

U.S. Department of Housing and Urban Development

# Programs of HUD



(Major Grant, Assistance, and Regulatory Programs)




The mission of the Department of Housing and Urban Development is to increase homeownership, support community development, and expand access to affordable housing free from discrimination. The Department has worked hard to implement the housing agenda of President Bush and to fulfill its obligations to the American people.

For many families, the American dream means owning their own home. One of HUD's highest priorities is to help more families, especially minorities, realize the dream for themselves. Through its programs and initiatives, HUD is breaking down the barriers that lock too many families out of homeownership.

HUD is passionate about its mission to increase the ranks of America's homeowners, but that is not HUD's only priority. HUD's agenda is broad and covers every aspect of single family and multifamily housing, the special needs of vulnerable citizens, and urban and economic development. Each year, millions of Americans—including low-income families; the elderly; individuals with disabilities; homeless men, women, and children; and persons with AIDS—turn to HUD for assistance in meeting their housing needs. State and local governments depend upon HUD and its system of grants to support community development projects that revive troubled neighborhoods and spark economic development.

*Programs of HUD* describes the major mortgage, grant, other assistance, and regulatory programs of the Department. It is through these programs that the Department offers new opportunities for families and individuals to lift themselves toward self-sufficiency and achieve the American dream; offers new opportunities for communities nationwide to generate renewal; and strives to ensure equal housing opportunity for all Americans regardless of race, color, religion, sex, national origin, age, disability, or familial status.

*Programs of HUD* is designed to be an informative resource for our congressional partners, our program participants, and interested members of the public.

  
Alphonso Jackson  
Secretary of Housing and Urban Development

# **PROGRAMS OF HUD**

**Major Mortgage, Grant, Assistance, and Regulatory Programs**

**2005**

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## Community Planning and Development

### Community Development Block Grants (CDBG) (Entitlement)

Federal funding to help entitled metropolitan cities and urban counties meet their housing and community development needs.

**Nature of Program:** Provides annual grants on a formula basis to entitled communities to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.

Entitlement communities develop their own programs and funding priorities and consult with local residents before making final decisions. All CDBG activities must meet one of the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain community development needs having a particular urgency. Some of the activities that can be carried out with community development funds include the acquisition of real property; rehabilitation of residential and nonresidential properties; provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers; clearance; homeownership assistance; and assistance to for-profit businesses for economic development activities.

No less than 70 percent of the funds expended over a period specified by the grantee, not to exceed three years, must be used for activities that benefit low- and moderate-income persons.

**Grantee Eligibility:** Metropolitan cities and urban counties are entitled to receive annual grants. Metropolitan cities are principal cities of Metropolitan Areas (MAs) or other cities within MAs that have populations of at least 50,000. Urban counties are within MAs and have a population of 200,000 or more (excluding the population of metropolitan cities within their boundaries).

**Funding Distribution:** From each year's CDBG appropriation, excluding the amounts provided for grants under Section 107 of the Housing and Community Development Act of 1974 (Section 107 grants), specified other grants, and Indian Tribes, 70 percent is allocated to metropolitan cities and urban counties. The amount of each entitlement grant is determined by statutory formula, which uses several objective measures of community need, including poverty, population, housing overcrowding, age of housing, and growth lag.

**Legal Authority:** Title I, Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.). Regulations are at 24 CFR part 570.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Local officials and HUD field offices. On the Web: [www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm](http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm)

**Current Status:** Active.

## **Community Development Block Grants (Non-Entitlement) for States and Small Cities**

Federal funding to help states and units of local government in non-entitled areas meet their housing and community development needs.

**Nature of Program:** Provides grants to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. Applicants must give maximum feasible priority to activities that will benefit low- and moderate-income families or aid in the prevention or elimination of slums and blight. Funds may also be used to meet other community development needs that present a serious and immediate threat to the health or welfare of the community. No less than 70 percent of the funds must be used for activities that benefit low- and moderate-income persons over a period specified by the state, not to exceed three years.

Under the 1981 amendments to the Community Development Block Grant (CDBG) legislation, each state has the option to administer the block grant funds provided for its non-entitlement areas.

If this option is exercised, the block grant funds are provided to the state, which distributes them as grants to its eligible units of general local government. The states' objectives and methods of distributing the funds are determined in consultation with affected citizens and local elected officials. States are required to report annually on the use of funds.

Only Hawaii has not elected to administer funding under the state CDBG program. In Hawaii, HUD continues to administer the funding; funds are awarded to non-entitled units of general local government using statutorily determined formula factors.

Some of the activities that can be carried out with community development funds include: the acquisition of real property; the rehabilitation of residential and nonresidential properties; the provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers; the clearance, demolition, and removal of buildings; homeownership assistance; and assistance to for-profit businesses for economic development activities.

**Applicant Eligibility:** Fifty states and Puerto Rico are eligible to apply to distribute funds to non-entitlement units of government, generally under 50,000 in population that are not metropolitan cities or part of an urban county.

**Funding Distribution:** From each year's CDBG appropriation, excluding the amounts provided for Section 107 grants or specified other grants, 30 percent is allocated to non-entitlement areas. This amount is then allocated among the states on a formula basis. Each state's allocation is distributed to units of general local government by either the state or by HUD under the option described above.

**Legal Authority:** Title I, Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.). Regulations are at 24 CFR part 570.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** States and HUD field offices. On the Web:  
[www.hud.gov/offices/cpd/communitydevelopment/programs/stateadmin/index.cfm](http://www.hud.gov/offices/cpd/communitydevelopment/programs/stateadmin/index.cfm)

**Current Status:** Active.

## Community Development Block Grants (Section 108 Loan Guarantee)

Loan guarantee assistance for community and economic development.

**Nature of Program:** Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Under this section, HUD offers communities a source of financing for housing rehabilitation, economic development, and large-scale physical development projects.

Eligible activities are (1) real property acquisition, (2) rehabilitation of property owned by the applicant public entity or its designated public agency, (3) housing rehabilitation eligible under the CDBG program, (4) special economic development activities under the CDBG program, (5) interest payments on the guaranteed loan and issuance costs of public offering, (6) acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, (7) assistance for public facilities in colonias, (8) debt service reserves for repayment of the Section 108 loan, (9) other related activities, including demolition and clearance, relocation, payment of interest, and insurance costs. When determining eligibility, the CDBG rules and requirements apply. As with the CDBG program, all projects and activities must meet CDBG's primary objective (use of 70 percent of funds must benefit low- and moderate-income persons) and one of the following three national objectives: (a) principally benefit low- and moderate-income persons, (b) assist in eliminating or preventing slums or blight, or (c) assist with community development needs having a particular urgency. Loans may be for terms up to 20 years.

The applicant pledges its current and future CDBG funds as the principal security for the loan guarantee. HUD may require additional security for each loan, and any additional security that may be necessary is determined on a case-by-case basis.

**Applicant Eligibility:** Metropolitan cities and urban counties that receive entitlement grants may apply directly to HUD for loan guarantee assistance. Non-entitlement communities under the state CDBG program may also apply but must have a pledge of their state's CDBG funds from the appropriate agency. Non-entitlement communities in Hawaii may also apply directly to HUD for loan guarantee assistance. The public entity applicant may issue the Section 108-guaranteed obligation itself, or it may designate a local public agency with the necessary legal authority to do so.

**Legal Authority:** Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308). Regulations are at 24 CFR part 570, subpart M.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office and HUD field offices. On the Web: [www.hud.gov/offices/cpd/communitydevelopment/programs/108/index.cfm](http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/index.cfm)

**Current Status:** Active.

## **Community Development Block Grants (Disaster Recovery Assistance)**

**Nature of Program:** HUD provides flexible grants to help cities, counties, and states recover from presidentially declared disasters, especially in low- and moderate-income areas. Funds are subject to availability of supplemental appropriations. CDBG requirements apply unless modified by appropriations statute or waived.

When disasters occur, Congress may appropriate additional funding for the CDBG (or HOME) program as Disaster Recovery grants to rebuild the affected areas and bring crucial seed money to stimulate the recovery process. Because CDBG may fund a broader range of recovery activities than most other federal programs, CDBG Disaster Recovery assistance helps communities and neighborhoods that otherwise might not recover due to limits on other resources. Disaster Recovery grants supplement disaster programs of the Federal Emergency Management Agency, the Small Business Administration, and the U.S. Army Corps of Engineers. (HOME Disaster Recovery grants also can provide an important resource for providing affordable housing to disaster victims.)

Examples of eligible activities include:

1. Buying damaged properties in a flood plain and relocating residents to safer areas;
2. Relocation payments for people and businesses displaced by the disaster;
3. Debris removal not covered by FEMA;
4. Rehabilitation of homes and buildings damaged by the disaster;
5. Buying, constructing, or rehabilitating public facilities such as streets, neighborhood centers, and water, sewer, and drainage systems;
6. Code enforcement;
7. Homeownership activities such as downpayment assistance, interest rate subsidies, and loan guarantees for disaster victims;
8. Public services;
9. Helping businesses retain or create jobs in disaster-impacted areas; and
10. Planning and administration costs.

**Applicant Eligibility:** CDBG Disaster Recovery funds go to states and local governments in places that have been designated by the President of the United States as major disaster areas. Some supplemental appropriations may restrict funding solely to states. Applicant state or local governments must have significant unmet recovery needs and the capacity to carry out a disaster recovery program (usually these are governments that already receive HOME or Community Development Block Grant allocations).

**Legal Authority:** Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301, *et seq.*). Public Laws: 107-206, 107-117, 107-73, 107-38, 106-31, 105-277, 105-276, 105-174, 105.18, 104-134, 104-19, 103-327, 103-211, 103-75, and 103-50.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office and HUD field offices. On the Web:  
[www.hud.gov/offices/cpd/communitydevelopment/programs/dri/index.cfm](http://www.hud.gov/offices/cpd/communitydevelopment/programs/dri/index.cfm)

**Current Status:** Active.

## **Community Development Block Grants (Section 107)**

Grants and technical assistance for community development programs and related activities.

**Nature of Program:** Provides grants for community development and related programs as described below, and technical assistance awards to help implement the various programs authorized by Title I of the Housing and Community Development Act of 1974.

### **Applicant Eligibility:**

Community Development Block Grant Technical Assistance (CDBG TA): States, units of general local government, Indian tribes, area-wide planning organizations, and other qualified groups designated by or assisting one or more such governmental units.

Community Development Work-Study (CDWS): Colleges and universities, either directly or indirectly, or through area-wide planning organizations or states for work-study programs for economically disadvantaged and minority students in fields related to community development.

Historically Black Colleges and Universities (HBCUs): HBCUs are determined by the Department of Education in accordance with Executive Order 12677 and are eligible to participate in the program.

Community Outreach Partnership Centers (COPC) Program Grants: Community colleges, colleges, and universities to assist in establishing centers to carry out applied research and outreach activities addressing the problems of urban areas in coordination with community-based organizations and local governments.

Other Colleges and Universities: Grants have been specified in recent appropriations acts for Alaska Native-serving institutions, Native Hawaiian-serving institutions, Hispanic-serving institutions, and tribal colleges and universities.

**Funding Distribution:** The amount appropriated for the Section 107 grants is allocated among the programs as directed by the appropriations act.

**Legal Authority:** Section 107, Housing and Community Development Act of 1974 (42 U.S.C. 5307). Regulations are at 24 CFR part 570.

**Administering Offices:** For grants to colleges and universities, Assistant Secretary for Policy Development and Research, U.S. Department of Housing and Urban Development, Washington, DC 20410-6000.

For Community Development Block Grant Technical Assistance, Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-6000.

**Information Sources:** Administering offices. On the Web:

Community Development TA: <http://www.hud.gov/offices/cpd/about/cpdta/index.cfm>

Community Outreach Partnerships: <http://www.oup.org/programs/aboutCOPC.asp>

Historically Black Colleges and Universities: <http://www.oup.org/programs/aboutHBCU.asp>

Community Development Work Study Program: <http://www.oup.org/programs/aboutCDWSP.asp>

**Current Status:** Active.

## Community Development Block Grants (CDBG) for Insular Areas

Federal funding to help U.S. territories meet their housing and community development needs.

**Nature of Program:** Provides annual grants to four U.S. territories to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.

Insular areas develop their own programs and funding priorities and consult with local residents before making final decisions. All CDBG activities must meet one of the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain community development needs having a particular urgency. Some of the activities that can be carried out with community development funds include the acquisition of real property; rehabilitation of residential and nonresidential properties; provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers; clearance, demolition and removal of buildings and improvements; homeownership assistance; and assistance to for-profit businesses for economic development activities. No less than 70 percent of the funds expended must be used for activities that benefit low- and moderate-income persons.

Through Fiscal Year 2004, grants to insular areas were appropriated under Section 107 of the Housing and Community Development Act of 1974. The American Dream Downpayment Act of 2003 amended the Housing and Community Development Act to move the authorization for Insular Area CDBG program funding from Section 107 to Section 106. Therefore, funds will be made available under Section 106 in Fiscal Year 2005 and thereafter.

**Grantee Eligibility:** American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Marianas Islands are eligible recipients. (The Commonwealth of Puerto Rico receives funding under the State CDBG program.)

**Funding Distribution:** Under Section 106 of the Housing and Community Development Act of 1974, \$7 million of the Title I CDBG appropriation is allocated for grants to insular areas. The amount appropriated for Section 107 grants was allocated to the insular areas and other programs as directed by the appropriations act.

**Legal Authority:** Title I, Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.). Regulations are at 24 CFR part 570.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Local officials and HUD field offices. On the Web: [www.hud.gov/offices/cpd/communitydevelopment/programs/insular/index.cfm](http://www.hud.gov/offices/cpd/communitydevelopment/programs/insular/index.cfm)

**Current Status:** Active.

## **The HOME Program: HOME Investment Partnerships**

Grants to states and units of general local government to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low- and very low-income Americans.

**Nature of Program:** Participating jurisdictions may use HOME funds for a variety of housing activities, according to local housing needs. Eligible uses of funds include homeownership downpayment (American Dream Downpayment Initiative); tenant-based assistance; housing rehabilitation; assistance to homebuyers; and new construction of housing. HOME funding may also be used for site acquisition, site improvements, demolition, relocation, and other necessary and reasonable activities related to the development of non-luxury housing. Funds may not be used for public housing development, public housing operating costs, or for Section 8 tenant-based assistance, nor may they be used to provide non-federal matching contributions for other federal programs, for operating subsidies for rental housing, or for activities under the Low-Income Housing Preservation Act. The American Dream Downpayment Act established a separate formula for the American Dream Downpayment Initiative (ADDI) under the HOME Program. ADDI will grant funds to all 50 states and to local participating jurisdictions that have a population of at least 150,000 or will receive an allocation of at least \$50,000 under the ADDI formula. Participating jurisdictions may use ADDI funds to provide downpayment, closing costs, and rehabilitation assistance to eligible individuals.

All housing developed with HOME funds must serve low- and very low-income families. For rental housing, at least 90 percent of the families benefited must have incomes at or below 60 percent of the area median income; the remaining 10 percent of the families benefited must have incomes at or below 80 percent of area median income. Assistance to homebuyers and homeowners must be to families with incomes at or below 80 percent of the area median income.

Participating jurisdictions must match their HOME funds. Participating jurisdictions must also set aside at least 15 percent of their allocations for housing to be owned, developed, or sponsored by community housing development organizations.

**Applicant Eligibility:** States, cities, urban counties, and consortia (contiguous units of local governments with a binding agreement).

**Funding Distribution:** HOME funds are allocated using a formula designed to reflect relative housing need. Forty percent of the funds is allocated to states, and 60 percent is allocated to units of general local government. All states are eligible for HOME funding. The remaining funds are allocated using a formula designed to reflect relative housing need. Units of general local government that receive a formula allocation of \$750,000 are eligible to receive HOME funds. To participate, jurisdictions that receive more than \$500,000 but less than \$750,000 must use local or state funds (including state HOME funds) to fill the gap between the formula allocation and \$750,000. Jurisdictions that would receive less than \$500,000 by formula may not receive HOME funds from HUD directly, but may receive HOME funding from their states. All participating jurisdictions must have a HUD-approved Consolidated Plan.

**Legal Authority:** Cranston-Gonzalez National Affordable Housing Act, Title II (1990)(42 U.S.C. 12701 et seq.). Regulations are at 24 CFR part 92.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** HUD local field offices and state and local community development agencies. On the Web: [www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm](http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm)

**Current Status:** Active.

## **Shelter Plus Care (S+C)**

Grants for rental assistance, in combination with support services to homeless persons with disabilities.

**Nature of Program:** Provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS), and related diseases. Each dollar of rental assistance must be matched by dollar provided by the grantee from federal or private sources to be used for supportive services. Funds are awarded by a nationwide competition. Program participants must be homeless.

Rental assistance is provided through four S+C components. (1) Moderate Rehabilitation for Single Room Occupancy (SRO) provides grants for rental assistance. Assistance is provided for 10 years. (2) Sponsor-based Rental Assistance (SRA) provides rental assistance through contracts between the grant recipient and a private nonprofit sponsor or community health agency established as a public nonprofit entity that owns or leases dwelling units in which participants reside. The term of the grants under SRA are five years. (3) Tenant-based Rental Assistance (TRA) provides rental assistance to homeless persons who choose the housing in which they reside. Residents retain the assistance if they move. (4) Project-based Rental Assistance (PBA) provides rental assistance to the owner of an existing structure where the owner agrees to lease the units to homeless people. Residents do not take the assistance with them if they move. A grant is for 5 years of assistance, but an owner may get 10 years of assistance if the owner rehabilitates the property.

**Applicant Eligibility:** States and units of general local government.

**Legal Authority:** The Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625), which amended Title IV of the McKinney-Vento Homeless Assistance Act by adding subtitle F authorizing the Shelter Plus Care Program. Regulations are at 24 CFR part 582.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office and local HUD field offices.  
On the Web: [www.hud.gov/offices/cpd/homeless/programs/splusc/index.cfm](http://www.hud.gov/offices/cpd/homeless/programs/splusc/index.cfm)

**Current Status:** Active.

## **Emergency Shelter Grants (ESG) Program**

Provides grants to help increase both the number and quality of emergency shelters for homeless individuals and families, to operate these facilities and provide essential supportive services, and to help prevent homelessness.

**Nature of Program:** Offers grants to states, metropolitan cities, urban counties, and territories based on the formula used for Community Development Block Grants (CDBGs). Eligible activities include renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless.

With certain limits, grantees may spend funds on essential social services for the homeless and for homeless prevention efforts. Funds may also be spent on operating costs, such as maintenance, insurance, utilities, and furnishings. Each grantee must have an approved Consolidated Plan, including an action plan for new ESG projects.

**Applicant Eligibility:** States, Puerto Rico, formula cities, urban counties, and territories are eligible. Metropolitan cities and urban counties are eligible if, after applying the formula, their allocation is greater than 0.05 percent of the funds appropriated.

**Funding Distribution:** Program funds are awarded to grantees in proportion to their previous year's CDBG allocation. If metropolitan cities and urban counties do not meet the grant minimum, their funds are added to their state's allocation.

**Legal Authority:** Title IV, McKinney-Vento Homeless Assistance Act, as amended by Public Law 100-77, Public Law 101-625, Public Law 104-330, and Public Law 106-377 (42 U.S.C. 11371-11378). Regulations are at 24 CFR part 576.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office and local HUD field offices.  
On the Web: [www.hud.gov/offices/cpd/homeless/programs/esg/index.cfm](http://www.hud.gov/offices/cpd/homeless/programs/esg/index.cfm)

**Current Status:** Active.

## **Surplus Property for Use to Assist the Homeless (Title V)**

Makes suitable federal properties, which are categorized as unutilized, underutilized, excess, or surplus, available to states, local governments, and nonprofit organizations for use to assist homeless persons.

**Nature of Program:** HUD collects information from federal agencies about their unutilized, underutilized, excess, and surplus properties and determines which are suitable for use to assist homeless persons. The decision is based on information submitted by the agency controlling the property. Every Friday HUD publishes a Federal Register notice listing the available property. States, local governments, and nonprofit organizations apply to the Department of Health and Human Services (HHS) to obtain the property.

**Legal Authority:** Title V, McKinney-Vento Homeless Assistance Act (Section 501 of Title V, Public Law 101-645) (42 U.S.C. 11411). Regulations are at 24 CFR parts 581 and 586.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office, local HUD field offices, and HHS. Further information on a specific property is available from the landholding agency. For the name and contact at these agencies, call the nearest HUD field office or HUD's toll-free number at 800-927-7588. On the Web: [www.hud.gov/offices/cpd/homeless/programs/t5/index.cfm](http://www.hud.gov/offices/cpd/homeless/programs/t5/index.cfm)

**Current Status:** Active.

## **Supportive Housing Program**

Grants for new construction, acquisition, rehabilitation, or leasing of buildings to provide transitional or permanent housing, as well as supportive services to homeless individuals and families; grants to fund a portion of annual operating costs and supportive services; and grants for technical assistance.

**Nature of Program:** The grants defray the cost of providing housing and supportive services for homeless persons. Projects are designed to assist homeless persons to move into independent living. Residents may live in transitional housing for up to 24 months. Residents must be disabled to be eligible for permanent housing assistance but have no limit on their tenancy.

**Applicant Eligibility:** Any state, local government, other governmental entity, private nonprofit organization, or community mental health association that is a public nonprofit organization.

**Legal Authority:** Subtitle C of Title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11381).

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office; Local HUD field offices.

On the Web: [www.hud.gov/offices/cpd/homeless/programs/shp/index.cfm](http://www.hud.gov/offices/cpd/homeless/programs/shp/index.cfm)

**Current Status:** Active.

## **Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program**

Assists very low-income, single, homeless individuals in obtaining decent, safe, and sanitary housing in privately owned, rehabilitated buildings.

**Nature of Program:** Under the SRO program, HUD enters into annual contributions contracts (ACCs) with public housing agencies (PHAs) in connection with the moderate rehabilitation of residential properties in which some or all of the dwelling units may contain either food preparation or sanitary facilities. These PHAs make Section 8 rental assistance payments to participating landlords on behalf of homeless individuals who rent the rehabilitated dwellings. The rental assistance payments cover the difference between 30 percent of the tenant's income and the unit's rent, which must be within the fair market limit established by HUD.

HUD provides rental assistance for SRO units for a period of 10 years. Owners are compensated for the cost of rehabilitation (as well as the other costs of owning and maintaining the property) through the housing assistance payments; the amount to be compensated cannot exceed \$19,000 per SRO unit in 2003. At the same time, each unit must need a minimum of \$3,000 of eligible rehabilitation to qualify for the program.

**Applicant Eligibility:** HUD selects PHAs for funding on the basis of a national continuum of care competition, in which PHAs must demonstrate a need for the assistance and the ability to undertake and carry out the SRO program. In their applications, PHAs are required to identify the sponsors of proposed projects, specific structures to be rehabilitated, prospective sources of acquisition and/or rehabilitation financing, and a plan for providing supportive services for the homeless individuals in the units. Very low-income, single, homeless individuals are eligible to occupy the assisted units.

**Legal Authority:** Title IV, subtitle E, McKinney-Vento Homeless Assistance Act (42 U.S.C. 11401). Regulations are at 24 CFR part 882, subpart H.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Headquarters Office of Special Needs Assistance Programs, local public housing agencies, or HUD field offices.

On the Web: [www.hud.gov/offices/cpd/homeless/programs/sro/index.cfm](http://www.hud.gov/offices/cpd/homeless/programs/sro/index.cfm)

**Current Status:** Active.

## **Brownfields Economic Development Initiative (BEDI)**

Grants for redevelopment of brownfields, related to Section 108 Loan Guarantee assistance for the same project.

**Nature of Program:** BEDI provides competitive economic development grants to CDBG recipients, in connection with notes or other obligations guaranteed under Section 108 of the Housing and Community Development Act of 1974, for the purposes of enhancing either the security of the guaranteed loans or the viability of the projects financed with these Section 108 loans. Grants are used to redevelop industrial or commercial sites known as brownfields due to the presence or potential presence of environmental contamination. Eligible activities for which BEDI funds may be used are the same as those under the Section 108 Loan Guarantee program. BEDI funds are added to other CDBG funds (including Section 108 Loan Guarantee proceeds) for purposes of determining the grantee and project's compliance with the CDBG grantee's primary and national objectives. The BEDI and Section 108 funds must assist the same project.

**Applicant Eligibility:** Community Development Block Grant (CDBG) recipients.

**Legal Authority:** Section 108(q) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(q)).

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office.

On the Web: [www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/index.cfm](http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/index.cfm)

**Current Status:** Active.

## **Economic Development Initiative (EDI) Grants**

Grants to directly enhance the security of Section 108 guaranteed loans or to improve the viability of the same Section 108 assisted project.

**Nature of Program:** HUD may make economic development grants to CDBG recipients, in connection with notes or other obligations guaranteed under Section 108, for the purpose of enhancing either the security of the guaranteed loans or the viability of the projects financed by those loans. EDI enables localities to carry out eligible economic development activities where public and private dollars can be leveraged to create jobs and other benefits, especially for low- and moderate-income persons, and reduce the risk of potential future defaults on Section 108 loan guarantee-assisted projects. Eligible activities for which EDI funds may be used are the same as those under the Section 108 Loan Guarantee program. EDI funds are added to other CDBG funds (including Section 108 Loan Guarantee proceeds) for purposes of determining the grantee's and the project's compliance with the CDBG primary and national objectives. The EDI and Section 108 funds must assist the same project.

**Applicant Eligibility:** CDBG recipients.

**Legal Authority:** Section 108(q) of the Housing and Community Development Act of 1974, as added by Section 232(a)(1) of the Multifamily Property Disposition Reform Act of 1994 (42 U.S.C. 5308(q)).

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office.

On the Web: [www.hud.gov/offices/cpd/economicdevelopment/programs/edi/index.cfm](http://www.hud.gov/offices/cpd/economicdevelopment/programs/edi/index.cfm)

**Current Status:** No new grants have been awarded for this EDI program under Section 108(q) since Fiscal Year 2001.

## Renewal Communities

Tax incentives for renewal of economically disadvantaged areas.

**Nature of Program:** The HUD Secretary is authorized to designate up to 40 “renewal communities” from areas nominated by states and local governments; at least 12 must be in rural areas. The eligibility criteria for such designations include the following: (1) each census tract within the nominated area must have a poverty rate of at least 20 percent; (2) in urban areas, at least 70 percent of the households must have incomes below 80 percent of the median income for households within the local government jurisdiction; (3) the unemployment rate must be at least 1.5 times the national rate; and (4) the area must be one of pervasive poverty, unemployment, and general distress. In general, the areas with the highest average ranking of factors (1), (2), and (3) would be designated renewal communities. For the first 20 designations, preference would be given to nominated areas that are enterprise communities and empowerment zones under present law and that otherwise meet the above criteria.

State and local governments in which a renewal community is located must promise to take at least four of the following actions: (1) reduce taxes or fees; (2) make local services more efficient; (3) implement crime reduction strategies; (4) remove or streamline governmental requirements; (5) involve private entities, organizations, neighborhood organizations, and community groups in the program and elicit commitments from such private entities to provide jobs and job training, and technical, financial, or other assistance to employers, employees, and residents from the renewal community; and (6) give (or sell at a price below fair market value) surplus realty to neighborhood organizations, community development corporations, or private companies. In return, the following tax incentives would be available for the renewal communities: (1) a zero-percent capital gains rate; (2) renewal community employment tax credits; (3) commercial revitalization; (4) additional Section 179 expensing; and (5) extension of work opportunity tax credits.

**Applicant Eligibility:** States and local governments.

**Legal Authority:** Section 101 of the Community Renewal Tax Relief Act of 2000, as included in the Consolidated Appropriations Act, 2001 (Public Law 106-554).

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office.

On the Web: [www.hud.gov/cr](http://www.hud.gov/cr)

**Current Status:** Active.

## **Empowerment Zones and Enterprise Communities**

Grants and tax incentives to locate businesses in, and hire residents of, economically disadvantaged areas.

### **Nature of Program:**

#### **Round I and Round II Empowerment Zones (EZs)**

The Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) authorized the designation of nine empowerment zones (Round I EZs) and 95 enterprise communities (ECs) (65 urban and 30 rural) and provided tax incentives for businesses to locate within targeted areas designated by the Secretaries of HUD and Agriculture. The Taxpayer Relief Act of 1997 (1997 Act) authorized the designation of two additional Round I urban EZs. The 1997 Act also authorized the designation of 20 additional EZs (Round II EZs), of which 15 are located in urban areas, and five are located in rural areas. Pursuant to the Consolidated Appropriations Act, 2001, designations of Round I and Round II EZs are extended through December 31, 2009. In addition, the Consolidated Appropriations Act, 2001, conformed and enhanced the tax incentives contained in the earlier laws for the Round I and Round II EZs.

To be selected, EZs and ECs had to meet specified criteria to establish their relative need with respect to poverty, unemployment, and general economic distress. The state and local governments that nominated the areas for designation were required to submit a strategic plan detailing the way in which they intended to achieve the purposes of this program by addressing a set list of criteria. Written assurances were required that this strategic plan would be implemented.

Businesses in Round I and Round II EZs now qualify for the following tax incentives:

- (1) A 20-percent wage credit for qualifying wages for each employee who (a) is an EZ resident, and (b) performs substantially all employment services within the EZ in a trade or business of the employer (qualified zone businesses located in Round I EZs are currently eligible to claim this credit; businesses in Round II EZs can claim the credit for qualifying wages paid or incurred after December 31, 2001);
- (2) An additional \$35,000 of expensing is allowed for certain depreciable business property (excludes buildings) under Section 179 of the Internal Revenue Code of 1986 for qualifying zone property in taxable years beginning after December 31, 2001 (not applicable to the DC EZ); and
- (3) Tax-exempt bonds for qualifying zone facilities are not subject to the state private activity bond volume caps (but are subject to separate per-zone volume limitations) or the per unit size limitations (i.e., \$3 million for each qualified business with a maximum of \$20 million for each principal user for all zones and communities). (This benefit applies to both ECs and EZs. It is currently available only to Round II EZs; it will be extended to Round I EZs for tax-exempt bonds issued after December 31, 2001.)

### **Round III Empowerment Zones**

In addition to conforming and enhancing the tax incentives for the Round I and Round II EZs and extending their designations through December 31, 2009, the Consolidated Appropriations Act, 2001, also authorized the Secretaries of HUD and Agriculture to designate nine new EZs (Round III EZs). Seven of the Round III EZs were to be located in urban areas, and two were to be located in rural areas. The eligibility and selection criteria for the Round III EZs are the same as the criteria that applied to the Round II EZs. The Round III EZs were to be designated by January 1, 2002, and the tax incentives with respect to the Round III EZs generally are available during the period beginning on January 1, 2002, and ending on December 31, 2009. Businesses in the Round III EZs are eligible for the same tax incentives that are available to Round I and Round II EZs (i.e., a 20 percent wage credit, an additional \$35,000 of Section 179 expensing, and the enhanced tax-exempt financing benefits presently available to Round II EZs).

The Consolidated Appropriations Act, 2001, also authorized the Secretaries of HUD and Agriculture are authorized to designate a replacement EZ for each EZ that becomes a renewal community. The replacement empowerment zone will have to have the same urban or rural character as the EZ that it is replacing.

**Applicant Eligibility:** States and local governments.

**Legal Authority:** Sections 13301-03 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66); Sections 951-956 of the Taxpayer Relief Act of 1997 (Public Law 105-34); and Sections 111-117 of the Community Renewal Tax Relief Act of 2000, as contained in the Consolidated Appropriations Act, 2001 (Public Law 106-554). Regulations are at 24 CFR parts 597 and 598.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office.  
On the Web: [www.hud.gov/cr](http://www.hud.gov/cr)

**Current Status:** Active for Round II empowerment zones. No recent funding has been provided for Round I EZs and ECs. No funds have been appropriated to date for the Round III EZs, authorized by the Consolidated Appropriations Act, 2001.

## Youthbuild

Grants to expand opportunities for economically disadvantaged young adults.

**Nature of Program:** The Youthbuild program provides economically disadvantaged young adults with opportunities to obtain education, employment skills, and meaningful on-site work experience and to expand the supply of affordable housing for homeless and low- and very low-income persons.

Public or private nonprofit agencies eligible to apply for Youthbuild grants include community-based organizations, administrative entities designated under the Job Training Partnership Act, community action agencies, state or local housing development agencies, community development corporations, state or local youth service and conservation corps, and any other entities eligible to provide education and employment training under other federal employment training programs.

Eligible participants in the Youthbuild program include individuals ages 16 through 24, at least 75 percent of whom are either very low-income individuals or members of very low-income families, and who have dropped out of high school. Up to 25 percent of the participants need not meet the income or educational requirements, but must have educational needs despite having attained a high school diploma or its equivalent. Any individual selected for full-time participation in the program may be offered full-time participation for a period of 6-24 months.

**Applicant Eligibility:** Public and private nonprofit entities.

**Legal Authority:** Subtitle D of Title IV of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899 et seq.). Regulations in 24 CFR part 585.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office. On the Web:  
[www.hud.gov/offices/cpd/economicdevelopment/programs/youthbuild/index.cfm](http://www.hud.gov/offices/cpd/economicdevelopment/programs/youthbuild/index.cfm)

**Current Status:** Active.

## **Rural Housing and Economic Development Program**

Grants to meet rural communities' housing and economic development needs.

**Nature of Program:** Recent appropriations acts have provided funding for this program, which is used to encourage new and innovative approaches to serving the housing and economic development needs of the nation's rural communities.

**Applicant Eligibility:** Local rural nonprofit organizations, community development corporations, federally recognized Indian tribes, state housing finance agencies, and state economic development and/or community development agencies.

**Legal Authority:** The "Rural Housing and Economic Development" heading in the Fiscal Years 1999, 2000, 2001, 2002, 2003, 2004, and 2005 appropriations acts.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office. On the Web:  
[www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/index.cfm](http://www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/index.cfm)

**Current Status:** Active.

## **Self-Help Homeownership Opportunity Program (SHOP)**

Grants for self-help housing.

**Nature of Program:** SHOP authorizes HUD to make competitive grants to national and regional nonprofit organizations and consortia that have experience in providing or facilitating self-help housing opportunities. Grants are to be used by the grantee or its affiliates for eligible expenses in connection with developing non-luxury housing for low-income families and persons who otherwise would be unable to purchase a house. Eligible expenses for grants include land acquisition (including financing and closing costs) and infrastructure improvements (installing, extending, constructing, rehabilitating, or otherwise improving utilities and other infrastructure). Under the program, homebuyers and volunteers contribute a significant amount of sweat equity toward home construction.

**Applicant Eligibility:** National and regional nonprofit organizations and consortia.

**Legal Authority:** Section 11 of the Housing Opportunity Program Extension Act of 1996 (42 U.S.C. 12805 note).

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office. On the Web:  
[www.hud.gov/offices/cpd/affordablehousing/programs/shop/index.cfm](http://www.hud.gov/offices/cpd/affordablehousing/programs/shop/index.cfm)

**Current Status:** Active.

## **Capacity Building for Community Development and Affordable Housing**

Grants to develop the capacity and ability of community development corporations and community housing development organizations to undertake community development and affordable housing projects and programs.

**Nature of Program:** Section 4 of the HUD Demonstration Act of 1993 authorizes HUD to provide assistance through the National Community Development Initiative (NCDI), Local Initiatives Support Corporation (LISC), The Enterprise Foundation, Habitat for Humanity, and YouthBuild USA to develop the capacity and ability of community development corporations and community housing development organizations to undertake community development and affordable housing projects and programs. Private sources must provide a match three times the amount of any assistance provided under this section.

**Applicant Eligibility:** LISC, The Enterprise Foundation, Habitat for Humanity, and YouthBuild USA.

**Legal Authority:** Section 4 of the HUD Demonstration Act of 1993 (Public Law 103-120, as amended by Section 10004 of Public Law 105-118) (42 U.S.C. 9816 note).

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office. On the Web:  
[www.hud.gov/offices/cpd/about/cpdta/index.cfm](http://www.hud.gov/offices/cpd/about/cpdta/index.cfm)

**Current Status:** Active.

## **Housing Opportunities for Persons With AIDS (HOPWA)**

Grants to eligible states, cities, and nonprofit organizations to provide housing assistance and related supportive services to meet the housing needs of low-income persons with HIV/AIDS and their families.

**Nature of Program:** The HOPWA program was established by the AIDS Housing Opportunity Act. The program gives states and localities resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of low-income persons with HIV/AIDS and their families. Assistance enables these special-needs households to establish or maintain stable housing, reduce their risks of homelessness, and improve their access to healthcare and other support. Housing also serves as a base from which to participate in advances in HIV treatment and related care.

HUD awards HOPWA funds appropriated for any fiscal year through a formula allocation and a competitive grant process. Applicants for formula awards are the eligible states and the most populous city in each eligible Metropolitan Statistical Area that qualifies and follow HUD's Consolidated Planning process. Recent appropriations acts have adjusted the HOPWA formula to grandparent certain states that would not otherwise qualify. Applicants for a competitive grant may be a state, unit of general local government, or a nonprofit organization and receive funds awarded by a competition that is announced annually in a notice of funding availability. HUD gives priority to the renewal of competitive projects that have provided permanent supportive housing for this population. Of the funds appropriated in any fiscal year, 90 percent are allocated by formula and 10 percent by competition.

Grants may be used to provide a variety of forms of housing assistance, including emergency housing, shared housing arrangements, apartments, community residences, and single room occupancy dwellings (SROs). Appropriate supportive services must be provided as part of any assisted housing. Numerous activities may be carried out with grant funds, including housing information and resource identification; acquisition, rehabilitation, conversion, lease, and repair of facilities to provide short-term shelter and services; new construction (for SROs and community residences only); project- or tenant-based rental assistance, including assistance for shared housing arrangements; short-term rent, mortgage, and utility payments; operating costs; technical assistance for community residences; administrative expenses; and supportive services. Recent appropriations acts have provided additional funding for training, oversight, and technical assistance activities.

Eligible persons receiving rental assistance under the program or residing in rental housing assisted under this program must pay as rent, including utilities, the highest of 30 percent of the family's monthly adjusted income, 10 percent of the family's monthly income, or the applicable portion of the family's welfare payment that is designated for housing costs.

**Applicant Eligibility:** States, units of local governments, and nonprofit organizations.

**Legal Authority:** The AIDS Housing Opportunity Act (42 U.S.C. 12901 *et seq.*), Subtitle D of Title VIII of the Cranston-Gonzalez National Affordable Housing Act. Regulations are at 24 CFR part 574.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Sources:** Administering office. On the Web:  
[www.hud.gov/offices/cpd/aidshousing/programs/index.cfm](http://www.hud.gov/offices/cpd/aidshousing/programs/index.cfm)

**Current Status:** Active.

## **Loan Guarantee Recovery Fund for Church Arson and Other Acts of Terrorism**

Guarantees for loans to certain nonprofit organizations damaged by arson or terrorism.

**Nature of Program:** Section 4 of the Church Arson Prevention Act of 1996 establishes the Loan Guarantee Recovery Fund under which HUD guarantees loans made by financial institutions to assist certain nonprofit organizations (those described in Section 501(c)(3) of the Internal Revenue Code of 1986) that have been damaged as a result of arson or terrorism.

Guaranteed loan funds may be used for activities necessary to address damage caused by acts of arson or terrorism.

For the cost of loan guarantees under Section 4, the Secretary was authorized to use up to \$5,000,000 of the amounts made available for Fiscal Year 1996 for the credit subsidy provided under the General Insurance Fund and the Special Risk Insurance Fund. Funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$10,000,000.

**Applicant Eligibility:** Certain nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986.

**Legal Authority:** Section 4 of the Church Arson Prevention Act of 1996 (Public Law 104-155). Regulations are at 24 CFR part 573.

**Administering Office:** Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development, Washington, DC 20410-7000.

**Information Source:** Administering office.

**Current Status:** No credit subsidy has been made available for this program since Fiscal Year 1996; however, funds are still available from the 1996 subsidy for new applicants.

## **Housing/Federal Housing Administration (FHA)**

### **Secretary's Regulation of Fannie Mae and Freddie Mac**

**Nature of Program:** The Secretary has general regulatory power over the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) (Government-Sponsored Enterprises or GSEs) with the authority to make necessary rules and regulations to ensure that the GSEs accomplish their public purposes in accordance with the GSEs' Charter Acts and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (FHEFSSA). The Secretary also carries out specific regulatory authorities over the GSEs under FHEFSSA.

The Department's specific GSE regulatory oversight responsibilities under Subtitle A, Part 2, of FHEFSSA, include establishing, monitoring, and enforcing housing goals for the GSEs' purchase of mortgages on housing for low- and moderate-income families, housing located in central cities, rural areas, and other underserved areas, and housing meeting the needs of, and affordable to, low-income families in low-income areas and very low-income families; reviewing new programs; implementing Fair Housing requirements applicable to the GSEs and directing the GSEs to take appropriate remedial action against lenders that have engaged in discriminatory lending practices in violation of the Fair Housing Act or Equal Opportunity Credit Act; establishing and maintaining a public use database concerning GSE activities; and performing other regulatory functions.

The GSEs are stockholder-owned, privately managed corporations chartered by Congress to fulfill various public purposes by providing a secondary market for home mortgages. They receive significant public benefits to carry out their purposes. The Secretary's regulatory powers over the GSEs are distinct from the authority of the Director of HUD's Office of Federal Housing Enterprise Oversight (OFHEO) -- OFHEO regulates the financial safety and soundness of the GSEs.

**Applicant Eligibility:** Not applicable.

**Legal Authority:** Federal National Mortgage Association Charter Act, Title III of the National Housing Act (12 U.S.C 1716 et seq.); Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970(12 U.S.C. 1451 et seq.); and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, Title XIII of the Housing and Community Development Act of 1992, (12 U.S.C. 4501 et seq.). Regulations are contained in 24 CFR part 81.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000. (The Assistant Secretary for Housing administers the Secretary's delegated authority for GSE oversight in cooperation with HUD's Offices of General Counsel, Policy Development and Research, and Fair Housing and Equal Opportunity.)

**Information Sources:** Administering office. On the Web:  
[www.hud.gov/offices/hsg/gse/gse.cfm](http://www.hud.gov/offices/hsg/gse/gse.cfm)

**Current Status:** Active.

## Single Family Housing Programs

### One- to Four-Family Home Mortgage Insurance (Section 203(b))

Federal mortgage insurance to finance homeownership and the construction and financing of housing.

**Nature of Program:** By insuring commercial lenders against loss, HUD encourages them to invest capital in the home mortgage market. HUD insures loans made by private financial institutions for up to 97 percent of the sales price with terms for up to 30 years. The loan may finance homes in both urban and rural areas. The maximum mortgage amounts are at least \$160,176 in all areas, with higher limits in areas with higher median house prices up to a maximum of \$290,319 for one-unit homes during 2004. Higher limits also exist for two- to four-family properties. The loan limits change annually, based on home price estimates. The limits are benchmarked to the loan limits of the Government-Sponsored Enterprises, Fannie Mae, and Freddie Mac.

**Applicant Eligibility:** Any person able to meet the cash investment, mortgage payment, and credit requirements. The program is generally limited to owner-occupants.

**Legal Authority:** Section 203(b) of the National Housing Act (12 U.S.C. 1709 (b)). Regulations are at 24 CFR part 203.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/ins/203b--df.cfm](http://www.hud.gov/offices/hsg/sfh/ins/203b--df.cfm)

**Current Status:** Active.

## **Mortgage Insurance for Disaster Victims (Section 203(h))**

Federal mortgage insurance for victims of a major disaster who have lost their homes and are in the process of rebuilding or buying another home.

**Nature of Program:** This program helps victims in presidentially designated disaster areas recover by making it easier for them to obtain mortgage loans and become homeowners or reestablish themselves as homeowners. The program provides mortgage insurance to protect lenders against the risk of default on loans to qualified disaster victims. Individuals are eligible for this program if their homes are located in an area that was designated by the President as a disaster area and were destroyed or damaged to such an extent that reconstruction or replacement is necessary. Insured loans may be used to finance the purchase or reconstruction of a one-family home that will be the principal residence of the homeowner. Like the basic FHA mortgage insurance program, this program resembles the Section 203(b) program (Mortgage Insurance for One- to Four-Family Homes).

Section 203(h) offers features that make homeownership easier. For example, no downpayment is required. The borrower is eligible for 100 percent financing. Closing costs and prepaid expenses must be paid by the borrower in cash or paid through premium pricing by the seller, subject to a 6 percent limitation on seller concessions. Mortgagees collect from the borrowers an up-front insurance premium (which may be financed) at the time of purchase, as well as monthly premiums that are not financed, but instead are added to the regular mortgage payment.

**Applicant Eligibility:** Any person whose home has been destroyed or severely damaged in a presidentially declared disaster area is eligible to apply for mortgage insurance under this program, even if they were renting the property. The borrower's application for mortgage insurance must be submitted to an FHA-approved lending institution within one year of the President's declaration of the disaster.

**Legal Authority:** Section 203(h) of the National Housing Act (12 U.S.C. 1709(h), 1715(b)). Regulations are at 24 CFR part 203.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/ins/203h-dft.cfm](http://www.hud.gov/offices/hsg/sfh/ins/203h-dft.cfm)

**Current Status:** Active.

## **Rehabilitation Loan Insurance (Section 203(k))**

Insures loans to finance the rehabilitation or purchase and rehabilitation of one- to four-family properties.

**Nature of Program:** HUD insures rehabilitation loans up to approximately 98 percent of the lesser of appraised value before rehabilitation plus rehabilitation costs or 110 percent of appraised value after rehabilitation. The loans can be used to (1) finance rehabilitation of an existing property; (2) finance rehabilitation and refinancing of the outstanding indebtedness of a property; and (3) finance purchase and rehabilitation of a property. An eligible rehabilitation loan must involve a principal obligation not exceeding the amount allowed under Section 203(b) home mortgage insurance.

**Applicant Eligibility:** Any person able to make the cash investment and the mortgage payments.

**Legal Authority:** Section 203(k) of the National Housing Act (12 U.S.C. 1709(k)). Regulations are at 24 CFR 203.50.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/203k/203kabou.cfm](http://www.hud.gov/offices/hsg/sfh/203k/203kabou.cfm)

**Current Status:** Active.

## **Single Family Property Disposition Program (Section 204(g))**

Disposes of one- to four-family FHA properties in a manner targeted to expanding homeownership opportunities.

**Nature of Program:** The purpose of this program is to dispose of FHA single family properties, acquired through foreclosure of an insured or Secretary-held mortgage or loan in a manner that is designed to expand homeownership opportunities and strengthen neighborhoods and communities, while also striving to ensure maximum return to the mortgage insurance fund. The Department makes its inventory available for purchase by providers either through the competitive, sealed-bid process or direct sale. In both types of sales, nonprofit providers as well as states and local governments are offered at least a 10 percent discount below fair market value.

The terms and conditions for all methods of sale will be announced on a case-by-case basis.

**Applicant Eligibility:** Depending upon the terms of the sale, individual purchasers, nonprofit organizations, states, and local governments.

**Legal Authority:** Section 204(g) of the National Housing Act (12 U.S.C. 1710(g)). Regulations are at 24 CFR part 291.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/ins/223e--df.cfm](http://www.hud.gov/offices/hsg/sfh/ins/223e--df.cfm)

**Current Status:** Active.

## **Mortgage Insurance for Older, Declining Areas (Section 223(e))**

Mortgage insurance to purchase or rehabilitate housing in older, declining urban areas.

**Nature of Program:** Section 223(e) is not a separate program. Section 223(e) supplements other HUD mortgage insurance programs. In consideration of the need for adequate housing for low- and moderate-income families, HUD insures lenders against loss on mortgage loans to finance the purchase, rehabilitation, or construction of housing in older, declining, but still viable urban areas where conditions are such that normal requirements for mortgage insurance cannot be met. The property must be in a reasonably viable neighborhood and an acceptable risk under the mortgage insurance rules. The terms of the loans vary according to the HUD/FHA program under which the mortgage is processed and insured. HUD determines if the loan should be insured under Section 223(e) and become an obligation of the Special Risk Insurance Fund. This allows HUD to more effectively manage the greater expected risk in these loans. The insurance premium is 0.5 percent per year on the outstanding loan balance.

**Applicant Eligibility:** Home or project owners ineligible for FHA mortgage insurance because property is located in an older, declining urban area.

**Legal Authority:** Section 223(e) of the National Housing Act (12 U.S.C. 1715n(e)). Regulations are at 24 CFR 200.23 (for multifamily dwellings) and 24 CFR 203.43a (for single family homes).

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/ins/223e--df.cfm](http://www.hud.gov/offices/hsg/sfh/ins/223e--df.cfm)

**Current Status:** Active.

## **Mortgage Insurance for Condominium Units (Section 234(c))**

Federal mortgage insurance to finance the purchase of individual housing units in proposed or existing condominiums.

**Nature of Program:** HUD insures mortgages made by private lending institutions for the purchase of an individual family unit in housing projects under Section 234(c). A project must contain at least four dwelling units; they may be in detached, semi-detached, row, walk-up, or elevator structures. The maximum mortgage amount for a unit mortgage insured under Section 234(c) is the same as the limit for a Section 203(b) mortgage in the same area.

A condominium is defined as joint ownership of common areas and facilities by the separate owners of single dwelling units in the project.

**Applicant Eligibility:** All FHA-approved lenders may make condominium loans in approved projects for any creditworthy owner-occupant.

**Legal Authority:** Section 234 of the National Housing Act (12 U.S.C. 1715y). Regulations are at 24 CFR parts 234 and 200.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8-000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/ins/234c--df.cfm](http://www.hud.gov/offices/hsg/sfh/ins/234c--df.cfm)

**Current Status:** Active. Almost all new insurance activity is under Section 234(c).

## **Graduated Payment Mortgage (GPM) and Growing Equity Mortgage Insurance (GEM) (Section 245(a))**

Enables a household with a limited income that is expected to rise to buy a home sooner by making mortgage payments that start small and increase gradually over time.

**Nature of Program:** Both programs target early homeownership by helping first-time homebuyers and others with limited incomes, particularly young families who expect their income to rise but may not yet be able to handle all of the upfront and monthly costs involved in buying and owning a home.

The Graduate Payment Mortgage (GPM) works in times of high interest rates when first-time homebuyers cannot meet the standard mortgage payment but expect their incomes to increase substantially in the next five to ten years. The GPM accrues negative amortization so that the borrower's initial mortgage payments are made at a nominally discounted interest rate from the standard prevailing rate. The difference is then added to the principal balance. The GPM program offers five different plans varying in length of time and rate of increase of nominal interest rate. It is anticipated that when the interest rate and thus, the mortgage payment, increases with time the borrower's income also will have increased to accommodate the higher payments. Larger than usual downpayments are required to prevent the total amount of the loan from exceeding the statutory loan-to-value ratios. In all other ways, the GPM is subject to the rules governing ordinary HUD-insured home loans.

The Growing Equity Mortgage Insurance (GEM) program enables the homeowner to apply scheduled increases in monthly payments to the outstanding principal balance of their mortgage and thereby considerably shorten the term of the mortgage. This reduced term and the faster repayment of principal make GEMS more attractive to lenders and investors than other fixed-rate investments. GEMS are eligible for insurance under Section 203(b) for one- to four-family homes, Section 203(k) for home purchase or refinancing and rehabilitation, Section 203(n) for shares in cooperative housing, and Section 234(c) for units in condominiums. GEMs must meet all the requirements of the section under which they are being insured with certain exceptions.

**Applicant Eligibility:** All FHA-approved lenders may make GPMS and GEMS available to persons who intend to use the mortgage property as their primary residence and who expects to see their income rise appreciably in the future.

**Legal Authority:** Section 245(a) of the National Housing Act (12 U.S.C. 1715z-10(a)). Regulations are at 24 CFR 203.45 and 203.47.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner  
U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/ins/245a--df.cfm](http://www.hud.gov/offices/hsg/sfh/ins/245a--df.cfm)

**Current Status:** Active.

## **Adjustable Rate Mortgages (ARMs) (Section 251)**

Federal mortgage insurance for adjustable rate mortgages (ARMs).

**Nature of Program:** Under this HUD-insured mortgage, the interest rate and monthly payment may change during the life of the loan. The initial interest rate, discount points, and the margin are negotiable between the buyer and lender.

The one-year Treasury Constant Maturities Index is used for determining the interest rate changes. Historically, one percentage point was the maximum amount the interest rate could increase or decrease in any one year. Over the life of the loan, the maximum interest rate change was five percentage points from the initial rate of the mortgage. However, now potential homebuyers will be able to choose mortgages with initial periods of three, five, seven or ten years, depending on their needs, during which time the interest rate would be fixed. The interest rate for 3-year and 5-year ARMs cannot change by more than one percentage point per year after the fixed-payment period is over, with a maximum change of five percentage points for the life of the loan. For 7-year and 10-year ARMs, the maximums are two percentage points annually and six percentage points for the life of the loan.

Lenders are required to disclose to the borrower the nature of the ARM loan at the time of loan application. In addition, borrowers must be informed at least 25 days in advance of any adjustment to the monthly payment.

**Applicant Eligibility:** All FHA-approved lenders may make adjustable rate mortgages; creditworthy applicants who will be owner-occupants may qualify for such loans.

**Legal Authority:** Section 251 of the National Housing Act (12 U.S.C. 1715z-16). Regulations are at 24 CFR 203.49.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner  
U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/ins/251--df.cfm](http://www.hud.gov/offices/hsg/sfh/ins/251--df.cfm)

**Current Status:** Active.

## **Home Equity Conversion Mortgage (HECM) Program (Section 255)**

The Federal Housing Administration (FHA) mortgage insurance allows borrowers, who are 62 years of age and older, to convert the equity in their homes into a monthly stream of income or a line of credit.

**Nature of Program:** Under the HECM program, FHA insures reverse mortgages that allow homeowners who are 62 years of age or older to convert their home equity into spendable dollars. Reverse mortgages provide a valuable financing alternative for homeowners of this type who wish to remain in their homes but have become “house-rich and cash-poor.” Any lender authorized to make HUD-insured loans may originate reverse mortgages.

Borrowers may choose from among five payment options: (1) tenure, by which the borrower receives monthly payments from the lender for as long as the borrower lives and continues to occupy the home as a principal residence; (2) term, by which the borrower receives monthly payments for a fixed period selected by the borrower; (3) line of credit, by which the borrower can make withdrawals up to a maximum amount, at times and in amounts of the borrower’s choosing; (4) modified tenure, by which the tenure option is combined with a line of credit; (5) modified term, by which the term option is combined with a line of credit.

The borrower retains ownership of the property and may sell the home and move at any time, keeping the sales proceeds in excess of the mortgage balance. The borrower cannot be forced to sell the home to pay off the mortgage, even if the mortgage balance grows to exceed the value of the property. An FHA-insured reverse mortgage need not be repaid until the borrower moves, sells, or dies. When the loan is due and payable, if the loan exceeds the value of the property, the borrower (or the heirs) will owe no more than the value of the property.

**Applicant Eligibility:** All borrowers must be at least 62 years of age. Any existing lien on the property must be small enough to be paid off at settlement of the reverse mortgage.

**Legal Authority:** Section 417 of the Housing and Community Development Act of 1987, which added Section 255 to the National Housing Act (12 U.S.C. 1715z-20). Regulations are at 24 CFR parts 200 and 206.

**Administering Office:** Assistant Secretary for Housing-Federal Commissioner  
U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/hecm/hecmabou.cfm](http://www.hud.gov/offices/hsg/sfh/hecm/hecmabou.cfm)

**Current Status:** Active.

## **Manufactured Homes Loan Insurance (Title I)**

Federal insurance of loans to finance the purchase of manufactured homes.

**Nature of Program:** HUD insures loans to finance the purchase of manufactured homes or lots. The loans are made by private lending institutions. The maximum loan amount is \$48,600 for a manufactured home, \$64,800 for a manufactured home and a suitably developed lot, and \$16,200 for a developed lot. The maximum limits for combination home and lot loans may be increased up to 85 percent in designated high-cost areas. The maximum loan term varies from 15 to 25 years, depending on the type of loan.

**Applicant Eligibility:** Any person able to make the cash investment and the loan payments; however, the program is generally limited to owner-occupants.

**Legal Authority:** Section 2 of Title I of the National Housing Act (12 U.S.C. 1703). Regulations are at 24 CFR part 201.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office.

On the Web: [www.hud.gov/offices/hsg/sfh/title/manuf14.cfm](http://www.hud.gov/offices/hsg/sfh/title/manuf14.cfm) or [www.hud.gov/offices/hsg/sfh/title/ti\\_about.cfm](http://www.hud.gov/offices/hsg/sfh/title/ti_about.cfm)

**Current Status:** Active.

## **Property Improvement Loan Insurance (Title I)**

Federal insurance of loans to finance property improvements.

**Nature of Program:** HUD insures loans to finance improvements, alterations, and repairs of individual homes, apartment buildings, and nonresidential structures, as well as new construction of nonresidential buildings. Loans on single family homes (except manufactured homes) and nonresidential structures may be for up to \$25,000 and may extend to 20 years. Loans on apartment buildings may be as high as \$12,000 per unit, but the total for the building cannot exceed \$60,000 and the loan term cannot exceed 20 years. A loan on a manufactured home that is classified as real property may be for up to \$17,500 with a maximum loan term of 15 years. Loans on other manufactured homes are limited to \$7,500 and a maximum term of 12 years.

Loans over \$5,000 require a mortgage or deed of trust on the improved property. Loans over \$15,000 require that the borrower have equity in the property at least equal to the loan amount.

**Applicant Eligibility:** Any person who is able to make the cash investment and the mortgage payments.

**Legal Authority:** Section 2 of Title I of the National Housing Act (12 U.S.C. 1703). Regulations are at 24 CFR part 201.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office.  
On the Web: [www.hud.gov/offices/hsg/sfh/title/title-i.cfm](http://www.hud.gov/offices/hsg/sfh/title/title-i.cfm)

**Current Status:** Active.

## **Counseling for Homebuyers, Homeowners, and Tenants (Section 106)**

Housing counseling for homebuyers, homeowners, and tenants under HUD programs and for homeowners with conventional mortgages or mortgages insured or guaranteed by other government agencies, including the Department of Veterans Affairs (VA) and the Rural Housing Service (RHS).

**Nature of Program:** The Department is authorized to counsel homebuyers, homeowners, and tenants under HUD programs and homeowners with conventional mortgages or Department of Veterans Affairs-guaranteed loans or Rural Housing Service mortgages. HUD provides the service through approximately 1,700 HUD-approved counseling agencies. These agencies are public and private nonprofit organizations with housing counseling skills and knowledge of HUD, VA, and conventional housing programs. HUD awards housing counseling grants on a competitive basis to its approved agencies when the Congress appropriates funds for this purpose. The funding helps the approved agencies partially meet their operating expenses.

Counseling consists of information on the purchase and rental of housing, money management, budgeting, credit counseling, how to prevent mortgage default and rent delinquencies that lead to foreclosure or eviction, home maintenance, fair housing laws and requirements and guidance regarding the Home Equity Conversion Mortgage application. The objective of the counseling is to help homebuyers, homeowners, and tenants to improve their housing conditions and to meet their responsibilities.

**Applicant Eligibility:** Homeless individuals and families, potential renters, renters, potential homebuyers, homebuyers, and homeowners may seek the assistance of a HUD-approved housing counseling agency to meet a housing need or resolve a housing problem.

**Legal Authority:** Section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x).

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.

On the Web: [www.hud.gov/offices/hsg/sfh/hcc/hcc\\_home.cfm](http://www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm)

**Current Status:** Active.

## **Officer Next Door**

Provides law enforcement officers with the opportunity to purchase homes in revitalization areas at significant discount.

**Nature of Program:** The Department wants to make American communities stronger and to build a safer nation. Public safety improves when police officers live in a neighborhood. This program makes homes in revitalization areas available to law enforcement officers. Homes are available at a 50 percent discount from the list price. To make these homes even more affordable for law enforcement officers, the officers may apply for an FHA-insured mortgage with a downpayment of only \$100, and all closing costs may be financed. Because homes sold through this program are located in revitalization areas there may be additional assistance from state or local government sources. If the home needs repairs, the purchasing officer may also use FHA's 203(k) mortgage program. The Section 203(k) program provides financing for both the purchase of the home and cost of needed repairs.

**Applicant Eligibility:** Purchasers must be a full-time, sworn law enforcement officer who is employed full-time by federal, state, county, or municipal government; or a public or private college or university. The eligible officer must be sworn to uphold and make arrests for violations of federal, state, county, or municipal law. The officer's employer must certify that the officer is a full-time law enforcement officer with the general power of arrest. The eligible officer does not need to be a first time homebuyer. However, the officer cannot own another home at the time the officer closes on a home under this program, and the officer must agree to live in the HUD home as the principal residence for three years after move-in.

**Legal Authority:** Section 204(g) of the National Housing Act (12 U.S.C. 1710(g)). Regulations are at 24 CFR 291.500.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/reo/ond/ond.cfm](http://www.hud.gov/offices/hsg/sfh/reo/ond/ond.cfm)

**Current Status:** Active.

## Teacher Next Door

Provides teachers with the opportunity to purchase homes in low- and moderate-income neighborhoods at significant discount.

**Nature of Program:** The Teacher Next Door program, like the Officer Next Door program, is designed to help make American communities stronger by encouraging teachers to purchase homes in low- and moderate-income neighborhoods. Homes are available at a 50 percent discount from the list price. To make these homes even more affordable for teachers, the teachers may apply for an FHA-insured mortgage with a downpayment of only \$100, and all closing costs may be financed. Because homes sold through this program are located in revitalization areas there may be additional assistance from state or local government sources. If the home needs repairs, the teacher may also use FHA's 203(k) mortgage program. The Section 203(k) program provides financing for both the purchase of the home and cost of needed repairs.

**Applicant Eligibility:** Purchasers must be employed full-time by a public school, private school, or federal, state, county, or municipal educational agency as a state-certified classroom teacher or administrator in grades K-12. Participants must certify that they are employed by an educational agency that serves the school district/jurisdiction in which the home they are purchasing is located. Teachers also must be in good standing with their employer. An eligible teacher does not have to be a first-time homebuyer to participate, but the teacher may not own any other home at the time of the closing of the HUD home. The teacher must agree to live in the HUD home as the principal residence for three years after move-in.

**Legal Authority:** Section 204(g) of the National Housing Act (12 U.S.C. 1710(g)).

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.

On the Web: [www.hud.gov/offices/hsg/sfh/reo/tnd/tnd.cfm](http://www.hud.gov/offices/hsg/sfh/reo/tnd/tnd.cfm)

**Current Status:** Active.

## Energy Efficient Mortgage Insurance

Federal mortgage insurance to finance the cost of energy efficiency measures.

**Nature of Program:** FHA provides additional mortgage insurance for a person qualified under Section 203(b), 203(k), or Section 234(c), or 251, to purchase or refinance a principal residence and incorporate the cost of energy-efficient improvements into the mortgage. The borrower does not have to qualify for the additional money and does not make a downpayment on it. The borrower is eligible for maximum FHA financing, using standard underwriting procedures. The borrower must make a 3-percent cash investment in the property based on the sales price. One- to four-unit existing and new properties are eligible. The cost of the energy-efficient improvements that may be eligible for financing into the mortgage is the greater of 5 percent of the property's value (not to exceed \$8,000), or \$4,000. The energy-efficient improvements must be cost-effective, meaning that the total cost of the improvements is less than the total present value of the energy saved over the useful life of the energy improvement. The cost of the energy improvements and estimate of the energy savings must be determined by a home energy rating which may be financed as part of the cost-effective energy package. The energy improvements must be installed after the loan closes. The lender will place the money in an escrow account, to be released to the borrower after an inspection verifies that the improvements have been installed and the energy savings will be achieved. The maximum mortgage amount for a single-family unit depends on its location and is adjusted annually. The cost of the eligible energy-efficient improvements is added to the mortgage amount. The final loan amount may exceed the maximum mortgage limit by the amount of the energy-efficient improvements.

**Legal Authority:** Section 513 of the Housing and Community Development Act of 1992 (Public Law 102-550) (42 U.S.C.12712 note)

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000

**Information Sources:** Administering office and HUD field offices.

On the Web: [www.hud.gov/offices/hsg/sfh/eem/energy-r.cfm](http://www.hud.gov/offices/hsg/sfh/eem/energy-r.cfm)

FHA Mortgagee Letters 93-13 (Single Family Loan Production—Energy Efficient Mortgage Pilot Program), and 95-46 (Single Family Loan Production—Expansion of the Energy-Efficient Mortgage Program) and HUD Handbook 4155.1, Rev. 5, Chg.1.

**Current Status:** Active

## **Insured Mortgages on Hawaiian Home Lands (Section 247)**

Insures loans made to native Hawaiians to purchase one- to four-family dwellings located on Hawaiian home lands. Regulations pertaining to these loans are fundamentally the same as regular Section 203(b) loans except that they are only available to native Hawaiians on Hawaiian home lands.

**Nature of Program:** FHA's mortgage insurance provides opportunities to low- and moderate-income native Hawaiians to purchase a home on Hawaiian home lands. Because a mortgage is taken on a homestead lease granted by the Department of Hawaiian Homelands, many lenders have been reluctant to finance housing. With FHA insurance, the lender's risk is minimized, so this program increases the availability of mortgage credit to native Hawaiians to live on Hawaiian home lands. FHA's low downpayment requirements and flexible underwriting standards increase the ability of native Hawaiians to meet the requirements for the loan. A "native Hawaiian" means any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands before January 1, 1778 (or, in the case of an individual who succeeds a spouse or parent in an interest in a lease of Hawaiian home lands, such lower percentage as may be established for such succession under Section 209 of the Hawaiian Homes Commission Act, 1920, or under the corresponding provision of the constitution of the State of Hawaii adopted under section 4 of the Act entitled, "An Act to provide for the admission of the State of Hawaii into the Union," approved March 18, 1959).

**Applicant Eligibility:** Any native Hawaiian wishing to live on Hawaiian home land and intending to use the mortgage property as their primary residence are eligible to apply for mortgage insurance. However, the program is not available to investors.

**Legal Authority:** Section 247 of the National Housing Act. Regulations are at 24 CFR part 203.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.

**Current Status:** Active.

## **Insured Mortgages on Indian Land (Section 248)**

Insures loans made to Native Americans to buy, build or rehabilitate houses on Indian land. These loans are fundamentally the same as regular Section 203(b) loans except that they are only available to Native Americans on Indian land.

**Nature of Program:** Native Americans are the most poorly housed sector of the American population. FHA's mortgage insurance provides opportunities for low- and moderate-income Native Americans to purchase a home in their communities on Indian land. Because of the complex title issues on Indian land, many lenders have been reluctant to finance housing. With FHA insurance the lender's risk is minimized, and this program increases the availability of mortgage credit to Native Americans living on Indian land. FHA's low downpayment requirements and flexible underwriting standards increase the ability of Native Americans to meet the requirements for the loan.

As additional protection, lenders, with the FHA Commissioner's approval, may assign mortgages in default to HUD after meeting loss mitigation requirements. HUD then may initiate foreclosure in tribal court, federal district court, or other court of competent jurisdiction.

**Applicant Eligibility:** Any Native Americans wishing to live on Indian land and intending to use the mortgage property as the primary residence is eligible to apply for mortgage insurance. Therefore, the program is not available to investors.

**Legal Authority:** Section 248 of the National Housing Act. Regulations are at 24 CFR part 203.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/sfh/ins/sfh248.cfm](http://www.hud.gov/offices/hsg/sfh/ins/sfh248.cfm)

**Current Status:** Active

## Regulatory Affairs and Manufactured Housing

### Real Estate Settlement Procedures Act (RESPA)

Protects consumers in the mortgage settlement process and during their mortgages.

**Nature of Program:** RESPA seeks to reduce unnecessarily high settlement costs by requiring disclosures to homebuyers and sellers, and by prohibiting abusive practices in the real estate settlement process.

RESPA requires that lenders give all borrowers of federally related purchase mortgage loans a HUD-prepared booklet with information about real estate transactions, settlement services, and relevant consumer protection laws. When applying for a loan, a borrower must receive a good faith estimate of the settlement costs likely to be incurred. One day before settlement, the borrower may request that the person conducting the settlement provide information on the actual settlement costs. At settlement, both the borrower and the seller, if there is one, are entitled to a settlement statement that itemizes the costs they paid in connection with the transaction.

RESPA prohibits certain abusive practices. Kickbacks, referral fees, and unearned fees are outlawed, sellers may not require borrowers to purchase title insurance from specific companies, and excessively large escrow accounts cannot be required by the loan servicer.

RESPA requires disclosure of the possibility of mortgage servicing being transferred. The statute also provides certain borrower rights if the loan servicer makes errors in paying escrow account expenditures. Finally, RESPA mandates that the servicer provide initial and annual escrow account statements to each borrower.

**Applicant Eligibility:** RESPA is a regulatory program. It covers virtually all single family loan transactions.

**Legal Authority:** Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 *et seq.*). Regulations are at 24 CFR parts 3500 and 3800.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office.

On the Web: [www.hud.gov/offices/hsg/sfh/res/respa\\_hm.cfm](http://www.hud.gov/offices/hsg/sfh/res/respa_hm.cfm)

**Current Status:** Active.

## **Manufactured Home Construction and Safety Standards**

Uses federal standards for design and construction of manufactured homes to assure the quality, durability, safety, and affordability of manufactured homes. By 2006, the program also will include installation standards and a dispute resolution component.

**Nature of Program:** HUD issues and enforces appropriate standards for the construction, design, and performance of manufactured homes to assure their quality, durability, affordability, and safety. The construction and safety standards preempt state and local laws that are not identical to the federal standards; they apply to all manufactured homes produced after June 15, 1976. HUD may enforce these standards directly or by various states that have established state administrative agencies in order to participate in the program. HUD may inspect factories and retailer lots and review records to enforce such standards. If a manufactured home does not conform to federal standards, the manufacturer must take certain actions, including possibly notifying the consumer and correcting the problem.

The statute generally prohibits selling, leasing, or offering for sale or lease homes that do not meet the standards. Civil and criminal penalties may be sought for violations of the statute. Recent statutory amendments substantially expanded the program to include establishment and enforcement of installation standards (by the end of 2005), establishment of a dispute resolution program (by the end of 2005), and creation of a consensus committee to make recommendations to HUD on certain aspects of the program.

**Applicant Eligibility:** The standards do not involve program participation, but they apply to all manufactured home producers and retailers that use any means of transportation or communication that affects interstate commerce in their operations.

**Legal Authority:** National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401-5426). Regulations are at 24 CFR parts 3280, 3282, 3284, and 3800.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner  
U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office

On the Web: [www.hud.gov/offices/hsg/sfh/mhs/mhshome.cfm](http://www.hud.gov/offices/hsg/sfh/mhs/mhshome.cfm)

**Current Status:** Active.

## Interstate Land Sales

Protects consumers from fraud and abuse in the sale or lease of land.

**Nature of Program:** HUD is responsible for administering the laws governing land sales registration. The Interstate Land Sales Full Disclosure Act prohibits developers and their agents from selling or leasing, by mail or by means of interstate commerce, any lot in any subdivision of 100 or more nonexempt lots unless two conditions are met:

(1) A Statement of Record must be filed with HUD, that discloses and documents current information about the ownership of the land; the state of title; physical characteristics; planned availability of roads, services and utilities; and other matters.

(2) A printed Property Report, the disclosure instrument provided for by the Act that describes the items mentioned in (1) above, must be delivered to each purchaser or lessee in advance of signing the contract or agreement.

The antifraud provisions of the Act apply to subdivisions containing 25 or more lots. The Act also contains antifraud provisions that prohibit developers from engaging in misleading sales practices. Any willful violation of the Act is subject to criminal penalties of imprisonment for not more than five years or a fine of not more than \$10,000, or both. A suit for damages may be brought by a purchaser in any state or federal court for the district in which the defendant may be found or in which the transaction took place. HUD may seek an injunction against any developer that it can show is violating or about to violate the law and may obtain restitution for aggrieved purchasers. HUD may also impose civil money penalties for violations and suspend the registration of a developer whose Statement of Record or Property Report includes an untrue statement of material fact or omits material facts.

**Applicant Eligibility:** Interstate Land Sales is a regulatory program; the Act applies to all developers and agents who sell or lease or offer to sell or lease lots in subdivisions using the mail or means of interstate commerce, unless the offering is exempt.

**Legal Authority:** Interstate Land Sales Full Disclosure Act (15 U.S.C. 1701 *et seq.*). Regulations are at 24 CFR parts 1710-1720 and 3800.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office  
On the Web: [www.hud.gov/offices/hsg/sfh/ils/ilshome.cfm](http://www.hud.gov/offices/hsg/sfh/ils/ilshome.cfm)

**Current Status:** Active.

## Multifamily Housing Programs

### Supportive Housing for the Elderly (Section 202)

Provides assistance to expand the supply of housing with supportive services for the elderly.

**Nature of Program:** Capital advances, rather than direct loans as previously provided under Section 202, are made to eligible private, nonprofit sponsors to finance the development of rental housing with supportive services for the elderly. The advance is interest free and does not have to be repaid so long as the housing remains available for very low-income elderly persons for at least 40 years. Project rental assistance covers the difference between the HUD-approved operating cost of the project and the tenants' contributions toward rent (usually 30 percent of monthly adjusted income).

**Applicant Eligibility:** Private, nonprofit organizations and consumer cooperatives may qualify for assistance. Occupancy is open to very low-income households which include at least one person 62 years of age or older.

**Legal Authority:** Section 202 of the Housing Act of 1959, as amended under Section 801 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701q). Regulations are at 24 CFR part 891.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/mfh/progdsc/eld202.cfm](http://www.hud.gov/offices/hsg/mfh/progdsc/eld202.cfm)

**Current Status:** Active.

## **Assisted-Living Conversion Program (ALCP)**

Provides grants to private nonprofit owners of eligible developments to convert some or all of the dwelling units in the development into an assisted-living facility for the frail elderly.

**Nature of Program:** This program provides funding for the physical costs of converting some or all of units in an eligible development into an assisted-living facility (ALF), including the unit configuration, common and services space, and any necessary remodeling consistent with HUD's or the state's statute or regulations (whichever is more stringent). For Fiscal Year 2004, assisted living program funds may be used for emergency capital repairs as determined by the Secretary. ALFs are designed to accommodate frail elderly and people with disabilities who can live independently but need assistance with activities of daily living (e.g., assistance with eating, bathing, grooming, dressing, and home management activities). Under this program ALFs must provide supportive services such as personal care, transportation, meals, housekeeping, or laundry. The facility must be licensed and regulated by the state (or, if there is no state law providing such licensing and regulation, by the municipality or other subdivision in which the facility is located).

**Applicant Eligibility:** Private nonprofit owners of Section 202, Section 8 project-based (including Rural Housing Services' Section 515), Section 221(d)(3) Below Market Interest Rate, Section 236 housing developments that are designated primarily for occupancy by the elderly for at least five years.

**Legal Authority:** Section 202(b) of the Housing Act of 1959 (12 U.S.C. 1701q).

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/mfh/progdesc/alcp.cfm](http://www.hud.gov/offices/hsg/mfh/progdesc/alcp.cfm)

**Current Status:** Active.

## **Multifamily Housing Service Coordinators**

Provides assistance to elderly individuals and persons with disabilities, living in federally assisted multifamily housing to obtain needed supportive services.

**Nature of Program:** This program provides funding for service coordinators who assist elderly individuals and persons with disabilities, living in federally assisted multifamily housing, to obtain needed supportive services from community agencies. Independent living with assistance is a preferable, lower cost housing alternative to institutionalization for many frail older persons and persons with disabilities. HUD provides funding through three mechanisms: (1) a national competition with other properties for a limited amount of grant funding, (2) the use of the development's residual receipts or excess income, or (3) budget-based rent increases or special rent adjustments.

**Applicant Eligibility:** Owners of Section 202, Section 8 project-based (including Rural Housing Services' Section 515), Section 221(d)(3) Below Market Interest Rate, Section 236 housing developments that are designated primarily for occupancy by the elderly or persons with disabilities.

**Legal Authority:** Section 808 of the Cranston-Gonzalez National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (Public Law 102-550) and the American Homeownership and Economic Opportunity Act of 2000 (Public Law 106-569) (42 U.S.C. 8012).

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office and HUD field offices.  
On the Web: [www.hud.gov/offices/hsg/mfh/progdsc/servicecoord.cfm](http://www.hud.gov/offices/hsg/mfh/progdsc/servicecoord.cfm)

**Current Status:** Active.

## **Manufactured Home Parks (Section 207)**

Federal mortgage insurance to finance construction or rehabilitation of manufactured home parks.

**Nature of Program:** HUD insures mortgages made by private lending institutions to help finance construction or rehabilitation of manufactured home parks consisting of five or more spaces. The park must be located in an area approved by HUD in which market conditions show a need for such housing.

**Applicant Eligibility:** Investors, builders, developers, cooperatives, and others meeting HUD's requirements may apply to an FHA-approved lending institution after conferring with the local HUD office.

**Legal Authority:** Section 207 of the National Housing Act (12 U.S.C. 1713). Regulations are at 24 CFR part 207.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office; HUD Multifamily Hubs and Program Centers. On the Web: [www.hud.gov/offices/hsg/mfh/progdesc/homepark207.cfm](http://www.hud.gov/offices/hsg/mfh/progdesc/homepark207.cfm)

**Current Status:** Active.

## Cooperative Housing (Section 213)

Federal mortgage insurance to finance cooperative housing projects.

**Nature of Program:** HUD insures mortgages made by private lending institutions on cooperative housing projects of five or more dwelling units to be occupied by members of nonprofit cooperative ownership housing corporations. These loans may finance new construction, rehabilitation, acquisition, improvement, or repair of a project already owned, and resale of individual memberships; construction of projects composed of individual family dwellings to be bought by individual members with separate insured mortgages; and construction or rehabilitation of projects that the owners intend to sell to nonprofit cooperatives.

**Applicant Eligibility:** Nonprofit corporations or trusts organized to construct homes for members of the corporation or beneficiaries of the trust; and qualified sponsors who intend to sell the project to a nonprofit corporation or trust.

**Legal Authority:** Section 213 of the National Housing Act (12 U.S.C. 1715e). Regulations are at 24 CFR part 213.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Source:** Administering office; HUD Multifamily Hubs and Program Centers.  
On the Web: [www.hud.gov/offices/hsg/mfh/progdesc/coop213.cfm](http://www.hud.gov/offices/hsg/mfh/progdesc/coop213.cfm)

**Current Status:** Active. New construction and substantial rehabilitation cooperative projects are also insured under Section 221(d)(3), which requires appropriated credit subsidy and a higher mortgage insurance premium.

## **Mortgage and Major Home Improvement Loan Insurance for Urban Renewal Areas (Section 220)**

Federally insured loans used to finance mortgages for housing in urban renewal areas, areas in which concentrated revitalization activities have been undertaken by local government, or to alter, repair, or improve housing in those areas.

**Nature of Program:** HUD insures mortgages on new or rehabilitated homes or multifamily structures located in designated urban renewal areas and areas with concentrated programs of code enforcement and neighborhood development. HUD insures supplemental loans to finance improvements that will enhance and preserve salvageable homes and apartments in designated urban renewal areas.

**Applicant Eligibility:** Investors, builders, developers, individual homeowners, and apartment owners.

**Legal Authority:** Section 220 of the National Housing Act (12 U.S.C. 1715k). Regulations are at 24 CFR parts 200 and 220.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office; HUD Multifamily Hubs and Program Centers.  
On the Web: [www.hud.gov/offices/hsg/mfh/progdsc/renturbanhsg220.cfm](http://www.hud.gov/offices/hsg/mfh/progdsc/renturbanhsg220.cfm)

**Current Status:** Active. The Multifamily program is active but few new projects are currently insured each year. The Single Family program and Supplemental Loan program are not active.

## **Multifamily Rental Housing for Moderate-Income Families (Section 221(d)(3) and (4))**

Mortgage insurance to finance rental or cooperative multifamily housing for moderate-income households, including projects designated for the elderly. Single Room Occupancy (SRO) projects are also eligible for mortgage insurance. Section 221(d)(3) and (4) are HUD's major insurance programs for new construction or substantially rehabilitated multifamily rental housing.

**Nature of Program:** The Department insures mortgages made by private lending institutions to help finance construction or substantial rehabilitation of multifamily (five or more units) rental or cooperative housing for moderate-income or displaced families. Projects in both cases may consist of detached, semi-detached, row, walk-up, or elevator structures. SRO projects may consist of units that do not contain a complete kitchen or bath.

Currently, the principal difference between the programs is that HUD may insure up to 100 percent of replacement cost in the case of new construction under Section 221(d)(3) for public, nonprofit and cooperative mortgagors, but only up to 90 percent under Section 221(d)(4), irrespective of the type of mortgagor.

**Applicant Eligibility:** Section 221(d)(3) is available to public, nonprofit, and cooperative mortgagors. Section 221(d)(4) mortgages are available to profit-motivated sponsors.

**Legal Authority:** Section 221 of the National Housing Act (12 U.S.C. 17151). Regulations are at 24 CFR part 221, subparts C and D.

**Administering Office:** The Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office; HUD Multifamily Hubs and Program Centers.  
On the Web: [www.hud.gov/offices/hsg/mfh/progdsc/rentcoop/hsg221d3n4.cfm](http://www.hud.gov/offices/hsg/mfh/progdsc/rentcoop/hsg221d3n4.cfm)

**Current Status:** Active.

## **Existing Multifamily Rental Housing (Section 207/223(f))**

Federal mortgage insurance under Section 207 of the National Housing Act pursuant to Section 223(f) of the National Housing Act for the purchase or refinancing of existing apartment projects; to refinance an existing cooperative housing project; or for the purchase and conversion of an existing rental project to cooperative housing.

**Nature of Program:** HUD insures mortgages under Section 207 of the National Housing Act pursuant to Section 223(f) of the same Act to purchase or refinance existing multifamily projects originally financed with or without federal mortgage insurance. HUD may insure mortgages on existing multifamily projects under this program that do not require substantial rehabilitation. A project must contain at least five units, and construction or substantial rehabilitation must have been completed for three years or more.

**Applicant Eligibility:** Investors, builders, developers, and others who meet HUD requirements.

**Legal Authority:** Section 223(f) of the National Housing Act (12 U.S.C. 1715n(f)). Regulations are at 24 CFR part 207.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410-8000.

**Information Sources:** Administering office; HUD Multifamily Hubs and Program Centers. On the Web: [www.hud.gov/offices/hsg/mfh/progdesc/purchrefi223f.cfm](http://www.hud.gov/offices/hsg/mfh/progdesc/purchrefi223f.cfm)

**Current Status:** Active.







































































































































