

American Recovery and Reinvestment Act of 2009

NCSHA Summary

Tax Provisions

Housing Credit Exchange Program

- Authorizes state Housing Credit allocating agencies to trade in up to 40 percent of their 2009 (per capita and pool) Credit authority and up to 100 percent of any unused or returned 2008 credits for a maximum of 85 cents on the dollar for grants to fund acquisition, construction or rehabilitation of qualified low-income buildings.
- Grants may be awarded to qualified buildings with or without an allocation of Housing Credits. For projects without Housing Credits the HFA must demonstrate that such projects would increase the total funds available for construction and rehabilitation of affordable housing, and project applicants must demonstrate good faith efforts to obtain investment commitments.
- Grants must be used before January 1, 2011. Any unused grants must be returned to the Treasury.

First-Time Homebuyer Credit Modifications

- Increases the current \$7,500 first-time homebuyer tax credit to \$8,000.
- Extends the first-time homebuyer tax credit expiration date from July 1, 2009 to December 1, 2009.
- Eliminates the prohibition on claiming the first-time homebuyer tax credit if the home is financed with proceeds of a mortgage revenue bond (MRB).
- Waives the current recapture requirement for homes purchased after December 31, 2008 and before December 1, 2009.
- Applies current law recapture rules if the taxpayer disposes of the home or the home ceases to be the principal residence within 36 months of purchase.

Tax-Exempt Bonds

- Allows financial institutions to deduct interest expenses for investments in tax-exempt municipal bonds issued during 2009-2010 to the extent these investments constitute less than 2 percent of the financial institution's total assets.
- Increases the "small issuer" qualified bond limit for financial institution tax-exempt bond investments from \$10 million to \$30 million and applies the small issuer exception to an issue if all the ultimate borrowers in such issue would separately qualify for the exception.
- Excludes all tax-exempt private activity bonds from the Alternative Minimum Tax (AMT) for bonds issued in 2009 and 2010 and excludes the interest on tax-exempt bonds issued in 2009-2010 from the corporate adjustment based on current earnings.

Energy Tax Credits

- Repeals individual dollar caps on the present-law 30 percent tax credit for qualified solar water heaters, small wind energy and geothermal heat pumps.
- Extends for 2009-10 the present-law 30 percent tax credit for energy-efficient improvements to existing homes.
- Replaces the property-by-property dollar caps on the credit with an overall \$1,500 cap.
- Updates the current energy-efficiency standards of the property qualifying for the tax credit.

Spending Provisions

Housing Credit Equity Gap Funding

- Provides \$2.25 billion for capital investments in Low Income Housing Tax Credit projects to remain available until September 30, 2011.
- Directs that funds be available to state Housing Credit agencies and allocated based on the percentage of HOME funds allocated to each State and the participating jurisdictions therein for FY 2008.
- Requires the Housing Credit agencies to distribute funding competitively pursuant to their allocation plan to owners of projects who have received or receive simultaneously an award of Housing Credits in fiscal years 2007, 2008, and 2009.
- Directs state Housing Credit agencies to prioritize developments that are expected to be completed within three years of enactment.
- Requires state Housing Credit agencies to commit not less than 75 percent of such funds within one year of the date of enactment and directs owners to spend 75 percent of the funds they receive under this program within two years of enactment and 100 percent within three years of enactment.
 - Authorizes state Housing Credit agencies to redistribute funds not spent according to these timeframes to more deserving developments in the same state, except any funds not spent three years after enactment shall be redistributed by HUD to other states that have fully utilized their funds.
- Directs state Housing Credit agencies to provide assistance under this program to developments in the same manner and subject to the same limitations (including rent, income, and use restrictions, in lieu of corresponding limitations under the HOME program) as required under the Housing Credit program.
- Requires state Housing Credit agencies to perform asset management functions, or contract for such services, at the owner's expense, to ensure program compliance and the long-term viability of developments assisted under this program.
- Modifies the definition of eligible basis so assistance provided under this program does not reduce it.
- Requires state Housing Credit agencies to provide HUD access, upon reasonable notice, to information related to awards made under this program.

- Requires HUD to establish an Internet site identifying developments that receive awards, the amount of such awards, and links to state Housing Credit agency allocation plans.
- Authorizes HUD to waive statutory and regulatory provisions related to the obligation of such funds if necessary to facilitate their timely expenditure (except for fair housing, nondiscrimination, labor standards, and environmental rules).
- States that for the purposes of environmental compliance review, funds state Housing Credit agencies make available under this program shall be treated as HOME funds and shall be subject to the Environmental Review provisions, Section 288, of the HOME Investment Partnerships Act.

Neighborhood Stabilization Program

- Provides \$2 billion for the Neighborhood Stabilization Program (NSP) to remain available until September 30, 2010.
- Directs HUD to allocate amount competitively to States, units of local government, and nonprofit entities or consortia of nonprofit entities, which may submit proposals in partnership with for-profit entities.
 - Requires that the HUD Secretary in selecting grantees ensures that the grantees are in areas with the greatest number and percentage of foreclosure and can expend funding within the period allowed.
 - Requires HUD to include as award criteria: demonstrated grantee capacity to execute projects, leveraging potential, concentration of investment to achieve neighborhood stabilization, and any additional factors determined by the Secretary.
 - Authorizes the Secretary to establish a minimum grant size.
 - Requires the Secretary to publish competition criteria not later than 75 days after enactment.
 - Requires applications be due not later than 150 days after enactment.
 - Requires that the Secretary award all funding within one year of enactment.
 - Requires grantees to expend at least 50 percent of allocated funds within two years of the date funds become available to the grantee for obligation and 100 percent of such funds within three years of such date.
- Repeals the program income section of the Housing and Economic Recovery Act of 2008 (HERA).
- Modifies the NSP program eligible activities for amounts made available under this bill by:
 - Authorizing grantees to use NSP funds to operate land banks;
 - Adding that funds shall be available only for the redevelopment of demolished or vacant properties as housing;
 - Adding that the Secretary may also use up to 10 percent of the funds for grantees for the provision of capacity building of and support for local communities receiving funding.
- Prohibits the use of NSP funds provided in this bill to demolish public housing.
- Limits a grantee to using not more than 10 percent of its grant for demolition activities unless the Secretary determines that such use represents an appropriate response to local market conditions.

- Directs that the recipient of any grant or loan of NSP funds may not refuse to lease a dwelling unit in housing with such loan or grant to a participant in the Section 8 program because of the status of the prospective tenant as such a participant.
- Requires new owners of properties acquired with NSP funds to give tenants at least 90 days notice before eviction.
- Authorizes HUD to waive statutory and regulatory provisions related to the obligation of such funds if necessary to facilitate their timely expenditure (except for fair housing, nondiscrimination, labor standards, and environmental rules).
- Directs that up to 1 percent of the funds shall be available for staffing, training, technical assistance, technology, monitoring, travel, enforcement, research, and evaluation activities.

FHA Programs

- Sets FHA single-family loan limits for loans originated in 2009 at the higher of the 2008 limits and those originally calculated for 2009 under the Housing and Economic Recovery Act of 2008 (HERA).
- Gives HUD discretion to raise single-family loan limits in sub areas as prescribed by the Economic Stimulus Act of 2008.
- Sets the Government Sponsored Enterprise (GSE) conforming loan limit for 2009 to the current limits set in 2008 pursuant to the Economic Stimulus Act of 2008.
- Gives the Federal Housing Finance Agency authority to increase GSE conforming loan limits in sub areas as prescribed by the Economic Stimulus Act of 2008.

Community Development Block Grant

- Provides \$1 billion to remain available until September 30, 2010, for HUD to distribute according to the FY 2008 funding formula.
- Directs the HUD Secretary to establish requirements to expedite the use of the funds.
- Requires recipients to give priority to projects that can award bid-based contracts within 120 days of the date funds are made available.
- Authorizes HUD to waive statutory and regulatory provisions related to the obligation of such funds if necessary to facilitate their timely expenditure (except for fair housing, nondiscrimination, labor standards, and environmental rules).

Section 8 Assisted Housing Stability

- Provides \$2 billion for full-year payments to owners receiving Section 8 project-based assistance.

Elderly, Disabled, and Section 8 Assisted Housing Energy Retrofit

- Provides \$250 million to remain available until September 30, 2012, for HUD to distribute as loans or grants through the existing policies, procedures, contracts, and transactional infrastructure of the authorized programs administered by the Office of Affordable Housing Preservation, on such terms and conditions as the HUD Secretary

deems appropriate to ensure the maintenance and preservation of the property, the continued operation and maintenance of energy efficiency technologies, and the timely expenditure of funds.

- Allows the Secretary to provide incentives to owners to undertake energy or green retrofits as part of the grant or loan terms, including but not limited to, fees to cover investment oversight and implementation costs incurred by the owner, or to encourage job creation for low-income or very low-income individuals.
- Requires eligible owners to have at least a satisfactory management review rating, be in substantial compliance with applicable performance standards and legal requirements, and commit to an additional period of affordability determined by the Secretary, but of not fewer than 15 years.
- The grants or loans shall include a financial assessment and physical inspection of such property.
- Directs the Secretary to undertake appropriate underwriting and oversight and allows up to 5 percent of the funds to be set aside for that purpose.
- Directs the Secretary to take necessary steps to ensure that owners receiving funding expend the funds within two years of the date they received the funds.
- Authorizes HUD to waive statutory and regulatory provisions related to the obligation of such funds if necessary to facilitate their timely expenditure (except for fair housing, nondiscrimination, labor standards, and environmental rules).
- Directs that up to 1 percent of the funds shall be available for staffing, training, technical assistance, technology, monitoring, research, and evaluation activities.

Homeless Prevention Fund

- Provides \$1.5 billion for homeless prevention and rapid re-housing activities to remain available until September 30, 2011.
- Allocates funding through the Emergency Shelter Grant Program.
- Directs that funds be used for the provision of short-term or medium-term rental assistance; housing relocation and stabilization services including housing search, mediation or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management; or other appropriate homelessness prevention and rapid re-housing activities.
- Requires grantees receiving assistance to collect data on the use of the funds and persons served in HMIS.
- Allows grantees to use up to 5 percent of funds for administrative costs.
- Allows the Secretary to establish a minimum grant size.
- Requires grantees to expend at least 60 percent within two years of the funds becoming available and expend 100 percent of the funds within three years of that date.
 - Directs the Secretary to recapture the balance of the funds awarded to a recipient that fails to comply with the two-year expenditure requirement and reallocate such funds to grantees in compliance.
- Requires the Secretary to publish a notice establishing necessary requirements to carry out the provisions within 30 days of enactment.

- Authorizes HUD to waive statutory and regulatory provisions related to the obligation of such funds if necessary to facilitate their timely expenditure (except for fair housing, nondiscrimination, labor standards, and environmental rules).
- Directs that up to 0.5 percent of the funds shall be available for staffing, training, technical assistance, technology, monitoring, research, and evaluation activities.

Public Housing Capital Fund

- Provides \$4 billion for public housing agency (PHA) capital and management activities to remain available until September 30, 2011.
- Directs HUD to distribute \$3 billion under the Capital Fund formula within 30 days of enactment.
 - Authorizes HUD to not allocate funding to PHAs currently designated as troubled or to PHAs that elect not to accept such funding.
- Directs HUD to distribute \$1 billion through competitive grants for priority investments, including investments that leverage private sector funding or financing for renovations and energy conservation retrofit investments by September 30, 2009.
- Directs PHAs to prioritize capital projects that can award bid-based contracts within 20 days of the date funds become available and that are already underway or included in the five-year capital fund plans.
- Directs the Secretary to give priority consideration to the rehabilitation of vacant rental units.
- Requires PHAs to obligate 100 percent of the funds within one year of the date funds become available, expend at least 60 percent within two years of receiving the funds, and expend 100 percent of the funds within three years of receiving them.
 - Directs the Secretary to recapture and reallocate all remaining funds from a PHA that fails to comply with the one-year obligation or two or three-year expenditure requirements.
- Prohibits PHAs from using funds for operating fund or rental assistance activities.
- Makes any restriction of funding to replacement housing inapplicable.
- Requires the Secretary to institute measures to ensure that funds shall serve to supplement and not supplant expenditures from other Federal, State, or local sources of funds independently generated by the grantee.
- Authorizes HUD to waive statutory and regulatory provisions related to the obligation of such funds if necessary to facilitate their timely expenditure (except for fair housing, nondiscrimination, labor standards, and environmental rules).
- Authorizes HUD to direct that requirements relating to the procurement of goods and services arising under state and local laws and regulations shall not apply to these funds.
- Directs that up to 0.5 percent of the funds shall be available for staffing, training, technical assistance, technology, monitoring, travel, enforcement, research, and evaluation activities.

Native American Housing Block Grants

- Provides \$255 million, to remain available until September 30, 2011, to be distributed under the FY 2008 funding formula within 30 days of enactment.
 - Directs that the amounts distributed through the formula will be used for new construction, acquisition, rehabilitation including energy efficiency and conservation, and infrastructure development.
 - Directs recipients to give priority to projects that can award bid-based contracts within 180 days of the date the funds become available.
- Provides \$255 million, to remain available until September 30, 2011, to be competitively awarded to eligible entities that apply for funds as authorized under NAHASDA.
 - Directs the HUD Secretary to obligate competitive funding by September 30, 2009.
 - Directs the Secretary to give priority to projects that will spur construction and rehabilitation and will create employment opportunities for low-income and unemployed persons.
- Requires recipients to obligate 100 percent of the funds within one year of the date funds become available, expend at least 50 percent within two years of receiving the funds, and expend 100 percent of the funds within three years of receiving them.
 - Directs the Secretary to recapture and reallocate all remaining funds from a recipient that fails to comply with the two-year expenditure requirement through the funding formula to recipients that are in compliance.
 - Directs the Secretary to recapture the balance of the funds awarded to a recipient that fails to comply with the three-year expenditure requirement.
- Allows the Secretary to set aside up to 2 percent of the funds for a housing entity eligible under housing assistance for Native Hawaiians under NAHASDA.
- Authorizes HUD to waive statutory and regulatory provisions related to the obligation of such funds if necessary to facilitate their timely expenditure (except for fair housing, nondiscrimination, labor standards, and environmental rules).
- Directs that up to 0.5 percent of the funds shall be available for staffing, training, technical assistance, technology, monitoring, travel, enforcement, research, and evaluation activities.

Rural Housing Insurance Fund

- Provides \$200 million to support an additional \$1 billion in Section 502 direct loans and \$10.5 billion in Section 502 guaranteed loans.

Lead Hazard Reduction Program

- Provides \$100 million to remain available until September 30, 2011.
- Directs that funds shall be awarded first to applicants who applied under the Lead Hazard Reduction Program NOFA for FY 2008 and were found qualified but not awarded because of funding limitations.
- Directs remaining funds to be added to the amount of funds to be awarded under the Lead Hazard Reduction Program NOFA for FY 2009.
- Requires each applicant for FY 2009 to submit a detailed plan and strategy that demonstrates capacity to use the funds.

- Requires recipients expend at least 50 percent of the funds within two years of receiving them and expend 100 percent of the funds within three years of receiving them.
 - Directs the HUD Secretary to recapture and reallocate all remaining funds from a recipient that fails to comply with the two-year expenditure requirement.
 - Directs the Secretary to recapture the balance of the funds awarded to a recipient that fails to comply with the three-year expenditure requirement.
- For purposes of the environmental review, a grant under the Healthy Homes Initiative, Operation Lead Elimination Action Plan (LEAP), or the Lead Technical Studies program shall be considered to be funds for a special project for purposes of section 305(e) of the Multifamily Housing Property Disposition Reform Act of 1994.
- Authorizes HUD to waive statutory and regulatory provisions related to the obligation of such funds if necessary to facilitate their timely expenditure (except for fair housing, nondiscrimination, labor standards, and environmental rules).
- Directs that up to 0.5 percent of the funds shall be available for staffing, training, technical assistance, technology, monitoring, travel, enforcement, research, and evaluation activities.

Weatherization Assistance Program

- Provides \$5 billion.
- Expands program eligibility by increasing the maximum income for assisted families from 150 percent to 200 percent of the poverty level and the allowable level of investment per home from \$2,500 to \$6,500.
- Allows the Treasury Secretary to encourage States to give priority to using funds for the most cost-effective efficiency activities, including insulation of attics, if the use would increase the effectiveness of the program.
- Amends the training and technical assistance section of the Energy Conservation and Production Act by allowing the Treasury Secretary to provide technical assistance to any such project, directly and through persons and entities with a demonstrated capacity in developing and implementing appropriate technology for enhancing the effectiveness of the provision of weatherization assistance to the dwelling units of low-income persons, by utilizing in any fiscal year not more than 20 percent, instead of 10 percent, of the funds.
- Amends the Energy Conservation and Preservation Act by extending the September 30, 1975 to September 30, 1979 timeframe to September 30, 1975 to September 30, 1994 as the period in which dwelling units that were partially weatherized may receive further financial assistance for weatherization.

Energy Efficiency and Conservation Block Grants

- Provides \$3.2 billion for:
 - Conducting residential and commercial building energy audits;
 - Establishing financial incentives programs for energy efficiency improvements;
 - Grants to non-profit organizations to perform energy efficiency retrofits;
 - Developing and implementing programs to conserve energy used in transportation;

- Developing and implementing building codes and inspections services to promote building energy efficiency;
- Installing light emitting diodes (LEDs); and
- Developing, implementing, and installing on or in any government building onsite renewable energy technology that generates electricity from renewable sources.
- Makes \$2.8 billion of the amount available by formula and \$400 million available by competition.