

104TH CONGRESS
1ST SESSION

S. 1387

To provide for innovative approaches for homeownership opportunity, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 2, 1995

Mr. NUNN introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for innovative approaches for homeownership opportunity, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Homesteading and
5 Neighborhood Restoration Act of 1995”.

6 **SEC. 2. ASSISTANCE FOR HABITAT FOR HUMANITY AND**
7 **OTHER SELF-HELP HOUSING PROVIDERS.**

8 (a) GRANT AUTHORITY.—The Secretary shall, to the
9 extent that amounts are made available to carry out this

1 section and the requirements of this section are met, make
2 grants for use in accordance with this section to—

3 (1) Habitat for Humanity International, whose
4 organizational headquarters are located in Americus,
5 Georgia; and

6 (2) other national or regional organizations or
7 consortia that have experience in providing or facili-
8 tating self-help housing homeownership opportuni-
9 ties.

10 (b) GOALS AND ACCOUNTABILITY.—

11 (1) GOALS.—In making grants under this sec-
12 tion, the Secretary shall take such actions as may be
13 necessary to ensure that—

14 (A) assistance provided under this section
15 is used to facilitate and encourage innovative
16 homeownership opportunities through the provi-
17 sion of self-help housing, under which the
18 homeowner contributes a significant amount of
19 sweat equity toward the construction of the new
20 dwelling;

21 (B) assistance provided under this section
22 for land acquisition and infrastructure develop-
23 ment results in the development of not less than
24 5,000 new dwellings;

1 (C) the dwellings constructed in connection
2 with assistance provided under this section are
3 dwellings that comply with local building and
4 safety codes and standards and are available at
5 prices below the prevailing market prices;

6 (D) the provision of assistance under this
7 section establishes and fosters a partnership be-
8 tween the Federal Government and Habitat for
9 Humanity International, the affiliates thereof,
10 and other organizations and consortia, resulting
11 in efficient development of affordable housing
12 with minimal governmental intervention, limited
13 governmental regulation, and significant in-
14 volvement by private entities;

15 (E) activities to develop housing assisted
16 pursuant to this section involve community par-
17 ticipation similar to the homeownership pro-
18 gram carried out by Habitat for Humanity
19 International, in which volunteers assist in the
20 construction of dwellings; and

21 (F) dwellings are developed in connection
22 with assistance under this section on a geo-
23 graphically diverse basis, which includes areas
24 having high housing costs, rural areas, and
25 areas underserved by other homeownership op-

1 portunities that are populated by low-income
2 families that are otherwise unable to afford
3 housing.

4 (2) ACCOUNTABILITY.—If, at any time, the
5 Secretary determines that the goals under this sub-
6 section cannot be met by providing assistance in ac-
7 cordance with the terms of this section, the Sec-
8 retary shall immediately notify the applicable com-
9 mittees in writing of such determination and any
10 proposed changes to such goals or to this section.

11 (c) ALLOCATION.—Of any amounts available for
12 grants under this section—

13 (1) 50 percent shall be used for a grant to the
14 organization specified in subsection (a)(1); and

15 (2) 50 percent shall be used for grants to orga-
16 nizations and consortia under subsection (a)(2).

17 (d) USE.—

18 (1) PURPOSE.—Amounts from grants made
19 under this section shall be used only for eligible ex-
20 penses in connection with developing new decent,
21 safe, and sanitary nonluxury dwellings in the United
22 States for families and persons who are otherwise
23 unable to afford to purchase a dwelling.

24 (2) ELIGIBLE EXPENSES.—

1 (A) COSTS INCLUDED.—For purposes of
2 paragraph (1), the term “eligible expenses”
3 means costs only for the following activities:

4 (i) LAND ACQUISITION.—Acquiring
5 land (including financing and closing
6 costs).

7 (ii) INFRASTRUCTURE IMPROVE-
8 MENT.—Installing, extending, constructing,
9 rehabilitating, or otherwise improving utili-
10 ties and other infrastructure.

11 (B) COSTS NOT INCLUDED.—The term
12 does not include any costs for the rehabilitation,
13 improvement, or construction of dwellings.

14 (e) ESTABLISHMENT OF GRANT FUND.—

15 (1) IN GENERAL.—Any amounts from any
16 grant made under this section shall be deposited by
17 the grantee organization or consortium in a fund
18 that is established by such organization or consor-
19 tium for such amounts, administered by such organi-
20 zation or consortium, and available for use only in
21 accordance with subsection (d). Any interest, fees, or
22 other earnings of the fund shall be deposited in the
23 fund and shall be considered to be grant amounts
24 for purposes of this section.

1 (2) ASSISTANCE TO HABITAT FOR HUMANITY
2 INTERNATIONAL AFFILIATES.—Habitat for Human-
3 ity International may use amounts in the fund es-
4 tablished for such organization pursuant to para-
5 graph (1) in accordance with subsection (d) by pro-
6 viding assistance from the fund to local affiliates of
7 such organization.

8 (f) REQUIREMENTS FOR ASSISTANCE TO OTHER OR-
9 GANIZATIONS.—The Secretary may make a grant to an
10 organization or consortium under subsection (a)(2) only
11 pursuant to—

12 (1) an expression of interest by such organiza-
13 tion or consortium to the Secretary for a grant for
14 such purposes;

15 (2) a determination by the Secretary that the
16 organization or consortium has the capability and
17 has obtained financial commitments (or has the ca-
18 pacity to obtain financial commitments) necessary
19 to—

20 (A) develop not less than 50 dwellings in
21 connection with the grant amounts; and

22 (B) otherwise comply with a grant agree-
23 ment under subsection (i); and

24 (3) a grant agreement entered into under sub-
25 section (i).

1 (g) TREATMENT OF UNUSED AMOUNTS.—Upon the
2 expiration of the 6-month period beginning on the date
3 on which the Secretary initially provides notice of the
4 availability of amounts for grants under subsection (a)(2),
5 the Secretary shall determine whether the amount remain-
6 ing from the aggregate amount reserved under subsection
7 (c)(2) exceeds the amount needed to provide funding in
8 connection with any expressions of interest under sub-
9 section (f)(1) made by such date that are likely to result
10 in grant agreements under subsection (i). If the Secretary
11 determines that such excess amounts remain, the Sec-
12 retary shall provide the excess amounts to Habitat for Hu-
13 manity International by making a grant to that organiza-
14 tion in accordance with this section.

15 (h) GEOGRAPHIC DIVERSITY.—

16 (1) USE OF GRANT AMOUNTS.—In using grant
17 amounts provided under subsection (a)(1), Habitat
18 for Humanity International shall make reasonable
19 efforts to ensure that the amounts are used in a
20 manner that results in national geographic diversity
21 among housing developed using such amounts.

22 (2) MAKING GRANTS.—In making grants under
23 subsection (a)(2), the Secretary shall make reason-
24 able efforts to ensure that grants are provided and
25 grant amounts are used in a manner that results in

1 national geographic diversity among housing devel-
2 oped using grant amounts under this section.

3 (i) GRANT AGREEMENT.—A grant under this section
4 shall be made only pursuant to a grant agreement entered
5 into by the Secretary and the organization or consortium
6 receiving the grant, which shall—

7 (1) require such organization or consortium to
8 use grant amounts only as provided in this section;

9 (2) provide for the organization or consortium
10 to develop a specific and reasonable number of
11 dwellings using the grant amounts, which number
12 shall be established taking into consideration costs
13 and economic conditions in the areas in which the
14 dwellings will be developed, but in no case shall be
15 less than 50;

16 (3) require the organization or consortium to
17 use the grant amounts in a manner that leverages
18 other sources of funding (other than grants under
19 this section), including private or public funds, in
20 developing the dwellings;

21 (4) require the organization or consortium to
22 comply with the other provisions of this section;

23 (5) in the case only of a grant under subsection
24 (a)(2), provide that if the organization or consortium
25 has not used any grant amounts during the 24-

1 month period beginning on the date on which such
2 amounts are initially disbursed to the organization
3 or consortium, the Secretary shall recapture such
4 unused amounts; and

5 (6) contain such other terms as the Secretary
6 may require to provide for compliance with sub-
7 section (b) and the requirements of this section.

8 (j) GRANT PAYMENTS.—

9 (1) ONE-STEP DISBURSEMENT.—With respect
10 to any grant under subsection (a)(2) in an amount
11 less than \$8,000,000, the Secretary shall make the
12 total amount of the grant available to the grantee
13 organization or consortium upon entering into the
14 grant agreement under subsection (i) and providing
15 notice under paragraph (3).

16 (2) TWO-STEP DISBURSEMENT.—With respect
17 to the grant under subsection (a)(1) and any grant
18 under subsection (a)(2) in an amount equal to or ex-
19 ceeding \$8,000,000, the Secretary shall disburse the
20 grant amounts in 2 equal payments, as follows:

21 (A) INITIAL PAYMENT.—The first payment
22 shall be made available to the grantee organiza-
23 tion or consortium upon entering into the grant
24 agreement under subsection (i) and providing
25 notice under paragraph (3).

1 (B) FINAL PAYMENT.—The second pay-
2 ment shall be made available to the organiza-
3 tion or consortium subject to the following re-
4 quirements:

5 (i) NOTICE.—The amounts may not
6 be made available until 30 days after the
7 Secretary certifies to the applicable com-
8 mittees that the grant amounts provided
9 under subparagraph (A) to the organiza-
10 tion or consortium have been used in ac-
11 cordance with this section to develop the
12 new dwellings required under the grant
13 agreement.

14 (ii) FULFILLMENT OF GRANT AGREE-
15 MENT.—If the Secretary determines that
16 the organization or consortium has not,
17 during the 24-month period beginning on
18 the date on which amounts are initially
19 made available under subparagraph (A) to
20 the organization or consortium, substan-
21 tially fulfilled the obligations under the
22 grant agreement, including development of
23 the appropriate number of dwellings under
24 the agreement, the Secretary shall provide
25 any undisbursed amounts remaining from

1 such grant to Habitat for Humanity Inter-
2 national by making a grant to such organi-
3 zation in accordance with this section.

4 (3) NOTIFICATION TO CONGRESS.—Notification
5 under this paragraph is written notification to the
6 applicable committees of a grant, the amount of the
7 grant, and the terms of the grant agreement.

8 (4) FAILURE TO REPORT.—If the Secretary
9 fails to report to the applicable committees as re-
10 quired in this subsection, the Secretary may not
11 make any grant under this section after that failure
12 and may not disburse any amounts under any grant
13 made prior to that failure.

14 (k) RECORDS AND AUDITS.—During the period be-
15 ginning on the date on which a grant is made under this
16 section and ending on close-out of the grant under sub-
17 section (l)—

18 (1) the grantee organization or consortium shall
19 keep such records and adopt such administrative
20 practices as the Secretary may require to ensure
21 compliance with the provisions of this section and
22 the grant agreement; and

23 (2) the Secretary and the Comptroller General
24 of the United States, and any of their duly author-
25 ized representatives shall have access for the purpose

1 of audit and examination to any books, documents,
2 papers, and records of the grantee organization or
3 consortium and the affiliates thereof that are perti-
4 nent to the grant made under this section.

5 (l) CLOSE-OUT.—

6 (1) IN GENERAL.—The Secretary shall close out
7 a grant made under this section upon determining
8 that the aggregate amount of any assistance pro-
9 vided from the fund established under subsection
10 (d)(1) by the grantee organization or consortium ex-
11 ceeds the amount of the grant. For purposes of this
12 paragraph, any interest, fees, and other earnings of
13 the fund shall be excluded from the amount of the
14 grant.

15 (2) EFFECT.—After a close-out under para-
16 graph (1), no grantee organization or consortium, or
17 any affiliates thereof, may be required to comply
18 with any provision of this section or the grant agree-
19 ment or to account to the Secretary for use of grant
20 amounts.

21 (m) ENVIRONMENTAL REVIEW.—A grant under this
22 section shall be considered to be funds for a special project
23 for purposes of section 305(c) of the Multifamily Housing
24 Property Disposition Reform Act of 1994.

1 (n) REPORT TO CONGRESS.—Not later than 90 days
2 after the date on which the close-out of all grants under
3 this section is completed, the Secretary shall submit to the
4 applicable committees a report describing the grants made
5 under this section, the grantees, the housing developed in
6 connection with the grant amounts, and the purposes for
7 which the grant amounts were used.

8 (o) DEFINITIONS.—For purposes of this section, the
9 following definitions shall apply:

10 (1) APPLICABLE COMMITTEES.—The term “ap-
11 plicable committees” means the Committee on Bank-
12 ing, Housing, and Urban Affairs of the Senate and
13 the Committee on Banking and Financial Services of
14 the House of Representatives.

15 (2) SECRETARY.—The term “Secretary” means
16 the Secretary of Housing and Urban Development.

17 (3) UNITED STATES.—The term “United
18 States” includes the States of the United States, the
19 District of Columbia, the Commonwealth of Puerto
20 Rico, the Commonwealth of the Northern Mariana
21 Islands, Guam, the Virgin Islands, American Samoa,
22 and any other territory or possession of the United
23 States.

24 (p) FUNDING.—Of any amounts made available for
25 annual contributions for assisted housing before the date

1 of enactment of this Act, \$50,000,000 shall be used by
2 the Secretary to carry out this section. Any such amounts
3 shall remain available for such purposes until expended.

4 (q) REGULATIONS.—Not later than 30 days after the
5 date of enactment of this Act, the Secretary shall issue
6 any final regulations necessary to carry out this section.
7 The regulations shall take effect upon issuance and may
8 not exceed, in length, 5 full pages in the Federal Register.

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