Sec. 101. [Sec. 5301] Findings and Purpose

a) The Congress finds and declares that the Nation’s cities, towns, and smaller urban communities face critical social, economic, and environmental problems arising in significant from –
   1) the growth of population in metropolitan and other urban areas, and the concentration of persons of lower income in central cities;
   2) inadequate public and private investment and reinvestment in housing and other physical facilities, and related public and social services, resulting in the growth and persistence of urban slums and blight and the marked deterioration of the quality of the urban environment; and
   3) increasing energy costs which have seriously undermined the quality and overall effectiveness of local community and housing development activities.

b) The Congress further finds and declares that the future welfare of the Nation and the well-being of its citizens depend on the establishment and maintenance of viable urban communities as social, economic, and political entities, and require –
   1) systematic and sustained action by Federal, State, and local governments to eliminate blight, to conserve and renew older urban areas, to improve the living environment of low-and moderate-income families, and to develop new centers of population growth and economic activity;
   2) substantial expansion of and greater continuity in the scope and level of Federal assistance, together with increased private investment in support of community development activities;

   3) continuing effort at all levels of government to streamline programs and improve the functioning of agencies responsible for planning, implementing, and evaluating community development efforts; and
   4) concerted action by Federal, State, and local governments to address the economic and social hardships borne by communities as a consequence of scarce fuel supplies.

c) The primary objective of this chapter and of the community development program of each grantee under this chapter is the development of viable urban communities, by providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of
d) low and moderate income. Consistent with this primary objective, not less than 70 percent of the aggregate of Federal Assistance provided under section 106 of this title and, if applicable, the funds received as a result of a guarantee under section 108 of this title, shall be used for the support of activities that benefit persons of low and moderate income, and the Federal assistance provided in this chapter is for the support of community development activities which are directed toward the following specific objectives –

1) the elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally persons of low and moderate income;

2) the elimination of conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance, and related activities;

3) the conservation and expansion of the Nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income;

4) the expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities;

5) a more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;

6) the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods;

7) the restoration and preservation of properties of special value for historic, architectural, or esthetic reasons;

8) the alleviation of physical and economic distress through the stimulation of private investment and community revitalization in areas with population out migration or declining tax base; and

9) the conservation of the Nation's scarce energy resources, improvement of energy efficiency, and the provision of alternative and renewable energy sources of supply.

It is the intent of Congress that the Federal assistance made available under this chapter not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance.

d) It is also the purpose of this chapter to further the development of a national urban growth policy by consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs into a consistent system of Federal aid which –

1) provides assistance on an annual basis, with maximum certainty and minimum delay, upon which communities can rely in their planning:
2) encourages community development activities which are consistent with the comprehensive local and areawide development planning:
3) furthers achievement of the national housing goal of a decent home and a suitable living environment for every American family; and
4) fosters the undertakings of housing and community development activities in a coordinated and mutually supportive manner by Federal agencies and programs, as well as by communities.

Sec. 102. [Sec. 5302] Definitions

a) Definitions - As used in this chapter –
   1) The term “unit of general local government” means any city, county, town, township, parish, village, or other general purpose political subdivisions of a State; Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa, or a general purpose political subdivision thereof; a combination of such political subdivisions that, except as provided in 106d)(4) of this title, is recognized by the Secretary; the District of Columbia; and the Trust Territory of the Pacific Islands. {... uc/ma ...}
   2) The term “State” means any State of the United States, or any instrumentality thereof approved by the Governor; and the Commonwealth of Puerto Rico.
   3) The term “metropolitan area” means a standard metropolitan statistical area as established by the Department of Commerce.
   4) The term “metropolitan city” means {... uc/ma ...}
   5) The term “city” means
      A) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or
      B) any other unit of general local government which is a town or township and which, in the determination of the Secretary,
         i) possesses powers and performs functions comparable to those associated with municipalities,
         ii) is closely settled, and
         iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census which have not entered into cooperation agreements with such town or township to undertake or to assist in the undertaking of essential community development and housing assistance activities.
   6) The term “urban county” means {... uc/ma ...}.
   7) The term “nonentitlement area” means an area which is not a metropolitan city or part of an urban county and does not include Indian tribes.
   8) The term “population” means total resident population based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.
   9) The term “extent of poverty” means the number of persons whose incomes are below the poverty level. Poverty levels shall be determined by the Secretary pursuant to criteria provided by the Office of Management and Budget, taking into account and making adjustments, if feasible and appropriate and in the sole discretion of the Secretary, for...
regional or area variations in income and cost of living, and shall be based on data referable to the same point or period in time.

10) The term "extent of housing overcrowding" means the number of housing units with 1.01 or more persons per room based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

11) The term "age of housing" means the number of existing housing units constructed in 1939 or earlier based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

12) The term "extent of growth lag" means \( \text{... uc/ma ...} \).

13) The term "housing stock" means the number of existing housing units based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

14) The term "adjustment factor" means \( \text{... uc/ma ...} \).

15) The term "predicted age of housing" means \( \text{... uc/ma ...} \).

16) The term "adjusted age of housing" means \( \text{... uc/ma ...} \).

17) The term "Indian tribe" means \( \text{... uc/ma ...} \).

18) The term "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this chapter.

19) The term "Secretary" means the Secretary of Housing and Urban Development.

20) Low and Moderate Income
   A) The terms "persons of low and moderate income" and "low- and moderate-income persons" mean families and individuals whose incomes do not exceed 80 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families. The term "persons of low income" means families and individuals whose incomes do not exceed 50 percent but does not exceed 80 of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families. The term "persons of moderate income" means families and individuals whose incomes do not exceed 50 percent of the median income of the area involved, as determined by the Secretary with adjustments for smaller and larger families. For purposes of such terms, the area involved shall be determined in the same manner as such area is determined for purposes of assistance under section 1437f of this title.

   B) The Secretary may establish percentages of median income for any area that are higher or lower than the percentages set forth in subparagraph (A) if the Secretary finds such variations to be necessary because of unusually high or low family incomes in such area.

21) The term "buildings for the general conduct of government" means city halls, county administrative buildings, State capitol or office buildings or other facilities in which the legislative or general administrative affairs of the government are conducted. Such term does not include such facilities as neighborhood service centers or special purpose buildings located in low_ and moderate-income areas that house various...
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22) the term "microenterprise" means a commercial enterprise that has five (5) or fewer employees, one (1) or more of whom owns the enterprise.
23) the term "small business" means a business that meets the criteria set forth in section 632(a) of title 15.

b) Where appropriate, the definition in subsection (a) of this section shall be based, with respect to any fiscal year, on the most recent data compiled by the United States Bureau of the Census and the latest published reports of the Office of Management and Budget available ninety days prior to the beginning of such fiscal year. The Secretary may by regulation change or otherwise modify the meaning of the terms defined in subsection (a) of this section in order to reflect any technical change or modification thereof made subsequent to such date by the United States Bureau of the Census or the Office of Management and Budget.
c) One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of a State or a unit of general local government to undertake activities assisted under this chapter.

c) [urban county] {... uc/ma ...]
d) [urban county] {... uc/ma ...]

Sec. 103. [Sec. 5303] Authorizations

The Secretary is authorized to make grants to States, units of general local government, and Indian tribes to carry out activities in accordance with the provisions of this chapter. There are authorized to be appropriated for these purposes {note: distribution of funds, which changes each year}. Sums authorized pursuant to this section shall remain available until expended.

Sec. 104. [Sec. 5304] Statement of Activities and Review

a) Statement of objectives and projected use by grantee –
1) prior to the receipt in any fiscal year of a grant {... uc/ma ...} under section 106(d) of this title by any State, {... uc/ma ...} the grantee shall have prepared a final statement of community development objectives and projected use of funds and shall have provided the Secretary with the certifications required in subsection (b) of this section {... uc/ma ...} . {... uc/ma ...} . In the case of States receiving grants pursuant to section 106(d) of this title, the statement of projected use of funds shall consist of the method by which the States will distribute funds to units of general local government.
2) in order to permit public examination and appraisal of such statements, to enhance the public accountability of grantees, and to facilitate the coordination of activities with different levels of government, the grantee shall in a timely manner –
   A) furnish citizens or, as appropriate, units of general local government information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be under-taken, including the estimated amount proposed to be used for activities that will benefit persons of low and
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moderate income and the plans of the grantee for minimizing displacement of persons as a result of activities assisted with such funds and to assist persons actually displaced as a result of such activities;

B) publish a proposed statement in such a manner to afford affected citizens or, as appropriate, units of general local government an opportunity to examine its content and to submit comments on the proposed statement and on the community development performance of the grantee;

C) hold one or more public hearings to obtain the views of citizens on community development and housing needs

D) provide citizens or, as appropriate, units of general local government with reasonable access to records regarding the past use of funds received under section 106 of this title by the grantee; and

E) provide citizens or, as appropriate, units of general local government with reasonable notice of, and opportunity to comment on, any substantial change proposed to be made in the use of funds received under section 106 of this title from one eligible activity to another or in the method of distribution of such funds. In preparing the final statement, the grantee shall consider any such comments and views and may, if deemed appropriate by the grantee, modify the proposed statement. The final statement shall be made available to the public, and a copy shall be furnished to the Secretary together with the certifications required under subsection (b) of this section. ... uc/ma ...

Any final statement of activities may be modified or amended from time to time by the grantee in accordance with the same procedure required in this paragraph for the preparation and submission of such statement.

3) A grant under section 106 of this title may be made only if the grantee certifies that it is following a detailed citizen participation plan which-

A) provides for and encourages citizen participation, with particular emphasis on participation by persons of low and moderate income who are residents of slum and blight areas and of areas in which section 106 [42 U.S.C. 5306] funds are proposed to be used, and in the case of a grantee described in section 5306(a) of this title, provides for participation of residents in low and moderate income neighborhoods as defined by the local jurisdiction;

B) provides citizens with reasonable and timely access to local meetings, information, and records relating to the grantee’s proposed use of funds, as required by regulations of the Secretary, and relating to the actual use of funds under this chapter;

C) provides for technical assistance to groups representative of persons of low and moderate income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;

D) provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance, which hearings shall be held after adequate notice, at times and locations...
convenient to potential or actual beneficiaries, and with accommodation for the handicapped;
E) provides for a timely written answer to written complaints and grievances, within 15 working days where practicable; and
F) identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

This paragraph may not be construed to restrict the responsibility or authority of the grantee for the development and execution of its community development program.

b) Any grant under section 106 of this title shall be made only if the grantee certifies to the satisfaction of the Secretary that -

1) the grantee is in full compliance with the requirements of subsection (a)(2)(A), (B), and (C) and has made the final statement available to the public;
2) the grant will be conducted and administered in conformity with the Civil Rights Act of 1964 and the Fair Housing Act, and the grantee will affirmatively further fair housing;
3) the projected use of funds has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight; the projected use of funds may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs, except that the aggregate use of funds received under section 106 of this title and, if applicable, as a result of a guarantee or grant under section 108 of this title, during a period specified by the grantee of not more than 3 years, shall principally benefit persons of low and moderate income in a manner that ensures that not less than 70 percent of such funds are used for activities that benefit such persons during such period;
4) it has developed a community development plan pursuant to subsection (m) of this section, for the period specified by the grantee under paragraph (3), that identified community development needs and specifies both short- and long-term community development in accordance with the primary objective and requirements of this chapter;
5) the grantee will not attempt to recover any capital costs of public improvements assisted in whole or part under section 106 of this title or with amounts resulting from a guarantee under section 108 of this title by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless
A) funds received under section 106 of this title are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this chapter; or
B) for purposes of assessing any amount against properties owned and
occupied by persons of moderate income, the grantee certifies to the
Secretary that it lacks sufficient funds received under section 106 of
this title to comply with the requirements of subparagraph (A); and
6) the grantee will comply with the other provisions of this chapter and with
other applicable laws.
c) {... uc/ma ...}
d) Antidisplacement Plan –
1) a grant under section 106 or 118 of this title may be made only if the
grantee certifies that it is following a residential antidisplacement and
relocation assistance plan. {... uc/ma ...} . A grantee receiving a grant
under section 106(d) of this title shall so certify to the State. {... uc/ma ...}
2) the residential antidisplacement and relocation assistance plan shall be
in connection with a development project assisted under section 106 or
118 of this title
A) in the event of such displacement, provide that-
   i) governmental agencies or private developers shall provide within
      the same community comparable replacement dwellings for the
      same number of occupants as could have been housed in the
      occupied and vacant occupiable low and moderate income
dwelling units demolished or converted to a use other than for
housing for low and moderate income persons, and provide that
such replacement housing may include existing housing assisted
with project based assistance provided under section 1437f if this
title
   ii) such comparable replacement dwellings shall be designed to
      remain affordable to persons of low and moderate income for 10
years from the time of initial occupancy;
   iii) relocation benefits shall be provided for all low or moderate
income persons who occupied housing demolished or converted
to a use other than for low or moderate income housing,
including reimbursement for actual and reasonable moving
expenses, security deposits, credit checks, and other moving-
related expenses, including any interim living costs; and in the
case of displaced persons of low and moderate income, provide either-
   I) compensation sufficient to ensure that, for a 5-year period,
      the displaced families shall not bear, after relocation, a ratio
of shelter costs to income that exceeds 30 percent; or
   II) if elected by a family, a lump-sum payment equal to the
      capitalized value of the benefits available under subclause (I)
to permit the household to secure participation in a housing
cooperative or mutual housing association;
   iv) persons displaced shall be relocated into comparable
replacement housing that is-
      I) decent, safe, and sanitary;
      II) adequate in size to accommodate the occupants;
      III) functionally equivalent; and
      IV) in an area not subject to unreasonably adverse
      environmental conditions;
B) provide that persons displaced shall have the right to elect, as an alternative to the benefits under this subsection to receive benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 if such persons determine that it is in their best interest to do so; and

C) provide that where a claim for assistance under subparagraph (A)(iv) is denied by grantee, the claimant may appeal to the Secretary in the case of a grant under section 106 or 118 of this title or to the appropriate State official in the case of a grant under section 106(d) of this title, and that the decision of the Secretary or State official shall be final unless a court determines the decision was arbitrary and capricious.

3) paragraphs (2)(A)(i) and (2)(A)(ii) shall not apply in any case in which the Secretary finds, on the basis of objective data, that there is available in the area an adequate supply of habitable affordable housing for low and moderate income persons. A determination under this paragraph is final and nonreviewable.

e) Each grantee shall submit to the Secretary, at a time determined by the Secretary, a performance and evaluation report concerning the use of funds made available under section 106 of this title, together with an assessment by the grantee of the relationship of such use of the objectives identified in the grantee's Statement under subsection (a) of this section and to the requirements of subsection (b)(3). Such report shall also be made available to the citizens in each grantee's jurisdiction in sufficient time to permit such citizens to comment on such report prior to its submission, in such manner and at such times as the grantee may determine. The grantee's report shall indicate its programmatic accomplishments, the nature of and reasons for changes in the grantee's program objectives, indications of how the grantee would change its programs as a result of its experiences, and an evaluation of the extent to which its funds were used for activities that benefited low-and moderate-income persons. The report shall include a summary of any comments received by the grantee from citizens in its jurisdiction respecting its program.
The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine –

1) {... uc/ma ...}

2) in the case of grants to States made under section 106(d) of this title whether the State has distributed funds to units of general local government in a timely manner and in conformance to the method of distribution described in its Statement, whether the State has carried out its certifications in compliance with the requirements of this chapter and other applicable laws, and whether the State has made such reviews and audits of the units of general local government as may be necessary or appropriate to determine whether they have satisfied the applicable performance criteria described in paragraph (1) of this subsection. The Secretary may make appropriate adjustments in the amount of the annual grants in accordance with the Secretary’s findings under this subsection. With respect to assistance made available to units of general local government under section 106(d) of this title, the Secretary may adjust, reduce, or withdraw such assistance, or take other action as appropriate in accordance with the Secretary’s reviews and audits under this subsection, except that funds already expended on eligible activities under this chapter shall not be recaptured or deducted from future assistance to such units of general local government.

f) Insofar as they relate to funds provided under this chapter, the financial transactions of recipients of such funds may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.

g) National Environmental Policy Act –
1) in order to assure that the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such act (as specified in regulations issued by the Secretary), are most effectively implemented in connection with the expenditure of funds under this chapter, and to assure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of funds for particular projects to recipients of assistance under this chapter who assume all of the responsibilities for environmental review, decision making, and action pursuant to such Act, and such other provisions of law as the regulations of the Secretary specify, that would apply to the Secretary were he to undertake such projects as Federal projects. The Secretary shall issue regulations to carry out this subsection only after consultation with the council on environmental quality.

2) the Secretary shall approve the release of funds for projects subject to the procedures authorized by this subsection only if, at least fifteen days prior to such approval and prior to any commitment of funds to such projects other than for purposes authorized by section 105(a)(12) of this title or for environmental studies, the recipient of assistance under this chapter has submitted to the Secretary a request for such release accompanied by a
certification which meets the requirements of paragraph (3). The Secretary's approval of any such certification shall be deemed to satisfy his responsibilities under the National Environmental Policy Act of 1969 and such other provisions of law as the regulations of the Secretary specify insofar as those responsibilities relate to the releases of funds for projects to be carried out pursuant thereto which are covered by such certification.

3) a certification under the procedures authorized by this sub-section shall—
   A) be in a form acceptable to the Secretary.
   B) be executed by the chief executive officer or other officer of the recipients of assistance under this chapter qualified under regulations of the Secretary.
   C) specify that the recipients of assistance under this chapter has fully carried out its responsibilities as described under paragraph (1) of this subsection, and
   D) specify that the certifying officer
      i) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 and each provision in the law specified in regulations issued by the Secretary; insofar as the provisions of such act or other such provision of the law, apply pursuant to paragraph (1) of this subsection, and
      ii) is authorized and consents on behalf of the recipients of assistance under this chapter and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

4) in the case of grants made to States pursuant to section 106(d) of this title, the State shall perform those actions of the Secretary described in paragraph (2) and the performance of such actions shall be deemed to satisfy the Secretary's responsibilities referred to in the second sentence of such paragraph.

h) Lump-Sum Payments -
   1) units of general local government receiving assistance under this chapter may receive funds, in one payment, in an amount not to exceed the total amount designated in the grant (or, in the case of a unit of general local government receiving a distribution from a State pursuant to section 106(d) of this title, not to exceed the total amount of such distribution) for use in establishing a revolving loan fund which is to be established in a private financial institution and which is to be used to finance rehabilitation activities assisted under this chapter. Rehabilitation activities authorized under this section shall begin within 45 days after receipt of such payment and substantial disbursements from such fund must begin within 180 days after receipt of such payment.
   2) the Secretary shall establish standards for such cash payments which will insure that the deposits result in appropriate benefits in support of the recipient's rehabilitation program. These standards shall be designed to assure that the benefits to be derived from the local program include, at a minimum, one or more of the following elements, or such other criteria as determined by the Secretary –
A) leverage of community development block grant funds so that participating financial institutions commit private funds for loans in the rehabilitation program in amounts substantially in excess of deposit of community development funds;
B) commitment of private funds for rehabilitation loans at below-market interest rates or with repayment periods lengthened or at higher risk than would normally be taken;
C) provision of administrative services in support of the rehabilitation program by the participating lending institutions; and
D) interest earned on such cash deposits shall be used in a manner which supports the community rehabilitation program.

i) {... uc/ma ...

j) Notwithstanding any other provision of law, any unit of general local government may retain any program income that is realized from any grant may by the Secretary, or any amount distributed by a State, under section 106 of this title if –
1) such income was realized after the initial disbursement of the funds received by such unit of general local government under such section; and
2) such unit of general local government has agreed that it will utilize the program income for eligible community development activities in accordance with the provisions of this chapter; except that the Secretary may, by regulation, exclude from consideration as program income any amounts determined to be so small that compliance with this subsection creates an unreasonable administrative burden on the unit of general local government. A State may require as a condition of any amount distributed by such State under section 5306(d) of this title that a unit of general local government shall pay to such State any such income to be used by such State to fund additional eligible community development activities, except that such State shall waive such condition to the extent such income is applied to continue the activity from which such income was derived.

k) Each grantee shall provide for reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance received under this chapter to acquire or substantially rehabilitate property.

l) No funds authorized to be appropriated under section 5303 of this title may be obligated or expended to any unit of general local government that –
1) fails to adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; or
2) fails to adopt and enforce a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstration within its jurisdiction.

m) Community development plans –
1) in general, prior to the receipt in any fiscal year of a grant from the Secretary under subsection (b), (d)(1), or (d)(2)(b) of section 106 of this title, each recipient shall have prepared and submitted in accordance with this subsection and in such standardized form as the Secretary

Program Income

Community Development Plans
shall, by regulation, prescribe a description of its nonhousing community development needs eligible for assistance under this chapter.

2) local government - in the case of a recipient that is a unit of local general government –
   A) prior to the submission required by paragraph (1), the recipient shall, to the extent practicable, notify adjacent units of general local government and solicit the views of citizens on priority nonhousing community development needs; and
   B) the description required under paragraph (1) shall be submitted to the Secretary, the State, and any other unit of general local government within which the recipient is located, in such standardized form as the Secretary shall, by regulation, prescribe.

3) States - in the case of a recipient that is a State, the description required by paragraph (1) –
   A) shall include only the needs within the State that affect more than one unit of general local government and involve activities typically funded by such State under this chapter; and
   B) shall be submitted to the Secretary in such standard form as the Secretary, by regulation, shall prescribe.

4) effect of submission - a submission under this subsection shall not be binding with respect to the use or distribution of amounts received under section 106 of this title.

Sec. 105. [Sec. 5305] Eligible Activities

a) Activities assisted under this chapter may include only –
   1) the acquisition of real property (including air rights, water rights, and other interests therein) which is
      A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;
      B) appropriate for rehabilitation or conservation activities;
      C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development;
      D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this chapter; or
      E) to be used for other public purposes;
   2) the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation which promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;
   3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area;
   4) clearance, demolition, removal, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition
for rehabilitation, and rehabilitation, of privately owned properties and including the renovation of closed school buildings);

5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this chapter;

7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this chapter or its retention for public purposes;

8) provisions of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the Statement with respect to which funds are to be made available under this chapter, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per centum of the amount of any assistance to a unit of general local government (or in the case of nonentitled communities not more than 15 per centum statewide) under this chapter, including program income, may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this chapter for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, and {... uc/ma ...} ;

9) payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under this chapter;

10) payment of the cost of completing a project funded under chapter I of the Housing Act of 1949;

11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

12) activities necessary
   A) to develop a comprehensive community development plan, and
   B) to develop a policy-planning-management capacity so that the recipient of assistance under this chapter may more rationally and effectively
      i) determine its needs,
      ii) set long-term goals and short-term objectives,
iii) devise programs and activities to meet these goals and objectives,
iv) evaluate the progress of such programs in accomplishing these goals and objectives, and
v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;

13) payment of reasonable administrative costs related to establishing and administering Federally approved enterprise zones and payment of reasonable administrative costs and carrying charges related to –
A) administering the HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act; and
B) the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in section 461(e) of title 40 on August 12, 1981; and

14) provision of assistance including loans (both interim and long term) and grant for activities which are carried out by public or private nonprofit entities, including
A) acquisition of real property;
B) acquisition, construction, reconstruction, rehabilitation, or installation of
   i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and
   ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and
C) planning;

15) assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities of nonenentitlement areas, or entities organized under section 681(d) of title 15 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c), and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of a neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

16) activities necessary to the development of energy use strategies related to recipient’s development goals, to assure that those goals are achieved with maximum energy efficiency, including items such as –
A) an analysis of the manner in, and the extent to, which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements
budgeting, land use planning and zoning, and traffic control, parking, and public transportation functions; and

B) a Statement of the actions the community will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low- and moderate-income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities;

17) provision of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that –
   A) creates or retains jobs for low- and moderate-income persons;
   B) prevents or eliminates slums and blight;
   C) meets urgent needs;
   D) creates or retains businesses owned by community residents;
   E) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
   F) provides technical assistance to promote any of the activities under subparagraphs a) through (e);

18) the rehabilitation or development of housing assisted under section 17 of the United States Housing Act of 1937;

19) provision of assistance to facilitate substantial reconstruction of housing owned and occupied by low and moderate income persons; and
   A) where the need for reconstruction was not determinable until after rehabilitation under this section had already commenced, or
   B) where the reconstruction is part of a neighborhood rehabilitation effort and the grantee
      i) determines the housing is not suitable for rehabilitation, and
      ii) demonstrates to the satisfaction of the Secretary that the cost of substantial reconstruction is significantly less than the cost of new construction and less than the fair market value of the property after substantial reconstruction.

20) provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative cost as defined in paragraph (13);

21) housing services, such as housing counseling in connection with tenant-based rental assistance and affordable housing projects assisted under title II of the Cranston-Gonzalez National Affordable Housing Act [42 U.S.C. 12721 et seq.], energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities assisted under title II of the Cranston-Gonzalez National Affordable Housing Act;
22) provision of assistance by recipients under this chapter to institutions of higher education having a demonstrated capacity to carry out eligible activities under this subsection for carrying out such activities;

23) provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by –
   A) providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of microenterprises;
   B) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in microenterprise activities) to owners of microenterprises and persons developing microenterprises; and
   C) providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises;

24) activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low- and moderate-income neighborhoods; and

25) provision of direct assistance to facilitate and expand home ownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8) by using such assistance to:
   A) subsidize interest rates and mortgage principal amounts for low- and moderate-income home buyers;
   B) finance the acquisition by low- and moderate-income home buyers of housing that is occupied by the home buyers;
   C) acquire guarantees for mortgage financing obtained by low- and moderate-income home buyers from private lenders (except that amounts received under this chapter may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this chapter may not directly provide such guarantees);
   D) provide up to 50 percent of any down payment required from low- or moderate-income home buyer; or
   E) pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low- or moderate-income home buyers.

26) Lead-based paint hazard evaluation and reduction, as defined in section 4851b of this title. [note: designated as subsection (21) in legislation]

b) Upon the request of the recipient of assistance under this chapter, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with loans or grants for the rehabilitation of properties as authorized under subsection (a)(4).

c) Low- Moderate-Income Qualifications –
1) in any case in which an assisted activity described in paragraph (14) or (17) of subsection (a) is identified as principally benefiting persons of low and moderate income, such activity shall
   A) be carried out in a neighborhood consisting of persons of low and moderate income and provide services for such persons; or
   B) involve facilities designed for the use predominately by persons of low and moderate income; or
   C) involve employment of persons, a majority of whom are persons of low and moderate income.

2) Area-Wide Benefit

   A) in any case in which an assisted activity described in subsection (a) is designed to serve an area generally and is clearly designed to meet identified needs of persons of low and moderate income in such area, such activity shall be considered to principally benefit persons of low and moderate income if
      i) not less than 51 percent of the residents of such area are persons of low and moderate income; or
      ii) [metropolitan city or urban county] {... uc/ma ...}
      iii) the assistance for such activity is limited to paying assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low and moderate income to recover the capital costs for a public improvement.
   B) the requirement of subparagraph (a) do not prevent the use of assistance under this chapter for the development, establishment, and operation of not to exceed 2 years after its establishment of a uniform emergency telephone number system if the Secretary determines that-
      i) such system will contribute substantially to the safety of the residents of the area served by such system;
      ii) not less than 51 percent of the use of the system will be by persons of low and moderate income; and
      iii) other Federal funds received by the grantee are not available for the development, establishment, and operation of such system due to the insufficiency of the amount of such funds, the restrictions on the use of such funds, or the prior commitment of such funds for other purposes by the grantee. The percentage of the cost of the development, establishment, and operation of such a system that may not be paid from assistance under this chapter and that is considered to benefit low and moderate income persons is the percentage of the population to be served that is made up of persons of low and moderate income.

3) Any assisted activity under this chapter that involves the acquisition of rehabilitation of property to provide housing shall be considered to benefit persons of low and moderate income only to the extent such housing will, upon completion, be occupied by such persons.

4) For purposes of subsection (c)(1)(c)-
   A) if an employee resides in, or the assisted activity through which he or she is employed, is located in a census tract that meets the
Federal enterprise zone eligibility criteria, the employee shall be presumed to be a person of low- or moderate-income; or

B) if an employee resides in a census tract where not less than 70 percent of the residents have incomes at or below 80 percent of the area median, the employee shall be presumed to be a person of low- or moderate-income.

d) {... uc/ma ...}

e) Guidelines for evaluating and selecting economic development project –

1) Establishment- the Secretary shall establish, by regulation, guidelines to assist grant recipients under this chapter to evaluate and select activities described in section 105(a)(14), (15), and (17) for assistance with grant amounts. The Secretary shall not base a determination of eligibility of the use of funds under this chapter for such assistance solely on the basis that the recipient fails to achieve one or more of the guidelines' objectives as stated in paragraph (2).

2) project costs and financial requirements.- the guidelines established under this subsection shall include the following objectives:
   
   A) the project costs of such activities are reasonable.
   B) to the extent practicable, reasonable financial support has been committed for such activities from non-Federal sources prior to the disbursement of Federal funds.
   C) to the extent practicable, any grant amounts to be provided for such activities do not substantially reduce the amount of non-Federal financial support for the activity.
   D) such activities are financially feasible.
   E) to the extent practicable, such activities provide not more than a reasonable return on investment to the owner.
   F) to the extent practicable, grant amounts used for the costs of such activities are disbursed on a pro rata basis with the amounts of other sources.

3) public benefit.- the guidelines established under this subsection shall provide that the public benefit provided by the activity is appropriate relative to the amount of assistance provided with grant amounts under this chapter.

f) Assistance to for-profit entities.- in any case in which an activity described in paragraph (17) of subsection (a) is provided assistance such assistance shall not be limited to activities for which no other forms of assistance are available or could not be accomplished but for that assistance.

g) Microenterprise and small business program requirements. - in developing program requirements and providing assistance pursuant to paragraph (17) of subsection (a) to a microenterprise or small business, the Secretary shall –

1) take into account the special needs and limitations arising from the size of the entity; and

2) not consider training, technical assistance, or other support services costs provided to small businesses or microenterprises or to grantees and subgrantees to develop the capacity to provide such assistance, as a planning cost pursuant to section 105(a)(12) or an administrative cost pursuant to section 105(a)(13).
Sec. 106. [Sec. 5306] Allocation and Distribution of Funds

a) [Indian tribes] {... uc/ma ...}
b) [Metropolitan cities] {... uc/ma ...}
c) [Metropolitan cities and urban counties] {... uc/ma ...}
d) States –
   1) Of the amount approved in an appropriation Act under section 5303 of this title that remains after allocations pursuant to paragraphs (1) and (2) of subsection (a) of this section, 30 per centum shall be allocated among the States for use in nonentitlement areas. The allocation for each State shall be the greater of an amount that bears the same ratio to the allocation for such areas of all States available under this subparagraph as either –
      A) the average of the ratios between –
         i) the population of the nonentitlement areas in that State and the population of the nonentitlement areas of all States;
         ii) the extent of poverty in the nonentitlement areas in that State and the extent of poverty in the nonentitlement areas of all States; and
         iii) the extent of housing overcrowding in the nonentitlement areas in that State and the extent of housing overcrowding in the nonentitlement areas of all States;
      B) the average of the ratios between –
         i) the age of housing in the nonentitlement areas in that State and the age of housing in the nonentitlement areas of all States;
         ii) the extent of poverty in the nonentitlement areas in that State and the extent of poverty in the nonentitlement areas of all States;
         iii) the population of the nonentitlement areas in that State and the population of the nonentitlement areas of all States.
   In determining the average of the ratios under subparagraph (A) the ratio involving the extent of poverty shall be counted twice and each of the other ratios shall be counted once; and in determining the average of the ratios under subparagraph (b), the ratio involving the age of housing shall be counted two and one-half times, the ratio involving the extent of poverty shall be counted one and one-half times, and the ratio involving population shall be counted once. The Secretary shall, in order to compensate for the discrepancy between the total of the amounts to be allocated under this paragraph and the total of the amounts available under such paragraph, make a pro rata reduction of each amount allocated to the nonentitlement areas in each State under such paragraph so that the nonentitlement areas in each State will receive an amount which represents the same percentage of the total amount available under such paragraph as the percentage which the nonentitlement areas of the same State would have received under such paragraph if the total amount available under such
paragraph had equaled the total amount which was allocated under such paragraph.

2) Distribution to Local Governments
   A) amounts allocated under paragraph (1) shall be distributed to units of general local government located in nonenentitlement areas of the State to carry out activities in accordance with the provisions of this chapter –
      i) by a State that has elected, in such manner and at such time as the Secretary shall prescribe, to distribute such amounts, consistent with the Statement submitted under section 104(a); or
      ii) [by Secretary of HUD] {... uc/ma ...}
   Any election to distribute funds made after the close of fiscal year 1984 is permanent and final. Notwithstanding any provision of this chapter, the Secretary shall make grants from amounts authorized for use in nonenentitlement areas by the Department of Housing and Urban Development - Independent Agencies Appropriation Act, 1981, in accordance with the provisions of this chapter which governed grants with respect to such amounts, as such provisions existed prior to the effective date of the Housing and Community Development Amendments of 1981. Any amounts under the preceding sentence (except amounts for which preapplications have been approved by the Secretary prior to October 1, 1981, and which have been obligated by January 1, 1982) which are or become available for obligation after fiscal year 1981 shall be available for distribution in the State in which the grants from such amounts were made, by the State or by the Secretary, whichever is distributing the State allocation in the fiscal year in which such amounts are or become available.
   B) the Secretary shall distribute amounts allocated under paragraph (1) if the State has not elected to distribute such amounts.
   C) to receive and distribute amounts allocated under paragraph (1), the Governor must certify that the State, with respect to units of general local government in nonenentitlement areas –
      i) engages or will engage in planning for community development activities;
      ii) provides or will provide technical assistance to units of general local government in connection with community development programs;
      iii) will not refuse to distribute such amounts to any unit of general local government on the basis of the particular eligible activity selected by such unit of general local government to meet its community development needs, except that this change may be considered to prevent a State from establishing priorities in distributing such amounts on the basis of the activities selected; and
      iv) has consulted with local elected officials from among units of general local government located in nonenentitlement areas of that State in determining the method of distribution of funds required by subparagraph (A).
   D) to receive and distribute amounts allocated under paragraph (1), the State shall certify that each unit of general local government to be
distributed funds will be required to identify its community
development and housing needs, including the needs of low and
moderate income persons, and the activities to be undertaken to
meet such needs.

3) Administrative Expenses
   A) if the State receives and distributes such amounts, it shall be
      responsible for the administration of funds so distributed. The State
      shall pay from its own resources all administrative expenses
      incurred by the State in carrying out its responsibilities under this
      chapter or section 143o(e) of this title, except that from the amounts
      received for distribution in nonentitlement areas, the State may
      deduct an amount to cover such expenses and its administrative
      expenses under section 810 of this act not to exceed the sum of
      $100,000 plus 50 percent of any such expenses under this chapter
      in excess of $100,000. Amounts deducted in excess of $100,000
      shall not exceed 2 percent of the amount so received.
   B) [distribution by Secretary of HUD] {... uc/ma ...}
   C) any amounts allocated for use in a State under paragraph (1) that
      are not received by the State for any fiscal year because of failure to
      meet the requirements of subsection (a) or (b) of section 104 or to
      make the certifications required in subparagraphs (C) and (D) of
      paragraph (2), or that become available as a result of actions
      against the State under section 104(d) or 111, shall be added to
      amounts allocated to all States under paragraph (1) for the
      succeeding fiscal year.
   D) any amounts allocated for use in a State under paragraph (1) that
      becomes available as a result of actions under section 104(e) or 111
      against units of general local government in nonentitlement areas
      of the State or as a result of the closeout of a grant made by the
      Secretary under this section in nonentitlement areas of the State
      shall be added to amounts allocated to the State under paragraph
      (1) for the fiscal year in which the amounts become so available.

4) any combination of units of general local governments may not be
   required to obtain recognition by the Secretary pursuant to section
   102(a)(1) to be treated as a single unit of general local government for
   purposes of this subsection.

5) from the amounts received under paragraph (1) for distribution in
   nonentitlement areas, the State may deduct an amount, not to exceed
   1 percent of the amount so received, to provide technical assistance to
   local governments and nonprofit program recipients.

5a) no amount may be distributed by any State or the Secretary under this
     subsection to any unit of general local government located in a
     nonentitlement area unless such unit of general local government
     certifies that-
        A) it will minimize displacement of persons as a result of activities
           assisted with such amounts;
        B) its program will be conducted and administered in conformity with
           the civil rights act of 1964 and the fair housing act, and that it will
           affirmatively further fair housing;
C) it will provide for opportunities for citizen participation, hearings, and access to information with respect to its community development program that are comparable to those required of grantees under section 104(a)(2); and

D) it will not attempt to recover any capital costs of public improvements assisted in whole or part under this section or with amounts resulting from a guarantee under section 108 of this title by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless

i) funds received under this section are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this chapter; or

ii) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certified to the Secretary or such State, as the case may be, that it lacks sufficient funds received under section 106 to comply with the requirements of clause (i).

6) any activities conducted with amounts received by a unit of general local government under this subsection shall be subject to the applicable provisions of this chapter and other Federal law in the same manner and to the same extent as activities conducted with amounts received by a unit of general local government under subsection (a).

e) The Secretary may fix such qualification or submission dates as he determines are necessary to permit the computations and determinations required by this section to be made in a timely manner, and all such computations and determinations shall be final and conclusive.

f) {... uc/ma ...}

Sec. 107. [Sec. 5307] Special Purpose Grants

{... uc/ma ...}

Sec. 108. [Sec. 5308] Guarantee of Loans

a) Authority of Secretary; issuance of obligations by eligible public entities or designated public agencies; form, denomination, maturity, and conditions of notes or other obligations; percentage allocation requirements The Secretary is authorized, upon such terms and conditions as the Secretary may prescribe, to guarantee and make commitments to guarantee, only to such extent or in such amounts as provided in appropriation Acts, the notes or other obligations issued by eligible public entities, or by public agencies designated by such eligible public entities, for the purposes of financing –

1) acquisition of real property or the rehabilitation of real property owned by the eligible public entity (including such related expenses as the Secretary may permit by regulation);

2) housing rehabilitation;

3) economic development activities permitted under paragraphs (14), (15), and (17) of section 5305(a) of this chapter;
4) construction of housing by nonprofit organizations for home ownership under section 1437o(d) \1\ of this chapter or chapter VI of the Housing and Community Development Act of 1987;
5) the acquisition, construction, reconstruction, or installation of public facilities (except for buildings for the general conduct of government); or
6) in the case of colonias (as such term is defined in section 916 of the Cranston-Gonzalez National Affordable Housing Act), public works and site or other improvements. A guarantee under this section may be used to assist a grantee in obtaining financing only if the grantee has made efforts to obtain such financing without the use of such guarantee and cannot complete such financing consistent with the timely execution of the program plans without such guarantee.

Notes or other obligations guaranteed pursuant to this section shall be in such form and denominations, have such maturities, and be subject to such conditions as may be prescribed by regulations issued by the Secretary. The Secretary may not deny a guarantee under this section on the basis of the proposed repayment period for the note or other obligation, unless the period is more than 20 years or the Secretary determines that the period causes the guarantee to constitute an unacceptable financial risk.

Notwithstanding any other provision of law and subject only to the absence of qualified applicants or proposed activities and to the authority provided in this section, to the extent approved or provided in appropriation Acts, the Secretary shall enter into commitments to guarantee notes and obligations under this section with an aggregate principal amount of $2,000,000,000 for fiscal year 1993 and $2,000,000,000 for fiscal year 1994. Of the amount approved in any appropriation Act for guarantees under this section in any fiscal year, the Secretary shall allocate 70 percent for guarantees for metropolitan cities, urban counties, and Indian tribes and 30 percent for guarantees for units of general local government in nonentitlement areas.

The Secretary may waive the percentage requirements of the preceding sentence in any fiscal year only to the extent that there is an absence of qualified applicants or proposed activities from metropolitan cities, urban counties, and Indian tribes or units of general local government in nonentitlement areas.

b) Prerequisites – No guarantee or commitment to guarantee shall be made with respect to any note or other obligation if the issuer’s total outstanding notes or obligations guaranteed under this section (excluding any amount defeased under the contract entered into under subsection (d)(1)(A) of this section) would thereby exceed an amount equal to 5 times the amount of the grant approval for the issuer pursuant to section 5306 or 5307 of this chapter.

c) Payment of principal, interest and costs – Notwithstanding any other provision of this chapter, grants allocated to an issuer pursuant to this chapter (including program income derived therefrom) are authorized for use in the payment of principal and interest due (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) on the notes or other obligations guaranteed pursuant to this section.

d) Repayment contract; security; pledge by State –

1) To assure the repayment of notes or other obligations and charges incurred under this section and as a condition for receiving such guarantees, the Secretary shall require the issuer to-
A) enter into a contract, in a form acceptable to the Secretary, for repayment of notes or other obligations guaranteed hereunder;
B) pledge any grant for which the issuer may become eligible under this chapter; and
C) furnish, at the discretion of the Secretary, such other security as may be deemed appropriate by the Secretary in making such guarantees, including increments in local tax receipts generated by the activities assisted under this chapter or dispositions proceeds from the sale of land or rehabilitated property.

2) To assist in assuring the repayment of notes or other obligations and charges incurred under this section, a State shall pledge any grant for which the State may become eligible under this chapter as security for notes or other obligations and charges issued under this section by any unit of general local government in a nonentitlement area in the State.

e) Pledged grants for repayments - The Secretary is authorized, notwithstanding any other provision of this chapter, to apply grants pledged pursuant to paragraphs (1)(B) and (2) of subsection (d) of this section to any repayments due the United States as a result of such guarantees.

f) Full faith and credit of United States pledged for payment; conclusiveness and validity of guarantee - The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee with respect to principal and interest, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

g) Issuance of obligations by Secretary to Secretary of the Treasury to satisfy authorized guarantee obligations; establishment of maturities and rates of interest and purchase of obligations by Secretary of the Treasury

The Secretary may issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to enable the Secretary to carry out his obligations under guarantees authorized by this section. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Secretary issued under this section, and for such purposes is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of chapter 31, and the purposes for which such securities may be issued under such chapter are extended to include the purchases of the Secretary's obligations hereunder.

h) Federal taxation of guaranteed obligations; grants to borrowing entity or agency of taxable obligations for net interest costs, etc.; limitation on amount of grant; assistance to issuer in hardship cases

Obligations guaranteed under this section shall be subject to Federal taxation as provided in subsection (j) of this section. The Secretary is authorized to make, and to contract to make, grants, in such amounts as may be approved in appropriations Acts, to or on behalf of the issuing eligible public entity or public agency to cover not to exceed 30 per centum of the net interest cost (including such servicing, underwriting, or other costs as may be specified in
regulations of the Secretary) to the borrowing entity or agency of such obligations. The Secretary may also, to the extent approved in appropriation Acts, assist the issuer of a note or other obligation guaranteed under this section in the payment of all or a portion of the principal and interest amount due under the note or other obligation, if the Secretary determines that the issuer is unable to pay the amount because of circumstances of extreme hardship beyond the control of the issuer.

i) Repealed

j) Inclusion within gross income for purpose of chapter 1 of chapter 26 of interest paid on taxable obligations

With respect to any obligation issued by an eligible public entity or designated agency which is guaranteed pursuant to this section, the interest paid on such obligation shall be included in gross income for the purpose of chapter 1 of chapter 26.

k) Outstanding obligations; limitation; monitoring use of guarantees under this section –

1) The total amount of outstanding obligations guaranteed on a cumulative basis by the Secretary pursuant to subsection (a) of this section shall not at any time exceed $3,500,000,000 or such higher amount as may be authorized to be appropriated for sections 5306 and 5307 of this chapter for any fiscal year.

2) The Secretary shall monitor the use of guarantees under this section by eligible public entities. If the Secretary finds that 50 percent of the aggregate guarantee authority has been committed, the Secretary may:

A) impose limitations on the amount of guarantees any one entity may receive in any fiscal year of $35,000,000 for units of general local government receiving grants under section 5306(b) of this chapter and $7,000,000 for units of general local government receiving grants under section 5306(d) of this chapter; or

B) request the enactment of legislation increasing the aggregate limitation on guarantees under this section.

l) Purchase of guaranteed obligations by Federal Financing Bank Notes or other guarantees under this section may not be purchased by the Federal Financing Bank.

m) Limitation on imposition of fee or charge –

No fee or charge may be imposed by the Secretary or any other Federal agency on or with respect to a guarantee made by the Secretary under this section after February 5, 1988.

n) State assistance in submission of applications –

Any State that has elected under section 5306(d)(2)(A) of this chapter to distribute funds to units of general local government in nonentitlement areas may assist such units in the submission of applications for guarantees under this section.

n) For purposes of this section, the term “eligible public entity” means any unit of general local government, including units of general local government in nonentitlement areas.

o) Training and information activities relating to Home Guarantee Program –
1) The Secretary, in cooperation with eligible public entities, shall carry out training and information activities with respect to the guarantee program under this section. Such activities shall commence not later than 1 year after November 28, 1990.

2) The Secretary may use amounts set aside under section 5307 of this chapter to carry out this subsection.

p) Economic development grants –
   1) The Secretary may make grants in connection with notes or other obligations guaranteed under this section to eligible public entities for the purpose of enhancing the security of loans guaranteed under this section or improving the viability of projects financed with loans guaranteed under this section.

   2) Eligible activities. Assistance under this subsection may be used only for the purposes of and in conjunction with projects and activities assisted under subsection (a) of this section.

   3) Applications. Applications for assistance under this subsection may be submitted only by eligible public entities, and shall be in the form and in accordance with the procedures established by the Secretary. Eligible public entities may apply for grants only in conjunction with requests for guarantees under subsection (a) of this section.

   4) Selection criteria. The Secretary shall establish criteria for awarding assistance under this subsection. Such criteria shall include:
       A) the extent of need for such assistance;
       B) the level of distress in the community to be served and in the jurisdiction applying for assistance;
       C) the quality of the plan proposed and the capacity or potential capacity of the applicant to successfully carry out the plan; and
       D) such other factors as the Secretary determines to be appropriate.

q) Guarantee of obligations backed by loans –
   1) Authority. The Secretary may, upon such terms and conditions as the Secretary considers appropriate, guarantee the timely payment of the principal of and interest on such trust certificates or other obligations as may:
       A) be offered by the Secretary or by any other offer or approved for purposes of this subsection by the Secretary; and
       B) be based on and backed by a trust or pool composed of notes or other obligations guaranteed or eligible for guarantee by the Secretary under this section.

   2) Full faith and credit. To the same extent as provided in subsection (f) of this section, the full faith and credit of the United States is pledged to the payment of all amounts that may be required to be paid under any guarantee made by the Secretary under this subsection.

   3) Subrogation. If the Secretary pays a claim under a guarantee made under this section, the Secretary shall be subrogated for all the rights of the holder of the guaranteed certificate or obligation with respect to such certificate or obligation.

   4) Effect of laws. No State or local law, and no Federal law, shall preclude or limit the exercise by the Secretary of:
       A) the power to contract with respect to public offerings and other sales of notes, trust certificates, and other obligations guaranteed under
this section upon such terms and conditions as the Secretary deems appropriate;

B) the right to enforce any such contract by any means deemed appropriate by the Secretary; and

C) any ownership rights of the Secretary, as applicable, in notes, certificates, or other obligations guaranteed under this section, or constituting the trust or pool against which trust certificates, or other obligations guaranteed under this section, are offered.
Sec. 109. [Sec. 5309] Nondiscrimination

a) No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this chapter. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 794 of title 29 shall also apply to any such program or activity.

b) Whenever the Secretary determines that a State or unit of general local government which is a recipient of assistance under this chapter has failed to comply with subsection (a) or an applicable regulation, he shall notify the Governor of such State or chief executive officer of such unit of general local government of the noncompliance and shall request the Governor or chief executive officer to secure compliance. If within a reasonable period of time, not to exceed sixty days, the Governor or chief executive officer fails or refuses to secure compliance, the Secretary is authorized to –

1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;

2) exercise the powers and functions provided by Chapter VI of the Civil Rights Act of 1964;

3) exercise the powers and functions provided for in section 111(a) of this title; or

4) take such other action as may be provided by law.

c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that a State government or unit of general local government is engaged in a pattern or practice in violation of the provisions of this section, the attorney general may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

d) {... uc/ma ...}

Sec. 110. [Sec. 5310] Labor Standards

a) All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of labor in accordance with the Davis-Bacon Act, as amended [40 U.S.C. 276a - 276a-5]; provided that this section shall apply to the rehabilitation of residential property only if such contains not less than 8 units. The Secretary of labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 [15 f.r. 3176; 64 stat. 1267] and 276c of title 40 [48 stat. 948; 40 U.S.C. 276(c)].

b) Subsection (a) shall not apply to any individual that-

1) performs services for which the individual volunteered;

2) A) does not receive compensation for such services; or B) is paid expenses, reasonable benefits, or a nominal fee for such services; and
3) is not otherwise employed at any time in the construction work.

**Sec. 111. [Sec. 5311] Remedies for Noncompliance**

a) If the Secretary finds after reasonable notice and opportunity for hearing that a recipient of assistance under this chapter has failed to comply substantially with any provision of this chapter, the Secretary, until he is satisfied that there is no longer any such failure to comply, shall –
   1) terminate payments to the recipient under this chapter, or
   2) reduce payments to the recipient under this chapter by an amount equal to the amount of such payments which were not expended in accordance with this chapter, or
   3) limit the availability of payments under this chapter to programs, projects, or activities not affected by such failure to comply.

b) Waiver by Secretary –
   1) in lieu of, or in addition to, any action authorized by subsection (a), the Secretary may, if he has reason to believe that a recipient has failed to comply substantially with any provision of this chapter, refer the matter to the attorney general of the United States with a recommendation that an appropriate civil action be instituted.
   2) upon such a referral the attorney general may bring a civil action in any United States district court having venue thereof for such relief as may be appropriate, including an action to recover the amount of the assistance furnished under this chapter which was not expended in accordance with it, or for mandatory or injunctive relief.

c) Receipt of Notice –
   1) any recipient which receives notice under subsection (a) of the termination, reduction, or limitation of payments under this chapter may, within sixty days after receiving such notice, file with the United States court of appeals for the circuit in which such State is located, or in the United States court of appeals for the district of Columbia, a petition for review of the Secretary's action. The petitioner shall forthwith transmit copies of the petition to the Secretary and the attorney general of the United States, who shall respect the Secretary in the litigation.
   2) the Secretary shall file in the court record of the proceeding on which he based his action, as provided in section 2112 of chapter 28, United States code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.
   3) the court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings of fact by the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may order additional evidence to be taken by the Secretary, and to be made part of the record. The Secretary may modify his findings of fact, or make new findings, by reason of the new evidence so taken and filed with the court, and he shall also file such modified or new findings, which findings with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole, and shall also
file his recommendation, if any, for the modification or setting aside of his original action.

4) upon the filing of the record with the court, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that such judgment shall be subject to review by the supreme court of the United States upon writ of certiorari or certification as provided in section 1254 of chapter 28, United States code.

Sec. 112. [Sec. 5312] Use of Grants to Settle Outstanding Urban Renewal Loans

{... uc/ma ...}

Sec. 113. [Sec. 5313] Reporting Requirements

a) Not later than 180 days after the close of each fiscal year in which assistance under this chapter is furnished, the Secretary shall submit to the congress a report which shall contain –

1) a description of the progress made in accomplishing the objectives of this chapter;

2) a summary of the use of such funds during the preceding fiscal year;

3) {... uc/ma ...}

4) a description of the activities carried out under section 108.

b) The Secretary is authorized to require recipients of assistance under this chapter to submit to him such reports and other information as may be necessary in order for the Secretary to make the report required by subsection (a).

Sec. 114. [Sec. 5314] Consultation

{... uc/ma ...}

Sec. 115. [Sec. 5315] Interstate Agreements

{... uc/ma ...}


{... uc/ma ...}

Sec. 117. [Sec. 5317] Liquidation of Superseded Programs

{... uc/ma ...}

Sec. 118a [Sec. 5318a] John Heinz Neighborhood Development Program

{... uc/ma ...}

Sec. 119. [Sec. 5319] Fair Participation for Small Communities

No community shall be barred from participating in any program authorized under this chapter solely on the basis of population, except as expressly authorized by statute.

Sec. 120. [Sec. 5320] Historic Preservation Requirements

a) Regulations. With respect to applications for assistance under section 5318 of this chapter, the Secretary of the Interior, after consulting with the
Secretary, shall prescribe and implement regulations concerning projects funded under section 5318 of this chapter and their relationship with –

1) An Act to establish a program for the preservation of additional historic properties throughout the Nation, and for other purposes", approved October 14, 1966, as amended [16 U.S.C. 470 et seq.]; and

2) An Act to provide for the preservation of historical and archaeological data (including relics and specimens) which might otherwise be lost as a result of the construction of a dam", approved June 27, 1960, as amended [16 U.S.C. 469 to 469c-1].

b) Actions by State historic preservation officer and Secretary of the Interior. In prescribing and implementing such regulations with respect to applications submitted under section 5318 of this chapter which identify any property pursuant to subsection (c)(4)(B) of such section, the Secretary of the Interior shall provide at least that –

1) the appropriate State historic preservation officer (as determined in accordance with regulations prescribed by the Secretary of the Interior) shall, not later than 45 days after receiving information from the applicant relating to the identification of properties which will be affected by the project for which the application is made and which may meet the criteria established by the Secretary of the Interior for inclusion on the National Register of Historic Places (together with documentation relating to such inclusion), submit his or her comments, together with such other information considered necessary by the officer, to the applicant concerning such properties; and

2) the Secretary of the Interior shall, not later than 45 days after receiving from the applicant the information described in paragraph (1) and the comments submitted to the applicant in accordance with paragraph (1), make a determination as to whether any of the properties affected by the project for which the application is made is eligible for inclusion on the National Register of Historic Places.

c) Regulations by Advisory Council on Historic Preservation providing for expeditious action. The Advisory Council on Historic Preservation shall prescribe regulations providing for expeditious action by the Council in making its comments under section 106 of the Act [16 U.S.C. 470f] referred to in subsection (a)(1) of this title in the case of properties which are included on, or eligible for inclusion on, the National Register of Historic Places and which are affected by a project for which an application is made under section 5318 of this title.

Sec. 121 [Sec. 5321] Suspension of Requirements for Disaster Areas

For funds designated under this chapter by a recipient to address the damage in an area for which the President has declared a disaster under chapter IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, the Secretary may suspend all requirements for purposes of assistance under section 106 of this title for that area, except for those related to public notice of funding availability, nondiscrimination, fair housing, labor standards, environmental standards, and requirements that activities benefit persons of low and moderate-income.
This is an abridgement of Chapter I of the Housing and Community Development Act of 1974 as amended through 1996.

No responsibility is claimed for any errors or omissions. Users should consult Chapter 42, United States Code, Sections 5301 et seq. for the full text.

**Legislative History**

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Federal laws cited in this Title not listed above

- Cranston-Gonzalez National Affordable Housing Act [42 U.S.C. 12721 et seq.]
- Davis-Bacon Act, as amended [40 U.S.C. 276a _ 276a_5]
- Fair Housing Act [42 U.S.C. 3601 et seq.]