

Public Law 108–186  
108th Congress

An Act

To support certain housing proposals in the fiscal year 2003 budget for the Federal Government, including the downpayment assistance initiative under the HOME Investment Partnership Act, and for other purposes.

Dec. 16, 2003

[S. 811]

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

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**TITLE I—DOWNPAYMENT ASSISTANCE**

**SEC. 101. SHORT TITLE.**

This title may be cited as the “American Dream Downpayment Act”.

**SEC. 102. DOWNPAYMENT ASSISTANCE INITIATIVE.**

Subtitle E of title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12821) is amended to read as follows:

American Dream  
Downpayment  
Act.  
42 USC 12701  
note.

**“Subtitle E—Other Assistance**

42 USC 12821.

**“SEC. 271. DOWNPAYMENT ASSISTANCE INITIATIVE.**

“(a) DEFINITIONS.—In this section:

“(1) DOWNPAYMENT ASSISTANCE.—The term “downpayment assistance” means assistance to help a family acquire a principal residence.

“(2) HOME REPAIRS.—The term “home repairs” means capital improvements or repairs that—

“(A) are identified in an appraisal or home inspection completed in conjunction with a home purchase; or

“(B) are completed within 1 year of the purchase of a home, and are necessary to bring the housing into compliance with health and safety housing codes of the unit of general local government in which the housing is located, including the remediation of lead paint or other home health hazards.

“(3) PARTICIPATING JURISDICTION.—The term “participating jurisdiction” means a State or unit of general local government designated under section 216.

“(4) STATE.—The term “State” means any State of the United States and the District of Columbia.

“(b) GRANT AUTHORITY.—The Secretary may award grants to participating jurisdictions to assist low-income families to achieve homeownership, in accordance with this section.

“(c) ELIGIBLE ACTIVITIES.—

“(1) IN GENERAL.—

“(A) DOWNPAYMENT ASSISTANCE.—Subject to subparagraph (B), grants awarded under this section may be used only for downpayment assistance toward the purchase of single family housing (including 1 to 4 unit family dwelling units, condominium units, cooperative units, and manufactured housing units which are located on land which is owned by the manufactured housing unit owner, owned as a cooperative, or is subject to a leasehold interest with a term equal to at least the term of the mortgage financing on the unit, and manufactured housing lots) by low-income families who are first-time home-buyers.

“(B) HOME REPAIRS.—Not more than 20 percent of the grant funds provided under subsection (d) to a participating jurisdiction may be used to provide assistance to low-income, first-time home-buyers for home repairs.

“(2) LIMITATIONS.—

“(A) AMOUNT OF ASSISTANCE.—The amount of assistance provided to any low-income families under paragraph (1) shall not exceed the greater of—

“(i) 6 percent of the purchase price of a single family housing unit; or

“(ii) \$10,000.

“(B) PARTICIPATION.—A participating jurisdiction may not use any amount of a grant awarded under this section to provide funding to an entity or organization that provides downpayment assistance if the activities of that entity or organization are financed in whole or in part, directly or indirectly, by contributions, service fees, or other payments from the sellers of housing.

“(d) FORMULA ALLOCATION.—

“(1) IN GENERAL.—For each fiscal year, the Secretary shall allocate any amounts made available for assistance under this section to each State that is a participating jurisdiction in an amount equal to a percentage of the total allocation that is equal to the percentage of the national total of low-income households residing in rental housing in the State, as determined on the basis of the most recent census data compiled by the Bureau of the Census.

“(2) PARTICIPATING JURISDICTIONS OTHER THAN STATES.—

“(A) IN GENERAL.—Subject to subparagraph (B), for each fiscal year, of the amount allocated to each State under paragraph (1), the Secretary shall further allocate from such amount to each participating jurisdiction located within such State an amount equal to the percentage of the allocation made to the State under paragraph (1) that is equal to the percentage of the State-wide total of low-income households residing in rental housing in such participating jurisdiction, as determined on the basis of the most recent census data compiled by the Bureau of the Census.

“(B) LIMITATION.—

“(i) IN GENERAL.—Direct allocations made under subparagraph (A) shall be made to a local participating jurisdiction only if—

“(I) the participating jurisdiction has a total population of 150,000 individuals or more, as determined on the basis of the most recent census data compiled by the Bureau of the Census; or

“(II) the participating jurisdiction would receive an allocation of \$50,000 or more.

“(ii) REVERSION.—Any allocation that would have otherwise been made to a participating jurisdiction that does not meet the requirements of clause (i) shall revert back to the State in which the participating jurisdiction is located.

“(e) REALLOCATION.—If any amounts allocated to a participating jurisdiction under this section become available for reallocation, the amounts shall be reallocated to other participating jurisdictions in accordance with subsection (d).

“(f) APPLICABILITY OF OTHER PROVISIONS.—

“(1) IN GENERAL.—Except as otherwise provided in this section, grants made under this section shall not be subject to the provisions of this title.

“(2) APPLICABLE PROVISIONS.—In addition to the requirements of this section, grants made under this section shall be subject to the provisions of title I, sections 215(b), 218, 219, 221, 223, 224, and 226(a) of subtitle A of this title, and subtitle F of this title.

“(3) REFERENCES.—In applying the requirements of subtitle A referred to in paragraph (2)—

“(A) any references to funds under subtitle A shall be considered to refer to amounts made available for assistance under this section; and

“(B) any references to funds allocated or reallocated under section 217 or 217(d) shall be considered to refer

to amounts allocated or reallocated under subsection (d) or (e) of this section, respectively.

“(g) HOUSING STRATEGY.—To be eligible to receive a grant under this section in any fiscal year, a participating jurisdiction shall include in its comprehensive housing affordability strategy developed under section 105 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12705) for such fiscal year—

“(1) a description of the anticipated use of any grant received under this section;

“(2) a plan for conducting targeted outreach to residents and tenants of public housing, trailer parks, and manufactured housing, and to other families assisted by public housing agencies, for the purpose of ensuring that grant amounts provided under this section to a participating jurisdiction are used for downpayment assistance for such residents, tenants, and families; and

“(3) a description of the actions to be taken to ensure the suitability of families receiving downpayment assistance under this section to undertake and maintain homeownership.

Deadline.

“(h) REPORT.—Not later than June 30, 2006, the Comptroller General of the United States shall submit a report containing a State-by-State analysis of the impact of grants awarded under this section to—

“(1) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

“(2) the Committee on Financial Services of the House of Representatives.

“(i) SUNSET.—The Secretary shall have no authority to make grants under this Act after December 31, 2007.

“(j) RELOCATION ASSISTANCE AND DOWNPAYMENT ASSISTANCE.—The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894) shall not apply to downpayment assistance under this section.

“(k) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section \$200,000,000 for each of fiscal years 2004 through 2007.”.

## TITLE II—INTERGENERATIONAL HOUSING ASSISTANCE

Living Equitably: Grandparents Aiding Children and Youth Act of 2003.  
12 USC 1701q note.

### SEC. 201. SHORT TITLE.

This title may be cited as the “Living Equitably: Grandparents Aiding Children and Youth Act of 2003” or the “LEGACY Act of 2003”.

12 USC 1701q note.

### SEC. 202. DEFINITIONS.

In this title:

(1) CHILD.—The term “child” means an individual who—

(A) is not attending school and is not more than 18 years of age; or

(B) is attending school and is not more than 19 years of age.

(2) COVERED FAMILY.—The term “covered family” means a family that—

(A) includes a child; and

(B) has a head of household who is—

(i) a grandparent of the child who is raising the child; or

(ii) a relative of the child who is raising the child.

(3) ELDERLY PERSON.—The term “elderly person” has the same meaning as in section 202(k) of the Housing Act of 1959 (12 U.S.C. 1701q(k)).

(4) GRANDPARENT.—

(A) IN GENERAL.—The term “grandparent” means, with respect to a child, an individual who is a grandparent or stepgrandparent of the child by blood or marriage, regardless of the age of such individual.

(B) CASE OF ADOPTION.—In the case of a child who was adopted, the term includes an individual who, by blood or marriage, is a grandparent or stepgrandparent of the child as adopted.

(5) INTERGENERATIONAL DWELLING UNIT.—The term “intergenerational dwelling unit” means a qualified dwelling unit that is reserved for occupancy only by an intergenerational family.

(6) INTERGENERATIONAL FAMILY.—The term “intergenerational family” means a covered family that has a head of household who is an elderly person.

(7) PRIVATE NONPROFIT ORGANIZATION.—The term “private nonprofit organization” has the same meaning as in section 202(k) of the Housing Act of 1959 (12 U.S.C. 1701q(k)).

(8) QUALIFIED DWELLING UNIT.—The term “qualified dwelling unit” means a dwelling unit that—

(A) has not fewer than 2 separate bedrooms;

(B) is equipped with design features appropriate to meet the special physical needs of elderly persons, as needed; and

(C) is equipped with design features appropriate to meet the special physical needs of young children, as needed.

(9) RAISING A CHILD.—The term “raising a child” means, with respect to an individual, that the individual—

(A) resides with the child; and

(B) is the primary caregiver for the child—

(i) because the biological or adoptive parents of the child do not reside with the child or are unable or unwilling to serve as the primary caregiver for the child; and

(ii) regardless of whether the individual has a legal relationship to the child (such as guardianship or legal custody) or is caring for the child informally and has no such legal relationship with the child.

(10) RELATIVE.—

(A) IN GENERAL.—The term “relative” means, with respect to a child, an individual who—

(i) is not a parent of the child by blood or marriage; and

(ii) is a relative of the child by blood or marriage, regardless of the age of the individual.

(B) CASE OF ADOPTION.—In the case of a child who was adopted, the term “relative” includes an individual who, by blood or marriage, is a relative of the family who adopted the child.

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

12 USC 1701q  
note.

**SEC. 203. DEMONSTRATION PROGRAM FOR ELDERLY HOUSING FOR INTERGENERATIONAL FAMILIES.**

(a) DEMONSTRATION PROGRAM.—The Secretary shall carry out a demonstration program (referred to in this section as the “demonstration program”) to provide assistance for intergenerational dwelling units for intergenerational families in connection with the supportive housing program under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q).

(b) INTERGENERATIONAL DWELLING UNITS.—The Secretary shall provide assistance under this section only to private nonprofit organizations selected under subsection (d) for use only for expanding the supply of intergenerational dwelling units, which units shall be provided—

(1) by designating and retrofitting, for use as intergenerational dwelling units, existing dwelling units that are located within a project assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q);

(2) through development of buildings or projects comprised solely of intergenerational dwelling units; or

(3) through the development of an annex or addition to an existing project assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), that contains intergenerational dwelling units, including through the development of elder cottage housing opportunity units that are small, freestanding, barrier free, energy efficient, removable dwelling units located adjacent to a larger project or dwelling.

(c) PROGRAM TERMS.—Assistance provided pursuant to this section shall be subject to the provisions of section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), except that—

(1) notwithstanding subsection (d)(1) of that section 202 or any provision of that section restricting occupancy to elderly persons, any intergenerational dwelling unit assisted under the demonstration program may be occupied by an intergenerational family;

(2) subsections (e) and (f) of that section 202 shall not apply;

(3) in addition to the requirements under subsection (g) of that section 202, the Secretary shall—

(A) ensure that occupants of intergenerational dwelling units assisted under the demonstration program are provided a range of services that are tailored to meet the needs of elderly persons, children, and intergenerational families; and

(B) coordinate with the heads of other Federal agencies as may be appropriate to ensure the provision of such services; and

(4) the Secretary may waive or alter any other provision of that section 202 necessary to provide for assistance under the demonstration program.

Procedures.

(d) SELECTION.—The Secretary shall—

(1) establish application procedures for private nonprofit organizations to apply for assistance under this section; and

(2) to the extent that amounts are made available pursuant to subsection (f), select not less than 2 and not more than

4 projects that are assisted under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) for assistance under this section, based on the ability of the applicant to develop and operate intergenerational dwelling units and national geographical diversity among those projects funded.

(e) REPORT.—Not later than 36 months after the date of enactment of this Act, the Secretary shall submit a report to Congress that—

(1) describes the demonstration program; and

(2) analyzes the effectiveness of the demonstration program.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$10,000,000 to carry out this section.

(g) SUNSET.—The demonstration program carried out under this section shall terminate 5 years after the date of enactment of this Act.

**SEC. 204. TRAINING FOR HUD PERSONNEL REGARDING GRANDPARENT-HEADED AND RELATIVE-HEADED FAMILIES ISSUES.**

12 USC 1701q  
note.

Section 7 of the Department of Housing and Urban Development Act (42 U.S.C. 3535) is amended by adding at the end the following:

“(t) TRAINING REGARDING ISSUES RELATING TO GRANDPARENT-HEADED AND RELATIVE-HEADED FAMILIES.—The Secretary shall ensure that all personnel employed in field offices of the Department who have responsibilities for administering the housing assistance program under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) or the supportive housing program under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q), and an appropriate number of personnel in the headquarters office of the Department who have responsibilities for those programs, have received adequate training regarding how covered families (as that term is defined in section 202 of the LEGACY Act of 2003) can be served by existing affordable housing programs.”.

**SEC. 205. STUDY OF HOUSING NEEDS OF GRANDPARENT-HEADED AND RELATIVE-HEADED FAMILIES.**

12 USC 1701q  
note.

(a) IN GENERAL.—The Secretary and the Director of the Bureau of the Census jointly shall—

(1) conduct a study to determine an estimate of the number of covered families in the United States and their affordable housing needs; and

(2) submit a report to Congress regarding the results of the study conducted under paragraph (1).

(b) REPORT AND RECOMMENDATIONS.—The report required under subsection (a) shall—

(1) be submitted to Congress not later than 12 months after the date of enactment of this Act; and

(2) include recommendations by the Secretary and the Director of the Bureau of the Census regarding how the major assisted housing programs of the Department of Housing and Urban Development, including the supportive housing for the elderly program under section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) can be used and, if appropriate, amended or altered, to meet the affordable housing needs of covered families.

## TITLE III—ADJUSTABLE RATE SINGLE FAMILY MORTGAGES AND LOAN LIMIT ADJUSTMENTS

### SEC. 301. HYBRID ARMS.

(a) **IN GENERAL.**—Section 251(d)(1)(C) of the National Housing Act (12 U.S.C. 1715z-16(d)(1)(C)) is amended by striking “five” and inserting “3”.

12 USC 1715z-16  
note.

(b) **APPLICABILITY.**—The amendment made by subsection (a) shall apply to mortgages executed on or after the date of the enactment of this title.

### SEC. 302. FHA MULTIFAMILY LOAN LIMIT ADJUSTMENTS.

FHA Multifamily  
Loan Limit  
Adjustment Act  
of 2003.  
12 USC 1701  
note.

(a) **SHORT TITLE.**—This section may be cited as the “FHA Multifamily Loan Limit Adjustment Act of 2003”.

(b) **MAXIMUM MORTGAGE AMOUNT LIMIT FOR MULTIFAMILY HOUSING IN HIGH-COST AREAS.**—Sections 207(c)(3), 213(b)(2)(B)(i), 220(d)(3)(B)(iii)(III), 221(d)(3)(ii)(II), 221(d)(4)(ii)(II), 231(c)(2)(B), and 234(e)(3)(B) of the National Housing Act (12 U.S.C. 1713(c)(3), 1715e(b)(2)(B)(i), 1715k(d)(3)(B)(iii)(II), 1715l(d)(3)(ii)(III), 1715l(d)(4)(ii)(II), 1715v(c)(2)(B), and 1715y(e)(3)(B)) are each amended—

(1) by striking “110 percent” and inserting “140 percent”; and

(2) by inserting “, or 170 percent in high cost areas,” after “140 percent”.

(c) **CATCH-UP ADJUSTMENTS TO CERTAIN MAXIMUM MORTGAGE AMOUNT LIMITS.**—

(1) **SECTION 207 LIMITS.**—Section 207(c)(3)(A) of the National Housing Act (12 U.S.C. 1713(c)(3)(A)) is amended by striking “\$11,250” and inserting “\$17,460”.

(2) **SECTION 213 LIMITS.**—Section 213(b)(2)(A) of the National Housing Act (12 U.S.C. 1715e(b)(2)(A)) is amended—

(A) by striking “\$38,025” and inserting “\$41,207”;

(B) by striking “\$42,120” and inserting “\$47,511”;

(C) by striking “\$50,310” and inserting “\$57,300”;

(D) by striking “\$62,010” and inserting “\$73,343”;

(E) by striking “\$70,200” and inserting “\$81,708”;

(F) by striking “\$49,140” and inserting “\$49,710”;

(G) by striking “\$60,255” and inserting “\$60,446”;

(H) by striking “\$75,465” and inserting “\$78,197”; and

(I) by striking “\$85,328” and inserting “\$85,836”.

(d) **REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING MORTGAGE INSURANCE.**—Section 220(d)(3)(B)(iii) of the National Housing Act (12 U.S.C. 1715k(d)(3)(B)(iii)) is amended—

(1) by striking “with respect to dollar amount limitations applicable to rehabilitation projects described in subclause (II),” and inserting “; (III)”;

(2) by redesignating subclauses (III) and (IV) as subclauses (IV) and (V), respectively.



## TITLE IV—HOPE VI PROGRAM REAUTHORIZATION

Hope VI Program  
Reauthorization  
and Small  
Community  
Mainstreet  
Rejuvenation and  
Housing Act of  
2003.  
42 USC 1437  
note.

### SEC. 401. SHORT TITLE.

This title may be cited as the “HOPE VI Program Reauthorization and Small Community Mainstreet Rejuvenation and Housing Act of 2003”.

### SEC. 402. HOPE VI PROGRAM REAUTHORIZATION.

(a) SELECTION CRITERIA.—Section 24(e)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437v(e)(2)) is amended—

(1) by striking the matter preceding subparagraph (A) and inserting the following:

“(2) SELECTION CRITERIA.—The Secretary shall establish criteria for the award of grants under this section and shall include among the factors—”;

(2) in subparagraph (B), by striking “large-scale”;

(3) in subparagraph (D)—

(A) by inserting “and ongoing implementation” after “development”; and

(B) by inserting “, except that the Secretary may not award a grant under this section unless the applicant has involved affected public housing residents at the beginning and during the planning process for the revitalization program, prior to submission of an application” before the semicolon at the end;

(4) in subparagraph (H), by striking “and” at the end;

(5) by redesignating subparagraph (I) as subparagraph (L);

and

(6) by inserting after subparagraph (H) the following:

“(I) the extent to which the plan minimizes permanent displacement of current residents of the public housing site who wish to remain in or return to the revitalized community and provides for community and supportive services to residents prior to any relocation;

“(J) the extent to which the plan sustains or creates more project-based housing units available to persons eligible for public housing in markets where the plan shows there is demand for the maintenance or creation of such units;

“(K) the extent to which the plan gives to existing residents priority for occupancy in dwelling units which are public housing dwelling units, or for residents who can afford to live in other units, priority for those units in the revitalized community; and”.

(b) DEFINITION OF SEVERELY DISTRESSED PUBLIC HOUSING.—Section 24(j)(2)(A)(iii) of the United States Housing Act of 1937 (42 U.S.C. 1437v(j)(2)(A)(iii)) is amended—

(1) in subclause (I), by striking “or” at the end;

(2) in subclause (II), by inserting “or” after the semicolon at the end; and

(3) by inserting at the end the following:

“(III) is lacking in sufficient appropriate transportation, supportive services, economic opportunity, schools, civic and religious institutions, and public services, resulting in severe social distress in the project;”.

Deadline.  
Reports.  
42 USC 1437v  
note.

(c) **STUDY OF ELDERLY AND DISABLED PUBLIC HOUSING NEEDS.**—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States shall submit a report to Congress regarding the extent of severely distressed elderly and non-elderly disabled public housing, and recommendations for improving that housing through the HOPE VI program or other means, taking into account the special needs of the residents.

(d) **AUTHORIZATION OF APPROPRIATIONS.**—Paragraph (1) of section 24(m) of the United States Housing Act of 1937 (42 U.S.C. 1437v(m)(1)) is amended by striking “, 2001, and 2002” and inserting “through 2006”.

(e) **EXTENSION OF PROGRAM.**—Section 24(n) of the United States Housing Act of 1937 (42 U.S.C. 1437v(n)) is amended by striking “September 30, 2004” and inserting “September 30, 2006”.

**SEC. 403. HOPE VI GRANTS FOR ASSISTING AFFORDABLE HOUSING THROUGH MAIN STREET PROJECTS.**

(a) **PURPOSES.**—Section 24(a) of the United States Housing Act of 1937 (42 U.S.C. 1437v(a)) is amended by adding after and below paragraph (4) the following:

“It is also the purpose of this section to provide assistance to smaller communities for the purpose of facilitating the development of affordable housing for low-income families that is undertaken in connection with a main street revitalization or redevelopment project in such communities.”

(b) **GRANTS FOR ASSISTING AFFORDABLE HOUSING DEVELOPED THROUGH MAIN STREET PROJECTS IN SMALLER COMMUNITIES.**—Section 24 of the United States Housing Act of 1937 (42 U.S.C. 1437v) is amended—

(1) by redesignating subsection (n) as subsection (o); and

(2) by inserting after subsection (m) the following new subsection:

“(n) **GRANTS FOR ASSISTING AFFORDABLE HOUSING DEVELOPED THROUGH MAIN STREET PROJECTS IN SMALLER COMMUNITIES.**—

“(1) **AUTHORITY AND USE OF GRANT AMOUNTS.**—The Secretary may make grants under this subsection to smaller communities. Such grant amounts shall be used by smaller communities only to provide assistance to carry out eligible affordable housing activities under paragraph (4) in connection with an eligible project under paragraph (2).

“(2) **ELIGIBLE PROJECT.**—For purposes of this subsection, the term ‘eligible project’ means a project that—

“(A) the Secretary determines, under the criteria established pursuant to paragraph (3), is a main street project;

“(B) is carried out within the jurisdiction of a smaller community receiving the grant; and

“(C) involves the development of affordable housing that is located in the commercial area that is the subject of the project.

“(3) **MAIN STREET PROJECTS.**—The Secretary shall establish requirements for a project to be considered a main street project for purposes of this section, which shall require that the project—

“(A) has as its purpose the revitalization or redevelopment of a historic or traditional commercial area;

“(B) involves investment, or other participation, by the government for, and private entities in, the community in which the project is carried out; and

“(C) complies with such historic preservation guidelines or principles as the Secretary shall identify to preserve significant historic or traditional architectural and design features in the structures or area involved in the project.

“(4) ELIGIBLE AFFORDABLE HOUSING ACTIVITIES.—For purposes of this subsection, the activities described in subsection (d)(1) shall be considered eligible affordable housing activities, except that—

“(A) such activities shall be conducted with respect to affordable housing rather than with respect to severely distressed public housing projects; and

“(B) eligible affordable housing activities under this subsection shall not include the activities described in subparagraphs (B) through (E), (J), or (K) of subsection (d)(1).

“(5) MAXIMUM GRANT AMOUNT.—A grant under this subsection for a fiscal year for a single smaller community may not exceed \$1,000,000.

“(6) CONTRIBUTION REQUIREMENT.—A smaller community applying for a grant under this subsection shall be considered an applicant for purposes of subsection (c) (relating to contributions by applicants), except that—

“(A) such supplemental amounts shall be used only for carrying out eligible affordable housing activities; and

“(B) paragraphs (1)(B) and (3) shall not apply to grants under this subsection.

“(7) APPLICATIONS AND SELECTION.—

“(A) APPLICATION.—Pursuant to subsection (e)(1), the Secretary shall provide for smaller communities to apply for grants under this subsection, except that the Secretary may establish such separate or additional criteria for applications for such grants as may be appropriate to carry out this subsection.

“(B) SELECTION CRITERIA.—The Secretary shall establish selection criteria for the award of grants under this subsection, which shall be based on the selection criteria established pursuant to subsection (e)(2), with such changes as may be appropriate to carry out the purposes of this subsection.

“(8) COST LIMITS.—The cost limits established pursuant to subsection (f) shall apply to eligible affordable housing activities assisted with grant amounts under this subsection.

“(9) INAPPLICABILITY OF OTHER PROVISIONS.—The provisions of subsections (g) (relating to disposition and replacement of severely distressed public housing), and (h) (relating to administration of grants by other entities), shall not apply to grants under this subsection.

“(10) REPORTING.—The Secretary shall require each smaller community receiving a grant under this subsection to submit a report regarding the use of all amounts provided under the grant.

“(11) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

“(A) AFFORDABLE HOUSING.—The term ‘affordable housing’ means rental or homeownership dwelling units that—

“(i) are made available for initial occupancy to low-income families, with a subset of units made available to very- and extremely-low income families; and

“(ii) are subject to the same rules regarding occupant contribution toward rent or purchase and terms of rental or purchase as dwelling units in public housing projects assisted with a grant under this section.

“(B) SMALLER COMMUNITY.—The term ‘smaller community’ means a unit of general local government (as such term is defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)) that—

“(i) has a population of 50,000 or fewer; and

“(ii)(I) is not served by a public housing agency;

or

“(II) is served by a single public housing agency, which agency administers 100 or fewer public housing dwelling units.”

(c) ANNUAL REPORT.—Section 24(l) of the United States Housing Act of 1937 (42 U.S.C. 1437v(1)) is amended—

(1) in paragraph (3), by striking “; and” and inserting “, including a specification of the amount and type of assistance provided under subsection (n);”;

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following:

“(4) the types of projects funded, and number of affordable housing dwelling units developed with, grants under subsection (n); and”.

(d) FUNDING.—Section 24(m) of the United States Housing Act of 1937 (42 U.S.C. 1437v(m)) is amended by adding at the end the following:

“(3) SET-ASIDE FOR MAIN STREET HOUSING GRANTS.—Of the amount appropriated pursuant to paragraph (1) for any fiscal year, the Secretary shall provide up to 5 percent for use only for grants under subsection (n).”.

## **TITLE V—COMMUNITY DEVELOPMENT BLOCK GRANTS**

### **SEC. 501. FUNDING FOR INSULAR AREAS.**

(a) DEFINITION OF INSULAR AREAS.—Section 102(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)) is amended by adding at the end the following:

“(24) The term ‘insular area’ means each of Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.”.

(b) DEFINITION OF UNIT OF GENERAL GOVERNMENT.—The first sentence of section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(1)) is amended—

(1) by inserting “and” after “Secretary;”;

(2) by striking “; and the Trust Territory of the Pacific Islands”.

(c) STATEMENT OF ACTIVITIES AND REVIEW.—Section 104 of the Housing and Community Development Act of 1974 (42 U.S.C. 5304) is amended—

(1) in subsection (a)(1)—

(A) in the first sentence—

(i) by striking “or” after “State,”; and

(ii) by inserting “or under section 106(a)(3) by any insular area,” after “government,”; and

(B) in the second sentence—

(i) by striking “and in the case of” and inserting a comma; and

(ii) by inserting “and insular areas receiving grants pursuant to section 106(a)(3),” after “106(d)(2)(B),”;

(2) in subsection (e)(1), by striking “section 106(b) or section 106(d)(2)(B)” and inserting “subsection (a)(3), (b), or (d)(2)(B) of section 106”; and

(3) in subsection (m)—

(A) in paragraph (1), by inserting “(a)(2),” after “under subsection”; and

(B) in paragraph (2), by striking “government—” and inserting “government other than an insular area—”.

(d) ALLOCATION AND DISTRIBUTION OF FUNDS.—Section 106(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(a)) is amended—

(1) in the first sentence of paragraph (1)—

(A) by striking “an appropriation Act” and inserting “appropriation Acts”; and

(B) by striking “in any year” and inserting “for such fiscal year”;

(2) in paragraph (2), by inserting “under paragraph (1) and after reserving such amounts for insular areas under paragraph (2)” after “tribes”;

(3) in paragraph (3), by striking “paragraphs (1) and (2)” and inserting “paragraphs (1), (2), and (3)”;

(4) by redesignating paragraphs (2) and (3) (as so amended) as paragraphs (3) and (4); and

(5) by inserting after paragraph (1) the following:

“(2) For each fiscal year, of the amount approved in appropriation Acts under section 103 for grants for such fiscal year (excluding the amounts provided for use in accordance with section 107), the Secretary shall reserve for grants to insular areas \$7,000,000. The Secretary shall provide for distribution of amounts under this paragraph to insular areas on the basis of the ratio of the population of each insular area to the population of all insular areas. In determining the distribution of amounts to insular areas, the Secretary may also include other statistical criteria as data become available from the Bureau of the Census, but only if such criteria are contained in a regulation promulgated by the Secretary after notice and public comment.”.

(e) CONFORMING AMENDMENT.—The first sentence of section 106(d)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5306(d)(1)) is amended by striking “paragraphs (1) and (2)” and inserting “paragraphs (1), (2), and (3)”.

(f) SPECIAL PURPOSE GRANTS.—Section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. 5307) is amended—

(1) in subsection (a)(1)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) through (H) as subparagraphs (A) through (G), respectively; and (2) in subsection (b)—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (7) as paragraphs (1) through (6), respectively.

Effective date.  
42 USC 5302  
note.

(g) REGULATIONS.—The Secretary of Housing and Urban Development shall issue regulations to carry out the amendments made by this section, which shall take effect not later than the expiration of the 90-day period beginning on the date of the enactment of this Act.

Approved December 16, 2003.

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LEGISLATIVE HISTORY—S. 811 (H.R. 1276) (H.R. 1614):

HOUSE REPORTS: Nos. 108-164 accompanying H.R. 1276 and 108-165 accompanying H.R. 1614 (both from Comm. on Financial Services).

CONGRESSIONAL RECORD, Vol. 149 (2003):

Nov. 24, considered and passed Senate.

Dec. 8, considered and passed House.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 39 (2003):

Dec. 16, Presidential remarks.

