

Union Calendar No. 255

105TH CONGRESS
2^D SESSION

H. R. 3039

[Report No. 105-447]

To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to guarantee loans to provide multifamily transitional housing for homeless veterans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 1997

Mr. STUMP (for himself, Mr. EVANS, Mr. QUINN, and Mr. FILNER) introduced the following bill; which was referred to the Committee on Veterans' Affairs

MARCH 17, 1998

Additional sponsors: Mr. PAYNE, Mr. SMITH of New Jersey, Mr. BARRETT of Wisconsin, Mr. MASCARA, Mr. HAYWORTH, Mr. REYES, Mr. KENNEDY of Massachusetts, Ms. WATERS, and Mr. LAHOOD

MARCH 17, 1998

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to guarantee loans to provide multifamily transitional housing for homeless veterans, 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 “Veterans Transitional
5 Housing Opportunities Act of ~~1997~~ 1998”.

6 **SEC. 2. LOAN GUARANTEE FOR MULTIFAMILY TRANSI-**
7 **TIONAL HOUSING FOR HOMELESS VETERANS.**

8 (a) IN GENERAL.—Chapter 37 of title 38, United
9 States Code, is amended by adding at the end the follow-
10 ing new subchapter:

11 “SUBCHAPTER VI—LOAN GUARANTEE FOR
12 MULTIFAMILY TRANSITIONAL HOUSING
13 FOR HOMELESS VETERANS

14 **“§ 3771. Definitions**

15 “For purposes of this subchapter—

16 “(1) the term ‘veteran’ has the meaning given
17 such term by paragraph (2) of section 101;

18 “(2) the term ‘homeless veteran’ means a vet-
19 eran who is a homeless individual; and

20 “(3) the term ‘homeless individual’ has the
21 same meaning as such term has within the meaning
22 of section 103 of the Stewart B. McKinney Home-
23 less Assistance Act (42 U.S.C. 11302).

1 **“§ 3772. General authority**

2 “(a) The Secretary may guarantee the full or partial
3 repayment of a loan that meets the requirements of this
4 subchapter.

5 “(b)(1) Not more than 15 loans may be guaranteed
6 under subsection (a), of which not more than 5 such loans
7 may be guaranteed during the 3-year period beginning on
8 the date of enactment of the Veterans Transitional Hous-
9 ing Opportunities Act of 1998.

10 “(2) A guarantee of a loan under subsection (a) shall
11 be in an amount that is not less than the amount nec-
12 essary to sell the loan in a commercial market.

13 “(3) Not more than an aggregate amount of
14 \$100,000,000 in loans may be guaranteed under sub-
15 section (a).

16 “(c) A loan may not be guaranteed under this sub-
17 chapter unless, prior to closing such loan, the Secretary
18 has approved such loan.

19 “(d)(1) The Secretary shall enter into contracts with
20 a qualified nonprofit organization to obtain advice in car-
21 rying out this subchapter, including advice on the terms
22 and conditions necessary for a loan that meets the require-
23 ments of section 3773.

24 “(2) For purposes of paragraph (1), a qualified non-
25 profit organization is a nonprofit organization—

1 “(A) described in paragraph (3) or (4) of sub-
2 section (c) of section 501 of the Internal Revenue
3 Code of 1986 and exempt from tax under subsection
4 (a) of such section, and

5 “(B) that has experience in underwriting tran-
6 sitional housing projects.

7 “(e) The Secretary may carry out this subchapter in
8 advance of the issuance of regulations for such purpose.

9 “(f) *The Secretary may guarantee loans under this*
10 *subchapter notwithstanding any requirement for prior ap-*
11 *propriations for such purpose under any provision of law.*

12 **“§ 3773. Requirements**

13 “(a) A loan referred to in section 3772 meets the re-
14 quirements of this subchapter if—

15 “(1) the loan is for—

16 “(A) construction of, rehabilitation of, or
17 acquisition of land for a multifamily transi-
18 tional housing project described in subsection
19 (b), or more than one of such purposes;

20 “(B) refinancing of an existing loan for
21 such a project;

22 “(C) financing acquisition of furniture,
23 equipment, supplies, or materials for such a
24 project; or

1 “(D) in the case of a loan made for pur-
2 poses of subparagraph (A), supplying such or-
3 ganization with working capital relative to such
4 a project;

5 “(2) the loan is made in connection with fund-
6 ing or the provision of substantial property or serv-
7 ices for such project by either a State or local gov-
8 ernment or a nongovernmental entity, or both;

9 “(3) the maximum loan amount does not exceed
10 the lesser of—

11 “(A) that amount generally approved (uti-
12 lizing prudent underwriting principles) in the
13 consideration and approval of projects of simi-
14 lar nature and risk so as to assure repayment
15 of the loan obligation; and

16 “(B) 90 percent of the total cost of the
17 project;

18 “(4) the loan is of sound value, taking into ac-
19 count the creditworthiness of the entity (and the in-
20 dividual members of the entity) applying for such
21 loan;

22 “(5) the loan is secured; and

23 “(6) the loan is subject to such terms and con-
24 ditions as the Secretary determines are reasonable,
25 taking into account other housing projects with simi-

1 larities in size, location, population, and services pro-
2 vided.

3 “(b) For purposes of this subchapter, a multifamily
4 transitional housing project referred to in subsection
5 (a)(1) is a project that—

6 “(1)(A) provides transitional housing to home-
7 less veterans, which housing may be single room oc-
8 cupancy (as defined in section 8(n) of the United
9 States Housing Act of 1937 (42 U.S.C. 1437f(n)));

10 “(B) provides supportive services and counsel-
11 ling services (including job counselling) at the
12 project site with the goal of making such veterans
13 self-sufficient;

14 “(C) requires that the veteran seek to obtain
15 and keep employment;

16 “(D) charges a reasonable fee for occupying a
17 unit in such housing;

18 “(E) maintains strict guidelines regarding so-
19 briety as a condition of occupying such unit; and

20 “(F) may include space for neighborhood retail
21 services or job training programs; and

22 “(2) may provide transitional housing to veter-
23 ans who are not homeless and to homeless individ-
24 uals who are not veterans if—

1 “(A) at the time of taking occupancy by
2 any such veteran or homeless individual, the
3 transitional housing needs of homeless veterans
4 in the project area have been met;

5 “(B) the housing needs of any such vet-
6 eran or homeless individual can be met in a
7 manner that is compatible with the manner in
8 which the needs of homeless veterans are met
9 under paragraph (1); and

10 “(C) the provisions of subparagraphs (D)
11 and (E) of paragraph (1) are met.

12 “(c) In determining whether to guarantee a loan
13 under this subchapter, the Secretary shall consider—

14 “(1) the availability of Department of Veterans
15 Affairs medical services to residents of the multifam-
16 ily transitional housing project; and

17 “(2) the extent to which needs of homeless vet-
18 erans are met in a community, as assessed under
19 section 107 of Public Law 102–405.

20 **“§ 3774. Default**

21 “(a) The Secretary shall take such steps as may be
22 necessary to obtain repayment on any loan that is in de-
23 fault and that is guaranteed under this subchapter.

24 “(b) Upon default of a loan guaranteed under this
25 subchapter and terminated pursuant to State law, a lender

1 may file a claim under the guarantee for an amount not
2 to exceed the lesser of—

3 “(1) the maximum guarantee; or

4 “(2) the difference between—

5 “(A) the total outstanding obligation on
6 the loan, including principal, interest, and ex-
7 penses authorized by the loan documents,
8 through the date of the public sale (as author-
9 ized under such documents and State law); and

10 “(B) the amount realized at such sale.

11 **“§ 3775. Multifamily transitional housing guarantee**
12 **fund**

13 ~~“(a) There is established a fund to be known as the~~
14 ~~Multifamily Transitional Housing Guarantee Fund.~~

15 ~~“(b) Amounts in the fund shall be available to the~~
16 ~~Secretary for the payment of any guarantee issued under~~
17 ~~this subchapter.~~

18 **“§ 3776. Audit**

19 “During each of the first 3 years of operation of a
20 multifamily transitional housing project with respect to
21 which a loan is guaranteed under this subchapter, there
22 shall be an annual, independent audit of such operation.
23 Such audit shall include a detailed statement of the oper-
24 ations, activities, and accomplishments of such project
25 during the year covered by such audit. The party respon-

1 sible for obtaining such audit (and paying the costs there-
 2 for) shall be determined before the Secretary issues a
 3 guarantee under this subchapter.”.

4 (b) CLERICAL AMENDMENT.—The table of sections
 5 at the beginning of chapter 37 of title 38, United States
 6 Code, is amended by adding at the end the following new
 7 items:

“SUBCHAPTER VI—LOAN GUARANTEE FOR MULTIFAMILY
 TRANSITIONAL HOUSING FOR HOMELESS VETERANS

“3771. Definitions.

“3772. General authority.

“3773. Requirements.

“3774. Default.

“3775. Multifamily transitional housing repayment fund.

“3776. Audit.”.

8 **SEC. 3. INVESTMENT OF AMOUNTS IN NATIONAL SERVICE**
 9 **LIFE INSURANCE FUND.**

10 Section 1920 of title 38, United States Code, is
 11 amended by adding at the end the following new sub-
 12 section:

13 “(c)(1) In addition to the authority under subsection
 14 (b), after setting aside such amounts as may be required
 15 to meet liabilities referred to in subsection (b), the Sec-
 16 retary of the Treasury is authorized to invest and reinvest
 17 such fund, or any part thereof, in one or more securities
 18 described in paragraph (4).

19 “(2) From the proceeds of any investment authorized
 20 by paragraph (1)—

1 “(A) there shall be credited to such fund an
2 amount equal to the amount such investment would
3 have earned if such investment had been made
4 under subsection (b); and

5 “(B) there shall be available for the purpose of
6 offsetting potential liabilities of the United States
7 under subchapter VI of chapter 37, the excess (if
8 any) of the proceeds from such investment over the
9 amount described in subparagraph (A).

10 “(3) Upon the extinguishment of liability of the
11 United States under a guarantee made under subchapter
12 VI of chapter 37, as determined by the Secretary, the Sec-
13 retary shall credit such fund with an amount equal to the
14 excess (if any) of the proceeds from the investment under
15 paragraph (2)(B) over the amount required to offset re-
16 maining liabilities (if any) under such subchapter.

17 “(4) A security referred to in paragraph (1) is an
18 asset-backed security which represents interests in, or ob-
19 ligations backed by, the pool of assets of which such asset-
20 backed security is a part, and which—

21 “(A) is rated at least AAA (or the equivalent
22 thereof) by an independent and nationally recognized
23 securities rating company based on an amount of
24 capital reserves and other characteristics, including
25 management practices, interest rate risk, asset qual-

1 ity, operating performance, and accounting proce-
2 dures;

3 “(B) is guaranteed by, or represents an interest
4 in securities issued or guaranteed by—

5 “(i) the Federal Home Loan Mortgage
6 Corporation;

7 “(ii) the Federal National Mortgage Asso-
8 ciation;

9 “(iii) the Government National Mortgage
10 Association; or

11 “(iv) the Department of Veterans Affairs;
12 or

13 “(C) is sold in private placements or exclusively
14 to institutional or other sophisticated investors and
15 which would, if rated, be rated at least ~~AAA~~ rating
16 (as described in subparagraph (A)).”.

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