



The American Recovery & Reinvestment Act of 2009: Housing Programs

The *American Recovery & Reinvestment Act of 2009*, or ARRA, was signed into law on February 17, 2009 by President Obama. The legislation will help thousands of Californians who are facing foreclosure and provide significant new resources to increase housing supply and prevent homelessness.

ARRA will provide \$12.1 billion nationwide for housing related programs. California will receive \$1.09 billion by formula allocation and can compete for a portion of the \$2 billion available in the second round of the Neighborhood Stabilization Program (NSP). The Department of Housing and Community Development (HCD) will administer \$55 million in Community Development Block Grant (CDBG-R) and Homeless Prevention & Rapid Re-housing Program (HPRP).

- ARRA provides \$1 billion nationally for CDBG-R. The law permits HUD to establish requirements to expedite use of these funds and recipients are directed to give priority to “projects that can award contracts based on bids within 120 days from the date the funds are made available.”
 - **Based on 2008 HUD formulas, California will receive approximately \$123 million for 177 jurisdictions;**
 - **HCD will be receiving approximately \$10.7 million of that amount.**

- The law also provides \$1.5 billion nationally for the HPRP. These funds must be used for short- or medium-term rental assistance, housing relocation and stabilization services including housing search, mediation or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month, moving cost assistance and other homelessness prevention or rapid re-housing activities. HCD released a competitive Notice of Funding Availability (NOFA) on July 8, 2009 for \$42.7 million. Applications are due by August 6, 2009 and contracts will be issued by September 30, 2009.
 - **Based on 2008 HUD formulas, California will receive approximately \$189 million for 79 jurisdictions;**

- **HCD will be receiving approximately \$44.5 million of that amount.**
- The second round of NSP funds – the first became available under the American Housing Rescue and Foreclosure Prevention Act of 2008, signed into law last fall – will makes \$2 billion available nationwide for redevelopment of abandoned and foreclosed homes. NSP2 funds will be allocated on a competitive basis. HUD has 75 days from bill signing to develop program; then there is a 75 day application period. Ten percent of the funds can be used for capacity building and at least 50 percent of the funds must be spent within two years and the remaining funds must be spent within three years of becoming available.
 - Local jurisdictions need to show how they will use the funding for the five eligible activities, including how much they will spend on each activity.
 - The five eligible uses of the funds are:
 1. To purchase and rehabilitate homes to sell, rent or redevelop
 2. Create land banks for homes that have been foreclosed upon
 3. Demolish blighted structures
 4. Redevelop demolished or vacant properties
 5. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.
 - They must also demonstrate their capacity to manage the funding.
 - HCD has applied for \$22.8 million dollars for the cities of Madera, Merced, Taft, Oceanside, Shasta Lake, Hanford, Porterville and Delano.

In addition to CDBG-R, HPRP and NSP2, ARRA provides funding for many other housing related programs.

- Tax Credit Assistance Program (TCAP):
 - \$2.25 billion is available to State Housing Credit Agencies under Section 42(h) of the Internal Revenue Code. Based on 2008 HUD formulas, California will receive approximately \$325.9 million. Funds must be used for funding gaps in low income housing tax credit projects. Funds will be distributed to states based on the percentage of HOME funds that each state (including its participating jurisdictions) received for FY2008. Allocating agencies must award funds competitively, pursuant to their QAP, to owners of projects who have received or simultaneously receive an LIHTC award. All funds must be spent within three years.
- Public housing
 - \$4 billion for capital investment in public housing, funds to go directly from HUD to local public housing authorities. California will receive approximately \$117.9 million.

- \$2.25 billion Section 202, Section 8 (contains \$2 billion for rental assistance, \$250 million for energy efficiency improvements). HCD serves as administrator for Section 8 for small rural counties, approximately 700 families. HCD may receive a small amount of funding directly from HUD, not subject to legislation.
- Rural housing - These funds are administered through the Secretary of Agriculture, but many of these funds serve as matching funds on our rural and farmworker housing loans.
 - \$1 billion in 502 direct loans (\$67 million allowed for costs)
 - \$10.472 billion in 502 unsubsidized guarantee loans (\$133 million allowed for costs)
- Rural high speed broadband:
 - \$2.5 billion available and at least 75% must be to bring broadband to rural areas. Preference is given for plans for more than one service provider. This can be complimentary to our housing programs.
- Weatherization assistance:
 - \$5 billion available for families making 200% of median income, maximum of \$6500.00 per unit. Administered by Department of Energy.
- Native American Block Grant program:
 - \$510 million that can be used for housing. Likely to go directly to Native American tribes, not through HCD. California will receive approximately \$15 million.
- Housing Stimulus:
 - \$8000 for a tax credit for first time buyers, \$75,000 income limit per individual, \$150,000 per family.
 - Extension of FHA loan limits for 2008 to end of 2009
- Other programs of interest:
 - \$100 million under Homeland Security for emergency food and shelter (3.5% admin.).
 - \$60 million for California Delta Restoration.
 - \$3.95 billion in Workforce Investment Funds

HCD is committed to getting funding out as quickly as possible to provide prompt relief and assistance to individuals, families and communities throughout California.

We will continue to update our website as new information becomes available.

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