



## **Economic Policy Program**

*Housing Commission*

# Housing Programs in the United States

Responding to Current and Future Challenges

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BIPARTISAN POLICY CENTER



# Economic Policy Program

*Housing Commission*

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# Executive Summary

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In this paper, we provide an overview of eight key challenges related to affordable housing and community development as well as background information on federal and other government programs meant to address these challenges. The eight key challenges include: rental housing affordability, homeownership for low-income households, foreclosure response and recovery, homelessness, the growing senior population, housing discrimination, neighborhood distress, and energy efficiency. Many of the programs we include have been evaluated, though our purpose is not to provide a synopsis of program evaluations but to consider how housing challenges have been addressed to set the stage for considerations of how best to proceed. As a result, this paper is descriptive rather than evaluative.

## Challenge Areas

### **RENTAL HOUSING**

Long-standing problems with the availability of decent, affordable rental housing have been made worse by the foreclosure crisis and recession-fueled unemployment, which have led to increased competition for such units as former homeowners shift to the rental market. Responses to rental affordability needs, considered broadly, include programs that subsidize housing units and directly subsidize tenants. The Low Income Housing Tax Credit (LIHTC), Public Housing, Section 236, and Section 8 (new construction) are programs that have resulted in the most housing unit construction. Among these, only the LIHTC is still producing new rental housing, with about 100,000 units per year subsidized by the credit. The most important program to provide subsidies directly to tenants is the Housing Choice Voucher program. All of these programs, with the exception of LIHTC, are administered by the U.S. Department of Housing and Urban Development (HUD). The LIHTC is carried out via allocations of tax credits made by the IRS to states and awarded to developers by state housing agencies. Developers usually sell the credits to investors with tax liability, turning their investments into equity.

### **AFFORDABLE HOMEOWNERSHIP**

Homeownership was made affordable and attainable for an increasing number of households between 1945 and 1960 because of the development of economic and government institutions that lowered mortgage rates and down payments, and was buoyed by rising incomes. House prices increased in the 1970s, 1980s and 1990s without large gains in incomes for the lower half of earners; the gap between prices and incomes grew especially large in tight housing markets. One government instrument for addressing this gap for low- to moderate-income households has been the mortgage

revenue bond (MRB), used by state and local governments to reduce down payments and monthly payments for qualified borrowers. In a broader sense, however, many government policies and regulatory decisions in the 1990s and 2000s were made so that low- to moderate-income households could buy homes. Distinguishing these policies from other affordable housing policies is difficult.

## **THE FORECLOSURE CRISIS**

Foreclosure is a crisis that affects both homeowners and renters. More than one quarter of all residential properties with a mortgage are in foreclosure or are at risk thereof. Most responses to date have directed assistance to homeowners and renters in the form of housing counseling, mortgage loan modifications, easing the transition from owning to renting, and reducing displacement among renters who face eviction due to a landlord's foreclosure. To date, responses have included programs to modify mortgages for qualified homeowners, such as the Home Affordable Modification Program (HAMP) and the Hardest Hit program that targets unemployed homeowners.

## **HOMELESSNESS**

There is growing consensus that the most effective way to address homelessness is through the approach termed Continuum of Care, the model developed by HUD to increase coordination among local programs that address homelessness. The 2009 reauthorization of the McKinney-Vento Act has helped increase attention to efforts aimed at preventing homelessness. The particular challenge we are faced with today is the increase of homelessness among families due to the recession and job loss, and the loss of homes to foreclosure.

## **SENIOR HOUSING**

The demographic shift toward an aging population will increase the need to address a range of issues related to affordable housing for the elderly. Among the challenges are supporting seniors who want to remain in their homes for as long as possible through home modifications to improve accessibility and contain housing costs, and ensuring a sufficient supply of affordable housing targeted to seniors both in design and service supports. Government programs that address senior housing needs include HUD's Section 202 program, which provides grants and rental subsidies to private owners of affordable housing for the elderly. Most seniors who benefit from housing assistance, however, either live in traditional public housing developments or rent with a Housing Choice Voucher. Many states and localities offer assistance to elderly homeowners through homestead exemptions that reduce the portion of a property that is taxable, deferred tax payments, or circuit-breaker laws that reduce property tax liability. Tax-based approaches vary in whether they target low-income elderly or are more widely available.

## **DISCRIMINATION**

Discrimination in rental and for-sale markets continues to have a negative impact on where people are able to live. Discrimination is addressed through education and legal action, the effectiveness of which can turn on the level of support each approach receives both locally and federally. Federal responses to the problem of discrimination in housing markets include HUD and Department of Justice (DOJ) enforcement of the Fair Housing Act and financial support provided by HUD to local fair housing organizations. The Federal Trade Commission (FTC) enforces the Equal Credit Opportunity Act (ECOA), which pertains to mortgage bankers.

## **DISTRESSED NEIGHBORHOODS**

Efforts to address neighborhood-level challenges in long-distressed communities and areas sliding into poverty include initiatives focused on housing, as well as efforts that are more comprehensive in approach. HUD's HOPE VI program has established the mixed-income model for public housing redevelopment efforts. The Choice Neighborhoods initiative expands on HOPE VI by targeting a neighborhood for a more integrated approach to community revitalization. This new program provides support to select communities for a community change effort that brings together partners from education, economic development, transportation, as well as housing.

## **ENERGY EFFICIENCY**

High utility costs can make an otherwise affordable home unaffordable for renters and homeowners. Approaches to increase energy efficiency for renters and owners in existing properties are fairly well understood. Two key challenges to making greater headway are financial in nature. Organizations that provide weatherization and other home energy use services need financial support to reach more renters and owners. Similarly, home builders and large property owners seeking to maximize their profits are more likely to invest in new energy-efficient buildings, or retrofit existing ones, when the incentive structure appears favorable. Government responses to energy inefficiencies include efforts to set efficiency standards for products and educate consumers about energy use, such as the Energy Star program, a joint program of the Environmental Protection Agency (EPA) and Department of Energy (DOE). Through its purchasing power, federal and local governments can help create demand for efficient products as well.

## Key Policy Questions

This paper concludes with a discussion of questions important to consider when developing housing policies and programs.

- What are the appropriate roles of the public and private sectors? This question includes whether government should be involved in housing and land markets at all, and if so, how to articulate public and private roles in ways that produce efficient, equitable and fiscally sustainable outcomes.
- What is the appropriate balance between homeownership and renting? For decades, the balance of federal support for housing has tilted in favor of homeownership. The current financial crisis has prompted calls for a shift toward a stronger emphasis on rental housing production and affordability than we have seen in the recent past.
- How far beyond shelter should housing programs extend? Some populations can succeed more readily if they receive services and support in addition to affordable shelter. Such services and support can be expensive, but funding them in the context of housing may be cost effective.
- How should scarce resources be allocated? Deep assistance can help stabilize a relatively small number of very disadvantaged households; shallow assistance, by contrast, can help more families get by. Indefinite support provides stability, but it also limits the availability of resources for other households and may foster dependence among people who would otherwise be capable of becoming independent.
- How should programs and policies that are already in place be accounted for? As policymakers have sought to address long-standing and new challenges, they have both amended established programs and invented new ones. This layering has produced an ecology of programs, housing, neighborhoods and institutions that complicates streamlining or simplification.

# Introduction

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While most Americans pay for housing without seriously compromising their ability to meet other basic needs, a substantial number of households cannot afford to do so.<sup>1</sup> The scarcity of decent, safe, sanitary and affordable housing is not a new phenomenon in the United States. There are times, however, when the shortage is especially severe and carries dire results for both households and communities. This is one such time.

By conventional standards, many low-income renters are excessively burdened, paying more than 30 percent of their income for housing. High rates of housing foreclosures have disrupted both renters and homeowners and left many neighborhoods struggling with vacancies and disinvestment. Numerous subsidized housing developments built decades ago require significant upgrades and reinvestment while others face expiration of their subsidies and conversion to market rents. And homelessness is rising among families, with the threat of homelessness touching more and more people as financial hardship remains unabated.

This paper describes eight broad affordable housing challenges that current and future programs may need to address: **rental housing affordability, homeownership for low-income households, foreclosure response and recovery, homelessness, the growing senior population, housing discrimination, neighborhood distress,** and **energy efficiency**. For each challenge area we describe the issues and discuss responses to the challenge by the private sector and government.



# Affordable Housing Challenges

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## Rental Housing Affordability

Among the nation's affordable housing challenges, none looms larger than rental housing affordability. Affordability is usually based on a rent-to-income ratio: the generally accepted standard is that households paying more than 30 percent of their income for rent and utilities are burdened. Of the 114 million U.S. households in 2009, about 39 million rented and more than one-half of those renters were burdened.<sup>2</sup> Especially for lower-income households, being rent burdened can have severe implications for a household's ability to afford other basic commodities and services.

A few dimensions of the rental affordability challenge bear special discussion.

- **“Worst case” housing needs are acute and rising.** In 2009, according to HUD, 7.1 million American renter households had “worst case” housing needs.<sup>3</sup> This six percent of U.S. households earned less than one-half of their metropolitan area's median income, received no government assistance, and either paid more than one-half of their income for rent or lived in severely inadequate conditions. Of this group, only three percent lived in severely inadequate conditions with the vast majority severely cost burdened. The 2009 statistic represents a 20 percent jump from 2007, when there were six million renters in this category.
- **Today's rental housing stock is old and vulnerable to deterioration.** The median year of construction nationwide for the rental stock is 1971.<sup>4</sup> Fewer than six million currently occupied rental units were built between 1990 and 2009, whereas almost seven million were built before World War II.
- **A growing portion of the currently affordable, unsubsidized housing stock is being lost.** By 2009, close to 12 percent of low-cost rental units that existed in 1999 had been lost. Housing units affordable to low-income households are being removed from the stock due to upgrading or demolition (which is separate from the old stock that is lost through deterioration).<sup>5</sup>
- **Regulatory barriers and a lack of infrastructure investment impede new multifamily housing construction and rehabilitation.** Local government regulations of various sorts can serve as barriers to multifamily housing development. These include, for example, large-lot zoning, height limits, excessive parking standards, bans on apartment construction, referendum requirements, caps on building permit issuance, and permitting processes considered arbitrary.<sup>6</sup> Building

codes can make renovation and retrofitting of older structures cost prohibitive.<sup>7</sup> And many locations – especially in growing suburbs – lack sewers and public water supplies required for high-density development.

- **Housing subsidies have not expanded to meet need.** Affordable housing is not an entitlement. In all, between six and seven million renter households receive housing subsidies of some kind; determining the precise number of households that receive some form of housing assistance is difficult, but annual additions to subsidized rental stock have not kept pace with the growth of low-income households. And there is always the risk that tenant-based rental vouchers in circulation will not be re-issued when their term expires due to congressional appropriations limitations. As a consequence, most low-income households live in unsubsidized housing, some portion of which is affordable despite the lack of subsidy.<sup>8</sup>
- **Many privately owned, federally subsidized housing units face expiring use contracts** that threaten to remove them from the affordable housing stock. This rental housing is affordable because of restrictions that follow from federal subsidy programs. When those restrictions expire, affordable housing units can be lost. For example, in the case of older HUD-assisted properties, termination of regulatory agreements that include rent restrictions can result in rent increases to levels that are no longer affordable; in the case of LIHTC properties, owners can opt to end low-income use and convert properties to market rates following a specified compliance period. At present, the former has been more the cause of loss of affordable housing stock than the latter. As many as 350,000 subsidized units either converted to market rates or were removed from the stock between 2000 and 2010. Nearly 900,000 additional units have contracts set to expire before 2014.<sup>9</sup>

## RESPONSES

Multiple federal agencies administer rental housing programs; there are also state and local affordable housing initiatives. The array of programs involve different delivery mechanisms (for example, through public agencies or private providers), have different rules and requirements (for example, with respect to eligibility or the amount of tenant-paid rent), were developed for different purposes (such as for adding to the supply of housing units or providing vouchers), and include both spending programs and tax expenditures.

HUD and the U.S. Department Agriculture administer most of the spending programs.

- **HUD** administers the largest portion of such programs, which collectively subsidize about 5.1 million units where approximately 9.6 million people live.<sup>10</sup> The largest initiative is the *Housing Choice Voucher (HCV)* program, about 2.3 million of which are in circulation. The second largest component of the HUD-assisted stock includes 1.7 million units of *privately owned project-based housing*, built in a series of programs operating between the 1960s and the 1990s. With the exception of

programs that provide housing with supportive services for elderly persons (Section 202) or persons with disabilities (Section 811), HUD-assisted programs have not added to the supply of affordable housing units for many years; however, existing projects continue to provide affordable rental housing opportunities. The third largest is *public housing*, about 1.2 million units of which remain in the stock. Because of their age and years of deferred maintenance, however, both privately owned federally subsidized housing and public housing have large capital investment needs. Public housing has an average per-unit capital needs requirement of \$19,029 and a projected program-wide, 20-year capital needs requirement of approximately \$89 billion.<sup>11</sup> HUD's two block-grant programs, the *Community Development Block Grant (CDBG)* and the *Home Investments Partnership Program (HOME)*, are also often used either alone or in combination with other subsidy programs to address to rental housing affordability.

- The **U.S. Department of Agriculture's Rural Housing Service (RHS)** operates the Section 515 Multifamily Direct Rural Rental Housing Loans program, providing developers subsidized loans with interest rates as low as one percent to help build affordable rental housing for rural residents. The program has financed more than 550,000 affordable rental housing units, about 430,000 of which remain in the subsidized stock. About 290,000 units are at risk of prepayment, which would lead to the conversion of units to market rent.<sup>12</sup> USDA operates a voucher program (Rental Assistance) serving 250,000 households, all of whom live either in Section 515 properties or in other RHS housing.<sup>13</sup>

Three additional federal affordable rental housing initiatives involve tax expenditures.

- The **Low Income Housing Tax Credit (LIHTC)** program is the largest program currently producing affordable housing units. Since the program began in 1987, it has added about 1.7 million units to the affordable rental housing stock. Tax credits are allocated to states based on a per-capita formula; each state awards credits competitively to private-sector applicants whose projects conform to state and federal priorities. More than 40 states have directed significant LIHTC resources to the acquisition and rehabilitation of existing privately owned subsidized developments to avoid their conversion to market rates.
- States are permitted by the tax code to subsidize rental housing using the proceeds of **private activity bonds (PAB)**. Federal tax law limits the amount of PABs that each state issues each year to non-charitable organizations. Rental housing accounts for about \$1 billion per year in foregone tax revenues on bonds.<sup>14</sup>
- **Accelerated depreciation** of rental housing is estimated to cost between \$5-10 billion per year.<sup>15</sup> Rental housing placed in service after 1986 is depreciated on a straight-line basis over a 27.5 year period; between 1981 and 1986, rental housing was depreciable over 15, 18 or 19 years, depending on when the property was placed in service. This and other provisions of the pre-1987 tax code induced

substantial construction of rental housing in the early 1980s, some of which counts today among the private “unsubsidized” rental stock (even though most economists, the Congressional Budget Office (CBO), and the Office of Management and Budget deem it subsidized).

According to the CBO, the federal government devoted about \$60 billion to improving rental affordability in 2009 alone.<sup>16</sup> This included spending programs and tax expenditures and was distributed as follows: \$16 billion for the HCV program; \$11 billion for the public housing program; \$9 billion for HUD project-based (HUD-assisted) programs; \$6 billion for the LIHTC program; \$5-6 billion for accelerated depreciation; and between \$150 million and \$3 billion to fund additional programs such as homeless assistance grants, the HOME program, Native American Block Grants, Rental Assistance Subsidy for low-income elderly and disabled renters in rural areas, and housing programs for elderly and disabled renters.

State and local policies, programs and actions also affect the availability and affordability of rental housing and the effectiveness of and need for federal subsidy dollars.

## Homeownership for Low-Income Households

Between 1940 and 1960, the U.S. homeownership rate climbed from 43.6 percent to 61.9 percent.<sup>17</sup> The institutions contributing to the postwar homeownership rise include the Federal Housing Administration (FHA) and the Federal National Mortgage Association (FNMA). The FHA provided insurance for mortgages conforming to a standard set of conditions: self-amortizing, with a lower down payment and longer term. FNMA (later Fannie Mae) was chartered to buy these mortgages. After World War II, the Veterans Administration (VA) added further inducements to homeownership.<sup>18</sup> Together, these institutions reduced down payments and monthly mortgage payments, making homeownership affordable to many millions of American households. As the postwar economy boomed, real incomes rose, providing a demand-side boost.<sup>19</sup>

Neither of these two benefits, rising homeownership and real income, accrued as broadly or as quickly to African Americans and Hispanics as they did to white non-Hispanics, however. Homeownership has lagged among minorities for many reasons, including discrimination (discussed in another section of this paper), lower household incomes, and lower family wealth. Furthermore, the current economic climate has exacerbated the affordability challenge for homeowners. In 2009, 9.3 million homeowners paid more than 50 percent of their income for housing.<sup>20</sup> The current housing crisis has reduced homeownership rates by several percentage points, with an especially negative effect for African Americans.<sup>21</sup> Other long-standing challenges to low-income homeownership include financial and homeownership illiteracy and development-related regulations, such as large minimum lot size requirements, expensive infrastructure requirements, high land costs, and lengthy development approval processes.

## RESPONSES

Programs and policies to foster low-income homeownership can be divided into three main groups.

- The private and public sectors have both innovated to **reduce the cost of mortgages and down payments**.
  - The *private sector* has innovated with automated underwriting, innovative mortgage instruments, secondary mortgage institutions, and private mortgage insurance, all of which extend credit to borrowers who have historically had little or no access to formal financing.
  - *Public sector* initiatives have also been directed at or available to low-income households and first-time homebuyers. Although not income targeted, the FHA provides mortgage insurance on loans made by FHA-approved lenders. Also important to expanding homeownership opportunities have been: mortgage revenue bonds (MRBs) and Mortgage Credit Certificates (MCCs) designed to reduce down payments and/or monthly payments for low-income, first-time buyers; the Community Reinvestment Act (CRA) designed to encourage commercial lending institutions to help meet the needs of borrowers in all community segments, including low- and moderate-income neighborhoods; lower-cost mortgage products developed by GSEs to meet legislatively required affordability goals; programs like HOME and CDBG when used by states and local governments to promote affordable homeownership; and pre-purchase and homeownership counseling programs funded by HUD and NeighborWorks America to help low-income households make better decisions about homeownership and reduce their risk of foreclosure. (See the section on the foreclosure crisis.)
  - Operating on a small scale, *shared equity* private-sector initiatives can extend homeownership opportunities to lower-income households. These include, for example, community land trusts (CLTs), which maintain land ownership while qualified buyers purchase the house. The land value secures the property, eliminating the need for a down payment, while a lower-cost mortgage reduces monthly payments.<sup>22</sup> Throughout the country, approximately 200 communities either operate or are forming CLTs, which amount to a total of over 5,000 CLT homes.<sup>23</sup> Shared equity homeownership also includes cooperatives, common only in a few cities, in which residents own a share of the building rather than their individual unit. Deed-restricted programs that place restrictions on the sales price of units are another form of shared equity.
- Some **supply-side initiatives** also encourage low-income homeownership though they account for only a small portion of the growth in homeownership.
  - **Self-help** approaches have most notably been employed by Habitat for Humanity, which for many years operated entirely without subsidy and with

volunteer labor. Federal programs have also promoted self-help housing, including the Self-help Homeownership Opportunity Program (SHOP), a HUD program that provides grants to non-profit groups that use the self-help model to build housing for low-income households.

- **Improvements in technology** have included the promulgation of standards in 1976 by HUD for manufactured housing. A very significant number of households, especially in the South, have attained homeownership by living in modern manufactured housing, the quality of which is far superior to that of pre-1976 mobile homes.
- **Removal or reduction of regulatory barriers** in regulations on building and development and streamlining the development approval process can be a necessary prerequisite to the delivery of housing at costs that low-income households can afford.

Tax provisions have also been used to reward homeownership. The mortgage and real estate deduction provision of the federal income tax code resulted in a federal revenue loss of \$80 billion in 2009, the nation's largest single expenditure on housing.<sup>24</sup> Few of the benefits accrue to low-income households, however, and most economists contend that this tax expenditure does not raise homeownership rates.<sup>25</sup> Beyond the mortgage interest and property tax deductions, a series of other tax provisions (such as the state and local property tax deduction, the capital gains exclusion related to the sale of a primary home, and the ARRA provision for an \$8,000 credit for first-time buyers of homes purchased between April 2008 and December 2009) and spending programs lifted the total cost to the federal government in 2009 in support of homeownership to \$236 billion,<sup>26</sup> almost four times the amount of budgetary resources (spending programs plus tax expenditures) that the federal government devoted to improving rental housing affordability in that year. Because 2009 was an atypical year for such spending, further research is needed to reveal the current and ongoing commitments by the federal government to homeownership.

## Foreclosure Response and Recovery

As of June 2011, two million first lien mortgages were in foreclosure nationally and another two million were over 90 days delinquent.<sup>27</sup> Nearly 11 million residential properties with mortgages were worth less than the outstanding mortgage amount, and two million other borrowers had less than five percent equity.<sup>28</sup> This adds up to 28 percent of all residential properties with a mortgage in the U.S. At least 7.8 million foreclosure proceedings have been initiated since 2007.<sup>29</sup> Many renters also have been affected by foreclosure as landlords have been foreclosed upon. The crisis has had especially noticeable impacts in some low-income and minority neighborhoods. The response to the crisis in distressed neighborhoods is discussed in a later section.

## RESPONSES

A series of housing initiatives aimed at homeowners and affected renters has been initiated since the housing crisis began.

- The **Home Affordable Modification Program** (HAMP), Principal Reduction Alternative (PRA), Second Lien Modification Program (2MP), FHA Home Affordable Modification Program (FHA-HAMP), and Veteran's Administration Home Affordable Modification Program (VA-HAMP) support mortgage modifications for delinquent borrowers who demonstrate financial hardship. All of the programs allow servicers to decide whether to modify mortgages. While \$75 billion was allocated to HAMP, only about \$1 billion has been spent. The number of people eligible has been much lower than estimated and servicers and investors lacked sufficient incentives to enter into modifications.<sup>30</sup> About 770,000 permanent and trial modifications were active at the end of June 2011.<sup>31</sup>
- The **Home Affordable Foreclosure Alternatives** program provides incentives for short sales or deeds-in-lieu for HAMP-eligible borrowers who either do not qualify for a trial period plan, fail to complete their trial period plan, or miss at least two consecutive payments during a HAMP modification. The program offers modest relocation assistance for the borrower.
- The **Hardest Hit** program, established by HUD and the U.S. Department of the Treasury in 2010, is administered by 18 states and the District of Columbia, all of which were targeted for their high unemployment rates.<sup>32</sup> The \$7.6 billion fund assists eligible unemployed homeowners with mortgage payments while they seek re-employment, additional employment or undertake job training. Qualified borrowers in states not receiving Hardest Hit funds were eligible until September 30, 2011, for the **Emergency Homeowners' Loan Program** (EHLP).<sup>33</sup>
- To address the threat of renter displacement, the **Protecting Tenants at Foreclosure Act**, signed into law in 2009,<sup>34</sup> allows tenants the longer of 90 days' notice or the duration of their lease before they must vacate a foreclosed property. The measure will expire December 31, 2014. Fannie Mae also has announced a policy to allow qualified renters in Fannie Mae-owned foreclosed properties to stay in their homes.<sup>35</sup>



- The **National Foreclosure Mitigation Counseling** (NFMC) program funds free foreclosure prevention counseling. In many cases, counseling agencies intercede directly with servicers on behalf of borrowers to increase the likelihood of principal reduction and substantial reductions in monthly payments. Competitively selected grantee organizations provide the services, either directly or through sub-grantees. Congress has appropriated \$540 million thus far to the NFMC. Research has shown that NFMC is having its intended effect by increasing the likelihood of foreclosure cures, lowering borrowers' monthly mortgage payments, and improving the sustainability of loan modifications that cure serious delinquencies and foreclosures.<sup>36</sup>

## Homelessness

As of January 2011, approximately 636,000 people were homeless on a given night in America. Sixty-three percent were individuals, and 37 percent were people living in families. Seventeen percent were chronically homeless (homeless repeatedly or for long periods of time and disabled) and 40 percent were unsheltered. Beginning in 2005, overall homelessness began to go down significantly. This trend continued until 2008 when the decline began to taper off. Between 2005 and 2011, homelessness went down nearly 15 percent, but between 2009 and 2011, the decline was only one percent.<sup>37</sup>

Homelessness is associated with extreme poverty and a lack of affordable housing. An analysis of the 2010 American Community Survey found that 75 percent of households living at or below the poverty line spent 50 percent or more of their income on housing – a condition regarded as “severely housing cost burdened.”<sup>38</sup> Any unexpected financial burden, such as an illness or job loss, can compromise the housing stability of such households, placing them at immediate risk for homelessness. As the economy continues to suffer, an increasing number of people find themselves at high risk of experiencing homelessness. For example, the number of people doubling up (living with family or friends due to economic need) went up 13 percent between 2009 and 2010.<sup>39</sup> Doubled up is the most common previous living situation of people who enter the shelter system.<sup>40</sup> Other factors associated with homelessness include the limited availability of affordable housing, lack of employment opportunities, and the loss or lack of institutional supports for those with mental or physical challenges.

### RESPONSES

The role of the government and non-profit sector on the issue of homelessness has evolved substantially since the widespread emergence of homelessness in the early 1980s. Initially, homeless assistance programs were comprised of soup kitchens and shelters run by religious and charitable organizations that received little or no direct government funding.

As the problem grew, the Stewart B. McKinney Homeless Assistance Act of 1987 (renamed the McKinney-Vento Act in 2010) was passed, and over time established a



series of HUD programs to fund local assistance to homeless people, including the Emergency Shelter Grants (ESG), Supportive Housing, Shelter Plus Care, and Single Room Occupancy programs. Also included are smaller health, education, treatment and emergency assistance programs at other agencies. The Act also prioritized homelessness uses for certain surplus or excess federal properties.

By 1995, HUD had developed the Continuum of Care (CoC) model, which requires communities to coordinate individual local programs in order to compete for McKinney-Vento funds. This approach eventually also required collection of administrative data via a Homelessness Management Information System (HMIS) for both local planning purposes and to generate an unduplicated national count of homeless people. It also provided for a proportional focus on permanent supportive housing for high-need homeless people. In 2009, McKinney-Vento was reauthorized with the passage of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. HEARTH further increased the emphasis on outcome-driven approaches to preventing and ending homelessness. It consolidated several of the McKinney-Vento programs into a single, performance-oriented CoC program, and it changed ESG to an Emergency Solutions Grants with a primary focus on rapid re-housing and prevention of homelessness.<sup>41</sup>

While the local response to homelessness is increasingly coordinated, in 2011 the Government Accountability Office (GAO) noted the potential for overlap or fragmentation at the federal level, arising from the number of different homelessness and housing programs.<sup>42</sup> At least seven federal agencies administer more than 20 programs providing some type of shelter or housing assistance, five agencies administer programs delivering food and nutrition services, and four agencies administer programs providing health services. The GAO report cited the federal strategic plan developed by the U.S. Interagency Council on Homelessness as an important step in improving communication among different agencies, and encouraged the plan's implementation.

Using federal resources, the responses to homelessness have evolved over time. State and local governments across the country have developed 10-year plans to end homelessness. The housing responses of these and the federal plan can be categorized in three areas: crisis response, housing response and prevention.

- **Crisis Response.** Most communities have an infrastructure of emergency shelters (usually with modest services available) to assist people with no place to stay. Most also have transitional housing, designed for longer stays (up to two years) and offering more robust services. In 2011, there were 225,602 shelter beds and 201,787 transitional beds available nationally.<sup>43</sup>
- **Housing Response.** Increasingly, communities are focused on responding to homelessness with housing assistance, usually linked to services. **Permanent supportive housing** (PSH) couples housing with services (such as substance abuse or mental health treatment) and has been proven to be cost effective and highly

efficient in housing the hardest to serve, particularly people with severe disabilities who have lived on the street for long periods of time. As a result, chronic homelessness (long-term or repeated homelessness among people with disabilities) has decreased dramatically (by 39 percent) since 2005.<sup>44</sup> There are 266,968 federally funded PSH beds.<sup>45</sup> It should also be noted that a veteran-focused PSH program – HUD-VASH (HUD-VA Supportive Housing program) – has been providing an incremental 10,000 units of PSH per year for homeless veterans for the past four years. Homelessness among veterans declined 11 percent between 2009 and 2011.<sup>46</sup> Less expensive **rapid re-housing** programs have also emerged in recent years to help homeless households locate housing, negotiate with landlords, pay deposits and rent, and access services. Rapid re-housing (see “Prevention” below) interventions were expanded by the \$1.5 billion Homelessness Prevention and Rapid Re-Housing Program (HPRP) funded in the stimulus bill and designed to prevent recession-related increases in homelessness.<sup>47</sup> Significant evidence supports “**housing first**” approaches that stress placement in housing followed by service interventions rather than the reverse. Other evidence suggests that transitional housing models are not cost effective.

- **Prevention.** Although significant HPRP resources were devoted to prevention-related assistance (HUD reports that at least one million households have been assisted with prevention and re-housing funds), prevention programs remain less developed than other interventions.<sup>48</sup> It is hoped that improving risk assessments will enable service providers to more accurately identify those who would become homeless without assistance, as well as the types of assistance that are most effective.

## The Growing Senior Population

By 2030, it is expected that people aged 65 and over will make up 20 percent of the population, doubling in size from 35 to 70 million people.<sup>49</sup> Although seniors have higher assets and incomes on average than in the past, low incomes and asset bases will threaten the stability of growing numbers of older Americans simply because of the fast growth in the total number of seniors.<sup>50</sup>

Central to the housing challenges of older homeowners and renters is the ability to age in place, that is, to remain in their homes and communities.<sup>51</sup> In a survey conducted by AARP in 2005, 89 percent of people 50 and older indicated that they would like to remain in their homes indefinitely; 85 percent indicated that they would prefer at least to stay in their communities.<sup>52</sup>

More than 80 percent of the adult population that is 65 and older own their homes.<sup>53</sup> About a third of these homeowners still have an outstanding mortgage, a number that appears to have grown between 2000 and 2009.<sup>54</sup> In addition to mortgage payments, older homeowners face sometimes unpredictable property taxes, utility costs and property insurance payments that impede their ability to remain in their homes as

they age. Older homeowners also face the expense of modifying their homes so that they can maintain accessibility. A 2000 AARP survey showed that among homeowners 65 and older, 32 percent had not modified their homes because they could not afford to do so.<sup>55</sup> For lower-income seniors who rent, subsidized rental units are a more important housing source. AARP estimates that 1.4 to 1.7 million older households live in federally assisted rental properties. Further, 40 percent of families in privately owned, but federally subsidized, properties and 30 percent of public housing units are headed by a person over 65.<sup>56</sup>

Regardless of housing tenure, many if not most older adults will require some assistance if they are to age in place. Both renters and owners face the challenge of accessing long-term care services to provide assistance with activities of daily living.

## RESPONSES

Seniors' need for enhanced affordability has been addressed in three main ways.

- **Affordable rental housing programs.** About 31 percent (1.6 million) of HUD's five million assisted housing units are occupied or held by a household whose head is at least 62 years old.<sup>57</sup> The Section 202 Supportive Housing for the Elderly Program almost exclusively serves older persons and accounts for about 390,000 units. Section 202 projects are privately owned by non-profit organizations or cooperatives, but funded through capital grants and rental subsidies from HUD. As of 2006, the average waiting list for a Section 202 unit was 13 months.<sup>58</sup> The majority of HUD-assisted seniors occupy traditional public housing or receive a Housing Choice Voucher (about 18 percent of HCVs are held by seniors). An unknown number of units developed with the Low Income Housing Tax Credit are occupied by seniors, but these units generally have higher rents than low-income seniors can afford unless they hold HCVs.
- To reduce cost burdens for older homeowners, some states and localities provide residents with **tax breaks**, such as the homestead exemption that reduces the portion of the property that is considered taxable. Other states and localities allow older homeowners to defer payment of all or part of their property taxes until the property is sold or until the death of the homeowner.<sup>59</sup> Thirty-five states have circuit breaker laws that reduce the property tax liability for households whose property tax payments represent a large portion of their income. Of those states, 22 restrict this benefit to elderly households. In six of the remaining 13 states with no age restriction, elderly households receive enhanced benefits.<sup>60</sup>
- Many local governments use their HUD **Community Development Block Grant** funds to offer repair, rehabilitation and weatherization services to low-income elderly and disabled homeowners.

A less widely used program to make housing more affordable for seniors is HUD's Home Equity Conversion Mortgage (HECM) program, also known as a **reverse mortgage**. This

FHA-run program allows eligible seniors to convert a portion of the equity in their home to cash. The HECM program is different from a traditional home equity loan or second mortgage in that no repayments are required until the property is no longer used as the borrower's primary residence. Income from a reverse mortgage can be used to supplement income from social security, meet unexpected medical expenses, or make home improvements. The FHA HECM Program accounts for 90 percent of all reverse mortgages issued. While only 400,000 reverse mortgages were issued between 1989 and 2007, the program is growing with 100,000 reverse mortgages issued in 2007 alone.<sup>61</sup>

Long-term care services are important complements to affordable housing for many seniors.

- The **National Aging Network**, organized at the federal level by the Administration on Aging of the U.S. Department of Health and Human Services, provides services to older adults. As part of the network, each state has a unit on aging, and multiple Area Agencies on Aging (AAA). A wide variety of services, including nutrition programs, assistance with household tasks, and adult day services are provided through AAAs that coordinate with local service providers who provide services to older adults in their homes, allowing seniors to remain in place as long as possible.
- A variety of models incorporate supportive services into housing, referred to as affordable housing plus services, which can occur both in privately owned housing units and in federally assisted housing units.<sup>62</sup> One model is the naturally occurring retirement community (NORC), which refers to a geographic area where the population has aged to the point that older residents make up a large portion of it. In NORCs, residents work with local service providers and property managers to arrange service programs for their communities. NORC services can be paid for out of pocket, through Medicaid and through charitable donation, or provided through volunteerism.<sup>63</sup>

## Housing Discrimination

The challenge of discrimination in housing markets is deep and historically rooted.<sup>64</sup> Racially restrictive covenants were legal until 1948. Racial assignment of public housing remained common even after 1962 when President Kennedy signed Executive Order 11063 barring discrimination in federally assisted housing, and lawsuits are still fought against public housing authorities whose actions segregate their tenants. Racial discrimination in private housing remained legal until the passage of the Fair Housing Act in 1968, which prohibits discrimination in housing based on race, religion, color, sex, national origin, handicap, and familial status. State and local laws also have established the right of citizens to equal opportunity in the rental, sale and financing of housing.<sup>65</sup> In 1974, the Equal Credit Opportunity Act (ECOA) was enacted, which prohibits any creditor (financial institutions, credit card companies, etc.) from discriminating against

an applicant on the basis of race, color, religion, national origin, sex, marital status, age or source of income.

Research and the experience of people seeking housing make clear that illegal discrimination continues even today. Research has documented differential treatment by housing providers and real estate agents that ranges from the blatant, such as refusing to show units to prospective clients, to the subtle, such as interacting politely with everyone while providing more information, assistance or better offers to people they identify as preferred clients. Regardless of the form it takes in any given interaction, housing discrimination can interfere with the housing search process for affected households in ways that limit where people live within a particular community, which schools children attend, the amenities to which households have access, proximity to employment opportunities, and households' housing and transportation costs.

The most recent national housing discrimination study (2000) found that whites were consistently favored over blacks in 22 percent of tests when matched pairs of testers sought rental housing; non-Hispanic whites were favored over Hispanics in nearly 26 percent of tests.<sup>66</sup> White homebuyers were also favored over black and Hispanic homebuyers, by 17 and 20 percent respectively. Other national and local studies have focused on disparate treatment by disability status and sexual orientation, and discrimination in mortgage financing. A paired-testing study of the pre-application phase for home mortgage financing carried out in two major metropolitan areas (2002) found that "African American and Hispanic homebuyers face a significant risk of receiving less favorable treatment than comparable whites when they visit mortgage lending institutions to enquire about financing options."<sup>67</sup> Given the current tight access to credit in the mortgage market, such studies raise concern about ongoing and perhaps increased risk of disparate impact on minority homebuyers.<sup>68</sup>

## **RESPONSES**

Unlike programs and initiatives associated with the other housing challenges, housing discrimination is addressed, by-and-large, through education and legal action.

Private sector involvement in addressing housing discrimination includes efforts to educate home seekers, the general public and housing professionals. Non-profit fair housing organizations (FHOs) engage in a range of activities to educate home seekers about rights under the Fair Housing Act and to educate professionals about their responsibilities associated with complying with the law. Industry groups also engage in education activities with members and establish guidelines for practice. For example, the National Association of Realtors, the industry group that represents licensed Realtors, requires Realtors to abide by its Code of Ethics and Standards of Practice. The Code includes "Duties to the Public," which states that Realtors must extend the standard of equal treatment to all persons regardless of "race, color, religion, sex, handicap, familial status, or national origin, or sexual orientation."<sup>69</sup> FHOs also pursue client-filed complaints of discriminatory treatment by conducting enforcement-based testing, and, if

testing results indicate disparate treatment, filing suit against housing providers. FHOs receive a significant portion of their funding from the federal government through Fair Housing Initiatives Program (FHIP) grants.

Government's role in addressing housing discrimination, in addition to maintaining and amending anti-discrimination laws, includes pursuing enforcement of fair housing law, providing financial support for FHOs and other entities, and supporting research into the types and extent of discrimination. Both HUD and the DOJ are responsible for enforcing the Fair Housing Act. In general, DOJ pursues cases involving a pattern or practice of discrimination while HUD focuses on complaint-based cases, though the division of effort is not that straightforward. The FTC enforces the ECOA as it pertains to mortgage bankers.<sup>70</sup> Local and state governments also have agencies that enforce fair housing laws.

As mentioned above, HUD supports fair housing activities at the local level through competitive FHIP grants. FHIP grants can be awarded to support FHO capacity building efforts, testing and enforcement activities, and education and outreach activities. HUD also offers Fair Housing Assistance Program (FHAP) funds to state and local agencies tasked with enforcing fair housing laws that are "substantially equivalent" to the Fair Housing Act. FHAP funds support capacity building and some administrative costs, complaint investigations and special enforcement efforts.

Beyond HUD's enforcement and education efforts, one source of information for data that can be used to identify potential race- and ethnicity-based discrimination in mortgage lending is the Home Mortgage Disclosure Act (HMDA), enacted in 1975 and amended significantly thereafter.<sup>71</sup> The most recent amendment was included in the Dodd-Frank Act, which requires significantly more information to be reported on mortgage loan applicants and borrowers. HMDA requires depository institutions to report mortgage information by the race and ethnicity of the applicant, by purchaser type, and by lender type. Data are reported at geographic levels as small as census tracts. Examination of HMDA data allows researchers and regulators to identify neighborhoods or groups of people with high rates of mortgage-loan denial and groups whose mortgages are consistently made by unconventional lenders, neither of which proves discrimination but can suggest areas of concern.

## Neighborhood Distress

When it passed Congress in 1949, the National Housing Act set out a national housing goal: "a decent home in a suitable living environment for every American family."<sup>72</sup> The Act also provides for government assistance in "the development of well-planned, integrated, residential neighborhoods and the development and redevelopment of communities."<sup>73</sup> But the construction of public housing and privately owned, subsidized housing often initiated or reinforced neighborhood distress by concentrating large numbers of people with low incomes in limited space, usually with few community

amenities and low-quality public services.<sup>74</sup> Even today, federal initiatives to address housing challenges struggle to account for the broader neighborhood context in which affordable housing is located.

Probably the single most widely used indicator of distress is high levels of neighborhood poverty, often defined as areas with rates exceeding 30 percent. Concentrated neighborhood poverty is a recurring problem in the U.S., rising and falling along with national poverty rates. High-poverty neighborhoods have been recognized as places with few opportunities for employment and education, high levels of disinvestment and crime, and meager civic participation.<sup>75</sup> Living in such neighborhoods over extended periods of time reduces the life chances of children, whether their families are poor or not.<sup>76</sup> Substandard housing, vacant units and very low employment rates are other components of neighborhood distress.

Recent census results, coupled with analysis of long-term trends in neighborhood poverty, show the poverty rate has increased since the 2000 Census, and the number and percent of households living in high-poverty metropolitan neighborhoods increased accordingly. About one in 11 Americans, or 22.3 million people, now lives in a census tract where 30 percent or more of their neighbors live in poverty. These figures are even more startling for minority groups. One in four African Americans (7.6 million people), one in six Hispanics (7.1 million people), and one in eight American Indians (150,000 people) live in a census tract in which 30 percent or more of the residents are in poverty.<sup>77</sup>

As neighborhoods continue to feel the fallout from the housing market crisis and the recession, more areas not previously marked by poverty are at risk of falling into distress and joining neighborhoods that had been distressed well before the economic downturn. Foreclosure rates are high not only (and sometimes not primarily) in high-poverty neighborhoods, but also in older neighborhoods composed mainly of single-family homes built just before and after World War II and in newer suburban and exurban areas that saw much development during the subprime boom.<sup>78</sup>

## RESPONSES

Many of the efforts to address affordable housing challenges discussed in other sections of this essay might benefit neighborhoods. Here we discuss additional efforts to address neighborhood-level problems.

- **Philanthropic programs** by local and national foundations have attempted comprehensive community development, including place-based strategies that combine social services, economic development, workforce development, housing, education, and transportation. For example, Enterprise Community Partners (formerly the Enterprise Foundation) invested \$100 million in Baltimore's Sandtown-Winchester neighborhood beginning in 1990; the Annie E. Casey Foundation initiated the Making Connections program in the early 2000s to support local solutions to neighborhood-based problems in 10 communities; and the Local Initiatives Support



Collaborative (LISC) is currently engaging 100 neighborhoods in its sustainable communities program.<sup>79</sup>

- The **Community Reinvestment Act** (CRA), passed by Congress in 1977, aims to improve the availability of credit and financial services in low-income neighborhoods by requiring banks and savings and loans to demonstrate that they meet the needs of borrowers in all segments of their communities. To enforce the statute, federal regulatory agencies examine banking institutions for CRA compliance, and take this information into consideration when approving applications for new bank branches or for mergers or acquisitions.
- **Affordable housing investment** could slow neighborhood decline by providing families who live in new affordable housing an opportunity to reduce their housing costs and thereby increase the amount they can spend on other goods and services in their neighborhood. However, to the extent that affordable housing further concentrates low-income people in struggling neighborhoods, the addition of low-cost housing might exacerbate problems of concentrated poverty. Hence, new efforts also stress **income mixing, crime control** and **redevelopment** to bring unsubsidized households to low-income neighborhoods.
- **HOPE VI** was established in 1992, following the release of the final report to Congress by the National Commission on Severely Distressed Public Housing. Though HOPE VI focuses on improving or replacing distressed housing, in some places, the housing itself constituted entire neighborhoods, and in others, the failing housing projects were major impediments to neighborhood improvements. HOPE VI has, however, been criticized for displacing subsidized tenants, many of whom were elderly, disabled or otherwise vulnerable.<sup>80</sup>
- The Neighborhood Revitalization Initiative (NRI), announced in 2011, is an interagency collaboration among the Departments of Education, HUD, Justice and Health and Human Services (HHS). The NRI consists of five place-based programs focused on housing, education, safety and crime, and health services, including mental health. The **Choice Neighborhoods** Initiative, based in HUD, expands on the HOPE VI program by redeveloping public and assisted housing into mixed-income housing, and by supporting projects in the broader neighborhood to enhance place-based assets. The Department of Education's **Promise Neighborhoods** Initiative builds on the model of the Harlem Children's Zone to link home, school and neighborhood with comprehensive programs for children and their families.
- The **Neighborhood Stabilization Program**, initiated in 2008, targets cities, counties and neighborhoods that have suffered from high levels of foreclosures and abandonment. The program allows purchase and redevelopment of foreclosed and abandoned residential properties, including both rental and owner-occupied units.

Neighborhood strategies are complicated by the need to involve not only multiple departments – housing and community development, economic development, planning,



public safety, and public works, for example – but also multiple school and other special districts. Consequently, neighborhood revitalization strategies set forth at the national or state level require strong participation from local government. Such support likely will be particularly challenging to secure in the coming years as local budgets continue to be affected by the recession and recovery of the housing market continues to lag.

## Energy Efficiency

Energy inefficiency in housing, whether related to old appliances, energy intensive HVAC systems, or poor insulation, leads to higher utility usage and costs for owners of single-family units and multifamily buildings, as well as for renters. A related factor affecting housing costs is the cost of energy itself. According to a recent report by Harvard's Joint Center for Housing Studies, fuel and utility costs increased 27 percent between 1999 and 2010, and the increase has affected low-income renters the most.<sup>81</sup> Higher costs affect owners and renters on the private market and those who own and live in public and assisted housing units. In its 2006 report, HUD's Energy Task Force found that the department spent more than 10 percent of its budget on utility allowances.<sup>82</sup> Should energy-related costs continue to rise and/or make up an increasing portion of residents' and housing providers' housing costs, they could reduce housing affordability for residents and lead housing providers to divert a greater share of revenues from maintenance and upkeep to pay for utility costs.

Efforts to improve energy efficiency in older public and private affordable housing stock include assessing and reducing drafts, improving insulation, replacing old windows, swapping incandescent for compact florescent light bulbs, and replacing older appliances with efficient ones. Ideally, newly built units are designed and built according to energy efficiency standards. In addition to reducing the portion of housing costs attributed to utilities, efforts to increase energy efficiency in both older and new affordable housing units could create employment opportunities through job training programs and job creation. This, in turn, could help stabilize households financially and support efforts to achieve financial self-sufficiency if job-related opportunities are targeted to lower-income youth and adults.

Cost is often an obstacle to increasing energy efficiency in affordable housing units. For some builders and owners, short-term costs associated with improvements in energy efficiency outweigh the benefits of future savings that come from energy-efficient measures.<sup>83</sup> This focus on front-end costs has been attributed, in part, to owners' concern with return on investment (ROI) and a desire to increase revenues. Another component could be that some portion of the cost-saving benefits will accrue to residents rather than to the builder or, in the case of renters, the property owner. Unless and until short-term costs decline, efforts to shift the incentive structure will play an important role in motivating efficiency improvements.

Another dimension of the energy-efficiency challenge is location efficiency. Housing and transportation costs are complementary parts of households' budgets. Land costs less in locations far from employment centers and mass transit, but households typically have higher transportation costs when they live in these outlying areas. Public policy could reduce low-income households' transportation costs by providing incentives to developers to site affordable housing in locations that accommodate transit, walking and cycling.<sup>84</sup> However, some observers caution that many locations that are "efficient" from a transportation standpoint currently have higher than average poverty rates, poor performing public schools, and other social conditions that do not support fair housing law and other important housing goals.<sup>85</sup>

## **RESPONSES**

The private sector has developed a model for reducing up-front costs of building retrofits for larger property owners. Private, for-profit energy service companies (ESCs or ESCOs), which first appeared during the 1970s, "[develop, install, and finance] comprehensive, performance-based projects centered around improving the energy efficiency or load reduction of facilities owned or operated by customers."<sup>86</sup> ESCs assess the energy use in a structure, develop, finance, and then implement a plan to increase energy efficiency. Once the plan is in place, ESCs monitor and maintain the new system. The customer pays for the improvements over a period of years from the savings in utility costs that accrue.

The majority of ESC customers in the U.S. tend to be local and state governments, educational institutions, and hospitals – entities that rarely relocate and that focus on reducing costs as much as, or more than, they focus on ROI and increasing revenues.<sup>87</sup> ESCs have also worked with local housing authorities to upgrade inefficient heating systems, replace inefficient appliances and lights, and a range of other systems.<sup>88 89</sup>

Private non-profit organizations, such as community development corporations (CDCs), have engaged in efforts to reduce energy consumption and cost for households through home weatherization projects and other relatively low-cost efforts. CDCs work with low- and moderate-income households often with a goal of helping elderly homeowners remain in their own homes longer than they otherwise could.

In the early 2000s, Fannie Mae experimented with location efficient mortgages (LEMs), which allowed buyers in transit-accessible locations to qualify with higher debt-to-income ratios than would have normally been permitted. At the same time, many other new mortgage products were being introduced by the private sector, limiting the reach of LEMs. As the nation rebuilds its financial system, LEMs may reemerge as one response.<sup>90</sup>

Government efforts to increase energy efficiency range from initiatives to spur demand to establishing product and building standards. Here are a few examples of actions taken by government agencies.

- The FHA offers energy-efficient mortgages (EEMs) that allow qualified homebuyers and owners who refinance to roll costs of energy-efficient improvements into their mortgage loan by factoring in an estimated savings in utility costs expected to be available to the owner. EEMs can make homeownership more affordable for lower-income households and can create a market for energy-efficient products.
- Government purchasing practices at federal and local levels for everything from light bulbs to vehicles can help spur demand for energy-efficient products and product development while lowering government energy consumption and costs.
- Government policy also motivates efforts to improve energy efficiency. HUD developed an energy strategy for public and assisted housing and reports on outcomes as required by the Energy Policy Act of 2005. Actions have included considering energy efficiency performance when selecting contractors, awarding points for energy efficiency to proposals for competitive grant awards, training managers of HUD-owned properties in energy-efficient maintenance and operations, and offering educational workshops and conferences for residents and project partners.<sup>91</sup>
- As an example of government's role in consumer education, the EPA and the DOE established the Energy Star program in 1992. Energy Star, a voluntary labeling program, promotes energy-efficient appliances and HVAC systems by providing information on energy use and emissions for a range of products.<sup>92</sup> The program claims to have saved consumers, businesses and individuals approximately \$18 billion in 2010. DOE and other federal departments have established energy efficiency standards for a range of products.

At the regional and city level, there have been efforts to coordinate investments in energy efficiency initiatives to create a viable market for manufacturers, ESCs and banks, and to bring down costs.

# Discussion and Conclusion

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Against the backdrop of this review of challenges and responses, it may also be helpful to review some key tensions and questions that policymakers have always faced in responding to the need for affordable housing. These tensions are not purely practical but also reflect social values. Ongoing efforts to reform and reinvent housing programs, too, are likely to feature some of these tensions.

## What are the appropriate roles for the public and private sectors?

At its broadest level, this question arises in debates over regulation and deregulation of land and housing markets. Arguments supporting deregulation suggest that reducing government constraints will liberate private industry to provide an adequate housing supply at costs lower than those obtained in more regulated land and housing markets. Arguments supporting intervention for affordability (in the form of programs, incentives and subsidies) suggest that regulation is necessary for the long-term health, safety and welfare of the nation and its communities. The tension over appropriate limits for government involvement comes into play once policymakers agree that intervention is acceptable or necessary.

Over time, new public-private relationships in affordable housing have proliferated, to such an extent that disentangling the roles would be nearly impossible even if it were deemed desirable. Since the 1970s, private for-profit and not-for-profit entities have played increasingly large roles in affordable housing financing and development, ownership and management. The federal HOPE VI program has helped spur even greater private involvement through its model of mixed-income, mixed-tenure, and mixed-finance public housing development. This complex mix of practitioners raises difficult issues. When private partners finance, own and manage affordable housing, the system can be exposed to instability, because private investors can go bankrupt or opt out of affordability. Developing policy so as to bring out the best in for-profit, non-profit, and government stakeholders is a continuing challenge.

## What is the appropriate balance between homeownership and renting?

For decades, U.S. housing policy has emphasized homeownership over rental housing. The backing for homeownership is justified on many bases: compared with renting, homeownership is generally more effective as a means to build assets, provide more stability of tenure, and reinforce social networks among homeowners in neighborhoods.<sup>93</sup> Homeownership can also expand households' choices of neighborhoods, because owner-occupied housing is found in a wide range of neighborhoods and communities.<sup>94</sup>

In the wake of the current financial crisis, however, many observers suggest that it is time to shift toward a more balanced policy with a stronger emphasis on rental housing production and affordability than has been the case in the recent past. In part, this responds to the gravity of the rental housing affordability crisis. It also acknowledges that homeownership can limit workers' ability to move to metropolitan areas with greater opportunity, and that homeownership may not be the best form of tenure for some households. State and local governments in less-affordable housing markets have also struggled over how and whether to subsidize homeownership for low- to moderate-income buyers.

## How far beyond shelter should housing programs extend?

Most affordable housing policies, and many housing programs, strive to meet at least two goals: (1) to provide decent and affordable shelter to households of limited means and (2) to allow these households to lead stable, productive and healthy lives. To reach these broader goals, some households need services and support in addition to affordable shelter. Families who have access to these services as they begin to receive housing assistance may need less assistance in housing and other social support structures in the long term. In the short term, though, services and support are expensive, and delivering them may be beyond the expertise, budget and authority of housing providers alone.

## How should policymakers allocate scarce resources?

Designers of housing policy also consistently grapple with scarcity in resources. This challenge plays out in many ways. Should deep assistance be provided to a few households, or shallow assistance to many? Deep assistance provides sufficient support to allow a family to get a leg up and move out of the housing assistance system. Shallow assistance, by contrast, can help more families get by. Should assisted families be guaranteed indefinite support? Indefinite support provides stability and may be

imperative for certain vulnerable populations, especially the disabled. On the other hand, it can limit the availability of resources for other households and may foster dependence on assistance among people who would otherwise be capable of becoming independent.

## How should policymakers account for the many programs and policies that are already in place?

Housing policies and programs in the U.S. have developed and evolved for more than 100 years. The result includes housing units, developments and neighborhoods constructed in different ways and under different programs. At least as durable are the institutions that have evolved to knit affordable housing not only into communities but also into local, state and federal governments, civic organizations and the private sector. As policymakers have sought to address long-standing and new challenges, they have both amended established programs and invented new ones. While they have terminated some previous programs, the buildings and neighborhoods brought about by these programs often remain, and the rules that established them cannot be overturned without significant cost.

It has not been the purpose of this review to answer any of these questions or to recommend approaches to meeting the challenges we have outlined here. This review should, however, make it clear that a wide array of approaches has already been set forth, and by now they constitute a complex ecology involving the public sector, the private sector and philanthropy as providers, and millions of households as beneficiaries. These stakeholders have shown considerable creativity and innovation over the past five decades and will undoubtedly engage with new efforts to improve affordable housing delivery in the future.

# Notes

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<sup>1</sup> Following HUD, we define low-income households as those with income equal to or less than 80 percent of the area median, adjusted for family size. Moderate-income households have income between 80 and 125 percent of area median, adjusted for family size.

<sup>2</sup> American Community Survey (U.S. Census Bureau, 2009). Paying more than 30 percent of gross income on housing is considered unaffordable housing by most federal low income housing programs. See also National Low Income Housing Coalition, *Out of Reach* 2011, <http://www.nlihc.org/oor/oor2011/>.

<sup>3</sup> "Worst Case Housing Needs 2009: Report to Congress." *HUDuser.org*. U.S. Department of Housing and Urban Development. 2011. [http://www.huduser.org/portal/publications/affhsg/wc\\_HsgNeeds09.html](http://www.huduser.org/portal/publications/affhsg/wc_HsgNeeds09.html).

<sup>4</sup> "American Housing Survey for the United States: 2009." *Census.gov*. U.S. Department of Housing and Urban Development and the U.S. Department of Commerce. 2011. <http://www.census.gov/prod/2011pubs/h150-09.pdf>.

<sup>5</sup> "State of the Nation's Housing 2011." Joint Center for Housing Studies of Harvard University. Cambridge, MA: Harvard University, 2011.

<sup>6</sup> Pendall, Puentes, and Martin. "Not in My Back Yard." *Brookings.edu*. Advisory Commission on Regulatory Barriers to Affordable Housing, 2006. [http://www.brookings.edu/reports/2006/08metropolitanpolicy\\_pendall.aspx](http://www.brookings.edu/reports/2006/08metropolitanpolicy_pendall.aspx)

<sup>7</sup> Listokin, David, and David B. Hattis. "Building Codes and Housing." *Cityscape* 8(5): 21- 67. U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2005. <http://www.huduser.org/periodicals/cityscape/vol8num1/cityscapev8num1.pdf>

<sup>8</sup> That is, affordable at the standard that a household should pay no more than 30 percent of its income for housing and utilities.

<sup>9</sup> "Federal Housing and Homelessness Plans: Potential Tools in the Affordable Housing Preservation Toolbox." The Preservation Guide. *NLIHC.org*. National Low Income Housing Coalition, 2010. <http://www.nlihc.org/doc/Preservation-Guide2010.pdf>

<sup>10</sup> "A Picture of Subsidized Households." *HUDuser.org*. U.S. Department of Housing and Urban Development, 2008. <http://www.huduser.org/portal/picture2008/Introductionpercent20topercent20webpercent20application.pdf> HUD's PIC database is available online at <https://pic.hud.gov/pic/RCRPublic/rcrmain.asp>

<sup>11</sup> Finkel, Meryl, Ken Lam, Christopher Blaine, R.J. de la Cruz, Donna DeMarco, Melissa Vandawalker, and Michelle Woodford. "Capital Needs in the Public Housing Program." Cambridge, MA: Abt Associates, 2010.

<sup>12</sup> "A Guide To Best Practices In Rural Rental Preservation." *RuralHome.org*. Housing Assistance Council, 2008. <http://www.ruralhome.org/storage/documents/preservguidebestprac08.pdf>.

<sup>13</sup> RHS also operates loan and grant programs for farmworker housing, Sections 514 and 516; as of 2004, there were 787 projects with about 14,300 units in 42 states built under these programs. See: "USDA Section 514/516 Farmworker Housing: Existing Stock and Changing Needs." *RuralHome.org*. Housing Assistance Council, 2006. <http://www.ruralhome.org/storage/documents/fwhousing.pdf>.

<sup>14</sup> "An Overview of Federal Support for Housing." *CBO.gov*. Congressional Budget Office, 2009. <http://www.cbo.gov/ftpdocs/105xx/doc10525/11-03-HousingPrograms.pdf>

<sup>15</sup> The estimate of \$5-6 billion is from the Congressional Budget Office: "An Overview of Federal Support for Housing." *CBO.gov*. Congressional Budget Office, 2009. <http://www.cbo.gov/ftpdocs/105xx/doc10525/11-03-HousingPrograms.pdf>

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# Appendix A: Selected Federal Housing Programs by Challenge Area

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## Rental Housing Affordability

### **ENHANCED VOUCHERS/TENANT PROTECTION VOUCHERS**

Year Established: 1996

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: Enhanced Vouchers and Tenant Protection Vouchers are two types of special purpose vouchers – vouchers specifically provided by Congress in line-item appropriations. Enhanced Vouchers and Tenant Protection Vouchers are used to subsidize rents for tenants who are facing the conversion of their housing property from a subsidized building to a market rent building. Enhanced Vouchers are used when owners opt-out of subsidy contracts, prepay a mortgage linked to affordability requirements, or voluntarily terminate mortgage insurance linked to affordability requirements. Enhanced Vouchers enable the tenant to remain in the unit after the switch to market rent, even if rent levels exceed those normally allowed by the local public housing authority. If the family leaves the unit, the assistance converts to a regular voucher. Tenant Protection Vouchers are used when the tenant has no right to remain in the unit, which occurs in situations of HUD non-renewal of a project-based Section 8 contract, sale/foreclosure of the HUD subsidized mortgage, or demolition/disposition of public housing. Tenant Protection Vouchers do not have an enhanced payment standard.<sup>1</sup>

Funding Source(s): Appropriated by Congress in a line item.

Who is Eligible? Families impacted by a housing conversion action by HUD or the owner of the HUD multifamily projects and public housing agencies. Vouchers must be offered to affected families according to statute.

Estimated Number Served: 129,213 new Tenant Protection Vouchers created between 2005 and 2010.<sup>2</sup>

Estimated Dollar Level: \$120 million for Tenant Protection Vouchers (2009)<sup>3</sup>

Production Status: Active

## **HOME INVESTMENT PARTNERSHIP PROGRAM**

Year Established: 1990

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To fund the development of affordable housing for low-income households in line with the principles of community development. HOME is designed to be flexible so that communities and people can develop local strategies to meet local needs. The required element of consolidated planning “strengthens partnerships among all levels of government and the private sector.”<sup>4</sup> Further, HOME technical assistance and the required set-aside for Community Housing Development Organizations (CHDOs) builds the capacity of local organizations. Also, the 25-cent per dollar matching requirement for grantees brings together community-level resources with federal dollars for affordable housing development.<sup>5</sup>

Funding Source(s): Federal block grant to state and local governments to be used to create affordable housing for low-income households. HOME funds are awarded annually as formula grants. HUD provides a credit line to each grantee that can be used for a variety of purposes, including the following: financial assistance for home purchase or rehabilitation for eligible homebuyers, rehabilitating housing for rent or ownership, site acquisition, site improvement, demolition, payment of relocation expenses, and tenant-based rental assistance contracts up to two years if justified by the local market. Grantees must match every federal dollar with 25 cents from non-federal sources, which includes donated materials and labor as well as the value of donated property. Fifteen percent of the allocation must go toward housing to be owned, developed or sponsored by CHDOs. HOME funded units are tied to one of two affordability requirements: if the project was newly constructed rental housing it must remain affordable for 20 years, and if the project constructed housing for homeownership or a rehabilitation of an existing property, it must remain affordable for five to 15 years. Grantees have two years to commit funds and five years to spend funds.<sup>6</sup>

Who is Eligible? States are automatically eligible for HOME funds and receive either a formula-based allocation or \$3 million, whichever is greater. Local governments that are eligible for at least \$500,000 under the formula are also eligible for allocation. Communities that do not qualify for an individual allocation can join with other communities to create a consortium that meets the threshold for funding. Other localities can access HOME funds by applying for program funds allocated to their state. Low-income households are eligible beneficiaries of HOME-funded housing and rental assistance. Most of these families do not earn more than 60 percent of the median family income for the area. For HOME-funded rental projects with five or more units, 20

percent of the units must go to low income families (50 percent or below median family income).<sup>7</sup>

Estimated Number Served: Since inception, 450,000 units have been created and 84,000 tenants have received rental assistance.<sup>8</sup>

Estimated Dollar Level: \$1.650 billion requested (2012)<sup>9</sup>

Production Status: Active

## **HOPE VI**

Year Established: 1992

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To transform distressed public housing through four primary means: (1) "changing the physical shape of public housing;" (2) "establishing positive incentives for resident self-sufficiency and comprehensive services that empower residents;" (3) decreasing the concentration of poverty by "placing public housing in non-poverty neighborhoods and promoting mixed-income communities;" (4) partnering with "other agencies, local governments, non-profit organizations and private businesses to leverage support and resources."<sup>10</sup>

Funding Source(s): The HOPE VI program funds two types of grants: (1) HOPE VI revitalization grants and (2) HOPE VI Main Street grants. Revitalization grants can fund the following: "capital costs of major rehabilitation, new construction, and other physical improvements; demolition of severely distressed public housing; acquisition of sites for off-site construction; and community and supportive housing service programs for residents."<sup>11</sup> Main Street Grants provide funding for smaller communities developing affordable housing in conjunction with a main street revitalization effort.

Complementary Programs: Choice Neighborhoods

Who is Eligible? Only Public Housing Authorities (PHA) with severely distressed housing units in their inventory are eligible to apply for the revitalization grant; PHAs that only provide Housing Choice Vouchers are not eligible to apply. Only local governments that have a population of 50,000 or less and have 100 or fewer public housing units are eligible for Main Street grants.<sup>12</sup>

Estimated Number Served: From 1993 to 2007, HOPE VI funded the the redevelopment of 236 public housing projects in 127 communities across 34 states, the District of Columbia and Puerto Rico. By July 2009, 96,000 public housing units had either already been demolished or were scheduled for demolition.<sup>13</sup>

Estimated Dollar Level: \$6.7 billion (1993-2010)<sup>14</sup>

Production Status: Active



## **HUD ASSISTED HOUSING FORECLOSURE AND PROPERTY DISPOSITION**

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: Multifamily Property Disposition is “the program through which HUD forecloses on HUD-held mortgages of multifamily properties” (those properties with FHA mortgage insurance that default on their mortgages).<sup>15</sup> Properties are sold competitively, and HUD does not provide financing or mortgage insurance for them. There is also a program for single family property disposition, which applies to properties with one to four units.<sup>16</sup> These properties are sold through Good Neighbor Initiatives (e.g., good neighbor next door programs, discount sales to non-profit organizations and local governments, dollar HOME sales to local governments). In general, the program aims to sell properties so that the financial interests of the federal government are protected and the stock of decent, safe, affordable housing is preserved. The Multifamily Property Disposition Act of 1994 gave HUD more flexibility in selling properties on both a subsidized and unsubsidized basis.

Funding Source(s): Conventional mortgages; HUD provides no financing or mortgage insurance to purchasers of foreclosed or HUD owned properties.

Who is Eligible? Eligible purchasers include individuals, non-profit organizations and state and local governments. All purchasers must certify that the properties they own and operate comply with state and local housing laws, regulations, ordinances and codes. All purchasers must submit a Certification of Substantial Compliance Form.<sup>17</sup>

Production Status: Active

## **LOW INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT (LIHPRHA)**

Year Established: 1992 (defunded in FY1998)

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: LIHPRHA was “created to preserve federally assisted housing by providing financial incentives for owners to remain in federal programs, and by financing purchases of the properties by non-profit and tenant organizations.”<sup>18</sup> The law codifies the steps that must be taken by an owner to sell a HUD-assisted property or end HUD's affordability restrictions.

Funding Source(s): Federal budget allocation

Who is Eligible? Owners of HUD assisted properties are eligible for incentives. Tenant and non-profit organizations benefit from advantages in purchasing the buildings.

Estimated Number Served: 100,000 units were preserved by LIHPRHA and the

Emergency Low-Income Housing Preservation Act combined.<sup>19</sup>

Estimated Dollar Level: Defunded in 1998, but never repealed<sup>20</sup>

Production Status: No longer active, but properties still exist

### **LOW INCOME HOUSING TAX CREDIT (LIHTC)**

Year Established: 1986

Level of Government: Federal

Responsible Agency: U.S. Department of the Treasury, Internal Revenue Service (IRS)

Purpose: This program provides “an indirect federal subsidy to finance the development of affordable housing for low-income households.”<sup>21</sup> Properties funded after 1990 must commit to 30 years of affordability restrictions or sell the property after the 14th year to certain parties (tenant associations, non-profit organizations, and certain government agencies are given first right of refusal) for a qualified contract price.

Funding Source(s): THE LIHTC provides an incentive to private sector affordable housing development by providing a dollar-for-dollar tax credit against the developer's federal tax liability each year over a period of 10 years. Developers typically sell the credits to investors to raise capital, which lowers the amount they need to borrow and allows them to offer more affordable rents.<sup>22</sup> Tax credits are allocated competitively by states. The credit amount cannot be more than the amount needed to make the project feasible.<sup>23</sup>

Who is Eligible? Developers of residential rental properties are eligible to receive LIHTCs if they commit to the following: operate under one of two possible low-income occupancy thresholds, restrict rents (including utilities) in low-income units; and operate under the rent and income restrictions for 30 years or longer depending on written agreements with the agency issuing the tax credit are eligible to receive LIHTCs.<sup>24</sup>

Estimated Number Served: 1,672,239 units total, with 1,521,737 units occupied (2008).<sup>25</sup> On average, “almost 1,390 projects and nearly 103,000 units were placed in service each year of the 1995 to 2009 period.”<sup>26</sup>

Estimated Dollar Level: Nearly \$8 billion annually<sup>27</sup>

Production Status: Active

### **MOVING TO OPPORTUNITY (MTO)**

Year Established: 1994

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: MTO was a ten-year research demonstration that tested the impact of housing counseling and other assistance on the housing choices of Section 8 Housing Choice



Voucher households and the long-term impact of living in low-poverty neighborhoods on housing, employment and educational outcomes. The goal of the program was “to develop more effective mobility strategies for recipients of tenant-based housing assistance.”<sup>28</sup> Households were randomly assigned to either the experimental group, which received special relocation-focused housing counseling and vouchers to be used only for rental housing in areas with less than 10 percent poverty, or one of the two control groups. One control group received a voucher that could be used in any neighborhood along with standard housing counseling, while the other control group stayed in the public housing unit and did not receive new assistance.<sup>29</sup>

Funding Source(s): PHAs receive funds to cover their administrative costs, additional vouchers and housing counseling costs.

Complementary Programs: Section 8 Housing Choice Voucher Program

Who is Eligible? The 21 largest public housing authorities were invited to apply for funding and five PHAs were ultimately selected (Baltimore, Boston, Chicago, Los Angeles and New York City). Low-income families with children in those areas were eligible to participate in the demonstration.<sup>30</sup>

Estimated Number Served: 4,248 households were included in the sample.<sup>31</sup>

Estimated Dollar Level: Cost of demonstration to federal government was \$3,514,359.

Production Status: Not accepting new participants

## **PUBLIC HOUSING**

Year Established: 1937

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: “To provide decent and safe rental housing for low-income families, the elderly and persons with disabilities.”<sup>32</sup>

Funding Source(s): HUD allocates aid to local housing agencies (HAs) that own and manage housing for low-income households.

Who is Eligible? Low-income families and individuals are eligible. Eligibility is determined based on the following factors: (1) annual gross income; (2) status as elderly, as a person with a disability, or as a family; and (3) U.S. citizenship or eligible immigration status.<sup>33</sup>

Estimated Number Served: Currently, 1.2 million households<sup>34</sup>

Estimated Dollar Level: The FY 2012 budget for the Public Housing Operating fund was \$3.962 billion.<sup>35</sup> The FY 2012 budget for the Public Housing Capital Fund was \$1.875 billion<sup>36</sup>

Production Status: Public housing units are still in operation, but no new production is underway

## **SECTION 101**

Year Established: 1965

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide rent supplements on behalf of tenants living in privately owned rental housing (property-based rental assistance). This program was largely replaced by Section 8 Housing Choice Vouchers. The only new commitments are amendments made to contracts with state-assisted, non-HUD insured projects.<sup>37</sup>

Funding Source(s): Supported with funding from the Supplemental Appropriations Act since 1983. Since 2006, supporting funding has been allocated during the annual appropriations process.<sup>38</sup>

Complementary Programs: Section 236; Section 221(d)(3)

Who is Eligible? Owners of Section 221(d)(3) and Section 236 properties

Estimated Number Served: As of March 2009, 271 active rent supplement contracts with 13,683 rent supplement units remain, most of which are associated with non-insured state-aided Section 236 projects.<sup>39</sup>

Estimated Dollar Level: 2010 appropriation was \$9 million<sup>40</sup>

Production Status: Takes on limited number of new commitments, but largely replaced by Section 8.

## **SECTION 202**

Year Established: 1959

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To expand the supply of affordable housing options in which low-income seniors can live independently. Some Section 202 residences provide supportive services (e.g., assistance with cleaning, cooking and transportation). Funds can be used for the development of the property as well as project rental assistance. This is the only federal program currently providing housing exclusively to older persons. However, until the creation of Section 811 in 1990, Section 202 served as the housing program for both elderly and disabled persons, so some Section 202 developments still house a mixture of elderly and non-elderly disabled persons.<sup>41</sup>

Funding Source(s): HUD allocates capital advances competitively to non-profit sponsors.

Projects are also eligible for project rental assistance, which pays the difference between the cost of the project and the amount residents pay.<sup>42</sup> 85 percent of capital advances are allocated to metro areas, and fifteen percent are allocated to non-metro areas.<sup>43</sup>

Complementary Programs: LIHTC

Who is Eligible? Private non-profit organizations and non-profit consumer cooperatives are eligible for funding. Only those age 62 or older are eligible to live in Section 202 properties funded after 1990.

Estimated Number Served: 263,000 units<sup>44</sup>

Estimated Dollar Level: \$375 million (FY 2012)<sup>45</sup>

Production Status: Active

### **SECTION 221(D)(3)**

Year Established: 1961

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: This program provides FHA mortgage insurance to non-profit sponsors in order to “assist the private industry in the construction or rehabilitation of rental and cooperative housing for moderate-income and displaced families,” as well as the elderly and disabled by making credit more available.<sup>46</sup> Single Room Occupancy projects are also insured under this program.

Funding Source(s): This program provides federally funded mortgage insurance. The maximum amount that HUD will insure depends on the size of the unit and the type of structure.

Complementary Programs: Section 221(d)(4) is the counterpart to 221(d)(3) for which profit-motivated sponsors are eligible.

Who is Eligible? Eligible borrowers include public, non-profit and cooperative mortgagors. All families are eligible customers. There are no income limits; however, projects can be designed specifically for the elderly or for disabled persons.

Estimated Number Served: For FY2011, 221(d)(3) and 221(d)(4) insured 189 projects with 30,483 units.<sup>47</sup>

Estimated Dollar Level: For FY2011, 221(d)(3) and 221(d)(4) insured mortgages for projects valuing \$3 billion.<sup>48</sup>

Production Status: No longer producing new units (ceased issuing new loans in 1968; replaced by Section 236), but units still exist.

## **SECTION 236**

Year Established: 1969

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To encourage private developers to create housing for low- and moderate-income households by providing mortgage subsidies to building owners in the form of Interest Reduction Payments (IRPs). IRPs ensure owners only pay one percent interest on their mortgages.<sup>49</sup> HUD provides a subsidy for the "difference between one percent and the market interest on the property loan."<sup>50</sup>

Funding Source(s): Allocation in federal budget

Complementary Programs: Section 8 project-based vouchers; Rent Supplement Program (Section 101); Rental Assistance Payments (RAP) Program<sup>51</sup>

Who is Eligible? Housing developers with market-rate mortgages were eligible to receive IRPs. To live in a Section 236 insured property, a household's income could be no higher than 80 percent of the area median income.

Estimated Number Served: 249,345 still remain (2009)<sup>52</sup>

Estimated Dollar Level: \$31 million (2010)<sup>53</sup>

Production Status: No longer producing new units (ceased to be active in 1973), but units still exist.<sup>54</sup>

## **SECTION 514/516**

Year Established: 1949

Level of Government: Federal

Responsible Agency: U.S. Department of Agriculture, Rural Housing Service (RHS)

Purpose: Section 514/516 is known as the Farm Labor Housing Program. This program provides public agencies, private non-profit agencies, and individual farmers with low-interest loans and grants that can be used to build affordable rental housing for farm workers. This is the only source of funds specifically dedicated for farm labor housing.<sup>55</sup>

Funding Source(s): The RHS provides the grants and loans to build section 514/516 properties.

Complementary Programs: Section 521

Who is Eligible? Public agencies, non-profit agencies and individual farmers<sup>56</sup>

Estimated Dollar Level: \$20.8 million (Section 514) and \$7.1 million (Section 516) in FY 2012<sup>57</sup>

Production Status: Active

## **SECTION 515**

Year Established: 1949

Level of Government: Federal

Responsible Agency: U.S. Department of Agriculture, Rural Housing Service (RHS)

Purpose: The goal of Section 515 is to spur development of affordable multifamily rental housing for very low-, low- and moderate-income families; the elderly; and persons with disabilities by providing developers with direct, competitive mortgage loans. Funds may also be used to buy or improve land or to provide necessary facilities (i.e. water, waste disposal systems).<sup>58</sup>

Funding Source(s): The RHS provides the loans at a one percent interest rate. The loans are repayable in 50 years.

Complementary Programs: Section 521 (RHS) provides rental assistance payments made to owners of rental properties to cover the difference between the tenants' rent payments and the USDA-approved rent for Section 515 units.

Who is Eligible? Loans can be made to a wide variety of actors including individuals, trusts, associations, partnerships, state or local agencies, consumer cooperatives, and profit and non-profit organizations.<sup>59</sup> For new 515 properties, 95 percent of tenants must have very low incomes.<sup>60</sup> Borrowers who are not public agencies must show that financial assistance from other sources is not sufficient for the developer to provide housing at affordable rates. Borrowers must agree to operate the property on a limited profit or non-profit basis in order to be eligible.

Estimated Number Served: 445,000 (2008)<sup>61</sup>

Estimated Dollar Level: RHS appropriated \$64.5 million in 2012.<sup>62</sup>

Production Status: Active

## **SECTION 521**

Year Established: 1949

Level of Government: Federal

Responsible Agency: U.S. Department of Agriculture, Rural Housing Service (RHS)

Purpose: Section 521 is the RHS' rental assistance program that provides rent subsidies "to tenants in Rural Development rural rental or off-farm labor housing complexes so that they do not pay more than 30 percent of their income on rent and utilities."<sup>63</sup> This

program is used in conjunction with section 515 and 514/516 loan and grant properties to maintain their viability and affordability.

Funding Source(s): This program is the largest line item appropriation for the RHS.

Complementary Programs: RHS Section 515, and Section 514/516

Who is Eligible? Residents of Section 515 and Section 514/516 properties who require a rent subsidy to keep their housing costs affordable (30 percent of income) are eligible.

Estimated Number Served: Approximately 250,000 tenants (2004)<sup>64</sup>

Estimated Dollar Level: \$904.7 million (2012)<sup>65</sup>

Production Status: Active

## **SECTION 8 (CONTRACT RENEWALS, HOUSING CHOICE VOUCHERS)**

Year Established: 1998

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To assist "very low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private market."<sup>66</sup> The Section 8 program has two main components: tenant-based vouchers and project-based vouchers; both of which are administered by local public housing agencies (PHAs). For a tenant-based voucher, the voucher holder finds eligible housing in the private market, and uses the voucher to bring the rent to an affordable level. The household retains the voucher upon moving and applies it to a new housing unit. For property-based vouchers, the property owner enters into a contractual agreement with the PHA to allocate a designated number of units for the Housing Choice Voucher program. When a unit is available, the PHA refers families to the property and the property owner chooses the family to whom he or she will rent the subsidized unit. When the family wants to move, they cannot retain the voucher since the contract is between the PHA and the property owner. Upon leaving the property, the family must wait for a tenant-based voucher, or find another project-based unit, if the family intends to continue receiving rental assistance.<sup>67</sup>

Funding Source(s): Federal funds from HUD are used to administer the program.

Who is Eligible? PHAs determine eligibility by taking into account total annual gross income and family size. Section 8 assistance is also limited to U.S. citizens and certain categories of non-citizens who have eligible immigration status.<sup>68</sup> Generally, the family's income cannot be above 50 percent of the median family income for the county or the metro area where the family chooses to live. Each PHA is required to allocate 75 percent of its vouchers to applicants with incomes that are 30 percent of the area median income or below. Families eligible for a tenant-based housing choice voucher are also

eligible for property-based voucher units. Up to 20 percent of the vouchers allocated to a PHA under the annual contributions contract can be used for project-based vouchers. PHAs establish a written policy for how they will select property-based voucher units. Generally, the rent of applicable units may not exceed 110 percent of the fair market rent. Substandard rental housing is eligible for project-based vouchers if the rehabilitation costs are at least \$1,000 per unit. Rental units already assisted under some other federal programs (i.e. public housing, rental rehabilitation) are not eligible for project-based vouchers.<sup>69</sup>

Estimated Number Served: 2.2 million of households served with Housing Choice Vouchers (2010).<sup>70</sup>

Estimated Dollar Level: 2013 budget allocates \$19.1 billion for Housing Choice Vouchers, including \$17.2 billion for voucher renewal.<sup>71</sup>

Production Status: Active

## **SECTION 811**

Year Established: 1990

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To allow low income persons with disabilities "to live as independently as possible in the community by subsidizing rental housing opportunities which provide access to appropriate supportive services."<sup>72</sup>

Funding Source(s): HUD provides interest-free capital advances to non-profit sponsors to help finance such projects; advances can be used for construction, rehabilitation or acquisition costs. If the property remains available to low-income persons with disabilities for at least 40 years, the advance does not have to be repaid. Section 811 also provides project rental assistance, which pays the difference between the cost of the project and the amount residents pay. A supportive services plan is required to receive funding.<sup>73</sup>

Who is Eligible? Non-profit organizations with Section 501(c)(3) tax exemption are eligible for the grant. Eligible residents are households that are very low-income (below 50 percent of the median income of the area) with an adult household member that has a disability.<sup>74</sup>

Estimated Number Served: 30,000 households (2011).<sup>75</sup>

Estimated Dollar Level: \$165 million (FY 2012)<sup>76</sup>

Production Status: Still producing units



# Homeownership for Low-Income Households

## **AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI)**

Year Established: 2003

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development

Purpose: "To assist low-income first-time homebuyers in purchasing single-family homes by providing funds for downpayment, closing costs, and rehabilitation carried out in conjunction with the assisted home purchase."<sup>77</sup>

Funding Source: Federally allocated funds were distributed to states and local participating jurisdictions through the HOME formula block grant.<sup>78</sup>

Complementary Programs: HOME Investment Partnerships Program

Who is Eligible? First-time homebuyers, which HUD defines as "an individual and his or her spouse who have not owned a home during the three-year period prior to the purchase of a home with ADDI assistance," whose income does not exceed 80% area median income (AMI) and are interested in purchasing single family housing are eligible.<sup>79</sup> ADDI funds can be used to purchase a single family home, condominium units, cooperative units, or manufactured housing.

Estimated Dollar Level: \$270,490,639 allocated from FY 2003-FY 2008.<sup>80</sup>

Production Status: Program is no longer active.

## **FHA GUARANTEED MORTGAGES**

Year Established: 1934

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide "lenders with protection against losses as the result of homeowners defaulting on their mortgage loans. The lenders bear less risk because FHA will pay a claim to the lender in the event of a homeowner's default. Loans must meet certain requirements established by FHA to qualify for insurance."<sup>81</sup>

Funding Source(s): Self-generated income

Complementary Programs: Homeownership counseling

Who is Eligible? This program is not targeted toward persons at or below certain income levels. However, the borrower must meet standard FHA credit qualifications, and limits on eligible loan amounts apply. The borrower is eligible for approximately 96.5 percent financing and is able to finance the upfront mortgage insurance premium into the

mortgage. The borrower bears responsibility for paying an annual premium. Eligible properties are one-to-four unit structures. There are also various local and state requirements.<sup>82</sup>

Estimated Number Served: 34 million home mortgages and 47,205 multifamily project mortgages have been served since 1934.<sup>83</sup>

Production Status: Active

## **HOME MORTGAGE INTEREST DEDUCTION**

Level of Government: Federal

Responsible Agency: U.S. Department of the Treasury, Internal Revenue Service (IRS)

Purpose: To incentivize homeownership by allowing homeowners to deduct the cost of the mortgage loan interest from one's federal income taxes, and usually from one's state taxes. This deduction reduces the taxpayer's taxable income.<sup>84</sup>

Funding Source(s): Foregone revenue to the government in the form of a tax deduction

Who is Eligible? Persons who pay interest on a loan for either a principal residence or second home are eligible.<sup>85</sup>

Estimated Number Served: Approximately 37 million individuals and couples claim this deduction each year.<sup>86</sup>

Estimated Dollar Level: \$116.6 billion (projected 2012)<sup>87</sup>

Production Status: Active

## **HOMEOWNERSHIP COUNSELING**

Year Established: 1968

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To enable anyone who wants to own or already owns a home to get the counseling they need to make their mortgage payments and to be a responsible homeowner. Counseling is provided by HUD-approved housing counseling agencies.<sup>88</sup>

Funding Source(s): HUD and other funding sources

Who is Eligible? Individuals, families or groups who are homeowners or homebuyers may receive counseling from HUD-approved and HUD-funded housing counseling agencies.<sup>89</sup>

Production Status: Active

## **NATIONAL HOUSING TRUST FUND**

Year Established: 2008

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To “supplement existing Federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families.”<sup>90</sup>

Funding Source(s): The Housing and Economic Recovery Act of 2008 (HERA) requires the government sponsored entities (GSEs), Fannie Mae and Freddie Mac, to “transfer a percentage of their new business to finance the Trust Fund.”<sup>91</sup> However, after the GSEs were placed into conservatorship their contributions to the Housing Trust Fund were suspended indefinitely.

Who is Eligible? States and state-designated entities are eligible to receive grants from the National Housing Trust Fund. Formula grants will be made annually when the trust fund is funded. HTF grants may be used to produce or preserve affordable housing through “acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities.”<sup>92</sup> At least 80 percent of annual grants must be used for rental housing, and up to 10 percent may be used for homeownership. Up to 10 percent of the grants may be used for administrative and planning costs.

Estimated Dollar Level: HUD sought \$1 billion to fund capital investment under the National Housing Trust Fund (2011).<sup>93</sup>

Production Status: Active, however, the program has never been capitalized and no awards have been made.

## **SECTION 8 HOMEOWNERSHIP**

Year Established: 2000

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To allow Section 8 payments “to be made for homeownership purposes under specified circumstances and at the discretion of the PHA.”<sup>94</sup>

Complementary Programs: Homeownership counseling

Who is Eligible? First time homebuyers are eligible for the program. However, there are exceptions that allow a household that is not a first time buyer to participate in the program. For example, “a family in which one member is a person with disabilities and use of the homeownership option is needed as a reasonable accommodation, so that the program is readily accessible and usable by such persons.”<sup>95</sup> PHAs have the option to

decide whether to allow their voucher programs to be used for homeownership and may specify additional eligibility and other requirements.<sup>96</sup>

Production Status: Active

### **SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM (SHOP)**

Year Established: 1996

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide funding for national and regional non-profit organizations and consortia that build housing for low-income persons and families through a “self-help” model. Such programs typically are volunteer-based and require homebuyers to contribute their own labor towards the building of their house.<sup>97</sup>

Funding Source(s): This is a federal grant through HUD. Funds may be used for land acquisition, infrastructure improvements and administrative costs. Total land acquisition and infrastructure improvement costs cannot exceed \$15,000 in SHOP assistance per home. Administrative costs may not exceed 20 percent of the total grant amount.<sup>98</sup>

Who is Eligible? National and regional non-profit organizations and consortia that use homebuyer and volunteer labor to build housing are eligible. To be eligible, “applicants must have completed a minimum of 30 self-help housing units in the last 24 months.”<sup>99</sup>

Estimated Dollar Level: \$14 million (FY 2012)<sup>100</sup>

Production Status: Active

## Foreclosure Response and Recovery

### **EMERGENCY HOMEOWNERS’ LOAN PROGRAM (EHLF)**

Year Established: 1975; reauthorized with modifications by Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide mortgage payment relief to eligible homeowners experiencing a sudden drop in income (at least 15 percent) due to job loss, involuntary unemployment or medical emergency. The program offers “a declining balance, deferred payment ‘bridge loan’... for up to \$50,000 to assist eligible homeowners with payments of arrearages, including delinquent taxes and insurance plus up to 24 months of monthly payments on their mortgage principal, interest, mortgage insurance premiums, taxes and hazard insurance.”<sup>101</sup>

Funding Source(s): \$1 billion from Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>102</sup>

Complementary Programs: Connecticut, Delaware, Idaho, Maryland and Pennsylvania are not covered by ELHP because they have substantially similar state programs.<sup>103</sup>

Who is Eligible? Eligible homeowners must meet the following criteria: have “a total pre-event household income equal to, or less than, 120 percent of the Area Median Income (AMI);” experienced significant income reduction “that is at least 15 percent lower than the pre-event income;” be either wage-and-salary workers or self-employed individuals; be “at least three months delinquent on payments and have received notification of an intention to foreclose;” “have a reasonable likelihood of being able to resume repayment of the first mortgage obligations within 2 years;” and be able to meet other housing expenses and debt obligations when the household regains full employment.<sup>104</sup>

Estimated Number Served: HUD will assist borrowers in Puerto Rico and the 32 states otherwise not funded by Treasury's Innovation Fund for Hardest Hit Housing Market program, based on their relative unemployment measures.<sup>105</sup>

Estimated Dollar Level: \$1 billion total; the estimated dollar level allocated to each location can be found on page 6 of the Emergency Homeowner Loan Program – Summary.<sup>106</sup>

Production Status: Active

## **FORECLOSURE AVOIDANCE COUNSELING**

Year Established: 2007

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: The National Foreclosure Mitigation Counseling Program (NFMC) seeks to address the nationwide foreclosure crisis “by dramatically increasing the availability of housing counseling for families at risk of foreclosure.”<sup>107</sup> These counseling agencies provide clients with free foreclosure prevention counseling. Competitively selected grantee organizations provide the “counseling services, either directly or through subgrantee organizations. Upwards of 1,700 counseling agencies operate under the program.”<sup>108</sup>

Funding Source(s): HUD, NeighborWorks America

Who is Eligible? Generally, all homeowners in the community experiencing financial difficulties which might put them in default on their home mortgages are eligible to register for free foreclosure prevention counseling at a HUD-approved housing counseling agency. Certain state housing finance authorities require borrowers are required to register with the housing agency that has been assigned to their mortgage servicing company.

Estimated Number Served: More than 1,350,000 as of June 2012<sup>109</sup>

Estimated Dollar Level: \$73.8 million (2012)<sup>110</sup>

Production Status: Active

### **HOME AFFORDABLE FORECLOSURE ALTERNATIVES (HAFA)**

Year Established: 2010

Level of Government: Federal

Responsible Agency: U.S. Department of the Treasury and U.S. Department of Housing and Urban Development

Purpose: Homeowners whose mortgage payments are unaffordable and who are interested in transitioning to more affordable housing may be eligible for a short sale or deed-in-lieu of foreclosure through the Home Affordable Foreclosure Alternatives (HAFA) Program. Following a HAFA short sale, the homeowner is no longer responsible for the difference between what they owe on the mortgage and the amount for which the home sells. The homeowner also receives \$3,000 in relocation assistance upon successful closing of the short sale or deed-in-lieu of foreclosure.<sup>111</sup>

Funding Source(s): TARP

Complementary Programs: Making Home Affordable Program

Who is Eligible? Homeowners may be eligible if they meet the following criteria: the homeowner has "documented financial hardship;" the homeowner has "not purchased a new home within the last 12 months;" the homeowner's "first mortgage is less than \$729,750;" the homeowner got the mortgage prior to January 1, 2009; the homeowner has not "been convicted within the last 10 years of a felony larceny, theft, fraud, forgery, money laundering or tax evasion in connection with a mortgage or real estate transaction."<sup>112</sup>

Production Status: Active

### **HOME AFFORDABLE MODIFICATION PROGRAM (HAMP)**

Year Established: 2008

Level of Government: Federal

Responsible Agency: U.S. Department of the Treasury and the U.S. Department of Housing and Urban Development.

Purpose: "To help financially struggling homeowners avoid foreclosure by modifying loans to a level that is affordable for borrowers now and sustainable over the long term."<sup>113</sup> The program allows mortgage holders to permanently change one or more of the terms of a mortgagor's loan, which allows the loan to be reinstated, and results in a payment that the mortgagor can afford. In addition to the general HAMP program, there

are also FHA-HAMP and VA-HAMP, which serve those with FHA and VA insured or guaranteed mortgages, respectively. HAMP, FHA-HAMP, and VA-HAMP all strive to lower the monthly mortgage payment to 31 percent of the homeowner's verified monthly gross income and make mortgages more affordable.<sup>114</sup>

Funding Source(s): TARP

Complementary Programs: Making Home Affordable Program, 2MP, Principle Reduction Alternative (PRA), and Home Affordable Unemployment Program (UP). 2MP is designed to work in tandem with HAMP "to provide comprehensive solutions for homeowners with second mortgages."<sup>115</sup>

Who is Eligible? Homeowners may be eligible for HAMP assistance if the amount owed on the mortgage is below specified limits and if they meet the following criteria: the homeowner got the mortgage prior to January 1, 2009; "the property has not been condemned;" the homeowner has "financial hardship and are either delinquent or in danger of falling behind" on mortgage payments; the homeowner has "sufficient, documented income to support a modified payment; and the homeowner has not "been convicted within the last 10 years of felony larceny, theft, fraud or forgery, money laundering or tax evasion in connection with a mortgage or real estate action."<sup>116</sup>

Estimated Number Served: 2,346,000 as of May 2011

Production Status: Active

## **MAKING HOME AFFORDABLE (MHA) PROGRAMS**

Year Established: 2008

Level of Government: Federal

Responsible Agency: Mixed

Purpose: "To help homeowners avoid foreclosure, stabilize the country's housing market, and improve the nation's economy."<sup>117</sup> Programs under the MHA initiative include: Home Affordable Modification Program (HAMP). Principle Reduction Alternative (PRA), Second Lien Modification Program (2MP), FHA Home Affordable Modification Program (FHA-HAMP), USDA's Special Loan Servicing, Veteran's Affairs Home Affordable Modification (VA-HAMP), Home Affordable Foreclosure Alternatives Program (HAFA), Second Lien Mortgage Program for Federal Housing Administration Loans (FHA-2LP), Home Affordable Modification Program for Rural Development Loans (RD-HAMP), Home Affordable Refinance Program (HARP), FHA Refinance for Borrowers with Negative Equity (FHA Short Refinance), Home Affordable Unemployment Program (UP), Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (HHF). This collection of programs helps homeowners lower their monthly payments and refinance their mortgages to get lower interest rates, and transition to more affordable housing if their current mortgage remains unsustainable even with assistance.<sup>118</sup>



Funding Source(s): TARP

Who is Eligible? Eligibility varies depending on the program.

Production Status: Active

### **NEIGHBORHOOD STABILIZATION PROGRAM (NSP) I**

Year Established: 2008

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To stabilize communities hard hit by foreclosures and abandonment “through the purchase and redevelopment of foreclosed and abandoned homes and residential properties.”<sup>119</sup> NSP I grantees develop their own programs and funding priorities. All activities funded by NSP must benefit low- and moderate-income persons.

Funding Source(s): Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008

Complementary Programs: CDBG, NSP II, NSP III

Number of Grants Awarded: HUD awarded grants to “309 grantees including the 55 states and territories, and selected local governments to stabilize communities hardest hit by foreclosures and delinquencies.”<sup>120</sup> “NSP I grantees were selected on the basis of statutory objectives and a greatest-need formula developed by HUD. Each of the 50 states and Puerto Rico received a minimum award of \$19.6 million. Insular areas and the District of Columbia also received a direct award. The other grantees that received direct awards were selected on the basis greatest need factors (e.g., highest rate of foreclosures, subprime mortgages, abandoned homes, etc.) with a minimum grant threshold of approximately \$2 million.”<sup>121</sup> “Under NSP I, grantees have 18 months from the date of the grant agreement to obligate these funds and four years to expend an amount equal to these allocations. HUD expects that grantees will have contracts signed or made written offers for properties within 18 months.”<sup>122</sup>

Estimated Dollar Level: Approximately \$3.2 billion to 309 grantees<sup>123</sup>

Production Status: No longer active

## **NEIGHBORHOOD STABILIZATION PROGRAM (NSP) II**

Year Established: 2009

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To “stabilize neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon and abandoned.”<sup>124</sup>

Funding Source(s): American Recovery and Reinvestment Act (the Recovery Act) of 2009

Complementary Programs: CDBG, NSP I, NSP III

Who is Eligible? States, local governments, non-profit organizations, and consortia of non-profit organizations are eligible to receive NSP II grants, which are allocated on a competitive basis.<sup>125</sup> NSP II grantees develop their own programs and funding priorities. All activities funded by NSP2 must benefit low- and moderate-income persons. NSP II funds may be used to do the following: “establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;” “purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon;” “establish land banks for homes and residential properties that have been foreclosed upon;” “demolish blighted structures;” and “redevelop demolished or vacant properties.”<sup>126</sup>

Estimated Dollar Level: \$1.93 billion to 56 grantees nationwide plus an additional \$50 million for technical assistance (NSP-TA)<sup>127</sup>

Production Status: Active

## **NEIGHBORHOOD STABILIZATION PROGRAM (NSP) III**

Year Established: 2010

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: “To mitigate the negative impact of the nation's economic decline and housing market collapse and to stabilize and revitalize communities/areas hit the hardest.”<sup>128</sup>

NSP III grantees develop their own programs and funding priorities. All activities funded by NSP III must benefit low- and moderate-income persons.

Funding Source(s): Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd–Frank Act) of 2010

Complementary Programs: CDBG, NSP I, NSP II

Who is Eligible? HUD awarded grants to 270 states and selected local governments. "NSP III funds were allocated by a formula based on the number of foreclosures and vacancies in the 20 percent of U.S. neighborhoods (Census Tracts) with the highest rates of homes financed by a subprime mortgage, are delinquent, or are in foreclosure."<sup>129</sup> "Under NSP III, grantees have two years from the date HUD signed their grant agreements to expend 50 percent these funds and three years to expend an amount equal to these allocations."<sup>130</sup>

Estimated Dollar Level: \$1 billion to 270 states and selected local governments<sup>131</sup>

Production Status: Active

## Homelessness

### **BASE REALIGNMENT AND CLOSURE (BRAC)**

Year Established: 1994

Level of Government: Federal

Responsible Agency: U.S. Department of Defense (DoD) and U.S. Department of Housing and Urban Development (HUD)

Purpose: A collaborative effort by the DoD and HUD to ensure that Local Redevelopment Authorities (LRAs) are able to use former military bases/installations to accommodate the needs of the community's homeless population. The LRAs are recognized by the DoD's Office of Economic Adjustment as the body responsible for reuse planning. HUD reviews DoD's plans for base closure to make sure that the needs of the homeless population are taken into account. Once the redevelopment plan is approved, local homeless assistance providers, state and local governments can use the former military facilities for a range of activities related to serving the homeless population (i.e., emergency shelter, supportive services, permanent supportive housing, etc.).<sup>132</sup>

Funding Source(s): No funding is provided, only the transfer of the military property to civilian use.

Who is Eligible? LRAs and Homeless Assistance Providers are eligible to use the former military properties. Individuals and families experiencing homelessness in the areas near former military properties are eligible beneficiaries.

Production Status: Active

### **EMERGENCY FOOD AND SHELTER GRANTS**

Year Established: Established in 1983; authorized in 1987<sup>133</sup>

Level of Government: Federal

Responsible Agency: U.S. Department of Homeland Security, Federal Emergency

Management Agency (FEMA)

Purpose: To expand efforts "to meet the needs of hungry and homeless people throughout the United States and its territories by allocating federal funds for the provision of food and shelter."<sup>134</sup>

Funding Source(s): This program provides project grants that can be used for food and related expenses, rent/mortgage and/or utility costs for one month, and limited rehabilitation of feeding and shelter facilities.<sup>135</sup> Funding from this program is intended to add to the program's initial funding so that the program can expand its current efforts, not to replace other sources of funding.

Who is Eligible? Eligibility varies by locality. A local board manages its community's Emergency Food and Shelter Grants Program and is responsible for determining the community's needs and grants funds accordingly.<sup>136</sup>

Estimated Dollar Level: \$120 million (2012)<sup>137</sup>

Production Status: Active

### **EMERGENCY SHELTER GRANTS/EMERGENCY SOLUTIONS GRANT (ESG)**

Year Established: 1983

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: Prior to 2011, this program was known as the Emergency Shelter Grants program, and its purpose was to fund state, local and private efforts to create new emergency shelters and improve existing shelters while funding related social services. Grant money could be used for renovation/rehabilitation or conversion of buildings into shelters or transitional housing, social services, operating costs, homelessness prevention activities, and grant administration. As of 2011, the grant has been renamed the Emergency Solutions Grant to reflect the broadening of its purpose to include homelessness prevention efforts as well as emergency shelter. The program's new stated purpose is "to assist individuals and families quickly regain stability in permanent housing after experiencing a housing crisis or homelessness."<sup>138</sup>

Funding Source(s): Federal block grant from HUD. Local government grantees are required to match the funding with other private or public funds or through volunteer service; states do not have to match the first \$10,000. Under 2011 changes, 40 percent of the grant must go toward rehousing activities.

Who is Eligible? State governments, large city governments, urban county governments, and governments of U.S. territories are eligible grantees. These grantees distribute the ESG funds to local government agencies or private non-profit organizations.<sup>139</sup>

Estimated Number Served: 221,610 (2010)

Estimated Dollar Level: \$286 million in 2012<sup>140</sup>

Production Status: Active

### **HEALTHCARE FOR THE HOMELESS (HCH)**

Year Established: 1985 – 19 demonstration projects were funded by the Robert Wood Johnson Foundation and the Pew Memorial Trust.

Year Federal Funding Began: 1987

Level of Government: Federal

Responsible Agency: U.S. Department of Health and Human Services (HHS)

Purpose: To provide “primary health care, substance abuse treatment, emergency care with referrals to hospitals for in-patient care services, and outreach services to help difficult-to-reach homeless persons establish eligibility for entitlement programs and housing.”<sup>141</sup> Each HCH program is located in a medically underserved community and is a non-profit organization or public entity governed by a community board. Fees for services provided are determined based on income and ability to pay; no one can be turned away based on inability to pay. HCH programs are required to provide substance abuse treatment services.

Funding Source(s): Federal grant administered by HHS’ Health Resources and Services Administration within the Consolidated Health Center Program.

Who is Eligible? State and local governments and non-profit organizations are eligible grantees. Those who are considered homeless under the HHS definition of homelessness are eligible beneficiaries.

Estimated Number Served: 809,848 patients (2010)<sup>142</sup>

Estimated Dollar Level: \$187 million (2009)<sup>143</sup>

Production Status: Active

### **HOMELESS PROVIDERS GRANT AND PER DIEM PROGRAM**

Year Established: 1992

Level of Government: Federal

Responsible Agency: U.S. Department of Veterans Affairs

Purpose: To fund programs that provide services to homeless veterans and “promote the development and provision of supportive housing and/or supportive services with the goal of helping homeless Veterans achieve residential stability, increase their skill levels and/or income, and obtain greater self-determination.”<sup>144</sup>

Funding Source(s): There are two levels of funding: grant and per diem. Grant funding can go towards a maximum of 65 percent of the cost of construction, renovation or

acquisition of a building to be used as a service center or transitional housing for homeless veterans. Grantees must obtain the remaining 35 percent from other sources. Grants cannot be used for operational costs, including salaries. Operational costs, including salaries, can be funded with per diem funding. For Per Diem funding, the maximum amount payable for supportive housing is \$38.90 per day per veteran housed. Programs can ask veterans to pay rent for housing so long as it does not exceed 30 percent of their monthly adjusted income. Reasonable fees may be charged for services that are not funded by per diem funding. The maximum amount for per diem funds for programs that do not provide supportive housing is 1/8 of the daily cost of care. Grant recipients are given priority in awarding Per Diem funding, but non-grant programs can also apply for per diem funds.<sup>145</sup>

Who is Eligible? "Only programs with supportive housing (up to 24 months) or service centers (offering services such as case management, education, crisis intervention, counseling, and services targeted towards specialized populations including homeless women Veterans, etc.) are eligible for funds."<sup>146</sup>

Estimated Number Served: 14,801 transitional housing beds, of which 5,759 are Per Diem only transitional housing beds and 9,042 are capital grant transitional housing beds.<sup>147</sup>

Estimated Dollar Level: \$217.6 million (2011)<sup>148</sup>

Production Status: Active

## **HOMELESSNESS PREVENTION AND RAPID REHOUSING**

Year Established: 2009

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To "provide financial assistance and services to prevent individuals and families from becoming homeless and help those who are homeless to be quickly rehoused and stabilized."<sup>149</sup> The program targets individuals and families who would be homeless if they did not have assistance or who have been homeless only for a short time (less than 90 days). Funds can provide for a variety of types of assistance, including short- or medium-term rental assistance, housing relocation, stabilization services, mediation, credit counseling, security or utility deposits, utility payments, cost of moving, and case management.<sup>150</sup>

Funding Source(s): Funded by the American Recovery and Reinvestment Act (ARRA). HUD allocates funds through a formula allocation. At least 60 percent of funds must be spent within two years. All funds must be spent within three years.<sup>151</sup>

Who is Eligible? Metropolitan cities, urban counties and states are eligible to receive grants. These bodies then distribute funds to local governments and private non-profit organizations.<sup>152</sup>

Estimated Number Served: 19,842 (2010)

Estimated Dollar Level: \$1.5 billion (ARRA funding) (2009)<sup>153</sup>

Production Status: No longer active

### **PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)**

Year Established: 1990

Level of Government: Federal

Responsible Agency: U.S. Department of Health and Human Services (HHS)

Purpose: To provide community-based services to people with serious mental illness who are currently, or are at risk of becoming, homeless through a network of state and local agencies that provide community-based services for homeless persons with serious mental illness. PATH providers work with community mental health care providers and community-based social service agencies, substance abuse service providers, and housing programs to serve this population.<sup>154</sup>

Funding Source(s): PATH is a federally funded formula grant to the 50 states, the District of Columbia, and the U.S. territories. PATH funds must be matched with state and local resources: for every three dollars of federal funds, state or local agencies must invest one dollar in cash or in-kind services.<sup>155</sup>

Who is Eligible? All 50 States, Washington D.C., and U.S. territories are eligible grantees. Homeless persons with serious mental illness are eligible beneficiaries.<sup>156</sup>

Estimated Number Served: 446 PATH organizations providing outreach (2009); 193,079 total persons served by PATH.<sup>157</sup>

Estimated Dollar Level: \$65 million (FY 2013 Budget)<sup>158</sup>

Production Status: Active

### **SECTION 8 MODERATE REHABILITATION OF SINGLE ROOM OCCUPANCY DWELLINGS FOR HOMELESS INDIVIDUALS (SRO)**

Year Established: 1987

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To assist “very low-income, single, homeless individuals in obtaining decent, safe, and sanitary housing in privately owned, rehabilitated buildings” by providing rental assistance in connection with moderate rehabilitation of single-room occupancy



buildings.<sup>159</sup> The goal is to increase the number of standard SRO units in the local housing stock and facilitate the use of these units to help homeless persons.

Funding Source(s): HUD enters into annual contributions contracts with PHAs for moderate rehabilitation of rental properties that will contain multiple SRO units upon completion of the rehabilitation. PHAs make "Section 8 rental assistance payments to participating owners/landlords on behalf of homeless persons who rent the rehabilitated dwellings."<sup>160</sup> Rental assistance for SRO units is provided for 10 years. Through the rental assistance payments, the owners are compensated for some of the rehabilitation costs as well as the costs of owning and maintaining the property.

Complementary Programs: Section 8

Who is Eligible? PHAs and private non-profit organizations are eligible to receive funds. In order to be eligible, each SRO unit must receive rehabilitation of \$3,000 or more, including its share of rehabilitation of some areas/systems in order for the property to meet housing quality standards. Very low-income, single homeless individuals are eligible to occupy assisted SRO units.<sup>161</sup>

Estimated Dollar Level: The 2011 competitive grant amount (for Shelter+Care (S+C), Supportive Housing Program (SHP), and SRO) was \$1.849 billion.

Production Status: Active, will be subsumed under the Continuum of Care Program upon implementation of that program.<sup>162</sup>

## **SHELTER PLUS CARE**

Year Established: 1992

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide long-term housing and services to people who are homeless and have disabilities and their families. The grants can fund four types of activities: (1) tenant-based rental assistance, (2) sponsor-based rental assistance, (3) project-based rental assistance, and (4) moderate rehabilitation of single-room occupancy dwellings.<sup>163</sup>

Funding Source(s): This is a federal grant. Services must be provided in an amount equal to or greater than the total rental assistance provided by the grant.

Who is Eligible? States, local governments and PHAs are eligible to receive funding. Homeless individuals with disabilities and their families are eligible beneficiaries of funded programs.<sup>164</sup>

Estimated Dollar Level: The 2011 competitive grant amount (for S+C, SHP, and SRO) was \$1.849 billion.<sup>165</sup>

Production Status: Active

## **SUPPORTIVE HOUSING PROGRAM (SHP)**

Year Established: 1987

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To “develop supportive housing and services that allow homeless persons to live as independently as possible.”<sup>166</sup> Supportive Housing Program assistance aims to help homeless persons meet three goals: (1) achieve residential stability, (2) increase skill levels and/or incomes; and (3) obtain greater control over the decisions that affect their lives.<sup>167</sup> There are four separate components to this program: (1) transitional housing, (2) permanent housing for homeless persons with disabilities, (3) Supportive Services Only (SSO) projects, and (4) innovative supportive housing. There are also safe haven programs, which are specific to homeless persons with severe mental illness. Homeless Management Information Systems (HMIS) programs are also eligible for SHP funding.<sup>168</sup>

Funding Source(s): While SHP provides grants to eligible programs, it also has matching requirements. For projects involving acquisition, rehabilitation and new construction, the grant recipient must match the grant amount with an equal amount from other sources (i.e., the recipient, the federal government, state and local governments, or private resources). For supportive services, grantees can request a maximum of 80 percent of the total costs for service provision and match the remaining 20 percent with funds from other sources. All funds must be used for eligible services. SHP funds can also pay for up to 75 percent of the programs operating costs.<sup>169</sup>

Who is Eligible? States, local governments, other governmental entities such as PHAs, and private non-profit organizations are eligible grantees. To benefit from SHP-funded programs, one must be legally homeless as defined by the McKinney-Vento Act. The Act defines a homeless person as someone who lives in either places not meant for human habitation, an emergency shelter, or transitional housing for homeless persons.<sup>170</sup>

Estimated Number Served: 236,798 year-round beds through Permanent Supportive Housing (including U.S. territories); 200,623 through Transitional Housing; and 2,199 through Safe Haven (2010)<sup>171</sup>

Estimated Dollar Level: The 2011 competitive grant amount (for S+C, SHP, and SRO) was \$1.849 billion.<sup>172</sup>

Production Status: Active

## **TITLE V**

Year Established: 1987

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: This section of the McKinney-Vento Act indicates that suitable federal properties that are classified as unutilized, underutilized, excess or surplus should be used to assist homeless persons. These properties are then made available to states, local governments and non-profit organizations. The properties can be used for shelter, storage or other uses that benefit the homeless population.<sup>173</sup>

Funding Source(s): Properties are made available on an as-is basis. Properties are leased without charge. Organizations pay operating and repair costs.<sup>174</sup>

Who is Eligible? States, local governments and non-profit organizations are eligible.<sup>175</sup>

Production Status: Active

### **TRANSITIONAL HOUSING ASSISTANCE FOR VICTIMS OF DOMESTIC VIOLENCE, STALKING, OR SEXUAL ASSAULT**

Year Established: 2000

Level of Government: Federal

Responsible Agency: U.S. Department of Justice (DoJ)

Purpose: To support "programs that serve individuals experiencing homelessness and their children who have had to flee their homes due to domestic violence, dating violence, stalking, or sexual assault and are in need of transitional housing and supportive services."<sup>176</sup>

Funding Source(s): Grant funds are awarded competitively each year to applicants who directly implement these programs. Grants can be used for the following: operating transitional living facilities, providing short-term rental assistance, and providing housing search assistance. Priority is given to transitional housing programs that provide comprehensive case management to get this population into permanent housing as well as providing support groups, counseling and employment services.<sup>177</sup>

Who is Eligible? State and local governments and non-profit organizations "that have a successful history of serving victims of domestic violence in transitional housing" are eligible grant applicants.<sup>178</sup> Homeless individuals and their children who are victims of domestic violence are eligible beneficiaries.

Estimated Dollar Level: \$43 million (2009), American Recovery and Reinvestment Act funding<sup>179</sup>

Production Status: Active

# The Growing Senior Population

## **ASSISTED LIVING CONVERSION PROGRAM**

Year Established: 2000

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To help fund the efforts of private non-profit owners of eligible developments "to convert some or all of the units in a project into an Assisted Living Facility (ALF) or Service-Enriched Housing (SEH) for elderly residents aging in place."<sup>180</sup> ALFs are designed in order to better accommodate the frail elderly and persons with disabilities who can live independently but need assistance with the activities of daily living, while SEH is housing "designed to accommodate frail elderly persons or elderly persons with service needs who are aging in place."<sup>181</sup>

Funding Source(s): HUD provides grants to cover the basic physical conversion of existing units, common areas and service space to comply with HUD or state statutes/regulations, whichever is more stringent. Funding for supportive services are not funded by the grant and must be provided by the owners directly or through third parties (i.e. Medicaid, SSI payments, State or Area Agency on Aging, etc.).<sup>182</sup>

Complementary Programs: Section 202, Section 8 project based, Section 221(d)(3), Section 236; RHS Section 515

Who is Eligible? Only private non-profit owners of Section 202, Section 8 project based, RHS Section 515, Section 221(d)(3), and Section 236 projects designed primarily for occupancy by the elderly are eligible. A private non-profit with unused/underutilized commercial property is also eligible.<sup>183</sup>

Estimated Dollar Level: \$40 million (2010)<sup>184</sup>

Production Status: Active

## **COMMUNITY LIVING PROGRAM GRANTS**

Year Established: 2007

Level of Government: Federal

Responsible Agency: U.S. Department of Health and Human Services, Administration on Aging (AOA)

Purpose: A grant initiative designed to enable older persons at risk of becoming institutionalized in nursing homes and spending-down to Medicaid to continue living in their communities. The grant initiative encourages Aging Services Networks to be innovative and put the money they receive from non-Medicaid sources toward "flexible,

consumer-directed services.”<sup>185</sup> The goal of the initiative is to create a long-term care service system that allows older persons to live at home as long as possible through the creation of “single entry point” systems that provide access to all publicly supported services. Also, the initiative aims for flexibility in the way the grants are spent so that services can be tailored to individualized needs of recipients.<sup>186</sup>

**Funding Source(s):** The AOA issues grant awards annually to State Units on Aging (SUAs) to launch programs designed to keep older Americans living in the community instead of being institutionalized. States must use existing federal and state program funds to pay for the cost of home and community-based services. Not more than 20 percent of the CLP grant may go toward home and community-based services.<sup>187</sup>

**Who is Eligible?** State Units on Aging (SUAs)

**Estimated Number Served:** Program sites across 14 states (2008)<sup>188</sup>

**Estimated Dollar Level:** For FY 2008, the combined federal and non-federal grant funding for eligible projects was \$16.2 million; \$36 million in federal funds for 2007-2009.<sup>189</sup>

**Production Status:** Active

## **CONGREGATE HOUSING SERVICES PROGRAM**

**Year Established:** First version 1978; current version 1990

**Level of Government:** Federal

**Responsible Agency:** U.S. Department of Housing and Urban Development (HUD)

**Purpose:** To prevent “premature and unnecessary institutionalization of frail elderly, non-elderly disabled, and temporarily disabled persons” by providing funding for meals and other supportive services.<sup>190</sup> This federal grant to provide at least one hot meal per day in a group setting, seven days a week plus other supportive services necessary for independent living. Projects may not duplicate other services that are already available at affordable prices.

**Funding Source(s):** This program is administered by HUD in coordination with the Rural Housing Service of the USDA. For this program, HUD funds up to 40 percent of the cost of supportive services, grantees pay 50 percent of the costs, and program participants pay fees amounting to 10 percent of the costs. Fees to participants may be up to 20 percent of their adjusted income.<sup>191</sup>

**Who is Eligible?** States, local governments, PHAs, IHAs, tribally designated housing entities (TDHEs), projects funded under section 202, Section 8 project-based assistance, Section 221(d)(3), Section 236, and Section 515 of the Rural Housing Service are eligible grantees. A state agency or local government can apply on behalf of a non-profit or for-profit owner of eligible housing. Applicants must have an accessible dining facility, a need for the program, a proven track record for managing housing with services for elderly and nonelderly persons with disabilities, and a satisfactory record of

equal opportunity. Eligible customers include the frail elderly (62 years old or above), disabled, and temporarily disabled persons who are residents of federally subsidized housing and are unable to perform at least three activities of daily living.

Estimated Dollar Level: \$90 million for service coordinators and congregate housing services (2010)<sup>192</sup>

Production Status: No new grants since 1995, but existing grants have been extended annually. HUD budget for 2012 includes funding for new grants.<sup>193</sup>

### **ELDERLY NUTRITION PROGRAM**

Year Established: 1972

Level of Government: Federal

Responsible Agency: U.S. Department of Health and Human Services, Administration on Aging (AOA)

Purpose: To fund programs providing nutrition services to older people throughout the country, improve their dietary intake, and provide opportunities to form new friendships and informal support networks. The goal of the legislation that created the program, the Older Americans Act, is to make community-based services available to older adults at risk of losing their independence.<sup>194</sup>

Funding Source(s): Grant funded through the AOA.

Who is Eligible? Persons 60 years of age and older are eligible. There are no means tests for participation; however, services are targeted toward those with the greatest economic or social need. Special attention is paid to low-income minorities and older people in rural areas. A spouse of an eligible person, regardless of the spouse's age, is also eligible. Disabled persons under 60 who live in housing with primarily elderly occupants and disabled persons who live with an older person at home and accompany the older person to meals are also eligible. Nutrition service volunteers are also eligible.<sup>195</sup>

Estimated Number Served: Three million<sup>196</sup>

Production Status: Active

### **ELDERLY/DISABLED SERVICE COORDINATOR PROGRAM**

Year Established: 1990

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To help the elderly and disabled resident population living in public housing to age in place and avoid unnecessary institutionalization and other assisted care housing arrangements by providing linkages to services in the community.

Funding Source(s): While formerly funded through the ROSS program, Elderly and Disabled Service Coordinator funding is now allocated through the Public Housing Operating Fund. Grants may be used to pay for the service coordinator's salary, fringe benefits and related administrative costs.<sup>197</sup>

Who is Eligible? The pool of grantees for this program was frozen in 1995. Only those grant recipients in 1995 receive annual grant renewals. No new PHAs are eligible to receive a new grant.<sup>198</sup>

Production Status: No longer accepting new grantees<sup>199</sup>

## **HOME AND COMMUNITY BASED SUPPORTIVE SERVICES**

Year Established: 1973

Level of Government: Federal

Responsible Agency: U.S. Department of Health and Human Services, Administration on Aging (AOA)

Purpose: To fund a range of services that facilitate seniors' ability to stay in their homes as long as they wish (often referred to as aging in place). Services funded by this grant include transportation assistance, case management, in-home personal care, homemaker assistance, community legal services, community mental health services, and adult day care. Senior centers that coordinate and integrate services for older Americans are also funded.<sup>200</sup>

Funding Source(s): This a federal grant provided through the AOA. The grant is provided to states and territories using a formula based primarily on the state's share of the national 60+ population. Within each state, a formula is used to allocate funds to area agencies on aging (AAAs). AAAs have flexibility in how to use their funds to best meet the needs of seniors in their given areas.<sup>201</sup>

Who is Eligible? States

Estimated Number Served: Transportation services – 27.5 million rides; personal care/homemaker/chore services – 35 million hours of assistance; adult day care/day health services – 10 million hours of care; case management services – four million hours of assistance (FY2010)<sup>202</sup>

Estimated Dollar Level: \$367,611,000 (FY2011)<sup>203</sup>

Production Status: Active

## **NATIONAL FAMILY CAREGIVER SUPPORT PROGRAM (NFCSP)**

Year Established: 2000

Level of Government: Federal



Responsible Agency: U.S. Department of Health and Human Services, Administration on Aging (AOA)

Purpose: To fund a variety of supportive services that “assist family and informal caregivers to care for their loved ones at home for as long as possible.”<sup>204</sup> Through the NFCSP, states provide five types of services to caregivers: (1) information about available services; (2) assistance in gaining access to services; (3) respite care; (4) individual counseling, organization of support groups, and caregiver training; and (5) limited supplemental services.<sup>205</sup>

Funding Source(s): Federal grants are provided to states and territories based on their share of the national population age 70 and over.

Who is Eligible? States and territories are eligible for grants. Adult family members who are caregivers to someone 60 years old or above or to someone with Alzheimer’s disease or related disorder(s) at any age are eligible beneficiaries. Grandparents and other non-parent relatives age 55 years of age or older providing care to a child under 18 or to someone age 18-59 with disabilities are also eligible beneficiaries.<sup>206</sup>

Estimated Number Served: Access assistance services provided one million contacts to caregivers; counseling and training services provided 125,000 caregivers with counseling, support groups and training; 64,000 caregivers benefitted from respite care services, with 6.8 million hours of temporary relief (FY2010)<sup>207</sup>

Estimated Dollar Level: \$153,911,000 (FY 2011)<sup>208</sup>

Production Status: Active

### **RESIDENT OPPORTUNITIES AND SELF-SUFFICIENCY (ROSS) SERVICE COORDINATOR PROGRAM**

Year Established: 2008 (program in current form)

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: “To provide funding to hire and maintain service coordinators who will assess the needs of residents in conventional public housing and Indian housing and coordinate available community resources to meet those needs.”<sup>209</sup> The services provided should help families increase their income, reduce or eliminate the need for welfare assistance, facilitate achieving economic independence and housing self-sufficiency, and in the case of elderly/disabled residents, help improve living conditions and enable them to age in place. Funds to hire an FSS coordinator are also allocated to PHAs on a competitive basis.

Funding Source(s): Federal grant that requires 25 percent matching funds by statute. The grant provides three-year funding. Administrative and training expenses are considered eligible uses of grant funds.

Who is Eligible? Public housing authorities (PHAs), tribes/tribally designated housing entities (TDHEs), resident associations (i.e. management corporations, resident councils, and intermediary resident organizations), non-profit organizations supported by residents and/or PHAs are eligible grantees.<sup>210</sup>

Estimated Dollar Level: \$50 million (2010)

Production Status: The ROSS Service Coordinator program is still active, but service coordinators for elderly and disabled persons are no longer funded through this program. Funding for service providers for these populations is now provided through the Public Housing Operating Fund.<sup>211</sup>

## Housing Discrimination

### **ANALYSIS OF IMPEDIMENTS (AI) TO FAIR HOUSING**

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To require states and entitlement recipients to review “the barriers that affect the rights of fair housing choice.”<sup>212</sup> This “serves as the basis for fair housing planning... and assists in building public support for fair housing efforts.”<sup>213</sup>

Who is Eligible? States and entitlement recipients must complete an AI as part of the Consolidated Planning effort.<sup>214</sup>

Production Status: Active

### **DEPARTMENT OF JUSTICE DISCRIMINATION COMPLAINTS**

Year Established: 1957 (Civil Rights Division of Department of Justice)

Level of Government: Federal

Responsible Agency: U.S. Department of Justice (DoJ)

Purpose: The DoJ regularly files suit on behalf of people who have experienced discriminatory housing practices, and often works in concert with HUD.<sup>215</sup>

Production Status: Ongoing

### **FAIR HOUSING INITIATIVES PROGRAM**

Year Established: 1987

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide funds and assistance to government and other agencies that assist people who believe they have experienced housing discrimination, conduct preliminary

investigations, and test for housing discrimination. The three programs include: Fair Housing Organizations Initiative (FHOI), which builds the capacity and effectiveness of fair housing organizations (FHOs); Private Enforcement Initiative (PEI), which FHOs use to carry out testing; and Education and Outreach Initiative (EOI), which provides funds to state and local organizations that provide outreach and education about fair housing laws, rights and practices.<sup>216</sup>

Funding Source(s): HUD grants

Who is Eligible? Qualified FHOs, and (for EOI) state and local governments, FHOs and all other organizations providing these services are eligible on an application basis.<sup>217</sup>

Estimated Dollar Level: \$27.5 million (2009)<sup>218</sup>

Production Status: Ongoing

## **FUNDING FOR NATIONAL STUDIES**

Year Established: 1977

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: Approximately every 10 years, HUD funds a national study on housing discrimination to test whether federally protected classes of people are discriminated against in rental or purchase markets. The most recent study—HUD's fourth nation-wide housing discrimination study—was commissioned in 2010.<sup>219</sup> In 2012, HUD conducted its own study on Lesbian, Gay, Bisexual, and Transgender (LGBT) discrimination, to complement the more traditional race and origin study. Previous studies were completed in 1977, 1989, and 2000.<sup>220</sup>

Funding Source(s): HUD grants

Estimated Dollar Level: \$9 million (2010)

Production Status: Ongoing

## **HOME MORTGAGE DISCLOSURE ACT (HMDA)**

Year Established: 1975

Level of Government: Federal

Responsible Agency: Federal Financial Institutions Examination Council (FFIEC), an interagency body that is supervised by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Office of Thrift Supervision (OTS), and the Federal Deposit Insurance Corporation (FDIC). On July 21, 2011, the rule-writing authority under Regulation C of HMDA was transferred to the Consumer Financial Protection Bureau (CFPB).<sup>221</sup>

Purpose: To require lending institutions to report public loan data to assist “in determining whether financial institutions are serving the housing needs of their communities,” whether public officials are distributing public-sector investments to attract private investment in areas where it is needed, and to “identify possible discriminatory lending patterns.”<sup>222</sup> This facilitates the investigation of potential discriminatory lending practices to be targeted for further investigation.

Who is Eligible? Certain financial institutions, including banks, savings associations, credit unions, and other mortgage lending institutions, are required to submit loan data.

Estimated Number Served: Over 16.3 million loan records were submitted by 7,923 institutions in 2011.<sup>223</sup>

Production Status: Active

## **HOUSING DISCRIMINATION COMPLAINTS**

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: People who believe they have been discriminated against can file a complaint with HUD. If it falls under Title 8, HUD will investigate the complaint at no cost. For every complaint filed, HUD will provide conciliation meetings. If both parties reach satisfaction, HUD's role is over. If not, HUD will recommend the case to the Department of Justice for prosecution.<sup>224</sup>

## Neighborhood Distress

### **CHOICE NEIGHBORHOODS INITIATIVE**

Year Established: 2010

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: “To transform distressed neighborhoods and public and assisted projects into viable and sustainable mixed-income neighborhoods by linking housing improvements with appropriate services, schools, public assets, transportation and access to jobs. A strong emphasis is placed on local community planning for access to high-quality educational opportunities, including early childhood education.”<sup>225</sup>

Funding Source(s): HUD

Complementary Programs: HOPE VI

Who is Eligible? Eligible applicants are local governments, public housing authorities, non-profit organizations, and for-profit developers that apply jointly with a public entity.<sup>226</sup>

Estimated Dollar Level: \$110 million (FY2012)<sup>227</sup>

Production Status: Active

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

Year Established: 1974

Level of Government: Federal, State and Local

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide communities with resources to address a wide range of unique community development needs. Some of the needs addressed with CDBG funds include disaster recovery assistance and neighborhood stabilization programs. Further, “the CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and create jobs through the expansion and retention of businesses.”<sup>228</sup>

Funding Source(s): HUD

Complementary Programs: NSP1, NSP2, NSP3, Entitlement Communities, State Administered CDBG, Section 108 Loan Guarantee Program, HUD Administered Small Cities, Disaster Recovery Assistance, Colonias, Renewal Communities/Empowerment Zones/Enterprise Communities (RC/EZ/EC), and Brownfields Economic Development Initiative (BEDI).

Who is Eligible? Eligible recipients include non-entitlement jurisdictions (states and local jurisdictions) and entitlement communities (larger cities and urban counties).

Participants in a variety of other programs are eligible for CDBG funds.<sup>229</sup>

Production Status: Active

### **COMMUNITY REINVESTMENT ACT (CRA)**

Year Established: 1977

Level of Government: Federal

Responsible Agency: Federal Financial Institutions Examination Council (FFIEC), which is supervised by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Office of Thrift Supervision (OTS), and the Federal Deposit Insurance Corporation (FDIC)

Purpose: The CRA provides a “framework for financial institutions, state and local governments, and community organizations to promote banking services to all members of the community” in which the institution operates.<sup>230</sup> The CRA prohibits redlining – “denying or increasing the cost of banking to residents of racially defined neighborhoods” – and “encourages efforts to meet the credit needs of all community members including those who live in low- and moderate-income neighborhoods.”<sup>231</sup> The

CRA also requires periodic evaluation of financial institutions to determine how well they are meeting the credit needs of all members of their communities. Based on these assessments, institutions are assigned one of four rankings: outstanding, satisfactory, needs to improve, and substantial noncompliance.<sup>232</sup> Rankings are considered when an institution applies for deposit facilities, including mergers and acquisitions.

Who is Eligible? Depository institutions are evaluated periodically.

Production Status: Active

### **NEW MARKET TAX CREDIT (NMTC)**

Year Established: 2000

Level of Government: Federal

Responsible Agency: U.S. Department of the Treasury, Internal Revenue Service (IRS)

Purpose: "To spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years."<sup>233</sup>

Who is Eligible? Eligible organizations must be certified as a CDE by the Community Development Financial Institutions Fund. "To qualify as a CDE, an organization must: be a domestic corporation or partnership at the time of the certification application; demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and maintain accountability to residents of low-income communities through representation on a governing board of or advisory board to the entity."<sup>234</sup>

Estimated Dollar Level: \$33 billion in tax credit authority<sup>235</sup>

Production Status: Active

## Energy Efficiency

### **ENERGY STAR**

Year Established: 1992

Level of Government: Federal

Responsible Agency: U.S. Environmental Protection Agency (EPA) and U.S. Department of Energy (DoE)

Purpose: A joint program with the DoE and EPA to protect the environment and reduce

costs through energy-efficient products and practices.<sup>236</sup> HUD encourages participating jurisdictions in the HOME Investment Partnership Program to make residences for low-income persons energy efficient through the incorporation of Energy Star products.<sup>237</sup> HUD also encourages the use of Energy Star-labeled products in other HUD-assisted properties.<sup>238</sup>

Funding Source(s): U.S. Department of Energy

Complementary Programs: HOME, EPA

Who is Eligible? Anyone can purchase an Energy Star-labeled product or make other energy-efficient home improvements.

Estimated Number Served: In 2010, more than 126,000 new homes were built to meet Energy Star guidelines.<sup>239</sup>

Production Status: Active

### **FHA ENERGY EFFICIENT MORTGAGES**

Year Established: 1992 (five-state pilot demonstration); 1995 (nationwide)<sup>240</sup>

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide FHA mortgage insurance to people who finance energy efficiency projects within their home purchase or mortgage refinancing. The program recognizes that people with lower utility bills from energy efficiency may be able to afford a higher mortgage to cover costs associated with energy-related improvements.<sup>241</sup>

Funding Source(s): Private and public traditional mortgage lending institutions; banks, Freddie Mac/Fannie Mae; other mortgage institutions

Complementary Programs: FHA's standard Section 203(b) insurance

Who is Eligible? All customers who are eligible for standard Section 203(b) insurance and can make the monthly mortgage payments are eligible.<sup>242</sup>

Estimated Number Served: FHA reported 441 Energy Efficient Mortgages in 2005 and 1,066 in 2007. Energy Efficient Mortgages represent less than one percent of all home loans.<sup>243 244</sup>

Production Status: Ongoing

### **GREEN RETROFIT PROGRAM**

Year Established: 2009

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To provide funding for retrofitting eligible multifamily housing with energy efficiency technology that improves the health of inhabitants and benefits the environment.<sup>245</sup>

Funding Source(s): Funded through the American Recovery and Reinvestment Act (ARRA)<sup>246</sup>

Complementary Programs: Section 8 (HUD); Section 202 (HUD); Section 811 (HUD); and Section 515 (USDA RHS)

Who is Eligible? Eligible properties include: Project-based Section 8, not including project-based vouchers (HUD); Section 202 (HUD); Section 811; (HUD), Section 515; (USDA RHS)<sup>247</sup>

Estimated Number Served: 25,000 units; appropriation of \$250,000,000 with an average grant of \$10,000 per unit<sup>248</sup>

Estimated Dollar Level: \$250,000,000<sup>249</sup>

Production Status: Ongoing

## **SECTION 202 AND 811 ENERGY EFFICIENCY INCENTIVE REQUIREMENTS**

Year Established: 2010

Level of Government: Federal

Responsible Agency: U.S. Department of Housing and Urban Development (HUD)

Purpose: To ensure that all Section 202 and Section 811 new or significant rehabilitation projects meet standards for energy efficiency and conservation. Specifically, buildings must meet water and energy standards – Energy Star or ASHRAE energy standards – and install water efficient plumbing, low-flow showerheads and efficient toilets.<sup>250</sup>

Funding Source(s): In scoring Section 202 and 811 applications, HUD will provides incentive points for projects that “undertake green development in the design, construction, rehabilitation, and operation of their proposed Section 202 or Section 811 development.”<sup>251</sup> Examples of activities that result garner incentive points include the following: incorporating a professional well-versed in the green building design throughout the entire development process; taking advantage of passive solar orientation where possible; and specifying in the Operations and Maintenance (O&M) Plan a commitment to use ENERGY STAR and water-conserving appliances and fixtures in all operations.<sup>252</sup>

Complementary Programs: Section 202/811; Energy Star; LIHTCs

Who is Eligible? All builders or significant refurbishers of Section 202/811 buildings are eligible.

Production Status: Active



## **WEATHERIZATION ASSISTANCE PROGRAM**

Year Established: 1978

Level of Government: Federal

Responsible Agency: U.S. Department of Energy (DoE)

Purpose: To enable “low-income families to permanently reduce their energy bills by making their homes more energy efficient” using the most advanced technologies and testing available.<sup>253</sup> On average, families receiving weatherization services saved \$437.00 annually.<sup>254</sup>

Funding Source(s): U.S. Department of Energy

Who is Eligible? States, U.S. territories and Indian tribal governments are eligible to receive funding from the DoE to manage the program. These grantees fund community action agencies, non-profit organizations and local governments that provide the weatherization services.<sup>255</sup>

Estimated Number Served: 6.4 million low-income households<sup>256</sup>

Estimated Dollar Level: \$252.4 million allocated to WAP for Program Year 2011. State and local agencies were able to leverage an additional \$836 million from other federal, state, and private sources.<sup>257</sup>

Production Status: Active

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# Appendix B: Selected State and Local Housing Programs by Challenge Area

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This appendix includes a selection of state and local programs that address the eight housing challenge areas. This is not an exhaustive list. Programs were selected for inclusion based on availability of program information.

## Rental Housing Affordability

### **INCLUSIONARY ZONING (IZ)**

Year Established: 1972

Level of Government: Local

Responsible Agency: Local Governments

Purpose: Inclusionary zoning (IZ) refers to the various techniques, ordinances or laws that require or provide incentives to housing developers for the incorporation of a certain proportion of affordable units into a new housing development. IZ ordinances can be either voluntary or mandatory. Voluntary IZ ordinances use incentives to encourage developers to integrate affordable units into the development. Mandatory IZ requires developers to comply with IZ ordinances in order to get plan approval or permits. Mandatory IZ has been shown to be more effective than voluntary IZ in creating affordable housing units.<sup>1</sup> Sometimes, though, incentives are used with mandatory IZ to make the ordinances more palatable and reduce the risk of having the ordinance deemed illegal. IZ can also be used in new homeownership developments.

Funding Source(s): Not applicable

Who is Eligible? Housing developers are subject to IZ ordinances. Units are reserved for those who meet income eligibility requirements as determined by the local IZ ordinance.

Estimated Number Served: As of 2008, over 300 jurisdictions have adopted IZ ordinances.<sup>2</sup>

Estimated Dollar Level: Not applicable

Production Status: Active

## **THE PRESERVATION COMPACT (CHICAGO, IL)**

Year Established: 2007

Level of Government: State and Local

Purpose: To bring together public, private and non-profit leaders in an effort to preserve affordable rental housing in the Chicagoland area. The program involves several components, including a data clearinghouse to better identify subsidized and unsubsidized affordable rental units that are at risk of leaving the affordable market and an interagency council to coordinate preservation activities across partner organizations.<sup>3</sup>

Funding Source(s): John D. and Catherine T. MacArthur Foundation<sup>4</sup>

Production Status: Active

## **RENT STABILIZATION/RENT CONTROL**

Level of Government: Local

Responsible Agency: Local Governments

Purpose: Rent stabilization and rent control policies limit the amount rent can increase, protecting the tenant from sharp rent increases from year-to-year and giving the tenant the right to renew their lease.<sup>5</sup>

Who is Eligible? Standards used to designate eligible units vary widely.

Production Status: Active

## **TAX-EXEMPT BOND FINANCING**

Level of Government: State and Local

Responsible Agency: U.S. Department of the Treasury, Internal Revenue Service (IRS)

Purpose: Tax-exempt bonds are “debt obligations issued by state or local government agencies for multifamily rental housing, infrastructure improvements and other qualified municipal endeavors having a public purpose.”<sup>6</sup> The IRS Code allows developers to deduct the interest income from the bonds from their federal gross income taxes, making the tax-exempt bond interest rate lower than that of conventional financing. This achieves savings that encourage housing affordability. Tax-exempt bonds also provide a four percent non-competitive LIHTC. Tax-exempt bond financing allows developers to obtain below market interest rate mortgages to acquire, construct and rehabilitate multifamily housing developments. In return, developers are required to rent a specified percentage of units to low- and moderate-income households.<sup>7</sup>

Funding Source(s): Federal law imposes a cap on the total volume of tax-exempt bonds that each state can issue: as of 2012 the cap was either \$95 per state resident or \$285,560,000, whichever is greater.<sup>8</sup> "At least 95 percent of the bond proceeds must be used to pay for or reimburse 'good costs'" – costs incurred after the project has been "induced" by the bond issuer.<sup>9</sup> A maximum of five percent can be used for "bad costs" – costs incurred before the project was "induced." A maximum of 25 percent of the bonds can be used for acquisition costs. To qualify for four percent LIHTCs, 50 percent or more of the project costs must be funded by bonds during construction.<sup>10</sup>

Complementary Programs: LIHTC

Who is Eligible? Certain state and local public or quasi-public agencies are eligible to issue the bonds. In all states the Housing Finance Authority is authorized to issue tax-exempt bonds for multifamily rental housing. Most major cities have local agencies that can issue bonds as well.

Production Status: Active

## **TRANSIT ORIENTED DEVELOPMENT (TOD) HOUSING PROGRAM**

Year Established: 2006

Level of Government: State

Responsible Agency: State of California, Department of Housing and Community Development (HCD)

Purpose: To incentivize affordable housing development in TOD areas by providing low-interest loans "as gap financing for rental developments that include affordable units, and as mortgage assistance for homeownership developments."<sup>11</sup> Grants are also available to cities, counties and transit agencies "for infrastructure improvements necessary for the development of specified housing developments, or to facilitate connections between these developments and the transit station."<sup>12</sup>

Funding Source(s): State funded loans and grants. Maximum loan, grant or combination of the two for a single housing development or for a single housing developer is limited to \$17 million per grant round. For a single qualifying transit station the maximum amount of funds that can be allocated over the duration of the program is \$50 million.<sup>13</sup>

Who is Eligible? Cities, counties, transit agencies, developers and redevelopment agencies are eligible.<sup>14</sup>

Estimated Number Served: 1,800 affordable housing units created with 2008 funding.<sup>15</sup>

Estimated Dollar Level: \$145 million (2008);<sup>16</sup> \$285 million over three years<sup>17</sup>

Production Status: Active

# Homeownership for Low-Income Households

## **MORTGAGE CREDIT CERTIFICATES**

Level of Government: State

Responsible Agency: State Housing Finance Agencies, and U.S. Department of Treasury

Purpose: To make homeownership more affordable by providing a tax credit that reduces the household's tax burden every year for the life of the mortgage loan. A percentage (varies by state) of what the household pays in mortgage interest becomes a tax credit that the household deducts dollar-for-dollar from the household's income tax liability. The remaining interest qualifies as an itemized deduction.<sup>18</sup>

Funding Source(s): Foregone revenue to the government in the form of a tax credit

Who is Eligible? Varies by state, but in general MCC programs impose income and home purchase price requirements. Participating households must not have owned a home as their primary residence in the past 3 years (first-time buyer requirement) and must meet qualifying requirements of the mortgage loan. The property for which the household uses the MCC must continue to be the household's primary residence each year the household claims the MCC. Veterans with an honorable discharge may be exempted from first-time buyer requirement.<sup>19</sup>

Production Status: Active

## **MORTGAGE REVENUE BONDS (MRBS)**

Level of Government: State

Responsible Agency: State and Local Housing Finance Agencies; U.S. Department of the Treasury, Internal Revenue Service (IRS)

Purpose: To finance mortgages on single-family homes, either directly by purchasing newly originated or existing mortgage loans or indirectly by allowing lenders to purchase mortgage loans using bond proceeds. MRBs are tax-exempt and make homeownership more affordable by decreasing the interest paid on the participant's mortgage, which reduces monthly payments.

Funding Source(s): MRBs are a form of private activity bond. The volume of private activity bonds that each state may issue is limited by state volume caps, which are adjusted for inflation was approximately \$95 per capita in 2012.<sup>20</sup>

Who is Eligible? To qualify for MRB financing, the "household's income cannot exceed 115% of area median family income" and the price of the home purchased with an MRB-financed mortgage may not be greater than 90% of the average price of homes in the area."<sup>21</sup> The participant must be a first-time buyer, meaning he or she has not owned a home as his or her principal residence in the past three years. Exceptions may apply in

targeted low-income neighborhoods, for households with many members and households living in certain high cost areas.<sup>22</sup>

Estimated Dollar Level: Starting in 2000, the Private Activity Bonds cap has been indexed to inflation. The 2012 cap is \$95 per capita, with a minimum state budget of \$284,560,000.<sup>23</sup>

Production Status: Active

## **SHARED EQUITY PROGRAMS**

Level of Government: State and Local

Responsible Agency: Varies. Programs can be operated by state and municipal governments – often through housing and community development departments – as well as by non-profit agencies.

Purpose: To provide state and local funds to help a family purchase a home. “In return for this investment, the government entity shares in the benefits of any home price appreciation that may occur. The public’s share of the home’s appreciation may be used in two ways: (1) it can either be returned to the government in the form of a cash payment that can be used to help another family, or (2) it can stay with the home, reducing the cost of that home for the next family.”<sup>24</sup>

Funding Source(s): Varies by community.<sup>25</sup> Communities often raise funds privately, but also may access public funds. Sources of public funding include CDBG, municipal funds. Other programs accomplish shared equity housing through inclusionary zoning regulations.<sup>26</sup>

Who is Eligible? Income requirements for shared equity housing are determined locally. Some programs use below 80% Area Median Income (AMI); others use below 80% AMI or below 100% national median income.<sup>27</sup>

Production Status: Active

## Foreclosure Response and Recovery

### **NEW YORK CITY FORECLOSURE PREVENTION GAP LOAN PROGRAM**

Year Established: 2010

Level of Government: Local – Non-profit

Responsible Agency: Neighborhood Economic Development Advocacy Project (NEDAP)

Purpose: To assist low- and moderate-income New York City homeowners facing foreclosure by providing affordable gap loans. Gap loans can be used to “make an up-front payment required to qualify for an affordable loan modification,” “make a short pay-off on a second

mortgage,” “pay off arrears on a mortgage loan,” or “close a gap to enable a senior citizen to pay off a high cost mortgage with an affordable reverse mortgage.”<sup>28</sup>

Who is Eligible? The program is open to residents of New York City who have low- or moderate-incomes or other demonstrated need. The property for which the gap loan will be applied must be the participant’s primary residence. To be eligible, participants must agree to do the following: work with a foreclosure prevention counselor and/or attorney; be able to afford all mortgage, gap loan, and other debt payments going forward; develop an affordability plan with a counselor or other advocate; and have reliable and verifiable source(s) of income.<sup>29</sup>

Estimated Number Served: 250<sup>30</sup>

Production Status: Active

## Homelessness

### **HOMELESSNESS PREVENTION PROGRAM (HPP)**

Level of Government: State

Responsible Agency: Varies

Purpose: Homelessness Prevention Programs vary widely depending on the state. All aim to prevent individuals and families who are at risk of homelessness from becoming homeless, but take a variety of approaches in doing so. Illinois' HPP provides rent, utility assistance and supportive services to families at risk of eviction, foreclosure and homelessness, or who are currently homeless.<sup>31</sup> New Jersey's HPP is more limited and provides “limited financial assistance to low- and moderate-income renters and homeowners in danger of eviction and foreclosure due to temporary financial problems beyond their control”, but does not provide supportive services.<sup>32</sup> Maryland's HPP provides non-monetary assistance to households with a pending eviction. It provides short-term counseling and mediation as well as linkages to community-based resources to assist the household.<sup>33</sup>

Funding Source(s): Illinois HPP funded through CoC funding from SHP grants.

Who is Eligible? Varies

Estimated Number Served: Illinois HPP served a total of 2,620 house in 2010 and the average cost to the state per household to prevent homelessness was \$916.<sup>34</sup>

Production Status: Active

### **TRANSITIONAL HOUSING PROGRAMS**

Year Established: 1987

Level of Government: State and Local



Purpose: To provide homeless individuals and families with stable housing and supportive services for an extended period of time, up to 24 months, to help them transition to a permanent regular housing situation and enable them to maintain housing. For programs funded by Federal Supportive Housing Program grants (SHP), supportive services can continue to be provided for up to six months after the household exits the program.<sup>35</sup>

Funding Source(s): Federal Supportive Housing Program Grants

Who is Eligible? Transitional housing program eligibility varies widely. Federal legislation allows the individual projects to determine which homeless populations they will serve (i.e., families, disabled persons, domestic violence victims, etc.).<sup>36</sup>

Estimated Dollar Level: The 2011 competitive grant amount (for Shelter+Care (S+C), Supportive Housing Program (SHP), and Single Room Occupancy (SRO)) was \$1.849 billion.<sup>37</sup>

Production Status: Active

## The Growing Senior Population

### **MASSACHUSETTS SUPPORTIVE HOUSING FOR THE ELDERLY PROGRAM**

Year Established: 1999

Level of Government: State

Responsible Agency: State of Massachusetts Department of Health and Human Services, Executive Office of Elder Affairs

Purpose: "To create 'assisted living like' environments in state funded public elderly/disabled housing" while promoting independence and aging in place.<sup>38</sup> The program is administered through a collaboration between regional Aging Services Access Points (ASAP), who coordinate services, and local housing authorities. Case managers from ASAPs assess eligibility for home care and the services needed. Each site provides supportive services through an Elder Affairs-approved personal care vendor. All residents of the housing complex are eligible for 24-hour on-site assistance to meet unscheduled needs and monitor residents who require scheduled assistance. The following services are provided to eligible seniors: service coordination, case management, 24-hour personal care/on-site, on-call person, homemaker services and laundry, medication reminders, social activities, and at least one meal per day.<sup>39</sup>

Funding Source(s): The Massachusetts Department of Housing and Community Development provides grants to Local Housing Authorities (LHAs) for the improvement of common areas and renovations of kitchens and space for care coordinators and service staff. Grants are usually less than \$25,000 per site.<sup>40</sup> Services are provided through a variety of funding sources, depending on the individual's eligibility. The state funds home care services. Some services are provided through Medicaid Elder Home, community-based services and Medicaid state plan services as well as Older Americans

Act Title III-C funding for those who may not be eligible for the other subsidy programs.<sup>41</sup>

Complementary Programs: Massachusetts state-funded public housing operates similarly to federally funded public housing. The Massachusetts Home Care Program provides support services to seniors for free or for a monthly co-payment based on income.

Who is Eligible? Eligible participating buildings must have 100 or more housing units and a significant number of residents receiving Home Care or Medicaid supportive services (housing residents receive a total of \$8,000-10,000 or more per month in supportive services). Sites must have the capacity to serve congregate meals or be a Title III-C congregate meal site.<sup>42</sup> Eligible seniors must be 60 years or older, able to live independently with the help of supportive services, not require 24-hour supervision or care, meet public housing eligibility requirements, have been approved for supportive housing by an ASAP, and be eligible for the home care program or able to pay privately for supportive services.<sup>43</sup>

Estimated Dollar Level: Executive Office of Elder Affairs provides up to \$90,000 per year to support service coordination and on-site 24 hour staff capacity that is not covered by other sources.<sup>44</sup>

Production Status: Active

## Housing Discrimination

### **FAIR HOUSING ORGANIZATIONS**

Year Established:

Level of Government: State and Local

Responsible Agency: Varies

Purpose: The nation's fair housing organizations (FHO) are primarily local. Nearly every major city or jurisdiction has at least one FHO, which focuses generally on advocacy, legal support and empirical research about discrimination.

Funding Source(s): Various

Production Status: Ongoing

## Neighborhood Distress

### **NEW JERSEY NEIGHBORHOOD REVITALIZATION TAX CREDIT PROGRAM (NRTCP)**

Year Established: 2004

Level of Government: State

Responsible Agency: State of New Jersey, Department of Community Affairs (DCA)

Purpose: NRTCP creates "incentives to businesses to support the community development efforts of community-based organizations that are part of neighborhood revitalization plans created in partnership with community residents and institutions."<sup>45</sup>

Funding Source(s): The DCA gives businesses "a 100 percent tax credit against various New Jersey state taxes for investing in the revitalization of low-and moderate-income neighborhoods in eligible municipalities."<sup>46</sup> "Each approved project may qualify for up to \$1 million in NRTC funding. The NRTC Program can award up to \$10 million per state fiscal year, depending on the amount of funds received from business entities/corporations. Funds that are received but not used in a fiscal year may be carried over to the next fiscal year."<sup>47</sup>

Who is Eligible? An eligible neighborhood "qualifies for special Municipal Aid or contain an Abbott District." All non-profit entities located in an eligible municipality can apply for tax credit investment, and "any corporation or individual authorized to conduct or operate a trade or business in the State of NJ" that is subject to certain taxes can become NRTCP investors.<sup>48</sup>

Estimated Dollar Level: The Neighborhood Revitalization Tax Credit Program (NRTCP) has received \$ 10,000,000 in business investments for the 2012 Fiscal Year and has raised \$38,081,000 in prior Fiscal Years.<sup>49</sup>

Production Status: Active

## **PENNSYLVANIA NEIGHBORHOOD ASSISTANCE PROGRAM (NAP)**

Year Established: 1967

Level of Government: State

Responsible Agency: State of Pennsylvania, Department of Community and Economic Development (DCED)

Purpose: NAP encourages businesses "to provide funding to support education, job training, crime prevention, community services, and physical improvement projects in impoverished neighborhoods."<sup>50</sup>

Funding Source(s): Businesses have the option of funding their own projects or donating cash to non-profit community-based organizations undertaking a DCED approved project. Up to 50 percent of the donation may be used as a tax credit. The total tax credit per business is limited to \$250,000 per year.<sup>51</sup>

Who is Eligible? Pennsylvania businesses subject to corporate taxes are eligible to participate. Neighborhood private or non-profit agencies that provide counseling, medical care, emergency assistance, job training, education and related services to impoverished areas are also eligible to participate. Eligible projects must serve distressed neighborhoods and focus on the following: affordable housing programs,

community services, crime prevention, education, job training, neighborhood assistance, community economic development or neighborhood conservation.<sup>52</sup>

Estimated Dollar Level: The program has been capped at \$18 million since 1997; Act 2009-48 reduced the available credits to \$9 million for FY 2009-10 and to \$8.1 million for FY 2010-11.<sup>53</sup>

Production Status: Active

## Energy Efficiency

### **ILLINOIS ENERGY EFFICIENT AFFORDABLE HOUSING CONSTRUCTION PROGRAM**

Year Established: 1988

Level of Government: State

Responsible Agency: The Illinois Department of Commerce and Economic Opportunity (DCEO)

Purpose: DCEO provides funding to non-profit and for-profit affordable housing developers to defray costs associated with using energy efficient building practices in residential projects.<sup>54</sup>

Funding Source(s): The Illinois Energy Efficiency Trust Fund and the Energy Efficient Portfolio.<sup>55</sup>

Who is Eligible? The program is restricted to Illinois-based affordable housing developers constructing or rehabilitating single-family, multi-family and Single Room Occupancy (SRO) buildings.<sup>56</sup>

Estimated Dollar Level: The program offers up to \$4,000 per unit for new housing developments and up to \$4,500 per unit in rehab housing developments. The program funded 10 New Multi-Family projects and 67 New Single Family homes during the 2009 Fiscal Year.<sup>57</sup>

Production Status: Active

### **MARYLAND MULTIFAMILY ENERGY EFFICIENCY AND HOUSING AFFORDABILITY PROGRAM (MEEHA) - EMPOWER PROGRAM**

Year Established: 2012

Level of Government: State

Responsible Agency: Department of Housing and Community Development (DHCD)

Purpose: The DHCD provides loans and grants for making energy efficiency improvements in affordable, multifamily rental housing and also for energy audits. The

program is driven by Maryland's goals to: 1) promote energy efficiency and renewable energy; and 2) create and preserve affordable rental housing opportunities.<sup>58</sup>

Funding Source(s): MEEHA-EmPOWER is funded by utility companies serving Maryland and regulated by the Public Service Commission (PSC).<sup>59</sup>

Who is Eligible? Non-profit organizations, for-profit organizations and governmental entities can be program applicants. Funding can be used for affordable multifamily rental projects that are either new construction or acquisition and rehabilitation. Existing affordable multifamily rental projects can also receive energy efficiency improvements funding. Meter projects must be located within certain utility territories to be eligible.<sup>60</sup>

Estimated Dollar Level: DHCD has a total of \$12.5 million available for this program.<sup>61</sup>

Production Status: Active

## Appendix B References

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