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### § 5301. Congressional findings and declaration of purpose

#### (a) Critical social, economic, and environmental problems facing Nation's urban communities

The Congress finds and declares that the Nation's cities, towns, and smaller urban communities face critical social, economic, and environmental problems arising in significant measure from—

- (1) the growth of population in metropolitan and other urban areas, and the concentration of persons of lower income in central cities;
- (2) inadequate public and private investment and reinvestment in housing and other physical facilities, and related public and social services, resulting in the growth and persistence of urban slums and blight and the marked deterioration of the quality of the urban environment; and
- (3) increasing energy costs which have seriously undermined the quality and overall effectiveness of local community and housing development activities.

#### (b) Establishment and maintenance of viable urban communities; systematic and sustained action by Federal, State, and local governments; expansion of and continuity in Federal assistance; increased private investment; streamlining programs and improvement of functioning of agencies; action to address consequences of scarce fuel supplies

The Congress further finds and declares that the future welfare of the Nation and the well-being of its citizens depend on the establishment and maintenance of viable urban communities as social, economic, and political entities, and require—

- (1) systematic and sustained action by Federal, State, and local governments to eliminate blight, to conserve and renew older urban areas, to improve the living environment of low- and moderate-income families, and to develop new centers of population growth and economic activity;
- (2) substantial expansion of and greater continuity in the scope and level of Federal assistance, together with increased private investment in support of community development activities;
- (3) continuing effort at all levels of government to streamline programs and improve the functioning of agencies responsible for planning, implementing, and evaluating community development efforts; and
- (4) concerted action by Federal, State, and local governments to address the economic

and social hardships borne by communities as a consequence of scarce fuel supplies.

#### (c) Decent housing, suitable living environment, and economic opportunities for persons of low and moderate income; community development activities which may be supported by Federal assistance

The primary objective of this chapter and of the community development program of each grantee under this chapter is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, not less than 70 percent of the aggregate of the Federal assistance provided to States and units of general local government under section 5306 of this title and, if applicable, the funds received as a result of a guarantee or a grant under section 5308 of this title, shall be used for the support of activities that benefit persons of low and moderate income, and the Federal assistance provided in this chapter is for the support of community development activities which are directed toward the following specific objectives—

- (1) the elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally persons of low and moderate income;
- (2) the elimination of conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance, and related activities;
- (3) the conservation and expansion of the Nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income;
- (4) the expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities;
- (5) a more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;
- (6) the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods;
- (7) the restoration and preservation of properties of special value for historic, architectural, or esthetic reasons;
- (8) the alleviation of physical and economic distress through the stimulation of private investment and community revitalization in areas with population outmigration or a stagnating or declining tax base; and
- (9) the conservation of the Nation's scarce energy resources, improvement of energy effi-

ciency, and the provision of alternative and renewable energy sources of supply.

It is the intent of Congress that the Federal assistance made available under this chapter not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance.

**(d) Consolidation of complex and overlapping Federal assistance programs into consistent system of Federal aid**

It is also the purpose of this chapter to further the development of a national urban growth policy by consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs into a consistent system of Federal aid which—

(1) provides assistance on an annual basis, with maximum certainty and minimum delay, upon which communities can rely in their planning;

(2) encourages community development activities which are consistent with comprehensive local and areawide development planning;

(3) furthers achievement of the national housing goal of a decent home and a suitable living environment for every American family; and

(4) fosters the undertaking of housing and community development activities in a coordinated and mutually supportive manner by Federal agencies and programs, as well as by communities.

(Pub. L. 93-383, title I, §101, Aug. 22, 1974, 88 Stat. 633; Pub. L. 95-128, title I, §101, Oct. 12, 1977, 91 Stat. 1111; Pub. L. 96-399, title I, §104(a), Oct. 8, 1980, 94 Stat. 1616; Pub. L. 98-181, title I [title I, §101(a)], Nov. 30, 1983, 97 Stat. 1159; Pub. L. 100-242, title V, §502(a), (b), Feb. 5, 1988, 101 Stat. 1923; Pub. L. 101-625, title IX, §§902(a), 913(a), Nov. 28, 1990, 104 Stat. 4385, 4392; Pub. L. 103-233, title II, §232(a)(2)(A), Apr. 11, 1994, 108 Stat. 367.)

REFERENCES IN TEXT

This chapter, referred to in subsecs. (c) and (d), was in the original “this title”, meaning title I of Pub. L. 93-383, Aug. 22, 1974, 88 Stat. 633, which is classified principally to this chapter. For complete classification of title I to the Code, see Tables.

AMENDMENTS

1994—Subsec. (c). Pub. L. 103-233 inserted “or a grant” after “guarantee” in second sentence.

1990—Subsec. (c). Pub. L. 101-625, §913(a), inserted “to States and units of general local government” after first reference to “Federal assistance provided” in second sentence.

Pub. L. 101-625, §902(a), substituted “70 percent” for “60 percent” in second sentence.

1988—Subsec. (c). Pub. L. 100-242, §502(a), substituted “60” for “51”.

Subsec. (c)(6). Pub. L. 100-242, §502(b), struck out “to attract persons of higher income” before semicolon at end.

1983—Subsec. (c). Pub. L. 98-181, §101(a)(1), inserted “and of the community development program of each grantee under this chapter” in provisions preceding par. (1).

Pub. L. 98-181, §101(a)(2), inserted “not less than 51 percent of the aggregate of the Federal assistance provided under section 5306 of this title and, if applicable,

the funds received as a result of a guarantee under section 5308 of this title, shall be used for the support of activities that benefit persons of low and moderate income, and” in provisions preceding par. (1).

1980—Subsec. (a)(3). Pub. L. 96-399, §104(a)(1)–(3), added par. (3).

Subsec. (b)(4). Pub. L. 96-399, §104(a)(4)–(6), added par. (4).

Subsec. (c)(9). Pub. L. 96-399, §104(a)(7)–(9), added par. (9).

1977—Subsec. (c)(8). Pub. L. 95-128, §101(a), added par. (8).

Subsec. (d)(4). Pub. L. 95-128, §101(b), provided that the development activities be undertaken by Federal agencies and programs as well as by communities.

EFFECTIVE DATE OF 1994 AMENDMENT

Pub. L. 103-233, title II, §209, Apr. 11, 1994, 108 Stat. 366, provided that: “The amendments made by this title [enacting sections 5321 and 12840 of this title and amending this section and sections 5304, 5305, 5308, 5318, 12704, 12744, 12745, 12750, 12833, 12838, and 12893 of this title] shall apply with respect to any amounts made available to carry out title II of the Cranston-Gonzalez National Affordable Housing Act [42 U.S.C. 12721 et seq.] after the date of the enactment of this Act [Apr. 11, 1994] and any amounts made available to carry out such title before such date of enactment that remain uncommitted on such date. The Secretary shall issue any regulations necessary to carry out the amendments made by this title not later than the expiration of the 45-day period beginning on the date of the enactment of this Act.”

EFFECTIVE DATE OF 1992 AMENDMENT

Pub. L. 102-550, §2, Oct. 28, 1992, 106 Stat. 3681, provided that: “The provisions of this Act [see Tables for classification] and the amendments made by this Act shall take effect and shall apply upon the date of the enactment of this Act [Oct. 28, 1992], unless such provisions or amendments specifically provide for effectiveness or applicability upon another date certain.”

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 913(a) of Pub. L. 101-625 applicable to amounts approved in any appropriation Act under section 5303 of this title for fiscal year 1990 and each fiscal year thereafter, see section 913(f) of Pub. L. 101-625, set out as a note under section 5306 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 98-181 applicable only to funds available for fiscal year 1984 and thereafter, see section 110(b) of Pub. L. 98-181, as amended, set out as a note under section 5316 of this title.

EFFECTIVE DATE OF 1977 AMENDMENT

Pub. L. 95-128, title I, §114, Oct. 12, 1977, 91 Stat. 1128, provided that: “The amendments made by this title [enacting section 5318 of this title, amending this section, sections 1452b, 5302 to 5308, and 5313 of this title, and section 461 of former Title 40, Public Buildings, Property, and Works, and enacting provisions set out as a note under section 5313 of this title] shall become effective October 1, 1977.”

SHORT TITLE OF 2003 AMENDMENT

Pub. L. 108-146, §1, Dec. 3, 2003, 117 Stat. 1883, provided that: “This Act [amending section 5305 of this title] may be cited as the ‘Tornado Shelters Act’.”

SHORT TITLE OF 1992 AMENDMENT

Pub. L. 102-550, §1(a), Oct. 28, 1992, 106 Stat. 3672, provided that: “This Act [see Tables for classification] may be cited as the ‘Housing and Community Development Act of 1992’.”

SHORT TITLE OF 1988 AMENDMENT

Pub. L. 100-242, §1(a), Feb. 5, 1988, 101 Stat. 1815, provided that: “This Act [see Tables for classification]

may be cited as the 'Housing and Community Development Act of 1987'."

#### SHORT TITLE OF 1986 AMENDMENT

Pub. L. 99-272, title III, §3001(a), Apr. 7, 1986, 100 Stat. 101, provided that: "This title [amending sections 1437b, 1437g, 1452b, 1483, 1485, 1487, 1490, 1490c, 4026, 4056, 4101, 5302, and 5308 of this title, and sections 1703, 1715h, 1715f, 1715z, 1715z-9, 1715z-10, 1715z-14, 1748h-1, 1748h-2, 1749bb, 1749aaa, 1749bbb, and 2811 of Title 12, Banks and Banking, enacting provisions set out as notes under section 5308 of this title, and amending provisions set out as a note under section 1701q of Title 12] may be cited as the 'Housing and Community Development Reconciliation Amendments of 1985'."

#### SHORT TITLE OF 1984 AMENDMENT

Pub. L. 98-479, §1, Oct. 17, 1984, 98 Stat. 2218, provided: "That this Act [amending sections 1437a, 1437b, 1437d, 1437f, 1437h, 1437i, 1437o, 1438 to 1440, 1452, 1455, 1456, 1471, 1472, 1480, 1481, 1483, 1485, 1487, 1490, 1490a to 1490c, 1493, 2414, 3337, 3535, 3541, 3936, 3938, 4016, 4017, 4101, 4105, 4124, 4502, 5302, 5304 to 5306, 5308, 5312, 5317, 5318, 5403, 6863, 8004, 8010, and 8107 of this title, sections 1425a, 1457, 1701c, 1701h, 1701q, 1701s, 1701x, 1701z-2, 1701z-13, 1702, 1705, 1706e, 1709, 1713, 1715d, 1715h, 1715i, 1715n, 1715y, 1715z, 1715z-1, 1715z-1a, 1715z-5 to 1715z-9, 1717, 1719, 1721, 1723a, 1723g, 1723h, 1732, 1735f-5, 1735f-9, 1749, 1749a, 1749c, 1749aaa, 1749aaa-3, 1749bbb-8, 1749bbb-13, 1749bbb-17, 1750c, 1757, 2706, 2709, 3612, and 3618 of Title 12, Banks and Banking, and sections 1635 and 1715 of Title 15, Commerce and Trade, enacting provisions set out as notes under sections 1472 and 5305 of this title and sections 1715b, 1732 and 3618 of Title 12, and amending provisions set out as notes under sections 602, 5316, and 5318 of this title and section 1701z-6 of Title 12] may be cited as the 'Housing and Community Development Technical Amendments Act of 1984'."

#### SHORT TITLE OF 1981 AMENDMENT

Pub. L. 97-35, title III, §300, Aug. 13, 1981, 95 Stat. 384, provided that: "This subtitle [subtitle A (§§300-371) of title III of Pub. L. 97-35, enacting sections 1437j-1, 1437n, and 4028 of this title and sections 1701z-14, 1735f-9, 1735f-10, 2294a, and 3701 to 3717 of Title 12, Banks and Banking, amending sections 1436a, 1437 to 1437d, 1437f, 1437g, 1437i, 1437j, 1437l, 1439, 1452b, 1483, 1485, 1487, 1490a, 1490c, 4017, 4026, 4056, 4081, 4127, 4518, 5302 to 5313, 5316, 5318, 5320, and 8107 of this title and sections 1701s, 1701j-2, 1701q, 1701x, 1701z-1, 1701z-14, 1703, 1706e, 1709-1, 1713, 1715e, 1715h, 1715k, 1715l, 1715n, 1715v, 1715y, 1715z, 1715z-1, 1715z-1a, 1715z-1b, 1715z-7, 1715z-9, 1715z-10, 1720, 1721, 1735c, 1748h-1, 1748h-2, 1749bb, 1749aaa, 1749bbb, and 1749bbb-3 of Title 12, repealing sections 8121 to 8124 of this title and section 461 of former Title 40, Public Buildings, Property, and Works, enacting provisions set out as notes under 1436a, 1437a, 1437f, 4028, 5304, 5305, 5306, 5318 of this title and sections 1703, 1720, and 3701 of Title 12, and repealing provisions set out as notes under section 8121 of this title and section 1701s of Title 12] may be cited as the 'Housing and Community Development Amendments of 1981'."

#### SHORT TITLE OF 1980 AMENDMENT

Pub. L. 96-399, §1, Oct. 8, 1980, 94 Stat. 1614, provided: "That this Act [enacting sections 1436a, 1436b, 1437l, 1437m, 1490j and 5320 of this title, sections 1735f-8 and 2809 to 2811 of Title 12, Banks and Banking, and sections 3601 to 3616 of Title 15, Commerce and Trade, amending this section, sections 1437c, 1437d, 1437f, 1437g, 1437k, 1439, 1441c, 1452b, 1471, 1472, 1480, 1483 to 1487, 1490a, 1490c to 1490e, 3535, 4127, 5302 to 5308, 5316 to 5318, 5401 to 5404, 5406 to 5416, 5419, 5421 to 5423, 5425, 6833, 6835, 8004, 8102, 8105, 8107, and 8124 of this title, sections 86a, 1425a, 1454, 1701q, 1701s, 1701u, 1701z-1, 1701z-11, 1703, 1706e, 1707, 1709, 1709-1, 1713, 1715d, 1715e, 1715h, 1715k, 1715l to 1715n, 1715u to 1715w, 1715y to 1715z-1, 1715z-1a, 1715z-5 to 1715z-7, 1715z-9, 1715z-10, 1717, 1720, 1721, 1723e, 1735c, 1735f-7a, 1748h-1, 1748h-2, 1749bb, 1749aaa and 2803 of

Title 12 and sections 461 and 484b of former Title 40, Public Buildings, Property and Works, repealing section 2809 of Title 12, enacting provisions set out as notes under sections 1472, 3535, 5302, 5313, 5401, 5424 and 8106 of this title, sections 86a, 1701z-6, 1703, 1715d, 1715z, 1717, 1723a, 1723e and 3305 of Title 12, section 3601 of Title 15, and section 461 of former Title 40, and amending provisions set out as notes under section 5401 of this title and sections 86a, 1701z-6, 1723e, and 1735f-4 of Title 12] may be cited as the 'Housing and Community Development Act of 1980'."

#### SHORT TITLE OF 1979 AMENDMENT

Pub. L. 96-153, §1, Dec. 21, 1979, 93 Stat. 1101, provided: "That this Act [enacting section 1735f-7 of Title 12, Banks and Banking, section 1719a of Title 15, Commerce and Trade, and section 1437k of this title, amending section 5315 of Title 5, Government Organization and Employees, sections 90, 1426, 1431, 1451, 1452, 1455, 1464, 1701q, 1701s, 1701z-1, 1701z-11, 1703, 1706e, 1709, 1709-1, 1713, 1715e, 1715h, 1715k, 1715l, 1715m, 1715v, 1715y, 1715z, 1715z-1, 1715z-1a, 1715z-6, 1715z-7, 1715z-9, 1715z-10, 1717, 1728, 1735c, 1748h-1, 1748h-2, 1749bb, 1749aaa, 1749bbb, 1757, 1787, and 1821 of Title 12, sections 1701, 1702, 1703, 1708, 1709, 1711, 1715, and 1717 of Title 15, section 461 of former Title 40, Public Buildings, Property, and Works, and sections 1437a, 1437c, 1437d, 1437f, 1437g, 1439, 1452b, 1471, 1472, 1474, 1479, 1480, 1483, 1484, 1485, 1486, 1487, 1490a, 1490c, 3533a, 3541, 4026, 4056, 4127, 5302, 5303, 5304, 5306, 5318, 5419, 8107, 8123, 8124, and 8146 of this title, and enacting provisions set out as notes under sections 1701, 1701q, 1701s, 1703, 1709, 1723e, and 1728 of Title 12, section 1701 of Title 15, and sections 1437a, 1437f, and 5304 of this title] may be cited as the 'Housing and Community Development Amendments of 1979'."

#### SHORT TITLE OF 1978 AMENDMENT

Pub. L. 95-557, §1, Oct. 31, 1978, 92 Stat. 2080, provided that: "This Act [enacting sections 3541, 5319, 8001 to 8010, 8101 to 8107, 8121 to 8124, and 8141 to 8146 of this title and sections 1701z-9 to 1701z-13, 1715z-1a, 1715z-1b, 1735f-6, of Title 12, Banks and Banking, amending sections 1437a, 1437c, 1437e, 1437f, 1437g, 1441c, 1452b, 1476, 1480, 1483 to 1487, 1490a, 1490c, 1490e, 3371, 3535, 4026, 4056, 4127, 4521, 5304, 5305, 5307, 5318 and 5425, of this title, sections 1454, 1701j-2, 1701q, 1701z-1, 1703, 1706e, 1709, 1709-1, 1713, 1715h, 1715i, 1715n, 1715y, 1715z, 1715z-1, 1715z-5, 1715z-6, 1715z-9, 1715z-10, 1715z-11, 1715w, 1717, 1720, 1735c, 1748h-1, 1748h-2, 1749bb, 1749aaa, 1749bbb, and 1749bbb-3 of Title 12, section 1702 of Title 15, Commerce and Trade, and sections 461 and 484b of former Title 40, Public Buildings, Property, and Works, and enacting provisions set out as notes under sections 1437c, 1437f, 1441, 1476, 1480, 5313, 8001, 8101, 8121, and 8141 of this title and sections 1454, 1701z-6, 1701z-9, 1709, 1715z-1, and 1723e of Title 12] may be cited as the 'Housing and Community Development Amendments of 1978'."

#### SHORT TITLE OF 1977 AMENDMENT

Section 1 of Pub. L. 95-128 provided that: "This Act [enacting sections 3540 and 5318 of this title and sections 2901 to 2905 of Title 12, Banks and Banking, amending this section, sections 1437c, 1437f, 1437g, 1439, 1452b, 1471, 1472, 1476, 1479, 1483 to 1485, 1487, 1490a, 1490c, 1490h, 3533, 4003, 4013, 4026, 4056, 4103 to 4106, 4127, 4501 to 4503, 4521, 5302 to 5308, 5313, 5403, and 5409 of this title, sections 355, 1430, 1454, 1464, 1701q, 1701x, 1701z-1, 1703, 1706e, 1709, 1709-1, 1715h, 1715k to 1715m, 1715w, 1715y, 1715z, 1715z-1, 1715z-3, 1715z-7, 1715z-9, 1715z-10, 1717, 1723a, 1723e, 1748h-1, 1748h-2, 1749bb, and 1749aaa of Title 12, and section 461 of former Title 40, Public Buildings, Property, and Works, and enacting provisions set out as notes under this section, sections 1421b, 1437d, 1490h, 4501, and 5313 of this title, and sections 1715z-1, 1723e of Title 12] may be cited as the 'Housing and Community Development Act of 1977'."

#### SHORT TITLE

Pub. L. 93-383, §1, Aug. 22, 1974, 88 Stat. 633, provided: "That this Act [enacting this chapter, sections 1701j-2,

1701l-1, 1701z-5, 1701z-6, 1706e, 1715z-9 to 1715z-11, and 1735f-3 to 1735f-5 of Title 12, Banks and Banking, section 803a of Title 20, Education, and sections 1437 to 1437j, 1438 to 1440, 1490e to 1490g, 4104a, and 5401 to 5426 of this title, amending sections 5315 and 5316 of Title 5, Government Organization and Employees, sections 24, 371, 1431, 1436, 1454, 1464, 1701q, 1701u, 1701x, 1701z-3, 1703, 1709, 1709-1, 1713, 1715e, 1715h, 1715k to 1715n, 1715v, 1715w, 1715y, 1715z, 1715z-1, 1715z-3, 1715z-6, 1715z-7, 1717, 1718, 1719, 1723a, 1735b, 1748h-1, 1748h-2, 1749bb, 1749aaa, 1749aaa-4, 1749aaa-5, 1757, 1759, 1761b, 1761d, 1763, 1772, 1782, 1786, and 1788 of Title 12, sections 1701 to 1703 of Title 15, Commerce and Trade, sections 801, 802, and 806 of Title 20, section 711 of former Title 31, Money and Finance, sections 460 and 461 of former Title 40, Public Buildings, Property, and Works, sections 1441a, 1441c, 1452b, 1453, 1471, 1472, 1474, 1476 to 1478, 1483, 1485, 1487, 1490, 1490a, 1490c, 1490d, 1586, 3311, 3533, 3604 to 3606, 3631, 4014, 4512, 4514 to 4516, 4519, and 4532 of this title, and sections 1602 and 1602a of former Title 49, Transportation, repealing sections 1411d and 1455a of this title, and enacting provisions set out as notes under this section, sections 1464, 1701q, 1715l, 1715z-1, 1716b, and 1723a of Title 12, section 1703 of Title 15, sections 1410, 1421b, 1437, 1437a, 1437f, 3532, and 5401 of this title, and section 1602a of former Title 49] may be cited as the ‘Housing and Community Development Act of 1974.’”

ADDITIONAL ASSISTANCE FOR NEIGHBORHOOD  
STABILIZATION PROGRAM

Pub. L. 111-203, title XIV, §1497, July 21, 2010, 124 Stat. 2209, provided that:

“(a) IN GENERAL.—Effective October 1, 2010, out of funds in the Treasury not otherwise appropriated, there is hereby made available to the Secretary of Housing and Urban Development \$1,000,000,000, and the Secretary of Housing and Urban Development shall use such amounts for assistance to States and units of general local government for the redevelopment of abandoned and foreclosed homes, in accordance with the same provisions applicable under the second undesignated paragraph under the heading ‘Community Planning and Development—Community Development Fund’ in title XII of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 217) to amounts made available under such second undesignated paragraph, except as follows:

“(1) Notwithstanding the matter of such second undesignated paragraph that precedes the first proviso, amounts made available by this section shall remain available until expended.

“(2) The 3rd, 4th, 5th, 6th, 7th, and 15th provisos of such second undesignated paragraph shall not apply to amounts made available by this section.

“(3) Amounts made available by this section shall be allocated based on a funding formula for such amounts established by the Secretary in accordance with section 2301(b) of the Housing and Economic Recovery Act of 2008 [Pub. L. 110-289] (42 U.S.C. 5301 note), except that—

“(A) notwithstanding paragraph (2) of such section 2301(b), the formula shall be established not later than 30 days after the date of the enactment of this Act [July 21, 2010];

“(B) notwithstanding such section 2301(b), each State shall receive, at a minimum, not less than 0.5 percent of funds made available under this section;

“(C) the Secretary may establish a minimum grant amount for direct allocations to units of general local government located within a State, which shall not exceed \$1,000,000;

“(D) each State and local government receiving grant amounts shall establish procedures to create preferences for the development of affordable rental housing for properties assisted with amounts made available by this section; and

“(E) the Secretary may use not more than 2 percent of the funds made available under this section for technical assistance to grantees.

“(4) Paragraph (1) of section 2301(c) of the Housing and Economic Recovery Act of 2008 shall not apply to amounts made available by this section.

“(5) The fourth proviso from the end of such second undesignated paragraph shall be applied to amounts made available by this section by substituting ‘2013’ for ‘2012’.

“(6) Notwithstanding section 2301(a) of the Housing and Economic Recovery Act of 2008, the term ‘State’ means any State, as defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302), and the District of Columbia, for purposes of this section and this title [title XIV of Pub. L. 111-203, see Short Title of 2010 Amendment note set out under section 1601 of Title 15, Commerce and Trade], as applied to amounts made available by this section.

“(7)(A) None of the amounts made available by this section shall be distributed to—

“(i) any organization which has been convicted for a violation under Federal law relating to an election for Federal office; or

“(ii) any organization which employs applicable individuals.

“(B) In this paragraph, the term ‘applicable individual’ means an individual who—

“(i) is—

“(I) employed by the organization in a permanent or temporary capacity;

“(II) contracted or retained by the organization; or

“(III) acting on behalf of, or with the express or apparent authority of, the organization; and

“(ii) has been convicted for a violation under Federal law relating to an election for Federal office.

“(8) An eligible entity receiving a grant under this section shall, to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity, as such term is defined by the Secretary, of projects funded under this section or contract with small businesses that are owned and operated by persons residing in the vicinity of such projects.

“(b) ADDITIONAL AMENDMENTS.—

“(1) SECTION 2301.—Section 2301(f)(3)(A)(ii) of the Housing and Economic Recovery Act of 2008 [Pub. L. 110-289] (42 U.S.C. 5301(f)(3)(A)(ii)) [set out below]—

“(A) [Amended section 2301(f)(3)(A)(ii) of Pub. L. 110-289, set out below]

“(B) shall apply with respect to any unexpended or unobligated balances, including recaptured and reallocated funds made available under this Act [see Tables for classification], section 2301 of the Housing and Economic Recovery Act of 2008 (42 U.S.C. 5301 [note]), and the heading ‘Community Planning and Development—Community Development Fund’ in title XII of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 217).

“(2) NOTICE OF FORECLOSURE.—For any amounts made available under this section, under division B, title III of the Housing and Economic Recovery Act of 2008 (42 U.S.C. 5301 [note]), or under the heading ‘Community Planning and Development—Community Development Fund’ in title XII of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 217), the date of a notice of foreclosure shall be deemed to be the date on which complete title to a property is transferred to a successor entity or person as a result of an order of a court or pursuant to provisions in a mortgage, deed of trust, or security deed.”

ACQUISITION OF TENANT-OCCUPIED FORECLOSED  
DWELLING OR RESIDENTIAL REAL PROPERTY

Pub. L. 111-5, div. A, title XII, Feb. 17, 2009, 123 Stat. 218, provided in part: “That in the case of any acquisition of a foreclosed upon dwelling or residential real property acquired after the date of enactment [probably means the date of enactment of Pub. L. 111-5, Feb. 17, 2009] with any amounts made available under this heading [Community Development Fund] or under division B, title III of the Housing and Economic Recovery Act of 2008 (Public Law 110-289) [set out below], the ini-

tial successor in interest in such property pursuant to the foreclosure shall assume such interest subject to: (1) the provision by such successor in interest of a notice to vacate to any bona fide tenant at least 90 days before the effective date of such notice; and (2) the rights of any bona fide tenant, as of the date of such notice of foreclosure: (A) under any bona fide lease entered into before the notice of foreclosure to occupy the premises until the end of the remaining term of the lease, except that a successor in interest may terminate a lease effective on the date of sale of the unit to a purchaser who will occupy the unit as a primary residence, subject to the receipt by the tenant of the 90-day notice under this paragraph; or (B) without a lease or with a lease terminable at will under State law, subject to the receipt by the tenant of the 90-day notice under this paragraph, except that nothing in this paragraph shall affect the requirements for termination of any Federal- or State-subsidized tenancy or of any State or local law that provides longer time periods or other additional protections for tenants: *Provided further*, That, for purposes of this paragraph, a lease or tenancy shall be considered bona fide only if: (1) the mortgagor under the contract is not the tenant; (2) the lease or tenancy was the result of an arms-length transaction; and (3) the lease or tenancy requires the receipt of rent that is not substantially less than fair market rent for the property: *Provided further*, That the recipient of any grant or loan from amounts made available under this heading or, after the date of enactment, under division B, title III of the Housing and Economic Recovery Act of 2008 (Public Law 110-289) may not refuse to lease a dwelling unit in housing assisted with such loan or grant to a holder of a voucher or certificate of eligibility 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 such a holder: *Provided further*, That in the case of any qualified foreclosed housing for which funds made available under this heading or, after the date of enactment, under division B, title III of the Housing and Economic Recovery Act of 2008 (Public Law 110-289) are used and in which a recipient of assistance under section 8(o) of the U.S. Housing Act of 1937 resides at the time of foreclosure, the initial successor in interest shall be subject to the lease and to the housing assistance payments contract for the occupied unit: *Provided further*, That vacating the property prior to sale shall not constitute good cause for termination of the tenancy unless the property is unmarketable while occupied or unless the owner or subsequent purchaser desires the unit for personal or family use: *Provided further*, That if a public housing agency is unable to make payments under the contract to the immediate successor in interest after foreclosures, due to (1) an action or inaction by the successor in interest, including the rejection of payments or the failure of the successor to maintain the unit in compliance with section 8(o)(8) of the United States Housing Act of 1937 (42 U.S.C.1437f) or (2) an inability to identify the successor, the agency may use funds that would have been used to pay the rental amount on behalf of the family—(i) to pay for utilities that are the responsibility of the owner under the lease or applicable law, after taking reasonable steps to notify the owner that it intends to make payments to a utility provider in lieu of payments to the owner, except prior notification shall not be required in any case in which the unit will be or has been rendered uninhabitable due to the termination or threat of termination of service, in which case the public housing agency shall notify the owner within a reasonable time after making such payment; or (ii) for the family's reasonable moving costs, including security deposit costs: *Provided further*, That this paragraph shall not preempt any Federal, State or local law that provides more protections for tenants”.

EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF  
ABANDONED AND FORECLOSED HOMES

Pub. L. 111-5, div. A, title XII, Feb. 17, 2009, 123 Stat. 218, provided in part: “That the recipient of any grant

or loan from amounts made available under this heading [Community Development Fund] or, after the date of enactment under division B, title III of the Housing and Economic Recovery Act of 2008 [Pub. L. 110-289, set out below], may not refuse to lease a dwelling unit in housing with such loan or grant to a participant 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 such a participant”.

Pub. L. 110-289, div. B, title III, July 30, 2008, 122 Stat. 2850, as amended by Pub. L. 111-5, div. A, title XII, Feb. 17, 2009, 123 Stat. 218; Pub. L. 111-22, div. A, title I, § 105(a), May 20, 2009, 123 Stat. 1638; Pub. L. 111-203, title XIV, § 1497(b)(1)(A), July 21, 2010, 124 Stat. 2210, provided that:

“SEC. 2301. EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES.

“(a) DIRECT APPROPRIATIONS.—There are appropriated out of any money in the Treasury not otherwise appropriated for the fiscal year 2008, \$4,000,000,000, to remain available until expended, for assistance to States and units of general local government (as such terms are defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)) for the redevelopment of abandoned and foreclosed upon homes and residential properties.

“(b) ALLOCATION OF APPROPRIATED AMOUNTS.—

“(1) IN GENERAL.—The amounts appropriated or otherwise made available to States and units of general local government under this section shall be allocated based on a funding formula established by the Secretary of Housing and Urban Development (in this title referred to as the ‘Secretary’).

“(2) FORMULA TO BE DEvised SWIFTLY.—The funding formula required under paragraph (1) shall be established not later than 60 days after the date of enactment of this section [July 30, 2008].

“(3) CRITERIA.—The funding formula required under paragraph (1) shall ensure that any amounts appropriated or otherwise made available under this section are allocated to States and units of general local government with the greatest need, as such need is determined in the discretion of the Secretary based on—

“(A) the number and percentage of home foreclosures in each State or unit of general local government;

“(B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and

“(C) the number and percentage of homes in default or delinquency in each State or unit of general local government.

“(4) DISTRIBUTION.—Amounts appropriated or otherwise made available under this section shall be distributed according to the funding formula established by the Secretary under paragraph (1) not later than 30 days after the establishment of such formula.

“(c) USE OF FUNDS.—

“(1) IN GENERAL.—Any State or unit of general local government that receives amounts pursuant to this section shall, not later than 18 months after the receipt of such amounts, use such amounts to purchase and redevelop abandoned and foreclosed homes and residential properties.

“(2) PRIORITY.—Any State or unit of general local government that receives amounts pursuant to this section shall in distributing such amounts give priority emphasis and consideration to those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest need, including those—

“(A) with the greatest percentage of home foreclosures;

“(B) with the highest percentage of homes financed by a subprime mortgage related loan; and

“(C) identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.

“(3) EXCEPTION FOR CERTAIN STATES.—Each State that has received the minimum allocation of amounts pursuant to the requirement under section 2302 may, to the extent such State has fulfilled the requirements of paragraph (2), distribute any remaining amounts to areas with homeowners at risk of foreclosure or in foreclosure without regard to the percentage of home foreclosures in such areas.

“(4) ELIGIBLE USES.—Amounts made available under this section may be used to—

“(A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers;

“(B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;

“(C) establish and operate land banks for homes and residential properties that have been foreclosed upon[.];

“(D) demolish blighted structures; and

“(E) redevelop demolished or vacant properties.

“(d) LIMITATIONS.—

“(1) ON PURCHASES.—Any purchase of a foreclosed upon home or residential property under this section shall be at a discount from the current market appraised value of the home or property, taking into account its current condition, and such discount shall ensure that purchasers are paying below-market value for the home or property.

“(2) REHABILITATION.—Any rehabilitation of a foreclosed-upon home or residential property under this section shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. Rehabilitation may include improvements to increase the energy efficiency or conservation of such homes and properties or provide a renewable energy source or sources for such homes and properties.

“(3) SALE OF HOMES.—If an abandoned or foreclosed upon home or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.

“(e) RULES OF CONSTRUCTION.—

“(1) IN GENERAL.—Except as otherwise provided by this section, amounts appropriated, revenues generated, or amounts otherwise made available to States and units of general local government under this section shall be treated as though such funds were community development block grant funds under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

“(2) NO MATCH.—No matching funds shall be required in order for a State or unit of general local government to receive any amounts under this section.

“(f) AUTHORITY TO SPECIFY ALTERNATIVE REQUIREMENTS.—

“(1) IN GENERAL.—In administering any amounts appropriated or otherwise made available under this section, the Secretary may specify alternative requirements to any provision under title I of the Housing and Community Development Act of 1974 [42 U.S.C. 5301 et seq.] (except for those related to fair housing, nondiscrimination, labor standards, and the environment) in accordance with the terms of this section and for the sole purpose of expediting the use of such funds.

“(2) NOTICE.—The Secretary shall provide written notice of its intent to exercise the authority to specify alternative requirements under paragraph (1) to the Committee on Banking, Housing and Urban Affairs of the Senate and the Committee on Financial

Services of the House of Representatives not later than 10 business days before such exercise of authority is to occur.

“(3) LOW AND MODERATE INCOME REQUIREMENT.—

“(A) IN GENERAL.—Notwithstanding the authority of the Secretary under paragraph (1)—

“(i) all of the funds appropriated or otherwise made available under this section shall be used with respect to individuals and families whose income does not exceed 120 percent of area median income; and

“(ii) not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used to house individuals or families whose incomes do not exceed 50 percent of area median income.

“(B) RECURRENT REQUIREMENT.—The Secretary shall, by rule or order, ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed upon homes and residential properties under this section remain affordable to individuals or families described in subparagraph (A).

“(g) PERIODIC AUDITS.—In consultation with the Secretary of Housing and Urban Development, the Comptroller General of the United States shall conduct periodic audits to ensure that funds appropriated, made available, or otherwise distributed under this section are being used in a manner consistent with the criteria provided in this section.

“SEC. 2302. NATIONWIDE DISTRIBUTION OF RESOURCES.

“Notwithstanding any other provision of this Act [see Short Title of 2008 Amendment note set out under section 1701 of Title 12] or the amendments made by this Act, each State shall receive not less than 0.5 percent of funds made available under section 2301 (relating to emergency assistance for the redevelopment of abandoned and foreclosed homes).

“SEC. 2303. LIMITATION ON USE OF FUNDS WITH RESPECT TO EMINENT DOMAIN.

“No State or unit of general local government may use any amounts received pursuant to section 2301 to fund any project that seeks to use the power of eminent domain, unless eminent domain is employed only for a public use: *Provided*, That for purposes of this section, public use shall not be construed to include economic development that primarily benefits private entities.

“SEC. 2304. LIMITATION ON DISTRIBUTION OF FUNDS.

“(a) IN GENERAL.—None of the funds made available under this title or title IV [122 Stat. 2854] shall be distributed to—

“(1) an organization which has been indicted for a violation under Federal law relating to an election for Federal office; or

“(2) an organization which employs applicable individuals.

“(b) APPLICABLE INDIVIDUALS DEFINED.—In this section, the term ‘applicable individual’ means an individual who—

“(1) is—

“(A) employed by the organization in a permanent or temporary capacity;

“(B) contracted or retained by the organization; or

“(C) acting on behalf of, or with the express or apparent authority of, the organization; and

“(2) has been indicted for a violation under Federal law relating to an election for Federal office.

“SEC. 2305. COUNSELING INTERMEDIARIES.

“Notwithstanding any other provision of this Act [see Short Title of 2008 Amendment note set out under section 1701 of Title 12], the amount appropriated under section 2301(a) of this Act shall be \$3,920,000,000 and the amount appropriated under section 2401 of this Act [122

Stat. 2854] shall be \$180,000,000: *Provided*, That of the amount appropriated under section 2401 of this Act pursuant to this section, not less than 15 percent shall be provided to counseling organizations that target counseling services regarding loss mitigation to minority and low-income homeowners or provide such services in neighborhoods with high concentrations of minority and low-income homeowners: *Provided further*, That of amounts appropriated under such section 2401 \$30,000,000 shall be used by the Neighborhood Reinvestment Corporation (referred to in this section as the 'NRC') to make grants to counseling intermediaries approved by the Department of Housing and Urban Development or the NRC to hire attorneys to assist homeowners who have legal issues directly related to the homeowner's foreclosure, delinquency or short sale. Such attorneys shall be capable of assisting homeowners of owner-occupied homes with mortgages in default, in danger of default, or subject to or at risk of foreclosure and who have legal issues that cannot be handled by counselors already employed by such intermediaries: *Provided further*, That of the amounts provided for in the prior provisos the NRC shall give priority consideration to counseling intermediaries and legal organizations that (1) provide legal assistance in the 100 metropolitan statistical areas (as defined by the Director of the Office of Management and Budget) with the highest home foreclosure rates, and (2) have the capacity to begin using the financial assistance within 90 days after receipt of the assistance: *Provided further*, That no funds provided under this Act shall be used to provide, obtain, or arrange on behalf of a homeowner, legal representation involving or for the purposes of civil litigation: *Provided further*, That the NRC, in awarding counseling grants under section 2401 of this Act, may consider, where appropriate, whether the entity has implemented a written plan for providing in-person counseling and for making contact, including personal contact, with defaulted mortgagors, for the purpose of providing counseling or providing information about available counseling."

[Pub. L. 111-203, §1497(b)(1)(A), which directed amendment of section 2301(f)(3)(A)(ii) of Pub. L. 110-289, set out above, by striking out "for the purchase and redevelopment of abandoned and foreclosed upon homes or residential properties that will be used", was executed by striking out "for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used" before "to house", to reflect the probable intent of Congress.]

[Pub. L. 111-22, div. A, title I, §105(b), May 20, 2009, 123 Stat. 1638, provided that: "The amendment made by subsection (a) [amending section 2301 of Pub. L. 110-289, set out above] shall take effect as if enacted on the date of enactment of the Foreclosure Prevention Act of 2008 (Public Law 110-289) [July 30, 2008]."]

#### INCOME ELIGIBILITY FOR HOME AND CDBG PROGRAMS

Pub. L. 105-276, title V, §590, Oct. 21, 1998, 112 Stat. 2651, provided that:

"(a) IN GENERAL.—The Secretary of Housing and Urban Development shall, for not less than 10 jurisdictions that are metropolitan cities or urban counties for purposes of title I of the Housing and Community Development Act of 1974 [42 U.S.C. 5301 et seq.], grant exceptions not later than 90 days after the date of the enactment of this Act [Oct. 21, 1998] for such jurisdictions that provide that—

"(1) for purposes of the HOME investment partnerships program under title II of the Cranston-Gonzalez National Affordable Housing Act [42 U.S.C. 12721 et seq.], the limitation based on percentage of median income that is applicable under section 104(10), 214(1)(A), or 215(a)(1)(A) [42 U.S.C. 12704(10), 12744(1)(A), 12745(a)(1)(A)] for any area of the jurisdiction shall be the numerical percentage that is specified in such section; and

"(2) for purposes of the community development block grant program under title I of the Housing and Community Development Act of 1974 [42 U.S.C. 5301 et

seq.], the limitation based on percentage of median income that is applicable pursuant to section 102(a)(20) [42 U.S.C. 5302(a)(20)] for any area within the State or unit of general local government shall be the numerical percentage that is specified in subparagraph (A) of such section.

"(b) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act [Oct. 21, 1998]."

#### FINDINGS AND PURPOSE

Pub. L. 100-242, §2, Feb. 5, 1988, 101 Stat. 1819, provided that:

"(a) FINDINGS.—The Congress finds that—

"(1) for the past 50 years, the Federal Government has taken the leading role in enabling the people of the Nation to be the best housed in the world, and recent reductions in Federal assistance have contributed to a deepening housing crisis for low- and moderate-income families;

"(2) the efforts of the Federal Government have included a system of specialized lending institutions, favorable tax policies, construction assistance, mortgage insurance, loan guarantees, secondary markets, and interest and rental subsidies, that have enabled people to rent or buy affordable, decent, safe, and sanitary housing; and

"(3) the tragedy of homelessness in urban and suburban communities across the Nation, involving a record number of people, dramatically demonstrates the lack of affordable residential shelter, and people living on the economic margins of our society (lower income families, the elderly, the working poor, and the deinstitutionalized) have few available alternatives for shelter.

"(b) PURPOSE.—The purpose of this Act [see Short Title of 1988 Amendment note above], therefore, is—

"(1) to reaffirm the principle that decent and affordable shelter is a basic necessity, and the general welfare of the Nation and the health and living standards of its people require the addition of new housing units to remedy a serious shortage of housing units for all Americans, particularly for persons of low and moderate income;

"(2) to make the distribution of direct and indirect housing assistance more equitable by providing Federal assistance for the less affluent people of the Nation;

"(3) to provide needed housing assistance for homeless people and for persons of low and moderate income who lack affordable, decent, safe, and sanitary housing; and

"(4) to reform existing programs to ensure that such assistance is delivered in the most efficient manner possible."

#### BUDGET COMPLIANCE

Pub. L. 100-242, §3, Feb. 5, 1988, 101 Stat. 1819, provided that:

"(a) IN GENERAL.—This Act and the amendments made by this Act [see Short Title of 1988 Amendment note above] may not be construed to provide for new budget authority, budget outlays, or new entitlement authority, for fiscal year 1988 in excess of the appropriate aggregate levels established by the concurrent resolution on the budget for such fiscal year for the programs authorized by this Act and the amendments made by this Act.

"(b) DEFINITIONS.—For purposes of this section, the terms 'budget authority', 'budget outlays', 'concurrent resolution on the budget', and 'entitlement authority' have the meanings given such terms in section 3 of the Congressional Budget Act of 1974 (2 U.S.C. 622)."

#### CREDIT LIMITATION

Pub. L. 100-242, §4, Feb. 5, 1988, 101 Stat. 1819, provided that: "Any new credit authority (as defined in section 3 of the Congressional Budget Act of 1974 [2 U.S.C. 622]) which is provided by this Act [see Short Title of 1988 Amendment note above], or by an amendment made by

this Act, shall be effective only to such extent or in such amounts as are provided in appropriation Acts.”

#### LIMITATION ON SPENDING AUTHORITY

Pub. L. 100-242, § 5, Feb. 5, 1988, 101 Stat. 1820, provided that: “Any new spending authority (as defined in section 401(c) of the Congressional Budget Act of 1974 [2 U.S.C. 651(c)]) which is provided by this Act, or by an amendment made by this Act [see Short Title of 1988 Amendment note above], shall be effective only to such extent or in such amounts as are provided in appropriation Acts.”

#### LIMITATION ON WITHHOLDING OR CONDITIONING OF ASSISTANCE

Pub. L. 93-383, title VIII, § 817, Aug. 22, 1974, 88 Stat. 739, as amended by Pub. L. 98-181, title I [title III, § 302(c)], Nov. 30, 1983, 97 Stat. 1206, provided that: “Assistance provided for in this Act [see Short Title note above] the National Housing Act, [12 U.S.C. 1701 et seq.], the United States Housing Act of 1937 [42 U.S.C. 1437 et seq.], the Housing Act of 1949 [42 U.S.C. 1441 et seq.], the Demonstration Cities and Metropolitan Development Act of 1966 [see Short Title note set out under section 3331 of this title], the Housing and Urban Development Acts of 1965, 1968, 1969, and 1970 [see Short Title notes set out under section 1701 of Title 12, Banks and Banking], and section 17 of the United States Housing Act of 1937 [42 U.S.C. 1437o] shall not be withheld or made subject to conditions or preference by reason of the tax-exempt status of bonds or other obligations issued or to be issued to provide financing for use in connection with such assistance, except where otherwise expressly provided or authorized by law.”

### § 5302. General provisions

#### (a) Definitions

As used in this chapter—

(1) The term “unit of general local government” means any city, county, town, township, parish, village, or other general purpose political subdivision of a State; Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa, or a general purpose political subdivision thereof; a combination of such political subdivisions that, except as provided in section 5306(d)(4) of this title, is recognized by the Secretary; and the District of Columbia. Such term also includes a State or a local public body or agency (as defined in section 4512<sup>1</sup> of this title), community association, or other entity, which is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of section 4513<sup>1</sup> of this title or title IV of the Housing and Urban Development Act of 1968 [42 U.S.C. 3901 et seq.].

(2) The term “State” means any State of the United States, or any instrumentality thereof approved by the Governor; and the Commonwealth of Puerto Rico.

(3) The term “metropolitan area” means a standard metropolitan statistical area as established by the Office of Management and Budget.

(4) The term “metropolitan city” means (A) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (B) any other city, within a metropolitan area, which has a population of fifty thousand or

more. Any city that was classified as a metropolitan city for at least 2 years pursuant to the first sentence of this paragraph shall remain classified as a metropolitan city. Any unit of general local government that becomes eligible to be classified as a metropolitan city, and was not classified as a metropolitan city in the immediately preceding fiscal year, may, upon submission of written notification to the Secretary, defer its classification as a metropolitan city for all purposes under this chapter, if it elects to have its population included in an urban county under subsection (d) of this section. Notwithstanding the second sentence of this paragraph, a city may elect not to retain its classification as a metropolitan city. Any city classified as a metropolitan city pursuant to this paragraph, and that no longer qualifies as a metropolitan city in a fiscal year beginning after fiscal year 1989, shall retain its classification as a metropolitan city for such fiscal year and the succeeding fiscal year, except that in such succeeding fiscal year (A) the amount of the grant to such city shall be 50 percent of the amount calculated under section 5306(b) of this title; and (B) the remaining 50 percent shall be added to the amount allocated under section 5306(d) of this title to the State in which the city is located and the city shall be eligible in such succeeding fiscal year to receive a distribution from the State allocation under section 5306(d) of this title as increased by this sentence. Any unit of general local government that was classified as a metropolitan city in any fiscal year, may, upon submission of written notification to the Secretary, relinquish such classification for all purposes under this chapter if it elects to have its population included with the population of a county for purposes of qualifying for assistance (for such following fiscal year) under section 5306 of this title as an urban county under paragraph (6)(D). Any metropolitan city that elects to relinquish its classification under the preceding sentence and whose port authority shipped at least 35,000,000 tons of cargo in 1988, of which iron ore made up at least half, shall not receive, in any fiscal year, a total amount of assistance under section 5306 of this title from the urban county recipient that is less than the city would have received if it had not relinquished the classification under the preceding sentence. Notwithstanding any other provision of this paragraph, with respect to any fiscal year beginning after September 30, 2007, the cities of Alton and Granite City, Illinois, shall be considered metropolitan cities for purposes of this chapter.

(5) The term “city” means (A) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to these associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census which have not entered into co-

<sup>1</sup> See References in Text note below.