

OVERVIEW OF POSSIBLE SOURCES OF HUD FUNDING FROM AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (H.R. 1)

The following are possible areas of funding in housing programs made available by the stimulus package that could be used by States to augment programs operated for persons with serious mental illness:

- **Homeless Prevention Grants:** \$1.5 billion for homeless prevention and rapid re-housing. The bill provides \$1.5 billion through HUD's Emergency Shelter Grant program for the provision of short-term 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 at a location, moving cost assistance, case management or other appropriate activities for homelessness prevention and rapid re-housing of persons who have become homeless.
- **Public Housing Capital Fund:** \$4 billion in capital funding for the construction and replacement of low income housing. Of this, \$3 billion will be distributed by the capital fund formula within 30 days of enactment and \$1 billion will be distributed by competitive grants for 'priority investments' including those that leverage private sector funding or financing for renovations and energy conservation retrofit investments. This \$1 billion must be distributed by HUD by September 1, 2009. Public housing agencies must give priority consideration to the rehabilitation of vacant units and to those capital projects already underway or identified in the Public Housing Agency's (PHA) five-year capital plan. The funds cannot be used for operating or rental assistance. In addition, these funds must supplement, NOT replace existing funding or projects.
- **Project-Based Housing:** \$2.25 billion for Project-based Housing. Of this amount, \$2 billion is for full-year renewals of Project-based Section 8 rental assistance contracts. This action corrects a longstanding problem of underfunding in the project-based Section 8 account that caused HUD to have to enter into contracts for less than a year with property owners creating great instability in the program. The remaining \$250 million is for HUD to provide grants and loans to upgrade its Section 202 elderly, Section 811 disabled and Section 8 project-based stock to increase energy efficiency. Owners participating in this \$250 million grant or loan program must commit to at least an additional 15 years of affordability.
- **Low Income Housing Tax Credits (LIHTC):** \$2.25 billion in funds for additional low income tax credits. Each year, the IRS allocates housing tax credits to designated state agencies-typically state housing finance agencies - which in turn award the credits to developers of qualified projects. These funds get allocated according to the State's qualified allocation plan (QAP). Projects awarded in 2007, 2008, and 2009 are eligible for these funds.
- **Neighborhood Stabilization Program (NSP):** \$2 billion in additional funding for the NFP. HUD's new Neighborhood Stabilization Program will provide 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. The Neighborhood Stabilization Program (NSP) provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. Unlike the existing NSP program, the new NSP funds will all be distributed by a competitive process. States, units of general local government and nonprofit entities or consortia of nonprofit entities are eligible to submit proposals. Public Housing Authorities (PHAs) are NOT eligible applicants, but can partner with non-profit entities to submit proposals. Thus there may be opportunity for States with good relationships with their Public Housing Authorities for collaborative proposals. The Secretary must publish grant competition criteria within 75 days of enactment and applications will be due to HUD no later than 150 days after enactment.
- **Community Development Block Grants:** \$1 billion in additional funding. The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1180 general units of local government and States. These funds will be distributed using the normal CDBG formula.
- **Native American Housing Grants:** \$510 million in Native American Housing Block Grants. Of this amount, \$255 million will be distributed by the current block grant formula and \$255 million will be distributed by a grant competition.