

105TH CONGRESS
1ST SESSION

H. R. 263

To provide for the disposition of unoccupied and substandard multifamily housing projects owned by the Secretary of Housing and Urban Development.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mrs. ROUKEMA introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To provide for the disposition of unoccupied and substandard multifamily housing projects owned by the Secretary of Housing and Urban Development.

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 “Urban Homestead Act
5 of 1996”.

6 **SEC. 2. DEFINITIONS.**

7 For purposes of this Act, the following definitions
8 shall apply:

1 (1) COMMUNITY DEVELOPMENT CORPORA-
2 TION.—The term “community development corpora-
3 tion” means a nonprofit organization whose primary
4 purpose is to promote community development by
5 providing housing opportunities to low-income fami-
6 lies.

7 (2) COST RECOVERY BASIS.—The term “cost
8 recovery basis” means, with respect to any sale of a
9 project or residence by a unit of general local gov-
10 ernment to a community development corporation
11 under section 3(c)(2), that the purchase price paid
12 by the community development corporation is less
13 than or equal to the costs incurred by the unit of
14 general local government in connection with such
15 project or residence during the period beginning on
16 the date on which the unit of general local govern-
17 ment acquires title to the multifamily housing
18 project or residential property under subsection (a)
19 and ending on the date on which the sale is con-
20 summated.

21 (3) LOW-INCOME FAMILIES.—The term “low-in-
22 come families” has the same meaning as in section
23 3(b) of the United States Housing Act of 1937.

24 (4) MULTIFAMILY HOUSING PROJECT.—The
25 term “multifamily housing project” has the same

1 meaning as in section 203 of the Housing and Com-
2 munity Development Amendments of 1978.

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

5 (6) SEVERE PHYSICAL PROBLEMS.—A dwelling
6 unit shall be considered to have “severe physical
7 problems” if such unit—

8 (A) lacks hot or cold piped water, a flush
9 toilet, or both a bathtub and a shower in the
10 unit, for the exclusive use of that unit;

11 (B) on not less than 3 separate occasions,
12 during the preceding winter months was uncom-
13 fortably cold for a period of more than 6 con-
14 secutive hours due to a malfunction of the heat-
15 ing system for the unit;

16 (C) has no functioning electrical service,
17 exposed wiring, any room in which there is not
18 a functioning electrical outlet, or has experi-
19 enced not less than 3 blown fuses or tripped
20 circuit breakers during the preceding 90-day
21 period;

22 (D) is accessible through a public hallway
23 in which there are no working light fixtures,
24 loose or missing steps or railings, and no eleva-
25 tor; or

1 (E) has severe maintenance problems, in-
2 cluding water leaks involving the roof, windows,
3 doors, basement, or pipes or plumbing fixtures,
4 holes or open cracks in walls or ceilings, severe
5 paint peeling or broken plaster, and signs of ro-
6 dent infestation.

7 (7) SINGLE FAMILY RESIDENCE.—The term
8 “single family residence” means a 1- to 4-family
9 dwelling that is held by the Secretary.

10 (8) SUBSTANDARD MULTIFAMILY HOUSING
11 PROJECT.—A multifamily housing project is “sub-
12 standard” if not less than 25 percent of the dwelling
13 units of the project have severe physical problems.

14 (9) UNIT OF GENERAL LOCAL GOVERNMENT.—
15 The term “unit of general local government” has the
16 same meaning as in section 102(a) of the Housing
17 and Community Development Act of 1974.

18 (10) UNOCCUPIED MULTIFAMILY HOUSING
19 PROJECT.—The term “unoccupied multifamily hous-
20 ing project” means a multifamily housing project
21 that the unit of general local government certifies in
22 writing is not inhabited.

1 **SEC. 3. DISPOSITION OF UNOCCUPIED AND SUBSTANDARD**
2 **PUBLIC HOUSING.**

3 (a) TRANSFER OF OWNERSHIP TO UNITS OF GEN-
4 ERAL LOCAL GOVERNMENT.—Notwithstanding section
5 203 of the Housing and Community Development Amend-
6 ments of 1978 or any other provision of Federal law per-
7 taining to the disposition of property, the Secretary shall
8 transfer ownership of any unoccupied multifamily housing
9 project, substandard multifamily housing project, or other
10 residential property that is owned by the Secretary to the
11 appropriate unit of general local government for the area
12 in which the project or residence is located in accordance
13 with subsection (b), if the unit of general local government
14 enters into an agreement with the Secretary described in
15 subsection (c).

16 (b) TIMING.—

17 (1) IN GENERAL.—Any transfer of ownership
18 under subsection (a) shall be completed—

19 (A) with respect to any multifamily hous-
20 ing project owned by the Secretary that is de-
21 termined to be unoccupied or substandard be-
22 fore the date of enactment of this Act, not later
23 than 1 year after that date of enactment; and

24 (B) with respect to any multifamily hous-
25 ing project or other residential property ac-
26 quired by the Secretary on or after the date of

1 enactment of this Act, not later than 1 year
2 after the date on which the project is deter-
3 mined to be unoccupied or substandard or the
4 residence is acquired, as appropriate.

5 (2) SATISFACTION OF INDEBTEDNESS.—Prior
6 to any transfer of ownership under paragraph (1),
7 the Secretary shall satisfy any indebtedness incurred
8 in connection with the project or residence at issue,
9 either by—

10 (A) cancellation of the indebtedness; or

11 (B) reimbursing the unit of general local
12 government to which the project or residence is
13 transferred for the amount of the indebtedness.

14 (c) SALE TO COMMUNITY DEVELOPMENT CORPORA-
15 TIONS.—An agreement is described in this subsection if
16 it is an agreement that requires a unit of general local
17 government to dispose of the multifamily housing project
18 or other residential property in accordance with the follow-
19 ing requirements:

20 (1) NOTIFICATION TO COMMUNITY DEVELOP-
21 MENT CORPORATIONS.—Not later than 30 days after
22 the date on which the unit of general local govern-
23 ment acquires title to the multifamily housing
24 project or other residential property under sub-
25 section (a), the unit of general local government

1 shall notify community development corporations lo-
2 cated in the State in which the project or residence
3 is located—

4 (A) of such acquisition of title; and

5 (B) that, during the 6-month period begin-
6 ning on the date on which such notification is
7 made, such community development corpora-
8 tions shall have the exclusive right under this
9 subsection to make bona fide offers to purchase
10 the project or residence on a cost recovery
11 basis.

12 (2) RIGHT OF FIRST REFUSAL.—During the 6-
13 month period described in paragraph (1)(B)—

14 (A) the unit of general local government
15 may not sell or offer to sell the multifamily
16 housing project or other residential property
17 other than to a party notified under paragraph
18 (1), unless each community development cor-
19 poration notifies the unit of general local gov-
20 ernment that the corporation will not make an
21 offer to purchase the project or residence; and

22 (B) the unit of general local government
23 shall accept a bona fide offer to purchase the
24 project or residence made during such period if
25 the offer is acceptable to the unit of general

1 local government, except that a unit of general
2 local government may not sell a project or resi-
3 dence to a community development corporation
4 during that 6-month period other than on a
5 cost recovery basis.

6 (3) OTHER DISPOSITION.—During the 6-month
7 period beginning on the expiration of the 6-month
8 period described in paragraph (1)(B), the unit of
9 general local government shall dispose of the multi-
10 family housing project or other residential property
11 on a negotiated, competitive bid, or other basis, on
12 such terms as the unit of general local government
13 deems appropriate.

14 **SEC. 4. EXEMPTION FROM PROPERTY DISPOSITION RE-**
15 **QUIREMENTS.**

16 No provision of the Multifamily Housing Property
17 Disposition Reform Act of 1994, or any amendment made
18 by that Act, shall apply to the disposition of property in
19 accordance with this Act.

20 **SEC. 5. TENANT LEASES.**

21 This Act shall not affect the terms or the enforce-
22 ability of any contract or lease entered into before the date
23 of enactment of this Act.

1 **SEC. 6. PROCEDURES.**

2 Not later than 6 months after the date of enactment
3 of this Act, the Secretary shall establish, by rule, regula-
4 tion, or order, such procedures as may be necessary to
5 carry out this Act.

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