

113TH CONGRESS  
1ST SESSION

# H. R. 656

To provide \$4,000,000,000 in new funding through bonding to empower States to undertake significant residential and commercial structure demolition projects in urban and other targeted areas, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2013

Mr. JOYCE (for himself, Ms. FUDGE, and Ms. KAPTUR) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide \$4,000,000,000 in new funding through bonding to empower States to undertake significant residential and commercial structure demolition projects in urban and other targeted areas, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Restore our Neighbor-  
5 hoods Act of 2013”.

1 **SEC. 2. CREDIT TO HOLDERS OF QUALIFIED URBAN DEMO-**  
2 **LITION BONDS.**

3 (a) IN GENERAL.—Subpart I of part IV of sub-  
4 chapter A of chapter 1 of the Internal Revenue Code of  
5 1986 is amended by adding at the end the following new  
6 section:

7 **“SEC. 54G. QUALIFIED URBAN DEMOLITION BONDS.**

8 “(a) QUALIFIED URBAN DEMOLITION BOND.—For  
9 purposes of this subchapter, the term ‘qualified urban  
10 demolition bond’ means any bond issued as part of an  
11 issue if—

12 “(1) 100 percent of the available project pro-  
13 ceeds of such issue are to be used for expenditures  
14 incurred after the date of the enactment of this sec-  
15 tion for 1 or more qualified projects pursuant to an  
16 allocation of such proceeds to such project or  
17 projects by a qualified issuer,

18 “(2) the bond is issued by a qualified issuer  
19 and is in registered form (within the meaning of sec-  
20 tion 149(a)),

21 “(3) the qualified issuer designates such bond  
22 for purposes of this section,

23 “(4) the term of each bond which is part of  
24 such issue does not exceed 30 years,

1           “(5) such bond is issued during the 5-year pe-  
2           riod beginning on the date of the enactment of this  
3           section, and

4           “(6) the issue meets the requirements of sub-  
5           section (e).

6           “(b) LIMITATION ON AMOUNT OF BONDS DES-  
7           IGNATED.—

8           “(1) IN GENERAL.—The maximum aggregate  
9           face amount of bonds which may be designated  
10          under subsection (a) by a State shall not exceed the  
11          qualified urban demolition bond limitation amount  
12          allocated to such State under paragraph (3).

13          “(2) NATIONAL QUALIFIED URBAN DEMOLITION  
14          BOND LIMITATION AMOUNT.—There is a national  
15          qualified urban demolition bond limitation amount of  
16          \$4,000,000,000.

17          “(3) ALLOCATION TO STATES.—

18                 “(A) IN GENERAL.—The national qualified  
19                 urban demolition bond limitation shall be allo-  
20                 cated by the Secretary among the States on the  
21                 following basis and in such manner so as to en-  
22                 sure that all of such limitation amount is allo-  
23                 cated before the date which is 3 months after  
24                 the date of the enactment of this section:

1 “(i) \$2,000,000,000 to be allocated  
2 among the qualified States in accordance  
3 with subparagraph (B), and

4 “(ii) \$2,000,000,000 to be equally al-  
5 located among all States.

6 “(B) FORMULA FOR ALLOCATION AMONG  
7 QUALIFIED STATES.—

8 “(i) IN GENERAL.—The amount allo-  
9 cated to a State under subparagraph (A)(i)  
10 shall be an amount equal to the amount  
11 specified in subparagraph (A)(i) multiplied  
12 by the ratio that the nonseasonal vacant  
13 properties in the State bears to the total  
14 nonseasonal vacant properties of all quali-  
15 fied States.

16 “(ii) NONSEASONAL VACANT PROP-  
17 erties.—For purposes of clause (i), non-  
18 seasonal vacant properties shall be deter-  
19 mined by the Secretary on the basis of  
20 2010 decennial census.

21 “(4) ALLOCATION OF LIMITATION AMOUNT BY  
22 STATES.—The limitation amount allocated to a  
23 State under paragraph (3) shall be allocated by the  
24 State to qualified issuers within such State.

1           “(5) REALLOCATION OF UNUSED ISSUANCE  
2           LIMITATION.—If at the end of the 2-year period be-  
3           ginning on the date of the enactment of this section,  
4           the national qualified urban demolition bond limita-  
5           tion amount under paragraph (2) exceeds the total  
6           amount of qualified urban demolition bonds issued  
7           during such period, such excess shall be reallocated  
8           among the qualified States in such manner as the  
9           Secretary determines appropriate so as to ensure to  
10          the extent possible that all of such limitation amount  
11          is issued in the form of qualified urban demolition  
12          bonds before the end of the 5-year period beginning  
13          on the date of the enactment of this section.

14          “(c) QUALIFIED PROJECT.—For purposes of this sec-  
15          tion, the term ‘qualified project’ means the direct and indi-  
16          rect demolition costs properly attributable to any project  
17          proposed and approved by a qualified issuer, but does not  
18          include costs of operation or maintenance with respect to  
19          such project.

20          “(d) APPLICABLE CREDIT RATE.—In lieu of section  
21          54A(b)(3), for purposes of section 54A(b)(2), the applica-  
22          ble credit rate with respect to an issue under this section  
23          is the rate equal to an average market yield (as of the  
24          day before the date of sale of the issue) on outstanding

1 long-term corporate debt obligations (determined in such  
2 manner as the Secretary prescribes).

3 “(e) SPECIAL RULES RELATING TO EXPENDI-  
4 TURES.—In lieu of subparagraphs (A) and (B) of section  
5 54A(d)—

6 “(1) IN GENERAL.—An issue shall be treated as  
7 meeting the requirements of this subsection if, as of  
8 the date of issuance, the qualified issuer reasonably  
9 expects—

10 “(A) at least 100 percent of the available  
11 project proceeds of such issue are to be spent  
12 for 1 or more qualified projects within the 5-  
13 year expenditure period beginning on such date,  
14 and

15 “(B) to incur a binding commitment with  
16 a third party to spend at least 10 percent of the  
17 proceeds of such issue with respect to such  
18 projects within the 12-month period beginning  
19 on such date.

20 “(2) RULES REGARDING CONTINUING COMPLI-  
21 ANCE AFTER 5-YEAR DETERMINATION.—To the ex-  
22 tent that less than 100 percent of the available  
23 project proceeds of such issue are expended by the  
24 close of the 5-year expenditure period beginning on  
25 the date of issuance, the qualified issuer shall re-

1       deem all of the nonqualified bonds within 90 days  
2       after the end of such period. For purposes of this  
3       paragraph, the amount of the nonqualified bonds re-  
4       quired to be redeemed shall be determined in the  
5       same manner as under section 142.

6       “(f) RECAPTURE OF PORTION OF CREDIT WHERE  
7       CESSATION OF COMPLIANCE.—If any bond which when  
8       issued purported to be a qualified urban demolition bond  
9       ceases to be such a bond, the qualified issuer shall pay  
10      to the United States (at the time required by the Sec-  
11      retary) an amount equal to the sum of—

12             “(1) the aggregate of the credits allowable  
13             under section 54A with respect to such bond (deter-  
14             mined without regard to section 54A(c)) for taxable  
15             years ending during the calendar year in which such  
16             cessation occurs and each succeeding calendar year  
17             ending with the calendar year in which such bond is  
18             redeemed by the land bank, and

19             “(2) interest at the underpayment rate under  
20             section 6621 on the amount determined under para-  
21             graph (1) for each calendar year for the period be-  
22             ginning on the first day of such calendar year.

23       “(g) OTHER DEFINITIONS AND SPECIAL RULES.—  
24      For purposes of this section—

1           “(1) QUALIFIED ISSUER.—The term ‘qualified  
2 issuer’ means—

3           “(A) a State-authorized land bank, or

4           “(B) with respect a State that does not  
5 have one or more State-authorized land banks,  
6 the State or any political subdivision or instru-  
7 mentality thereof.

8           “(2) STATE-AUTHORIZED LAND BANK.—The  
9 term ‘State-authorized land bank’ means a special  
10 unit of government or public purpose corporation—

11           “(A) expressly charged under State law  
12 with the reclamation, repurposing and redevelop-  
13 ment of vacant and abandoned land,

14           “(B) enabled under State law to conduct  
15 large scale demolition projects,

16           “(C) organized in a State which has en-  
17 acted legislation allowing for the expedited tax  
18 foreclosure of vacant, abandoned, and tax delin-  
19 quent property, and

20           “(D) which may include a joint venture  
21 among 2 or more State-authorized land banks  
22 or among other entities with whom such special  
23 unit of government or public purpose corpora-  
24 tion is authorized to enter into a joint venture.



1           “(3) QUALIFIED STATE.—The term ‘qualified  
2 State’ means a State—

3           “(A) in which at least 49 percent of the  
4 State’s total housing units in the State were  
5 built before 1980, according to the 2010 cen-  
6 sus, and

7           “(B) which meets 3 of the following 4 re-  
8 quirements:

9           “(i) The State ranks in the top 20  
10 among all States in percentage change in  
11 nonseasonal vacancies in the time period  
12 between the 2000 decennial census and the  
13 2010 decennial census.

14           “(ii) The State ranks in the top 25  
15 among all States in unemployment rate  
16 (seasonally adjusted) for the most recent  
17 January through November period begin-  
18 ning before the issuance of the qualified  
19 urban demolition bond.

20           “(iii) The State ranks in the top 25  
21 among all States in percentages of mort-  
22 gages in foreclosure for the 3rd quarter of  
23 2012.

24           “(iv) The State ranks in the top 20  
25 among all States in the lowest percentage

1 change in population growth in the time  
2 period between the 2000 decennial census  
3 and the 2010 decennial census.

4 “(4) CREDITS MAY BE TRANSFERRED.—Not-  
5 withstanding in any law or rule of law shall be con-  
6 strued to limit the transferability of the credit or  
7 bond allowed by this section through sale and repur-  
8 chase agreements.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Paragraph (1) of section 54A(d) of such  
11 Code is amended by striking “or” at the end of sub-  
12 paragraph (D), by inserting “or” at the end of sub-  
13 paragraph (E), and by inserting after subparagraph  
14 (E) the following new subparagraph:

15 “(E) a qualified urban demolition bond,”.

16 (2) Subparagraph (C) of section 54A(d)(2) is  
17 amended by striking “and” at the end of clause (iv),  
18 by striking the period at the end of clause (v) and  
19 inserting “, and”, and by adding at the end the fol-  
20 lowing new clause:

21 “(vi) in the case of a qualified urban demolition bond,  
22 a purpose specified in section 54G(a)(1).”.

23 (3) The table of sections for subpart I of part  
24 IV of subchapter A of chapter 1 of such Code is

1 amended by adding at the end the following new  
2 item:

“Sec. 54G. Qualified urban demolition bonds.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to bonds issued after the date of  
5 the enactment of this Act.

6 **SEC. 3. USE OF HARDEST HIT FUND AMOUNTS FOR DEMO-**  
7 **LITION ACTIVITIES.**

8 (a) AUTHORITY.—Notwithstanding any provision of  
9 title I of the Emergency Economic Stabilization Act of  
10 2008 (12 U.S.C. 5211 et seq.), any regulation, guidance,  
11 order, or other directive of the Secretary of the Treasury,  
12 or any agreement (or amendment thereto) entered into  
13 under the Hardest Hit Fund program of the Secretary  
14 under such title I, any amounts of assistance that have  
15 been, or are, allocated for or provided to a State or State  
16 agency through the Hardest Hit Fund program may be  
17 used, without limitation, to demolish blighted structures.

18 (b) FAILURE TO USE HHF AMOUNTS.—If, upon the  
19 expiration of the 24-month period beginning on the date  
20 of the enactment of this Act, any State or State agency  
21 is holding any amounts of assistance described in sub-  
22 section (a) or any amounts of such assistance allocated  
23 for such State or State agency have not been disbursed  
24 to such State or agency, the Secretary shall remit to the  
25 Treasury an amount equal to 25 percent of the aggregate

1 amount, as of such date, of such held and undisbursed  
2 funds. The Secretary shall recapture from such State or  
3 State agency any amounts of such held funds necessary  
4 to carry out this subsection.

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