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# **Energy in the Housing And Community Development Act**

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Excerpts from Title I  
P.L. 93-383,  
highlighting amendments  
dealing with energy

**TITLE I**  
**THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974**  
**AS AMENDED THROUGH 1981**

**Findings and Purpose**

Sec. 101. (a) 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 106 of this title and, if applicable, the funds received as a result of a guarantee or a grant under section 108 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 efficiency, 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.

## Eligible Activities

Sec. 105 (a) Activities assisted under this chapter may include only--

(1) the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this chapter; or (E) to be used for other public purposes;

(2) the acquisition, construction, reconstruction, or installation (**including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency**) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;

(3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area;

(4) clearance, demolition, removal, reconstruction, and rehabilitation (**including rehabilitation which**

**promotes energy efficiency**) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties, and including the renovation of closed school buildings);

(5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

(6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this chapter;

(7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this chapter or its retention for public purposes;

(8) provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, **energy conservation**, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this chapter, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per centum of the amount of any assistance to a unit of general local government (or in the case of nonentitled communities not more than 15 per centum statewide) under this chapter including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this chapter for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, except that of any amount of assistance under this chapter (including program income) in each of fiscal years 1993 through 2003 to the City of Los Angeles and County of Los Angeles, each such unit of general government may use not more than 25 percent in each such fiscal year for activities under this paragraph, and except that of any amount of assistance under this chapter (including program income) in each of fiscal years 1999, 2000, and 2001, to the City of Miami, such city may use not more than 25 percent in each fiscal year for activities under this paragraph;

(9) payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of activities assisted under this chapter;

(10) payment of the cost of completing a project funded under Title I of the Housing Act of 1949;

(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

(12) activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this chapter may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;

(13) payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones and payment of reasonable administrative costs and carrying charges related to (A) administering the HOME program under title II of the Cranston-Gonzalez National Affordable Housing Act and (B) the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community

development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in section 701(e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981;

(14) provision of assistance including loans (both interim and long-term) and grants for activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property; (B) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and (C) planning;

(15) assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in nonentitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or **energy conservation project in furtherance of the objectives of section 101 of this title**, and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

(16) **activities necessary to the development of energy use strategies related to a recipient's development goals, to assure that those goals are achieved with maximum energy efficiency, including items such as--**

- (A) **a description of energy use and projected demand by sector, by fuel type, and by geographic area;**
- (B) **an analysis of the options available to the community to conserve scarce fuels and encourage use of renewable energy resources;**
- (C) **an analysis of the manner in, and the extent to, which the community's neighborhood revitalization, housing, and economic development strategies will support its energy conservation strategy**
- (D) **an analysis of the manner in, and the extent to which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements budgeting, waste management, district heating and cooling, land use planning and zoning, and traffic control, parking, and public transportation functions;**
- (E) **a statement of actions the community will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial or other assistance to be provided (principally for the benefit of low- and moderate-income persons) to make energy conserving improvement to residential structures, and any other proposed energy conservation activities;**
- (F) **appropriate provisions for energy emergencies;**
- (G) **identification of the local governmental unit responsible for administering the energy use strategy;**
- (H) **provision of a schedule for implementation of each element in the strategy; and**
- (I) **a projection of the savings in scarce fossil fuel consumption and the development and use of renewable energy resources that will result from implementation of the energy use strategy; and**

(17) provision of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that—

- (A) creates or retains jobs for low- and moderate-income persons;
  - (B) prevents or eliminates slums and blight;
  - (C) meets urgent needs;
  - (D) creates or retains businesses owned by community residents;
  - (E) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
  - (F) provides technical assistance to promote any of the activities under subparagraphs (A) through (E);
- (18) the rehabilitation or development of housing assisted under section 17 of the United States Housing Act of 1937;
- (19) provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative cost as defined in paragraph (13);
- (20) housing services, such as housing counseling in connection with tenant-based rental assistance and affordable housing projects assisted under title II of the Cranston-Gonzalez National Affordable Housing Act , **energy auditing**, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities assisted under title II of the Cranston-Gonzalez National Affordable Housing Act;
- (21) provision of assistance by recipients under this chapter to institutions of higher education having a demonstrated capacity to carry out eligible activities under this subsection for carrying out such activities;
- (22) provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by--
- (A) providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of microenterprises;
  - (B) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in microenterprise activities) to owners of microenterprises and persons developing microenterprises; and
  - (C) providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises;
- (23) activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low- and moderate-income neighborhoods;
- (24) provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to--
- (A) subsidize interest rates and mortgage principal amounts for low- and moderate-income

homebuyers;

**(B)** finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers;

**(C)** acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except that amounts received under this chapter may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this chapter may not directly provide such guarantees);

**(D)** provide up to 50 percent of any downpayment required from low-or moderate-income homebuyer; or

**(E)** pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low-or moderate-income homebuyer; and

**(24)** the construction or improvement of tornado-safe shelters for residents of manufactured housing, and the provision of assistance (including loans and grants) to nonprofit and for-profit entities (including owners of manufactured housing parks) for such construction or improvement, except that--

**(A)** a shelter assisted with amounts provided pursuant to this paragraph may be located only in a neighborhood (including a manufactured housing park) that--

**(i)** contains not less than 20 manufactured housing units that are within such proximity to the shelter that the shelter is available to the residents of such units in the event of a tornado;

**(ii)** consists predominantly of persons of low and moderate income; and

**(iii)** is located within a State in which a tornado has occurred during the fiscal year for which the amounts to be used under this paragraph were made available or any of the 3 preceding fiscal years, as determined by the Secretary after consultation with the Director of the Federal Emergency Management Agency;

**(B)** such a shelter shall comply with standards for construction and safety as the Secretary, after consultation with the Director of the Federal Emergency Management Agency, shall provide to ensure protection from tornadoes;

**(C)** such a shelter shall be of a size sufficient to accommodate, at a single time, all occupants of manufactured housing units located within the neighborhood in which the shelter is located; and

**(D)** amounts may not be used for a shelter as provided under this paragraph unless there is located, within the neighborhood in which the shelter is located (or, in the case of a shelter located in a manufactured housing park, within 1,500 feet of such park), a warning siren that is operated in accordance with such local, regional, or national disaster warning programs or systems as the Secretary, after consultation with the Director of the Federal Emergency Management Agency, considers appropriate to ensure adequate notice of occupants of manufactured housing located in such neighborhood or park of a tornado; and".

**(25)** lead-based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead Based Paint Hazard Reduction Act of 1992.

(b) Reimbursement of Secretary for administrative services connected with rehabilitation of properties

Upon the request of the recipient of assistance under this chapter, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with loans or grants for the rehabilitation of properties as authorized under subsection (a)(4) of this section.

## **LEGISLATIVE HISTORY OF ENERGY PROVISIONS IN THE HOUSING AND COMMUNITY DEVELOPMENT ACT**

Report: Housing and Community Development Act of 1980  
House of Representatives Report No. 96-979 pg. 10 and 11

### **ELIGIBLE ACTIVITIES UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

The Committee amended several provisions of the community Development Block Grant Program to make explicit a community's ability to use block grant funds for the development and implementation of individual activities designed to conserve energy, as well as for comprehensive community energy conservation strategy. There is little question that one of the most serious challenges facing communities today is devising strategies to mitigate the economic and social hardships caused by rapidly escalating fuel costs. Low-income residents living in drafty homes are having their utilities cut off because they cannot pay their winter heating bills; rental property owners are abandoning buildings because the rents they can charge cannot keep pace with the cost of providing utility service; industries are moving to areas of the country where fuel costs and heating needs are lower; and local governments are providing fewer essential services in order to pay transportation and utility bills.

The primary objective of the community development program – 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—is being undermined by the impact of rising energy costs. It is, therefore, essential for communities, as they reexamine zoning codes and building regulations, as they plan for economic development, as they devise methods to lure residents from commuter cars into more fuel efficient public transportation systems, and as they contemplate the replacement of essential public works, to assess these changes in terms of their impact on energy needs and conservation goals. The amendments approved by the Committee would permit a community, in its discretion, to use community development block grant funds in order to assess energy needs, devise a conservation strategy, and to undertake energy conserving activities.

More specifically, the amendments approved by the Committee add funds to the block grant program that recognize the impact increased fuel costs have on the quality and effectiveness of community and housing development activities and the need to coordinate Federal, State and local government efforts to deal with the economic and social hardships caused by this problem. The objectives of the program are expanded to include the conservation of scarce energy resources, the improvement of energy efficiency, and the provision of alternative and renewable energy sources.

The eligible activities of the program have been expanded to include design features and improvements that promote energy efficiency related to public works, neighborhood facilities, utilities and other facilities as specified in existing law. Power generation and distribution facilities using renewable resource energy systems would also be eligible. Design features and improvements that promote energy efficiency could be related to the construction or renovation



of a cogeneration facility or the addition of a passive or active solar system or an efficient heat pump to a renovated senior center. Other eligible activities include the rehabilitation of buildings which promotes energy conservation, improving public services and facilities related to energy conservation, providing grants to neighborhood based nonprofit organizations or local development corporations undertaking energy conservation programs, such as a weatherization project for homes occupied by low-income residents.

Finally, the bill specifies eligible activities that are necessary as part of a comprehensive community-wide energy use strategy. Those activities may include, but are not limited to, a comprehensive analysis of: community-wide energy use; options for conservation and the use of renewable resources; the manner in which neighborhood revitalization, housing and economic development activities, including the modification of local codes and ordinances and the provision of financial assistance principally to low and moderate income persons; a schedule for implementing each element in the strategy, as well as a projection of the savings in fuel consumption that will occur from such implementation.

It is not the intention of the Committee that a community undertake every strategy activity listed in order to use funds for the development of an energy conservation strategy. Several Communities have already conducted comprehensive energy needs assessments, and have devised strategies appropriate to their local needs; funds could be used to implement a specific component of that strategy. However, the Committee strongly recommends to a community that where it has not conducted such an assessment or has not devised a long-term conservation strategy, that funds first be used for these purposes. In this way a community could determine more precisely which specific conservation activities would fit most appropriately in a comprehensive community-wide approach and which activities should be given priority in order to achieve an effective solution for an increasingly critical problem.

### **Examples of Eligible Energy Activities Under Housing and Community Development Act**

CDBG funds can be used for a wide range of eligible energy activities. The list is long and flexible. For example, you can

- Weatherize a home or apartment building,
- Install solar equipment
- Finance energy-efficient rehabilitation
- Provide free audits, free materials for insulation and other services
- Produce energy from many sources, including hydroelectric, geothermal, biomass for gasohol, burning municipal waste, tapping methane gas from landfills
- Distribute energy through district heating systems
- Prepare comprehensive community-energy use strategies. These strategies, may describe energy use, project demand and analyze options for conserving scarce fuels. They may outline how neighborhood revitalization and economic development strategies will support energy conservation, and how energy conservation will be integrated into local government operations
- Other activities the community determines will help meet its energy goals.