

YES IN MY BACKYARD ACT

AUGUST 30, 2024.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MCHENRY, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 3507]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 3507) to require certain grantees under title I of the Housing and Community Development Act of 1974 to submit a plan to track discriminatory land use policies, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Yes In My Backyard Act”.

SEC. 2. PURPOSE.

The purpose of this Act is to discourage the use of discriminatory land use policies and remove barriers to making housing more affordable in order to further the original intent of the Community Development Block Grant program.

SEC. 3. LAND USE PLAN.

(a) IN GENERAL.—Section 104 of the Housing and Community Development Act of 1974 (42 U.S.C. 5304) is amended by adding at the end the following:

“(n) PLAN TO TRACK AND REDUCE DISCRIMINATORY LAND USE POLICIES.—

“(1) IN GENERAL.—Prior to receipt in any fiscal year of a grant from the Secretary under subsection (b), (d)(1), or (d)(2)(B) of section 106, each recipient shall have prepared and submitted, not less frequently than once during the preceding 5-year period, in accordance with this subsection and in such standardized form as the Secretary shall, by regulation, prescribe, with respect to each land use policy described in paragraph (2) that is applicable to the jurisdiction served by the recipient, a description of—

“(A) whether the recipient has already adopted the policy in the jurisdiction served by the recipient;

“(B) the plan of the recipient to implement the policy in that jurisdiction;

or

“(C) the ways in which adopting the policy will benefit the jurisdiction.

“(2) LAND USE POLICIES.—The policies described in this paragraph are as follows:

“(A) Enacting high-density single-family and multifamily zoning.

“(B) Expanding by-right multifamily zoned areas.

“(C) Allowing duplexes, triplexes, or fourplexes in areas zoned primarily for single-family residential homes.

“(D) Allowing manufactured homes in areas zoned primarily for single-family residential homes.

“(E) Allowing multifamily development in retail, office, and light manufacturing zones.

“(F) Allowing single-room occupancy development wherever multifamily housing is allowed.

“(G) Reducing minimum lot size.

“(H) Ensuring historic preservation requirements and other land use policies or requirements are coordinated to encourage creation of housing in historic buildings and historic districts.

“(I) Increasing the allowable floor area ratio in multifamily housing areas.

“(J) Creating transit-oriented development zones.

“(K) Streamlining or shortening permitting processes and timelines, including through one-stop and parallel-process permitting.

“(L) Eliminating or reducing off-street parking requirements.

“(M) Ensuring impact and utility investment fees accurately reflect required infrastructure needs and related impacts on housing affordability are otherwise mitigated.

“(N) Allowing prefabricated construction.

“(O) Reducing or eliminating minimum unit square footage requirements.

“(P) Allowing the conversion of office units to apartments.

“(Q) Allowing the subdivision of single-family homes into duplexes.

“(R) Allowing accessory dwelling units, including detached accessory dwelling units, on all lots with single-family homes.

“(S) Establishing density bonuses.

“(T) Eliminating or relaxing residential property height limitations.

“(U) Using property tax abatements to enable higher density and mixed-income communities.

“(V) Donating vacant land for affordable housing development.

“(3) EFFECT OF SUBMISSION.—A submission under this subsection shall not be binding with respect to the use or distribution of amounts received under section 106.

“(4) ACCEPTANCE OR NONACCEPTANCE OF PLAN.—The acceptance or nonacceptance of any plan submitted under this subsection in which the information required under this subsection is provided is not an endorsement or approval of the plan, policies, or methodologies, or lack thereof.”

(b) EFFECTIVE DATE.—The requirements under subsection (n) of section 104 of the Housing and Community Development Act of 1974 (42 U.S.C. 5304), as added by subsection (a), shall—

(1) take effect on the date that is 1 year after the date of enactment of this Act; and

(2) apply to recipients of a grant under subsection (b), (d)(1), or (d)(2)(B) of section 106 of the Housing and Community Development Act of 1974 (42 U.S.C. 5306) before, on, and after such date.

PURPOSE AND SUMMARY

Introduced on May 18, 2023, by Representative Derek Kilmer, H.R. 3507, the *Yes in My Backyard (YIMBY) Act*, would require communities that receive Community Development Block Grant (CDBG) program grants to submit, as part of their five-year development plan, a report that tracks any discriminatory land use policies and other barriers to constructing affordable housing.

BACKGROUND AND NEED FOR LEGISLATION

Throughout the 118th Congress, Committee Republicans have focused on local zoning and regulatory barriers to creating affordable housing. According to the National Association of Home Builders (NAHB) and the National Multifamily Housing Council (NMHC), up to 30 percent of the cost of a multifamily development can be attributed to regulations at the local, state, and national level.¹ Land-use and zoning reforms are necessary to increase the supply of available homes and lower costs for potential homebuyers.

The YIMBY Act would help eliminate barriers to development by requiring CDBG recipients to report periodically on the extent to which they are examining and removing discriminatory land use policies that hinder housing affordability. This includes enacting changes that allow for the greater use of duplexes and triplexes, reducing minimum lot size, allowing prefabricated construction, and removing or reducing off-street parking requirements. Because localities are already required to submit five-year development plans under the CDBG program, the additional reporting required by H.R. 3507 is unlikely to pose a burden on localities.

A previous version of this bill, H.R. 4351, passed both the Committee and the House by voice vote during the 116th Congress. H.R. 3507 is supported by over 250 organizations, which include the National Association of Realtors, the Mortgage Bankers Association, the National Association of Home Builders, Americans for Prosperity, the National Apartments Association, and Habitat for Humanity International.²

RELATED HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearing was used to develop H.R. 3507: The Subcommittee on Housing and Insurance held a hearing on December 6, 2023, titled “Housing Affordability: Governmental Barriers and Market-Based Solutions.”

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on May 16, 2024, and ordered H.R. 3507 as amended to be reported favorably to the House by a recorded vote of 48 ayes to 0 nays

¹ *Regulation: Over 30 Percent of the Cost of a Multifamily Development*, NATIONAL ASSOCIATION OF HOME BUILDERS, NATIONAL MULTIFAMILY HOUSING COUNCIL (June 2018), available at: <https://www.nmhc.org/contentassets/60365effa073432a8a168619e0f30895/nmhc-nahb-cost-of-regulations.pdf>.

² https://www.young.senate.gov/wp-content/uploads/imo/media/doc/yimby_118th_support_letter.pdf.

(Record vote no. FC-155), a quorum being present. Before the question was called to order the bill favorably reported, the Committee adopted an amendment in the nature of a substitute offered by Mr. Flood by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the order to report legislation and amendments thereto. H.R. 3507 as amended was ordered reported favorably to the House by a recorded vote of 48 ayes to 0 nays (Record vote no. FC-155), a quorum being present.

An amendment offered by Ms. Pressley, no. 12, was not agreed to by a recorded vote of 21 ayes to 27 nays, a quorum being present (Recorded vote no. FC-154).

Record vote no FC-155

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr McHenry	X	—	—	Ms Waters	X	—	—
Mr Hill	X	—	—	Mrs Velazquez	X	—	—
Mr Lucas	X	—	—	Mr Sherman	X	—	—
Mr Sessions	X	—	—	Mr Meeks	X	—	—
Mr Posey	X	—	—	Mr Scott	X	—	—
Mr Luetkemeyer	X	—	—	Mr Lynch	X	—	—
Mr Huizenga	X	—	—	Mr Green	X	—	—
Mrs Wagner	X	—	—	Mr Cleaver	—	—	—
Mr Barr	X	—	—	Mr Himes	X	—	—
Mr Williams (TX)	X	—	—	Mr Foster	X	—	—
Mr Emmer	—	—	—	Mrs Beatty	X	—	—
Mr Loudermilk	X	—	—	Mr Vargas	X	—	—
Mr Mooney	X	—	—	Mr Gottheimer	—	—	—
Mr Davidson	X	—	—	Mr Gonzalez	X	—	—
Mr Rose	X	—	—	Mr Casten	X	—	—
Mr Steil	X	—	—	Ms Pressley	X	—	—
Mr Timmons	X	—	—	Mr Horsford	X	—	—
Mr Norman	X	—	—	Ms Tlaib	X	—	—
Mr Menner	X	—	—	Mr Torres	X	—	—
Mr Fitzgerald	X	—	—	Ms Garcia	X	—	—
Mr Garbarino	X	—	—	Ms Williams (GA)	X	—	—
Mrs Kim	X	—	—	Mr Nickel	X	—	—
Mr Donalds	—	—	—	Ms Pettersen	X	—	—
Mr Flood	X	—	—				
Mr Lawler	X	—	—				
Mr Nunn	X	—	—				
Ms De La Cruz	X	—	—				
Mrs Houchin	X	—	—				
Mr Ogles	X	—	—				

Record vote no. FC-154

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr McHenry	—	X	—	Ms Waters	X	—	—
Mr Hill	—	X	—	Mrs Velázquez	X	—	—
Mr Lucas	—	X	—	Mr Sherman	X	—	—
Mr Sessions	—	X	—	Mr Meeks	X	—	—
Mr Posey	—	X	—	Mr Scott	X	—	—
Mr Luetkemeyer	—	X	—	Mr Lynch	X	—	—
Mr Huelskamp	—	X	—	Mr Green	X	—	—
Mrs Wagner	—	X	—	Mr Cleaver	—	—	—
Mr Barr	—	X	—	Mr Himes	X	—	—
Mr Williams (TX)	—	X	—	Mr Foster	X	—	—
Mr Emmer	—	—	—	Mrs Beatty	X	—	—
Mr Loudermilk	—	X	—	Mr Vargas	X	—	—
Mr Mooney	—	X	—	Mr Gottheimer	—	—	—
Mr Davidson	—	X	—	Mr Gonzalez	X	—	—
Mr Rose	—	X	—	Mr Casten	X	—	—
Mr Steil	—	X	—	Ms Pressley	X	—	—
Mr Timmons	—	X	—	Mr Horsford	X	—	—
Mr Norman	—	X	—	Ms Tlaib	X	—	—
Mr Meuser	—	X	—	Mr Torres	X	—	—
Mr Fitzgerald	—	X	—	Ms Garcia	X	—	—
Mr Garbarino	—	X	—	Ms Williams (GA)	X	—	—
Mrs Kim	—	X	—	Mr Nickel	X	—	—
Mr Donalds	—	—	—	Ms Pettersen	X	—	—
Mr Flood	—	X	—				
Mr Lawler	—	X	—				
Mr Nunn	—	X	—				
Ms De La Cruz	—	X	—				
Mrs Houchin	—	X	—				
Mr Ogles	—	X	—				

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 3507 is to require certain grantees that receive funding under title I of the Housing and Community Development Act of 1974 to submit a plan to track their local restrictive land use policies and efforts to remove those regulatory barriers to affordable housing.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 3507, Yes in My Backyard Act			
As ordered reported by the House Committee on Financial Services on May 16, 2024			
By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 3507 would require state and local governments that receive assistance under the Community Development Block Grant program to submit descriptions of their land use policies every five years to the Department of Housing and Urban Development (HUD). The bill also would require those governments to update the department on their plans for adopting and implementing those policies and to describe the ways in which they would benefit their jurisdictions.

Using information from HUD, CBO estimates that implementing H.R. 3507 would cost less than \$500,000 for administrative costs related to receiving and processing those documents. Any related spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Jon Sperl. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1973.

FEDERAL MANDATES STATEMENT

Pursuant to section 423 of the Unfunded Mandates Reform Act, the Committee adopts as its own the estimate of the Federal mandates prepared by the Director of the Congressional Budget Office.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Sets the short title of the bill as the “Yes In My Backyard Act.”

Section 2. Establishes the purpose of the Act as discouraging the use of discriminatory land use policies and removing barriers to

making housing more affordable to further the original intent of the CDBG program.

Section 3. Amends the Housing and Community Development Act of 1974 to require communities that receive CDBG funding to prepare and submit to the Department of Housing and Urban Development as part of their five-year development plan, a report that tracks implementation of a variety of land use policies and the removal of other barriers to constructing affordable housing. The covered land use policies include enacting changes that allow for the greater use of duplexes and triplexes, reducing minimum lot size, allowing prefabricated construction, and removing or reducing off-street parking requirements. Establishes that the effective date for this new land use reporting requirement as one year after the date of enactment of this Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

TITLE I—COMMUNITY DEVELOPMENT

* * * * *

STATEMENT OF ACTIVITIES AND REVIEW

SEC. 104. (a)(1) Prior to the receipt in any fiscal year of a grant under section 106(b) by any metropolitan city or urban county, under section 106(d) by any State, under section 106(d)(2)(B) by any unit of general local government, or under section 106(a)(3) by any insular area, the grantee shall have prepared a final statement of community development objectives and projected use of funds and shall have provided the Secretary with the certifications required in subsection (b) and, where appropriate, subsection (c). In the case of metropolitan cities and urban counties receiving grants pursuant to section 106(b), units of general local government receiving grants pursuant to section 106(d)(2)(B), and insular areas receiving grants pursuant to section 106(a)(3), the statement of projected use of funds shall consist of proposed community development activities. In the case of States receiving grants pursuant to section 106(d), the statement of projected use of funds shall consist of the method by which the States will distribute funds to units of general local government.

(2) In order to permit public examination and appraisal of such statements, to enhance the public accountability of grantees, and to facilitate coordination of activities with different levels of government, the grantee shall in a timely manner—

(A) furnish citizens or, as appropriate, units of general local government information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken, including the estimated amount proposed to be used for activities

that will benefit persons of low and moderate income and the plans of the grantee for minimizing displacement of persons as a result of activities assisted with such funds and to assist persons actually displaced as a result of such activities;

(B) publish a proposed statement in such manner to afford affected citizens or, as appropriate, units of general local government an opportunity to examine its content and to submit comments on the proposed statement and on the community development performance of the grantee;

(C) hold one or more public hearings to obtain the views of citizens on community development and housing needs;

(D) provide citizens or, as appropriate, units of general local government with reasonable access to records regarding the past use of funds received under section 106 by the grantee; and

(E) provide citizens or, as appropriate, units of general local government with reasonable notice of, and opportunity to comment on, any substantial change proposed to be made in the use of funds received under section 106 from one eligible activity to another or in the method of distribution of such funds.

In preparing the final statement, the grantee shall consider any such comments and views and may, if deemed appropriate by the grantee, modify the proposed statement. The final statement shall be made available to the public, and a copy shall be furnished to the Secretary together with the certifications required under subsection (b) and, where appropriate, subsection (c). Any final statement of activities may be modified or amended from time to time by the grantee in accordance with the same procedures required in this paragraph for the preparation and submission of such statement.

(3) A grant under section 106 may be made only if the grantee certifies that it is following a detailed citizen participation plan which—

(A) provides for and encourages citizen participation, with particular emphasis on participation by persons of low and moderate income who are residents of slum and blight areas and of areas in which section 106 funds are proposed to be used, and in the case of a grantee described in section 106(a), provides for participation of residents in low and moderate income neighborhoods as defined by the local jurisdiction;

(B) provides citizens with reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds, as required by regulations of the Secretary, and relating to the actual use of funds under this title;

(C) provides for technical assistance to groups representative of persons of low and moderate income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;

(D) provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance, which hearings shall be held after adequate notice, at times and locations convenient to potential or

actual beneficiaries, and with accommodation for the handicapped;

(E) provides for a timely written answer to written complaints and grievances, within 15 working days where practicable; and

(F) identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

This paragraph may not be construed to restrict the responsibility or authority of the grantee for the development and execution of its community development program.

(b) Any grant under section 106 shall be made only if the grantee certifies to the satisfaction of the Secretary that—

(1) the grantee is in full compliance with the requirements of subsection (a)(2) (A), (B), and (C) and has made the final statement available to the public;

(2) the grant will be conducted and administered in conformity with the Civil Rights Act of 1964 and the Fair Housing Act, and the grantee will affirmatively further fair housing;

(3) the projected use of funds has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight, and the projected use of funds may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs, except that (A) the aggregate use of funds received under section 106 and, if applicable, as a result of a guarantee or a grant under section 108, during a period specified by the grantee of not more than 3 years, shall principally benefit persons of low and moderate income in a manner that ensures that not less than 70 percent of such funds are used for activities that benefit such persons during such period; and (B) a grantee that borders on the Great Lakes and that experiences significant adverse financial and physical effects due to lake-front erosion or flooding may include in the projected use of funds activities that are clearly designed to alleviate the threat posed, and rectify the damage caused, by such erosion or flooding if such activities will principally benefit persons of low and moderate income and the grantee certifies that such activities are necessary to meet other needs having a particular urgency;

(4) it has developed a community development plan pursuant to subsection (m), for the period specified by the grantee under paragraph (3), that identifies community development needs and specifies both short- and long-term community development objectives that have been developed in accordance with the primary objective and requirements of this title;

(5) the grantee will not attempt to recover any capital costs of public improvements assisted in whole or part under section 106 or with amounts resulting from a guarantee under section 108 by assessing any amount against properties owned and occupied by persons of low and moderate income, including any

fee charged or assessment made as a condition of obtaining access to such public improvements, unless (A) funds received under section 106 are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (B) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient funds received under section 106 to comply with the requirements of subparagraph (A); and

(6) the grantee will comply with the other provisions of this title and with other applicable laws.

(c) A grant may be made under section 106(b) only if the unit of general local government certifies that it is following—

(1) a current housing affordability strategy which has been approved by the Secretary in accordance with section 105 of the Cranston-Gonzalez National Affordable Housing Act, or

(2) a housing assistance plan which was approved by the Secretary during the 180-day period beginning on the date of enactment of the Cranston-Gonzalez National Affordable Housing Act, or during such longer period as may be prescribed by the Secretary in any case for good cause.

(d)(1) A grant under section 106 or 119 may be made only if the grantee certifies that it is following a residential antidisplacement and relocation assistance plan. A grantee receiving a grant under section 106(a) or section 119 shall so certify to the Secretary. A unit of general local government receiving amounts from a State under section 106(d) shall so certify to the State, and a unit of general local government receiving amounts from the Secretary under section 106(d) shall so certify to the Secretary.

(2) The residential antidisplacement and relocation assistance plan shall in connection with a development project assisted under section 106 or 119—

(A) in the event of such displacement, provide that—

(i) governmental agencies or private developers shall provide within the same community comparable replacement dwellings for the same number of occupants as could have been housed in the occupied and vacant occupiable low and moderate income dwelling units demolished or converted to a use other than for housing for low and moderate income persons, and provide that such replacement housing may include existing housing assisted with project based assistance provided under section 8 of the United States Housing Act of 1937;

(ii) such comparable replacement dwellings shall be designed to remain affordable to persons of low and moderate income for 10 years from the time of initial occupancy;

(iii) relocation benefits shall be provided for all low or moderate income persons who occupied housing demolished or converted to a use other than for low or moderate income housing, including reimbursement for actual and reasonable moving expenses, security deposits, credit checks, and other moving-related expenses, including any interim living costs; and in the case of displaced persons of low and moderate income, provide either—

(I) compensation sufficient to ensure that, for a 5-year period, the displaced families shall not bear, after relocation, a ratio of shelter costs to income that exceeds 30 percent; or

(II) if elected by a family, a lump-sum payment equal to the capitalized value of the benefits available under subclause (I) to permit the household to secure participation in a housing cooperative or mutual housing association; and

(iv) persons displaced shall be relocated into comparable replacement housing that is—

(I) decent, safe, and sanitary;

(II) adequate in size to accommodate the occupants;

(III) functionally equivalent; and

(IV) in an area not subject to unreasonably adverse environmental conditions;

(B) provide that persons displaced shall have the right to elect, as an alternative to the benefits under this subsection, to receive benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.) if such persons determine that it is in their best interest to do so; and

(C) provide that where a claim for assistance under subparagraph (A)(iv) is denied by a grantee, the claimant may appeal to the Secretary in the case of a grant under section 106 or 119 or to the appropriate State official in the case of a grant under section 106(d), and that the decision of the Secretary or the State official shall be final unless a court determines the decision was arbitrary and capricious.

(3) Paragraphs (2)(A)(i) and (2)(A)(ii) shall not apply in any case in which the Secretary finds, on the basis of objective data, that there is available in the area an adequate supply of habitable affordable housing for low and moderate income persons. A determination under this paragraph is final and nonreviewable.

(e) Each grantee shall submit to the Secretary, at a time determined by the Secretary, a performance and evaluation report, concerning the use of funds made available under section 106, together with an assessment by the grantee of the relationship of such use to the objectives identified in the grantee's statement under subsection (a) and to the requirements of subsection (b)(3). Such report shall also be made available to the citizens in each grantee's jurisdiction in sufficient time to permit such citizens to comment on such report prior to its submission, and in such manner and at such times as the grantee may determine. The grantee's report shall indicate its programmatic accomplishments, the nature of and reasons for changes in the grantee's program objectives, indications of how the grantee would change its programs as a result of its experiences, and an evaluation of the extent to which its funds were used for activities that benefited low- and moderate-income persons. The report shall include a summary of any comments received by the grantee from citizens in its jurisdiction respecting its program. The Secretary shall encourage and assist national associations of grantees eligible under section 106(d)(2)(B), national associations of States, and national associations of units of general local government in nonentitlement areas to develop and rec-

commend to the Secretary, within one year after the effective date of this sentence, uniform recordkeeping, performance reporting and evaluation reporting, and auditing requirements for such grantees, States, and units of general local government, respectively. Based on the Secretary's approval of these recommendations, the Secretary shall establish such requirements for use by such grantees, States, and units of general local government. The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine—

(1) in the case of grants made under subsection (a)(3), (b), or (d)(2)(B) of section 106, whether the grantee has carried out its activities and, where applicable, its housing assistance plan in a timely manner, whether the grantee has carried out those activities and its certifications in accordance with the requirements and the primary objectives of this title and with other applicable laws, and whether the grantee has a continuing capacity to carry out those activities in a timely manner; and

(2) in the case of grants to States made under section 106(d), whether the State has distributed funds to units of general local government in a timely manner and in conformance to the method of distribution described in its statement, whether the State has carried out its certifications in compliance with the requirements of this title and other applicable laws, and whether the State has made such reviews and audits of the units of general local government as may be necessary or appropriate to determine whether they have satisfied the applicable performance criteria described in paragraph (1) of this subsection.

The Secretary may make appropriate adjustments in the amount of the annual grants in accordance with the Secretary's findings under this subsection. With respect to assistance made available to units of general local government under section 106(d), the Secretary may adjust, reduce, or withdraw such assistance, or take other action as appropriate in accordance with the Secretary's reviews and audits under this subsection, except that funds already expended on eligible activities under this title shall not be recaptured or deducted from future assistance to such units of general local government.

(f) Insofar as they relate to funds provided under this title, the financial transactions of recipients of such funds may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.

(g)(1) In order to assure that the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act (as specified in regulations issued by the Secretary) are most effectively implemented in connection with the expenditure of funds under this title, and to assure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of funds for par-

ticular projects to recipients of assistance under this title who assume all of the responsibilities for environmental review, decision-making, and action pursuant to such Act, and such other provisions of law as the regulations of the Secretary specify, that would apply to the Secretary were he to undertake such projects as Federal projects. The Secretary shall issue regulations to carry out this subsection only after consultation with the Council on Environmental Quality.

(2) The Secretary shall approve the release of funds for projects subject to the procedures authorized by this subsection only if, at least fifteen days prior to such approval and prior to any commitment of funds to such projects other than for purposes authorized by section 105(a)(12) or for environmental studies, the recipient of assistance under this title has submitted to the Secretary a request for such release accompanied by a certification which meets the requirements of paragraph (3). The Secretary's approval of any such certification shall be deemed to satisfy his responsibilities under the National Environmental Policy Act of 1969 and such other provisions of law as the regulations of the Secretary specify insofar as those responsibilities relate to the releases of funds for projects to be carried out pursuant thereto which are covered by such certification.

(3) A certification under the procedures authorized by this subsection shall—

(A) be in a form acceptable to the Secretary,

(B) be executed by the chief executive officer or other officer of the recipient of assistance under this title qualified under regulations of the Secretary,

(C) specify that the recipient of assistance under this title has fully carried out its responsibilities as described under paragraph (1) of this subsection, and

(D) specify that the certifying officer (i) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 and each provision of law specified in regulations issued by the Secretary insofar as the provisions of such Act or other such provision of law apply pursuant to paragraph (1) of this subsection, and (ii) is authorized and consents on behalf of the recipient of assistance under this title and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

(4) In the case of grants made to States pursuant to section 106(d), the State shall perform those actions of the Secretary described in paragraph (2) and the performance of such actions shall be deemed to satisfy the Secretary's responsibilities referred to in the second sentence of such paragraph.

(h)(1) Units of general local government receiving assistance under this title may receive funds, in one payment, in an amount not to exceed the total amount designated in the grant (or, in the case of a unit of general local government receiving a distribution from a State pursuant to section 106(d), not to exceed the total amount of such distribution) for use in establishing a revolving loan fund which is to be established in a private financial institution and which is to be used to finance rehabilitation activities assisted under this title. Rehabilitation activities authorized under

this section shall begin within 45 days after receipt of such payment and substantial disbursements from such fund must begin within 180 days after receipt of such payment.

(2) The Secretary shall establish standards for such cash payments which will insure that the deposit result in appropriate benefits in support of the recipient's rehabilitation program. These standards shall be designed to assure that the benefits to be derived from the local program include, at a minimum, one or more of the following elements, or such other criteria as determined by the Secretary—

(A) leverage of community development block grant funds so that participating financial institutions commit private funds for loans in the rehabilitation program in amounts substantially in excess of deposit of community development funds;

(B) commitment of private funds for rehabilitation loans at below-market interest rates or with repayment periods lengthened or at higher risk than would normally be taken;

(C) provision of administrative services in support of the rehabilitation program by the participating lending institutions; and

(D) interest earned on such cash deposits shall be used in a manner which supports the community rehabilitation program.

(i) In any case in which a metropolitan city is located, in whole or in part, within an urban county, the Secretary may, upon the joint request of such city and county, approve the inclusion of the metropolitan city as part of the urban county for purposes of submitting a statement under section 104(a) and carrying out activities under this title.

(j) Notwithstanding any other provision of law, any unit of general local government may retain any program income that is realized from any grant made by the Secretary, or any amount distributed by a State, under section 106 if (1) such income was realized after the initial disbursement of the funds received by such unit of general local government under such section; and (2) such unit of general local government has agreed that it will utilize the program income for eligible community development activities in accordance with the provisions of this title; except that the Secretary may, by regulation, exclude from consideration as program income any amounts determined to be so small that compliance with this subsection creates an unreasonable administrative burden on the unit of general local government. A State may require as a condition of any amount distributed by such State under section 106(d) that a unit of general local government shall pay to such State any such income to be used by such State to fund additional eligible community development activities, except that such State shall waive such condition to the extent such income is applied to continue the activity from which such income was derived.

(k) Each grantee shall provide for reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance received under this title to acquire or substantially rehabilitate property.

(l) PROTECTION OF INDIVIDUALS ENGAGING IN NON-VIOLENT CIVIL RIGHTS DEMONSTRATIONS.—No funds authorized to be appropriated under section 103 of this Act may be obligated or expended to any unit of general local government that—

(1) fails to adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; or

(2) fails to adopt and enforce a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstration within its jurisdiction.

(m) COMMUNITY DEVELOPMENT PLANS.—

(1) IN GENERAL.—Prior to the receipt in any fiscal year of a grant from the Secretary under subsection (a)(2), (b), (d)(1), or (d)(2)(B) of section 106, each recipient shall have prepared and submitted in accordance with this subsection and in such standardized form as the Secretary shall, by regulation, prescribe a description of its priority nonhousing community development needs eligible for assistance under this title.

(2) LOCAL GOVERNMENTS.—In the case of a recipient that is a unit of general local government other than an insular area—

(A) prior to the submission required by paragraph (1), the recipient shall, to the extent practicable, notify adjacent units of general local government and solicit the views of citizens on priority nonhousing community development needs; and

(B) the description required under paragraph (1) shall be submitted to the Secretary, the State, and any other unit of general local government within which the recipient is located, in such standardized form as the Secretary shall, by regulation, prescribe.

(3) STATES.—In the case of a recipient that is a State, the description required by paragraph (1)—

(A) shall include only the needs within the State that affect more than one unit of general local government and involve activities typically funded by such States under this title; and

(B) shall be submitted to the Secretary in such standard form as the Secretary, by regulation, shall prescribe.

(4) EFFECT OF SUBMISSION.—A submission under this subsection shall not be binding with respect to the use or distribution of amounts received under section 106.

(n) PLAN TO TRACK AND REDUCE DISCRIMINATORY LAND USE POLICIES.—

(1) IN GENERAL.—Prior to receipt in any fiscal year of a grant from the Secretary under subsection (b), (d)(1), or (d)(2)(B) of section 106, each recipient shall have prepared and submitted, not less frequently than once during the preceding 5-year period, in accordance with this subsection and in such standardized form as the Secretary shall, by regulation, prescribe, with respect to each land use policy described in paragraph (2) that is applicable to the jurisdiction served by the recipient, a description of—

(A) whether the recipient has already adopted the policy in the jurisdiction served by the recipient;

(B) the plan of the recipient to implement the policy in that jurisdiction; or

(C) *the ways in which adopting the policy will benefit the jurisdiction.*

(2) **LAND USE POLICIES.**—*The policies described in this paragraph are as follows:*

(A) *Enacting high-density single-family and multifamily zoning.*

(B) *Expanding by-right multifamily zoned areas.*

(C) *Allowing duplexes, triplexes, or fourplexes in areas zoned primarily for single-family residential homes.*

(D) *Allowing manufactured homes in areas zoned primarily for single-family residential homes.*

(E) *Allowing multifamily development in retail, office, and light manufacturing zones.*

(F) *Allowing single-room occupancy development wherever multifamily housing is allowed.*

(G) *Reducing minimum lot size.*

(H) *Ensuring historic preservation requirements and other land use policies or requirements are coordinated to encourage creation of housing in historic buildings and historic districts.*

(I) *Increasing the allowable floor area ratio in multifamily housing areas.*

(J) *Creating transit-oriented development zones.*

(K) *Streamlining or shortening permitting processes and timelines, including through one-stop and parallel-process permitting.*

(L) *Eliminating or reducing off-street parking requirements.*

(M) *Ensuring impact and utility investment fees accurately reflect required infrastructure needs and related impacts on housing affordability are otherwise mitigated.*

(N) *Allowing prefabricated construction.*

(O) *Reducing or eliminating minimum unit square footage requirements.*

(P) *Allowing the conversion of office units to apartments.*

(Q) *Allowing the subdivision of single-family homes into duplexes.*

(R) *Allowing accessory dwelling units, including detached accessory dwelling units, on all lots with single-family homes.*

(S) *Establishing density bonuses.*

(T) *Eliminating or relaxing residential property height limitations.*

(U) *Using property tax abatements to enable higher density and mixed-income communities.*

(V) *Donating vacant land for affordable housing development.*

(3) **EFFECT OF SUBMISSION.**—*A submission under this subsection shall not be binding with respect to the use or distribution of amounts received under section 106.*

(4) **ACCEPTANCE OR NONACCEPTANCE OF PLAN.**—*The acceptance or nonacceptance of any plan submitted under this subsection in which the information required under this subsection*

is provided is not an endorsement or approval of the plan, policies, or methodologies, or lack thereof.

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