



FEDERAL PROGRAM OVERVIEW & RESOURCES

This federal housing policy resource is designed to help stakeholders, communities, developers, advocates, and citizens track federal housing programs and resources for Minnesota. With a new federal administration and changes in the economy, housing initiatives are evolving rapidly.

The items highlighted in the table below should not be considered comprehensive. Program information will be updated regularly on the [MHP Federal Policy](#) webpage. Contact MHP staff with questions or suggestions.

Federal Initiatives & Programs Highlighted:

1. [Low Income Housing Tax Credit \(LIHTC\)](#)
2. [Public Housing](#)
3. [Neighborhood Stabilization Project \(NSP\)](#)
4. [Weatherization](#)
5. [National Housing Trust Fund](#)
6. [Community Development Block Grant \(CDBG\)](#)
7. [Preservation of Assisted Housing](#)
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9. [Other Housing Programs \(Homelessness, Indian Housing\)](#)
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Program & Impact	Background	Funding & Administration	Policy Issues	Key Actors & Links
<p>1. Low Income Housing Tax Credit (LIHTC)</p> <p>LIHTC is the most important program for financing new affordable rental projects.</p> <p>LIHTC has been used to create over 29,000 affordable rental units in MN since its inception in 1987.</p>	<p>LIHTC faces an unprecedented crisis. Many 2008 and 2009 tax credits are unused due to lack of investor interest given the current economy.</p> <ul style="list-style-type: none"> Major investors cannot benefit unless they have profits against which to take tax credits over the next 10 years. They are unwilling to invest at this time. Tax credit value has declined from \$0.90+ per dollar to \$0.70. The credits, even when purchased by investors, provide far less capital for projects than before. This has stalled many new tax credit projects. <p>In response ARRA stimulus created:</p> <ul style="list-style-type: none"> Tax Credit Assistance Program (TCAP) to make up for the loss of value in credits for new tax credit projects that are stalled. Tax Credit Exchange Program (TCEP) to allows states to exchange a portion of 2008 and 2009 credits for cash. TCEP exchange grants must be made by Dec. 31, 2009. 	<p><u>Funding:</u></p> <ul style="list-style-type: none"> TCAP amount for MN is \$28 million in ARRA. ARRA authorized tax credit exchange (TCEP) to make approx. \$38 million available to MN. From 2002-2007, \$9.8 million allocated annually on average. <p><u>Federal Administration:</u></p> <ul style="list-style-type: none"> Treasury Department administers LIHTC. Treasury allocates tax credit resources and administers the TCEP program. TCAP is a HUD program. <p><u>State Administration:</u></p> <ul style="list-style-type: none"> MHFA allocates distribution of LIHTC, TCAP, & TCEP funds. Qualified local cities and counties also serve as suballocators. 	<p><u>Federal:</u></p> <ul style="list-style-type: none"> Exchange of credits to expire; continuation of exchange proposed. Exchange includes only 9% credits, not 4% credits. Expansion of credits to offset profits up to 5 years prior to issuance of credit to attract investors. Homeless students in tax credit housing unable to attend school full time under current rules. <p><u>State:</u></p> <ul style="list-style-type: none"> Monitor distribution of tax credit/ TCEP/TCAP awards. 	<p><u>National:</u></p> <ul style="list-style-type: none"> Tax Credit Coalition (mostly for-profit packagers), LISC, Enterprise, state-based coalitions, NLIHC, CBPP, and NCSHA <p><u>Minnesota:</u></p> <ul style="list-style-type: none"> MHP, MHFA, MCCD, Faegre and Benson <p><u>Links:</u></p> <ul style="list-style-type: none"> NLIHC overview HUD tutorial TCAP/TCEP HUD page MHFA ARRA Impact on Tax Credits Contact MHP for additional links.
<p>2. Public Housing</p> <p>MN has about 20,000 public housing units in 210 cities statewide.</p>	<p><u>Federal:</u></p> <ul style="list-style-type: none"> For at least seven years the federal government failed to provide operating funds at level needed. Capital funds shortages created financial backlog \$20+ billion 	<p><u>Federal Funding:</u></p> <ul style="list-style-type: none"> ARRA included \$3 billion to be distributed by formula and \$1 billion by competition. \$47 million went to MN by formula to 124 public housing authorities. 	<p><u>Federal:</u></p> <ul style="list-style-type: none"> 2010 budget proposal includes almost 100% of operating needs (about \$4.5 billion). 2010 budget includes about \$2.45 billion for capital needs. 	<p><u>National:</u></p> <ul style="list-style-type: none"> NLIHC, CBPP, NAHRO, PHADA, CLAPHA



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<p>Nearly two thirds of MN units serve the elderly and people with disabilities.</p> <p>Average household income is about \$12,200 for MN public housing residents.</p>	<p>nationally.</p> <p><u>State:</u></p> <ul style="list-style-type: none"> MN legislature passed state funding for public housing in the 2007 and 2009 sessions only. 	<ul style="list-style-type: none"> 2009 annual appropriations were \$2.5 billion for capital needs and \$4.5 billion for operating needs. MN housing authorities received about \$43 million for operating and \$35 million for capital needs. <p><u>State Funding:</u></p> <ul style="list-style-type: none"> In 2007 MN appropriated \$2.5 million for public housing repairs, which was matched by \$2.5 million from MHFA. 2009 legislature approved \$2 million in general obligation bonding for public housing. <p><u>Administration:</u></p> <ul style="list-style-type: none"> HUD administers program nationally. In MN 124 housing authorities operate public housing. 	<ul style="list-style-type: none"> Congress waiting on Obama for plan to revitalize public housing. Section 8 Voucher Reform Act (SEVRA) includes new income calculations for public housing and a provision (called "HIP") for some PHAs to merge Section 8 and public housing funding. Some advocates propose public housing financing restructuring to enable use of tax credits. <p><u>State:</u></p> <ul style="list-style-type: none"> Secure resources in state 2010 bonding bill. 	<p><u>Minnesota:</u></p> <ul style="list-style-type: none"> MHFA, MHP, NAHRO <p><u>Links</u></p> <ul style="list-style-type: none"> MHP's Investment at Risk: Public Housing in MN report summary & full report HUD Public Housing page
<p>3. Neighborhood Stabilization Program (NSP)</p> <p>NSP was established to help stabilize communities with many foreclosures and vacant properties through purchase and redevelopment of properties.</p>	<p><u>NSP1:</u></p> <ul style="list-style-type: none"> Housing and Economic Recovery Act (HERA) created initial funding. Distributed by formula. Available only to governments. <p><i>MN recipients of NSP1 funds include:</i></p> <ul style="list-style-type: none"> Minneapolis & St. Paul plus Anoka, Dakota and Hennepin counties. State awards to additional locations through MHFA listed here. <p><u>NSP2:</u></p> <ul style="list-style-type: none"> ARRA created \$2 billion in funds. 	<p><u>Funding:</u></p> <ul style="list-style-type: none"> Under NSP1 (\$4 billion nationally), MN received \$58 million, including \$38 million which went to MHFA. NSP2 funding (\$2 billion nationally) is competitive, with applications due July 17, 2009. <p><u>Administration:</u></p> <ul style="list-style-type: none"> HUD administers NSP programs. 5 localities administer their own programs. 	<p><u>Federal:</u></p> <ul style="list-style-type: none"> Proposed "TARP for Main Street" bill includes \$1.5 billion for third round of NSP (NSP3). Incorporate lessons/best-practices from NSP1 & NSP2 into NSP3. 	<p><u>National:</u></p> <ul style="list-style-type: none"> NCSHA, Conference of Mayors <p><u>Minnesota:</u></p> <ul style="list-style-type: none"> MHFA, MCCD, MHP, GMHF support programs for NSP recipients in Greater MN, FHF <p><u>Links:</u></p>

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	<ul style="list-style-type: none"> To be awarded competitively. Allows nonprofit applications. Three NSP2 applications likely to be submitted from Minnesota. 	<ul style="list-style-type: none"> MHFA administers state program; see the NSP page at the MHFA website. 		<ul style="list-style-type: none"> MHFA NSP page HUD NSP page
<p>4. Weatherization for Housing</p> <p>ARRA weatherization/energy funding went to following housing-related programs: Weatherization Assistance Program (WAP); State Energy Program (SEP); Public Housing; Native American Housing block grants; Green Retrofit Program for Multifamily Housing; Energy Efficiency and Conservation Block Grants (EECBG); Tax credits ,and appliance rebates for homeowners.</p> <p>Some of the above programs also receive annual appropriations.</p>	<p><u>Federal:</u></p> <ul style="list-style-type: none"> On 5/6/09 memorandum of understanding linked HUD and DOE programs with goal of weatherizing a million homes annually. Under ARRA, WAP eligibility increased to 200% of poverty level and \$6,500 per home. Green Retrofit applications being submitted, starting June 15, 2009. Weatherization expected to remain priority of Obama administration. <p><u>State</u></p> <ul style="list-style-type: none"> MHFA working with community action agencies orgs to encourage weatherization of multi-family programs with WAP funds. \$7.9 million earmarked by MN legislature for MHFA to incent weatherization for homeowners with incomes higher than WAP. MHFA plan is to utilize this resource through Fix Up Fund. 	<p><u>ARRA funding to Minnesota:</u></p> <ul style="list-style-type: none"> \$132 million for Weatherization Assistance Program (WAP). \$7.9 million ARRA earmarked by MN legislature for MHFA through State Energy Program (SEP). Public Housing capital funds by formula and competition; some can go for weatherization (see public housing). \$37 million for EECBG, some by formula to cities. \$10.6 million goes to MN Office of Energy Security to award by competition, with 60% for small cities/counties. Green Retrofit for multifamily by competition (\$250 million nationally) for Section 8, 202, 811 properties. <p>For annual appropriations info, contact the MN Office of Energy Security.</p> <p><u>Administration:</u></p> <ul style="list-style-type: none"> Department of Energy administers most national weatherization funds; HUD and DOE are cooperating. In MN the Office of Energy Security (through Commerce 	<p>WAP resources increased by a factor of 10 with ARRA legislation. Challenges:</p> <ul style="list-style-type: none"> Need to increase capacity of agencies administering WAP (mostly community action agencies). Agencies face spending deadlines. New reporting/administrative tasks. CAPs less experienced with multifamily weatherization. Rental property owners may need assistance in accessing funding. <p>Opportunities to use weatherization resources for multi-family housing.</p>	<p><u>National:</u></p> <ul style="list-style-type: none"> National Housing Trust <p><u>Minnesota:</u></p> <ul style="list-style-type: none"> MCAA, Office of Energy Security (Department of Commerce), MHFA, CEE, MinnCAP, MHP <p><u>National Links:</u></p> <ul style="list-style-type: none"> WAP challenges EECBG formula grants Green Retrofits notice Energy efficient tax credits for homeowners <p><u>MN Links:</u></p> <ul style="list-style-type: none"> MHFA stimulus, including energy MHFA multifamily weatherization Office of Energy Security



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<p>5. National Housing Trust Fund (NHTF)</p> <p>A new program created in 2008 to create or preserve mostly rental housing for extremely low income households.</p> <p>At least 90% of funds are for rental housing, with 75% of rental funding for extremely low income households.</p>	<p>National Housing Trust Fund authorized in 2008 Housing and Economic Recovery Act (HERA):</p> <ul style="list-style-type: none"> • Uses dedicated funding. • Fannie Mae/Freddie Mac was intended to capitalize program, but now new funding source(s) required after GSEs placed in receivership. • NLIHC goal is to finance 1.5 million affordable units over 10 years. 	<p>Department) administers most state programs; MHFA has role.</p> <p><u>Funding:</u></p> <ul style="list-style-type: none"> • \$1 billion in funding could bring \$11 million to Minnesota (1.1% is estimate by NLIHC of MN share of Trust Fund). <p><u>Administration:</u></p> <ul style="list-style-type: none"> • HUD to administer. 	<p><u>Federal:</u></p> <ul style="list-style-type: none"> • HUD to release rules for new program July 30, 2009. • 2010 budget includes \$1 billion for NHTF, but source still undecided. • “TARP for Main Street Act” (H.R. 3068) would provide \$1 billion for NHTF from TARP dividends. • Advocates want \$5 billion per year for 10 years. <p><u>State:</u></p> <ul style="list-style-type: none"> • MnFHAC supports \$5 billion/year to build, preserve, and rehab 1.5 million units over 10 years. 	<p><u>National:</u></p> <ul style="list-style-type: none"> • NLIHC, Housing Trust Fund Coalition <p><u>Minnesota:</u></p> <ul style="list-style-type: none"> • MnFHAC, MHP <p><u>Links:</u></p> <ul style="list-style-type: none"> • NHTF page through NLIHC • National Housing Trust Fund Coalition page
<p>6. Community Development Block Grants (CDBG)</p> <p>A flexible program that provides communities with resources to address development needs.</p>	<p>Provides grants by formula to 1,225 units of local government and States.</p> <p>ARRA stimulus funds must be used primarily to spur economic investment, energy efficiency, or job retention/creation.</p>	<p><u>Funding:</u></p> <ul style="list-style-type: none"> • Total annual appropriation for 2009 is \$3.64 billion. MN received \$57 million (\$21 million for state program) . • Under ARRA, CDBG received \$1 billion. MN received \$15 million of this amount. <p><u>Administration:</u></p> <ul style="list-style-type: none"> • HUD administers the program federally. • DEED administers in MN. 	<p><u>Federal:</u></p> <ul style="list-style-type: none"> • 2010 budget includes sizable increase in CDBG to \$4.5 billion. • Formula for distributing funds has been criticized as not placing resources where needed. • A new distribution formula has been proposed but allows grandfathering. • Minnesota loses money under the new proposed formula. • MnFHAC supports increasing CDBG budget to amount in 2010 Obama budget (\$4.5 billion). 	<p><u>National:</u></p> <ul style="list-style-type: none"> • Conference of Mayors, LISC <p><u>Minnesota:</u></p> <ul style="list-style-type: none"> • MCCD, MnFHAC, MHP <p><u>Links:</u></p> <ul style="list-style-type: none"> • HUD CDBG page • MN CDBG contacts

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<p>7. Preservation of Federally Assisted Housing</p> <p>Federally assisted, privately owned rental housing units are at risk for being lost; resources are needed to preserve these units.</p> <p>Properties at risk include HUD Section 8 project-based properties, USDA Rural Development Section 515, Section 202, and Section 811 properties, tax credit properties, and more.</p>	<p>Preservation of federally assisted housing has two components:</p> <ul style="list-style-type: none"> Preserving affordability of units (usually extending use agreements with owners). Physical preservation of units in need of rehab. <p>On June 22, 2009 HUD Secretary Donovan outlined new preservation priorities:</p> <ul style="list-style-type: none"> Funding for capital improvements. Enacting long term Section 8 contracts. Increased data collection on assisted housing. <p>Numerous properties are at-risk in MN:</p> <ul style="list-style-type: none"> 390 HUD Project-Based Section 8 properties (19,000 units) have contracts expiring before 2013. 182 of these (9,240 units) are owned by for-profit entities. 111 HUD Section 202/811 properties (4,302 units). 640 USDA Rural Development Section 515 properties (11,776 units). 554 tax credit properties (18,547 low- income units). 	<p><u>Funding:</u></p> <ul style="list-style-type: none"> 2009 HUD budget includes \$150 million for tenant protection vouchers. 2009 USDA budget includes \$6 million for preservation rental assistance and \$20 million for a rental preservation demonstration program. State appropriations for preservation of federally assisted housing include the PARIF program, which received \$17.6 million for the 2010-11 biennium. <p><u>Federal Administration:</u></p> <ul style="list-style-type: none"> HUD administers Section 8 and Section 202/811 properties. USDA Rural Development administers Section 515 properties. <p><u>State Administration:</u></p> <ul style="list-style-type: none"> MHFA administers PARIF program. Interagency Stabilization Group (includes Family Housing Fund, LISC, McKnight, MHFA, St. Paul Dept of Planning and Economic Development, HUD) 	<ul style="list-style-type: none"> Proposed "TARP for Main Street" legislation includes \$2 billion to prevent foreclosure of multifamily properties. Rep. Frank has a draft bill "Housing Preservation and Tenant Protection Act of 2009" which updates preservation tools and creates a preservation database of assisted housing 	<p><u>National:</u></p> <ul style="list-style-type: none"> National Housing Trust, NLIHC <p><u>Minnesota:</u></p> <ul style="list-style-type: none"> HPP, HOME Line, MHP, MCCD, MHFA, GMHF, FHF, Interagency Stabilization Group <p><u>Links:</u></p> <ul style="list-style-type: none"> Policy Issues through National Housing Trust Preservation through NLIHC Housing Preservation Project



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<p>8. Section 8 Voucher Program (Housing Choice Vouchers)</p> <p>Section 8 vouchers ensure that households pay no more than 30% of their income for housing.</p> <p>About 30,000 MN households receive Section 8 vouchers.</p>	<p>Despite sizeable need, Section 8 has not seen a sizable increase in vouchers in many years.</p>	<p><u>Funding:</u></p> <ul style="list-style-type: none"> Funding was \$16.8 billion in FY 2009. <p><u>Administration:</u></p> <ul style="list-style-type: none"> HUD administers program federally. In MN, 69 local housing authorities administer Section 8 vouchers. 	<p><u>Federal:</u></p> <ul style="list-style-type: none"> 2010 budget funds all current vouchers. Proposed Section 8 Voucher Reform Act (SEVRA) streamlines voucher program and authorizes 150,000 additional vouchers in 2010. <p><u>MnFHAC position:</u></p> <ul style="list-style-type: none"> Renters with vouchers should pay no more than 30% of income for housing. Congress should expand the HUD budget to fund vouchers for all eligible renters. Funding for vouchers must be based on current voucher costs. 	<p><u>National:</u></p> <ul style="list-style-type: none"> NLIHC, CBPP, NAHRO, PHADA, CLAPHA. <p><u>Minnesota:</u></p> <ul style="list-style-type: none"> MnFHAC, MHFA, individual administering agencies <p><u>Links:</u></p> <ul style="list-style-type: none"> Policy basics and SEVRA podcast from CBPP NLIHC Housing Choice Vouchers factsheet

9. Other Housing Programs	Description	Links
<p>Homeless Emergency Shelter Grants (ESG)/Homelessness Prevention and Rapid Rehousing Program (HPRP)</p>	<p>ESG provides funds to operate shelters and transitional housing. HPRP is a new program created under ARRA that funds assistance to rapidly re-house homeless people and to prevent imminent homelessness through rent subsidies for families at risk. HUD is considering HPRP as a model for potential changes to ESG. HPRP uses are very similar to those of MHFA's Family Homeless Prevention and Assistance Program (FHPAP).</p>	<ul style="list-style-type: none"> HUD ESG Page HUD Homeless Resource Exchange HPRP page
<p>Indian Housing</p>	<p>ARRA appropriated \$510 million to HUD for Indian housing programs. MN tribes to receive \$7.3 million by formula under ARRA for new construction, acquisition, rehabilitation (including energy efficiency and conservation) and infrastructure. Additional \$ is competitive nationally. ARRA sets aside funding for Indian tribes from CDBG, USDA Rural Development programs, and Energy Efficiency & Conservation Block Grant programs.</p>	<ul style="list-style-type: none"> National American Indian Housing Council White Paper on ARRA



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10. Wage/Labor Issues for Housing	Description	Links
Prevailing Wage & Davis Bacon Rules	Davis Bacon law requires that “prevailing wages” to be paid for work done on federally assisted housing to ensure that fair wages are paid. Program administrators express concern that construction costs increase by 30% due to this requirement and that reporting requirements are difficult to meet. Bacon rules apply to ARRA programs such as: CDBG-R, NSP2, Weatherization Assistance Program (WAP), Indian Housing Block Grant and Public Housing Capital Fund programs. For some programs, specific prevailing wage/Davis Bacon rules are being created.	<ul style="list-style-type: none"> • HUD Office of Labor Relations Davis Bacon page • Wage Determinations Online • Department of Labor recovery stimulus page • Minnesota Labor Standards • Minnesota Building and Construction Trades Council prevailing wage news
Section 3 Jobs	Section 3 in the Housing and Urban Development Act of 1968 requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.	<ul style="list-style-type: none"> • HUD Section 3 page • HUD Section 3–NSP Guidance
11. Building Standards	Description	Links
Healthy Housing	In June, 2009, the Surgeon General and HUD announced a plan to promote healthy homes. HUD identified four goals: foster partnerships for a healthy homes agenda, provide key research, incorporate healthy homes principles into ongoing programs, and enable communities to create healthy homes.	<ul style="list-style-type: none"> • Commission to Build a Healthier America Issue Brief: Housing and Health and fact sheet (Robert Wood Johnson Foundation) • National Center for Healthy Housing
Green Housing/Sustainable Communities	Sustainable communities provide access to affordable housing, more transportation options, and lower transportation costs while protecting the environment. Sustainable building uses healthier and more resource-efficient methods to construct, renovate, operate, maintain, and demolish housing. HUD has joined with Department of Transportation and EPA to develop six principles for creating sustainable communities.	<ul style="list-style-type: none"> • HUD/DOT/EPA 6 principles for sustainable communities • EPA Green Building • National Green Communities • Minnesota Green Communities

Additional Links:

HUD [ARRA stimulus](#) page

National Low Income Housing Coalition [Advocates' Guide](#)

National Low Income Housing Coalition [ARRA stimulus](#) page

League of Minnesota Cities [ARRA Stimulus Program Guide](#)