

108TH CONGRESS  
1ST SESSION

# S. 811

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## AN ACT

To support certain housing proposals in the fiscal year 2003 budget for the Federal Government, including the down-payment assistance initiative under the HOME Investment Partnership Act, 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,*

1 **SECTION 1. TABLE OF CONTENTS.**

2 The table of contents for this Act is as follows:

Sec. 1. Table of contents.

TITLE I—DOWNPAYMENT ASSISTANCE

Sec. 101. Short title.

Sec. 102. Downpayment assistance initiative.

TITLE II—INTERGENERATIONAL HOUSING ASSISTANCE

Sec. 201. Short title.

Sec. 202. Definitions.

Sec. 203. Demonstration program for elderly housing for intergenerational families.

Sec. 204. Training for HUD personnel regarding grandparent-headed and relative-headed families issues.

Sec. 205. Study of housing needs of grandparent-headed and relative-headed families.

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

Sec. 301. Hybrid arms.

Sec. 302. FHA multifamily loan limit adjustments.

TITLE IV—HOPE VI PROGRAM REAUTHORIZATION

Sec. 401. Short title.

Sec. 402. Hope VI program reauthorization.

Sec. 403. Hope VI grants for assisting affordable housing through main street projects.

TITLE V—COMMUNITY DEVELOPMENT BLOCK GRANTS

Sec. 501. Funding for insular areas.

3 **TITLE I—DOWNPAYMENT**  
4 **ASSISTANCE**

5 **SEC. 101. SHORT TITLE.**

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

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

9 (a) DOWNPAYMENT ASSISTANCE INITIATIVE.—Sub-  
10 title E of title II of the Cranston-Gonzalez National Af-

1 affordable Housing Act (42 U.S.C. 12821) is amended to  
2 read as follows:

3 **“Subtitle E—Other Assistance**

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

5 “(a) DEFINITIONS.—In this section:

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

9 “(2) HOME REPAIRS.—The term “home re-  
10 pairs” means capital improvements or repairs that—

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

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

21 “(3) PARTICIPATING JURISDICTION.—The term  
22 “participating jurisdiction” means a State or unit of  
23 general local government designated under section  
24 216.

1           “(4) STATE.—The term “State” means any  
2 State of the United States and the District of Co-  
3 lumbia.

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

8           “(c) ELIGIBLE ACTIVITIES.—

9           “(1) IN GENERAL.—

10           “(A) DOWNPAYMENT ASSISTANCE.—Sub-  
11 ject to subparagraph (B), grants awarded under  
12 this section may be used only for downpayment  
13 assistance toward the purchase of single family  
14 housing (including 1 to 4 unit family dwelling  
15 units, condominium units, cooperative units,  
16 and manufactured housing units which are lo-  
17 cated on land which is owned by the manufac-  
18 tured housing unit owner, owned as a coopera-  
19 tive, or is subject to a leasehold interest with a  
20 term equal to at least the term of the mortgage  
21 financing on the unit, and manufactured hous-  
22 ing lots) by low-income families who are first-  
23 time home-buyers.

24           “(B) HOME REPAIRS.—Not more than 20  
25 percent of the grant funds provided under sub-

1 section (d) to a participating jurisdiction may  
2 be used to provide assistance to low-income,  
3 first-time home-buyers for home repairs.

4 “(2) LIMITATIONS.—

5 “(A) AMOUNT OF ASSISTANCE.—The  
6 amount of assistance provided to any low-in-  
7 come families under paragraph (1) shall not ex-  
8 ceed the greater of—

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

11 “(ii) \$10,000.

12 “(B) PARTICIPATION.—A participating ju-  
13 risdiction may not use any amount of a grant  
14 awarded under this section to provide funding  
15 to an entity or organization that provides down-  
16 payment assistance if the activities of that enti-  
17 ty or organization are financed in whole or in  
18 part, directly or indirectly, by contributions,  
19 service fees, or other payments from the sellers  
20 of housing.

21 “(d) FORMULA ALLOCATION.—

22 “(1) IN GENERAL.—For each fiscal year, the  
23 Secretary shall allocate any amounts made available  
24 for assistance under this section to each State that  
25 is a participating jurisdiction in an amount equal to

1 a percentage of the total allocation that is equal to  
2 the percentage of the national total of low-income  
3 households residing in rental housing in the State,  
4 as determined on the basis of the most recent census  
5 data compiled by the Bureau of the Census.

6 “(2) PARTICIPATING JURISDICTIONS OTHER  
7 THAN STATES.—

8 “(A) IN GENERAL.—Subject to subpara-  
9 graph (B), for each fiscal year, of the amount  
10 allocated to each State under paragraph (1),  
11 the Secretary shall further allocate from such  
12 amount to each participating jurisdiction lo-  
13 cated within such State an amount equal to the  
14 percentage of the allocation made to the State  
15 under paragraph (1) that is equal to the per-  
16 centage of the State-wide total of low-income  
17 households residing in rental housing in such  
18 participating jurisdiction, as determined on the  
19 basis of the most recent census data compiled  
20 by the Bureau of the Census.

21 “(B) LIMITATION.—

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

1                   “(I) the participating jurisdiction  
2                   has a total population of 150,000 in-  
3                   dividuals or more, as determined on  
4                   the basis of the most recent census  
5                   data compiled by the Bureau of the  
6                   Census; or

7                   “(II) the participating jurisdic-  
8                   tion would receive an allocation of  
9                   \$50,000 or more.

10                  “(ii) REVERSION.—Any allocation  
11                  that would have otherwise been made to a  
12                  participating jurisdiction that does not  
13                  meet the requirements of clause (i) shall  
14                  revert back to the State in which the par-  
15                  ticipating jurisdiction is located.

16                  “(e) REALLOCATION.—If any amounts allocated to a  
17                  participating jurisdiction under this section become avail-  
18                  able for reallocation, the amounts shall be reallocated to  
19                  other participating jurisdictions in accordance with sub-  
20                  section (d).

21                  “(f) APPLICABILITY OF OTHER PROVISIONS.—

22                         “(1) IN GENERAL.—Except as otherwise pro-  
23                         vided in this section, grants made under this section  
24                         shall not be subject to the provisions of this title.

1           “(2) APPLICABLE PROVISIONS.—In addition to  
2           the requirements of this section, grants made under  
3           this section shall be subject to the provisions of title  
4           I, sections 215(b), 218, 219, 221, 223, 224, and  
5           226(a) of subtitle A of this title, and subtitle F of  
6           this title.

7           “(3) REFERENCES.—In applying the require-  
8           ments of subtitle A referred to in paragraph (2)—

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

12                   “(B) any references to funds allocated or  
13                  reallocated under section 217 or 217(d) shall be  
14                  considered to refer to amounts allocated or re-  
15                  allocated under subsection (d) or (e) of this sec-  
16                  tion, respectively.

17           “(g) HOUSING STRATEGY.—To be eligible to receive  
18           a grant under this section in any fiscal year, a partici-  
19           pating jurisdiction shall include in its comprehensive hous-  
20           ing affordability strategy developed under section 105 of  
21           the Cranston-Gonzalez National Affordable Housing Act  
22           (42 U.S.C. 12705) for such fiscal year—

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

1           “(2) a plan for conducting targeted outreach to  
2 residents and tenants of public housing, trailer  
3 parks, and manufactured housing, and to other fam-  
4 ilies assisted by public housing agencies, for the pur-  
5 pose of ensuring that grant amounts provided under  
6 this section to a participating jurisdiction are used  
7 for downpayment assistance for such residents, ten-  
8 ants, and families; and

9           “(3) a description of the actions to be taken to  
10 ensure the suitability of families receiving downpay-  
11 ment assistance under this section to undertake and  
12 maintain homeownership.

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

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

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

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

23       “(j) RELOCATION ASSISTANCE AND DOWNPAYMENT  
24 ASSISTANCE.—The Uniform Relocation Assistance and  
25 Real Property Acquisition Policies Act of 1970 (84 Stat.

1 1894) shall not apply to downpayment assistance under  
2 this section.

3 “(k) AUTHORIZATION OF APPROPRIATIONS.—There  
4 is authorized to be appropriated to carry out this section  
5 \$200,000,000 for each of fiscal years 2004 through  
6 2007.”.

## 7 **TITLE II—INTERGENERATIONAL** 8 **HOUSING ASSISTANCE**

### 9 **SEC. 201. SHORT TITLE.**

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

### 13 **SEC. 202. DEFINITIONS.**

14 In this title:

15 (1) CHILD.—The term “child” means an indi-  
16 vidual who—

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

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

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

23 (A) includes a child; and

24 (B) has a head of household who is—

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

3 (ii) a relative of the child who is rais-  
4 ing the child.

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

8 (4) GRANDPARENT.—

9 (A) IN GENERAL.—The term “grand-  
10 parent” means, with respect to a child, an indi-  
11 vidual who is a grandparent or stepgrandparent  
12 of the child by blood or marriage, regardless of  
13 the age of such individual.

14 (B) CASE OF ADOPTION.—In the case of a  
15 child who was adopted, the term includes an in-  
16 dividual who, by blood or marriage, is a grand-  
17 parent or stepgrandparent of the child as  
18 adopted.

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

23 (6) INTERGENERATIONAL FAMILY.—The term  
24 “intergenerational family” means a covered family

1 that has a head of household who is an elderly per-  
 2 son.

3 (7) PRIVATE NONPROFIT ORGANIZATION.—The  
 4 term “private nonprofit organization” has the same  
 5 meaning as in section 202(k) of the Housing Act of  
 6 1959 (12 U.S.C. 1701q(k)).

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

10 (A) has not fewer than 2 separate bed-  
 11 rooms;

12 (B) is equipped with design features ap-  
 13 propriate to meet the special physical needs of  
 14 elderly persons, as needed; and

15 (C) is equipped with design features appro-  
 16 priate to meet the special physical needs of  
 17 young children, as needed.

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

21 (A) resides with the child; and

22 (B) is the primary caregiver for the  
 23 child—

24 (i) because the biological or adoptive  
 25 parents of the child do not reside with the

1 child or are unable or unwilling to serve as  
2 the primary caregiver for the child; and

3 (ii) regardless of whether the indi-  
4 vidual has a legal relationship to the child  
5 (such as guardianship or legal custody) or  
6 is caring for the child informally and has  
7 no such legal relationship with the child.

8 (10) RELATIVE.—

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

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

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

17 (B) CASE OF ADOPTION.—In the case of a  
18 child who was adopted, the term “relative” in-  
19 cludes an individual who, by blood or marriage,  
20 is a relative of the family who adopted the  
21 child.

22 (11) SECRETARY.—The term “Secretary”  
23 means the Secretary of Housing and Urban Develop-  
24 ment.

1 **SEC. 203. DEMONSTRATION PROGRAM FOR ELDERLY HOUS-**  
2 **ING FOR INTERGENERATIONAL FAMILIES.**

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

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

16 (1) by designating and retrofitting, for use as  
17 intergenerational dwelling units, existing dwelling  
18 units that are located within a project assisted under  
19 section 202 of the Housing Act of 1959 (12 U.S.C.  
20 1701q);

21 (2) through development of buildings or  
22 projects comprised solely of intergenerational dwell-  
23 ing units; or

24 (3) through the development of an annex or ad-  
25 dition to an existing project assisted under section  
26 202 of the Housing Act of 1959 (12 U.S.C. 1701q),

1 that contains intergenerational dwelling units, in-  
2 cluding through the development of elder cottage  
3 housing opportunity units that are small, free-  
4 standing, barrier free, energy efficient, removable  
5 dwelling units located adjacent to a larger project or  
6 dwelling.

7 (c) PROGRAM TERMS.—Assistance provided pursuant  
8 to this section shall be subject to the provisions of section  
9 202 of the Housing Act of 1959 (12 U.S.C. 1701q), except  
10 that—

11 (1) notwithstanding subsection (d)(1) of that  
12 section 202 or any provision of that section restrict-  
13 ing occupancy to elderly persons, any  
14 intergenerational dwelling unit assisted under the  
15 demonstration program may be occupied by an  
16 intergenerational family;

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

19 (3) in addition to the requirements under sub-  
20 section (g) of that section 202, the Secretary shall—

21 (A) ensure that occupants of  
22 intergenerational dwelling units assisted under  
23 the demonstration program are provided a  
24 range of services that are tailored to meet the

1 needs of elderly persons, children, and  
2 intergenerational families; and

3 (B) coordinate with the heads of other  
4 Federal agencies as may be appropriate to en-  
5 sure the provision of such services; and

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

9 (d) SELECTION.—The Secretary shall—

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

13 (2) to the extent that amounts are made avail-  
14 able pursuant to subsection (f), select not less than  
15 2 and not more than 4 projects that are assisted  
16 under section 202 of the Housing Act of 1959 (12  
17 U.S.C. 1701q) for assistance under this section,  
18 based on the ability of the applicant to develop and  
19 operate intergenerational dwelling units and national  
20 geographical diversity among those projects funded.

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

24 (1) describes the demonstration program; and

1           (2) analyzes the effectiveness of the demonstra-  
2           tion program.

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

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

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

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

15           “(t) TRAINING REGARDING ISSUES RELATING TO  
16 GRANDPARENT-HEADED AND RELATIVE-HEADED FAMI-  
17 LIES.—The Secretary shall ensure that all personnel em-  
18 ployed in field offices of the Department who have respon-  
19 sibilities for administering the housing assistance program  
20 under section 8 of the United States Housing Act of 1937  
21 (42 U.S.C. 1437f) or the supportive housing program  
22 under section 202 of the Housing Act of 1959 (12 U.S.C.  
23 1701q), and an appropriate number of personnel in the  
24 headquarters office of the Department who have respon-  
25 sibilities for those programs, have received adequate train-

1 ing regarding how covered families (as that term is defined  
2 in section 202 of the LEGACY Act of 2003) can be served  
3 by existing affordable housing programs.”.

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

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

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

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

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

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

17 (2) include recommendations by the Secretary  
18 and the Director of the Bureau of the Census re-  
19 garding how the major assisted housing programs of  
20 the Department of Housing and Urban Develop-  
21 ment, including the supportive housing for the elder-  
22 ly program under section 202 of the Housing Act of  
23 1959 (12 U.S.C. 1701q) can be used and, if appro-  
24 priate, amended or altered, to meet the affordable  
25 housing needs of covered families.

1 **TITLE III—ADJUSTABLE RATE**  
 2 **SINGLE FAMILY MORTGAGES**  
 3 **AND LOAN LIMIT ADJUST-**  
 4 **MENTS**

5 **SEC. 301. HYBRID ARMS.**

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

9 (b) APPLICABILITY.—The amendment made by sub-  
 10 section (a) shall apply to mortgages executed on or after  
 11 the date of the enactment of this title.

12 **SEC. 302. FHA MULTIFAMILY LOAN LIMIT ADJUSTMENTS.**

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

15 (b) MAXIMUM MORTGAGE AMOUNT LIMIT FOR MUL-  
 16 TIFAMILY HOUSING IN HIGH-COST AREAS.—Sections  
 17 207(c)(3), 213(b)(2)(B)(i), 220(d)(3)(B)(iii)(III),  
 18 221(d)(3)(ii)(II), 221(d)(4)(ii)(II), 231(c)(2)(B), and  
 19 234(e)(3)(B) of the National Housing Act (12 U.S.C.  
 20 1713(c)(3), 1715e(b)(2)(B)(i), 1715k(d)(3)(B)(iii)(II),  
 21 1715l(d)(3)(ii)(III), 1715l(d)(4)(ii)(II), 1715v(c)(2)(B)),  
 22 and 1715y(e)(3)(B)) are each amended—

23 (1) by striking “110 percent” and inserting  
 24 “140 percent”; and

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

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

5           (1) SECTION 207 LIMITS.—Section  
6 207(c)(3)(A) of the National Housing Act (12  
7 U.S.C. 1713(c)(3)(A)) is amended by striking  
8 “\$11,250” and inserting “\$17,460”.

9           (2) SECTION 213 LIMITS.—Section  
10 213(b)(2)(A) of the National Housing Act (12  
11 U.S.C. 1715e(b)(2)(A)) is amended—

12                   (A) by striking “\$38,025” and inserting  
13 “\$41,207”;

14                   (B) by striking “\$42,120” and inserting  
15 “\$47,511”;

16                   (C) by striking “\$50,310” and inserting  
17 “\$57,300”;

18                   (D) by striking “\$62,010” and inserting  
19 “\$73,343”;

20                   (E) by striking “\$70,200” and inserting  
21 “\$81,708”;

22                   (F) by striking “\$49,140” and inserting  
23 “\$49,710”;

24                   (G) by striking “\$60,255” and inserting  
25 “\$60,446”;

1 (H) by striking “\$75,465” and inserting  
 2 “\$78,197”; and

3 (I) by striking “\$85,328” and inserting  
 4 “\$85,836”.

5 (d) REHABILITATION AND NEIGHBORHOOD CON-  
 6 SERVATION HOUSING MORTGAGE INSURANCE.—Section  
 7 220(d)(3)(B)(iii) of the National Housing Act (12 U.S.C.  
 8 1715k(d)(3)(B)(iii) is amended—

9 (1) by striking “with respect to dollar amount  
 10 limitations applicable to rehabilitation projects de-  
 11 scribed in subclause (II),” and inserting “; (III)”;  
 12 and

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

15 **TITLE IV—HOPE VI PROGRAM**  
 16 **REAUTHORIZATION**

17 **SEC. 401. SHORT TITLE.**

18 This title may be cited as the “HOPE VI Program  
 19 Reauthorization and Small Community Mainstreet Reju-  
 20 venation and Housing Act of 2003”.

21 **SEC. 402. HOPE VI PROGRAM REAUTHORIZATION.**

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

1           (1) by striking the matter preceding subpara-  
2 graph (A) and inserting the following:

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

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

8           (3) in subparagraph (D)—

9                 (A) by inserting “and ongoing implementa-  
10 tion” after “development”; and

11                 (B) by inserting “, except that the Sec-  
12 retary may not award a grant under this sec-  
13 tion unless the applicant has involved affected  
14 public housing residents at the beginning and  
15 during the planning process for the revitaliza-  
16 tion program, prior to submission of an applica-  
17 tion” before the semicolon at the end;

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

20           (5) by redesignating subparagraph (I) as sub-  
21 paragraph (L); and

22           (6) by inserting after subparagraph (H) the fol-  
23 lowing:

24                 “(I) the extent to which the plan minimizes  
25 permanent displacement of current residents of

1 the public housing site who wish to remain in  
2 or return to the revitalized community and pro-  
3 vides for community and supportive services to  
4 residents prior to any relocation;

5 “(J) the extent to which the plan sustains  
6 or creates more project-based housing units  
7 available to persons eligible for public housing  
8 in markets where the plan shows there is de-  
9 mand for the maintenance or creation of such  
10 units;

11 “(K) the extent to which the plan gives to  
12 existing residents priority for occupancy in  
13 dwelling units which are public housing dwelling  
14 units, or for residents who can afford to live in  
15 other units, priority for those units in the re-  
16 talized community; and”.

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

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

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

25 (3) by inserting at the end the following:

1                   “(III) is lacking in sufficient appro-  
2                   priate transportation, supportive services,  
3                   economic opportunity, schools, civic and re-  
4                   ligious institutions, and public services, re-  
5                   sulting in severe social distress in the  
6                   project;”.

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

16           (d) AUTHORIZATION OF APPROPRIATIONS.—Para-  
17 graph (1) of section 24(m) of the United States Housing  
18 Act of 1937 (42 U.S.C. 1437v(m)(1)) is amended by strik-  
19 ing “, 2001, and 2002” and inserting “through 2006”.

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

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

4 (a) PURPOSES.—Section 24(a) of the United States  
 5 Housing Act of 1937 (42 U.S.C. 1437v(a)) is amended  
 6 by adding after and below paragraph (4) the following:  
 7 “It is also the purpose of this section to provide assistance  
 8 to smaller communities for the purpose of facilitating the  
 9 development of affordable housing for low-income families  
 10 that is undertaken in connection with a main street re-  
 11 talization or redevelopment project in such communities.”.

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

17 (1) by redesignating subsection (n) as sub-  
 18 section (o); and

19 (2) by inserting after subsection (m) the fol-  
 20 lowing new subsection:

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

24 “(1) AUTHORITY AND USE OF GRANT  
 25 AMOUNTS.—The Secretary may make grants under  
 26 this subsection to smaller communities. Such grant

1 amounts shall be used by smaller communities only  
2 to provide assistance to carry out eligible affordable  
3 housing activities under paragraph (4) in connection  
4 with an eligible project under paragraph (2).

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

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

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

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

16 “(3) MAIN STREET PROJECTS.—The Secretary  
17 shall establish requirements for a project to be con-  
18 sider a main street project for purposes of this sec-  
19 tion, which shall require that the project—

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

23 “(B) involves investment, or other partici-  
24 pation, by the government for, and private enti-

1           ties in, the community in which the project is  
2           carried out; and

3           “(C) complies with such historic preserva-  
4           tion guidelines or principles as the Secretary  
5           shall identify to preserve significant historic or  
6           traditional architectural and design features in  
7           the structures or area involved in the project.

8           “(4) ELIGIBLE AFFORDABLE HOUSING ACTIVI-  
9           TIES.—For purposes of this subsection, the activities  
10          described in subsection (d)(1) shall be considered eli-  
11          gible affordable housing activities, except that—

12           “(A) such activities shall be conducted  
13           with respect to affordable housing rather than  
14           with respect to severely distressed public hous-  
15           ing projects; and

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

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

23           “(6) CONTRIBUTION REQUIREMENT.—A smaller  
24           community applying for a grant under this sub-  
25           section shall be considered an applicant for purposes

1 of subsection (c) (relating to contributions by appli-  
2 cants), except that—

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

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

8 “(7) APPLICATIONS AND SELECTION.—

9 “(A) APPLICATION.—Pursuant to sub-  
10 section (e)(1), the Secretary shall provide for  
11 smaller communities to apply for grants under  
12 this subsection, except that the Secretary may  
13 establish such separate or additional criteria for  
14 applications for such grants as may be appro-  
15 priate to carry out this subsection.

16 “(B) SELECTION CRITERIA.—The Sec-  
17 retary shall establish selection criteria for the  
18 award of grants under this subsection, which  
19 shall be based on the selection criteria estab-  
20 lished pursuant to subsection (e)(2), with such  
21 changes as may be appropriate to carry out the  
22 purposes of this subsection.

23 “(8) COST LIMITS.—The cost limits established  
24 pursuant to subsection (f) shall apply to eligible af-

1       fordable housing activities assisted with grant  
2       amounts under this subsection.

3           “(9) INAPPLICABILITY OF OTHER PROVI-  
4       SIONS.—The provisions of subsections (g) (relating  
5       to disposition and replacement of severely distressed  
6       public housing), and (h) (relating to administration  
7       of grants by other entities), shall not apply to grants  
8       under this subsection.

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

13           “(11) DEFINITIONS.—For purposes of this sub-  
14       section, the following definitions shall apply:

15           “(A) AFFORDABLE HOUSING.—The term  
16       ‘affordable housing’ means rental or home-  
17       ownership dwelling units that—

18           “(i) are made available for initial oc-  
19       cupancy to low-income families, with a sub-  
20       set of units made available to very- and ex-  
21       tremely-low income families; and

22           “(ii) are subject to the same rules re-  
23       garding occupant contribution toward rent  
24       or purchase and terms of rental or pur-  
25       chase as dwelling units in public housing

1 projects assisted with a grant under this  
2 section.

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

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

11 “(ii)(I) is not served by a public hous-  
12 ing agency; or

13 “(II) is served by a single public hous-  
14 ing agency, which agency administers 100  
15 or fewer public housing dwelling units.”.

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

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

23 (2) by redesignating paragraph (4) as para-  
24 graph (5); and

1           (3) by inserting after paragraph (3) the fol-  
2           lowing:

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

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

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

14                           **TITLE V—COMMUNITY**  
15                           **DEVELOPMENT BLOCK GRANTS**

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

17          (a) DEFINITION OF INSULAR AREAS.—Section  
18          102(a) of the Housing and Community Development Act  
19          of 1974 (42 U.S.C. 5302(a)) is amended by adding at the  
20          end the following:

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

24          (b) DEFINITION OF UNIT OF GENERAL GOVERN-  
25          MENT.—The first sentence of section 102(a)(1) of the

1 Housing and Community Development Act of 1974 (42  
2 U.S.C. 5302(a)(1)) is amended—

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

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

6 (c) STATEMENT OF ACTIVITIES AND REVIEW.—Sec-  
7 tion 104 of the Housing and Community Development Act  
8 of 1974 (42 U.S.C. 5304) is amended—

9 (1) in subsection (a)(1)—

10 (A) in the first sentence—

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

13 (ii) by inserting “or under section  
14 106(a)(3) by any insular area,” after “gov-  
15 ernment,”; and

16 (B) in the second sentence—

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

19 (ii) by inserting “and insular areas re-  
20 ceiving grants pursuant to section  
21 106(a)(3),” after “106(d)(2)(B),”;

22 (2) in subsection (e)(1), by striking “section  
23 106(b) or section 106(d)(2)(B)” and inserting “sub-  
24 section (a)(3), (b), or (d)(2)(B) of section 106”; and

25 (3) in subsection (m)—

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

3 (B) in paragraph (2), by striking “govern-  
4 ment—” and inserting “government other than  
5 an insular area—”.

6 (d) ALLOCATION AND DISTRIBUTION OF FUNDS.—  
7 Section 106(a) of the Housing and Community Develop-  
8 ment Act of 1974 (42 U.S.C. 5306(a)) is amended—

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

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

12 (B) by striking “in any year” and insert-  
13 ing “for such fiscal year”;

14 (2) in paragraph (2), by inserting “under para-  
15 graph (1) and after reserving such amounts for insu-  
16 lar areas under paragraph (2)” after “tribes”;

17 (3) in paragraph (3), by striking “paragraphs  
18 (1) and (2)” and inserting “paragraphs (1), (2), and  
19 (3)”

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

22 (5) by inserting after paragraph (1) the fol-  
23 lowing:

24 “(2) For each fiscal year, of the amount approved  
25 in appropriation Acts under section 103 for grants for

1 such fiscal year (excluding the amounts provided for use  
2 in accordance with section 107), the Secretary shall re-  
3 serve for grants to insular areas \$7,000,000. The Sec-  
4 retary shall provide for distribution of amounts under this  
5 paragraph to insular areas on the basis of the ratio of  
6 the population of each insular area to the population of  
7 all insular areas. In determining the distribution of  
8 amounts to insular areas, the Secretary may also include  
9 other statistical criteria as data become available from the  
10 Bureau of the Census, but only if such criteria are con-  
11 tained in a regulation promulgated by the Secretary after  
12 notice and public comment.”.

13 (e) CONFORMING AMENDMENT.—The first sentence  
14 of section 106(d)(1) of the Housing and Community De-  
15 velopment Act of 1974 (42 U.S.C. 5306(d)(1)) is amended  
16 by striking “paragraphs (1) and (2)” and inserting “para-  
17 graphs (1), (2), and (3)”.

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

21 (1) in subsection (a)(1)—

22 (A) by striking subparagraph (A); and

23 (B) by redesignating subparagraphs (B)

24 through (H) as subparagraphs (A) through (G),

25 respectively; and

1 (2) in subsection (b)—

2 (A) by striking paragraph (1); and

3 (B) by redesignating paragraphs (2)  
4 through (7) as paragraphs (1) through (6), re-  
5 spectively.

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

Passed the Senate November 24, 2003.

Attest:

*Secretary.*

108TH CONGRESS  
1ST SESSION

**S. 811**

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**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.