

103D CONGRESS  
1ST SESSION

# H. R. 1003

To amend title I of the Housing and Community Development Act of 1974  
to establish an economic development block grant program.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 18, 1993

Mr. SHAYS (for himself and Mr. MFUME) introduced the following bill; which  
was referred to the Committee on Banking, Finance and Urban Affairs

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## A BILL

To amend title I of the Housing and Community Development  
Act of 1974 to establish an economic development  
block grant program.

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 “Targeted Economic  
5 Development Block Grant Program Act of 1993”.

6 **SEC. 2. ESTABLISHMENT OF TARGETED ECONOMIC DEVEL-**  
7 **OPMENT BLOCK GRANT PROGRAM.**

8 Title I of the Housing and Community Development  
9 Act of 1974 (42 U.S.C. 5301 et seq.) is amended by add-  
10 ing at the end the following new section:

1 **“SEC. 122. TARGETED ECONOMIC DEVELOPMENT BLOCK**  
 2 **GRANT PROGRAM.**

3 “(a) ALLOCATION.—

4 “(1) IN GENERAL.—From amounts appro-  
 5 priated under subsection (g), the Secretary of Hous-  
 6 ing and Urban Development shall allocate to each  
 7 qualified city for a fiscal year the amount deter-  
 8 mined in accordance with the following formula:

$$A \left( \frac{X}{U} \right)$$

9 “(2) DETERMINATION OF ELIGIBILITY.—A city  
 10 is a qualified city if such city—

11 “(A) is a metropolitan city;

12 “(B) is, for any fiscal year, eligible to re-  
 13 ceive an allocation of funds under section  
 14 106(a)(3); and

15 “(C) has a need adjusted per capita in-  
 16 come factor (as determined under paragraph  
 17 (7)) is equal to or less than 0.55.

18 “(3) DETERMINATION OF TERM ‘A’.—For pur-  
 19 poses of paragraph (1), the term ‘A’ means the  
 20 amount appropriated under subsection (g) for the  
 21 fiscal year involved.

22 “(4) DETERMINATION OF TERM ‘U’.—For pur-  
 23 poses of paragraph (1), the term ‘U’ means the sum

1 of the respective terms ‘X’ determined for the cities  
2 under paragraph (5).

3 “(5) DETERMINATION OF TERM ‘X’.—For pur-  
4 poses of paragraph (1), the term ‘X’ means the  
5 product of—

6 “(A) the total population of the city in-  
7 volved, as determined by the Secretary using  
8 the most recent data that is available from the  
9 Secretary of Commerce pursuant to the decen-  
10 nial census and pursuant to reasonable esti-  
11 mates by such Secretary of changes occurring  
12 in the data in the ensuing period;

13 “(B) the need index of such city, as deter-  
14 mined under paragraph (6); and

15 “(C) the need adjusted per capita income  
16 factor of such city, as determined under para-  
17 graph (7).

18 “(6) DETERMINATION OF NEED INDEX.—

19 “(A) For purposes of paragraph (5)(B),  
20 the term ‘need index’ means the number equal  
21 to the quotient of—

22 “(i) the term ‘N’, as determined  
23 under subparagraph (B); divided by

24 “(ii) the term ‘P’, as determined  
25 under subparagraph (C).

1           “(B) For purposes of subparagraph (A)(i),  
2           the term ‘N’ means the percentage constituted  
3           by the ratio of—

4                   “(i) the amount of funds allocated to  
5                   the city in the current fiscal year under  
6                   section 106(a)(3); to

7                   “(ii) the sum of the amount of funds  
8                   received by all eligible cities in the current  
9                   fiscal year under section 106(a)(3).

10           “(C) For purposes of subparagraph (A)(ii),  
11           the term ‘P’ means the percentage constituted  
12           by the ratio of—

13                   “(i) the amount equal to the total  
14                   population of the city, as determined by  
15                   the Secretary using the most recent data  
16                   that is available from the Secretary of  
17                   Commerce pursuant to the decennial cen-  
18                   sus and pursuant to reasonable estimates  
19                   by such Secretary of changes occurring in  
20                   the data in the ensuing period; to

21                   “(ii) the amount equal to the total  
22                   population of all eligible cities in the cur-  
23                   rent fiscal year.

24           “(D) For purposes of this paragraph, the  
25           term ‘eligible cities’ means those cities which

1 meet the requirements of subparagraphs (A)  
2 and (B) of paragraph (2).

3 “(7) DETERMINATION OF NEED ADJUSTED PER  
4 CAPITA INCOME FACTOR.—

5 “(A) For purposes of paragraphs (2)(C)  
6 and (5)(C) (and subject to subparagraph (D)),  
7 the term ‘need adjusted per capita income fac-  
8 tor’ means the amount equal to the percentage  
9 determined for the city in accordance with the  
10 following formula:

$$1 - .15 \left( \frac{I}{Q} \right)$$

11 “(B) For purposes of subparagraph (A),  
12 the term ‘I’ means the per capita income of the  
13 city for the most recent year for which data is  
14 available, as determined by the Secretary of  
15 Commerce.

16 “(C) For purposes of subparagraph (A),  
17 the term ‘Q’ means the product of—

18 “(i) the need index of such city, as de-  
19 termined under paragraph (6); and

20 “(ii) the amount equal to the per cap-  
21 ita income of the United States for the  
22 most recent year for which data is avail-

1           able, as determined by the Secretary of  
2           Commerce.

3           “(D) In the case of a city for which the  
4           quotient of the term ‘I’ (as determined under  
5           subparagraph (B)) divided by the term ‘Q’ (as  
6           determined under subparagraph (C)) is less  
7           than 0.2, then such quotient shall be deemed to  
8           be equal to 0.2 for such city for purposes of the  
9           formula under subparagraph (A).

10          “(b) APPLICATION.—

11           “(1) IN GENERAL.—The Secretary may not  
12           make a grant under subsection (a) in a fiscal year  
13           to a city unless the city submits to the Secretary an  
14           application in such form and containing such infor-  
15           mation as the Secretary may require, including the  
16           certifications required under paragraph (2).

17           “(2) CERTIFICATIONS.—Each application shall  
18           include certifications by the chief executive official of  
19           the city and the Governor of the State in which the  
20           city is located that—

21           “(A) the city will use amounts from a  
22           grant received under subsection (a) only for the  
23           purpose of carrying out the eligible activities  
24           under subsection (e) and will not use amounts

1 from such grant for any of the prohibited ac-  
2 tivities under subsection (f);

3 “(B) the city will provide matching  
4 amounts in accordance with the formula in sub-  
5 section (c) for the purpose of carrying out such  
6 eligible activities;

7 “(C) the State in which the city is located  
8 will provide matching amounts to the city in ac-  
9 cordance with the formula in subsection (d) for  
10 the purpose of carrying out such eligible activi-  
11 ties;

12 “(D) the city will maintain all amounts re-  
13 ceived from a grant under subsection (a) and  
14 all matching amounts described in subpara-  
15 graphs (B) and (C) in an account separate  
16 from the account in which the general funds of  
17 the city are maintained;

18 “(E) both the city and the State will main-  
19 tain their aggregate expenditures from all other  
20 sources for such eligible activities at or above  
21 the average level of such expenditures in the 2  
22 fiscal years preceding the date on which the city  
23 receives amounts from a grant under subsection  
24 (a);

1           “(F) the city will reserve not less than 5  
2 percent of amounts received from a grant under  
3 subsection (a) to enter into contracts with mi-  
4 nority-owned businesses for the purpose of car-  
5 rying out such eligible activities; and

6           “(G) not later than 180 days after the  
7 date on which the city receives amounts from a  
8 grant under subsection (a), the city will submit  
9 to the Secretary a report containing a descrip-  
10 tion of the use of amounts received from a  
11 grant under subsection (a) and an evaluation of  
12 the effectiveness of the grant program in the  
13 city, including the extent to which the taxable  
14 value of the local property tax base and related  
15 revenue sources allocated to the city’s general  
16 fund have been increased.

17           “(3) NOTIFICATION OF DISAPPROVAL.—

18           “(A) IN GENERAL.—The Secretary shall  
19 provide notification to a city of a proposed dis-  
20 approval of such city’s application not later  
21 than 20 days after the date on which the Sec-  
22 retary receives such application under para-  
23 graph (1).

24           “(B) APPEAL.—A city may appeal the pro-  
25 posed disapproval of an application under sub-

1 paragraph (A). Such appeal, including review  
 2 by the Secretary, shall be completed not later  
 3 than 45 days after the date on which the city  
 4 provides notice to the Secretary of such appeal.

5 “(c) CITY MATCHING FUNDS.—

6 “(1) IN GENERAL.—Subject to paragraph (3),  
 7 each city receiving amounts from a grant under sub-  
 8 section (a) shall provide amounts for each dollar al-  
 9 located under such subsection at a rate in accord-  
 10 ance with the following formula:

$$\frac{.15 \left( \frac{I}{Q} \right)}{1 - .15 \left( \frac{I}{Q} \right)}$$

11 “(2) DETERMINATION OF TERMS ‘I’ AND ‘Q’.—  
 12 For purposes of paragraph (1) (and subject to sub-  
 13 section (a)(7)(D)), the quotient of the term ‘I’ di-  
 14 vided by the term ‘Q’ is equal to the term ‘I’ deter-  
 15 mined under subsection (a)(7)(B) divided by the  
 16 term ‘Q’ determined under subsection (a)(7)(C).

17 “(3) SPECIAL RULE.—

18 “(A) In the case of a city for which the  
 19 rate determined under paragraph (1) is less  
 20 than 5 cents per dollar of amounts allocated  
 21 under subsection (a), then such rate shall be  
 22 deemed to be equal to 5 cents per dollar.

1           “(B) In the case of a city for which the  
 2           rate determined under paragraph (1) is more  
 3           than 25 cents per dollar of amounts allocated  
 4           under subsection (a), then such rate shall be  
 5           deemed to be equal to 25 cents per dollar.

6           “(d) STATE MATCHING FUNDS.—

7           “(1) IN GENERAL.—Each State in which a city  
 8           receiving amounts from a grant under subsection (a)  
 9           is located shall provide amounts for each dollar allo-  
 10          cated under subsection (a) at a rate in accordance  
 11          with the following formula:

$$\frac{.15(R)}{1 - .15(R)}$$

12          “(2) DETERMINATION OF TERM ‘R’.—For pur-  
 13          poses of paragraph (1) (and subject to paragraph  
 14          (5)), the term ‘R’ (referred to as the ‘State resource  
 15          index’) means the number equal to the quotient of—

16                 “(A) the term ‘F’, as determined under  
 17                 paragraph (3); divided by

18                 “(B) the term ‘V’, as determined under  
 19                 paragraph (4).

20          “(3) DETERMINATION OF TERM ‘F’.—

21                 “(A) For purposes of paragraph (2)(A),  
 22                 the term ‘F’ means the amount equal to the

1 amount determined in accordance with the fol-  
 2 lowing formula:

$$\frac{Y}{G}$$

3 “(B) For purposes of subparagraph (A),  
 4 the term ‘G’ means the sum of the respective  
 5 terms ‘Y’ determined for the States under sub-  
 6 paragraph (C).

7 “(C) For purposes of subparagraph (A),  
 8 the term ‘Y’ means the amount equal to the  
 9 quotient of—

10 “(i) an amount equal to the most re-  
 11 cent 3-year average of the total taxable re-  
 12 sources of the State, as determined by the  
 13 Secretary of the Treasury; divided by

14 “(ii) the State cost index, as deter-  
 15 mined for such State under subparagraph  
 16 (D).

17 “(D) For purposes of subparagraph  
 18 (C)(ii), the term ‘State cost index’ means the  
 19 number equal to the number determined in ac-  
 20 cordance with the following formula:

$$.5 + .5(W)$$

21 “(E) For purposes of subparagraph (D),  
 22 the term ‘W’ (referred to as the ‘State wage

1 index') means the amount equal to the quotient  
2 of—

3 “(i) an amount equal to the most re-  
4 cent 3-year average of the annual private  
5 industry wages per employee of the State,  
6 as determined by the Secretary of Labor;  
7 divided by

8 “(ii) an amount equal to the most re-  
9 cent 3-year average of the annual private  
10 industry wages per employee for the Unit-  
11 ed States, as determined by the Secretary  
12 of Labor.

13 “(4) DETERMINATION OF TERM ‘V’.—For pur-  
14 poses of paragraph (2)(B), the term ‘V’ means the  
15 amount equal to the quotient of—

16 “(A) the term ‘Z’, which is equal to the  
17 total population of the State, as determined by  
18 the Secretary using the most recent data that  
19 is available from the Secretary of Commerce  
20 pursuant to the decennial census and pursuant  
21 to reasonable estimates by such Secretary of  
22 changes occurring in the data in the ensuing  
23 period; divided by

1           “(B) an amount equal to the sum of the  
2           respective terms ‘Z’ determined for each of the  
3           States under subparagraph (A).

4           “(5) SPECIAL RULE.—In the case of a State for  
5           which the rate determined under paragraph 1 is  
6           more than 25¢ per dollar of amounts allocated under  
7           subsection (a), then such rate shall be deemed to be  
8           equal to 25¢ per dollar.

9           “(e) ELIGIBLE ACTIVITIES.—A city shall use  
10          amounts from a grant under subsection (a) only to—

11           “(1) provide financial incentives for business  
12          creation, retention, and expansion in such city;

13           “(2) provide technical assistance to individuals  
14          seeking to establish small businesses in such city;  
15          and

16           “(3) make improvements to the infrastructure  
17          of such city, including—

18           “(A) land clearing activities;

19           “(B) the establishment of access roads,  
20          parking lots, and industrial parks;

21           “(C) assistance to demolish or renovate  
22          abandoned buildings;

23           “(D) improvements to sewage treatment  
24          plants; and

1           “(E) environmental cleanup of contami-  
2           nated sites with significant potential for eco-  
3           nomic development for commercial, residential,  
4           industrial, or recreational purposes.

5           “(f) PROHIBITED ACTIVITIES.—A city may not use  
6 amounts from a grant under subsection (a) to—

7           “(1) provide loans of any kind;

8           “(2) provide compensation to a city employee;

9           “(3) pay interest on a debt incurred by the city;

10          “(4) establish, promote, or retain a gambling  
11 activity;

12          “(5) repair, maintain, or construct residential  
13 housing;

14          “(6) provide transportation, meals, accommoda-  
15 tions, petty cash, personal items, and entertainment  
16 expenses to any individual; and

17          “(7) provide for any other activity incompatible  
18 with the grant program established under this sec-  
19 tion, as determined by the Secretary.

20          “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
21 are authorized to be appropriated \$2,500,000,000 for fis-  
22 cal year 1994, \$4,000,000,000 for fiscal year 1995, and  
23 \$5,000,000,000 for each of the fiscal years 1996 through  
24 1998, for the purpose of making allocations to eligible  
25 cities under subsection (a).”.

