	HOME Investment Partnerships Program (HOME)	U.S. Department of Transportation Federal Transit Administration

Year	2008	2009	2010
Allocation	$1.63B	$1.68B	$1.82B

Purpose

HOME provides gap financing for affordable housing through four eligible activities: homebuyer assistance, homeowner rehabilitation, rental housing, and tenant-based rental assistance. Each year it allocates approximately $2 billion among the States and about 600 localities nationwide. The program was designed to reinforce several important values and principles of community development:

- Allow communities to design and implement strategies tailored to their own needs and priorities.
- Expand and strengthen partnerships among all levels of government and the private sector in the development of affordable housing.
- Build the capacity of qualified community-based nonprofit housing groups through technical assistance activities and set-asides.
- Mobilizes community resources in support of affordable housing by requiring participating jurisdictions (PJs) to match 25 cents of every dollar in program funds.

Statutory References

HOME is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act. Program regulations can be found at 24 CFR Part 92.

Implementation

- HOME funds are awarded annually as formula grants to participating jurisdictions. HUD establishes HOME Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed.

- States are automatically eligible for HOME funds and receive either their formula allocation or $3 million, whichever is greater. Local jurisdictions eligible for at least $500,000 under the formula ($335,000 in years when Congress appropriates less than $1.5 billion for HOME) also can receive an allocation. Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally binding consortium whose members' combined allocation would meet the threshold for direct funding. Other localities may participate in HOME by applying for program funds made available by their State.

- The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median. HOME income limits are published each year by HUD.

Roles and Responsibilities

HUD is responsible for distributing funding according to the formula and for monitoring how awarded money is spent. Grantees may spend money directly or via distribution to subgrantees. In either case, funds must be spent in accordance with grantee’s Strategic Plan and Annual Action Plan. All HOME funds must be committed to projects within two years of award and expended within five years.

	Community Development Block Grants (CDBG)	

Year	2009	2009	2010
Allocation	$3.60B	$3.90B	$4.45B

Purpose

The CDBG program provides grants on a formula basis to both entitled and non-entitled areas to enable communities to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. The program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses.

Statutory References

CDBG is authorized under Title I of the Housing and Community Development Act of 1974. Regulations are at 24 CFR Part 570.

Implementation

70% of CDBG funds are distributed by formula to entitled communities, which develop their own programs and funding priorities and consult with local residents before making final decisions. 30% of funds are given to states to be distributed to non-entitled areas by formula. Each state also has the option to administer the block grant funds provided for its non-entitled areas.

Numerous other programs, including Section 108 Loan Guarantees and Disaster Recovery Assistance, fall under the CDBG umbrella.

Roles and Responsibilities

HUD is responsible for distributing funding according to the formula and for monitoring how awarded money is spent. Grantees may spend money directly or via distribution to subgrantees. In either case, funds must be spent in accordance with a grantee’s Strategic Plan and Annual Action Plan. Grantees must adhere to spend-down requirements by never having more than 1.5 times their annual allotment remaining in their account.

Brownfields Economic Development Initiative (BEDI) & Section 108 Loan Guarantees

Year	2008	2009	2010
BEDI	$10.0M	$10.0M	$17.5M
Section 108	$200.0M	$275.0M	$275.0M

Purpose

The Brownfields Economic Development Initiative (BEDI) is a competitive grant program that HUD administers to stimulate and promote economic and community development. BEDI is designed to assist cities with the redevelopment of abandoned, idled and underused industrial and commercial facilities where expansion and redevelopment is burdened by real or potential environmental contamination.

BEDI grant funds are primarily targeted for use with a particular emphasis upon the redevelopment of brownfields sites in economic development projects and the increase of economic opportunities for low-and moderate-income persons as part of the creation or retention of businesses, jobs and increases in the local tax base.

The purpose of the BEDI program is to spur the return of brownfields to productive economic use through financial assistance to public entities in the redevelopment of brownfields, and enhance the security or improve the viability of a project financed with Section 108-guaranteed loan authority. Therefore BEDI grants must be used in conjunction with a new **Section 108-** guaranteed loan commitment.

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. The BEDI funds minimize the potential loss of future CDBG allocations. Both Section 108 loan proceeds and BEDI grant funds are initially made available by HUD to public entities approved for assistance. Such public entities may re-loan the Section 108 loan proceeds and provide BEDI funds to a business or other entity to carry out an approved economic development project, or the public entity may carry out the eligible project itself.

Statutory References

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

Implementation

BEDI funds are made available on a competitive basis through an annual NOFA. Section 108 funds are available to eligible applicants throughout the year on a noncompetitive basis. CDBG entitlement communities and non-entitlement communities eligible to receive loan guarantees. Each activity assisted with Section 108 loan guarantees and BEDI funds must meet one of the CDBG Program's National Objectives and must be used in eligible ways.

Roles and Responsibilities

Applicants submit an application including information in response to the NOFA published in the Federal Register. HUD is responsible for selecting applicants for funding based on basic program requirements. Grantees then spend the funds either directly or via distribution to subgrantees. HUD monitors the grantees for compliance with program guidelines

HOPE VI

Year	2008	2009	2010
Allocation	**$97.6M**	**$120.0M**	**$200.0M**

Purpose

HOPE VI is a competitive grant program that serves a vital role in the Department of Housing and Urban Development's efforts to transform Public Housing. The specific elements of public housing transformation that have proven key to HOPE VI include:

- Changing the physical shape of public housing
- Establishing positive incentives for resident self-sufficiency and comprehensive services that empower residents
- Lessening concentrations of poverty by placing public housing in non-poverty neighborhoods and promoting mixed-income communities
- Forging partnerships with other agencies, local governments, nonprofit organizations, and private businesses to leverage support and resources

Statutory References

Section 24 of the U.S. Housing Act of 1937 (42 U.S.C. 1437v), as amended by Section 402 of the HOPE VI Program Reauthorization and Small Community Mainstreet Rejuvenation and Housing Act of 2003 (Public Law 108-186, approved December 16, 2003).

Implementation

- Any Public Housing Authority that has severely distressed public housing units in its inventory is eligible to apply.
- HOPE VI Revitalization grants fund 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 service programs for residents, including those relocated as a result of revitalization efforts
- HOPE VI Main Street grants provide assistance to smaller communities in the development of affordable housing that is undertaken in connection with a Main Street revitalization effort.

Roles and Responsibilities

- Applicants submit an application, including a Request for Fund Reservation and other information in response to the NOFA published in the Federal Register each fiscal year.
- HUD selects applicants for funding based on basic program requirements and executes a grant agreement with the recipient.
- PHAs carry out HOPE VI eligible activities and provide matching contributions in amounts at least equal to five percent of the grant amount.
- HUD monitors the grantees for compliance with program guidelines.

	Project-Based Rental Assistance	

Year	2007	2008	2009
Appropriation	N/A	N/A	N/A

Purpose

The project-based voucher program is component of a public housing agencies (PHAs) housing choice voucher program. This program provides rental assistance for eligible families who live in specific housing developments or units.

Statutory References

Section8(o)(13) of the U.S. Housing Act of 1937, as amended by Section 232 of the Fiscal Year 2001 Appropriations Act (Public Law 106-377) (42 U.S.C. 1473f(o)(13)). Regulations are at 24 CFR part 983.

Implementation

- A PHA may project-base up to 20 percent of the PHA's available voucher funding to provide project-based assistance for existing housing that does not need rehabilitation, as well as for newly constructed or rehabilitated housing.
- There are no appropriations for this program and HUD does not allocate funding for project-based voucher assistance. Instead, funding for project-based vouchers comes from funds already obligated by HUD to a PHA under its annual contributions contract.
- After one year of assistance, a family may move from a project-based voucher unit. The family may switch to the PHA's tenant-based voucher program when the next voucher is available or to another comparable program if such a program is offered.
- Except for units designated for families that are elderly, disabled, or receiving supportive services, no more than 25 percent of units in a multifamily building may have project-based voucher assistance.
- The PHA may enter into a housing assistance payment (HAP) contract with an owner for a term of up to 10 years. However, the PHA's contractual commitment is subject to availability of appropriated funds. The renewal term may not exceed 5 years.
- At the end of the contract term, the PHA may extend the HAP contract with an owner for a period appropriate to achieve long-term affordability or to expand housing opportunities. Extensions are subject to availability of appropriated funds.

Roles and Responsibilities

- There are no appropriations for this program and HUD does not allocate funding for project-based voucher assistance. Instead, funding for project-based vouchers comes from funds already obligated by HUD to a PHA under its annual contributions contract (ACC).
- The PHA and the owner execute an agreement to enter into housing assistance payments (HAP) contract. Under this contract the owner agrees to construct or rehabilitate the units, and the PHA agrees to subsidize the units upon satisfactory completion of the rehabilitation or construction.

	Section 811 Supportive Housing for Persons with Disabilities	U.S. Department of Transportation Federal Transit Administration

Year	2008	2009	2010
Allocation	$124.8M	$250.0M	$300.0M

Purpose

The Section 811 program allows persons with disabilities to live as independently as possible in the community by increasing the supply of rental housing with the availability of supportive services. The program also provides project rental assistance, which covers the difference between the HUD-approved operating costs of the project and the tenants' contribution toward rent.

Statutory References

Section 811 of the National Affordable Housing Act of 1990 (P.L. 101-625) as amended by the Housing and Community Development Act of 1992 (P.L. 102-550), the Rescission Act (P.L. 104-19) and the American Homeownership and Opportunity Act of 2000 (P.L. 106-569). Program regulations are in 24 CFR Part 891.

Implementation

- Nonprofit organizations with a Section 501(c)(3) tax exemption can apply if they can submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the capital advance amount, up to a maximum of $10,000.
- HUD provides interest-free capital advances to nonprofit sponsors to help them finance the development of rental housing such as independent living projects, condominium units and small group homes with the availability of supportive services for persons with disabilities. The advance does not have to be repaid as long as the housing remains available for very low-income persons with disabilities for at least 40 years.
- HUD also provides project rental assistance; this covers the difference between the HUD-approved operating cost of the project and the amount the residents pay--usually 30 percent of adjusted income. The initial term of the project rental assistance contract is 3 years and can be renewed if funds are available.

Roles and Responsibilities

- Applicants submit an application for a capital advance, including a Request for Fund Reservation and other information in response to a NOFA published in the Federal Register each year.
- Applications must be submitted to the local HUD field office with jurisdiction over the area where the proposed project will be located.

- HUD selects applicants for funding based on basic program requirements, including nonprofit status, financial commitment, and a certification from the appropriate State or local agency that the supportive services are well designed to meet the needs of the intended residents.
- Grantees then spend the funds according to the program guidelines and HUD monitors the grantees for compliance.

	Renewal of Section 8 Project-Based Rental Assistance	U.S. Department of Transportation Federal Transit Administration

Year	2008	2009	2010
Allocation	**$6.13B**	**$6.89B**	**$8.33B**

Purpose

Originally, this assistance was provided in connection with new construction or substantial rehabilitation or to support existing projects, but this authority was repealed in 1983. While funding is no longer available for new commitments, funding is available for the renewal of Section 8 Housing Assistance Payments ("HAP") contract for units already assisted with project-based Section 8 renewal assistance. This program assists low- and very low-income families in obtaining decent, safe, and sanitary housing.

Statutory References

For the renewal of Section 8 project-based assistance, see Section 524 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f). For Section 8 procedures, see Section 8 regulations at 24 CFR parts 5, 402, 880-881, 883-884, and 886.

Implementation

- Project sponsors are private owners, both profit-motivated and nonprofit or cooperative organizations. Very low income families whose income does not exceed 50 percent of the area median income are eligible to occupy the assisted units. A limited number of units may be rented to low-income families whose incomes are between 50 and 80 percent of the area median income.

- HUD renews Section 8 project-based HAP contracts with owners of multifamily rental housing. The project-based rental assistance makes up the difference between what a low- and very low-income household can afford and the approved rent for an adequate housing unit in a multifamily project. Eligible tenants must pay the highest of 30 percent of adjusted income, 10 percent of gross income, or the portion of welfare assistance designated for housing or the minimum rent established by HUD.

Roles and Responsibilities

- Renewals are funded on an annual basis through appropriations acts. Owners that wish to renew their contracts with HUD do so by following the guidelines provided by FHA.

	Mortgage Insurance Multi-Family Risk Sharing	U.S. Department of Transportation Federal Transit Administration

Purpose:

Two multifamily mortgage credit programs under which Fannie Mae, Freddie Mac, and state and local housing finance agencies share the risk and the mortgage insurance premium to fund multifamily housing projects.

Statutory References:

Section 542(b) of the Housing and Community Development Act of 1992 authorizes HUD to enter into reinsurance agreements with Fannie Mae, Freddie Mac, qualified financial institutions (QFIs), and the Federal Housing Finance Board. The agreements provide for risk-sharing on a 50-50 basis. Currently, only Fannie Mae and Freddie Mac have active risk-sharing programs with HUD.

Section 542(c) enables HUD to carry out a program in conjunction with qualified state and local housing finance agencies (HFAs) to provide federal credit enhancement for loans for affordable multifamily housing through a system of risk-sharing agreements. Agreements provide for risk-sharing between 10 percent and 90 percent.

The Fiscal Year 2001 Appropriations Act changed the program from a pilot program into a permanent insurance authority.

Implementation:

Fannie Mae, Freddie Mac, QFIs, HFAs, and the Federal Housing Finance Board.

Legal Authority: Section 542 of the Housing and Community Development Act of 1992 (12 U.S.C. 1707 note). Regulations are at 24 CFR part 266 for the Section 542(c) program. Section 542(b) is implemented through a housing notice and negotiated agreements without regulations.

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

Information Sources: Administering office, and for Section 542(c), state housing finance agencies.

On the Web: **www.hud.gov/offices/hsg/mfh/progdesc/riskshare542b.cfm**

	Neighborhood Revitalization Strategy Areas	U.S. Department of Transportation Federal Transit Administration

Purpose:

The Neighborhood Revitalization Strategy Area (NRSA) is a program created by the Department of Housing and Urban Development (HUD) to revitalize an area that is a community's most distressed. NRSAs bring together neighborhood residents, small business owners, and property owners, as well as larger community stakeholders to forge partnerships that commit to neighborhood building, make neighborhoods attractive for investment, ensure that economic activity benefits are reinvested in the neighborhood, and foster growth of resident-based initiatives to identify/address their housing, economic and human service needs.

NRSAs create active, representative neighborhood organizations to develop a collective consensus relative to prioritized community needs in the designated NRSA. Goals, objectives, and action strategies are identified to address these needs. Action strategies address immediate, short-term, and long-range issues for the designated area. The development of demonstrated, sustainable partnerships to implement the action plan is critical to the success of the program. Funding is provided by HUD's Community Development Block Grant (CDBG) funds.

Mortgage Insurance Program for Rental Urban Renewal Rehabilitation Projects (Section 220)

Purpose:

Section 220 insures loans for multifamily housing projects in urban renewal areas, code enforcement areas, and other areas where local governments have undertaken designated revitalization activities. Section 220 insures lenders against loss on mortgage defaults. Section 220 provides good quality rental housing in urban areas that have been targeted for overall revitalization. Section 220 insures mortgages on new or rehabilitated housing located in designated urban renewal areas, and in areas with concentrated programs of code enforcement, and neighborhood development.

FHA mortgage insurance for HUD-approved lenders. Insured mortgages may be used to finance construction or rehabilitation of detached, semi-detached, row, walk-up, or elevator type rental housing or to finance the purchase of properties which have been rehabilitated by a local public agency. Properties must consist of two or more units and must be located in an urban renewal area, in an urban development project, code enforcement program area, urban area receiving rehabilitation assistance as a result of natural disaster, or area where concentrated housing, physical development, or public service activities are being carried out in a coordinated manner.

The program has statutory mortgage limits, which may vary according to the size of the unit, the type of structure, and the location of the project. There are also loan-to-replacement cost and debt service limitations. The maximum amount of the mortgage loan may not exceed 90 percent of the estimated replacement cost for new construction. For substantial rehabilitation projects, the maximum mortgage amount is 90 percent of the estimated cost of repair and rehabilitation and the estimated value of the property before the repair and rehabilitation project. The maximum mortgage term is 40 years, or not in excess of three-fourths of the remaining economic life of the project, whichever is less. Contractors for new construction or substantial rehabilitation projects must comply with prevailing wage standards under the Davis-Bacon Act.

Eligible Borrowers:
Eligible mortgagors include private profit motivated entities, public bodies, and others who meet HUD requirements for mortgagors. All families are eligible to occupy a dwelling in a structure where the mortgage is insured under the program, subject to normal tenant selection.

Application:
Section 220 is eligible for Multifamily Accelerated Processing (MAP). For new construction and substantial rehabilitation loans, the sponsor works with the MAP-approved lender who submits

required exhibits for the pre-application stage. HUD reviews the lender's exhibits and will either invite the lender to apply for a Firm Commitment for mortgage insurance, or decline to consider the application further. If HUD determines that the exhibits are acceptable, the lender then submits the Firm Commitment application, including a full underwriting package, to the local Multifamily Hub or Program Center for review. The application is reviewed to determine whether the proposed loan is an acceptable risk. Considerations include market need, zoning, architectural merits, capabilities of the borrower, availability of community resources, etc. If the project meets program requirements, the Multifamily Hub or Program Center issues a commitment to the lender for mortgage insurance.

Applications submitted by non-MAP lenders must be processed by HUD field office staff under Traditional Application Processing (TAP). The sponsor has a pre-application conference with the local HUD Multifamily Hub or Program Center to determine preliminary feasibility of the project. The sponsor must then submit a site appraisal and market analysis application (SAMA) (for new construction projects), or feasibility application (for substantial rehabilitation projects). Following HUD's issuance of a SAMA or feasibility letter, the sponsor submits a Firm Commitment application through a HUD-approved lender for processing. If the proposed project meets program requirements, the local Multifamily Hub or Program Center issues a commitment to the lender for mortgage insurance.

Implementation:
This program is authorized by Section 220(a) and (h), National Housing Act (12 U.S.C. 1715k. Regulations are in 24 CFR 200 et seq., 24 CFR 220.1 et seq. The basic program instructions are in HUD Handbook 4555.1. - Rental Housing in Urban Renewal Areas for Project available on HUDclips. Refer to the MAP web site for guidelines, instructions, lender approval requirements, and MAP coordinators. The program is administered by the Office of Multifamily Housing Development.

Mortgage Insurance for Single Room Occupancy Projects (SRO): Section 221(d)(3) and 221(d)(4)

Purpose
Section 221(d)(3) and 221(d)(4) program insures mortgage loans for multifamily properties consisting of single-room occupancy (SRO) apartments. There are no Federal rental subsidies involved with this SRO program. It is aimed at those tenants who have a source of income but are priced out of the rental apartment market. SRO projects generally require assistance from local governing bodies or charitable organizations in order to reduce the rents to affordable levels. Although SRO housing is intended for very low-income persons, the program does not impose income limits for admission.

Section 221(d)(3)(nonprofit borrowers) and Section 221(d)(4)(profit motivated borrowers) insure lenders against loss on mortgages. The program encourages construction or substantial rehabilitation of single-room apartment buildings with financing insured by HUD, thus enabling people with very limited incomes to find clean and safe housing.

Type of Assistance:
FHA provides mortgage insurance to HUD-approved lenders.

Eligible Activities:
Insured mortgages may be used finance construction or substantial rehabilitation of projects consisting of five or more one room SRO units, with no more than 10 percent of the total gross floor space dedicated to commercial use (20 percent for substantial rehabilitation projects). Each SRO apartment can have its own kitchen or bathroom facilities, or these facilities may be shared by several apartments. Apartments can be designed to allow for more than one occupant, but the number of people living in a unit cannot exceed the number permitted by occupancy requirements in State and local codes and the Fair Housing Act.
The maximum amount of a Section 221(d)(3) nonprofit loan is 100 percent of the estimated replacement cost. The maximum amount of a Section 221(d)(4) profit motivated loan is 90 percent of the estimated replacement cost. The maximum mortgage term is 40 years or up to three-fourths of the building's remaining economic life, whichever is less. Contractors for new construction and substantial rehabilitation projects must comply with prevailing wage standards under the Davis-Bacon Act.

Eligible Borrowers:
The program is used by nonprofit organizations, builders or sellers teamed with a nonprofit purchaser, limited-distribution entities, profit-motivated firms, or public agencies. Cooperative lenders or investors are not eligible.

Eligible Customers:
Residents are subject to normal tenant selection procedures. There are no income limits for admission. This program cannot be used with project-based subsidies.

Application:
Applicants must document (1) a clear need for the proposed SRO, (2) its experience operating SROs, (3) local government support of the project; and a relocation plan, if needed.
The sponsor has a preapplication conference with the local HUD Multifamily Hub or Program Center to determine preliminary feasibility of the project. The sponsor then must submit a site appraisal and market analysis application (SAMA) (for new construction projects), or feasibility application (for substantial rehabilitation projects). Following HUD's issuance of a SAMA or feasibility letter, the sponsor submits a firm commitment application through a HUD-approved lender for processing. Considerations include market need, zoning, architectural merits, capabilities of the borrower, availability of community resources, etc. If the proposed project meets program requirements, the local Multifamily Hub or Program Center issues a commitment to the lender for mortgage insurance.

Implementation:
This program is authorized by Section 221(d) (12 U.S.C. 1751(d)) and pursuant to Section 223(g) (12 U.S.C.1715l (d)) of the National Housing Act, pursuant to Section 223(g) of the National Housing Act (12 U.S.C. 1715n(g)). Program regulations are found in 24 CFR 221.565. The basic program instructions are in HUD Handbook "Mortgage Insurance for Single Room

Occupancy (SRO) Projects, Section" 4560.3 available on HUDclips. The program is administered by the Office of Multifamily Housing Development.