H. R. ______

To direct the Secretary of Housing and Urban Development to establish a grant program to help revitalize certain localities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. KAP eur introduced the following bill; which was referred to the Committee on ____________________

A BILL

To direct the Secretary of Housing and Urban Development to establish a grant program to help revitalize certain localities, 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 “Restoring Communities Left Behind Act”.
5 SEC. 2. FINDINGS.
6 Congress finds the following:
As the Nation continues to feel the devastating economic impacts of Coronavirus Disease 2019 (COVID-19), many urban and rural communities are still suffering from the effects of underwater mortgages, vacancy, abandoned properties, blight, aging housing stock, properties with deferred maintenance and harmful materials such as lead, asbestos, and mold, unemployment, and population loss.

While some cities and counties struggle with disinvestment and population loss, there are also pockets of economic distress in otherwise prosperous, growing areas.

Investments targeted to these communities left behind will be critical to ensure equitable economic recovery, job creation, and housing and neighborhood infrastructure revitalization.

The need to revitalize neighborhoods is greater than what can be supported with existing local tax bases.

Communities continue to suffer from the impact of governmental policies and private sector practices that forbade or discouraged mortgage lending in neighborhoods having significant minority populations.
(6) Many State and local governments, land banks, and nonprofit organizations across the United States have responded to the housing crisis by creating cost-effective strategies to revitalize neighborhoods.

(7) 2016 data from the United States Census Bureau shows that non-Hispanic, White households have an average net worth of $143,600, while Black households have an average net worth of $12,920, and Hispanic households have an average net worth of $21,420.

(8) Housing equity is a significant portion of Black and Hispanic households’ net worth, making up nearly 57 percent of Black households’ net worth, 66.5 percent of Hispanic households’ net worth, and 40.8 percent of White households’ net worth, according to the Urban Institute’s calculations from the 2016 Survey of Consumer Finances.

(9) The 2008 Great Recession and the COVID-19 Recession have exacerbated the racial wealth gap.

(10) Funding innovative local neighborhood strategies will allow the United States to close the racial wealth gap, ensure equitable access to housing and economic mobility, and counter the lasting legacy of redlining policies.
Despite the strong requirement to affirmatively furthering fair housing under the Fair Housing Act, the lack of accountability measures implemented by the Department of Housing and Urban Development to ensure equitable use of housing and community development dollars in Federal programs has allowed for the perpetuation of the legacy of redlining and neighborhood disinvestment.

It is imperative that the Federal Government make funding available for the best local strategies to increase homeownership and preserve home equity in impacted areas, access to safe and affordable rental housing, economic growth, job creation, and to build on local assets to improve communities in ways that affirmatively further fair housing.

SEC. 3. COMPETITIVE GRANT PROGRAM.

(a) Establishment.—Not later than the expiration of the 120-day period beginning on the date of the enactment of this Act, the Secretary of Housing and Urban Development shall establish a program to award competitive grants to eligible local partnerships to carry out more than one neighborhood revitalization support activity in an eligible locality.

(b) Criteria.—
(1) **Eligible Local Partnership.**—A local partnership is eligible to receive a grant under the program established under this section if it meets the following requirements:

- (A) The local partnership includes a national or local nonprofit organization with expertise in community planning, engagement, organizing, development, or neighborhood revitalization and at least one of the following entities:
  - (i) A city or county government.
  - (ii) A land bank.
  - (iii) A fair housing enforcement organization (as such term is defined in section 561 of the Housing and Community Development Act of 1987 (42 U.S.C. 3616a)).
  - (iv) An anchor institution.
  - (v) A nonprofit organization.
  - (vi) A State housing finance agency (as such term is defined in section 106(h) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(h))).
  - (vii) A community development financial institution (as such term is defined in section 103(5) of the Community Develop-
ment Banking and Financial Institutions

(viii) A public housing agency (as
such term is defined in section 3(b) of the
United States Housing Act of 1937 (42
U.S.C. 1437a(b)).

(B) Such local partnership will use a grant
awarded under this section to carry out neigh-
borhood revitalization support activities in fur-
therance of a neighborhood revitalization strat-
egy for eligible localities.

(2) ELIGIBLE LOCALITY.—For the purposes of
this section, an eligible locality is a geographic area
or areas at the neighborhood or county level that
meet at least four of the following objective criteria
of economic distress:

(A) Dwelling unit sales prices are lower
than the cost to acquire and rehabilitate, or
build, a new dwelling unit.

(B) High proportions of residential and
commercial properties are vacant due to fore-
closure, eviction, abandonment, or other causes.

(C) Low rates of homeownership.

(D) Racial disparities in homeownership
rates.
(E) High rates of poverty.

(F) High rates of unemployment and underemployment.

(G) Population loss.

(H) Lack of private sector lending on fair and competitive terms for individuals to purchase homes or start small businesses.

(I) Other indicators of economic distress, such as the lack of housing affordability, stemming from long-standing government policies and private sector practices that prevented mortgage lending in some communities, such as redlining.

The Secretary shall establish thresholds for the criteria of economic distress under this paragraph.

(3) Neighborhood revitalization support activities.—For purposes of this section, neighborhood revitalization support activities are the following:

(A) Providing assistance to existing residents experiencing economic distress or at risk of displacement with homeowner rehabilitation assistance, weatherization, improved housing accessibility and livability for seniors and persons with disabilities, energy efficiency improve-
ments, refinancing, housing counseling certified
by the Secretary, including loss mitigation
counseling, property tax relief, clearing and ob-
taining formal title, addressing outstanding
housing-related expenses, or other activities
that the Secretary determines are appropriate.

(B) Purchasing non-performing mortgages
to assist existing homeowners and advance
neighborhood stability.

(C) Supporting the purchase and redevelop-
ment of vacant, abandoned, or distressed
properties to create affordable rental housing,
homeownership or shared equity homeownership
opportunities, mixed-use properties, or commer-
cial properties. Properties supported with as-
sistance under this subparagraph may be con-
verted between rental and homeownership, in-
cluding shared equity homeownership, upon ter-
mination of the lease or transfer of the property
during the relevant period of affordability to en-
sure local community needs are met, properties
do not sit vacant, and affordability is preserved.

(D) Providing pre-purchase counseling
through housing counselors certified by the Sec-
retary for neighborhood revitalization support
activities that provide homeownership opportunities.

(E) Providing downpayment assistance to prospective homebuyers.

(F) Establishing and operating community land trusts to provide affordable rental and homeownership opportunities, including shared equity homeownership opportunities.

(G) Demolishing abandoned or distressed structures, but only if such activity is part of a strategy that incorporates rehabilitation or new construction and efforts to increase affordable housing and homeownership, except that not more than 10 percent of any grant made under this section may be used for activities under this subparagraph unless the Secretary determines that such use is to replace units in an effort to increase affordable housing or homeownership.

(H) Establishing or operating land banks to maintain acquire, redevelop, or sell properties that are abandoned or distressed. Preference among applications proposing activities under this subparagraph shall be given to applications
that promote distribution of properties for affordable housing and small businesses.

(I) Improving parks, sidewalks, street lighting, and other neighborhood improvements that impact quality of life in the targeted neighborhoods, except that not more than 5 percent of any grant made under this section may be used for activities under this subparagraph.

(J) In connection with any other eligible activity under this paragraph, working with resident leaders and community groups to undertake community planning, outreach, and neighborhood engagement, consistent with the goals of increasing homeownership, stabilizing neighborhoods, reducing vacancy rates, creating jobs, increasing or stabilizing residential and commercial property values, and meeting other neighborhood needs, except that not more than 10 percent of any grant made under this section may be used for activities under this subparagraph.

(4) AFFORDABILITY TERMS.—

(A) RENTAL UNITS.—In the case of property assisted pursuant to paragraph (3) con-
taining any dwelling units that are made avail-
able for rental—

(i) such units shall be available for
rental only by a household having an in-
come that does not exceed 60 percent of
the median income for the area in which
such unit is located;

(ii) such units shall remain affordable
for at least 30 years;

(iii) such property may be a mixed-use
property; and

(iv) such unit shall be maintained in
habitable condition, as defined by the local-
ity in which the property is located.

(B) HOMEOWNERSHIP UNITS.—In the case
of property assisted pursuant to paragraph (3)
consisting of a dwelling unit, or containing any
dwelling units, made available for homeown-
ship, such unit or units—

(i) shall be available for purchase only
to by a household having an income that
does not exceed 120 percent of the median
income for the area in which such unit is
located;
(ii) if made available through a shared equity homeownership program, shall remain affordable for at least 30 years; and

(iii) if not made available through a shared equity homeownership program—

(I) shall remain affordable for a period of years as determined by the partnership, which shall not be shorter than 5 years from the sale of the unit; and

(II) shall be subject to resale or recapture provisions that—

(aa) are established by the partnership to ensure that the affordability term may be met or funds may be redeployed for neighborhood revitalization support activities;

(bb) may be waived in cases of hardship or market depreciation; and

(cc) provide that, in the case of a resale, the partnership may maintain preemptive purchase options in order to sell the prop-
If a property converts between rental and homeownership or shared equity homeownership, the affordability terms of the new tenure type shall be utilized upon occupancy.

(c) Applications.—

(1) In general.—To apply to receive a grant under this section, an eligible local partnership shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

(2) Grant recipient priority selection criteria.—The Secretary shall prioritize awarding grants based on the following criteria:

(A) The severity of the locality’s indicators of distress under subsection (b)(2).

(B) The extent to which the activities proposed will—

(i) in the case of rental housing, benefit households having incomes not exceeding 30 percent of the median income for the area; and

(ii) in the case of homeownership housing, including shared equity homeowners—
ership, benefit households having incomes not exceeding 80 percent of the median income for the area.

(C) Whether the activities proposed will promote affordable homeownership and the extent to which such affordability terms will be preserved.

(D) The extent to which an eligible partnership that includes a public housing agency will use housing choice vouchers to support homeownership for households at or below 60 percent of area median income.

(E) The demonstrated capacity of an eligible local partnership to execute the proposed eligible neighborhood revitalization support activities.

(F) The demonstrated community planning, outreach, and engagement practices of an eligible local partnership.

(G) The depth and breadth of the community partnership supporting the application.

(H) The extent to which existing residents are assisted to prevent displacement.

(I) The extent to which the proposed neighborhood revitalization support activities
would help close the racial wealth gap by increasing minority homeownership, ensuring equitable access to housing and economic opportunity, and countering the ongoing legacy of redlining policies.

(J) The extent to which development of new units are water and energy efficient.

(K) The feasibility of the proposed neighborhood revitalization support activities considering local market conditions.

(L) The extent to which an application demonstrates comprehensive community planning efforts and additional funds in hand or committed for activities in the geographic area that are not directly related to the provision of affordable housing, such as support for small, minority, and women-owned business activity in commercial zones in the targeted neighborhoods.

(3) GEOGRAPHICAL DIVERSITY.—The Secretary shall seek to make grants under this section for local partnerships serving geographically diverse areas of economic distress as defined in subsection (b)(2), including metropolitan and underserved rural areas.
(d) Operation Costs.—Up to 15 percent of the amount of each grant under this section may be used by the recipient for administrative and organizational support costs.

(e) Technical Assistance and Capacity Building.—The Secretary may reserve up to 1 percent of any funds appropriated to carry out this section for technical assistance activities which support grantees under this program and 1 percent of funds from each grant awarded shall be used to develop grantee capacity to meet the requirements under paragraphs (1) and (2) of subsection (g).

(f) Fair Housing Protections.—Funds provided under the program under this section may not be used to deny housing opportunities based on the criminal or eviction history, source of income, or veteran status of any member of a household.

(g) Accountability of Recipients.—

(1) Requirements.—The Secretary shall—

(A) require each grantee under this section to develop and maintain a system to ensure that each recipient of assistance uses such amounts in accordance with this section, the regulations issued under this section, and any
requirements or conditions under which such amounts were provided; and

(B) establish minimum requirements for agreements between the grantee and the Secretary, regarding assistance from grants under this section, which shall include—

(i) appropriate periodic financial and project reporting, record retention, and audit requirements for the duration of the grant to the recipient to ensure compliance with the limitations and requirements of this section and the regulations under this section; and

(ii) any other requirements that the Secretary determines are necessary to ensure appropriate grant administration and compliance.

(2) PUBLICLY AVAILABLE INFORMATION.—The Secretary shall make information regarding the results of assistance provided with amounts from grants under this section publicly available, which shall include at least the following information:

(A) A list of recipients of grants awarded under this section and the amount of each such grant.
(B) A description of each neighborhood revitalization support activity carried out by each such recipient and the impacts associated with each such activity, including the change in the rate of minority and first-time homeownership.

(C) The total number of housing units acquired, redeveloped, or produced using grant amounts under this section.

(D) The total number of housing units for rent, ownership, and shared equity homeownership assisted with grant amounts under this section and the number of bedrooms in each such unit.

(E) The percentage of housing units assisted with grant amounts under this section that are affordable to low-, very low-, and extremely low-income households.

(F) The number of such housing units located in areas where the percentage of households in a racial or ethnic minority group—

(i) is at least 20 percentage points higher than the percentage of the population of that minority group for the Metropolitan Statistical Area;
(ii) is at least 20 percentage points higher than the percentage of the population of all minorities for the Metropolitan Statistical Area; and

(iii) exceeds 50 percent of the population.

(G) Any other information that the Secretary of Housing and Urban Development determines necessary to ensure that housing outcomes and grant administration and compliance align with the purposes of this Act.

(h) IN GENERAL.—Not later than 2 years after grants under this section are first awarded and again 3 years thereafter, the Secretary shall submit to the appropriate Congressional Committees, and make publicly available online, a report that—

(1) evaluates the impact of the program established under this section;

(2) describes demographic changes in the eligible localities served by grantees of grants under this section, including changes in income, race, and ethnicity, property values, and unemployment rates;

(3) identifies the number of housing units assisted with grant amounts under this section located in high- and low-poverty census tracts;
(4) identifies the number of accessible units created and modified with grant amounts under this section and where such units are located using the most granular location measurement that is feasible such as at the Census block group level; and

(5) identifies where housing units assisted with grant amounts are located in relation to community assets, including high performing schools and public transportation options.

(i) DEFINITIONS.—In this section:

(1) ANCHOR INSTITUTION.—The term “anchor institution” means a school, a library, a healthcare provider, a community college or other institution of higher education, or another community support organization or entity.

(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate Congressional Committees” means the following:

(A) The Committees on Financial Services and Appropriations of the House of Representatives.

(B) The Committees on Banking, Housing, and Urban Affairs and Appropriations of the Senate.
(3) **COMMUNITY LAND TRUST.**—The term “community land trust” means a nonprofit organization or State or local governments or instrumentalities that—

(A) use a ground lease or deed covenant with an affordability period of at least 30 years or more to—

(i) make rental and homeownership units affordable to households; and

(ii) stipulate a preemptive option to purchase the affordable rentals or homeownership units so that the affordability of the units is preserved for successive income-eligible households; and

(B) monitor properties to ensure affordability is preserved.

(4) **LAND BANK.**—The term “land bank” means a government entity, agency, or program, or a special purpose nonprofit entity formed by one or more units of government in accordance with State or local land bank enabling law, that has been designated by one or more State or local governments to acquire, steward, and dispose of vacant, abandoned, or other problem properties in accordance with locally-determined priorities and goals.
(5) Neighborhood revitalization support activity.—The term "neighborhood revitalization support activity" means an activity described in subsection (b)(3).

(6) Non-performing mortgage.—The term "non-performing" mortgage means a residential mortgage loan that is 90 days or more delinquent.

(7) Nonprofit organization.—The term "nonprofit organization" means an organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)) and is exempt from taxation under section 501(a) of such Code.

(8) Shared equity homeownership program.—

(A) In general.—The term "shared equity homeownership program" means affordable homeownership preservation through a resale restriction program administered by a community land trust, other nonprofit organization, or State or local government or instrumentalities.

(B) Affordability requirements.—Any such program under subparagraph (A) shall—
(i) provide affordable homeownership opportunities to households; and

(ii) utilize a ground lease, deed restriction, subordinate loan, or similar legal mechanism that includes provisions ensuring that the program shall—

(I) maintain the home as affordable for subsequent very low-, low-, or moderate-income families for an affordability term of at least 30 years after recordation;

(II) apply a resale formula that limits the homeowner’s proceeds upon resale; and

(III) provide the program administrator or such administrator’s assignee a preemptive option to purchase the homeownership unit from the homeowner at resale.

(j) Authorization of Appropriations.—

(1) In general.—There is authorized to be appropriated to carry out this section $5,000,000,000 for each of fiscal years 2021 through 2031.
(2) SET ASIDE.—The Secretary shall award at least $500,000,000 of any amounts appropriated pursuant to this subsection to eligible local partnerships that will provide neighborhood revitalization support activities to localities outside of a Metropolitan Statistical Area, as designated by the Office of Management and Budget. The priority under subsection (c)(2)(I) (relating to matching funds) shall not apply to amounts awarded under this paragraph.

(3) NOFA.—The Secretary shall issue a Notice of Funding Availability for grants under this section not later than the expiration of the 180-day period beginning upon the date of the enactment of this Act.

SEC. 4. SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM.

There is authorized to be appropriated for grants under section 11 of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note) $250,000,000 for fiscal year 2021, which shall remain available until September 30, 2031.