

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2191

To authorize the Secretary of Housing and Urban Development to carry out a demonstration program to make grants to community development corporations for reducing interest rates on loans for economic development activities in 5 federally designated enterprise zones.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 19, 1993

Mr. TRAFICANT (for himself, Mr. APPELGATE, Mr. FRANK of Massachusetts, Mr. McCLOSKEY, Mr. STRICKLAND, Mr. FILNER, and Mr. BLACKWELL) introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

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## A BILL

To authorize the Secretary of Housing and Urban Development to carry out a demonstration program to make grants to community development corporations for reducing interest rates on loans for economic development activities in 5 federally designated enterprise zones.

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 “Economic Development  
5 Loan Assistance Demonstration Program Act of 1993”.

1 **SEC. 2. ESTABLISHMENT AND SCOPE OF DEMONSTRATION**  
2 **PROGRAM.**

3 (a) ESTABLISHMENT.—The Secretary of Housing  
4 and Urban Development shall carry out a program to  
5 demonstrate the effectiveness of encouraging economic de-  
6 velopment in enterprise zones by making grants to com-  
7 munity development corporations for reducing interest  
8 rates on loans for economic development activities in the  
9 enterprise zones.

10 (b) SELECTION OF ENTERPRISE ZONES.—

11 (1) NUMBER.—The Secretary shall carry out  
12 the demonstration program under this Act with re-  
13 spect to 5 enterprise zones, which the Secretary  
14 shall select not later than the expiration of the 30-  
15 day period beginning on the date the termination of  
16 the period referred to in section 701(a)(4)(B) of the  
17 Housing and Community Development Act of 1987.

18 (2) DIVERSITY.—Of the enterprise zones se-  
19 lected under this subsection, not less than 2 shall be  
20 located in rural areas (as described in section  
21 701(a)(2)(B) of the Housing and Community Devel-  
22 opment Act of 1987) and not less than 2 shall be  
23 located in metropolitan statistical areas (as des-  
24 ignated by the Director of the Office of Management  
25 and Budget). In selecting the enterprise zones, the  
26 Secretary shall provide for national geographic diver-

1       sity among enterprise zones participating in the  
2       demonstration program.

3       **SEC. 3. GRANTS FOR ECONOMIC DEVELOPMENT LOAN AS-**  
4                                   **SISTANCE.**

5       (a) **AUTHORITY.**—Under the demonstration program  
6 under this Act, the Secretary may make grants to any  
7 community development corporation sponsored by a bank  
8 or thrift institution, by a nonbank economic development  
9 corporation, or by residents of an enterprise zone selected  
10 under section 2(b).

11       (b) **USE.**—Each community development corporation  
12 receiving a grant under the demonstration program under  
13 this Act shall use the grant amounts to assist businesses  
14 and nonprofit organizations by reducing interest rates on  
15 loans for economic development activities carried out in  
16 an enterprise zone selected under section 2(b).

17       (c) **OTHER REQUIREMENTS.**—The Secretary shall re-  
18 quire each community development corporation receiving  
19 a grant under the demonstration program under this Act  
20 to—

21               (1) use the grant amounts to reduce the inter-  
22       est rate on a loan described in subsection (b) by an  
23       amount not to exceed 60 percent of the market rate  
24       of interest on such loan; and

1           (2) take any actions necessary to inform busi-  
2           nesses and nonprofit organizations of the availability  
3           of such loans, including holding informational meet-  
4           ings, making public announcements, and placing no-  
5           tices in newspapers and other publications.

6 **SEC. 4. MONITORING.**

7           The Secretary shall monitor the use of grants made  
8           under this Act and the costs of administering such grants.

9 **SEC. 5. REPORTS AND STUDY.**

10          (a) ANNUAL REPORT.—The Secretary shall submit  
11          to the Congress, not later than 1 year after the date that  
12          amounts to carry out this Act are first made available  
13          under appropriations Acts and for each year thereafter in  
14          which amounts are available to carry out the demonstra-  
15          tion program, a report containing an evaluation of the  
16          effectiveness of grants made under the demonstration  
17          program.

18          (b) STUDY AND REPORT ON EXPANDED PROGRAM.—

19                (1) STUDY.—The Secretary shall conduct a  
20                study regarding the effects and costs of carrying out  
21                a long-term and expanded program of making grants  
22                for the purposes under this Act. The study shall de-  
23                termine the need for such grants and the amount of  
24                funds necessary to carry out an effective program of  
25                national scope.

1           (2) REPORT.—The Secretary shall submit to  
2           the Congress, not later than September 31, 1996, a  
3           report regarding the results of the study under para-  
4           graph (1) and any recommendations for carrying out  
5           a program as described in paragraph (1).

6 **SEC. 6. DEFINITIONS.**

7           For the purposes of this Act:

8           (1) ECONOMIC DEVELOPMENT ACTIVITIES.—  
9           The term “economic development activities” means  
10          the construction and rehabilitation of housing, down-  
11          town and neighborhood commercial revitalization, in-  
12          dustrial development and redevelopment, small and  
13          minority business assistance, neighborhood market-  
14          ing, training, and technical assistance, research and  
15          planning for nonprofit development groups, and  
16          other activities which create permanent private sec-  
17          tor jobs.

18          (2) ENTERPRISE ZONE.—The term “enterprise  
19          zone” means an area that is designated as an enter-  
20          prise zone under section 701 of the Housing and  
21          Community Development Act of 1987.

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

1 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

2       There is authorized to be appropriated to carry out  
3 this Act in fiscal years 1994, 1995, and 1996 a total of  
4 \$100,000,000.

5 **SEC. 8. REGULATIONS.**

6       The Secretary may issue any regulations necessary  
7 to carry out this Act.

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