

112TH CONGRESS
1ST SESSION

H. R. 3502

To create jobs and reinvest in communities through the rehabilitation of abandoned and foreclosed residential and commercial properties, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 2011

Ms. WATERS (for herself, Mr. FRANK of Massachusetts, Mr. GUTIERREZ, Mr. ACKERMAN, Mr. CLAY, Mr. MILLER of North Carolina, Mr. AL GREEN of Texas, Mr. CLEAVER, Mr. CARSON of Indiana, Mr. PETERS, Ms. NORTON, Ms. RICHARDSON, Mr. CONYERS, Mr. BRADY of Pennsylvania, Mr. CICILLINE, Ms. JACKSON LEE of Texas, Mr. KILDEE, and Mr. CARNAHAN) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To create jobs and reinvest in communities through the rehabilitation of abandoned and foreclosed residential and commercial properties, 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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Project Rebuild Act of 2011”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Direct appropriations.
- Sec. 3. Allocation of appropriated amounts.
- Sec. 4. Use of funds.
- Sec. 5. Limitations.
- Sec. 6. Rules of construction.
- Sec. 7. Authority to specify alternative requirements.
- Sec. 8. Nationwide distribution of resources.
- Sec. 9. Limitation on use of funds with respect to eminent domain.
- Sec. 10. Limitation on distribution of funds.
- Sec. 11. Rental housing preferences.
- Sec. 12. Job creation.
- Sec. 13. Program support and capacity building.
- Sec. 14. Enforcement and prevention of fraud and abuse.
- Sec. 15. Conformance of policies and procedures.
- Sec. 16. Severability.
- Sec. 17. Buy American—use of American iron, steel, and manufactured goods.
- Sec. 18. Wage rate and employment protection requirements.

1 SEC. 2. DIRECT APPROPRIATIONS.

2 There is appropriated, out of any money in the Treas-
 3 ury not otherwise appropriated, \$15,000,000,000, to re-
 4 main available until September 30, 2014, for assistance
 5 to eligible entities, including States and units of general
 6 local government (as such terms are defined in section 102
 7 of the Housing and Community Development Act of 1974
 8 (42 U.S.C. 5302)), and qualified nonprofit organizations,
 9 businesses or consortia of eligible entities, for the redevel-
 10 opment of abandoned and foreclosed-upon properties and
 11 for the stabilization of affected neighborhoods.

12 SEC. 3. ALLOCATION OF APPROPRIATED AMOUNTS.

13 (a) IN GENERAL.—Of the amounts appropriated,
 14 two-thirds shall be allocated to States and units of general
 15 local government based on a funding formula established
 16 by the Secretary of Housing and Urban Development (in
 17 this Act referred to as the “Secretary”). Of the amounts

1 appropriated, one-third shall be distributed competitively
2 to eligible entities.

3 (b) FORMULA TO BE DEVISED SWIFTLY.—The fund-
4 ing formula required under subsection (a) shall be estab-
5 lished and the Secretary shall announce formula funding
6 allocations, not later than 30 days after the date of enact-
7 ment of this Act.

8 (c) FORMULA CRITERIA.—The Secretary may estab-
9 lish a minimum grant size, and the funding formula re-
10 quired under subsection (a) shall ensure that any amounts
11 appropriated or otherwise made available under this Act
12 are allocated to States and units of general local govern-
13 ment with the greatest need, as such need is determined
14 in the discretion of the Secretary based on—

15 (1) the number and percentage of home fore-
16 closures in each State or unit of general local gov-
17 ernment;

18 (2) the number and percentage of homes in de-
19 fault or delinquency in each State or unit of general
20 local government; and

21 (3) other factors such as established program
22 designs, grantee capacity and performance, number
23 and percentage of commercial foreclosures, overall
24 economic conditions, and other market needs data,
25 as determined by the Secretary.

1 (d) COMPETITION CRITERIA.—

2 (1) ELIGIBLE ENTITIES.—For the funds dis-
3 tributed competitively, eligible entities shall be
4 States, units of general local government, nonprofit
5 entities, for-profit entities, and consortia of eligible
6 entities that demonstrate capacity to use funding
7 within the period of this program.

8 (2) SELECTION CRITERIA.—In selecting grant-
9 ees, the Secretary shall ensure that grantees are in
10 areas with the greatest number and percentage of
11 residential and commercial foreclosures and other
12 market needs data, as determined by the Secretary.
13 Additional award criteria shall include demonstrated
14 grantee capacity to execute projects involving acqui-
15 sition and rehabilitation or redevelopment of fore-
16 closed residential and commercial property and
17 neighborhood stabilization, leverage, knowledge of
18 market conditions and of effective stabilization ac-
19 tivities to address identified conditions, and any ad-
20 ditional factors determined by the Secretary.

21 (3) MINIMUM GRANT SIZE.—The Secretary may
22 establish a minimum grant size.

23 (4) PUBLICATION OF CRITERIA.—The Secretary
24 shall publish competition criteria for any grants
25 awarded under this Act not later than 60 days after

1 appropriation of funds, and applications shall be due
2 to the Secretary within 120 days.

3 **SEC. 4. USE OF FUNDS.**

4 (a) OBLIGATION AND EXPENDITURE.—The Sec-
5 retary shall obligate all funding within 150 days of enact-
6 ment of this Act. Any eligible entity that receives amounts
7 pursuant to this Act shall expend all funds allocated to
8 it within three years of the date the funds become avail-
9 able to the grantee for obligation. Furthermore, the Sec-
10 retary shall by notice establish intermediate expenditure
11 benchmarks at the one and two year dates from the date
12 the funds become available to the grantee for obligation.

13 (b) PRIORITIES.—

14 (1) JOB CREATION.—Each grantee or eligible
15 entity shall describe how its proposed use of funds
16 will prioritize job creation, and secondly, will address
17 goals to stabilize neighborhoods, reverse vacancy, or
18 increase or stabilize residential and commercial
19 property values.

20 (2) TARGETING.—Any State or unit of general
21 local government that receives formula amounts pur-
22 suant to this Act shall, in distributing and targeting
23 such amounts give priority emphasis and consider-
24 ation to those metropolitan areas, metropolitan cit-
25 ies, urban areas, rural areas, low- and moderate-in-

1 come areas, and other areas with the greatest need,
2 including those—

3 (A) with the greatest percentage of home
4 foreclosures;

5 (B) identified as likely to face a significant
6 rise in the rate of residential or commercial
7 foreclosures; and

8 (C) with higher than national average un-
9 employment rate.

10 (3) LEVERAGE.—Each grantee or eligible entity
11 shall describe how its proposed use of funds will le-
12 verage private funds.

13 (c) ELIGIBLE USES.—Amounts made available under
14 this Act may be used to—

15 (1) establish financing mechanisms for the pur-
16 chase and redevelopment of abandoned and fore-
17 closed-upon properties, including such mechanisms
18 as soft-seconds, loan loss reserves, and shared-equity
19 loans for low- and moderate-income homebuyers;

20 (2) purchase and rehabilitate properties that
21 have been abandoned or foreclosed-upon, in order to
22 sell, rent, or redevelop such properties;

23 (3) establish and operate land banks for prop-
24 erties that have been abandoned or foreclosed-upon;

25 (4) demolish blighted structures;

1 (5) redevelop abandoned, foreclosed, demol-
2 ished, or vacant properties; and

3 (6) engage in other activities, as determined by
4 the Secretary through notice, that are consistent
5 with the goals of creating jobs, stabilizing neighbor-
6 hoods, reversing vacancy reduction, and increasing
7 or stabilizing residential and commercial property
8 values.

9 **SEC. 5. LIMITATIONS.**

10 (a) ON PURCHASES.—Any purchase of a property
11 under this Act shall be at a price not to exceed its current
12 market value, taking into account its current condition.

13 (b) REHABILITATION.—Any rehabilitation of an eligi-
14 ble property under this Act shall be to the extent necessary
15 to comply with applicable laws, and other requirements re-
16 lating to safety, quality, marketability, and habitability, in
17 order to sell, rent, or redevelop such properties or provide
18 a renewable energy source or sources for such properties.

19 (c) SALE OF HOMES.—If an abandoned or foreclosed-
20 upon home is purchased, redeveloped, or otherwise sold
21 to an individual as a primary residence, then such sale
22 shall be in an amount equal to or less than the cost to
23 acquire and redevelop or rehabilitate such home or prop-
24 erty up to a decent, safe, marketable, and habitable condi-
25 tion.

1 (d) ON DEMOLITION OF PUBLIC HOUSING.—Public
2 housing, as defined in section 3(b)(6) of the United States
3 Housing Act of 1937, may not be demolished with funds
4 under this Act.

5 (e) ON DEMOLITION ACTIVITIES.—No more than 10
6 percent of any grant made under this Act may be used
7 for demolition activities unless the Secretary determines
8 that such use represents an appropriate response to local
9 market conditions.

10 (f) ON USE OF FUNDS FOR NON-RESIDENTIAL
11 PROPERTY.—No more than 30 percent of any grant made
12 under this Act may be used for eligible activities under
13 paragraphs (1), (2), and (5) of section 4(c) that will not
14 result in residential use of the property involved unless
15 the Secretary determines that such use represents an ap-
16 propriate response to local market conditions.

17 **SEC. 6. RULES OF CONSTRUCTION.**

18 (a) IN GENERAL.—Except as otherwise provided by
19 this Act, amounts appropriated, revenues generated, or
20 amounts otherwise made available to eligible entities under
21 this Act shall be treated as though such funds were com-
22 munity development block grant funds under title I of the
23 Housing and Community Development Act of 1974 (42
24 U.S.C. 5301 et seq.).

1 (b) NO MATCH.—No matching funds shall be re-
2 quired in order for an eligible entity to receive any
3 amounts under this Act.

4 (c) TENANT PROTECTIONS.—An eligible entity re-
5 ceiving a grant under this Act shall comply with the 14th,
6 17th, 18th, 19th, 20th, 21st, 22nd, and 23rd provisos of
7 the heading “Community Planning and Development—
8 Community Development Fun” in title XII of Division A
9 of American Recovery and Reinvestment Act of 2009
10 (Public Law 111–5, 123 Stat. 218–19), as amended by
11 section 1497(b)(2) of the Dodd-Frank Wall Street Reform
12 and Consumer Protection Act (Public Law 111–203, 124
13 Stat. 2211).

14 (d) VICINITY HIRING.—An eligible entity receiving a
15 grant under this Act shall comply with section 1497(a)(8)
16 of the Dodd-Frank Wall Street Reform and Consumer
17 Protection Act (Public Law 111–203, 129 Stat. 2210).

18 **SEC. 7. AUTHORITY TO SPECIFY ALTERNATIVE REQUIRE-**
19 **MENTS.**

20 (a) IN GENERAL.—In administering the program
21 under this Act, the Secretary may specify alternative re-
22 quirements to any provision under title I of the Housing
23 and Community Development Act of 1974 or under title
24 I of the Cranston-Gonzalez National Affordable Housing
25 Act of 1990 (except for those provisions in these laws re-

1 lated to fair housing, nondiscrimination, labor standards,
2 and the environment) for the purpose of expediting and
3 facilitating the use of funds under this Act.

4 (b) NOTICE.—The Secretary shall provide written no-
5 tice of intent to the public via internet to exercise the au-
6 thority to specify alternative requirements under sub-
7 section (a).

8 (c) LOW- AND MODERATE-INCOME REQUIREMENT.—

9 (1) IN GENERAL.—Notwithstanding the author-
10 ity of the Secretary under subsection (a)—

11 (A) all of the formula and competitive
12 grantee funds appropriated or otherwise made
13 available under this Act shall be used with re-
14 spect to individuals and families whose income
15 does not exceed 120 percent of area median in-
16 come; and

17 (B) not less than 25 percent of the for-
18 mula and competitive grantee funds appro-
19 priated or otherwise made available under this
20 Act shall be used for the purchase and redev-
21 opment of eligible properties that will be used
22 to house individuals or families whose incomes
23 do not exceed 50 percent of area median in-
24 come.

1 (2) **RECURRENT REQUIREMENT.**—The Sec-
2 retary shall, by rule or order, ensure, to the max-
3 imum extent practicable and for the longest feasible
4 term, that the sale, rental, or redevelopment of
5 abandoned and foreclosed-upon homes and residen-
6 tial properties under this Act remain affordable to
7 individuals or families described in paragraph (1).

8 **SEC. 8. NATIONWIDE DISTRIBUTION OF RESOURCES.**

9 Notwithstanding any other provision of this Act, each
10 State shall receive not less than \$20,000,000 of formula
11 funds.

12 **SEC. 9. LIMITATION ON USE OF FUNDS WITH RESPECT TO**
13 **EMINENT DOMAIN.**

14 No State or unit of general local government may use
15 any amounts received pursuant to this Act to fund any
16 project that seeks to use the power of eminent domain,
17 unless eminent domain is employed only for a public use,
18 which shall not be construed to include economic develop-
19 ment that primarily benefits private entities.

20 **SEC. 10. LIMITATION ON DISTRIBUTION OF FUNDS.**

21 (a) **IN GENERAL.**—None of the funds made available
22 under this Act shall be distributed to—

- 23 (1) an organization which has been indicted for
24 a violation under Federal law relating to an election
25 for Federal office; or

1 (2) an organization which employs applicable
2 individuals.

3 (b) APPLICABLE INDIVIDUALS DEFINED.—In this
4 section, the term “applicable individual” means an indi-
5 vidual who—

6 (1) is—

7 (A) employed by the organization in a per-
8 manent or temporary capacity;

9 (B) contracted or retained by the organiza-
10 tion; or

11 (C) acting on behalf of, or with the express
12 or apparent authority of, the organization; and

13 (2) has been indicted for a violation under Fed-
14 eral law relating to an election for Federal office.

15 **SEC. 11. RENTAL HOUSING PREFERENCES.**

16 Each State and local government receiving formula
17 amounts shall establish procedures to create preferences
18 for the development of affordable rental housing.

19 **SEC. 12. JOB CREATION.**

20 If a grantee chooses to use funds to create jobs by
21 establishing and operating a program to maintain eligible
22 neighborhood properties, not more than 10 percent of any
23 grant may be used for that purpose.

1 **SEC. 13. PROGRAM SUPPORT AND CAPACITY BUILDING.**

2 The Secretary may use up to 0.75 percent of the
3 funds appropriated for capacity building of and support
4 for eligible entities and grantees undertaking neighbor-
5 hood stabilization programs, staffing, training, technical
6 assistance, technology, monitoring, travel, enforcement,
7 research, and evaluation activities, subject to the following
8 requirements:

9 (1) Funds set aside for the purposes of this sec-
10 tion shall remain available until September 30,
11 2016.

12 (2) Any funds made available under this section
13 and used by the Secretary for personnel expenses re-
14 lated to administering funding under this subpara-
15 graph shall be transferred to “Personnel Compensa-
16 tion and Benefits, Community Planning and Devel-
17 opment”.

18 (3) Any funds made available under this section
19 and used by the Secretary for training or other ad-
20 ministrative expenses shall be transferred to “Ad-
21 ministration, Operations, and Management, Commu-
22 nity Planning and Development” for non-personnel
23 expenses.

24 (4) Any funds made available under this section
25 and used by the Secretary for technology shall be
26 transferred to “Working Capital Fund”.

1 **SEC. 14. ENFORCEMENT AND PREVENTION OF FRAUD AND**
2 **ABUSE.**

3 The Secretary shall establish and implement proce-
4 dures to prevent fraud and abuse of funds under this Act,
5 and shall impose a requirement that grantees have an in-
6 ternal auditor to continuously monitor grantee perform-
7 ance to prevent fraud, waste, and abuse. Grantees shall
8 provide the Secretary and citizens with quarterly progress
9 reports. The Secretary shall recapture funds from formula
10 and competitive grantees that do not expend 100 percent
11 of allocated funds within 3 years of the date that funds
12 become available, and from underperforming or mis-
13 managed grantees, and shall re-allocate those funds by
14 formula to target areas with the greatest need, as deter-
15 mined by the Secretary through notice. The Secretary may
16 take an alternative sanctions action only upon determining
17 that such action is necessary to achieve program goals in
18 a timely manner.

19 **SEC. 15. CONFORMANCE OF POLICIES AND PROCEDURES.**

20 The Secretary of Housing and Urban Development
21 shall to the extent feasible conform policies and procedures
22 for grants made under this Act to the policies and prac-
23 tices already in place for the grants made under section
24 2301 of the Housing and Economic Recovery Act of 2008;
25 division A, title XII of the American Recovery and Rein-

1 vestment Act of 2009; or section 1497 of the Dodd-Frank
2 Wall Street Reform and Consumer Protection Act.

3 **SEC. 16. SEVERABILITY.**

4 If any provision of this Act, or the application thereof
5 to any person or circumstance, is held invalid, the remain-
6 der of the Act and the application of such provision to
7 other persons or circumstances shall not be affected there-
8 by.

9 **SEC. 17. BUY AMERICAN—USE OF AMERICAN IRON, STEEL,
10 AND MANUFACTURED GOODS.**

11 (a) **BUY AMERICAN.**—None of the funds appro-
12 priated or otherwise made available by this Act may be
13 used for a project for the construction, alteration, mainte-
14 nance, or repair of a public building or public work unless
15 all of the iron, steel, and manufactured goods used in the
16 project are produced in the United States.

17 (b) **EXCEPTIONS.**—Subsection (a) shall not apply in
18 any case or category of cases in which the head of the
19 Federal department or agency involved finds that—

20 (1) applying subsection (a) would be incon-
21 sistent with the public interest;

22 (2) iron, steel, and the relevant manufactured
23 goods are not produced in the United States in suffi-
24 cient and reasonably available quantities and of a
25 satisfactory quality; or

1 (3) inclusion of iron, steel, and manufactured
2 goods produced in the United States will increase
3 the cost of the overall project by more than 25 per-
4 cent.

5 (c) PUBLICATION.—If the head of a Federal depart-
6 ment or agency determines that it is necessary to waive
7 the application of subsection (a) based on a finding under
8 subsection (b), the head of the department or agency shall
9 publish in the Federal Register a detailed written justifica-
10 tion as to why the provision is being waived.

11 (d) CONSISTENCY WITH INTERNATIONAL AGREE-
12 MENTS.—This section shall be applied in a manner con-
13 sistent with United States obligations under international
14 agreements.

15 **SEC. 18. WAGE RATE AND EMPLOYMENT PROTECTION RE-**
16 **QUIREMENTS.**

17 (a) WAGE RATES.—Notwithstanding any other provi-
18 sion of law and in a manner consistent with other provi-
19 sions in this Act, all laborers and mechanics employed by
20 contractors and subcontractors on projects funded directly
21 by or assisted in whole or in part by and through the Fed-
22 eral Government pursuant to this Act shall be paid wages
23 at rates not less than those prevailing on projects of a
24 character similar in the locality as determined by the Sec-

1 retary of Labor in accordance with subchapter IV of chap-
2 ter 31 of title 40, United States Code.

3 (b) LABOR STANDARDS.—With respect to the labor
4 standards specified in this section, the Secretary of Labor
5 shall have the authority and functions set forth in Reorga-
6 nization Plan Numbered 14 of 1950 (64 Stat. 1267; 5
7 U.S.C. App.) and section 3145 of title 40, United States
8 Code.

9 (c) PROJECTS.—Projects as defined under title 49,
10 United States Code, funded directly by or assisted in
11 whole or in part by and through the Federal Government
12 pursuant to this Act shall be subject to the requirements
13 of section 5333(b) of title 49, United States Code.

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