

113TH CONGRESS
1ST SESSION

H. R. 656

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 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 “Restore our Neighbor-
5 hoods Act of 2013”.

1 **SEC. 2. CREDIT TO HOLDERS OF QUALIFIED URBAN DEMO-**
2 **LITION BONDS.**

3 (a) IN GENERAL.—Subpart I of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by adding at the end the following new
6 section:

7 **“SEC. 54G. QUALIFIED URBAN DEMOLITION BONDS.**

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

12 “(1) 100 percent of the available project pro-
13 ceeds of such issue are to be used for expenditures
14 incurred after the date of the enactment of this sec-
15 tion for 1 or more qualified projects pursuant to an
16 allocation of such proceeds to such project or
17 projects by a qualified issuer,

18 “(2) the bond is issued by a qualified issuer
19 and is in registered form (within the meaning of sec-
20 tion 149(a)),

21 “(3) the qualified issuer designates such bond
22 for purposes of this section,

23 “(4) the term of each bond which is part of
24 such issue does not exceed 30 years,

1 “(5) such bond is issued during the 5-year pe-
2 riod beginning on the date of the enactment of this
3 section, and

4 “(6) the issue meets the requirements of sub-
5 section (e).

6 “(b) LIMITATION ON AMOUNT OF BONDS DES-
7 IGNATED.—

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

13 “(2) NATIONAL QUALIFIED URBAN DEMOLITION
14 BOND LIMITATION AMOUNT.—There is a national
15 qualified urban demolition bond limitation amount of
16 \$4,000,000,000.

17 “(3) ALLOCATION TO STATES.—

18 “(A) IN GENERAL.—The national qualified
19 urban demolition bond limitation shall be allo-
20 cated by the Secretary among the States on the
21 following basis and in such manner so as to en-
22 sure that all of such limitation amount is allo-
23 cated before the date which is 3 months after
24 the date of the enactment of this section:

1 “(i) \$2,000,000,000 to be allocated
2 among the qualified States in accordance
3 with subparagraph (B), and

4 “(ii) \$2,000,000,000 to be equally al-
5 located among all States.

6 “(B) FORMULA FOR ALLOCATION AMONG
7 QUALIFIED STATES.—

8 “(i) IN GENERAL.—The amount allo-
9 cated to a State under subparagraph (A)(i)
10 shall be an amount equal to the amount
11 specified in subparagraph (A)(i) multiplied
12 by the ratio that the nonseasonal vacant
13 properties in the State bears to the total
14 nonseasonal vacant properties of all quali-
15 fied States.

16 “(ii) NONSEASONAL VACANT PROP-
17 ERTIES.—For purposes of clause (i), non-
18 seasonal vacant properties shall be deter-
19 mined by the Secretary on the basis of
20 2010 decennial census.

21 “(4) ALLOCATION OF LIMITATION AMOUNT BY
22 STATES.—The limitation amount allocated to a
23 State under paragraph (3) shall be allocated by the
24 State to qualified issuers within such State.

1 “(5) REALLOCATION OF UNUSED ISSUANCE
2 LIMITATION.—If at the end of the 2-year period be-
3 ginning on the date of the enactment of this section,
4 the national qualified urban demolition bond limita-
5 tion amount under paragraph (2) exceeds the total
6 amount of qualified urban demolition bonds issued
7 during such period, such excess shall be reallocated
8 among the qualified States in such manner as the
9 Secretary determines appropriate so as to ensure to
10 the extent possible that all of such limitation amount
11 is issued in the form of qualified urban demolition
12 bonds before the end of the 5-year period beginning
13 on the date of the enactment of this section.

14 “(c) QUALIFIED PROJECT.—For purposes of this sec-
15 tion, the term ‘qualified project’ means the direct and indi-
16 rect demolition costs properly attributable to any project
17 proposed and approved by a qualified issuer, but does not
18 include costs of operation or maintenance with respect to
19 such project.

20 “(d) APPLICABLE CREDIT RATE.—In lieu of section
21 54A(b)(3), for purposes of section 54A(b)(2), the applica-
22 ble credit rate with respect to an issue under this section
23 is the rate equal to an average market yield (as of the
24 day before the date of sale of the issue) on outstanding

1 long-term corporate debt obligations (determined in such
2 manner as the Secretary prescribes).

3 “(e) SPECIAL RULES RELATING TO EXPENDI-
4 TURES.—In lieu of subparagraphs (A) and (B) of section
5 54A(d)—

6 “(1) IN GENERAL.—An issue shall be treated as
7 meeting the requirements of this subsection if, as of
8 the date of issuance, the qualified issuer reasonably
9 expects—

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

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

20 “(2) RULES REGARDING CONTINUING COMPLI-
21 ANCE AFTER 5-YEAR DETERMINATION.—To the ex-
22 tent that less than 100 percent of the available
23 project proceeds of such issue are expended by the
24 close of the 5-year expenditure period beginning on
25 the date of issuance, the qualified issuer shall re-

1 deem all of the nonqualified bonds within 90 days
2 after the end of such period. For purposes of this
3 paragraph, the amount of the nonqualified bonds re-
4 quired to be redeemed shall be determined in the
5 same manner as under section 142.

6 “(f) RECAPTURE OF PORTION OF CREDIT WHERE
7 CESSATION OF COMPLIANCE.—If any bond which when
8 issued purported to be a qualified urban demolition bond
9 ceases to be such a bond, the qualified issuer shall pay
10 to the United States (at the time required by the Sec-
11 retary) an amount equal to the sum of—

12 “(1) the aggregate of the credits allowable
13 under section 54A with respect to such bond (deter-
14 mined without regard to section 54A(c)) for taxable
15 years ending during the calendar year in which such
16 cessation occurs and each succeeding calendar year
17 ending with the calendar year in which such bond is
18 redeemed by the land bank, and

19 “(2) interest at the underpayment rate under
20 section 6621 on the amount determined under para-
21 graph (1) for each calendar year for the period be-
22 ginning on the first day of such calendar year.

23 “(g) OTHER DEFINITIONS AND SPECIAL RULES.—
24 For purposes of this section—

1 “(1) QUALIFIED ISSUER.—The term ‘qualified
2 issuer’ means—

3 “(A) a State-authorized land bank, or

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

8 “(2) STATE-AUTHORIZED LAND BANK.—The
9 term ‘State-authorized land bank’ means a special
10 unit of government or public purpose corporation—

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

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

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

20 “(D) which may include a joint venture
21 among 2 or more State-authorized land banks
22 or among other entities with whom such special
23 unit of government or public purpose corpora-
24 tion is authorized to enter into a joint venture.

1 “(3) QUALIFIED STATE.—The term ‘qualified
2 State’ means a State—

3 “(A) in which at least 49 percent of the
4 State’s total housing units in the State were
5 built before 1980, according to the 2010 cen-
6 sus, and

7 “(B) which meets 3 of the following 4 re-
8 quirements:

9 “(i) The State ranks in the top 20
10 among all States in percentage change in
11 nonseasonal vacancies in the time period
12 between the 2000 decennial census and the
13 2010 decennial census.

14 “(ii) The State ranks in the top 25
15 among all States in unemployment rate
16 (seasonally adjusted) for the most recent
17 January through November period begin-
18 ning before the issuance of the qualified
19 urban demolition bond.

20 “(iii) The State ranks in the top 25
21 among all States in percentages of mort-
22 gages in foreclosure for the 3rd quarter of
23 2012.

24 “(iv) The State ranks in the top 20
25 among all States in the lowest percentage

1 change in population growth in the time
2 period between the 2000 decennial census
3 and the 2010 decennial census.

4 “(4) CREDITS MAY BE TRANSFERRED.—Not-
5 withstanding in any law or rule of law shall be con-
6 strued to limit the transferability of the credit or
7 bond allowed by this section through sale and repur-
8 chase agreements.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Paragraph (1) of section 54A(d) of such
11 Code is amended by striking “or” at the end of sub-
12 paragraph (D), by inserting “or” at the end of sub-
13 paragraph (E), and by inserting after subparagraph
14 (E) the following new subparagraph:

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

16 (2) Subparagraph (C) of section 54A(d)(2) is
17 amended by striking “and” at the end of clause (iv),
18 by striking the period at the end of clause (v) and
19 inserting “, and”, and by adding at the end the fol-
20 lowing new clause:

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

23 (3) The table of sections for subpart I of part
24 IV of subchapter A of chapter 1 of such Code is

1 amended by adding at the end the following new
2 item:

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

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

6 **SEC. 3. USE OF HARDEST HIT FUND AMOUNTS FOR DEMO-**
7 **LITION ACTIVITIES.**

8 (a) AUTHORITY.—Notwithstanding any provision of
9 title I of the Emergency Economic Stabilization Act of
10 2008 (12 U.S.C. 5211 et seq.), any regulation, guidance,
11 order, or other directive of the Secretary of the Treasury,
12 or any agreement (or amendment thereto) entered into
13 under the Hardest Hit Fund program of the Secretary
14 under such title I, any amounts of assistance that have
15 been, or are, allocated for or provided to a State or State
16 agency through the Hardest Hit Fund program may be
17 used, without limitation, to demolish blighted structures.

18 (b) FAILURE TO USE HHF AMOUNTS.—If, upon the
19 expiration of the 24-month period beginning on the date
20 of the enactment of this Act, any State or State agency
21 is holding any amounts of assistance described in sub-
22 section (a) or any amounts of such assistance allocated
23 for such State or State agency have not been disbursed
24 to such State or agency, the Secretary shall remit to the
25 Treasury an amount equal to 25 percent of the aggregate

1 amount, as of such date, of such held and undisbursed
2 funds. The Secretary shall recapture from such State or
3 State agency any amounts of such held funds necessary
4 to carry out this subsection.

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