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Congress Expected to Approve an Economic Recovery Bill with Significant Resources for Affordable Housing Preservation, Greening HUD Housing, and Stalled Tax Credit Projects

Congress is expected to approve an economic stimulus bill with significant new resources for affordable housing preservation, including:

- \$2 billion to fully fund project-based Section 8 contracts;
- \$250 million to repair and green HUD assisted affordable multifamily housing;
- \$4 billion to repair existing public housing; and
- significant new resources to help fund stalled tax credit projects across the U.S.

Section 8 Funding. Securing full funding for Section 8 contracts represents a significant victory for the affordable housing industry and for low income families who depend on this essential housing resource. For years, the project-based Section 8 program was chronically underfunded. Instead of requesting full funding for the program, HUD chose to enter into short term contracts of less than a year with Section 8 property owners. These short term contracts significantly increased the perception that HUD might not continue to meet its commitment to property owners and, in turn, made it more difficult for owners to seek refinancing opportunities. The \$2 billion included in this bill restores much needed funding to the program.

Greening HUD Housing. Not only will Section 8 housing now be funded appropriately, it will be "green." The investment to repair and green HUD assisted affordable housing will create immediate jobs, while preserving and improving thousands of affordable rental homes. The bill provides \$250 million for grants or loans for energy retrofits and green investments. Owners must agree to extend affordability by at least 15 years in exchange for funding. The program will be administered by HUD's Office of Affordable Housing Preservation. Funds must be expended within two years.

Public Housing. The bill also provides \$4 billion to preserve and improve public housing. Up to \$1 billion of this amount is to be made available by competition

for priority investments, including leveraging private financing for renovations and energy conservation retrofit investments.

The investments in greening HUD assisted and public housing are consistent with HUD's intention to create an "Office of Sustainability" and with HUD's new emphasis on making the connection between energy consumption, HUD expenditures on utilities, and making homes more livable for those who call it home.

Stalled Tax Credit Projects. Finally, the bill provides \$2.25 billion for "gap filler" to state housing finance agencies through the HOME program. Separately, Congress enacted a "9% tax credit exchange" program whereby state housing credit allocation agencies will "exchange" a portion of their 9% credits to the Treasury for approximately \$.85 per credit. We estimate that this new program will generate at least \$3 billion to help move stalled low income housing tax credit projects. We anticipate that these funds, to be allocated by the state housing finance agencies, will help preserve and improve tens of thousands of existing affordable apartments.

The National Housing Trust would like to thank everyone who contacted Congress about the importance of including these affordable housing priorities in the legislation.

We will be providing further analysis of the bill's provisions in the days ahead.

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