



Housing-Related Funding Opportunities for State and Local Governments in the American Recovery and Reinvestment Act of 2009

By Megan Richardson, Policy Associate, mrichardson@nhc.org

Overview

The Administration signed H.R. 1, the “American Recovery and Reinvestment Act of 2009,” (ARRA) into law on February 17, 2009. This economic recovery package includes \$789 billion in funding for both programmatic spending and tax credits, intended to spur economic growth and create nearly 3.5 million jobs.

Embedded in this crucial piece of legislation is nearly \$14 billion in funding for programs in the Department of Housing and Urban Development (HUD).

In keeping with the promise to swiftly utilize the dollars appropriated in this legislation, HUD announced that nearly seventy-five percent of funding had been allocated by formula to state and local units of government by February 25, 2009. The remaining twenty-five percent of funding will be allocated competitively by HUD.

ARRA also provides funding for housing-related programs that are administered by federal agencies other than HUD, including the Department of Defense (DOD), Department of Energy (DOE), Department of Health and Human Services (HHS), Department of Treasury (Treasury) and the Federal Emergency Management Agency (FEMA). As a result, interagency coordination at both the federal and state levels will be important for effective implementation.

Funding Goals

The funding in ARRA is intended to help the nation recover from the immediate economic crisis and to lay the groundwork for long-term economic prosperity. The housing-related provisions are intended to stimulate the economy by creating jobs through the development and rehabilitation of housing. Many of the provisions also serve to improve the energy-efficiency of residential properties, which combines the immediate benefit of job creation with the longer term benefits of reduced energy consumption and reduced utility costs for low- and moderate-income families.

Funding Opportunities Based on Institution Type

Below is a list of housing-related programs that received funding allocations in ARRA, organized according to the type of institution eligible to apply for the assistance. As noted, organizations

interested in applying for funding will in some cases need to apply directly to the federal government, but in other cases apply to the states and localities that received the initial allocations.

Direct Funding for Nonprofits at the Federal Level

- Community Development Financial Institutions Program (CDFI) (Treasury): \$100 million to build the capacity of local CDFIs and increase access to affordable financial products and services.
- Neighborhood Stabilization Program (HUD): \$2 billion to be awarded competitively¹ for the purpose of stabilizing neighborhoods affected by foreclosure.

Funding to States and Localities that They May Re-Distribute to Nonprofits and Others

- Community Development Block Grant (CDBG) (HUD): \$1 billion for a wide range of eligible housing and community development activities.
- Community Services Block Grant (HHS): \$1 billion for this block grant, which funds a range of services, including housing.
- Emergency Food and Shelter Program (FEMA): \$100 million to respond to increases in emergency services and homeless assistance.
- Energy Efficiency and Conservation Block Grant (DOE): \$3.2 billion² to fund energy-efficient improvements, including those made to residential properties.
- Homelessness Prevention Fund (HUD): \$1.5 billion for jurisdictions to apply toward financial assistance for individuals facing homelessness who are in need of housing relocation or stabilization services.
- Lead Hazard Reduction/Healthy Homes Program (HUD): \$100 million to raise awareness and educate communities on lead poisoning and fund initiatives to reduce toxic levels of lead.
- Low Income Housing Energy Assistance Program (HHS): \$1 billion to provide one-time financial assistance to pay for home heating or cooling bills for low-income households that have incomes below 125% of the federal poverty line.
- State Energy Program (DOE): \$3.1 billion to address state energy priorities and program funding to adopt emerging renewable energy and energy-efficiency technologies
- Tax Credit Assistance Program (HUD): \$2.25 billion in HOME funding, to be awarded competitively by states, to provide gap financing for projects awarded low-income housing tax credits in fiscal years 2007, 2008 or 2009.

¹ ARRA specifically notes that funds will be distributed competitively to states, local governments, nonprofit entities or consortia. Eligible recipients may also partner with for-profit entities.

² Funding is split: \$2.8 billion will be distributed by formula to states, eligible localities and Indian Tribes and \$400 million will be distributed through a competitive grant process.

- Weatherization Assistance Program (DOE): \$5 billion to improve the energy efficiency of single and multi-family residences occupied by families with incomes below 200 percent of poverty.

Funding for Housing Authorities, Tribes, and Owners of Project-Based Section 8 Developments

- Assisted Housing Stability and Energy and Green Retrofit Investment Stimulus Program (HUD): \$250 million for property owners receiving project-based assistance to make green retrofit investments to their properties.
- Indian Community Development Block Grant (HUD): \$10 million set-aside of CDBG funding to improve the housing stock and infrastructure for Native Americans.
- Native American Housing Block Grant (HUD): \$510 million³ to fund new construction, land acquisition, and residential rehabilitation efforts that include energy efficiency, conservation improvements and infrastructure development.
- Native Hawaiian Housing Block Grant (HUD): \$10.2 million to fund projects that include new construction, rehabilitation and energy retrofits of existing property and infrastructure development.
- Project-Based Section 8 Rental Assistance (HUD): \$2 billion to fund contract renewals on a full twelve-month cycle.
- Public Housing Capital Fund (HUD): \$4 billion⁴ for the capital and management activities of Public Housing Agencies as well as investments, awarded competitively, that either leverage private funding or provide financing for renovations and energy conservation.

Funding Opportunities for Individual Homeowners and other Federal Tax Credits

- Homeowner Assistance Program (DOD): \$600 million to temporarily expand program to provide benefits for private home sale losses of DOD military and civilian personnel.
- Homebuyer Tax Credit (IRS): \$8,000 Homeownership Tax Credit for eligible home purchases that occur before December 31, 2009.
- New Markets Tax Credit (IRS): increased to an additional \$5 billion for 2008 and \$5 billion for 2009 for taxpayers making qualified equity investments in designated Community Development Entities (CDEs).
- Residential Energy Efficiency Tax Credit (IRS): enhancement of existing credit for energy-efficiency improvements to existing homes.

³ Funding is split: \$255 million will be distributed according to the funding formula used in fiscal year 2008 and \$255 million will be distributed on a competitive basis.

⁴ Funding is split: \$3 billion will be distributed according to formula to public housing agencies and \$1 billion will be allocated to agencies on a competitive basis for investments that either leverage private funding or financing for renovations and energy conservation.

- Residential Renewable Energy Tax Credit (IRS): enhanced to apply to solar-electric systems, solar water heating systems and fuel cells while removing the maximum credit amount for all eligible technologies, except fuel cells, placed in service after 2008.
- Section 502 Guaranteed Rural Housing Loan Program (USDA): \$200 million in funding to support Section 502 direct rural homeownership loans and \$10.4 billion for Section 502 guaranteed homeownership loans.

This research was funded by the Annie E. Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of the author(s) alone, and do not necessarily reflect the opinions of the Foundation.