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(Original Signature of Member)

112TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

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

Mr. LATOURETTE introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**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 2012”.

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 opment 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 which meets 3 of the following  
3 4 requirements:

4           “(A) The State ranks in the top 20 among  
5 all States in percentage change in nonseasonal  
6 vacancies in the time period between the 2000  
7 decennial census and the 2010 decennial cen-  
8 sus.

9           “(B) The State ranks in the top 25 among  
10 all States in unemployment rate (seasonally ad-  
11 justed) for the most recent 12-month period  
12 available.

13           “(C) The State ranks in the top 25 among  
14 all States in percentage of loans in foreclosure  
15 for the most recent quarter available.

16           “(D) The State ranks in the top 20 among  
17 all States in the lowest percentage change in  
18 population growth in the time period between  
19 the 2000 decennial census and the 2010 decen-  
20 nial census.

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

1 (b) CONFORMING AMENDMENTS.—

2 (1) Paragraph (1) of section 54A(d) of such  
3 Code is amended by striking “or” at the end of sub-  
4 paragraph (D), by inserting “or” at the end of sub-  
5 paragraph (E), and by inserting after subparagraph  
6 (E) the following new subparagraph:

7 “(E) a qualified urban demolition bond.”.

8 (2) Subparagraph (C) of section 54A(d)(2) is  
9 amended by striking “and” at the end of clause (iv),  
10 by striking the period at the end of clause (v) and  
11 inserting “, and”, and by adding at the end the fol-  
12 lowing new clause:

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

15 (3) The table of sections for subpart I of part  
16 IV of subchapter A of chapter 1 of such Code is  
17 amended by adding at the end the following new  
18 item:

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

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

## 22 **SEC. 3. USE OF NEIGHBORHOOD STABILIZATION PROGRAM**

### 23 **FUNDS FOR DEMOLITION ACTIVITIES.**

24 (a) NSP2 AND NSP3 FUNDS.—

1           (1) EXCEPTION TO LIMITATION ON USE FOR  
2 DEMOLITION.—Notwithstanding the 13th proviso of  
3 the second undesignated paragraph under the head-  
4 ing “Community Planning and Development—Com-  
5 munity Development Fund” in title XII of division  
6 A of the American Recovery and Reinvestment Act  
7 of 2009 (Public Law 111–5; 123 Stat. 218) and sec-  
8 tion 1497(a) of the Dodd-Frank Wall Street Reform  
9 and Consumer Protection Act (Public Law 111–203;  
10 124 Stat. 2209), a qualified State or unit of general  
11 local government in a qualified State may use all or  
12 any portion of any amounts made available from a  
13 grant under such second undesignated paragraph or  
14 under such section 1497 for the purpose set forth in  
15 section 2301(c)(4)(D) of the Dodd-Frank Wall  
16 Street Reform and Consumer Protection Act (42  
17 U.S.C. 5301 note), at the sole discretion of the State  
18 or unit of general local government.

19           (2) DEFINITION.—For purposes of this sub-  
20 section, the term “qualified State” has the meaning  
21 given such term in section 54G(g) of the Internal  
22 Revenue Code of 1986.

23           (b) FUTURE GRANTS.—Subsection (c) of section  
24 2301 of the Housing and Economic Recovery Act of 2008

1 (42 U.S.C. 5301 note) is amended by adding at the end  
2 the following new paragraph:

3           “(5) PROHIBITION OF LIMITATION ON USE FOR  
4 DEMOLITION.—A qualified State or unit of general  
5 local government in a qualified State may use all or  
6 any portion of any amounts made available from a  
7 grant under this section for the purpose set forth in  
8 paragraph (4)(D) of this subsection, at the sole dis-  
9 cretion of the State or unit of general local govern-  
10 ment. For purposes of this paragraph, the term  
11 ‘qualified State’ has the meaning given such term in  
12 section 54G(g) of the Internal Revenue Code of  
13 1986.”.