

American Reinvestment and Recovery Act
Provisions in the Stimulus Legislation Affecting Housing
and
Overview of the Homeowner Affordability
and Stability Plan

Presentation to the
Affordable Housing Advisory Committee
Friday, March 27, 2009

Provisions in the Stimulus Legislation Affecting Housing

Low Income Housing Tax Credits

- Gap Financing
- Exchange Program

Provisions in the Stimulus Legislation Affecting Housing

HOME Gap Financing

- \$2.25 billion under HOME Program
- Available to state credit agencies
- Based on HOME formula but distributed to projects on a competitive basis
- Formula includes local entitlement jurisdictions; hopefully Fairfax County will get its share
- Allocation to Virginia is \$44,247,749

Provisions in the Stimulus Legislation Affecting Housing

HOME Gap Financing (continued)

- Can be used with 2007, 2008 or 2009 credits, including bond transactions
- Meant to help transactions where pricing has dropped
- Priority to projects that can be completed in three years

Provisions in the Stimulus Legislation Affecting Housing

Tax Credit Exchange

- State agencies may exchange credits for cash grants from Treasury
- Grants equal 85 cents on the dollar

Provisions in the Stimulus Legislation Affecting Housing

First-Time Homebuyer Credit

- Increase from \$7,500 to \$8,000
- Doesn't have to be repaid

Provisions in the Stimulus Legislation Affecting Housing

Tax Exempt Housing Bonds

- Provisions to encourage more bank investment

Provisions in the Stimulus Legislation Affecting Housing

“Green” HUD-Assisted Housing

- \$250 million in grants or loans nationwide
- Energy retrofit and green investment
- Project-based Section 8, 202 or 811 housing
- Must be expended within two years
- Murraygate Village among the developments which could benefit from this fund
- Other projects owned by non-profits and others may want to apply. Must be “shovel-ready”.

Provisions in the Stimulus Legislation Affecting Housing

Public Housing, Capital Grant

- \$4 billion - \$3 billion by formula; \$1 billion competitive for energy retrofit
- May only be used for Public Housing
- Direct funding for the FCRHA is \$2,294,177
- FCRHA has an approved list of projects ready to go
- First project expected to be underway in April

Provisions in the Stimulus Legislation Affecting Housing

Neighborhood Stabilization Program (NSP)

- \$2 billion in additional funding
- For the acquisition, rehabilitation, resale/rental of foreclosed properties
- To be distributed competitively
- States, cities and counties, and non-profits are eligible to apply
- Could be used for the Silver Lining Program

Provisions in the Stimulus Legislation Affecting Housing

Community Development Block Grant (CDBG)

- \$1 billion in new funding
- Distributed by existing formula
- Benefit to Fairfax County will be \$1,610,504
- Funds can be put to immediate use rehabilitating FCRHA properties
- Little River Glen road improvements and siding replacement are possible projects
- Could set aside some funding for shovel-ready non-profit projects

Provisions in the Stimulus Legislation Affecting Housing

Homelessness Prevention and Rapid Re-Housing Program (HPRP)

- Homeless prevention, rental assistance, utilities
- Distributed by existing formula
- Benefit to Fairfax County will be \$2,462,398. Significant increase over annual ESG allocation.
- Could help jump-start Plan to End Homelessness

Provisions in the Stimulus Legislation Affecting Housing

Energy Efficiency and Conservation Grants

- \$3.2 billion nationwide
- \$2.8 billion to be distributed by formula to local governments, rest on a competitive basis
- Energy efficiency; retrofits for non-profits, conservation in transportation; building code and inspection services; energy audits; light emitting diodes; renewable energy in government buildings
- Potential housing projects: Wedgewood and Lincolnia

Homeowner Affordability and Stability Plan

Announced by the Administration
Wednesday, February 18

Low-Cost Refinancing

- Targeted to homeowners with Fannie/Freddie loans
- Must be current on mortgage
- Offers lower interest rates

Homeowner Affordability and Stability Plan

At-Risk Homeowners

- Aimed at homeowners “underwater”
 - At-risk, but current on their mortgage
 - Conforming loan and owner-occupied
- Goal is to reduce amount homeowners owe to an amount they can afford

Homeowner Affordability and Stability Plan

At-Risk Homeowners

- Lenders expected to reduce interest-rate (or reduce principle) so payment is not greater than 38% income
- Treasury will match reductions down to the point where payments are not greater than 31% of income
- Incentives to servicers to modify loans
- Incentives to borrowers to stay current
- Reserve established for lenders

Homeowner Affordability and Stability Plan

Common Standards for Loan Modifications

- Help avoid threat of lawsuits against servicers
- Banks receiving TARP must comply
- Allows bankruptcy judges to modify mortgages