

105TH CONGRESS
1ST SESSION

H. R. 1798

To reform the program of the Department of Housing and Urban Development for disposition of single family properties in the inventory of the Department for use for the homeless.

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 1997

Mr. BAKER (for himself and Mr. BACHUS) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To reform the program of the Department of Housing and Urban Development for disposition of single family properties in the inventory of the Department for use for the homeless.

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 “HUD Property Dis-
5 position Reform Act”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 The Congress finds that—

1 (1) while there is a pressing need to serve
2 homeless families and individuals, the program of
3 the Department of Housing and Urban Development
4 for disposition of single family properties for use by
5 the homeless is ineffective;

6 (2) Federal housing programs for the homeless
7 must serve homeless families and individuals at a
8 reasonable cost to taxpayers; and

9 (3) the single family property disposition pro-
10 gram for the homeless is poorly designed and admin-
11 istered, drains critical human and financial re-
12 sources from the Department of Housing and Urban
13 Development, is fraught with abuse and fraud, and,
14 therefore, is a poor use of taxpayer assets.

15 **SEC. 3. ELIMINATION OF LEASE OPTIONS.**

16 In carrying out the disposition program (as such term
17 is defined in section 6), the Secretary of Housing and
18 Urban Development may not dispose of eligible prop-
19 erties—

20 (1) by lease with an option to purchase; or

21 (2) to any applicant for an acquisition grant
22 under the supportive housing program under any
23 agreement that provides for the lease of the property
24 (including any lease-option to purchase agreement).

1 **SEC. 4. DISCOUNTS FOR PURCHASE OF PROPERTIES.**

2 In selling any property under the disposition pro-
3 gram, the purchase price shall be the fair market value
4 of the property, less a discount, as follows:

5 (1) INSURED SALES AND SALES UNDER SUP-
6 PORTIVE HOUSING LEASE-OPTION TO PURCHASE
7 AGREEMENTS.—In the case of any property made
8 available for purchase with mortgage insurance
9 available under the National Housing Act or any
10 property purchased pursuant to a lease-option to
11 purchase agreement entered into before the date of
12 the enactment of this Act by an applicant for an ac-
13 quisition grant under the supportive housing pro-
14 gram, the discount shall be—

15 (A) 10 percent, for any property sold in a
16 single transaction involving not more than 4
17 properties;

18 (B) 15 percent, for any property sold in a
19 single transaction involving 5 or more prop-
20 erties; or

21 (C) notwithstanding subparagraphs (A)
22 and (B), 30 percent, for any property located in
23 a revitalization area.

24 (2) UNINSURED SALES.—

25 (A) IN GENERAL.—In the case of any un-
26 insurable property, the discount shall be—

1 (i) 20 percent, for any property sold
2 in a single transaction involving not more
3 than 4 properties;

4 (ii) 25 percent, for any property sold
5 in a single transaction involving 5 or more
6 properties; or

7 (iii) notwithstanding subparagraphs
8 (A) and (B), 40 percent, for any property
9 located in a revitalization area.

10 (B) UNINSURABLE PROPERTIES.—For
11 purposes of subparagraph (A), the term “unin-
12 surable property” means an eligible property
13 that—

14 (i) is made available for purchase
15 without any mortgage insurance under the
16 National Housing Act;

17 (ii) is not a property purchased pursu-
18 ant to a lease-option to purchase agree-
19 ment entered into before the date of the
20 enactment of this Act by an applicant for
21 an acquisition grant under the supportive
22 housing program; and

23 (iii) if purchased by a private non-
24 profit organization, is purchased subject to
25 such binding agreements as the Secretary

1 shall require to ensure that the property
2 is used to provide housing for homeless
3 persons for a period of not less than 5
4 years.

5 **SEC. 5. ELIGIBILITY OF PRIVATE NONPROFIT ORGANIZA-**
6 **TIONS.**

7 (a) **ADDITIONAL REQUIREMENTS.**—In carrying out
8 the disposition program, the Secretary may dispose of an
9 eligible property to a private nonprofit organization only
10 if the organization provides to the Secretary—

11 (1) a mission statement and the articles of in-
12 corporation for the organization, each of which state
13 that a purpose of the organization is providing hous-
14 ing assistance for homeless persons;

15 (2) such documentation as the Secretary may
16 require to ensure that the organization—

17 (A) is authorized to execute purchase
18 agreements; and

19 (B) has not less than 2 years experience in
20 operating housing and providing supportive
21 services for homeless persons.

22 The requirements under this subsection shall be additional
23 to any requirements regarding eligibility of private non-
24 profit organizations for participation in the disposition
25 program that may be established by the Secretary.

1 (b) EXISTING APPROVED APPLICANTS.—Notwith-
2 standing subsection (a), any private nonprofit organiza-
3 tion that, before the date of the enactment of this Act,
4 is approved by the Secretary to lease or purchase prop-
5 erties under the disposition program shall not be required
6 to comply with the requirements under such subsection to
7 be eligible to purchase such properties after the date of
8 enactment under the program as modified by this Act.

9 **SEC. 6. DEFINITIONS.**

10 For purposes of this Act, the following definitions
11 shall apply:

12 (1) DISPOSITION PROGRAM.—The term “dis-
13 position program” means the program under sub-
14 part E of part 291 of title 24, Code of Federal Reg-
15 ulations, for disposition of single family properties
16 acquired by the Department of Housing and Urban
17 Development for use by homeless persons.

18 (2) ELIGIBLE PROPERTY.—The term “eligible
19 property” means a vacant property that—

20 (A) consists of not more than 4 dwelling
21 units;

22 (B) is acquired by the Secretary under the
23 Mutual Mortgage Insurance Fund, the General
24 Insurance Fund, or the Special Risk Insurance

1 Fund, each established under the National
2 Housing Act; and

3 (C) is not committed for use or disposition
4 under any program of the Department of Hous-
5 ing and Urban Development other than the dis-
6 position program.

7 (3) REVITALIZATION AREA.—The term “revital-
8 ization area” means a neighborhood that, as deter-
9 mined by the Secretary—

10 (A) has a significant concentration of va-
11 cant properties, including properties needing ex-
12 tensive repairs that have been in the inventory
13 of the Department of Housing and Urban De-
14 velopment not less than 6 months, or a longer
15 period as determined by the Secretary;

16 (B) exhibits other characteristics of eco-
17 nomic distress; and

18 (C) has been targeted by the locality in
19 which it is located for establishing affordable
20 housing and providing adequate supportive
21 services.

22 (4) SECRETARY.—The term “Secretary” means
23 the Secretary of Housing and Urban Development.

24 (5) SUPPORTIVE HOUSING PROGRAM.—The
25 term “supportive housing program” means the sup-

1 portive housing program under subtitle C of title IV
2 of the Stewart B. McKinney Homeless Assistance
3 Act.

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