

.....
(Original Signature of Member)

118TH CONGRESS
1ST SESSION

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. KAPTUR 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 Commu-
5 nities Left Behind Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) As the Nation continues to feel the dev-
2 astating economic impacts of Coronavirus Disease
3 2019 (COVID-19), many urban and rural commu-
4 nities are still suffering from the effects of under-
5 water mortgages, vacancy, abandoned properties,
6 blight, aging housing stock, properties with deferred
7 maintenance and harmful materials such as lead, as-
8 bestos, and mold, unemployment, and population
9 loss.

10 (2) While some cities and counties struggle with
11 disinvestment and population loss, there are also
12 pockets of economic distress in otherwise prosperous,
13 growing areas.

14 (3) Investments targeted to these communities
15 left behind will be critical to ensure equitable eco-
16 nomic recovery, job creation, and housing and neigh-
17 borhood infrastructure revitalization.

18 (4) The need to revitalize neighborhoods is
19 greater than what can be supported with existing
20 local tax bases.

21 (5) Communities continue to suffer from the
22 impact of governmental policies and private sector
23 practices that forbade or discouraged mortgage lend-
24 ing in neighborhoods having significant minority
25 populations.

1 (6) Many State and local governments, land
2 banks, and nonprofit organizations across the
3 United States have responded to the housing crisis
4 by creating cost-effective strategies to revitalize
5 neighborhoods.

6 (7) 2019 data from the United States Census
7 Bureau shows that non-Hispanic, White households
8 have an average net worth of \$187,300, while Black
9 households have an average net worth of \$14,100,
10 and Hispanic households have an average net worth
11 of \$31,700.

12 (8) Housing equity is a significant portion of
13 Black and Hispanic households' net worth, making
14 up nearly 59 percent of Black households' net worth,
15 58 percent of Hispanic households' net worth, and
16 43 percent of White households' net worth, accord-
17 ing to the Urban Institute's calculations from the
18 2020 Survey of Consumer Finances.

19 (9) The 2008 Great Recession and the COVID-
20 19 Recession have exacerbated the racial wealth gap.

21 (10) Funding innovative local neighborhood
22 strategies will allow the United States to close the
23 racial wealth gap, ensure equitable access to housing
24 and economic mobility, and counter the lasting leg-
25 acy of redlining policies.

1 (11) Despite the strong requirement to affirma-
2 tively furthering fair housing under the Fair Hous-
3 ing Act, the lack of accountability measures imple-
4 mented by the Department of Housing and Urban
5 Development to ensure equitable use of housing and
6 community development dollars in Federal programs
7 has allowed for the perpetuation of the legacy of red-
8 lining and neighborhood disinvestment.

9 (12) It is imperative that the Federal Govern-
10 ment make funding available for the best local strat-
11 egies to increase homeownership and preserve home
12 equity in impacted areas, access to safe and afford-
13 able rental housing, economic growth, job creation,
14 and to build on local assets to improve communities
15 in ways that affirmatively further fair housing.

16 **SEC. 3. COMPETITIVE GRANT PROGRAM.**

17 (a) ESTABLISHMENT.—Not later than the expiration
18 of the 120-day period beginning on the date of the enact-
19 ment of this Act, the Secretary of Housing and Urban
20 Development shall establish a program to award competi-
21 tive grants to eligible local partnerships to carry out more
22 than one neighborhood revitalization support activity in an
23 eligible locality.

24 (b) CRITERIA.—

1 (1) ELIGIBLE LOCAL PARTNERSHIP.—A local
2 partnership is eligible to receive a grant under the
3 program established under this section if it meets
4 the following requirements:

5 (A) The local partnership includes a na-
6 tional or local nonprofit organization with ex-
7 pertise in community planning, engagement, or-
8 ganizing, development, or neighborhood revital-
9 ization and at least one of the following entities:

10 (i) A city or county government.

11 (ii) A land bank.

12 (iii) A fair housing enforcement orga-
13 nization (as such term is defined in section
14 561 of the Housing and Community Devel-
15 opment Act of 1987 (42 U.S.C. 3616a)).

16 (iv) An anchor institution.

17 (v) A nonprofit organization.

18 (vi) A State housing finance agency
19 (as such term is defined in section 106(h)
20 of the Housing and Urban Development
21 Act of 1968 (12 U.S.C. 1701x(h))).

22 (vii) A community development finan-
23 cial institution (as such term is defined in
24 section 103(5) of the Community Develop-

1 ment Banking and Financial Institutions
2 Act of 1994 (12 U.S.C. 4702(5))).

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

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

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

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

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

23 (C) Low rates of homeownership.

24 (D) Racial disparities in homeownership
25 rates.

1 (E) High rates of poverty.

2 (F) High rates of unemployment and
3 underemployment.

4 (G) Population loss.

5 (H) Lack of private sector lending on fair
6 and competitive terms for individuals to pur-
7 chase homes or start small businesses.

8 (I) Other indicators of economic distress,
9 such as the lack of housing affordability, stem-
10 ming from long-standing government policies
11 and private sector practices that prevented
12 mortgage lending in some communities, such as
13 redlining.

14 The Secretary shall establish thresholds for the cri-
15 teria of economic distress under this paragraph.

16 (3) NEIGHBORHOOD REVITALIZATION SUPPORT
17 ACTIVITIES.—For purposes of this section, neighbor-
18 hood revitalization support activities are the fol-
19 lowing:

20 (A) Providing assistance to existing resi-
21 dents experiencing economic distress or at risk
22 of displacement with homeowner rehabilitation
23 assistance, weatherization, improved housing
24 accessibility and livability for seniors and per-
25 sons with disabilities, energy efficiency improve-

1 ments, refinancing, housing counseling certified
2 by the Secretary, including loss mitigation
3 counseling, property tax relief, clearing and ob-
4 taining formal title, addressing outstanding
5 housing-related expenses, or other activities
6 that the Secretary determines are appropriate.

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

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

23 (D) Providing pre-purchase counseling
24 through housing counselors certified by the Sec-
25 retary for neighborhood revitalization support

1 activities that provide homeownership opportu-
2 nities.

3 (E) Providing down payment assistance to
4 prospective homebuyers.

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

9 (G) Demolishing abandoned or distressed
10 structures, but only if such activity is part of a
11 strategy that incorporates rehabilitation or new
12 construction and efforts to increase affordable
13 housing and homeownership, except that not
14 more than 10 percent of any grant made under
15 this section may be used for activities under
16 this subparagraph unless the Secretary deter-
17 mines that such use is to replace units in an ef-
18 fort to increase affordable housing or homeown-
19 ership.

20 (H) Establishing or operating land banks
21 to maintain acquire, redevelop, or sell properties
22 that are abandoned or distressed. Preference
23 among applications proposing activities under
24 this subparagraph shall be given to applications

1 that promote distribution of properties for af-
2 fordable housing and small businesses.

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

9 (J) In connection with any other eligible
10 activity under this paragraph, working with
11 resident leaders and community groups to un-
12 dertake community planning, outreach, and
13 neighborhood engagement, consistent with the
14 goals of increasing homeownership, stabilizing
15 neighborhoods, reducing vacancy rates, creating
16 jobs, increasing or stabilizing residential and
17 commercial property values, and meeting other
18 neighborhood needs, except that not more than
19 10 percent of any grant made under this sec-
20 tion may be used for activities under this sub-
21 paragraph.

22 (4) AFFORDABILITY TERMS.—

23 (A) RENTAL UNITS.—In the case of prop-
24 erty assisted pursuant to paragraph (3) con-

1 taining any dwelling units that are made avail-
2 able for rental—

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

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

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

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

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

20 (i) shall be available for purchase only
21 to by a household having an income that
22 does not exceed 120 percent of the median
23 income for the area in which such unit is
24 located;

1 (ii) if made available through a shared
2 equity homeownership program, shall re-
3 main affordable for at least 30 years; and

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

6 (I) shall remain affordable for a
7 period of years as determined by the
8 partnership, which shall not be short-
9 er than 5 years from the sale of the
10 unit; and

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

13 (aa) are established by the
14 partnership to ensure that the af-
15 fordability term may be met or
16 funds may be redeployed for
17 neighborhood revitalization sup-
18 port activities;

19 (bb) may be waived in cases
20 of hardship or market deprecia-
21 tion; and

22 (cc) provide that, in the case
23 of a resale, the partnership may
24 maintain preemptive purchase
25 options in order to sell the prop-

1 erty to another income qualified
2 purchaser.

3 If a property converts between rental and homeown-
4 ership or shared equity homeownership, the afford-
5 ability terms of the new tenure type shall be utilized
6 upon occupancy.

7 (c) APPLICATIONS.—

8 (1) IN GENERAL.—To apply to receive a grant
9 under this section, an eligible local partnership shall
10 submit to the Secretary an application at such time,
11 in such manner, and containing such information as
12 the Secretary may require.

13 (2) GRANT RECIPIENT PRIORITY SELECTION
14 CRITERIA.—The Secretary shall prioritize awarding
15 grants based on the following criteria:

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

18 (B) The extent to which the activities pro-
19 posed will—

20 (i) in the case of rental housing, ben-
21 efit households having incomes not exceed-
22 ing 30 percent of the median income for
23 the area; and

24 (ii) in the case of homeownership
25 housing, including shared equity homeown-

1 ership, benefit households having incomes
2 not exceeding 80 percent of the median in-
3 come for the area.

4 (C) Whether the activities proposed will
5 promote affordable homeownership and the ex-
6 tent to which such affordability terms will be
7 preserved.

8 (D) The extent to which an eligible part-
9 nership that includes a public housing agency
10 will use housing choice vouchers to support
11 homeownership for households at or below 60
12 percent of area median income.

13 (E) The demonstrated capacity of an eligi-
14 ble local partnership to execute the proposed el-
15 igible neighborhood revitalization support activi-
16 ties.

17 (F) The demonstrated community plan-
18 ning, outreach, and engagement practices of an
19 eligible local partnership.

20 (G) The depth and breadth of the commu-
21 nity partnership supporting the application.

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

24 (I) The extent to which the proposed
25 neighborhood revitalization support activities

1 would help close the racial wealth gap by in-
2 creasing minority homeownership, ensuring eq-
3 uitable access to housing and economic oppor-
4 tunity, and countering the ongoing legacy of
5 redlining policies.

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

8 (K) The feasibility of the proposed neigh-
9 borhood revitalization support activities consid-
10 ering local market conditions.

11 (L) The extent to which an application
12 demonstrates comprehensive community plan-
13 ning efforts and additional funds in hand or
14 committed for activities in the geographic area
15 that are not directly related to the provision of
16 affordable housing, such as support for small,
17 minority, and women-owned business activity in
18 commercial zones in the targeted neighbor-
19 hoods.

20 (3) GEOGRAPHICAL DIVERSITY.—The Secretary
21 shall seek to make grants under this section for local
22 partnerships serving geographically diverse areas of
23 economic distress as defined in subsection (b)(2), in-
24 cluding metropolitan and underserved rural areas.

1 (d) OPERATION COSTS.—Up to 15 percent of the
2 amount of each grant under this section may be used by
3 the recipient for administrative and organizational support
4 costs.

5 (e) TECHNICAL ASSISTANCE AND CAPACITY BUILD-
6 ING.—The Secretary may reserve up to 1 percent of any
7 funds appropriated to carry out this section for technical
8 assistance activities which support grantees under this
9 program and 1 percent of funds from each grant awarded
10 shall be used to develop grantee capacity to meet the re-
11 quirements under paragraphs (1) and (2) of subsection
12 (g).

13 (f) FAIR HOUSING PROTECTIONS.—Funds provided
14 under the program under this section may not be used
15 to deny housing opportunities based on the criminal or
16 eviction history, source of income, or veteran status of any
17 member of a household.

18 (g) ACCOUNTABILITY OF RECIPIENTS.—

19 (1) REQUIREMENTS.—The Secretary shall—

20 (A) require each grantee under this section
21 to develop and maintain a system to ensure
22 that each recipient of assistance uses such
23 amounts in accordance with this section, the
24 regulations issued under this section, and any

1 requirements or conditions under which such
2 amounts were provided; and

3 (B) establish minimum requirements for
4 agreements between the grantee and the Sec-
5 retary, regarding assistance from grants under
6 this section, which shall include—

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

14 (ii) any other requirements that the
15 Secretary determines are necessary to en-
16 sure appropriate grant administration and
17 compliance.

18 (2) PUBLICLY AVAILABLE INFORMATION.—The
19 Secretary shall make information regarding the re-
20 sults of assistance provided with amounts from
21 grants under this section publicly available, which
22 shall include at least the following information:

23 (A) A list of recipients of grants awarded
24 under this section and the amount of each such
25 grant.

1 (B) A description of each neighborhood re-
2 vitalization support activity carried out by each
3 such recipient and the impacts associated with
4 each such activity, including the change in the
5 rate of minority and first-time homeownership.

6 (C) The total number of housing units ac-
7 quired, redeveloped, or produced using grant
8 amounts under this section.

9 (D) The total number of housing units for
10 rent, ownership, and shared equity homeown-
11 er-ship assisted with grant amounts under this
12 section and the number of bedrooms in each
13 such unit.

14 (E) The percentage of housing units as-
15 sisted with grant amounts under this section
16 that are affordable to low-, very low-, and ex-
17 tremely low-income households.

18 (F) The number of such housing units lo-
19 cated in areas where the percentage of house-
20 holds in a racial or ethnic minority group—

21 (i) is at least 20 percentage points
22 higher than the percentage of the popu-
23 lation of that minority group for the Met-
24 ropolitan Statistical Area;

1 (ii) is at least 20 percentage points
2 higher than the percentage of the popu-
3 lation of all minorities for the Metropolitan
4 Statistical Area; and

5 (iii) exceeds 50 percent of the popu-
6 lation.

7 (G) Any other information that the Sec-
8 retary of Housing and Urban Development de-
9 termines necessary to ensure that housing out-
10 comes and grant administration and compliance
11 align with the purposes of this Act.

12 (h) IN GENERAL.—Not later than 2 years after
13 grants under this section are first awarded and again 3
14 years thereafter, the Secretary shall submit to the appro-
15 priate Congressional Committees, and make publicly avail-
16 able online, a report that—

17 (1) evaluates the impact of the program estab-
18 lished under this section;

19 (2) describes demographic changes in the eligi-
20 ble localities served by grantees of grants under this
21 section, including changes in income, race, and eth-
22 nicity, property values, and unemployment rates;

23 (3) identifies the number of housing units as-
24 sisted with grant amounts under this section located
25 in high- and low-poverty census tracts;

1 (4) identifies the number of accessible units cre-
2 ated and modified with grant amounts under this
3 section and where such units are located using the
4 most granular location measurement that is feasible
5 such as at the Census block group level; and

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

10 (i) DEFINITIONS.—In this section:

11 (1) ANCHOR INSTITUTION.—The term “anchor
12 institution” means a school, a library, a healthcare
13 provider, a community college or other institution of
14 higher education, or another community support or-
15 ganization or entity.

16 (2) APPROPRIATE CONGRESSIONAL COMMIT-
17 TEES.—The term “appropriate Congressional Com-
18 mittees” means the following:

19 (A) The Committees on Financial Services
20 and Appropriations of the House of Representa-
21 tives.

22 (B) The Committees on Banking, Housing,
23 and Urban Affairs and Appropriations of the
24 Senate.

1 (3) COMMUNITY LAND TRUST.—The term
2 “community land trust” means a nonprofit organi-
3 zation or State or local governments or instrumen-
4 talities that—

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

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

10 (ii) stipulate a preemptive option to
11 purchase the affordable rentals or home-
12 ownership units so that the affordability of
13 the units is preserved for successive in-
14 come-eligible households; and

15 (B) monitor properties to ensure afford-
16 ability is preserved.

17 (4) LAND BANK.—The term “land bank”
18 means a government entity, agency, or program, or
19 a special purpose nonprofit entity formed by one or
20 more units of government in accordance with State
21 or local land bank enabling law, that has been des-
22 ignated by one or more State or local governments
23 to acquire, steward, and dispose of vacant, aban-
24 doned, or other problem properties in accordance
25 with locally-determined priorities and goals.

1 (5) NEIGHBORHOOD REVITALIZATION SUPPORT
2 ACTIVITY.—The term “neighborhood revitalization
3 support activity” means an activity described in sub-
4 section (b)(3).

5 (6) NON-PERFORMING MORTGAGE.—The term
6 “non-performing” mortgage means a residential
7 mortgage loan that is 90 days or more delinquent.

8 (7) NONPROFIT ORGANIZATION.—The term
9 “nonprofit organization” means an organization that
10 is described in section 501(c)(3) of the Internal Rev-
11 enue Code of 1986 (26 U.S.C. 501(c)(3)) and is ex-
12 empt from taxation under section 501(a) of such
13 Code.

14 (8) SHARED EQUITY HOMEOWNERSHIP PRO-
15 GRAM.—

16 (A) IN GENERAL.—The term “shared eq-
17 uity homeownership program” means affordable
18 homeownership preservation through a resale
19 restriction program administered by a commu-
20 nity land trust, other nonprofit organization, or
21 State or local government or instrumentalities.

22 (B) AFFORDABILITY REQUIREMENTS.—
23 Any such program under subparagraph (A)
24 shall—

1 (i) provide affordable homeownership
2 opportunities to households; and

3 (ii) utilize a ground lease, deed re-
4 striction, subordinate loan, or similar legal
5 mechanism that includes provisions ensur-
6 ing that the program shall—

7 (I) maintain the home as afford-
8 able for subsequent very low-, low-, or
9 moderate-income families for an af-
10 fordability term of at least 30 years
11 after recordation;

12 (II) apply a resale formula that
13 limits the homeowner's proceeds upon
14 resale; and

15 (III) provide the program admin-
16 istrator or such administrator's as-
17 signee a preemptive option to pur-
18 chase the homeownership unit from
19 the homeowner at resale.

20 (j) AUTHORIZATION OF APPROPRIATIONS.—

21 (1) IN GENERAL.—There is authorized to be
22 appropriated to carry out this section
23 \$5,000,000,000 for each of fiscal years 2024
24 through 2034.

1 (2) SET ASIDE.—The Secretary shall award at
2 least \$500,000,000 of any amounts appropriated
3 pursuant to this subsection to eligible local partner-
4 ships that will provide neighborhood revitalization
5 support activities to localities outside of a Metropoli-
6 tan Statistical Area, as designated by the Office of
7 Management and Budget. The priority under sub-
8 section (c)(2)(I) (relating to matching funds) shall
9 not apply to amounts awarded under this paragraph.

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

15 **SEC. 4. SELF-HELP HOMEOWNERSHIP OPPORTUNITY PRO-**
16 **GRAM.**

17 There is authorized to be appropriated for grants
18 under section 11 of the Housing Opportunity Program
19 Extension Act of 1996 (42 U.S.C. 12805 note)
20 \$250,000,000 for fiscal year 2024, which shall remain
21 available until September 30, 2034.