the same rules re-
23 garding occupant contribution toward rent
24 or purchase and terms of rental or pur-
25 chase as dwelling units in public housing

1 projects assisted with a grant under this
2 section.

3 “(B) SMALLER COMMUNITY.—The term
4 ‘smaller community’ means a unit of general
5 local government (as such term is defined in
6 section 102 of the Housing and Community De-
7 velopment Act of 1974 (42 U.S.C. 5302))
8 that—

9 “(i) has a population of 50,000 or
10 fewer; and

11 “(ii)(I) is not served by a public hous-
12 ing agency; or

13 “(II) is served by a single public hous-
14 ing agency, which agency administers 100
15 or fewer public housing dwelling units.”.

16 (c) ANNUAL REPORT.—Section 24(l) of the United
17 States Housing Act of 1937 (42 U.S.C. 1437v(l)) is
18 amended—

19 (1) in paragraph (3), by striking “; and” and
20 inserting “, including a specification of the amount
21 and type of assistance provided under subsection
22 (n);”;

23 (2) by redesignating paragraph (4) as para-
24 graph (5); and

1 (3) by inserting after paragraph (3) the fol-
2 lowing:

3 “(4) the types of projects funded, and number
4 of affordable housing dwelling units developed with,
5 grants under subsection (n); and”.

6 (d) FUNDING.—Section 24(m) of the United States
7 Housing Act of 1937 (42 U.S.C. 1437v(m)) is amended
8 by adding at the end the following:

9 “(3) SET-ASIDE FOR MAIN STREET HOUSING
10 GRANTS.—Of the amount appropriated pursuant to
11 paragraph (1) for any fiscal year, the Secretary shall
12 provide up to 5 percent for use only for grants
13 under subsection (n).”.

14 **TITLE V—COMMUNITY**
15 **DEVELOPMENT BLOCK GRANTS**

16 **SEC. 501. FUNDING FOR INSULAR AREAS.**

17 (a) DEFINITION OF INSULAR AREAS.—Section
18 102(a) of the Housing and Community Development Act
19 of 1974 (42 U.S.C. 5302(a)) is amended by adding at the
20 end the following:

21 “(24) The term ‘insular area’ means each of
22 Guam, the Northern Mariana Islands, the Virgin Is-
23 lands, and American Samoa.”.

24 (b) DEFINITION OF UNIT OF GENERAL GOVERN-
25 MENT.—The first sentence of section 102(a)(1) of the

1 Housing and Community Development Act of 1974 (42
2 U.S.C. 5302(a)(1)) is amended—

3 (1) by inserting “and” after “Secretary;”; and

4 (2) by striking “; and the Trust Territory of
5 the Pacific Islands”.

6 (c) STATEMENT OF ACTIVITIES AND REVIEW.—Sec-
7 tion 104 of the Housing and Community Development Act
8 of 1974 (42 U.S.C. 5304) is amended—

9 (1) in subsection (a)(1)—

10 (A) in the first sentence—

11 (i) by striking “or” after “State,”;

12 and

13 (ii) by inserting “or under section
14 106(a)(3) by any insular area,” after “gov-
15 ernment,”; and

16 (B) in the second sentence—

17 (i) by striking “and in the case of”

18 and inserting a comma; and

19 (ii) by inserting “and insular areas re-
20 ceiving grants pursuant to section
21 106(a)(3),” after “106(d)(2)(B),”;

22 (2) in subsection (e)(1), by striking “section
23 106(b) or section 106(d)(2)(B)” and inserting “sub-
24 section (a)(3), (b), or (d)(2)(B) of section 106”; and

25 (3) in subsection (m)—

1 (A) in paragraph (1), by inserting
2 “(a)(2),” after “under subsection”; and

3 (B) in paragraph (2), by striking “govern-
4 ment—” and inserting “government other than
5 an insular area—”.

6 (d) ALLOCATION AND DISTRIBUTION OF FUNDS.—
7 Section 106(a) of the Housing and Community Develop-
8 ment Act of 1974 (42 U.S.C. 5306(a)) is amended—

9 (1) in the first sentence of paragraph (1)—

10 (A) by striking “an appropriation Act” and
11 inserting “appropriation Acts”; and

12 (B) by striking “in any year” and insert-
13 ing “for such fiscal year”;

14 (2) in paragraph (2), by inserting “under para-
15 graph (1) and after reserving such amounts for insu-
16 lar areas under paragraph (2)” after “tribes”;

17 (3) in paragraph (3), by striking “paragraphs
18 (1) and (2)” and inserting “paragraphs (1), (2), and
19 (3)”

20 (4) by redesignating paragraphs (2) and (3) (as
21 so amended) as paragraphs (3) and (4); and

22 (5) by inserting after paragraph (1) the fol-
23 lowing:

24 “(2) For each fiscal year, of the amount approved
25 in appropriation Acts under section 103 for grants for

1 such fiscal year (excluding the amounts provided for use
2 in accordance with section 107), the Secretary shall re-
3 serve for grants to insular areas \$7,000,000. The Sec-
4 retary shall provide for distribution of amounts under this
5 paragraph to insular areas on the basis of the ratio of
6 the population of each insular area to the population of
7 all insular areas. In determining the distribution of
8 amounts to insular areas, the Secretary may also include
9 other statistical criteria as data become available from the
10 Bureau of the Census, but only if such criteria are con-
11 tained in a regulation promulgated by the Secretary after
12 notice and public comment.”.

13 (e) CONFORMING AMENDMENT.—The first sentence
14 of section 106(d)(1) of the Housing and Community De-
15 velopment Act of 1974 (42 U.S.C. 5306(d)(1)) is amended
16 by striking “paragraphs (1) and (2)” and inserting “para-
17 graphs (1), (2), and (3)”.

18 (f) SPECIAL PURPOSE GRANTS.—Section 107 of the
19 Housing and Community Development Act of 1974 (42
20 U.S.C. 5307) is amended—

21 (1) in subsection (a)(1)—

22 (A) by striking subparagraph (A); and

23 (B) by redesignating subparagraphs (B)

24 through (H) as subparagraphs (A) through (G),

25 respectively; and

1 (2) in subsection (b)—

2 (A) by striking paragraph (1); and

3 (B) by redesignating paragraphs (2)
4 through (7) as paragraphs (1) through (6), re-
5 spectively.

6 (g) REGULATIONS.—The Secretary of Housing and
7 Urban Development shall issue regulations to carry out
8 the amendments made by this section, which shall take
9 effect not later than the expiration of the 90-day period
10 beginning on the date of the enactment of this Act.

Passed the Senate November 24, 2003.

Attest:

Secretary.

108TH CONGRESS
1ST SESSION

S. 811

AN ACT

To support certain housing proposals in the fiscal year 2003 budget for the Federal Government, including the downpayment assistance initiative under the HOME Investment Partnership Act, and for other purposes.