COSCDA
Council of State Community Development Agencies

21st Century ROAD to Housing Act

Title V, Section 501

HOME Investment Partnerships Reauthorization and Reform Act

Link to Section 501 Text

SUMMARY

Section 501 of *ROAD* is a comprehensive effort to modernize HUD's HOME Investment Partnerships Program (HOME). The *Cranston-Gonzalez National Affordable Housing Act* first authorized HOME in 1990. This section of *ROAD* permanently reauthorizes the program and modernizes HOME in response to current housing realities. The focus is on streamlining burdensome requirements (environmental reviews, Section 3, and BABA), expanding eligibility for homeownership assistance, increasing flexibility for participating jurisdictions (eliminating the commitment deadline, allowing for infrastructure projects, etc.), and more.

Section 501 Outline

- Subsection (a): Authorization
- Subsection (b): Definition of Community Housing Development Organization
- Subsection (c): Assistance for Low-Income Families
- Subsection (d): Choices Made by Participating Jurisdictions
- Subsection (e): Use of Amounts by Certain Participating Jurisdictions for Infrastructure Improvements
- Subsection (f): Per Unit Investment Limitations
- Subsection (g): Affordable Rental Housing Qualifications
- Subsection (h): Affordable Home-Ownership Housing Qualifications
- Subsection (i): Elimination of Expiration of Right to Draw Home Investment Trust Funds
- Subsection (j): Adjusted Recapture and Reuse of Set-Aside for Community Housing Developmental Organizations
- Subsection (k): Asset Recycling Information Dissemination Expansion
- Subsection (l): Environmental Review Requirements
- Subsection (m): Application of Build America, Buy America Requirements for HOME Investment Partnerships Program
- Subsection (n): Application of Other Specified Statutory Requirements
- Subsection (o): Reallocation Not Available for Certain Jurisdictions
- Subsection (p): Amendments to Qualification as Affordable Housing
- Subsection (q): Tenant and Participant Protections for Affordable Housing
- Subsection (r): Revision of Definition of Community Land Trust
- Subsection (s): Set-Aside for Community Housing Development Organizations
- Subsection (t): Administrative Reforms
- Subsection (u): Minimum Allocations
- Subsection (v): Technical and Conforming Amendments

IMPLEMENTATION TIMELINE AND RESPONSIBILITIES

Within 6 months (180 days) **of enactment, HUD must**

- Complete a review of the implementation of BABA with respect to the activities assisted under title II of the Cranston-Gonzalez National Affordable Housing Act (HOME)

Within 9 months of enactment, HUD must

(Not later than 90 days after the BABA review is complete)

- Issue updated guidance to clarify the application of BABA with respect to HOME.
- Submit a report to the House Financial Services Committee and the Senate Banking, Housing, and Urban Affairs Committee that describes –
  - The results of the BABA review
  - The updated BABA guidance

Within 1 year of enactment, HUD must

- Issue rules to carry out paragraph 1 of subsection (e): Use of Amounts by Certain Jurisdictions for Infrastructure Improvements
- Issue rules to carry out the amended language in subsection (l): Environmental Reviews, including a specific requirement for the following:
  - HUD shall, through regulation, provide for coordination of environmental review responsibilities with other Federal agencies to streamline interagency compliance and avoid unnecessary duplication of effort under NEPA and other applicable laws.

HUD will likely issue additional notices, proposed rules, and guidance to implement the changes made by Section 501. However, *ROAD* does not specify a timeline for these efforts.

STATUTORY CHANGES

Color Coding Key

- Black text is for labeling or for statutory/regulatory text that will stay the same
- **Blue text** is for additions to existing statute/regulations
- ~~Red text~~ is for removals from existing statute/regulations

Subsection (a): Authorization

Section 205 of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12724 – Authorization

> **The HOME Investment Partnerships Program under subtitle A is hereby authorized.**
> ~~There are authorized to be appropriated to carry out this subchapter \$2,086,000,000 for fiscal year 1993, and \$2,173,612,000 for fiscal year 1994, of which –~~
>
> ~~(1) Not more than \$14,000,000 for fiscal year 1993, and \$25,000,000 for fiscal year 1994, shall be for community housing partnership activities authorized under section 12773 of this title; and~~

~~(2) Not more than $11,000,000 for fiscal year 1993, and $22,000,000 for fiscal year 1994, shall be for activities in support of State and local housing strategies authorized under part C.~~

Subsection (b): Definition of Community Housing Development Organizations (CHDOs)
Section 104(6)(B) of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12704(6)(B) – Definitions, CHDOs

(6) The term "community housing development organization" means a nonprofit organization as defined in paragraph (5), that –

(B) maintains, through ~~significant~~ representation on the organization's governing board and otherwise, accountability to low-income community residents…

Subsection (c): Assistance for Low-Income Families
Title II of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12721 et seq. – Investment in Affordable Housing

- Section 214(2) (42 U.S.C. 12744(2))[1] – Income targeting

  Each participating jurisdiction shall invest funds made available under this part within each fiscal year so that –

  (1) With respect to rental assistance and rental units…

  (2) With respect to homeownership assistance, 100 percent of such funds are invested with respect to dwelling units that are occupied by **families with a household income that does not exceed 100 percent of the median family income of the area, as determined by the Secretary** ~~households that qualify as low-income families~~

- Section 271(c) (42 U.S.C. 12821(c))[2] – Downpayment assistance initiative

  (c) Eligible activities

  (1) In general

  (B) Home repairs: Not more than 20 precent of the grant funds provided under subsection (d) of this section to a participating jurisdiction may be used to provide assistance to ~~low-income~~ **families with a household income that does not exceed 100 percent of the median family income of the area as determined by the Secretary with adjustments for smaller and larger families**, first-time homebuyers for home repairs.

  (2) Limitations

[1] Some versions of *ROAD* include an incorrect reference to 42 U.S.C. 12742. The correct reference is 42 U.S.C. 12744.

[2] The U.S. Code notes that this section, "which related to downpayment assistance toward the purchase of single family housing, was omitted from the Code upon the expiration of Secretary's authority on Dec. 31, 2011, to make grants to participating jurisdiction to assist low-income families to achieve homeownership."

(A) Amount of assistance: The amount of assistance provided to any ~~low-income families~~ **families with a household income that does not exceed 100 percent of the median family income of the area as determined by the Secretary with adjustments for smaller and larger families** under paragraph (1) shall not exceed the greater of

(i) 6 precent of the purchase price of a single family housing unit; or

(ii) $10,000

Subsection (d): Choices Made by Participating Jurisdictions

Section 212(a)(2) of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12742(a)(2) – Eligible uses of investment

(a) Housing Uses

(2) **Limitation** ~~Preference to Rehabilitation: A participating jurisdiction shall give preference to rehabilitation of substandard housing unless the jurisdiction determines that –~~

~~(A) such rehabilitation is not the most cost effective way to meet the jurisdiction's need to expand the supply of affordable housing; and~~

~~(B) the jurisdiction's housing needs cannot be met through rehabilitation of the available stock.~~

The Secretary ~~shall~~ **may** not restrict **the choice by** a participating jurisdiction~~'s choice~~ of rehabilitation, substantial rehabilitation, new construction, reconstruction, acquisition, or other eligible housing use**s authorized in paragraph (1)** unless **the** ~~such~~ restriction is explicitly authorized under section 12753(2) of this title.

Subsection (e): Use of Amounts by Certain Jurisdictions for Infrastructure Improvements

Section 212(a) of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12742(a) – Eligible uses of investment

(a) Housing Uses

(4) Infrastructure Improvements in Nonentitlement Areas –

(A) In General – A participating jurisdiction may use funds provided under this subtitle for infrastructure improvements, including the installation or repair of water and sewer lines, sidewalks, roads, and utility connections if –

(i) such participating jurisdiction does not receive assistance under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5310[3]); and

(ii) such improvements are directly related to, and located within or immediately adjacent to –

(I) Housing assisted under this subtitle; or

[3] The U.S. Code notes that this reference should probably be 42 U.S.C. 5301 et seq.

(II) Housing assisted under section 42 of the Internal Revenue Code of 1986.

(B) Application of Labor Standards - The labor standards and requirements set forth in section 110 of the Housing and Community Development Act of 1974 (42 U.S.C. 5310) shall apply to any infrastructure improvement conducted using funds provided under this subtitle.

(C) Rule of Construction – Nothing in this paragraph may be construed to improve any requirements of the HOME Investment Partnerships program on housing that benefits from an infrastructure improvement conducted using funds provided under this subtitle but was not otherwise assisted under the HOME Investment Partnerships Program.

Subsection (f): Per Unit Investment Limitations

Section 212(e)(1) of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C 12742(e)(1) – Eligible uses of investment

(e) Cost Limits

(1) In General – The Secretary shall establish limits on the amount of funds under this part that may be invested on a per unit basis. ~~For multifamily housing, such limits shall not be less than the per unit dollar amount limitations set forth in section 1715l(d)(3)(ii) of title 12, as such limitations may be adjusted in accordance therewith, except that for purposes of this subsection the Secretary shall, by regulation, increase the per unit dollar amount limitations in any geographical area by an amount, not to exceed 140 percent, that equals the amount by which the costs of multifamily housing construction in the area exceed the national average of such costs.~~ The limits shall be established on a market-by-market basis…

Subsection (g): Affordable Rental Housing Qualifications

Section 215(a) of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12745(a) – Qualification as affordable housing

(a) Rental Housing

(7) Qualification Exception – Notwithstanding paragraph (1)(A), a rental unit shall be considered to qualify as affordable housing under this title if –

(A) the unit is occupied by a tenant receiving tenant-based rental assistance under section 1437F of this title;

(B) the contribution of the tenant toward rent does not exceed the amount permitted under the assistance described in subparagraph (A); and

(C) the total rent for the unit does not exceed the amount approved by the public housing agency administering the assistance described in subparagraph (A).

Subsection (h): Affordable Home-Ownership Housing Qualifications
Section 215 of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12745 – Qualification as affordable housing

(b) Homeownership: ~~Housing that is for homeownership~~

(1) Qualification – Housing that is for home-ownership shall qualify as affordable housing under this subchapter only if the housing -

~~(1)~~ **(A)** has an initial purchase price that does not exceed ~~95 percent~~ **110 percent** of the median purchase price **(defined as the amount borrowed by the homeowner to purchase the home, or the estimated value after rehabilitation, which may be adjusted to account for the limits on future value imposed by the resale restriction)** for the area…

~~(2)~~ **(B)** is the principal resident of an owner **with a family income that does not exceed 100 percent of the median family income of the area as determined by the Secretary with adjustments for smaller and larger families** ~~whose family qualifies as a low-income family~~ –

~~(A)~~ **(i)** in the case of a contract to purchase…

~~(B)~~ **(ii)** in the case of a lease-purchase agreement…

~~(C)~~ **(iii)** in the case of a contract to purchase housing…

~~(3)~~ **(C)** is subject to resale restrictions that are established by the participating jurisdiction and determined by the Secretary to be appropriate to –

~~(A)~~ **(i)** allow for subsequent purchase of the property…

~~(i)~~ **(I)** provide the owner with a fair return….

~~(ii)~~ **(II)** ensure that the housing will remain affordable to a reasonable range of **home-buyers with a household income that does not exceed 100 percent of the median family income of the area, as determined by the Secretary with adjustments for smaller and larger families** ~~low-income homebuyers~~; ~~or~~

~~(B)~~ **(ii)** recapture the investment provided under… full amount of the assistance;~~ and~~ **or**

(iii) maintain long-term affordability through a shared equity ownership model, a community land trust, a limited equity cooperative, a community development corporation, or other mechanism approved by the Secretary, that preserves affordability for future eligible home-buyers and ensures compliance with the purposes of this title, including through the use of purchase options, rights of first refusal, or other preemptive rights to purchase housing;

~~(4)~~ **(D)** if newly constructed, meets the energy efficiency standards promulgated by the Secretary in accordance with section 12709 of this title; **and**

(E) is subject to restrictions that are established by the participating jurisdiction and determined by the Secretary to be appropriate, including with respect to the useful life of the property, to –

(i) require that any subsequent purchase of the property be –

(I) only by a person who meets the qualifications specified under subparagraph (B); and

(II) at a price that is determined by a formula or method established by the participating jurisdiction that provides the owner with a reasonable return on investment, which may include a percentage of the cost of any improvements; or

(ii) recapture the investment provided under this title in order to assist other persons in accordance with the requirements of this title, except where there are no net proceeds or where the net proceeds are insufficient to repay the full amount of the assistance.

(2) Purchase by Community Land Trust or Cooperative Housing Corporation – Notwithstanding subparagraph (C)(i) of paragraph (1) and under terms determined by the Secretary, the Secretary may permit a participating jurisdiction to allow a community land trust, housing cooperative, or a community development corporation that used assistance provided under this subtitle for the development of housing that meets the criteria under paragraph (1), to acquire the housing –

(A) in accordance with the terms of the preemptive purchase option, lease, covenant on the land, or other similar legal instrument of the community land trust or housing cooperative when the terms and rights in the preemptive purchase option, lease, covenant, or legal instrument are and remain subject to the requirements of this title;

(B) when the purchase is for –

(i) the purpose of –

(I) entering into the chain of title;

(II) enabling a purchase by a person who meets the qualifications specified under paragraph (1)(B) and is on a waitlist maintained by the community land trust or housing cooperative, subject to enforcement by the participating jurisdiction of all applicable requirements of this title, as determined by the Secretary;

(III) performing necessary rehabilitation and improvements or

(IV) adding a subsidy to preserve affordability, which may be from Federal or non-Federal sources; or

(ii) another purpose determined appropriate by the Secretary; and

(C) if, within a reasonable period of time after the applicable purpose under subparagraph (B) of this paragraph is fulfilled, as determined by the Secretary, the housing is then sold to a person who meets the qualifications specified under paragraph (1)(B).

(c) Qualification Exceptions for Homeownership –

(1) Military Members – A participating jurisdiction, in accordance with terms established by the Secretary, may suspend or waive the income qualifications described in subsection (b)(1)(B) with respect to housing that otherwise meets the criteria described in subsection (b)(1) if the owner of the housing –

(A) is a member of a regular component of the armed forces or a member of the National Guard on full-time National Guard duty, active Guard and Reserve duty, or inactive-duty training (as those terms are defined in section 101 of title 10, United States Code); and

(B) has received –

(i) temporary duty order to deploy with a military unit or military orders to deploy as an individual acting in support of a military operation, to a location that is not within a reasonable distance from the housing, as determined by the Secretary, for a period of not less than 90 days; or

(ii) orders for a permanent change of station.

(2) Heirs and Beneficiaries of Deceased Owners – Housing that meets the criteria described in subsection (b)(1)(C) prior to the death of an owner of such housing shall continue to qualify as affordable housing under this title if –

(A) the housing is the principal residence of an heir or beneficiary of the deceased owner, as defined by the Secretary; and

(B) the heir or beneficiary, in accordance with terms established by the Secretary, assumes the duties and obligations of the deceased owner with respect to funds provided under this title.

Subsection (i): Elimination of Expiration of Right to Draw Home Investment Trust Funds
Section 218 of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12748 – HOME Investment Trust Funds

~~(g) Expiration of right to draw funds – If any funds becoming available to a participating jurisdiction under this subchapter are not placed under binding commitment to affordable housing within 24 months after the last day of the month in which such funds are deposited in the jurisdiction's HOME Investment Trust Fund, the jurisdiction's right to draw such funds from the HOME Investment Trust Fund shall expire. The Secretary shall reduce the line of credit in the participating jurisdiction's HOME Investment Trust Fund by the expiring amount and shall reallocate the funds by formula in accordance with section 12747(d) of this title.~~

~~(h)~~ **(g)** Administrative provision – The Secretary shall keep…

Subsection (j): Adjusted Recapture and Reuse of Set-Aside for Community Housing Development Organizations
Section 231(b) of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12771(b) – Set-aside for community housing development organizations

> (b) Recapture and Reuse – If any funds reserved under subsection (a) remain uninvested for a period of 24 months, ~~then~~ the Secretary shall ~~deduct~~ **make** such funds **available to the** ~~from the line of cried in the~~ participating jurisdiction~~'s~~ **for any eligible activities under this title without regard to whether a community housing development organization materially participated in the use of such funds.** ~~HOME Investment Trust Fund and make such funds available by direct reallocation (1) to other participating jurisdictions for affordable housing developed, sponsored or owned by community housing development organizations, or (2) to nonprofit intermediary organizations to carry out activities that develop the capacity of community housing development organizations consistent with section 12773 of this title, with preference to community housing development organizations serving the jurisdiction from which the funds were recaptured.~~

Subsection (k): Asset Recycling Information Dissemination Expansion
Section 245(b)(2) of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C 12785(b)(2) – REACH asset recycling information dissemination

> (b) Eligible Properties
>
> > (2) have an appraised value that does not exceed (A) in the case of a 1- to 4-family dwelling, ~~95 percent~~ **110 percent** of the median purchase price for an area for such dwellings…

Subsection (l): Environmental Review Requirements

- Section 288 of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12838 – Environmental review

> **(e) Categorical Exemptions – The following categories of activities carried out under this title shall be statutorily exempt from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and shall not require further review under such Act:**
>
> > **(1) New construction infill housing projects.**
> > **(2) Acquisition of real property for affordable housing purposes.**
> > **(3) Rehabilitation projects carried out pursuant to section 12742(a)(1) of this title.**
> > **(4) New construction projects of 15 units or less.**
>
> **(f) Removing Duplicative Reviews**
>
> > **(1) In General – To the extent practicable and permitted by law, the Secretary shall ensure that a project that has undergone an environmental review under this section shall not be subject to a duplicative environmental review solely**

due to the addition, subtraction, or reallocation of other sources of Federal assistance, if the scope, scale, and location of the project remain substantially unchanged.
(2) Coordination of Environmental Review Responsibilities – The Secretary shall, by regulation, provide for coordination of environmental review responsibilities with other Federal agencies to streamline interagency compliance and avoid unnecessary duplication of effort under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq**.) and other applicable laws.**
(3) Recognition of Prior Reviews by Responsible Entities – A project may not be subject to an environmental review under this section if a substantially similar review has already been completed by an entity designated under section 104(g)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(g)(1)**) or by another entity the Secretary determines to have equivalent authority, if the scope, scale, and location of the project remain substantially unchanged.**

- Section 104 of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12704 – Definitions

~~(25) The term "energy efficient mortgage" means a mortgage that provides financing incentives for the purchase of energy efficient homes, or that provides financing incentives to make energy efficiency improvements in existing homes by incorporating the cost of such improvements in the mortgage.~~ [4]
(25) The term "infill housing project" means a residential housing project that –
(A) is located within the geographic limits of a municipality;
(B) is located on a site of previously disturbed land of not more than 5 acres; and
(C) is substantially surrounded by residential or commercial development, as determined by the Secretary.

Subsection (n): Application of Other Specified Statutory Requirements
Title II of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12721 et seq. – Investment in Affordable Housing

Sec. 291. (42 U.S.C. 12841**) Nonapplicability of Certain Requirements for Small Projects Notwithstanding any other provision of law, the requirements of section 3 of the Housing and Urban Development Act of 1968 (**12 U.S.C. 1701u**), and any implementing regulations or guidance, shall not apply to an activity assisted under this title that involves rehabilitation, construction, or other development of housing if –**
(1) The recipient of assistance under this title is –
(A) a State recipient pursuant to section 216; or

[4] This was a duplicative provision. "Energy efficient mortgage" is still defined under number "24" in this section.

(B) a participating jurisdiction that received a total allocation of less than $3,000,000 in the most recent fiscal year pursuant to section 216; and

(2) the total number of dwelling units assisted as part of such activity is not more than 50.

<u>Subsection (o): Reallocation Not Available for Certain Jurisdictions</u>
Section 217(d) of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12747(d) – Allocation of resources

(d) Reallocations

(1) In General – The Secretary shall make any reallocations periodically throughout each fiscal year so as to ensure that all funds to be reallocated are made available to eligible jurisdictions as soon as possible, consistent with orderly program administration. ~~Jurisdictions eligible for such reallocations shall include participating jurisdictions and jurisdictions meeting the requirements of paragraphs (3), (4), and (5) of section 12746 of this title~~. **Subject to paragraph (4), jurisdictions eligible for such reallocations shall include participating jurisdictions and jurisdictions meeting the requirements of this title, including the requirements in paragraphs (3), (4), and (5) of section 216.**

(4) Reallocation Not Available for Certain Jurisdictions – The Secretary may decline to make a reallocation available to a jurisdiction eligible for such reallocation if such jurisdiction has failed to meet or comply with any requirement under this title.

<u>Subsection (p): Amendments to Qualification as Affordable Housing</u>
Section 215(a)(1)(E) of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12745(a) – Qualification as affordable housing

(E) will remain affordable… ~~except upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if such action (i) recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid termination of low-income affordability in the case of foreclosure or transfer in lieu of foreclosure, and (ii) is not for the purpose of avoiding low-income affordability restrictions, as determined by the Secretary; and~~ **except –**

(i) upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if such action –

(I) recognizes any contractual or legal rights of public agencies, non-profit sponsors, or others to take actions that would avoid termination of low-income affordability in the case of foreclosure or transfer in lieu of foreclosure; and

(II) is not for the purpose of avoiding low-income affordability restrictions, as determined by the Secretary; or

(ii) where existing affordable housing is no longer financially viable due to unforeseen acts or occurrences beyond the reasonable contemplation or control of the participating jurisdiction in which the affordable housing is located or the owner of the affordable housing that significantly impact the financial or physical condition of the affordable housing, as determined by the Secretary; and

Subsection (q): Tenant and Participant Protections for Affordable Housing
Section 255 of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12755 – Tenant and participant protections

(e) Exception – Paragraphs (2), (3), and (4) of subsection (d) shall not apply to housing under this section that meets the following criteria:

(1) The housing is affordable housing with not more than 4 dwelling units, each of which is made available for rental.
(2) Each dwelling unit in the housing bears rent in an amount that complies with the requirements described in paragraph (1)(A).
(3) Each dwelling unit in the housing is accompanied by a low-income family.
(4) No dwelling in the housing is refused for leading to a holder of a voucher under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) because of the status of the prospective tenant as a holder of that voucher.
(5) The housing complies with the requirement described in paragraph (1)(E).
(6) The participating jurisdiction in which the housing is located monitors the compliance of the housing with the requirements of this title in a manner consistent with the purposes of section 226(b), as determined by the Secretary.

Subsection (r): Revision of Definition of Community Land Trust
Section 104 of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C. 12704 – Definitions

(26) The term "community land trust" means a nonprofit entity, a State, a unit of local government, or an instrumentality of a State or unit of local government that –

(A) is not managed by, or an affiliate of, a for profit organization;
(B) has a primary purpose of acquiring, developing, or holding land to provide housing that is permanently affordable to low- and moderate-income persons;
(C) monitors properties to ensue affordability is preserved;
(D) provides housing that is permanently affordable to low- and moderate-income persons using a ground lease, deed covenant, or other similar legally enforceable measure, determined acceptable by the Secretary, that –

(i) keeps housing affordable to low- and moderate-income persons for not less than 30 years; and
(ii) enables low- and moderate-income persons to rent or purchase the housing for home-ownership; and

(E) maintains preemptive purchase options to purchase the property if such purchase would allow the housing to remain affordable to low- and moderate-income persons.

Subsection (s): Set-Aside for Community Housing Development Organizations (CHDOs)
Section 231(a) of the Cranston-Gonzalez National Affordable Housing Act
42 U.S.C 12771(a) – Set-aside for CHDOs

(a) In General – For a period of 24 months after funds under part A are made available to a jurisdiction, the jurisdiction shall reserve not less than 15 percent of such funds for investment only in housing **when a community housing development organization materially participates in the ownership or development of that housing, as determined by the Secretary** ~~to be developed, sponsored, or owned by community housing development organizations~~.

Subsection (t): Administrative Reforms

- Section 220(b) of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C 12750(b) – Matching requirements

(b) ~~Recognition~~ **Recognition – A contribution**
~~(1) In General – A contribution~~ shall be recognized for purposes of subsection (a) only if it –
~~(A)~~ **(1)** is made with respect to housing that qualifies…
~~(B)~~ **(2)** is made with respect to any portion of a project not less…
~~(2) Administrative Expenses: Contributions for administrative expenses may not be recognized for purposes of subsection (a)~~ [match contributions]

- Section 217(d)(3) of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12747(d)(3) – Allocation of resources

(d) Reallocations
(3) ~~Limitation~~ **Limitations –** ~~Unless otherwise specified~~ in this part, any reallocation of funds from a State shall be made only among all participating States, and any reallocation of funds from units of general local government shall be made only among all participating units of general local government.
(A) Removal of Participating Jurisdictions from Reallocation – The Secretary may, upon a finding that the participating jurisdiction has failed to meet or comply with the requirements of this title, remove a participating jurisdiction from participation in reallocations of funds made available under this title.
(B) Reallocation to Same Type of Entity – Unless otherwise specified.

- Section 226(b) of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12756(b) – Monitoring of compliance

(b) Periodic Monitoring – ~~Each participating jurisdiction~~,

(1) In General – Each participating jurisdiction not less frequently than annually, shall review the activities of owners of affordable housing assisted under this subchapter for rental to assess compliance with the requirements of this subchapter. ~~Such review shall include on-site inspection to determine compliance with housing codes and other applicable regulations. The results of each review shall be included in the jurisdiction's performance report submitted to the Secretary under section 12708(a) of this title and made available to the public~~.

(2) Onsite Inspections –

(A) Inspections by Units of General Local Government – A review conducted under paragraph (1) by a participating jurisdiction that is a unit of general local government shall include an onsite inspection to determine compliance with housing codes and other applicable regulations.

(B) Inspections by States – A review conducted under paragraph (1) by a participating jurisdiction that is a State shall include an onsite inspection to determine compliance with a national standard as determined by the Secretary.

(3) Inclusion in Performance Report and Publication – A participating jurisdiction shall include in the performance report of the participating jurisdiction submitted to the Secretary under section 108(a), and make available to the public, the results of each review conducted under paragraph (1).

- Section 233 of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12753 – ~~Penalties for misuse of funds~~ **Program Enforcement and Penalties for Noncompliance**

If the Secretary finds after reasonable notice and opportunity for hearing that a participating jurisdiction has failed to comply substantially with any provision of this part**, including any provision applicable throughout the period required by section 215(a)(1)(E) and applicable regulations,** and until the Secretary…

(2) …made available under section 12743 of this title;~~ or~~

(3) …available under this part**; or**

(4) reduce payments to the participating jurisdiction under this subtitle by an amount equal to the amount of such payments that were not expended by the participating jurisdiction in accordance with this title.

Subsection (u): Minimum Allocations

Section 217(b) of the Cranston-Gonzalez National Affordable Housing Act

42 U.S.C. 12747(b) – Allocation of resources

(b) Formula allocation

(2) Minimum State allocation

(B) Increased minimum allocation: If no unit of general local government within a State receives an allocation under paragraph (3), the State's allocation shall be increased by **$750,000** ~~$500,000~~… except that such pro rata deduction shall not reduce the allocation of any unit of general local government below **$750,000** ~~$500,000~~.

(3) Minimum local allocation: …when all such funds are initially allocated by formula, jurisdictions that are allocated an amount of **$750,000** ~~$500,000~~ or more, and participating jurisdictions (other than consortia that fail to renew the membership of all of their member jurisdictions) ~~that are allocated an amount less than $500,000~~ **that are allocated an amount less than $500,000 before the date of enactment of the 21st Century ROAD to Housing Act or less than $750,000 on or after the date of enactment of the 21st Century ROAD to Housing Act**, shall receive an allocation… maximum number of such jurisdictions can receive initial allocations, ~~except as provided in paragraph (4~~).

~~(4) Threshold reduction – If the amount appropriated pursuant to section 12724 of this title for any fiscal y ear is less than $1,500,000,000, then this section shall be applied during that year by substituting "$335,000" for "$500,000" where it appears in paragraph (3).~~

Subsection (V): Technical and Conforming Amendments

Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 et seq.)

(See Section 501 text for details)