

108TH CONGRESS
1ST SESSION

S. 1411

To establish a National Housing Trust Fund in the Treasury of the United States to provide for the development of decent, safe, and affordable housing for low-income families, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 15, 2003

Mr. KERRY (for himself and Mr. CHAFEE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To establish a National Housing Trust Fund in the Treasury of the United States to provide for the development of decent, safe, and affordable housing for low-income families, 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 “National Affordable
5 Housing Trust Fund Act of 2003”.

6 **SEC. 2. PURPOSES.**

7 The purposes of this Act are—

1 (1) to fill the growing gap in the national abil-
2 ity to build affordable housing by using profits gen-
3 erated by Federal housing programs to fund addi-
4 tional housing activities, and not supplant existing
5 housing appropriations;

6 (2) to enable rental housing to be built for
7 those families with the greatest need in areas with
8 the greatest opportunities in mixed-income settings
9 and to promote homeownership for low-income fami-
10 lies; and

11 (3) to provide for approximately 1,500,000 ad-
12 ditional affordable, low-income housing units over
13 the next 10 years.

14 **SEC. 3. DEFINITIONS.**

15 (a) **DEFINITIONS.**—In this Act:

16 (1) **ADJUSTED INCOME.**—The term “adjusted
17 income” has the same meaning as in section 3(b) of
18 the United States Housing Act of 1937 (42 U.S.C.
19 1437a(b)).

20 (2) **AFFORDABLE HOUSING.**—The term “afford-
21 able housing” means housing for rental that bears
22 rents not greater than the lesser of—

23 (A) the existing fair market rent for com-
24 parable units in the area, as established by the

1 Secretary under section 8 of the United States
2 Housing Act of 1937 (42 U.S.C. 1437f); or

3 (B) a rent that does not exceed 30 percent
4 of the adjusted income of a family whose in-
5 come equals 65 percent of the median income
6 for the area, as determined by the Secretary,
7 with an adjustment for the number of bedrooms
8 in the unit, except that the Secretary may es-
9 tablish income ceilings higher or lower than 65
10 percent of the median for the area on the basis
11 of the findings of the Secretary that such vari-
12 ations are necessary because of the prevailing
13 levels of construction costs or fair market rents,
14 or unusually high or low family incomes.

15 (3) CONTINUED ASSISTANCE RENTAL SUBSIDY
16 PROGRAM.—The term “continued assistance rental
17 subsidy program” means a program under which—

18 (A) project-based assistance is provided for
19 not more than 3 years to a family in an afford-
20 able housing unit that was developed with as-
21 sistance made available under subsection (b) or
22 (c) of section 5 in a project that partners with
23 a public housing agency, which agency agrees to
24 provide the assisted family with a priority for
25 the receipt of a voucher under section 8(o) of

1 the United States Housing Act of 1937 (42
2 U.S.C. 1437f(o)) if the family chooses to move
3 after an initial year of occupancy and the public
4 housing agency agrees to refer eligible voucher
5 holders to the property when vacancies occur;
6 and

7 (B) after 3 years, subject to appropria-
8 tions, continued assistance is provided under
9 section 8(o) of the United States Housing Act
10 of 1937 (42 U.S.C. 1437f(o)), notwithstanding
11 any provision to the contrary in that section, if
12 administered to provide families with the option
13 of continued assistance with tenant-based
14 vouchers, if such a family chooses to move after
15 an initial year of occupancy and the public
16 housing agency agrees to refer eligible voucher
17 holders to the property when vacancies occur.

18 (4) ELIGIBLE ACTIVITIES.—The term “eligible
19 activities” means activities relating to the develop-
20 ment of affordable housing, including—

21 (A) the construction of new housing;

22 (B) the acquisition of real property;

23 (C) site preparation and improvement, in-
24 cluding demolition;

1 (D) substantial rehabilitation of existing
2 housing; and

3 (E) rental subsidy, in the same manner as
4 voucher assistance under section 8(o)(13) of the
5 United States Housing Act of 1937 (42 U.S.C.
6 1437f(o)(13)).

7 (5) ELIGIBLE ENTITY.—The term “eligible enti-
8 ty” includes any public or private nonprofit or for-
9 profit entity, regional planning entity, and any other
10 entity engaged in the development of affordable
11 housing, as determined by the Secretary.

12 (6) ELIGIBLE INTERMEDIARY.—The term “eli-
13 gible intermediary” means—

14 (A) a nonprofit community development
15 corporation;

16 (B) a community development financial in-
17 stitution (as defined in section 103 of the Com-
18 munity Development Banking and Financial In-
19 stitutions Act of 1994 (12 U.S.C. 4702));

20 (C) a State or local trust fund;

21 (D) any entity eligible for assistance under
22 section 4 of the HUD Demonstration Act of
23 1993 (42 U.S.C. 9816 note);

24 (E) a national, regional, or statewide non-
25 profit organization; and

1 (F) any other appropriate nonprofit entity,
2 as determined by the Secretary.

3 (7) EXTREMELY LOW-INCOME FAMILIES.—The
4 term “extremely low-income families” means very
5 low-income families (as defined in section 3(b) of the
6 United States Housing Act of 1937 (42 U.S.C.
7 1437a(b)) whose incomes do not exceed 30 percent
8 of the median family income for the area, as deter-
9 mined by the Secretary with adjustments for smaller
10 and larger families, except that the Secretary may
11 establish income ceilings higher or lower than 30
12 percent of the median for the area on the basis of
13 the findings of the Secretary that such variations
14 are necessary because of unusually high or low fam-
15 ily incomes.

16 (8) LOW-INCOME FAMILIES.—The term “low-in-
17 come families” has the same meaning as in section
18 3(b) of the United States Housing Act of 1937 (42
19 U.S.C. 1437a(b)).

20 (9) SECRETARY.—The term “Secretary” means
21 the Secretary of Housing and Urban Development.

22 (10) STATE.—The term “State” has the same
23 meaning as in section 3(b) of the United States
24 Housing Act of 1937 (42 U.S.C. 1437a(b)).

1 (11) UNIT OF GENERAL LOCAL GOVERN-
 2 MENT.—The term “unit of general local govern-
 3 ment” means—

4 (A) a city, town, township, county, parish,
 5 village, or other general purpose political sub-
 6 division of a State;

7 (B) the Federated States of Micronesia
 8 and Palau, the Marshall Islands or a general
 9 purpose political subdivision thereof;

10 (C) a consortium of such political subdivi-
 11 sions recognized by the Secretary in accordance
 12 with section 216(2) of the Cranston-Gonzalez
 13 National Affordable Housing Act (42 U.S.C.
 14 12704); and

15 (D) any agency or instrumentality thereof
 16 that is established pursuant to legislation and
 17 designated by the chief executive to act on be-
 18 half of a State or other jurisdiction with regard
 19 to the provisions of this Act

20 that is a participating jurisdiction as described in
 21 sections 216 and 217 of the Cranston-Gonzalez Na-
 22 tional Affordable Housing Act (42 U.S.C. 12704).

23 **SEC. 4. NATIONAL HOUSING TRUST FUND.**

24 (a) ESTABLISHMENT OF TRUST FUND.—There is es-
 25 tablished in the Treasury of the United States a trust fund

1 to be known as the “National Affordable Housing Trust
2 Fund” (referred to in this Act as the “Trust Fund”) for
3 the purpose of promoting the development of affordable
4 housing.

5 (b) DEPOSITS TO THE TRUST FUND.—For fiscal
6 year 2003, and each fiscal year thereafter, there is appro-
7 priated to the Trust Fund an amount equal to the sum
8 of—

9 (1) any revenue generated by the Mutual Mort-
10 gage Insurance Fund of the Federal Housing Ad-
11 ministration in excess of the amount necessary for
12 the Mutual Mortgage Insurance Fund to maintain a
13 capital ratio of 3 percent for the preceding fiscal
14 year; and

15 (2) any revenue generated by the Government
16 National Mortgage Association in excess of the
17 amount necessary to pay the administrative costs
18 and expenses necessary to ensure the safety and
19 soundness of the Government National Mortgage As-
20 sociation for the preceding fiscal year, as determined
21 by the Secretary.

22 (c) EXPENDITURES FROM THE TRUST FUND.—For
23 fiscal year 2003, and each fiscal year thereafter, amounts
24 appropriated to the Trust Fund shall be available to the

1 Secretary of Housing and Urban Development for use in
2 accordance with section 5.

3 **SEC. 5. ADMINISTRATION OF NATIONAL AFFORDABLE**
4 **HOUSING TRUST FUND.**

5 (a) ALLOCATION.—

6 (1) IN GENERAL.—For fiscal year 2003, and
7 each fiscal year thereafter, of the total amount made
8 available to the Secretary from the Trust Fund
9 under section 4(c), the Secretary shall allocate—

10 (A) 75 percent to award grants to States
11 and units of general local government in ac-
12 cordance with paragraph (2) and subsection
13 (b); and

14 (B) 25 percent to award grants to eligible
15 intermediaries in accordance with subsection (c)
16 of this section.

17 (2) ALLOCATION TO STATES AND UNITS OF
18 GENERAL LOCAL GOVERNMENT.—Of the funds allo-
19 cated under paragraph (1)(A), the Secretary shall
20 allocate 60 percent of the amount to units of general
21 local government and 40 percent to States.

22 (b) GRANTS.—

23 (1) IN GENERAL.—Subject to paragraph (2),
24 from the amount made available for each fiscal year
25 under subsection (a)(1), the Secretary shall award

1 grants to States and units of general local govern-
2 ment, in accordance with an allocation formula es-
3 tablished by the Secretary, that is based on the pro
4 rata share of each State or unit of general local gov-
5 ernment of the total need among all States or units
6 of general local government, as applicable, for an in-
7 creased supply of affordable housing, as determined
8 on the basis of—

9 (A) the number and percentage of families
10 in the State or unit of general local government
11 that live in substandard housing;

12 (B) the number and percentage of families
13 in the State or unit of general local government
14 that pay more than 50 percent of their annual
15 income for housing costs;

16 (C) the number and percentage of persons
17 living at or below the poverty level in the State
18 or unit of general local government;

19 (D) the cost of developing or carrying out
20 substantial rehabilitation of housing in the
21 State or unit of general local government;

22 (E) the age of the multifamily housing
23 stock in the State or unit of general local gov-
24 ernment; and

1 (F) such other factors as the Secretary de-
2 termines to be appropriate.

3 (2) GRANT AMOUNT.—

4 (A) IN GENERAL.—The amount of a grant
5 award to a State or unit of general local gov-
6 ernment under this subsection shall be equal to
7 the lesser of—

8 (i) 4 times the amount of assistance
9 provided by the State or unit of general
10 local government from non-Federal
11 sources; and

12 (ii) the allocation determined in ac-
13 cordance with paragraph (1).

14 (B) NON-FEDERAL SOURCES.—For pur-
15 poses of this section, non-Federal sources shall
16 include—

17 (i) 50 percent of the funds allocable to
18 tax credits allocated under section 42 of
19 the Internal Revenue Code of 1986;

20 (ii) 50 percent of the revenue from
21 mortgage revenue bonds issued under sec-
22 tion 143 of the Internal Revenue Code of
23 1986;

24 (iii) 50 percent of the proceeds from
25 the sale of tax exempt bonds;

1 (iv) funds provided under part A of
2 title IV of the Social Security Act (42
3 U.S.C. 601 et seq.); and

4 (v) such other sources as the Sec-
5 retary determines to be appropriate.

6 (3) AWARD OF ALLOCATION TO CERTAIN ENTI-
7 TIES.—

8 (A) IN GENERAL.—If the amount provided
9 by a State or unit of general government from
10 non-Federal sources is less than 25 percent of
11 the amount that would be awarded to the State
12 or unit of general local government under this
13 subsection based on the allocation formula de-
14 scribed in paragraph (1), not later than 60 days
15 after the date on which the Secretary deter-
16 mines that the State or unit of general local
17 government is not eligible for the full allocation
18 determined under paragraph (1), the Secretary
19 shall issue a notice regarding the availability of
20 the funds for which the State or unit of general
21 local government is ineligible.

22 (B) APPLICATIONS.—Not later than 9
23 months after the date of publication of a notice
24 of funding availability under subparagraph (A),
25 a nonprofit or public entity (or a consortium

1 thereof) may submit to the Secretary an appli-
2 cation for the available assistance or a portion
3 of the available assistance, which application
4 shall include—

5 (i) a certification that the applicant
6 will provide assistance in an amount equal
7 to 25 percent of the amount of assistance
8 made available to the applicant under this
9 paragraph; and

10 (ii) an allocation plan that meets the
11 requirements of paragraph (4)(B) for use
12 or distribution in the State of any assist-
13 ance made available to the applicant under
14 this paragraph and the assistance provided
15 by the applicant for purposes of clause (i).

16 (C) AWARD OF ASSISTANCE.—The Sec-
17 retary shall award the amount that is not
18 awarded to a State or unit of general local gov-
19 ernment by operation of paragraph (2) to 1 or
20 more applicants that meet the requirements of
21 subparagraph (B) and that are selected by the
22 Secretary based on selection criteria established
23 by the Secretary by regulation.

24 (4) DISTRIBUTION TO ELIGIBLE ENTITIES.—

1 (A) IN GENERAL.—Of the amount that a
2 State or unit of general local government re-
3 ceives under a grant award under this sub-
4 section and the assistance provided by the State
5 or unit of general local government from non-
6 Federal sources for purposes of paragraph
7 (2)(A) to eligible entities for the purpose of as-
8 sisting those entities in carrying out eligible ac-
9 tivities, each State or unit of general local gov-
10 ernment shall distribute—

11 (i) not less than 75 percent to eligible
12 entities for eligible activities relating to the
13 development of affordable housing for rent-
14 al by extremely low-income families; and

15 (ii) any amount remaining after a dis-
16 tribution under clause (i) to eligible enti-
17 ties for eligible activities in a census tract
18 described in subsection (c)(3)(B)(ii)(II) re-
19 lating to the development of affordable
20 housing for rental by low-income families,
21 or for homeownership assistance for low-in-
22 come families.

23 (B) ALLOCATION PLAN.—Each State or
24 unit of general local government shall establish,
25 after giving notice to the public, an opportunity

1 for public comment, and consideration of public
2 comments received, an allocation plan for the
3 distribution of assistance under this paragraph,
4 which shall be submitted to the Secretary and
5 shall be made available to the public by the
6 State or unit of general local government, and
7 shall include—

8 (i) application requirements for eligi-
9 ble entities seeking to receive assistance
10 under this paragraph, including a require-
11 ment that each application include—

12 (I) a certification by the appli-
13 cant that any housing developed with
14 assistance under this paragraph will
15 remain affordable for extremely low-
16 income families or low-income fami-
17 lies, as applicable, for not less than 40
18 years;

19 (II) a certification by the appli-
20 cant that the tenant contribution to-
21 wards rent for a family residing in a
22 unit developed with assistance under
23 this paragraph will not exceed 30 per-
24 cent of the adjusted income of that
25 family; and

1 (III) a certification by the appli-
2 cant that the owner of a project in
3 which any housing developed with as-
4 sistance under this paragraph is lo-
5 cated will make a percentage of units
6 in the project available to families as-
7 sisted under the voucher program
8 under section 8(o) of the United
9 States Housing Act of 1937 (42
10 U.S.C. 1437f(o)), either by means of
11 a contract with a public housing agen-
12 cy under paragraph (13) of that sec-
13 tion or on the same basis as other
14 families eligible for the housing (ex-
15 cept that only the expected share of
16 rent of the voucher holder shall be
17 considered, and the screening criteria
18 of the owner shall not have a dis-
19 parate impact on the voucher holder),
20 which percentage shall not be less
21 than the percentage of the total cost
22 of developing or rehabilitating the
23 project that is funded with assistance
24 under this paragraph, or 25 percent

1 of the total units in the project,
2 whichever is lower; and

3 (ii) factors for consideration in select-
4 ing among applicants that meet the appli-
5 cation requirements, which shall give pref-
6 erence to applicants based on—

7 (I) the amount of assistance for
8 the eligible activities leveraged by the
9 applicant from private and other non-
10 Federal sources, including assistance
11 made available under section 8 of the
12 United States Housing Act of 1937
13 (42 U.S.C. 1437f) that is devoted to
14 the project in which the housing to be
15 developed with assistance under this
16 paragraph is located;

17 (II) the extent of local assistance
18 that will be provided in carrying out
19 the eligible activities, including—

20 (aa) financial assistance;
21 and

22 (bb) the extent to which the
23 applicant has worked with the
24 unit of general local government
25 in which the housing will be lo-

1 cated to address issues of siting
2 and exclusionary zoning or other
3 policies that are barriers to af-
4 fordable housing;

5 (III) the degree to which the de-
6 velopment in which the housing will
7 be located is mixed-income;

8 (IV) whether the housing will be
9 located in a census tract in which the
10 poverty rate is less than 20 percent;

11 (V) whether the housing will be
12 located in a community undergoing
13 revitalization;

14 (VI) the accessibility of jobs, in-
15 cluding lower skilled jobs, to the
16 project;

17 (VII) the extent to which the ap-
18 plicant demonstrates the ability to
19 maintain units as affordable for ex-
20 tremely low-income or low-income
21 families, as applicable, through the
22 use of assistance made available under
23 this paragraph, assistance leveraged
24 from non-Federal sources, assistance
25 made available under section 8 of the

1 United States Housing Act of 1937
2 (42 U.S.C. 1437f), State or local as-
3 sistance, programs to increase tenant
4 income, cross-subsidization, and any
5 other resources; and

6 (VIII) whether the development
7 will house families that need not less
8 than 3 bedrooms or provide accessible
9 units for the disabled, unless the allo-
10 cation plan indicates that the State or
11 unit of general local government does
12 not have a significant need for those
13 types of units.

14 (C) FORMS OF ASSISTANCE.—

15 (i) IN GENERAL.—Assistance distrib-
16 uted under this paragraph may be in the
17 form of capital grants, non-interest bearing
18 or low-interest loans or advances, deferred
19 payment loans, guarantees, and any other
20 form of assistance approved by the Sec-
21 retary.

22 (ii) REPAYMENTS.—If a State or unit
23 of general local government awards assist-
24 ance under this paragraph in the form of
25 a loan or other mechanism by which funds

1 are later repaid to the State or unit of gen-
2 eral local government, any repayments re-
3 ceived by the State or unit of general local
4 government shall be distributed in accord-
5 ance with the allocation plan described in
6 subparagraph (B) in the following fiscal
7 year.

8 (D) COORDINATION WITH OTHER ASSIST-
9 ANCE.—In distributing assistance under this
10 paragraph, each State or unit of general local
11 government shall, to the maximum extent prac-
12 ticable, coordinate the distribution with the pro-
13 vision of other affordable housing assistance by
14 the State or unit of general local government,
15 including—

16 (i) housing credit dollar amounts allo-
17 cated by the State under section 42(h) of
18 the Internal Revenue Code of 1986;

19 (ii) assistance made available under
20 title II of the Cranston-Gonzalez National
21 Affordable Housing Act (42 U.S.C. 12721
22 et seq.), or the community development
23 block grant program; and

24 (iii) private activity bonds.

25 (c) NATIONAL COMPETITION.—

1 (1) IN GENERAL.—From the amount made
2 available for each fiscal year under subsection
3 (a)(2), the Secretary shall award grants on a com-
4 petitive basis to eligible intermediaries, which shall
5 be used in accordance with paragraph (3) of this
6 subsection.

7 (2) APPLICATION REQUIREMENTS AND SELEC-
8 TION CRITERIA.—The Secretary, by regulation, shall
9 establish application requirements and selection cri-
10 teria for the award of competitive grants to eligible
11 intermediaries under this subsection, which criteria
12 shall include—

13 (A) the ability of the eligible intermediary
14 to meet the housing needs of low-income fami-
15 lies on a national or regional scope;

16 (B) the capacity of the eligible inter-
17 mediary to use the grant award in accordance
18 with paragraph (3), based on the past perform-
19 ance and management of the applicant; and

20 (C) the extent to which the eligible inter-
21 mediary has leveraged funding from private and
22 other non-Federal sources for the eligible activi-
23 ties.

24 (3) USE OF GRANT AWARD.—

1 (A) IN GENERAL.—Except as provided in
2 subparagraph (B), each eligible intermediary
3 that receives a grant award under this sub-
4 section shall ensure that, of the amount made
5 available under the grant—

6 (i) 75 percent shall be used for eligi-
7 ble activities relating to the development of
8 affordable housing for rental by extremely
9 low-income families; and

10 (ii) 25 percent shall be used for eligi-
11 ble activities relating to the development of
12 affordable housing for rental by low-income
13 families, or for homeownership assistance
14 for low-income families.

15 (B) EXCEPTION.—

16 (i) IN GENERAL.—If the amount
17 made available under this subsection is
18 used for a project described in clause (ii),
19 subject to the requirements of subpara-
20 graph (A)(i), an eligible intermediary may
21 use the grant amount for eligible activities
22 relating to the development of housing for
23 rental by families whose incomes are less
24 than 60 percent of the area median in-
25 come, and for homeownership activities for

1 families whose incomes are less than 80
2 percent of the area median income.

3 (ii) PROJECT CONTRIBUTING TO A
4 CONCERTED COMMUNITY REVITALIZATION
5 PLAN.—A project is described in this
6 clause if—

7 (I) it is located in a community
8 undergoing concerted revitalization
9 and is contributing to a community
10 revitalization plan; and

11 (II) it is located in a census tract
12 in which—

13 (aa) the median household
14 income is less than 60 percent of
15 the area median income; or

16 (bb) the rate of poverty is
17 greater than 20 percent.

18 (C) PLAN OF USE.—Each eligible inter-
19 mediary that receives a grant award under this
20 subsection shall establish a plan for the use or
21 distribution of the amount made available under
22 the grant, which shall be submitted to the Sec-
23 retary, and which shall include information re-
24 lating to the manner in which the eligible inter-

1 mediary will either use or distribute that
2 amount, including—

3 (i) a certification that assistance made
4 available under this subsection will be used
5 to supplement assistance leveraged from
6 private and other non-Federal sources, in-
7 cluding assistance made available under
8 section 8 of the United States Housing Act
9 of 1937 (42 U.S.C. 1437f) that is devoted
10 to the project in which the housing to be
11 developed is located;

12 (ii) a certification that local assistance
13 will be provided in carrying out the eligible
14 activities, which may include—

15 (I) financial assistance; and

16 (II) a good faith effort to work
17 with the unit of local government in
18 which the housing will be located to
19 address issues of siting and exclu-
20 sionary zoning or other policies that
21 are barriers to affordable housing;

22 (iii) a certification that any housing
23 developed with assistance under this sub-
24 section will remain affordable for extremely

1 low-income families or low-income families,
2 as applicable, for not less than 40 years;

3 (iv) a certification that any housing
4 developed by the applicant with assistance
5 under this subsection will be located—

6 (I) in a mixed-income develop-
7 ment in a census tract having a pov-
8 erty rate of not more than 20 percent,
9 and near employment and other op-
10 portunities for low-income families; or

11 (II) in a community undergoing
12 revitalization;

13 (v) a certification that the tenant con-
14 tribution towards rent for a family residing
15 in a unit developed with assistance under
16 this paragraph will not exceed 30 percent
17 of the adjusted income of that family; and

18 (vi) a certification by the applicant
19 that the owner of a project in which any
20 housing developed with assistance under
21 this subsection is located will make a per-
22 centage of units in the project available to
23 families assisted under the voucher pro-
24 gram under section 8(o) of the United
25 States Housing Act of 1937 (42 U.S.C.

1 1437f(o)), either by means of a contract
2 with a public housing agency under para-
3 graph (13) of that section or on the same
4 basis as other families eligible for the
5 housing (except that only the expected
6 share of rent of the voucher holder shall be
7 considered, and the screening criteria of
8 the owner shall not have a disparate im-
9 pact on the voucher holder), which percent-
10 age shall not be less than the percentage of
11 the total cost of developing or rehabili-
12 tating the project that is funded with as-
13 sistance under this subsection, or 25 per-
14 cent of the total units in the project,
15 whichever is lower.

16 (D) FORMS OF ASSISTANCE.—

17 (i) IN GENERAL.—An eligible inter-
18 mediary may distribute the amount made
19 available under a grant under this sub-
20 section in the form of capital grants, non-
21 interest bearing or low-interest loans or
22 advances, deferred payment loans, guaran-
23 tees, and other forms of assistance.

24 (ii) REPAYMENTS.—If an eligible
25 intermediary awards assistance under this

1 subsection in the form of a loan or other
2 mechanism by which funds are later repaid
3 to the eligible intermediary, any repay-
4 ments received by the eligible intermediary
5 shall be distributed by the eligible inter-
6 mediary in accordance with the plan of use
7 described in subparagraph (C) in the fol-
8 lowing fiscal year.

9 (d) TREATMENT UNDER THE INTERNAL REVENUE
10 CODE.—

11 (1) IN GENERAL.—Assistance provided under
12 this Act with respect to any building shall not be
13 taken into account under section 42(i)(2)(D) of the
14 Internal Revenue Code of 1986, if 40 percent or
15 more of the residential units in the building are oc-
16 cupied by individuals whose income is 50 percent or
17 less of the area median gross income. Section
18 42(d)(5)(C) of that Code shall not apply to any
19 building to which the preceding sentence applies.

20 (2) SPECIAL RULE FOR CERTAIN HIGH-COST
21 HOUSING AREAS.—In the case of a building located
22 in a city described in section 142(d)(6) of the Inter-
23 nal Revenue Code of 1986, paragraph (1) shall be
24 applied by substituting “25 percent” for “40 per-
25 cent”.

1 SEC. 6. LABOR STANDARDS.

2 Each eligible entity or eligible intermediary receiving
3 grant amounts under this Act shall ensure that contracts
4 for eligible activities assisted with such amounts comply
5 with the same requirements under section 286 of the
6 Cranston-Gonzalez National Affordable Housing Act (42
7 U.S.C. 12836) that are applicable to contracts for con-
8 struction of affordable housing assisted under such Act.

9 SEC. 7. REGULATIONS.

10 Not later than 6 months after the date of enactment
11 of this Act, the Secretary of Housing and Urban Develop-
12 ment shall promulgate regulations to carry out this Act,
13 including requirements relating to the reporting and col-
14 lection of information necessary to enforce the provisions
15 of this Act.

16 SEC. 8. FEDERAL FINANCIAL ASSISTANCE.

17 For the purpose of applying the prohibitions against
18 discrimination on the basis of age under the Age Discrimi-
19 nation Act of 1975 (42 U.S.C. 6101 et seq.), on the basis
20 of disability under section 504 of the Rehabilitation Act
21 of 1973 (29 U.S.C. 794), on the basis of sex under title
22 IX of the Education Amendments of 1972 (20 U.S.C.
23 1681 et seq.), or on the basis of race, color, or national
24 origin under title VI of the Civil Rights Act of 1964 (42
25 U.S.C. 2000d et seq.), programs and activities funded or
26 otherwise financially assisted in whole or in part under

1 this Act are considered to be programs and activities re-
2 ceiving Federal financial assistance, and education pro-
3 grams and activities receiving Federal financial assistance.

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