To provide $4,000,000,000 in new funding through bonding to empower States to undertake significant residential and commercial structure demolition projects in urban and other targeted areas, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2013

Mr. JOYCE (for himself, Ms. FUDGE, and Ms. KAPTUR) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide $4,000,000,000 in new funding through bonding to empower States to undertake significant residential and commercial structure demolition projects in urban and other targeted areas, and for other purposes.

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

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Restore our Neighborhoods Act of 2013”.

*
SEC. 2. CREDIT TO HOLDERS OF QUALIFIED URBAN DEMOLITION BONDS.

(a) In General.—Subpart I of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 54G. QUALIFIED URBAN DEMOLITION BONDS.

"(a) QUALIFIED URBAN DEMOLITION BOND.—For purposes of this subchapter, the term ‘qualified urban demolition bond’ means any bond issued as part of an issue if—

"(1) 100 percent of the available project proceeds of such issue are to be used for expenditures incurred after the date of the enactment of this section for 1 or more qualified projects pursuant to an allocation of such proceeds to such project or projects by a qualified issuer,

"(2) the bond is issued by a qualified issuer and is in registered form (within the meaning of section 149(a)),

"(3) the qualified issuer designates such bond for purposes of this section,

"(4) the term of each bond which is part of such issue does not exceed 30 years,"
“(5) such bond is issued during the 5-year period beginning on the date of the enactment of this section, and

“(6) the issue meets the requirements of subsection (e).

“(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

“(1) IN GENERAL.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by a State shall not exceed the qualified urban demolition bond limitation amount allocated to such State under paragraph (3).

“(2) NATIONAL QUALIFIED URBAN DEMOLITION BOND LIMITATION AMOUNT.—There is a national qualified urban demolition bond limitation amount of $4,000,000,000.

“(3) ALLOCATION TO STATES.—

“(A) IN GENERAL.—The national qualified urban demolition bond limitation shall be allocated by the Secretary among the States on the following basis and in such manner so as to ensure that all of such limitation amount is allocated before the date which is 3 months after the date of the enactment of this section:
“(i) $2,000,000,000 to be allocated among the qualified States in accordance with subparagraph (B), and

“(ii) $2,000,000,000 to be equally allocated among all States.

“(B) Formula for Allocation Among Qualified States.—

“(i) In general.—The amount allocated to a State under subparagraph (A)(i) shall be an amount equal to the amount specified in subparagraph (A)(i) multiplied by the ratio that the nonseasonal vacant properties in the State bears to the total nonseasonal vacant properties of all qualified States.

“(ii) Nonseasonal vacant properties.—For purposes of clause (i), nonseasonal vacant properties shall be determined by the Secretary on the basis of 2010 decennial census.

“(4) Allocation of Limitation Amount by States.—The limitation amount allocated to a State under paragraph (3) shall be allocated by the State to qualified issuers within such State.
“(5) Reallocation of Unused Issuance Limitation.—If at the end of the 2-year period beginning on the date of the enactment of this section, the national qualified urban demolition bond limitation amount under paragraph (2) exceeds the total amount of qualified urban demolition bonds issued during such period, such excess shall be reallocated among the qualified States in such manner as the Secretary determines appropriate so as to ensure to the extent possible that all of such limitation amount is issued in the form of qualified urban demolition bonds before the end of the 5-year period beginning on the date of the enactment of this section.

“(c) Qualified Project.—For purposes of this section, the term ‘qualified project’ means the direct and indirect demolition costs properly attributable to any project proposed and approved by a qualified issuer, but does not include costs of operation or maintenance with respect to such project.

“(d) Applicable Credit Rate.—In lieu of section 54A(b)(3), for purposes of section 54A(b)(2), the applicable credit rate with respect to an issue under this section is the rate equal to an average market yield (as of the day before the date of sale of the issue) on outstanding
long-term corporate debt obligations (determined in such manner as the Secretary prescribes).

“(e) Special Rules Relating to Expenditures.—In lieu of subparagraphs (A) and (B) of section 54A(d)—

“(1) In General.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

“(A) at least 100 percent of the available project proceeds of such issue are to be spent for 1 or more qualified projects within the 5-year expenditure period beginning on such date, and

“(B) to incur a binding commitment with a third party to spend at least 10 percent of the proceeds of such issue with respect to such projects within the 12-month period beginning on such date.

“(2) Rules Regarding Continuing Compliance After 5-Year Determination.—To the extent that less than 100 percent of the available project proceeds of such issue are expended by the close of the 5-year expenditure period beginning on the date of issuance, the qualified issuer shall re-
deem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

“(f) Recapture of Portion of Credit Where Cessation of Compliance.—If any bond which when issued purported to be a qualified urban demolition bond ceases to be such a bond, the qualified issuer shall pay to the United States (at the time required by the Secretary) an amount equal to the sum of—

“(1) the aggregate of the credits allowable under section 54A with respect to such bond (determined without regard to section 54A(e)) for taxable years ending during the calendar year in which such cessation occurs and each succeeding calendar year ending with the calendar year in which such bond is redeemed by the land bank, and

“(2) interest at the underpayment rate under section 6621 on the amount determined under paragraph (1) for each calendar year for the period beginning on the first day of such calendar year.

“(g) Other Definitions and Special Rules.—
“(1) Qualified Issuer.—The term ‘qualified
issuer’ means—

“(A) a State-authorized land bank, or

“(B) with respect a State that does not
have one or more State-authorized land banks,
the State or any political subdivision or instru-
mentality thereof.

“(2) State-authorized land bank.—The
term ‘State-authorized land bank’ means a special
unit of government or public purpose corporation—

“(A) expressly charged under State law
with the reclamation, repurposing and redevelop-
ment of vacant and abandoned land,

“(B) enabled under State law to conduct
large scale demolition projects,

“(C) organized in a State which has en-
acted legislation allowing for the expedited tax
foreclosure of vacant, abandoned, and tax delin-
quent property, and

“(D) which may include a joint venture
among 2 or more State-authorized land banks
or among other entities with whom such special
unit of government or public purpose corpora-
tion is authorized to enter into a joint venture.
“(3) QUALIFIED STATE.—The term ‘qualified State’ means a State—

“(A) in which at least 49 percent of the State’s total housing units in the State were built before 1980, according to the 2010 census, and

“(B) which meets 3 of the following 4 requirements:

“(i) The State ranks in the top 20 among all States in percentage change in nonseasonal vacancies in the time period between the 2000 decennial census and the 2010 decennial census.

“(ii) The State ranks in the top 25 among all States in unemployment rate (seasonally adjusted) for the most recent January through November period beginning before the issuance of the qualified urban demolition bond.

“(iii) The State ranks in the top 25 among all States in percentages of mortgages in foreclosure for the 3rd quarter of 2012.

“(iv) The State ranks in the top 20 among all States in the lowest percentage
change in population growth in the time period between the 2000 decennial census and the 2010 decennial census.

“(4) CREDITS MAY BE TRANSFERRED.—Notwithstanding in any law or rule of law shall be construed to limit the transferability of the credit or bond allowed by this section through sale and repurchase agreements.”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d) of such Code is amended by striking “or” at the end of subparagraph (D), by inserting “or” at the end of subparagraph (E), and by inserting after subparagraph (E) the following new subparagraph:

“(E) a qualified urban demolition bond,”.

(2) Subparagraph (C) of section 54A(d)(2) is amended by striking “and” at the end of clause (iv), by striking the period at the end of clause (v) and inserting “, and”, and by adding at the end the following new clause:

“(vi) in the case of a qualified urban demolition bond, a purpose specified in section 54G(a)(1).”.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1 of such Code is
amended by adding at the end the following new item:

“Sec. 54G. Qualified urban demolition bonds.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 3. USE OF HARDEST HIT FUND AMOUNTS FOR DEMOLITION ACTIVITIES.

(a) AUTHORITY.—Notwithstanding any provision of title I of the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5211 et seq.), any regulation, guidance, order, or other directive of the Secretary of the Treasury, or any agreement (or amendment thereto) entered into under the Hardest Hit Fund program of the Secretary under such title I, any amounts of assistance that have been, or are, allocated for or provided to a State or State agency through the Hardest Hit Fund program may be used, without limitation, to demolish blighted structures.

(b) FAILURE TO USE HHF AMOUNTS.—If, upon the expiration of the 24-month period beginning on the date of the enactment of this Act, any State or State agency is holding any amounts of assistance described in subsection (a) or any amounts of such assistance allocated for such State or State agency have not been disbursed to such State or agency, the Secretary shall remit to the Treasury an amount equal to 25 percent of the aggregate
amount, as of such date, of such held and undispursed funds. The Secretary shall recapture from such State or State agency any amounts of such held funds necessary to carry out this subsection.