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Legislative Bulletin…………………………………….………March 16 , 2011

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H.R. 861 - NSP Termination Act (Miller, R-CA)

Order of Business: The bill is scheduled to be considered on Wednesday, March 16, 2011, under a structured rule and waives all points of order against consideration of the bill. The rule provides one hour of debate equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The rule provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services shall be considered as an original bill for the purpose of amendment and shall be considered as read. The rule makes in order only those amendment printed in Part B of the Rules Committee report accompanying the resolution. Provides that each amendment made in order may be offered only in the order printed in the report (except that amendment number 9 and amendment number 10 may be offered only en bloc), may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. The rule also waives all points of order against the amendments printed in Part B the report.

Amendments Made in Order Under the Rule:

1. ***Rep. Castor (D-FL)*** submitted two amendments that would require:

    a. The U.S. Government Accountability Office (GAO) to conduct a study within 90 days of the bills enactment of the future economic impact the Neighborhood Stabilization Program Round Three would have on communities around the United States.
    b. The U.S. Government Accountability Office (GAO) to conduct a study within 90 days of the bills enactment of the economic impact the Neighborhood Stabilization Program Rounds One and Two have had on communities around the United States.

2. **Rep. Ellison (D-MN)** submitted two amendments that would:

a. Provide findings for the need for and efficacy of the Neighborhood Stabilization Program.

b. List state-by-state funding allocations of Neighborhood Stabilization Programs Round Three potentially at risk under H.R. 861.

3. ***Rep. Hurt (R-VA)*** submitted an amendment that would ensure that all unobligated balances rescinded by the bill should be retained in the Treasury's General Fund for the purpose of deficit reduction.

4. ***Rep. Maloney (D-NY)*** submitted an amendment that would list the number of homes in each state that have been vacant for 90 days or more and which would be eligible for rehabilitation under the program. Would also state that by voting to terminate this program, these units may not be able to be rehabilitated using NSP funds.

5. ***Rep. Richardson (D-CA)*** submitted an amendment that would amend the effective date of H.R. 861 to the sooner of: (1) 5 years from the date of enactment; or (2) the date when the national average of underwater mortgages on 1- to 4-family residential properties is 10 percent or less and the percentage of underwater mortgages relating to such properties in the state with the highest percentage of underwater residential properties is 15 percent or less.

6. ***Rep. Loretta Sanchez (D-CA)*** submitted an amendment that would add a new section with Congressional findings that if the rescinded and canceled amounts were instead made available for NSP, the Congress could have rebuilt U.S. neighborhoods.

7. ***Rep. Waters (D-CA)*** submitted two amendments that would require"

    a. The Secretary of HUD to study the number of homes that will not be mitigated in each Congressional district as a result of the funding rescission, and report findings to Congress.

    b. The Secretary of HUD to send a notice to NSP grantees that would have received funding under NSP that the program has been terminated.

Summary: H.R. 861 will rescind and permanently cancel all unobligated balances remaining available on the date of enactment made available by section 1497(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The legislation repeals Sections 2301 through 2303 of the Housing and Economic Recovery Act of 2008, and any amounts made available under this provision will continue to be governed by any provisions of law applicable to such amounts as in effect immediately before such repeal. The legislation requires the Secretary of Housing and Urban Development to terminate the Neighborhood Stabilization Program authorized under the Sections 2301 through 2303 of the Housing and Economic Recovery Act of 2008.

Lastly the legislation requires publication of Member availability for assistance no later than 5 days after enactment of the bill. The Secretary of the Treasury is required to publish to its Website in a prominent location, large point font, and boldface type the following statement: "The Neighborhood Stabilization Program (NSP) has been terminated. If you are concerned about the impact of foreclosed properties on your community, please contact your Member of Congress, State, county, and local officials for assistance in mitigating the impacts of foreclosed properties on your community."

Background: According to the Committee report, Congress has appropriated approximately $7 billion in three rounds of funding for the Neighborhood Stabilization Program: $4 billion in initial funding on July 30, 2008 (NSP1); $2 billion in additional funding in H.R. 1, The American Recovery and Reinvestment Act of 2009 (NSP2); and $1 billion in additional funding in the Dodd-Frank Wall Street Reform Act (NSP3). Eligible uses for funds include emergency assistance to state and local governments to acquire, develop, redevelop, or demolish foreclosed homes. For NSP2 and NSP3, the eligibility requirements also include the establishment of financing mechanisms to purchase foreclosed homes, the purchase and rehabilitation of abandoned or foreclosed homes, land banking of foreclosed homes, demolition of blighted structures, and redevelopment of vacant or demolished property. NSP1 funding priority was given to cities, urban areas, rural areas, and low- and moderate-income areas. Additional consideration was given to communities with the greatest percentage of foreclosures, highest percentage of homes financed by subprime mortgage loans, or those identified by the state or local government as most likely to face a significant rise in the rate of home foreclosures. NSP2 was allocated through a competitive grant program, with the grant recipients primarily being local and state governments as well as non-profit entities.

Member may be concerned that the Neighborhood Stabilization Program issued large amounts of money that, according to the Inspector General for HUD, has had multiple misuses at the state level, and the GAO has also called into question the information systems in place at HUD used to track NSP.

Committee Action: H.R.861 was introduced by Rep. Gary G. Miller (R-CA) on March 1, 2011, and referred to the Committee on Financial Services. The Committee amended the bill on March 11, 2011, filed a supplemental report on March 14, 2011, and passed the bill by majority vote.

Administration Position: The SAP states: "The Administration strongly opposes House passage of H.R. 861, which would eliminate the Department of Housing and Urban Development's Neighborhood Stabilization Program (NSP) and rescind $1 billion of funding from the program's current efforts. If the President is presented with H.R. 861, his senior advisors would recommend that he veto the bill."

Cost to Taxpayers: According to CBO, as of February 2011, about $6 billion of those funds have been obligated (that is, the federal government has entered into a legal commitment to make those funds available to grantees). CBO expects that the program will obligate the remaining $1 billion over the next few months. H.R. 861 would terminate the NSP once all obligations of the program have been liquidated. The legislation also would cancel unobligated balances that remain from the $1 billion provided by Public Law 111-203. (The legislation would have no effect on the $6 billion made available by Public Laws 110-289 and 111-5.) For this estimate, CBO assumes H.R. 861 will be enacted in the summer of 2011, at which point all remaining funds are expected to be obligated. Because the bill would only cancel unobligated balances, spending would not be affected.

Does the Bill Expand the Size and Scope of the Federal Government?: No, the legislation reduces the size of government.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: A committee report citing compliance with rules regarding earmarks, limited tax benefits, or limited tariff benefits is not available.

Constitutional Authority: According the author, "Congress has the power to enact this legislation pursuant to the following: Article I, Section 8, Clause 1 (relating to the general welfare of the United States); and Article I, Section 8, Clause 3 (relating to the power to regulate interstate commerce)."

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