

TITLE _ -- NEW COMMUNITIES

ADVANCES FOR LAND ACQUISITION AND DEVELOPMENT;
STANDBY CONSTRUCTION AND PERMANENT FINANCING LOANS; SPECIAL
ORGANIZATIONAL AND OPERATING ASSISTANCE; PUBLIC FACILITIES
AND SERVICES GRANTS

SEC. ____ . The Housing and Urban Development Act of 1970 is amended--

- (1) by deleting sections 715 and 718 therefrom;
- (2) by renumbering section 716 as 715, section 717 as 716, section 719 as 717, section 720 as 718 and section 721 through section 729 as 725 through 733; and
- (3) by adding new sections 719, 720, 721, 722, 723 and 724 as follows:

"ADVANCES FOR ACQUISITION OF
REAL PROPERTY

"SEC. 719.(a) The Secretary (acting through the New Community Development Corporation) is authorized, subject to the limitations and conditions contained in this section, to make and

enter into agreements to make advances to State land development agencies, limited dividend developers and non-profit developers for the purpose of financing the acquisition of real property necessary to carry out new community development programs approved by the Secretary. Each advance made under this section shall not exceed an amount equal to the total of the Secretary's estimate of the value of the property to be acquired by means of such advance.

"(b) Advances made under this section shall be free of any and all obligation to pay interest. The Secretary shall require that advances under this section be repaid on terms and conditions satisfactory to him.

"(c) As a condition to making any advance under this section the Secretary shall require that the borrower grant the Secretary such interest or interests in such property of the borrower as the Secretary shall deem necessary to enable the Secretary to exercise the right to have, or expeditiously obtain, fee simple or equivalent title in such property upon the occurrence of any of the events of default

mutually agreed to between the borrower and the Secretary.

"ADVANCES FOR LAND DEVELOPMENT

"SEC. 720. (a) The Secretary (acting through the New Community Development Corporation) is authorized, subject to the limitations and conditions contained in this section, to make and enter into agreements to make advances to State land development agencies, limited dividend developers and non-profit developers for the purpose of financing up to 100 per centum of the Secretary's estimate of the agencies' or developers' actual costs of land development which are necessary to carry out a new community development program approved by the Secretary.

"(b) Advances made under this section shall be on terms and conditions satisfactory to the Secretary.

"(c) As a condition to making any advance under this section the Secretary shall require that the borrower grant the Secretary such interest or interests in such property of the borrower as the Secretary shall deem necessary to enable the Secretary to exercise the right to have, or expeditiously obtain, fee simple or equivalent title in such property upon the occurrence

of any of the events of default mutually agreed to between the borrower and the Secretary.

"(d) The Secretary, while taking into consideration the public purposes of this part, the extent to which the costs of approved new community development programs have been financed from non-federal sources and the special problems involved in financing new communities, shall require that to the maximum extent feasible the principal of advances under this section be repaid with interest. If, however, after review of such information as the Secretary may reasonably request from the borrower the Secretary finds that a borrower is unable to meet its obligations under an advance made pursuant to this section, the Secretary is authorized to take either of the following actions:

(1) in accordance with subsection (1) of section 730, modify such terms and conditions pertaining to such advance as may be appropriate;

(2) notwithstanding any other provision of law, forgive the borrower's liability to repay the Secretary any portion or all of the amounts due and unpaid.

The Secretary shall not act pursuant to paragraph (2) of this subsection, unless either (i) he determines that taking action pursuant to paragraph (1) of this subsection would not enable the borrower to meet its obligations to repay the advance or (ii) the Secretary has taken action pursuant to said paragraph (1) and he determines that the borrower is and will continue to be unable to repay the advance.

"SPECIAL ORGANIZATIONAL AND OPERATING ASSISTANCE

"Sec. 721.(a) The Secretary (acting through the New Community Development Corporation) is authorized to make grants on such terms and conditions as the Secretary deems appropriate to State land development agencies, State or local public bodies or agencies and non-profit developers to fund an amount not exceeding 90 per centum of the organizational and operating costs annually incurred by them during each or any of the three years immediately prior to the agencies or developers undertaking new community development programs approved by the Secretary. As a condition to making any grant the Secretary shall require that the remaining per centum of an agency's or developer's annual organizational and operating costs be funded from cash sources other than funds borrowed by the agency or developer. The Secretary's making of a grant under this

section shall create no presumption that the Secretary will provide additional assistance under this part.

"(b) The Secretary may require that any grant made under this section be repaid from the proceeds of any advance made by the Secretary pursuant to section 720 or from any other source of funds of the grantee. The Secretary shall deposit into the revolving fund established by section 722 any repayments authorized by this section and received by the Secretary.

"REVOLVING FUND FOR LAND ACQUISITION
AND DEVELOPMENT ADVANCES AND
SPECIAL ORGANIZATIONAL AND OPERATING ASSISTANCE

"SEC. 722.(a) The Secretary shall establish a revolving fund, separate from those established pursuant to sections 716 and 723, to provide for making advances authorized under sections 719 and 720 and grants authorized under section 721. Such revolving fund shall be comprised of (1) repayments and any other receipts and recoveries obtained in connection with advances made under sections 719 and 720 and grants made under section 721, and (2) such sums as are appropriated for payment into the revolving fund. Money in the revolving fund not currently needed for the

purposes of sections 719, 720 and 721 shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

"(b) The Secretary (acting through the New Community Development Corporation) is authorized to incur obligations on behalf of the United States in the form of agreements to make advances authorized under sections 719 and 720, agreements to make grants authorized under section 721, or otherwise, in amounts aggregating such sum, not to exceed \$_____, as may be approved in an appropriation Act for appropriation to the revolving fund established by this section. The amount so approved shall become available for obligation on October 1, 1978, and shall remain available until obligated. There are authorized to be appropriated to the revolving fund established by this section for liquidation of the obligations incurred under this subsection not to exceed \$_____ prior to the close of the fiscal year 1979, which amount may be increased to not to exceed an aggregate of \$_____ prior to the close of the fiscal year 1980, and to not to exceed an aggregate of \$_____ prior to the close of the fiscal year 1981. Sums appropriated pursuant to this section shall remain available until expended.

"STANDBY CONSTRUCTION AND PERMANENT
FINANCING LOANS

"SEC.723. (a) The Secretary (acting through the New Community Development Corporation) is authorized, subject to the limitations and conditions contained in this section, to make and enter into agreements to make construction or permanent loans or both to private borrowers acceptable to the Secretary to finance or enable the construction of residential, commercial, industrial or multi-use (meaning any combination of residential, commercial and industrial uses) buildings, facilities or improvements within and part of a new community development program approved by the Secretary. Prior to making any loan under this section the Secretary shall determine that the proposed borrower is not able to obtain the financing it desires (construction or permanent or both) from sources other than the Secretary upon terms deemed reasonable by the Secretary for reasons unrelated to the quality of, or risks associated with, the proposed borrower's loan application.

"(b) Prior to making a determination that a proposed borrower is not able to obtain the financing it desires the Secretary shall require the proposed borrower to submit to the Secretary satisfactory evidence of the lack of availability of such financing. Following a determination

that a proposed borrower is not able to obtain the financing it desires from any other source the Secretary is authorized to enter into an agreement to provide such financing on terms and conditions satisfactory to the Secretary and in accordance with this section. The Secretary is authorized to make a construction loan under this section only if the proposed borrower is unable to obtain construction financing after the Secretary has agreed to make a permanent loan to such borrower.

"(c) The terms and conditions of construction and permanent loans made under this section shall be no less stringent than those which a prudent private lender would require in similar circumstances if it were able to make the loans. The Secretary shall require that repayment of each construction and permanent loan made under this section be secured by a first mortgage as such term is defined in 12 U.S.C. 1707(a). Where the building, facility or improvement to be financed is to be leased by the borrower, the Secretary as a condition to making a permanent loan under this section shall require that (1) at least ____ per centum of the rentable space of the building, facility or improvement be leased and (2) the borrower provide reasonable assurances of its ability to lease the remainder of such space. The principal amount of each permanent loan under this section shall not exceed _____ per centum of the

lesser of (1) the cost of construction of the building, facility or improvement to be financed by the Secretary or (2) the Secretary's estimate of the value of the building, facility or improvement to be financed by the Secretary. No permanent loan under this section shall be used to finance a building, facility or improvement completed with Federal grant funds.

"(d) The Secretary is authorized to hold insured or guaranteed mortgagees received by the Secretary pursuant to loans made under this section. The Secretary is authorized to sell to persons, and on terms and conditions, acceptable to the Secretary loans and accompanying mortgages made under this section.

"(e) The Secretary shall establish a revolving fund, separate from those established pursuant to sections 716 and 722, to provide for making loans authorized under this section. Such revolving fund shall be comprised of (1) repayments and any other receipts and recoveries obtained in connection with loans made under this section, and (2) such sums as are appropriated for payment into the revolving fund. Money in the revolving fund not currently needed for the purpose of this section shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations,

participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

"(f) There are authorized to be appropriated for payment into the revolving fund established by this section not to exceed \$_____ for each of the fiscal years ending September 30, 1978, September 30, 1979, September 30, 1980, September 30, 1981, and September 30, 1982. Any amount so appropriated shall remain available until expended, and any amounts authorized for any fiscal year but not appropriated may be appropriated for any succeeding fiscal year."

"PUBLIC FACILITIES AND SERVICES GRANTS"

"Sec. 724.(a) The Secretary (acting through the New Community Development Corporation) is authorized to make grants on such terms and conditions as the Secretary deems appropriate to State land development agencies or State or local public bodies or agencies to fund an amount up to 100 per centum of the cost of (1) providing public facilities (including educational, recreational, health, safety, transportation, waste collection and treatment, and water supply facilities), whether on or off the site of the new community development program, which the Secretary determines are necessary or desirable for carrying out a new

community development program approved by the Secretary, and
(2) providing essential public services (including
educational, recreational, health, safety, transportation,
waste collection and treatment and water supply services)
during an initial period of a new community development
program approved by the Secretary, which services the
Secretary deems necessary adequately to serve the needs of
the residents of the development prior to completion of
permanent arrangements for the provision of such services.

"(b) There are authorized to be appropriated for
grants under this section not to exceed \$ _____ for
each of the fiscal years ending September 30, 1978,
September 30, 1979, and September 30, 1980 and not to exceed
such sums as may be necessary for any fiscal year commencing
after September 30, 1980. Any amount so appropriated shall
remain available until expended, and any amounts authorized
for any fiscal year but not appropriated may be appropriated
for any succeeding fiscal year."

DEFINITIONS

SEC. _____. (a) Subsection (c) of section 711 of the
Housing and Urban Development Act of 1970 is amended to read
as follows:

"(c) The term "State land development agency" means

any State or local public body or agency, or public corporation created for government purposes, which has the authority to act as developer in carrying out one or more new community development programs."

(b) Section 711 of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new subsections:

"(j) The term "organizational and operating costs" means the costs (1) incurred by a State land development agency, State or local public body or agency or non-profit developer for (i) the purpose of employing or retaining personnel, consultants and other advisers necessary to the organization of the State land development agency or non-profit developer and the organization and preparation of a new community development program and for (ii) general overhead and administrative costs and (2) included in a budget approved by the Secretary. Such costs may include costs approved by the Secretary to enable persons within the immediate vicinity of the site of the new community development program to participate as

advisers or employees in the implementation of the program.

"(k) The term "limited dividend developer" means a private new community developer which is regulated as to earnings or dividends and otherwise in a manner satisfactory to the Secretary.

"(l) The term "non-profit developer" means a private new community developer which is organized as a non-profit corporation in a manner satisfactory to the Secretary."