To establish the Louisiana Recovery Corporation for purposes of economic stabilization and redevelopment of devastated areas in Louisiana, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 20, 2005

Mr. BAKER introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish the Louisiana Recovery Corporation for purposes of economic stabilization and redevelopment of devastated areas in Louisiana, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE.

This Act may be cited as the “Louisiana Recovery Corporation Act”.

SEC. 2. ESTABLISHMENT OF CORPORATION.

(a) In General.—There is hereby established the Louisiana Recovery Corporation (hereafter in this Act referred to as the “Corporation”).
(b) STATUS OF CORPORATION.—The Corporation shall be an independent establishment in the executive branch and shall be deemed to be an agency of the United States for purposes of subchapter II of chapter 5 and chapter 7 of title 5, United States Code.

(c) PRINCIPAL OFFICE.—The principal office of the Corporation shall be located in the State of Louisiana, but there may be established agencies or branch offices in the District of Columbia and in any city or parish in Louisiana to the extent provided for in the by-laws of the Corporation.

(d) CORPORATE DIVISIONS.—

(1) IN GENERAL.—At a minimum, the Corporation shall establish and maintain separate divisions for the following subjects:

(A) Environment and Land Use Management.

(B) Economic Development.

(C) Property Acquisition.

(D) Property Management.

(E) Property Disposition.

(F) Urban Homesteading and Community and Faith-Based Organizations.

(2) MANAGEMENT OF DIVISIONS.—Management of each division shall be vested in an executive vice
president who shall be appointed by the Board of
Directors in the manner provided by the Board of
Directors and the by-laws of the Corporation.

SEC. 3. MANAGEMENT.

(a) BOARD OF DIRECTORS.—

(1) IN GENERAL.—The management of the
Corporation shall be vested in a Board of Directors
consisting of 7 individuals appointed by the Presi-
dent, by and with the advice and consent of the Sen-
ate, from among individuals who are citizens of the
United States and who, by virtue of their education,
training or experience in environmental land rec-
lamation, economic development, housing develop-
ment, land use, or urban planning, are especially
qualified to serve on the Board of Directors.

(2) NOMINATIONS BY GOVERNOR OF LOU-
ISIANA.—2 of the members of the Board of Direc-
tors shall be appointed under paragraph (1) from
among individuals who are nominated for appoint-
ment by the Governor of Louisiana.

(b) CHAIRPERSON AND VICE CHAIRPERSON.—

(1) CHAIRPERSON.—1 of the 5 members of the
Board of Directors who were not nominated by the
Governor of Louisiana shall be designated by the
President, by and with the advice and consent of the
Senate, to serve as Chairperson of the Board of Directors and the chief executive officer of the Corporation.

(2) VICE CHAIRPERSON.—1 of the 5 members of the Board of Directors who were not nominated by the Governor of Louisiana shall be designated by the President, by and with the advice and consent of the Senate, to serve as Vice Chairperson of the Board of Directors.

(3) ACTING CHAIRPERSON.—In the event of a vacancy in the position of Chairperson of the Board of Directors or during the absence or disability of the Chairperson, the Vice Chairperson shall act as Chairperson.

(c) TERMS.—

(1) IN GENERAL.—Each member of the Board of Directors shall be appointed to a term of 5 years.

(2) STAGGERED TERMS.—Of the members first appointed to the Board of Directors after the date of the enactment of this Act—

(A) 2 shall be appointed for a term of 5 years;

(B) the 2 members who were nominated by the Governor of Louisiana shall be appointed for a term of 3 years; and
(C) 3 shall be appointed for a term of 2 years.

(3) INTERIM APPOINTMENTS.—Any member appointed to fill a vacancy occurring before the expiration of the term for which such member’s predecessor was appointed shall be appointed only for the remainder of such term.

(4) CONTINUATION OF SERVICE.—The Chairperson, Vice Chairperson, and each appointed member may continue to serve after the expiration of the term of office to which such member was appointed until a successor has been appointed and qualified.

(5) REMOVAL FOR CAUSE.—The Chairperson, Vice Chairperson, and any appointed member may be removed by the President for cause.

(6) FULL-TIME SERVICE.—The members of the Board of Directors shall serve on a full-time basis.

(d) VACANCY.—Any vacancy on the Board of Directors shall be filled in the manner in which the original appointment was made.

(e) INELIGIBILITY FOR OTHER OFFICES.—

(1) OTHER GOVERNMENT POSITIONS.—No person may serve as a member of the Board of Directors while holding any position as an officer or em-
ployee of the Federal Government, any State govern-
ment, or any political subdivision of any State.

(2) RESTRICTION DURING SERVICE.—No mem-
ber of the Board of Directors may—

(A) be an officer or director of any insured
depository institution, insured credit union, de-
pository institution holding company, Federal
reserve bank, Federal home loan bank, invest-
ment bank, mortgage bank, or any other entity
which enters into any contract with the Cor-
poration; or

(B) hold stock in any insured depository
institutions, depository institution holding com-
pany, investment bank, mortgage bank, or any
other entity which enters into any contract with
the Corporation.

(3) CERTIFICATION.—Upon taking office, each
member of the Board of Directors shall certify under
oath that such member has complied with this sub-
section and such certification shall be filed with the
secretary of the Board of Directors.

(f) CLARIFICATION OF NONLIABILITY.—

(1) IN GENERAL.—A director, member, officer,
or employee of the Corporation has no liability under
the Securities Act of 1933 with respect to any claim
arising out of or resulting from any act or omission by such person within the scope of such person’s employment in connection with any transaction involving the disposition of assets (or any interests in any assets or any obligations backed by any assets) by the Corporation. This subsection shall not be construed to limit personal liability for criminal acts or omissions, willful or malicious misconduct, acts or omissions for private gain, or any other acts or omissions outside the scope of such person’s employment.

(2) Effect on other law.— This subsection shall not be construed as—

(A) affecting—

(i) any other immunities and protections that may be available to person to whom paragraph (1) applies under applicable law with respect to such transactions, or

(ii) any other right or remedy against the Corporation, against the United States under applicable law, or against any person other than a person described in paragraph (1) participating in such transactions; or
(B) limiting or altering in any way the immunities that are available under applicable law for Federal officials and employees not described in this subsection.

**SEC. 4. CAPITALIZATION OF THE CORPORATION.**

(a) In General.—The Corporation shall have capital stock subscribed to by the United States Government in such amount as the President may determine to be appropriate, to the extent provided in advance in an appropriation Act for any fiscal year.

(b) Certificates.—Certificates evidencing shares of nonvoting capital stock of the Corporation shall be issued by the Corporation to the President of the United States, or to such other person or persons as the President may designate from time to time, to the extent of payments made for the capital stock of the Corporation.

(c) Public Debt Transaction.—For the purpose of purchasing shares of capital stock of the Corporation, the Secretary of the Treasury may use as a public-debt transaction the proceeds of any securities issued under chapter 31 of title 31, United States Code.

(d) Reports.—

(1) In General.—The Board of Directors shall submit to the Director of the Office of Management and Budget and to the Secretary of the Treasury
quarterly reports and an annual report on the expenses of the Corporation during the period covered by the report, the financial condition of the Corporation as of the end of such period, the results of the Corporation’s operations during such period, and the progress made during such period in fulfilling the mission and purposes of the Corporation, together with a copy of the Corporation’s financial operating plans and forecasts for the annual or quarterly period (as the case may be) succeeding the period covered by the report.

(2) Public Availability.—Each report submitted to the Director of the Office of Management and Budget and to the Secretary of the Treasury under paragraph (1) shall be made available to the public.

(e) Termination of Authority to Issue Stock.—No shares of capital stock of the Corporation may be issued after the end of the 10-year period beginning on the date of the enactment of this Act.

(f) Revenue Used to Retire Stock.—Any net revenue of the Corporation in excess of amounts required to meet on-going expenses and investments shall be paid to the Secretary of the Treasury to redeem the capital
stock of the Corporation and shall be deposited in the general fund of the Treasury.

SEC. 5. MISSION, PURPOSE, AND DUTIES OF THE CORPORATION.

(a) MISSION.—The primary mission and purpose of the Corporation shall be the economic stabilization and redevelopment of areas within Louisiana that were devastated or significantly distressed by Hurricane Katrina or Hurricane Rita.

(b) ECONOMIC STABILIZATION.—In executing its economic stabilization mandate, the Corporation shall, after consultation with State and local officials and pursuant to agreement that eligible properties are not likely to be redeveloped without Corporation assistance, locate and acquire real property (commercial and residential) in such a manner and subject to such conditions that, upon the consummation of any acquisition of real property securing a mortgage loan—

(1) the mortgagee’s debt shall be considered paid in full by the mortgagor; and

(2) all title and interest in the real property securing such mortgage loan passes to the Corporation.

(c) REDEVELOPMENT.—In executing its redevelopment mandate, the Corporation shall, after consultation
with State and local officials, carry out the following activities:

(1) Package for sale acquired real property in substantial tracts of land.

(2) Make improvements to such tracts of land so as to make the land suitable for sale and development, including such basic improvements as the following:

(A) Construction and reconstruction of neighborhood roads.

(B) Repair or replacement of water and wastewater infrastructure.

(C) Similar activities necessary to maximize the return on acquired real property.

(3) Through a competitive bidding process, dispose of such acquired properties in a profitable manner.

(4) In consultation with State and local officials, provide for the protection and preservation of historical and other sites of cultural significance in such a manner that promotes local heritage and interest.
(1) Establishment.—The Board of Directors shall establish an audit committee, to be known as the Office of Internal Audit.

(2) Reports.—The Office of Internal Audit shall report to the Board of Directors no less than 4 times a year on the Office’s reviews of the activities, contracts, and financial statements of the Corporation.

(3) Employees.—The Office of Internal Audit shall set the compensation and benefits for the employees of the Office.

(4) Relationship to Inspector General.—Notwithstanding any provision of the Inspector General Act of 1978, the Board of Directors shall provide for the Inspector General to report to the Office of Internal Audit and to the Board of Directors.

(e) Inspector General.—For purposes of the Inspector General Act of 1978—

(1) the Board of Directors shall be treated as the head of the establishment; and

(2) the Corporation shall be treated as the establishment.
SEC. 6. PROPERTY ACQUISITION AUTHORITY AND METHODOLOGY.

(a) IN GENERAL.—Pursuant to section 5(b), the Corporation shall negotiate to acquire title to real property and compensate any property owner, mortgagee or primary lien holder with an interest in such real property.

(b) PURCHASE OFFER FOR REAL PROPERTY SECURED BY A LIEN.—The Corporation shall take into consideration the following in constructing offers of compensation for the acquisition of real property secured by a lien:

(1) The Corporation’s expenses to improve the property for sale and development.

(2) The Corporation’s anticipated return upon the property’s disposition.

(3) The post-event fair market value of the property.

(4) The remaining principle balance of any outstanding mortgage.

(5) The potential for economic recovery of the mortgagee.

(c) PURCHASE FROM OWNER.—The Corporation shall take into consideration the following in constructing offers of compensation for any real property where no lien secures such real property:
(1) The Corporation’s expenses to improve the property for sale and development.

(2) The Corporation’s anticipated return upon the property’s disposition.

(3) The post-event fair market value of the property.

(4) The potential for economic recovery of the property owner.

(d) Right of First Refusal and Option to Repurchase Real Property.—

(1) In general.—Subject to paragraph (2), the Corporation shall ensure that any entity awarded a contract under Section 7 shall grant a right of first refusal and option to obtain an interest in real property of comparable size and location in redeveloped areas to any party previously holding title.

(2) Guidelines for Exercise.—The Corporation shall—

(A) ensure that the right of first refusal and option to obtain an interest in real property that are granted pursuant to paragraph (1) are granted before the real property is listed for public sale; and

(B) shall establish guidelines to provide that any party receiving the option to obtain an
interest in real property is given adequate time
to consider and exercise such option.

(c) Right to Retain an Interest in Real Property.—

(1) Property Owner or Mortgagee Right
to Retain Interest.—The Corporation shall offer
any property owner or mortgagee an option to retain
an interest in real property of comparable size and
location, subject to the following conditions:

(A) The Corporation shall pay no com-

pensation to the property owner or mortgagee.

(B) The property owner or mortgagee shall
compensate the Corporation for expenses to im-
prove the property for sale and development
when such property owner or mortgagee obtains
construction financing for development of the
property.

(2) Requirement to Develop Property.—
Any property owner or mortgagee exercising a right
to retain interest in a property shall—

(A) obtain construction financing within
90 days of notification by the Corporation that
the area in which the property owner or mort-
gagee retains an interest is available for devel-

opment; and
(B) complete construction of a replacement residential or commercial structure, as applicable, within 2 years of a notification pursuant to subparagraph (A).

(3) Failure to Develop.—If the Corporation certifies in writing that a property owner or mortgagee has failed to comply with the requirements of paragraph (2), the Corporation shall exercise its authority pursuant to Section 8(e).

(f) Limitation on Payment and Prohibition Against Windfall.—In general, in constructing and extending offers to acquire real property under this section, the Corporation shall ensure that—

(1) in no case may the cumulative payment by the Corporation to any individual for the purposes of acquiring real property exceed $500,000; and

(2) in no case may any person be the beneficiary of a windfall gain as a result of any purchase offer extended by the Corporation.

SEC. 7. ASSET DISPOSITION AUTHORITY AND METHODOLOGY.

(a) Disposition of Property.—Pursuant to section 5(e), the Corporation shall dispose of property through a competitive bidding process under which purchasers are selected based on an ability to meet select cri-
teria established by the Corporation, which shall include
the following:

(1) Capacity to oversee major development
projects through a community-based collaborative
process.

(2) Commitment of private capital.

(3) Effective deployment of Federal National
Mortgage Association, Federal Home Loan Mort-
gage Corporation, Federal home loan bank, and
other Federal or State resources (such as low-income
housing tax credits, new markets tax credits, enter-
prise zones, and the Historically Underutilized Busi-
ness Zones Program of the Small Business Adminis-
tration) to ensure construction of affordable housing.

(4) Use of private contractors and subcontrac-
tors.

(5) Use of local corporations and local employ-
ees.

(6) Scale of development and job creation.

(b) URBAN HOMESTEAD PROGRAM.—The Corpora-
tion shall assist in the implementation of an urban home-
stead program by providing the following:

(1) Land to the Federal Government for devel-
opment as urban homesteads.
(2) Downpayment assistance and other seed money to enable homestead construction.

(3) Coordination with not-for-profit and faith-based organizations in the construction and development of urban homesteads.

(c) OTHER DISPOSITION.—The Corporation shall ensure that acquired property not made available for an urban homestead shall be disposed of in a manner that maximizes the return on the sale of acquired property to retire debt attributable to the Corporation.

(d) ACCOUNTING REQUIREMENTS.—

(1) ACCOUNTING FOR HOLDING AND MANAGING ASSETS AND LIABILITIES.—The Corporation shall keep a full and complete accounting of all costs and expenses associated with the holding and management of any asset or liability acquired by the Corporation in carrying out the duties of the Corporation under this Act.

(2) ACCOUNTING FOR DISPOSITION OF ASSETS AND LIABILITIES.—The Corporation shall keep a full and complete accounting of all expenses and receipts associated with the disposition of any asset or liability acquired by the Corporation in carrying out the duties of the Corporation under this Act.
(e) Utilization of Private Sector.—In carrying out its responsibilities in the management and disposition of assets under this Act, the Corporation shall utilize the services of private persons, including real estate and loan portfolio asset management, property management, auction marketing, legal, and brokerage services, only if such services are available in the private sector and the Corporation determines utilization of such services is the most practicable, efficient, and cost effective.

SEC. 8. POWERS OF THE CORPORATION.

(a) Powers.—The Corporation shall be a body corporate that shall have the power to—

(1) adopt, alter, and use a corporate seal;

(2) provide for such other officers and employees as may be necessary to perform the functions of the Corporation, define their duties, and require surety bonds or make other provisions against losses occasioned by acts of such persons;

(3) fix the compensation and number of, and appoint, employees for any position established by the Corporation, without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5;
(4) sue and be sued, and complain and defend, by and through its own attorneys, in any court of law or equity, State or Federal;

(5) with the consent of any executive agency, department, or independent agency utilize the information, services, staff, and facilities of such department or agency, on a reimbursable (or other) basis, in carrying out this section;

(6) prescribe, by the Board of Directors, bylaws that are consistent with law to provide for—

   (A) the management and operational structure of the Corporation, subject to sections 2(d) and 3;

   (B) the manner in which general operations are to be conducted; and

   (C) such other matters as the Board of Directors determines to be appropriate;

(7) enter into contracts and modify or consent to the modification of any contract or agreement;

(8) use the United States mails in the same manner and subject to the same conditions as other departments or agencies of the United States; and

(9) exercise, by the Board of Directors, or duly authorized officers or agents, any and all powers established under this section and such incidental pow-
ers as are necessary to carry out the powers, duties, and functions of the Corporation and the Board of Directors under this Act.

(b) Termination of Contract for Cause.—In the case of any service contract between the Corporation and any other person, the Corporation may terminate such contract for cause, whether by reason of breach of contract, violation of regulations or guidelines of the Corporation, or otherwise, or bar any such person from entering into any other contract, after notice and an opportunity for an agency hearing on the record.

(c) Limited Power to Acquire Interests in Property by Eminent Domain.—

(1) In General.—To the extent financial resources are available, the Corporation may acquire by eminent domain interests in property under paragraph (3) only to the extent necessary to accomplish the mission and purpose of the Corporation.

(2) Limitation on Exercise.—The Corporation may exercise the power of eminent domain only if the Corporation—

(A) cannot agree with the owner on the purchase price for the interest; or
(B) has determined in writing that a property owner or mortgagee retaining an interest in a property has failed to develop the property.

(3) CIVIL ACTIONS.—

(A) IN GENERAL.—A civil action to acquire an interest in property by eminent domain under this subsection shall be brought in the district court of the United States for the judicial district in which the property is located or, if a single piece of property is located in more than 1 judicial district, in any judicial district in which any piece of the property is located.

(B) POINT OF TAKING.—An interest is condemned and taken by the Corporation for its use when a declaration of taking is filed under this subsection and an amount of money estimated in the declaration to be just compensation for the interest is deposited in the court.

(C) DECLARATION OF TAKING.—The declaration of taking—

(i) may be filed with the complaint in the action or at any time before judgment; and

(ii) shall contain or be accompanied by—
(I) a statement of the public use for which the interest is taken;

(II) a description of the property sufficient to identify it;

(III) a statement of the interest in the property taken;

(IV) a plan showing the interest taken; and

(V) a statement of the amount of money the Corporation estimates is just compensation for the interest.

(D) VESTING OF TITLE.—When the declaration is filed and the deposit is made under this paragraph, title to the property vests in the Corporation in fee simple absolute or in the lesser interest shown in the declaration, and the right to the money vests in the person entitled to the money.

(E) COURT ACTION.—When the declaration is filed, the court may decide—

(i) the time by which, and the terms under which, possession of the property is given to the Corporation; and

(ii) the disposition of outstanding charges related to the property.
(F) FINDING OF JUST COMPENSATION.—

(i) IN GENERAL.—After a hearing, the court shall make a finding on the amount that is just compensation for the interest in the property and enter judgment awarding that amount and interest on it.

(ii) RATE OF INTEREST.—The rate of interest shall be 6 percent a year and shall be computed on the amount of the award less the amount deposited in the court from the date of taking to the date of payment.

(iii) IMMEDIATE PAYMENT.—On application of a party, the court may order immediate payment of any part of the amount deposited in the court for the compensation to be awarded.

(iv) DEFICIENCY.—If the award is more than the amount received, the court shall enter judgment against the Corporation for the deficiency.

(d) HEARINGS AND SESSIONS.—

(1) IN GENERAL.—The Corporation may, for the purposes of carrying out this Act, hold hearings, sit and act at times and places, take testimony, and
receive evidence as the Corporation determines to be appropriate.

(2) SUMMONS.—In the course of or in connection with any proceeding under this Act or in connection with any claim, the Corporation, or any designated representative of the Corporation, including any person designated to conduct any hearing under this section, shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpoenas and subpoenas duces tecum; and the Corporation is empowered to make rules and regulations with respect to any such proceedings, claims, examinations, or investigations.

(3) ADMINISTRATIVE ASPECTS OF SUMMONS.—

(A) PRODUCTION AT DESIGNATED SITE.—A summons issued pursuant to this section may require that books, papers, records, or other data stored or maintained at any place be produced at any designated location in any State or in any territory or other place subject to the jurisdiction of the United States not more than 500 miles distant from any place where the person resides or operates or conducts business in the United States.
(B) Fees and travel expenses.—Persons summoned under this section shall be paid the same fees and mileage for travel in the United States that are paid witnesses in the courts of the United States.

(C) No liability for expenses.—The United States shall not be liable for any expense, other than an expense described in subparagraph (B), incurred in connection with the production of books, papers, records, or other data under this section.

(D) Service of summons.—Service of a summons issued under this subsection may be by registered mail or in such other manner calculated to give actual notice as the Corporation may prescribe by regulation.

(4) Contumacy or refusal.—

(A) In general.—In case of contumacy by a person issued a summons under this subsection or a refusal by such person to obey such summons, the Corporation may invoke the aid of any court of the United States within the jurisdiction of which—
(i) the investigation which gave rise to the summons is being or has been carried on;

(ii) the person summoned is an inhabitant; or

(iii) the person summoned carries on business or may be found, to compel compliance with the summons.

(B) COURT ORDER.—The court may issue an order requiring the person summoned to appear before the Corporation or a delegate of the Corporation to produce books, papers, records, and other data, to give testimony as may be necessary to explain how such material was compiled and maintained, and to pay the costs of the proceeding.

(C) FAILURE TO COMPLY WITH ORDER.—Any failure to obey the order of the court may be punished by the court as a contempt thereof.

(D) SERVICE OF PROCESS.—All process in any case under this paragraph may be served in any judicial district in which such person may be found.

(e) AGENCY AUTHORITY.—
(1) **STATUS.**—The Corporation, in any capacity, shall be an agency of the United States for purposes of section 1345 of title 28 without regard to whether the Corporation commenced the action.

(2) **FEDERAL COURT JURISDICTION.**—

(A) **IN GENERAL.**—All suits of a civil nature at common law or in equity to which the Corporation, in any capacity, is a party shall be deemed to arise under the laws of the United States.

(B) **REMOVAL.**—The Corporation may, without bond or security, remove any action, suit, or proceeding from a State court to the appropriate United States district court before the end of the 90-day period beginning on the date the action, suit, or proceeding is filed against the Corporation or the Corporation is substituted as a party.

(C) **APPEAL OF REMAND.**—The Corporation may appeal any order of remand entered by any United States district court.

(3) **SERVICE OF PROCESS.**—The Board of Directors shall designate agents upon whom service of process may be made in Louisiana and the District of Columbia.
(4) Bonds or Fees.—The Corporation shall not be required to post any bond to pursue any appeal and shall not be subject to payments of any filing fees in United States district courts or courts of appeal.

SEC. 9. TERMINATION OF CORPORATION.

(a) In General.—The Corporation shall terminate at the end of the 10-year period beginning on the date of the enactment of this Act.

(b) Winding Up the Affairs of the Corporation.—Any right, title, interest, or obligation of the Corporation with respect to liabilities or assets of the Corporation which have not been fully disposed of by the end of the 10-year period referred to in paragraph (1) shall transfer, as of the end of such period, to the Director of the Office of Management and Budget who shall promptly wind up the affairs of the Corporation and dispose of such assets and liabilities.