

Housing Highlights in the 2009 Stimulus Bill



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Summary



Neighborhood Stabilization Program	\$2 Billion
Section 8 Project-based Rental Assistance	\$2 Billion
Green HUD-Assisted Housing	\$250 Million
HOME (LIHTC gap funding)	\$2.25 Billion
Community Development Financial Institutions	\$100 Million
Public Housing Capital Fund	\$4 Billion
Community Development Block Grant	\$1 Billion
Emergency Shelter Grants	\$1.5 Billion
Weatherization Assistance Program	\$5 Billion
Native American Housing Block Grants	\$510 Million
Lead Hazard Reduction Program	\$100 Million
Energy Efficiency and Conservation Grants	\$6.3 Billion
Rural Housing Programs (USDA Section 502)	\$200 Million
Extra NMTC authority	\$3 Billion

Total: \$28.21 Billion



Neighborhood Stabilization Program (NSP): \$2 Billion



- Competitive Distribution
 - Eligible: States, Local Governments, and/or Nonprofits or Consortia of Nonprofits.
- Criteria for grantees published by end of April 2009
 - Applications due to HUD by mid-July 2009.
 - HUD must obligate all funds within one year of enactment (February 17, 2010).
- Program Income provision repealed
 - Reinvestment of profits no longer subject to the complex NSP program income rules.
 - The Treasury recapture provision has also been eliminated.
 - These repeals will also help NSP-assisted rental housing

NSP, continued



- HERA's land banking provision amended to include operation of land banks
 - Also expands land banks to all residential properties.

- Redevelopment restricted to residential projects
 - Original HERA language permitted redevelopment for non-residential uses.

- Capacity Building Funds
 - 10% of the funds (\$200 million) may be used by the Secretary for capacity building of and support for local communities receiving NSP funds.

Section 8 Project-based Rental Assistance: \$2 Billion



- Starting in 2007, HUD began short funding project-based Section 8 contracts when they expired, prompting many owners to opt out of the program.
- To help solve this problem, the stimulus provides a full 12 months' worth of funding to renew expiring project-based Section 8 rental assistance contracts in FY 2009.
- The funding will help provide stability to the more than 1 million apartments assisted in the project-based Section 8 program.

Green HUD-Assisted Housing: \$250 Million



- Grants or loans for energy retrofit and green investments in:
 - Project-based Section 8
 - Section 202 (elderly) housing
 - Section 811 (disabled) housing
- Program to be administered by HUD's Office of Affordable Housing Preservation
- Funds must be expended within 2 years of receipt.

LIHTC gap funding: \$2.25 billion



- The gap funding will be sent to state LIHTC agencies (even if they are not state Participating Jurisdictions), according to the HOME formula.
- LIHTC rules regarding rent, tenant income, use restrictions, and other relevant regulations where the LIHTC rules differ from the HOME rules will apply.
- Projects that were awarded allocation in FY 2007, FY 2008, or FY 2009 are eligible for the gap funding.

LIHTC gap funding, continued



- State agencies will award funding to applicants according to their qualified allocation plans (QAPs).
- State agencies must establish compliance and recapture procedures for the gap funding.
- Eligible basis will not be reduced by the amount of gap funding awarded to the project.
- Not less than 75 percent of funds must be committed within one year, 75 percent of the funds must be expended within two years, and 100 percent of the funds must be expended within 3 years.

LIHTC exchange program



- State LIHTC agencies can exchange a portion of their LIHTC authority for grants from Treasury; they could provide funding as grants or loans to projects.
- The portion of LIHTC authority states may exchange is:
 - 100 percent of credits returned in 2009 and unallocated LIHTC from 2008 (unused LIHTC), plus
 - 40 percent of the State's 2009 per-capita LIHTC authority and any national pool LIHTC awarded in 2009.
- Grants from Treasury equal LIHTC exchanged times 10 (for 10-yr LIHTC stream) times 0.85.

LIHTC exchange, continued



- After exchanging LIHTC, the state agency will award funding to projects according to its QAP.
- Such funding may be made with or without a LIHTC allocation.
 - However, it can be only awarded to projects without an allocation if the agency determines that “such use will increase the total funds available to the state” for affordable housing.
- Funding recipients “are required to demonstrate good faith efforts to obtain investment commitments for such credits before the agency makes such subawards.”

LIHTC exchange, continued



- Any subawards made are subject to the same rent, income and use restrictions as apply under the LIHTC statute (IRC Section 42).
- State agencies must perform asset management to ensure compliance with LIHTC statute; agencies may collect reasonable fees from owners and may contract out asset management duties.
- State agencies must impose restrictions, including a requirement for recapture of funds, to ensure compliance (to be repaid to Treasury).
- Grants not used by January 1, 2011 to make funding awards and such funding returned to state agencies must be returned to Treasury

Community Development Financial Institutions (CDFIs): \$100 Million



- Immediately provide capital to qualified CDFIs to invest in the development of underserved communities.
- Funds are to remain available until September 30, 2010.
- Treasury Department must submit detailed expenditure plans to the Appropriations Committees by mid-April 2009.

Public Housing Capital Fund: \$4 Billion



- Building repair and modernization.
 - \$3 billion to be distributed by the same formula used in FY 2008.
 - \$1 billion to be distributed by competition for projects that leverage private sector funding for energy retrofit improvements.
 - HUD Secretary shall obligate competitive funding by Sept. 30, 2009.
 - Priority given to the rehabilitation of vacant rental units and capital projects already underway or included in the 5-yr capital fund plans.
 - Funds cannot be used for operating or rental assistance activities.

Community Development Block Grants (CDBG): \$1 Billion



- Community and economic development projects including housing and services for communities hit hard by tough economic times.
- Funds to be distributed to grantees that received funding in FY 2008.
- HUD Secretary will establish requirements to expedite the use of funds.

Emergency Shelter Grants: \$1.5 Billion



- Homeless prevention activities, to be distributed to states, cities and local governments through the emergency shelter grant formula.
- The funding will be used for prevention activities, including:
 - Short or medium-term rental assistance
 - Housing relocation and stabilization services
 - First and last month's rental payment
 - Utility payments

Weatherization Assistance Program: \$5 Billion



- Help low-income families reduce their energy costs by weatherizing their homes, focused mostly on single-family housing.
- Funds are allocated by formula to states.
- Eligibility is expanded by increasing the maximum income to 200% of the poverty level from 150%.
- The allowable level of investment per home is increased to \$6,500 from roughly \$3,000.

Native American Housing Block Grants: \$520 Million



- \$255 million distributed by the same formula used in FY 2008.
- For new construction, acquisition, and rehabilitation including:
 - Energy efficiency and conservation
 - Infrastructure development
- \$255 million will be distributed by competition.

Lead Hazard Reduction Program: \$100 Million



- Funds awarded first to applicants that applied for FY 2008 funds and were found to be qualified for award but did not receive funds because of funding limitations.
- Any funds remaining after those awards shall be awarded under the program for fiscal year 2009.
- Recipients must expend 50% of funds within 2 years and 100% within 3 years.

Energy Efficiency and Conservation Grants: \$6.3 Billion



- To state and local governments for investments that make them more energy efficient and reduce carbon emissions.
 - \$3.2 billion available for a new Energy Efficiency and Conservation Block Grant program administered by Dept of Energy.
 - \$2.8 billion to be distributed by formula to local governments.
 - Remaining \$400 million awarded on a competitive basis.

Energy Efficiency and Conservation Grants, continued



- Eligible uses of funds include:
 - Financial incentives for energy efficiency improvements
 - Grants to non-profit organizations to perform energy efficiency retrofits
 - Programs to conserve energy used in transportation
 - Developing and implementing building codes and inspection services
 - Building energy audits
 - Installing light emitting diodes
 - Delivering onsite renewable energy in government buildings

Rural Housing Insurance: \$200 Million



- Funding will support \$11.5 billion in USDA Section 502 single family loans that will provide an estimated 105,000 very low- to moderate-income rural households the opportunity of homeownership or avoid the risk of foreclosure.

Extra NMTC authority: \$3 billion over 2008-2009



- Increase the NMTC volume in 2008 and 2009 by **\$1.5 billion** in each year for a total of \$5 billion in total NMTC volume available each year.
- Only organizations that had already applied in 2008 (both applicants who did not receive an allocation and those who were not awarded the full amount for which they applied) will be eligible for the extra \$1.5 billion of 2008 authority.

First-time Homebuyer Tax Credit



- Revises the first-time homebuyer tax credit established in the Housing and Economic Recovery Act of 2008 (HERA).
- Homes purchased on or after January 1, 2009 and before December 1, 2009 are eligible.
- The cap on the credit amount is increased to \$8,000 and repayment requirement established in HERA is eliminated if homeowner remains in the homes for at least 3 years.

Increased FHA, Fannie Mae and Freddie Mac Loan Limits



- Reinstates the loan limits for FHA, Freddie Mac, and Fannie Mae loans that were established in the Economic Stimulus Act of **2008**. These limits are:
 - **FHA:** The greater of 125 percent of the 2008 local area median home price or \$271,050, with an overall maximum cap of \$729,750; and
 - **Fannie and Freddie:** The greater of 125 percent of the 2008 local area median home price or \$417,000, with an overall maximum cap of \$729,750.
- These increased limits expire on December 31, 2009.

Thank You!



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