

112TH CONGRESS  
2D SESSION

# S. 2162

To provide for the redevelopment of abandoned and foreclosed-upon properties and for the stabilization of affected neighborhoods, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 6, 2012

Mr. REED (for himself, Mr. DURBIN, Mr. SCHUMER, Mr. LEAHY, Mr. BROWN of Ohio, Mr. WHITEHOUSE, Mr. MERKLEY, Mr. BEGICH, Mr. FRANKEN, Mr. BLUMENTHAL, and Mr. AKAKA) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To provide for the redevelopment of abandoned and foreclosed-upon properties and for the stabilization of affected neighborhoods, 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 “Project Rebuild Act”.

5       **SEC. 2. PROJECT REBUILD.**

6       (a) DIRECT APPROPRIATIONS.—There is appro-  
7       priated, out of any money in the Treasury not otherwise  
8       appropriated, \$15,000,000,000, to remain available until

1 September 30, 2016, for assistance to eligible entities in-  
 2 cluding States and units of general local government (as  
 3 such terms are defined in section 102 of the Housing and  
 4 Community Development Act of 1974 (42 U.S.C. 5302)),  
 5 and qualified nonprofit organizations, businesses or con-  
 6 sortia of eligible entities for the redevelopment of aban-  
 7 doned and foreclosed-upon properties and for the stabiliza-  
 8 tion of affected neighborhoods.

9 (b) ALLOCATION OF APPROPRIATED AMOUNTS.—

10 (1) IN GENERAL.—Of the amounts appro-  
 11 priated, two-thirds shall be allocated to States and  
 12 units of general local government based on a funding  
 13 formula established by the Secretary of Housing and  
 14 Urban Development (in this section referred to as  
 15 the “Secretary”). Of the amounts appropriated, one-  
 16 third shall be distributed competitively to eligible en-  
 17 tities.

18 (2) FORMULA TO BE DEVISED SWIFTLY.—The  
 19 funding formula required under paragraph (1) shall  
 20 be established and the Secretary shall announce for-  
 21 mula funding allocations, not later than 30 days  
 22 after the date of the enactment of this Act.

23 (3) FORMULA CRITERIA.—The Secretary may  
 24 establish a minimum grant size, and the funding for-  
 25 mula required under paragraph (1) shall ensure that

1 any amounts appropriated or otherwise made avail-  
2 able under this section are allocated to States and  
3 units of general local government with the greatest  
4 need, as such need is determined in the discretion of  
5 the Secretary based on—

6 (A) the number and percentage of home  
7 foreclosures in each State or unit of general  
8 local government;

9 (B) the number and percentage of homes  
10 in default or delinquency in each State or unit  
11 of general local government; and

12 (C) other factors such as established pro-  
13 gram designs, grantee capacity and perform-  
14 ance, number and percentage of commercial  
15 foreclosures, overall economic conditions, and  
16 other market needs data, as determined by the  
17 Secretary.

18 (4) COMPETITION CRITERIA.—

19 (A) ELIGIBLE ENTITIES.—For the funds  
20 distributed competitively, eligible entities shall  
21 be States, units of general local government,  
22 nonprofit entities, for-profit entities, and con-  
23 sortia of eligible entities that demonstrate ca-  
24 pacity to use funding within the period of this  
25 program.

1 (B) AWARD CRITERIA.—In selecting grant-  
2 ees, the Secretary shall ensure that grantees  
3 are in areas with the greatest number and per-  
4 centage of residential and commercial fore-  
5 closures and other market needs data, as deter-  
6 mined by the Secretary. Additional award cri-  
7 teria shall include demonstrated grantee capac-  
8 ity to execute projects involving acquisition and  
9 rehabilitation or redevelopment of foreclosed  
10 residential and commercial property and neigh-  
11 borhood stabilization, leverage, knowledge of  
12 market conditions and of effective stabilization  
13 activities to address identified conditions, and  
14 any additional factors determined by the Sec-  
15 retary.

16 (C) GRANT SIZE.—The Secretary may es-  
17 tablish a minimum grant size.

18 (D) PUBLICATION OF CRITERIA; APPLICA-  
19 TION DUE DATE.—The Secretary shall publish  
20 competition criteria for any grants awarded  
21 under this section not later than 60 days after  
22 the appropriation of funds, and applications  
23 shall be due to the Secretary within 120 days.

24 (e) USE OF FUNDS.—

1           (1) OBLIGATION AND EXPENDITURE.—The Sec-  
2       retary shall obligate all formula funding within 120  
3       days of the date of the enactment of this Act and  
4       all competitive grant funding within 180 days of  
5       such enactment date. Any eligible entity that re-  
6       ceives amounts pursuant to this section shall expend  
7       all funds allocated to it within three years of the  
8       date the funds become available to the grantee for  
9       obligation. Furthermore, the Secretary shall by No-  
10      tice establish intermediate expenditure benchmarks  
11      at the one and two year dates from the date the  
12      funds become available to the grantee for obligation.

13           (2) PRIORITIES.—

14           (A) JOB CREATION.—Each grantee or eli-  
15      gible entity shall describe how its proposed use  
16      of funds will prioritize job creation, and sec-  
17      ondly, will address goals to stabilize neighbor-  
18      hoods, reduce vacancy, or increase or stabilize  
19      residential and commercial property values.

20           (B) TARGETING.—Any State or unit of  
21      general local government that receives formula  
22      amounts pursuant to this section shall, in dis-  
23      tributing and targeting such amounts, give pri-  
24      ority emphasis and consideration to those met-  
25      ropolitan areas, metropolitan cities, urban

1 areas, rural areas, low- and moderate-income  
 2 areas, and other areas with the greatest need,  
 3 including those—

4 (i) with the greatest percentage of  
 5 home foreclosures;

6 (ii) identified as likely to face a sig-  
 7 nificant rise in the rate of residential or  
 8 commercial foreclosures; and

9 (iii) with a higher than national aver-  
 10 age unemployment rate.

11 In addition, such priority emphasis and consid-  
 12 eration may be given to such areas that have  
 13 lost occupiable housing stock within the 3-year  
 14 period ending with the date of the enactment of  
 15 this Act due to the effects of presidentially de-  
 16 clared disasters.

17 (C) LEVERAGE.—Each grantee or eligible  
 18 entity shall describe how its proposed use of  
 19 funds will leverage private funds.

20 (3) ELIGIBLE USES.—Amounts made available  
 21 under this section may be used to—

22 (A) establish financing mechanisms for the  
 23 purchase and redevelopment of abandoned and  
 24 foreclosed-upon properties, including such  
 25 mechanisms as soft-seconds, loan loss reserves,

1 and shared-equity loans for low- and moderate-  
2 income homebuyers;

3 (B) purchase and rehabilitate properties  
4 that have been abandoned or foreclosed upon,  
5 in order to sell, rent, or redevelop such prop-  
6 erties;

7 (C) establish and operate land banks for  
8 properties that have been abandoned, demol-  
9 ished, severely damaged by presidentially de-  
10 clared disasters, or foreclosed upon;

11 (D) demolish blighted structures;

12 (E) redevelop abandoned, foreclosed, de-  
13 molished, or vacant properties; and

14 (F) engage in other activities, as deter-  
15 mined by the Secretary through notice, that are  
16 consistent with the goals of creating jobs, stabi-  
17 lizing neighborhoods, reducing vacancy, increas-  
18 ing or stabilizing residential and commercial  
19 property values, and providing assistance to  
20 homeowners and landlords recovering after  
21 presidentially declared disasters.

22 (d) LIMITATIONS.—

23 (1) ON PURCHASES.—Any purchase of a prop-  
24 erty under this section shall be at a price not to ex-

1       ceed its current market value, taking into account  
2       its current condition.

3           (2) REHABILITATION.—Any rehabilitation of an  
4       eligible property under this section shall be to the  
5       extent necessary to comply with applicable laws, and  
6       other requirements relating to safety, quality, mar-  
7       ketability, and habitability, in order to sell, rent, or  
8       redevelop such properties or provide a renewable en-  
9       ergy source or sources for such properties.

10          (3) SALE OF HOMES.—If an abandoned or fore-  
11       closed-upon home is purchased, redeveloped, or oth-  
12       erwise sold to an individual as a primary residence,  
13       then such sale shall be in an amount equal to or less  
14       than the cost to acquire and redevelop or rehabilitate  
15       such home or property up to a decent, safe, market-  
16       able, and habitable condition.

17          (4) ON DEMOLITION OF PUBLIC HOUSING.—  
18       Public housing, as defined in section 3(b)(1) of the  
19       United States Housing Act of 1937 (42 U.S.C.  
20       1437a(b)(1)), may not be demolished with funds  
21       under this section.

22          (5) ON DEMOLITION ACTIVITIES.—No more  
23       than 10 percent of any grant made under this sec-  
24       tion may be used for demolition activities unless the  
25       Secretary determines that such use represents an



1 appropriate response to local market conditions or is  
2 necessary as a result of a presidentially declared dis-  
3 aster.

4 (6) ON USE OF FUNDS FOR NON-RESIDENTIAL  
5 PROPERTY.—No more than 30 percent of any grant  
6 made under this section may be used for eligible ac-  
7 tivities under subparagraphs (A), (B), and (E) of  
8 subsection (c)(3) that will not result in residential  
9 use of the property involved unless the Secretary de-  
10 termines that such use represents an appropriate re-  
11 sponse to local market conditions.

12 (7) GENERAL USE OF FUNDS.—Each formula  
13 and competitive grantee is required to ensure that  
14 all use of formula or competitive funds by the grant-  
15 ee are properly underwritten and reviewed in order  
16 to prevent fraud, waste, and abuse.

17 (e) RULES OF CONSTRUCTION.—

18 (1) IN GENERAL.—Except as otherwise pro-  
19 vided by this section, amounts appropriated, reve-  
20 nues generated, or amounts otherwise made avail-  
21 able to eligible entities under this section shall be  
22 treated as though such funds were community devel-  
23 opment block grant funds under title I of the Hous-  
24 ing and Community Development Act of 1974 (42  
25 U.S.C. 5301 et seq.).

1           (2) NO MATCH.—No matching funds shall be  
2           required in order for an eligible entity to receive any  
3           amounts under this section.

4           (3) TENANT PROTECTIONS.—An eligible entity  
5           receiving a grant under this section shall comply  
6           with the 14th, 17th, 18th, 19th, 20th, 21st, 22nd  
7           and 23rd provisos in the second undesignated para-  
8           graph under the heading “Community Planning and  
9           Development—Community Development Fund” in  
10          title XII of division A of the American Recovery and  
11          Reinvestment Act of 2009 (Public Law 111–5, 123  
12          Stat. 218–19), as amended by section 1497(b)(2) of  
13          the Dodd-Frank Wall Street Reform and Consumer  
14          Protection Act (Public Law 111–203, 124 Stat.  
15          2211).

16          (4) VICINITY HIRING.—An eligible entity receiv-  
17          ing a grant under this section shall comply with sec-  
18          tion 1497(a)(8) of the Dodd-Frank Wall Street Re-  
19          form and Consumer Protection Act (Public Law  
20          111–203, 124 Stat. 2210).

21          (5) BUY AMERICAN.—Section 1605 of title XVI  
22          of division A of the American Recovery and Rein-  
23          vestment Act of 2009 (Public Law 111–5, 123 Stat.  
24          303) shall apply to amounts appropriated, revenues

1 generated, and amounts otherwise made available to  
2 eligible entities under this section.

3 (f) AUTHORITY TO SPECIFY ALTERNATIVE RE-  
4 QUIREMENTS.—

5 (1) IN GENERAL.—In administering the pro-  
6 gram under this section, the Secretary may specify  
7 alternative requirements to any provision under title  
8 I of the Housing and Community Development Act  
9 of 1974 (42 U.S.C. 5301 et seq.) or under title I of  
10 the Cranston-Gonzalez National Affordable Housing  
11 Act (42 U.S.C. 12701 et seq.) (except for those pro-  
12 visions in these laws related to fair housing, non-  
13 discrimination, labor standards, and the environ-  
14 ment) for the purpose of expediting and facilitating  
15 the use of funds under this section.

16 (2) NOTICE.—The Secretary shall provide writ-  
17 ten notice of intent to the public via Internet to ex-  
18 ercise the authority to specify alternative require-  
19 ments under paragraph (1).

20 (3) LOW AND MODERATE INCOME REQUIRE-  
21 MENT.—

22 (A) IN GENERAL.—Notwithstanding the  
23 authority of the Secretary under paragraph  
24 (1)—

1 (i) all of the formula and competitive  
2 grantee funds appropriated or otherwise  
3 made available under this section shall be  
4 used with respect to individuals and fami-  
5 lies whose income does not exceed 120 per-  
6 cent of area median income; and

7 (ii) not less than 25 percent of the  
8 formula and competitive grantee funds ap-  
9 propriated or otherwise made available  
10 under this section shall be used for the  
11 purchase and redevelopment of eligible  
12 properties that will be used to house indi-  
13 viduals or families whose incomes do not  
14 exceed 50 percent of area median income.

15 (B) RECURRENT REQUIREMENT.—The  
16 Secretary shall, by rule or order, ensure, to the  
17 maximum extent practicable and for the longest  
18 feasible term, that the sale, rental, or redevelop-  
19 ment of abandoned and foreclosed-upon homes  
20 and residential properties under this section re-  
21 main affordable to individuals or families de-  
22 scribed in subparagraph (A).

23 (g) NATIONWIDE DISTRIBUTION OF RESOURCES.—

24 Notwithstanding any other provision of this section, each

1 State shall receive not less than \$20,000,000 of formula  
2 funds.

3 (h) LIMITATION ON USE OF FUNDS WITH RESPECT  
4 TO EMINENT DOMAIN.—No State or unit of general local  
5 government may use any amounts received pursuant to  
6 this section to fund any project that seeks to use the power  
7 of eminent domain, unless eminent domain is employed  
8 only for a public use, which shall not be construed to in-  
9 clude economic development that primarily benefits pri-  
10 vate entities.

11 (i) LIMITATION ON DISTRIBUTION OF FUNDS.—

12 (1) IN GENERAL.—None of the funds made  
13 available under this section shall be distributed to—

14 (A) an organization which has been in-  
15 dicted for a violation under Federal law relating  
16 to an election for Federal office; or

17 (B) an organization which employs applica-  
18 ble individuals.

19 (2) APPLICABLE INDIVIDUALS DEFINED.—In  
20 this section, the term “applicable individual” means  
21 an individual who—

22 (A) is—

23 (i) employed by the organization in a  
24 permanent or temporary capacity;

1 (ii) contracted or retained by the or-  
2 ganization; or

3 (iii) acting on behalf of, or with the  
4 express or apparent authority of, the orga-  
5 nization; and

6 (B) has been indicted for a violation under  
7 Federal law relating to an election for Federal  
8 office.

9 (j) RENTAL HOUSING PREFERENCES.—Each State  
10 and local government receiving formula amounts shall es-  
11 tablish procedures to create preferences for the develop-  
12 ment of affordable rental housing.

13 (k) JOB CREATION.—If a grantee chooses to use  
14 funds to create jobs by establishing and operating a pro-  
15 gram to maintain eligible neighborhood properties, not  
16 more than 10 percent of any grant may be used for that  
17 purpose.

18 (l) PROGRAM SUPPORT AND CAPACITY BUILDING.—  
19 The Secretary may use an overall amount up to 0.75 per-  
20 cent of the funds appropriated for capacity building of and  
21 support for eligible entities and grantees undertaking  
22 neighborhood stabilization programs, staffing, training,  
23 technical assistance, technology, monitoring, travel, en-  
24 forcement, research and evaluation activities. In addi-  
25 tion—

1           (1) funds set aside for the purposes of this sub-  
2           section shall remain available until September 30,  
3           2016;

4           (2) any funds made available under this sub-  
5           section and used by the Secretary for personnel,  
6           training, or other administrative expenses related to  
7           administering funding under this subsection shall be  
8           transferred to “Program Office Salaries and Ex-  
9           penses, Community Planning and Development”;

10          (3) any funds made available under this sub-  
11          section and used by the Secretary for technology  
12          shall be transferred to “Working Capital Fund”;  
13          and

14          (4) an amount up to 0.10 percent of the funds  
15          appropriated shall be transferred to the Office of In-  
16          spector General, Department of Housing and Urban  
17          Development and such overall amount described in  
18          this subsection shall be reduced by the amount spec-  
19          ified in this paragraph.

20          (m) ENFORCEMENT AND PREVENTION OF FRAUD  
21          AND ABUSE.—The Secretary shall establish and imple-  
22          ment procedures to prevent fraud and abuse of funds  
23          under this section, and shall impose a requirement that  
24          grantees have an internal auditor to continuously monitor  
25          grantee performance to prevent fraud, waste, and abuse.

1 Grantees shall provide the Secretary and citizens with  
2 quarterly progress reports. The Secretary shall recapture  
3 funds from formula and competitive grantees that do not  
4 expend 100 percent of allocated funds within 3 years of  
5 the date that funds become available, and from underper-  
6 forming or mismanaged grantees, and shall re-allocate  
7 those funds by formula to target areas with the greatest  
8 need, as determined by the Secretary through notice. The  
9 Secretary may take an alternative sanctions action only  
10 upon determining that such action is necessary to achieve  
11 program goals in a timely manner.

12 (n) POLICIES AND PROCEDURES FOR GRANTS.—The  
13 Secretary of Housing and Urban Development shall to the  
14 extent feasible conform policies and procedures for grants  
15 made under this section to the policies and procedures al-  
16 ready in place for the grants made under section 2301  
17 of the Housing and Economic Recovery Act of 2008 (Pub-  
18 lic Law 110–289, 122 Stat. 2850); title XII of division  
19 A of the American Recovery and Reinvestment Act of  
20 2009 (Public Law 111–5, 123 Stat. 217); or section 1497  
21 of the Dodd-Frank Wall Street Reform and Consumer  
22 Protection Act (Public Law 111–203, 124 Stat. 2209).



1 **SEC. 3. WAGE RATE AND EMPLOYMENT PROTECTION RE-**  
2 **QUIREMENTS.**

3       Amounts appropriated, revenues generated, and  
4 amounts otherwise made available under this Act shall be  
5 subject to the requirements of section 110 of the Housing  
6 and Community Development Act of 1974 (42 U.S.C.  
7 5310) or to a waiver thereof under section 107(e)(2) of  
8 such Act (42 U.S.C. 5307(e)(2)).

○