

107TH CONGRESS  
1ST SESSION

# H. R. 2395

To provide grants for FHA-insured hospitals.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2001

Mr. LAFALCE introduced the following bill; which was referred to the  
Committee on Financial Services

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# A BILL

To provide grants for FHA-insured hospitals.

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 “FHA-Insured Hospital  
5       Conversion and Reinvestment Act”.

**6 SEC. 3. GRANTS FOR FHA-INSURED HOSPITALS.**

7       Section 242 of the National Housing Act (12 U.S.C.  
8       1715z-7) is amended by adding at the end the following  
9       new subsection:

10       “(i) GRANTS FOR FHA-INSURED HOSPITALS.—

11           “(1) AUTHORITY AND USE.—To the extent  
12           amounts for use under this subsection are made

1 available pursuant to sections 205(i) and 519(g), the  
2 Secretary may make grants to eligible FHA-insured  
3 hospitals for use only for purposes that the Sec-  
4 retary determines will reduce the risk of default and  
5 loss on mortgages for such hospitals that are insured  
6 under this section, which shall include—

7                 “(A) carrying out activities to convert ex-  
8                 cess capacity of the eligible FHA-insured hos-  
9                 pital to facilities providing health care and sup-  
10                 portive housing for elderly persons and families,  
11                 including assisted living facilities, nursing  
12                 homes, and supportive housing for the elderly;  
13                 and

14                 “(B) assisting in paying debt service for  
15                 the eligible FHA-insured hospital, including  
16                 service on debt insured under this section.

17                 “(2) ELIGIBLE FHA-INSURED HOSPITALS.—For  
18                 purposes of this subsection, the term ‘eligible FHA-  
19                 insured hospital’ means a hospital that—

20                 “(A) is subject to a mortgage that is in-  
21                 sured under this section;

22                 “(B) would, in the determination of the  
23                 Secretary, after consultation with the Secretary  
24                 of Health and Human Services, improve its fi-  
25                 nancial soundness as a result of the proposed

1           activities or costs to be funded with grant  
2           amounts under this subsection; and

3           “(C) has submitted an application to the  
4           Secretary for a grant under this subsection in  
5           accordance with such requirements as the Sec-  
6           retary shall establish.

7           “(3) TREATMENT OF MORTGAGE INSURANCE.—  
8           Notwithstanding any provision of this section or of  
9           any contract for mortgage insurance provided pursu-  
10           ant to this section, an eligible FHA-insured hospital  
11           (or a portion thereof) that is subject to a mortgage  
12           insured pursuant to this section may be converted  
13           using grant amounts under this subsection. The Sec-  
14           retary shall provide for the uninterrupted continu-  
15           ation of the mortgage insurance coverage for the  
16           hospital that is subject to the conversion activities  
17           for the duration of the original term of the mortgage  
18           insurance contract.

19           “(4) DEFINITIONS.—For the purposes of this  
20           subsection:

21           “(A) ASSISTED LIVING FACILITY; NURSING  
22           HOME.—The terms ‘assisted living facility’ and  
23           ‘nursing home’ have the meanings given such  
24           terms in section 232(b) (12 U.S.C. 1715w(b)).

1                 “(B) OTHERS.—The definitions in section  
2                 202(k) of the Housing Act of 1959 (12 U.S.C.  
3                 1701q(k)) shall apply.”.

4         **SEC. 4. FUNDING OF GRANTS FROM SURPLUS AMOUNTS IN**  
5                 **FHA INSURANCE FUNDS.**

6                 (a) GENERAL INSURANCE FUND SURPLUS.—Section  
7         519 of the National Housing Act (12 U.S.C. 1735c) is  
8         amended by adding at the end the following new sub-  
9         section:

10                 “(g) AVAILABILITY OF SURPLUS AMOUNTS FOR  
11         GRANTS FOR FHA-INSURED HOSPITALS.—

12                 “(1) IN GENERAL.—The amount of any nega-  
13         tive credit subsidy that is determined for any fiscal  
14         year, for purposes of title V of the Congressional  
15         Budget Act of 1974 (2 U.S.C. 661 et seq.), and is  
16         attributable to the programs referred to in para-  
17         graph (2) shall be considered to be new budget au-  
18         thority and shall be available, without fiscal year  
19         limitation, for grants under section 242(i).

20                 “(2) COVERED PROGRAMS.—The programs re-  
21         ferred to in this paragraph are the programs under  
22         this Act for insurance of mortgages and loans that,  
23         on page 515 of the Appendix to the Budget of the  
24         United States Government, Fiscal Year 2001 (H.  
25         Doc. 106-162, Vol. II), in the table entitled ‘Sum-

1       mary of Loan Levels, Subsidy Budget Authority and  
2       Outlays by Program', are classified under budget ac-  
3       count number 86-0200-0-1-371 and are referred to  
4       as 'FHA Full Insurance for Health Care Facilities  
5       (plus 241/232)', 'Health Care Refinances', and 'Hos-  
6       pitals'.”.

7       (b) MUTUAL MORTGAGE INSURANCE FUND SUR-  
8       PLUS.—Section 205 of the National Housing Act (12  
9       U.S.C. 1711) is amended—

10               (1) in subsection (e), by inserting “or for use  
11       for grants pursuant to subsection (i)” before the  
12       comma;

13               (2) in subsection (h)(1), by inserting “may not  
14       make grants pursuant to subsection (i),” after the  
15       4th comma; and

16               (3) by adding at the end the following new sub-  
17       section:

18       “(i) AVAILABILITY OF SURPLUS AMOUNTS FOR Hos-  
19       PITAL CONVERSION AND REINVESTMENT GRANTS.—Any  
20       amounts in the Mutual Mortgage Insurance Fund that are  
21       determined by the Secretary to be surplus to the amount  
22       required to meet the operational goals under subsection  
23       (h)(2) shall be available, without fiscal year limitation, for  
24       grants under section 242(I).”.

**1 SEC. 5. REGULATIONS.**

2        Not later than 120 days after the date of the enact-  
3    ment of this Act, pursuant to the authority in section 211  
4    of the National Housing Act, the Secretary shall issue any  
5    rules and regulations necessary to carry out the amend-  
6    ments made by this Act.

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