



# American Recovery and Reinvestment Act of 2009, H.R. 1

## Minnesota Housing and Community Development Impact -- \$300+ million

Updated 3/9/09, Minnesota Housing Partnership

<b>Housing Objective</b>	<b>Legislation</b>	<b>Impact/Consideration for MN</b>
<p><b>Address Foreclosures</b></p>	<p>1. \$2 billion for Neighborhood Stabilization Program (funds to be expended within 3 years of being available). Funds to be awarded through competition to governments and nonprofits. Applications due to HUD within 150 days of enactment. New tenant protections are included.</p>	<p>1. Based on HUD's formula for distribution in round one, Minnesota would receive <b>\$30 million</b> in <u>NSP funds</u>. This funding however will go out competitively and the state and other eligible applicants will need to figure out their application strategies.</p>
<p><b>Preserve Affordability, Rehab Homes and Create Green Housing</b></p>	<p>1. \$250 million for energy retrofitting and greening federally assisted housing (also allowing HUD to share in energy savings).</p> <p>2. \$2 billion for full-year payments to owners receiving Section 8 project-based rental assistance.</p> <p>3. \$100 million for lead hazard reduction program. Funds will first go to qualified 2008 applicants who did not receive funds.</p> <p>4. \$510 million for Native American Housing Block Grants for rehab efforts (half by formula and half by competitive grants).</p> <p>5. \$5 billion for weatherization program at Department of Energy.</p> <p>6. Extension of energy efficiency tax credits on existing housing.</p>	<p>1. The \$250 million for <u>assisted rental housing energy improvements</u> will be a new program at HUD, in general Minnesota receives 1.5 percent of federal housing resources. In this case that amount is <b>\$3.75 million</b>.</p> <p>2. The <u>full year payments for Section 8</u> only enables federally assisted housing property owners to receive what they should under their contracts with HUD. No additional housing resources are available.</p> <p>3. <u>Lead hazard</u>, depends on applicants for 2008 that were turned down because of insufficient funds; HUD advises that no funds will come to Minnesota.</p> <p>4. <u>Indian block grant funds</u> go directly to Tribes from HUD's regional office in Chicago. HUD's estimated amount for Minnesota is <b>\$7.3 million</b> to be divided among nine Tribes.</p> <p>5. Department of Energy has projected that Minnesota will receive <b>\$132 million</b> in <u>weatherization funds</u>. These are distributed in Minnesota by Department of Commerce through a network of community agencies. Commerce estimates that \$108 million will be distributed to 32 suballocators. This is 10 times the typical amount received from the Department and will require considerable ramping up by administering agencies.</p> <p>6. No information available on use of energy efficiency tax credits in Minnesota.</p>
<p><b>Fix Public Housing</b></p>	<p>1. \$4 billion for the public housing capital fund (\$3 billion is to be distributed by formula and the remainder through competition).</p>	<p>1. Based on amount Minnesota typically receives out of federal capital grants pool, estimate about <b>\$60 million</b> will come to Minnesota, \$47 million by formula the rest in competition. Funds go directly from HUD to 124 Minnesota public housing agencies.</p>

<b>Housing Objective</b>	<b>Legislation</b>	<b>Impact/Consideration for MN</b>
<p><b>Produce Affordable Housing</b> (could include rehab or new construction); funds in many cases could also be used for nonhousing community development activities</p>	<ol style="list-style-type: none"> <li>1. \$2.25 billion for HOME, federal housing block grant funds. This amount will go to state governments only by HOME formula for Low Income Housing Tax Credit projects.</li> <li>2. Tax provision to enable states to swap 9% tax credits, up to 40% of their 2009 and unused pre-2009 credits, for cash from Treasury at rate of 85 cents on the dollar (the Senate’s acceleration proposal was not included).</li> <li>3. \$1 billion for Community Development Block Grant program to be distributed through existing formula (priority to be given to projects that can move within 120 days of funds being available).</li> <li>4. Funding was made available to support \$100 million for Community Development Financial Institution (CDFI) loans and \$3 billion in New Market Tax Credits.</li> </ol>	<ol style="list-style-type: none"> <li>1. Amount of HOME <u>funds for low income housing tax credit projects</u> in Minnesota should be <b>\$28 million</b>. This will be administered by Minnesota Housing.</li> <li>2. The <u>swap of housing tax credits for cash</u>, which does not theoretically add new resources to the state, but will put to use the existing tax credit commitment. Minnesota Housing will likely obtain \$38 million from this swap and prioritize its use for rural and supportive housing projects because they are the ones least able to receive investor funds in the current market.</li> <li>3. <u>CDBG funds</u> will result in 18 Minnesota jurisdictions sharing <b>\$15 million</b>. The state administrator of CDBG is DEED whose share of this amount should be \$5.6 million for non-urban parts of the state.</li> <li>4. <u>CDFI and New Market Tax Credits</u> are distributed by national competition; no estimate available for Minnesota impact.</li> </ol>
<p><b>Help People Buy Homes</b> including expanding financing for home mortgage loans</p>	<ol style="list-style-type: none"> <li>1. Extend and expand existing credit for first time homebuyers to \$8,000, non-repayable if buyer stays in home three years, and available for purchases until 12/1/09.</li> <li>2. Improve marketability of tax exempt bonds issued in 2009 and 2010 by exempting interest from alternative minimum tax and expanding the eligible market for bond purchase particularly by financial institutions.</li> <li>3. \$200 million to support rural Section 502 homeownership loans.</li> </ol>	<ol style="list-style-type: none"> <li>1. No immediate estimate of number that will take advantage of <u>\$8,000 home ownership credit</u>.</li> <li>2. Minnesota Housing states that the changes to the <u>tax exempt bond program</u> will not result in an immediate benefit to the state because of lack of competitiveness of public tax exempt revenue bonds.</li> <li>3. Information is not available on the number of new <u>rural home ownership loans</u> that will be made in Minnesota.</li> </ol>
<p><b>Meet Basic Need for Housing</b> (address homelessness and meet basic needs of low income households)</p>	<ol style="list-style-type: none"> <li>1. \$1.5 billion for Emergency Shelter Grants; helps families avoid becoming homeless by providing short term rental assistance, utility payments, etc.</li> <li>2. \$100 million for FEMA emergency food and shelter program for homeless and people in economic crisis.</li> </ol>	<ol style="list-style-type: none"> <li>1. <u>Emergency Shelter Grant funding</u> should bring to Minnesota <b>\$23.5 million</b>. This is administered by five local jurisdictions and the state. Nonprofits and smaller governments receive funds through a competitive process administered by the Department of Human Services, the Department’s share should be \$10.9 million.</li> <li>2. Based on other low income programs, the proportionate share of <u>FEMA food and shelter funding</u> to Minnesota is <b>\$1.5 million</b>.</li> </ol>