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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 and revitalizing communities 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.

The programs are listed under four categories:

- Direct Funding Opportunities for Nonprofits and Others at the Federal Level
- Funding to States and Localities for Distribution to Nonprofits and Others
- Funding for Housing Authorities, Tribes, and Owners of Project-Based Section 8 Developments
- Funding Opportunities for Individual Homeowners and other Federal Tax Credits

Direct Funding Opportunities for Nonprofits and Others at the Federal Level

Community Development Financial Institutions Program (CDFI): ARRA appropriates $100 million to the CDFI Fund for additional fiscal year (FY) 2009 funds to build capacity of local CDFIs and increase access to affordable financial products and services. The CDFI program also received $63 million in FY 2009 as part of their annual appropriation.

This program is administered by Treasury.

Under ARRA, $90 million will go to CDFIs for the Financial Assistance program, $8 million will go to the Native American CDFI Assistance (NACA) Program, and $2 million will cover grantees’ administrative costs.

Unlike standard annual appropriations for this program, ARRA does not require that awardees obtain matching funds from non-Federal sources. ARRA also waives the program’s cap requirement that originally prevents any single awardee from receiving more than $5 million in assistance over a three-year period.

All of the awards for the FY 2009 funding round will be in the form of grants.

While applications for the original FY 2009 CDFI Program were due by October 29, 2008, the CDFI Fund has reopened the process to allow more CDFIs to apply for the funds made available through ARRA. In addition, CDFIs that applied for and received Technical Assistance (TA)-only awards for FY 2009 may apply for Financial Assistance funding during this supplemental round. Applicants that have already applied for Financial Assistance awards in FY 2009 may not reapply.
CDFIs have until May 27, 2009 to apply for additional assistance during the FY 2009 supplemental round. Application materials for CDFIs and NACAs are available on this Web site: http://www.cdfifund.gov/news_events/CDFI-2009-21-Opening-NACA-CDFI-Supplemental-Round.asp.

There will be two rounds of award announcements. The first announcement will take place no later than June 2009 and will include the obligation of the $90 million in ARRA funding. The second announcement will occur no later than September 2009 and will include the obligation of regular annual appropriations.

**Neighborhood Stabilization Program (NSP):** ARRA provides an additional $2 billion in NSP funding to be allocated on a competitive basis.

NSP is administered by the Office of Community Development and Planning at HUD.

The $2 billion in new NSP funds supplement an earlier appropriation of $3.92 billion in the Housing and Economic Recovery Act that was signed into law on July 30, 2008. That earlier program was administered as a block grant, rather than a competition, and differs in important ways from this new round (round 2) of NSP funding.

NSP Round 1 distributed emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.

Unlike the first round of funding, NSP Round 2 funding will be allocated by competitive grants that are awarded based on rating factors including the grantee’s capacity to execute projects, leveraging potential, and concentration of investment to achieve neighborhood stabilization.

State governments, local units of government, nonprofits and consortia of nonprofits are all eligible to apply for funding under NSP Round 2.

Eligible funding activities in NSP Round 2 are the same as those defined in the first round of funding. ARRA also allows funding to be used to support capacity building efforts for NSP grantees. Capacity building refers to the overall capability of a grantee to use the funding effectively and in a timely fashion.

HUD issued two Notices of Funding Availability (NOFA) announcing the availability and terms of the funding as well as application requirements, on May 1, 2009.

Similar to NSP Round 1, applicants must prepare an application and post these action proposal plans for citizen participation before submitting them to HUD. Grantees can apply for technical assistance (TA) funding or programmatic funding.
ARRA requires that no more than $50 million be allocated for grantees seeking TA funding to help manage their programs. Applications are due June 8. Applications for programmatic funding are due July 17, 2009.

Once the applications have been submitted to HUD and reviewed, those grantees whose plans have been approved for the program will be awarded funding.

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

Community Development Block Grant (CDBG): ARRA allocates $1 billion dollars for the Community Development Block Grant program to provide local governments with federal assistance to use for community-based projects intended to assist low and moderate-income families and communities.

This program is administered by the Office of Community Planning and Development at HUD.

Among the many eligible activities for this program are affordable housing and economic development projects.

Eligible grant applicants include States, local units of government that received CDBG Entitled funding in fiscal year 2008, non-entitlement jurisdictions in Hawaii and other insular areas including American Samoa, Guam, the Northern Mariana Islands and the Virgin Islands. As with annual CDBG appropriations, grantees must prepare an action plan amendment that HUD will process and execute; upon approval, HUD will make the funds available.

ARRA specifically requires that recipients give special priority to projects to which they can award contracts within four months of the grant agreement.

State and local allocations have already been determined by HUD and are available on this Web site:
http://portal.hud.gov/portal/page?_pageid=153,7973215&_dad=portal&_schema=PORTAL.

Community Services Block Grant (CSBG): ARRA includes $1 billion for CSBG, which is administered by HHS and funds a range of services, including housing.

To receive funding, States must submit Recovery Act Plans to the Office of Community Services (OCS) for Fiscal Year 2009 through Fiscal Year 2010 by May 29, 2009.

HHS has already provided funds to each of the fifty states, the District of Colombia and the Commonwealth of Puerto Rico according to a pre-existing formula that is used for grants allocated under regular CSBG appropriations. However, if these entities do not submit Recovery Act Plans by May 29, this funding will be placed on hold.
ARRA requires that 99 percent of allocations be distributed to “eligible entities” including statewide or local organizations and Community Action Agencies (CAA). CAAs assist low-income individuals and families to gain economic independence by providing a variety of services including utility assistance and weatherization services. One percent of this funding must be used towards activities that assist individuals and families enrolling in Federal, State and local benefit programs.

Unlike the regular CSBG program, States are not allowed to use this funding to cover administrative costs or statewide discretionary activities.

Recipients that receive funding must submit reports at the end of each calendar quarter specifying the amount of recovery funds received, expended or obligated, and a list of projects for which recovery funds were used.

Funds must be used by January 2011 or returned to HHS.

Emergency Food and Shelter National Board Program (EFSP): ARRA provides $100 million in EFSP to respond to increases in emergency services and homeless assistance by maintaining food, shelter, rent, mortgage and utility assistance programs for people with non-disaster related emergencies.

EFSP is operated by FEMA. FEMA appoints a National Board comprised of national nonprofit organizations including the American Red Cross; Catholic Charities, USA; United Jewish Communities, The National Council of the Churches of Christ in the U.S. A; the Salvation Army; and United Way of America. The National Board allocates grants to a county or city jurisdiction based on a formula that takes into account local unemployment and poverty measures. Each jurisdiction that is funded by the program must maintain a Local Board that decides how funding will be given to social service agencies.

EFSP also serves areas in need that do not qualify based on these measures through the State Set-Aside program. These additional areas receive funds based on high levels need, and typically include those that are experiencing recent increases in unemployment, homelessness or poverty.

EFSP receives annual appropriations by Congress under the McKinney-Vento Homeless Assistance Act. ARRA funding will be treated as an addition to the $200 million in funding included in the FY 2009 appropriation.

Allocations, organized according to State, are available on this Web site: http://www.fema.gov/government/grant/efs2009.shtm.
Energy Efficiency and Conservation Block Grant (EECBG): ARRA provides $3.2 billion\(^1\) to fund energy-efficient improvements, including (but not limited to) those made to residential properties. Modeled after the Community Development Block Grant, this program provides federal assistance to local governments, Indian tribes, states and U.S. territories to make energy-efficient improvements.

This program will be administered by the Office of Energy Efficiency and Renewable Energy at the DOE – the same entity that administers the Weatherization Assistance Program.

Some $2.8 billion of the funds will be distributed by formula to states, eligible localities and Indian tribes while the remaining $400 million will be allocated through a competitive grant process.

Applications are due by June 25, 2009 and are available on this Web site, http://www.eecbg.energy.gov/.

Homelessness Prevention Fund (HPF): The Recovery Act includes $1.5 billion in funding for the Homelessness Prevention Fund, which is administered through the Emergency Shelter Grant (ESG) block grant program.

This program is run by the Office of Special Needs Assistance at HUD.

This fund will provide financial assistance and other services to prevent families from becoming homeless. Additionally, this fund will assist in re-housing families and individuals who are experiencing homelessness.

Eligible forms of assistance include short-term or medium-term rental assistance, housing relocation and stabilization services such as mediation, credit counseling, security or utility deposits, utility payments, moving cost assistance and case management.

HUD has already allocated funding by formula to metropolitan cities, urban counties and states. Allocations, organized by state, and other information about the program are available on this Web site: http://www.hud.gov/recovery/homeless-prevention.cfm.

Eligible grantees include States, metropolitan cities and urban counties. These grantees are responsible for distributing funding to private non-profit organizations as well as targeting funds to assist individuals and families who would be homeless if not for this program.

ARRA requires that at least sixty percent of funds be spent within two years. All funding provided by ARRA must be spent within three years.

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\(^1\) 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.
Lead Hazard Reduction/Healthy Homes Program: ARRA includes $100 million in funding for the Lead Hazard Reduction/Healthy Homes program, to be administered by the Office of Healthy Homes and Lead Hazard Control at HUD.

The program consists of four main components that are intended to raise awareness and educate communities about lead poisoning, as well as fund initiatives to reduce toxic levels of lead.

The Lead-Based Paint Hazard Control Grant Program provides assistance to States, Native American Tribes, cities, counties/parishes and other local units of government to create programs that extinguish hazards left by lead-based paint in both privately-owned rental and owner-occupied housing.

The Lead Hazard Reduction Demonstration Grant Program is specifically intended to help urban jurisdictions that exhibit the greatest need for lead-based paint hazard control. This program provides funding to these communities for the identification and control of lead-based paint hazards in unsubsidized rental or owner-occupied housing.

The Healthy Homes Demonstration Grant Program educates communities and promotes cost-effective measures that households can take to diminish health hazards from serious levels of toxicity. This program focuses primarily on assisting low-and moderate income families as well as vulnerable populations such as the elderly and children.

The Healthy Homes Technical Studies Grant Program is designed to fund research and improve methods of evaluation on housing-related health hazards.

ARRA provided funds for HUD to award grants under this program for applicants that were eligible for funding in 2008 but unable to receive funding because there were insufficient funds. Awarded allocations, organized by state, are posted on this Web site: http://www.hud.gov/recovery/healthy-homes.cfm.

State Energy Program (SEP): This program was allocated $3.1 billion for states to use in the form of grants to address their energy priorities and programmatic funding to adopt emerging renewable energy and energy-efficiency technologies.

Administered by the Office of Energy Efficiency and Renewable Energy at the DOE, funding allocations have already been made to individual states based on a pre-existing formula.

ARRA specifically requires that states use this funding to create incentives for electric and gas utilities customers to use energy more efficiently, enact building codes focused on energy-efficiency and prioritize funding of energy efficiency and renewable energy programs, such as energy-efficient retrofits of buildings and industrial facilities.

Tax Credit Assistance Program (TCAP): ARRA included $2.25 billion to provide funding to cover gap financing for Low Income Housing Tax Credit (LIHTC) projects. These grants,
allocated to state housing credit allocation agencies according to the formula used to distribute funding under the HOME Investment Partnerships program, are administered by HUD. This gap funding helps to address shortfalls in project financing caused by reductions in the amount of equity now being generated through the sale of low-income housing tax credits.

State housing credit allocation agencies are expected to award funding on a competitive basis, giving priority to projects that are “shovel-ready” and are expected to be completed by February 2012.

Eligible development projects must have been previously approved by a State housing credit allocation agency and awarded low income housing tax credits during fiscal years 2007, 2008 or 2009. New projects are not eligible for this program. Priority should be given to projects that will be complete by 2012.

According to ARRA’s expenditure guideline, seventy-five percent of funds must be committed by February 2010, seventy-five percent must be expended by February 2011, and all funds must be expended by February 2012.

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

WAP is administered by the Office of Energy Efficiency and Renewable Energy at the DOE. This allocation is 25 times larger than the original $200 million funding level authorized in fiscal year 2009.

While previous program guidelines required households to be at or below 120% of the poverty level, ARRA expands the eligibility of households in WAP to include any household at or below 200% of the poverty level.

WAP funds may be used to assist households living in single-family homes as well as rental units, apartment buildings, and other types of multifamily units. Although WAP has always allowed multifamily units to be considered an eligible property to receive assistance, states have not traditionally used their funds for this purpose. HUD and DOE leadership have since formed a partnership that will streamline use of WAP funds for all HUD subsidized properties to make it easier for property owners to weatherize the units occupied by low-income families. HUD Secretary Donovan and DOE Secretary Chu recently signed a Memorandum of Understanding (MOU) documenting their newly-formed partnership to coordinate energy retrofit programs in ARRA.

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

Assisted Housing Stability and Energy and Green Retrofit Investment Stimulus Program: The Assisted Housing Stability and Energy and Green Retrofit Investment Stimulus Program provides grants and loans to eligible property owners who are receiving project-based rental assistance in accordance with Section 811, Section 202 and Section 8 assisted housing programs under the Housing Act of 1937. This program allows property owners to make green and green retrofit investments to their properties.

ARRA includes $250 million for this new program, which will be administered by the Office of Affordable Housing Preservation at HUD.

ARRA notes that physical and financial analyses of the properties will be required to determine the size of each loan, and that the terms of each grant will include continued affordability requirements for multi-family properties. HUD will provide full details on how to apply as well as grant and loan terms shortly. Application information will be posted on this Web site, http://www.hud.gov/recovery/aheretrofith.cfm.

Indian Community Development Block Grant (ICDBG): ARRA includes $10 million in competitive funding for the Indian Community Development Block Grant (ICDBG) to specifically aid Indian tribes and Alaska Native villages.

This program is administered by the Office of Public and Indian Housing at HUD.

Eligible activities for this program include the improvement of housing stock and infrastructure, provision of community facilities, and expansion of economic opportunities. Housing-related activities can include housing construction, rehabilitation, the acquisition of land for housing, and facilitation of homeownership.

Maximum funding levels for different regions of the country are determined by formula, but tribes apply for funding through a Notice of Funding Availability (NOFA) process.

A NOFA for this funding is not available yet. Information on the ICDBG allocation included in ARRA will be updated on this Web site, http://www.hud.gov/recovery/icdblockh.cfm.

Once HUD posts a NOFA, eligible applicants must submit applications to one of six regional HUD offices. After the regional HUD office reviews and approves applications, HUD will execute a Funding Approval or Funding Agreement to the tribe.

ARRA includes a requirement that tribes prioritize funding for projects that can award contracts within 120 days that funds are made available.
Native American Housing Block Grant (NAHBG): ARRA provides $510 million in funding for NAHBG.

This funding is administered by the Office of Indian and Public Housing at HUD.

This program is designed to fund new building construction, land acquisition, and residential rehabilitation efforts. Rehabilitation can include energy efficiency and conservation improvements, as well as infrastructure development. The funding is intended to leverage private sector financing for new construction, renovation and energy retrofit investments.

Eligible applicants include Indian tribes or tribally designated housing entities.

ARRA requires that Tribes fund projects that can award contracts within 180 days that funds are made available.

Grantees must obligate all funds within a year that funds are made available. At least fifty percent of funding must be expended within two years of funds being made available and all funding must be spent within three years.

ARRA will recapture and reallocate funding that is not spent within the constraints of the expenditure timeline.

Under ARRA, this funding allocation is split. $255 million will be allocated on a competitive basis, while the second half of ARRA funds will be allocated according to the same funding formula that was used in Fiscal Year 2008.

The competitive funding component included in ARRA for NAHBG will be allocated by September 30, 2009. HUD will post a Notice of Funding Availability (NOFA). Upon receiving, reviewing and approving applications, HUD will executive a Funding Approval/Agreement whereupon selected tribes will receive funding.

Priority will be awarded to tribes whose applications include projects that create employment opportunities for low and moderate income individuals.

Meanwhile, funds that will be disbursed based on the funding formula have already been obligated by HUD. Allocations by state can be viewed on this Web site, http://portal.hud.gov/portal/page?_pageid=153,7973263&_dad=portal&_schema=PORTAL.

Eligible tribes that wish to receive funding allocated by the formula must complete an Indian Housing Plan (IHP) amendment to their fiscal year 2008 IHP. This amendment must be sent to the affiliated regional Office of Native American Programs at HUD. Once received and approved, a line of credit will be made available.

Native Hawaiian Housing Block Grant: ARRA includes $10.2 million in funding for the Native Hawaiian Housing Block Grant.
This funding is administered by the Office of Indian and Public Housing at HUD. Funding will go directly to the Department of Hawaiian Home Lands.

This program is intended for new construction, rehabilitation and energy retrofits of existing property and infrastructure development. The Department of Hawaiian Home Lands will prioritize funding for projects that can award contracts within six months that funds are available to the recipient.

Grant recipients must complete a Native Hawaiian Housing Plan (NHHP) amendment to their fiscal year 2008 NHHP and execute a Funding Approval/Agreement with the Special Conditions. The NHHP must be approved by the recipients’ regional Office of Native American Programs (ONAP). Once received, ONAP must approve the amendment and can establish the funds in the Line of Credit Control System.

Funds have already been obligated by the Office of Public and Indian Housing at HUD.

Project-Based Section 8 Rental Assistance: ARRA provides HUD with $2 billion to fund contract renewals under the Section 8 Project-Based Rental Assistance program on a full twelve-month cycle. This is intended to avoid payment disruptions and gaps that have occurred recently and allow owners to maintain their properties adequately.

The Section 8 Program was created by Congress in 1974 to provide subsidies for the development of privately owned rental housing affordable to low-income families and individuals. The program assists approximately 1.3 million households.

The funding will enable HUD to renew 6,300 contracts.

Public Housing Capital Fund: ARRA allocates $4 billion for the Public Housing Capital Fund.

This program is administered by the Office of Indian and Public Housing at HUD. The funding included in ARRA is split into two pieces: $3 billion will be allocated based on a funding formula and $1 billion will be allocated on a competitive basis. Regardless of the funding stream used, sixty percent of all funding must be expended within two years of the date funds are available to the public housing agency for obligations and all funds must be expended within three years of such date.

ARRA includes $3 billion in formula funding to provide federal aid for the capital and modernization activities of Public Housing Agencies (PHAs) – development projects that help keep the public housing stock in good repair and up-to-date. Funding for operations or ongoing rental assistance is prohibited.

In order to apply for this funding, PHAs need to execute a Capital Fund Program Amendment to the Annual Contributions Contract (ACC). This contract must be signed by a local HUD Field
office. PHAs must also provide the local HUD Field office with an Annual Statement that will specify how funds should be spent.

In their applications, PHAs must give priority to capital projects that can award contracts within 120 days that funds are made available. Special consideration must also be given to projects that involve the rehabilitation of vacant rental units or capital projects that are already underway, or included in the 5-year capital plan.


Meanwhile, the remaining $1 billion provided by ARRA will be awarded by competition for investments that either leverage private funding or provide financing for renovations and energy conservation. This funding is intended to supplement expenditures from federal, state or local sources or funds generated by PHAs.

HUD issued a Notice of Funding Availability (NOFA) seeking applications from eligible applicants seeking competitive funding. Public housing agencies that own or operate low-income public housing and are eligible to receive capital funding under section 9 of the U.S. Housing Act of 1937 are eligible to apply for this funding. These funds must be distributed to grantees by September 30, 2009.

The NOFA targets four categories of assistance that are eligible for funding on a competitive basis including: improvements in assisting the elderly or persons with disabilities, public housing renovations, provision of gap financing for stalled projects, and the creation of energy efficient communities.

Each category of assistance included in the NOFA specifies its own funding limitations, performance measures, requirements and thresholds that are designed to provide funding to PHAs that are most capable of using this assistance efficiently. These thresholds are designed to award PHAs designated as “high performers” that met expenditure rates for 2005 and 2006 Capital Fund grants a preference for funding.

Eligible PHAs that apply for funding to assist the elderly or persons with disabilities, to make public housing renovations or to provide gap financing to stalled projects will receive funding based on their compliance with these thresholds. Round one applications for these categories are due by June 15 and Round two applications must be submitted by July 22.

Meanwhile, PHAs that apply for funding to create energy-efficient communities are awarded allocations based on a scoring criteria that is ranked by HUD officials. Applications must be submitted by July 21.

**Funding Opportunities for Individual Homeowners and other Federal Tax Credits**
Homeowner Assistance Program (HAP): ARRA includes $600 million towards HAP, which is administered by the DOD to provide benefits for private home sale losses of DOD military and civilian personnel. These benefits are considered a temporary expansion of the program.

Individuals can apply for this program online on this Web site: http://hap.usace.army.mil/HowToApply.html.

Homebuyer Tax Credit: ARRA provides an $8,000 Homeownership Tax Credit administered by the IRS for eligible home purchases that occur before December 31, 2009. Eligible homebuyers who have not purchased a home in the past three years qualify if they buy a home between January 1 and December 1, 2009 and claim a modified adjusted gross income less than $95,000 if the individual is a single taxpayer or $170,000 for married filers.

In order to assist homebuyers with down payment or closing costs, some states have implemented tax credit loan programs that advance families funds based on the expectation they will be able to repay the loans with the proceeds of the tax credit. A list of participating states is available on this Web site, http://www.ncsha.org/section.cfm/3/34/2920.

New Markets Tax Credit: This tax credit was increased in ARRA to an additional $5 billion for 2008 and $5 billion for 2009 for taxpayers making qualified equity investments in designated Community Development Entities (CDEs).

The New Markets Tax Credit is administered by the Treasury. All qualified equity investments must be used by the CDE in low-income communities.

An organization that would like to qualify as a CDE to receive awards under the New Markets Tax Credit must be a domestic corporation, demonstrate a mission to serve or provide capital for low-income communities or persons and maintain accountability to residents of low-income communities.

Residential Energy Efficiency Tax Credit: ARRA includes an enhancement of a pre-existing credit, administered by the IRS, for energy-efficiency improvements to existing homes. Under ARRA, this personal tax credit allows homeowners to claim a credit equal to 30% of the costs of the construction and equipment used to make qualifying energy-efficiency improvements in their primary residential dwelling. This tax credit is capped at $1500 per residence.

In order to qualify, home improvements need to occur from January 1, 2009 through December 31, 2010.

The types of improvements that are eligible for this tax credit include the installation of energy-efficient insulation, exterior doors windows and skylights, storm windows and doors, metal and asphalt roofs, a central air conditioning or furnace as well as either an electric, gas, oil or propane water heating system.
Residential Renewable Energy Tax Credit: ARRA enhanced this tax credit, which is also administered by the IRS, 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.

A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the U.S. used as a residence by the taxpayer. Eligible expenditures include labor costs for onsite preparation, assembly, or original system installation and for piping or wiring to interconnect a system to the home. If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year.

There is no maximum credit for systems placed in service after 2008. The maximum credit is $2,000 for systems placed in service before January 1, 2009.

Systems must be placed in service from January 1, 2006, through December 31, 2016.

Section 502 Guaranteed Rural Housing Loan Program: ARRA allocates $200 million in funding to support Section 502 direct rural homeownership loans and $10.4 billion for Section 502 guaranteed homeownership loans.

This program is administered by the Office of Rural Development in the USDA.

It is intended to serve rural residents who have a dependable income that is up to 115% of the area media income (AMI), decent credit, but do not qualify for a conventional mortgage.

These loans will enable low-and moderate-income residents to acquire housing or to purchase a new manufactured home. This program also guarantees loans for mortgages extended and serviced by others.

Loans must be from lending institutions that have been pre-approved by the Office of Rural Development.

Helpful Web sites

For additional guidance, please see the following Web sites and resource guides listed below.


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