FUNDING SOURCES FOR AFFORDABLE HOUSING DEVELOPMENT, PRESERVATION, MANAGEMENT AND MAINTENANCE

Federal Program/Funding Source	Eligibility to Apply
Brownfield Economic Development Initiative and Section 108 Brownfields Economic Development Initiative (BEDI) is a grant program that assists cities with the redevelopment of abandoned, idled and underused industrial and commercial land and facilities. It specifically targets Brownfield sites – abandoned or underused properties or facilities that may be environmentally contaminated. **The Section 108 Loan Guarantee Program** provides federally guaranteed loans for large economic development and revitalization projects, housing, and public infrastructure projects that further the objectives of the CDBG program, including the acquisition and redevelopment of Brownfield sites	BEDI grants are awarded in an annual competitive grant process. The funds must be used in combination with a Section 108 guarantee, which is awarded to qualified applicants for eligible projects on a rolling basis throughout the fiscal year as long as guarantee authority remains available. Local governments and private sector; enhance the security or improve the viability of a project financed with a new Section 108 guaranteed loan commitment; must increase economic opportunity for persons of low and moderate-income or stimulate and retain businesses and jobs that lead to economic revitalization. Activities eligible for Section 108 financing include economic development activities eligible under CDBG, the acquisition of real property, and the rehabilitation of publicly owned real property.
The Community Development Block Grant (CDBG) program is a federal program aimed at creating viable communities by providing funds to improve housing, the living environment, and economic opportunities, principally for persons with low and moderate incomes. At least 70% of the CDBG funds received by a jurisdiction must be spent to benefit people with low and moderate incomes. The remaining 30% can be used to aid in the prevention or elimination of slums and blight, or to meet an urgent need such as hurricane, earthquake, or flood relief.	Seventy percent of each annual appropriation is automatically distributed to cities with more than 50,000 in population and counties with more than 200,000. These are called "entitlement" jurisdictions. The remaining 30% goes to states for distribution to their small towns and rural counties.
Department of the Treasury's Community Development Financial Institutions (CDFI) Fund is an innovative federal program that leverages private investment to benefit low income people and communities by investing in CDFIs, private sector financial intermediaries that serve economically disadvantaged communities and customers. Funded as an independent	The CDFI Fund is unique among federal agencies because it takes an entrepreneurial approach to its programming, funding and strengthening institutions rather than specific projects. The CDFI Fund provides financial and technical assistance to CDFIs that leverage this investment to fund poverty alleviation projects in their communities. CDFIs are financing entities united by a primary mission of community development, but assume many different forms including banks, community development corporations, credit unions, loan funds, venture capital funds, and micro enterprise loan funds. CDFIs implement

agency, the CDFI Fund administers a competitive grant program that provides capital grants, loans, equity investments and awards to support the community development finance activity of CDFIs.	capital-led strategies to fight poverty and to tackle tough economic infrastructure issues such as quality affordable housing, job creation, wealth building, financial literacy and education, and micro enterprise development and training. CDFIs also provide basic financial services to the unbanked. CDFI customers include small business owners, nonprofits, affordable housing developers, and low income individuals. Nearly 70% of CDFI customers are low income persons, 59% are racial minorities, and 52% are women. CDFIs operate in all 50 states and the District of Columbia.
New Markets Tax Credit Program (NMTC). NMTC is designed to generate $15 billion of private sector equity investments in low income communities by financing neighborhood retail centers, small businesses, charter schools, child care centers and other community facilities in distressed areas nationwide. Congress enacted the NMTC in the Community Renewal Tax Relief Act of 2000, and the Fund awarded the first round of credits early in 2003. Credits are available to support a total of $15 billion in investment: $2.5 billion in 2002 (allocated in 2003); an additional $3.5 billion in 2003-2004 (allocated in 2004); $2 billion in 2005; and $3.5 billion each year in 2006 and 2007.	
Passed in 1977, the **Community Reinvestment Act (CRA)** mandates the continual and affirmative responsibility of banks to meet the credit needs of low and moderate-income neighborhoods. Four agencies are responsible for ensuring that banks and thrifts comply with CRA regulations: the Federal Reserve Board (FRB); the Office of the Comptroller of the Currency (OCC); the Federal Deposit Insurance Corporation (FDIC); and the Office of Thrift Supervision (OTS).	CRA Examinations. The Act directs four federal banking agencies to evaluate the extent to which banks and savings institutions are meeting local credit needs before they grant a bank's request to expand, either by opening new branches or through mergers and acquisitions. A weak CRA record may be grounds for denial of an expansion request.

Family Self-Sufficiency (FSS) is a HUD program that helps low income families in public housing and the housing voucher program build assets and make progress towards self-sufficiency and homeownership. FSS has the potential to help thousands of additional low income families claim a place in the "ownership society" advocated by President Bush.	FSS combines (a) stable, affordable housing (provided through a housing voucher or public housing) with (b) case management to help families increase their earnings and achieve other goals and (c) escrow accounts that grow as families' earnings rise. The escrow accounts serve as both a work incentive and an asset-building tool. As of November 2005, there were about 71,300 individuals participating in FSS. Most of these – about 63,000 – were enrolled in Housing Choice Voucher FSS programs. An additional 8,300 public housing residents also were participating in FSS.
FHLBanks (FHLBs) and their members are the largest source of residential mortgage and community development credit in the United States. FHLBs provide advances to their nearly 8,000 members, which include community banks, thrifts, credit unions, and Community Development Financial Institutions, which in turn use their access to FHLB credit to finance affordable mortgages and community development	AHP, created by Congress in 1989, is among the most popular of the Banks' programs and a very important source of private funding for affordable housing. AHP subsidizes the cost of housing for very low income, low and moderate-income owner-occupied and rental housing. The average unit subsidy is $4,936. AHP can be used for acquisition, construction, purchase, and rehabilitation of affordable housing. Economic development projects include commercial, industrial, manufacturing, social service, infrastructure projects, and public facility projects and activities. The flexibility of the AHP, especially as a private sector match to government sources of funding, is its greatest strength. Because of this flexibility, AHP funds often are used in combination with other programs, ensuring a project's feasibility. The Banks are required to dedicate 10% of their net income each year to AHP. Funds are then awarded on a competitive basis to projects that are sponsored by member institutions in partnership with community-based nonprofit partners. In addition to the AHP, each Bank is required to provide CICA and CIP. Some Banks offer additional programs such as the New Market Tax Credit initiative, Economic Development Grants, Urban Development Advances, Rural Development Advances, and Letters of Credit. In addition, each Bank has been required to develop a Community Lending Plan that explains how the Bank will address the needs of the communities it serves.

The **Federal Housing Administration (FHA)** is a mortgage insurance program that provides single- and multi-family housing for low and moderate-income families. The program was established in 1934 under the National Housing Act to expand homeownership, broaden the availability of mortgages, protect lending institutions and stimulate home construction. It is the largest insurer of mortgages in the world, having insured about 30 million properties since its inception. Currently, FHA-insured mortgage loans require only a 3% down payment, have more relaxed credit standards, and permit borrowers to carry more debt than private mortgage insurers typically allow.	The FHA issues more than $100 billion in mortgage insurance annually. FHA programs do not lend money directly, but instead insure private loans made by FHA-approved lenders. Lenders make a claim to FHA when a loan defaults, triggering FHA to pay the lender a claim amount and take possession of the property underlying the mortgage loan.
The Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), the nation's two largest housing finance companies, were established at different times by Congress to provide liquidity and create a secondary market for residential mortgages and today perform essentially the same function. The Government Sponsored Enterprises (GSEs) compete with one another for market share of the entire mortgage origination industry. Together, the GSEs own or guarantee more than $3 trillion in mortgages – almost half of all outstanding mortgage debt issued – and although their market share has declined the GSEs still fund the predominant share of all non-governmental insured mortgages.	The GSEs do not make mortgage loans directly to individual borrowers. Instead, as wholesale institutions, they carry out their secondary market functions by buying mortgages from banks, savings institutions, and other mortgage originators. Although they hold some mortgages in their portfolios, most mortgages are placed in mortgage pools to support Mortgage Backed Securities (MBSs) that are issued and either sold to investors or held in their retained portfolios. The GSEs also guarantee timely payment of interest and principal on MBSs that they issue. Through these functions Fannie Mae and Freddie Mac have been highly successful at bringing capital into the housing loan market from domestic and international sources which, in turn, work to make mortgage credit more broadly available to U.S. consumers. In order for mortgages to be packaged and sold as securities, they must meet certain standardized criteria set by the GSEs. As a result, the two GSEs have much sway over who is eligible for mortgage credit and on what terms.

Green Housing Sustainable, or "green," affordable housing can lower utility bills (by reducing energy and water use), improve indoor air quality (through the use of non-toxic paints, finishes and other building materials) and protect the environment (by reducing the use of scarce natural resources). Various green building strategies can be incorporated at low or no cost to the developer. A number of state and local governments across the country have adopted green building ordinances – providing incentives and instituting requirements for builders who build green. The U.S. Green Building Council, a national organization, will pilot a national rating system for the residential sector which is expected to be completed in early 2006 with a full program ready in mid-2006.	Global Green USA's Greening Affordable Housing Initiative (GAHI), launched in 1996, works to educate designers, developers, and operators of affordable housing projects to encourage the adoption of green building strategies and materials. GAHI also identifies and champions key public policy opportunities that will lead to greater development of green affordable housing. In 2005 Enterprise, in partnership with the Natural Resources Defense Council and Global Green USA (GG USA), launched the Green Communities Initiative – a five-year, $550 million initiative to build more than 8,500 environmentally healthy homes for low income families. The initiative provides grants, financing, tax-credit equity, and technical assistance to developers who meet Green Communities criteria for affordable housing that promotes health, conserves energy and natural resources, and provides easy access to jobs, schools, and services. GG USA has also advanced green affordable housing through the "greening" of state tax credits – the Qualified Allocation Plan, or QAP, in California. In early 2006 GG released a report on all 50 state QAPs that includes a scoring that rates states on the "greenness" of their QAPs. Also in 2006, GG USA will launch efforts in three additional states to replicate the work in California. In addition, GG USA is working with affordable housing developers, A Community of Friends and Community Housing Works, to create zero-energy affordable housing units as part of a pilot program funded through the California Energy Commission. These projects will use off-the-shelf technology and a robust financial model that will replicable by affordable housing developers nationwide.
The **HOME program** is designed to expand the supply of decent, affordable housing for lower income people. States and localities use the funds for a variety of rental and homeownership activities such as constructing new units, rehabilitating existing units, offering down payment assistance, and providing tenant-based rental assistance. In general, all HOME money must benefit low income people, rents must be affordable, and units must remain affordable for a period of time.	HOME can be used as a grant or a loan to meet a variety of development costs such as: buying existing housing or vacant land for affordable housing; building new housing; rehabilitating existing housing; demolition to make way for affordable housing; relocation; site improvements; and various "soft costs" such as engineering plans, attorneys' fees, title search, and fair housing services. HOME can also be used to help people purchase and/or rehabilitate a home by offering loans, loan guarantees, or down payment assistance. Tenants can be given grants for security deposits and rental assistance (so that they pay no more than 30% of their income for rent and utilities). Although tenant-based assistance agreements are limited to two-year terms, they can be renewed without limit. At least 15% of a PJ's HOME must be spent for housing that is developed, sponsored, or owned by a "community-based housing development organization" or CHDO. Up to 10% of

	the CHDO set-aside can be used to provide loans for project-specific technical assistance and site control (such as feasibility studies, consultants, etc.) as well as for seed money to cover pre-construction costs (such as architectural plans, zoning approval, etc.). If a PJ fails to "reserve" any portion of the minimum 15% CHDO set-aside within two years, the PJ (and low income residents) lose that amount of money. See the next section for more about CHDOs. PJs can spend no more than 10% of their HOME for overall program planning and administration, but there is no set limit on the use of HOME for project-specific administrative costs. Up to 5% of a PJ's HOME can be given to CHDOs for operating expenses (which is separate and apart from the minimum 15% CHDO set-aside and does not count against the PJ's 10% cap on administrative funds). Among other limitations, PJs cannot spend HOME on public or assisted housing modernization, operation, or preservation. Any nonprofit can receive a HOME grant or a loan to carry out any eligible activity. But not every nonprofit is a CHDO. In order to be considered a CHDO, the law requires "accountability to low income community residents" through "significant representation on the organization's governing board." However, the regulations merely require that one-third of a CHDO's board members be: elected representatives of low income neighborhood organizations; residents of low income neighborhoods; or other low income "community" residents.
In 1993, Congress created the **HOPE VI** program through the VA-HUD-IA Appropriations Act to revitalize dilapidated public housing units. Funds allocated to the HOPE VI program are used for eligible activities under the program, including demolishing public housing units, rehabilitating units, and relocating residents. In the FY06 budget, HUD proposed the elimination of the HOPE VI program and the rescission of prior year funds. Congress rejected the program's proposed elimination, but cut funding by a third, to $100 million.	HOPE VI grants are awarded annually on a competitive basis through HUD's Office of Public and Indian Housing. HUD evaluates grants based on four factors: demonstrated need for revitalization assistance; capacity of applicants to use grants effectively; quality of proposed revitalization plans; and potential for applicants to use grants to leverage funds from other sources. Any PHA that operates public housing units is eligible for a HOPE VI grant. HOPE VI grants are used for the capital costs of demolition, construction, rehabilitation and other physical improvements, development of replacement housing, and community and supportive services. PHAs administer the program and can use the grants in conjunction with modernization funds or other HUD funds, as well as municipal and state contributions, public and private loans, and Low Income Housing Tax Credit equity.

Housing Bonds are used to finance low-interest mortgages for low and moderate-income home buyers and the acquisition, construction, and rehabilitation of multifamily housing for low income renters. Investors purchase Housing Bonds at low interest rates because the income from them is tax-free. The interest savings made possible by the tax exemption is passed on to home buyers and renters in reduced housing costs.	To support housing, state and local governments sell the tax-exempt bonds to investors, who are willing to purchase bonds paying lower than market interest rates because of their tax-exempt status. This interest savings is passed on through private lenders to support housing purchase and development. In the case of MRBs, the proceeds finance discount mortgages to support the purchase of single-family homes. Multifamily housing bonds finance the acquisition, construction, or rehabilitation of low cost rental apartments. Under law, the annual issuance of private activity bonds, including MRBs and multifamily bonds, is capped based on population. In 2000, the cap for the issuance of bonds by states and localities was increased by 50% and indexed to inflation. The 2006 cap is $80 per capita, with a minimum of $246.6 million in private activity bonding authority allowed each state. In the case of multifamily bonds, the income-restricted apartments financed by those bonds must remain affordable for at least 15 years.
Housing vouchers are one of the major federal programs intended to bridge the gap between the cost of housing and the incomes of low wage earners and people on limited fixed incomes. The Housing Choice Voucher program provides flexibility and options by issuing vouchers to eligible households to help them pay the rent on privately-owned units of the households' choosing. Approximately 2.1 million vouchers have been authorized by Congress; nearly 1.8 million vouchers are currently being utilized by households. After 30 years of success, the voucher program today is in a state of HUD-requested, Congressionally-approved upheaval.	Approximately 2,500 local and state housing agencies administer housing vouchers. PHAs distribute vouchers to qualified families, who then conduct their own housing searches. Housing vouchers are portable, meaning families can use them to move nearly anywhere in the country where there is a functioning voucher program; their use is not limited to the jurisdiction of the administering agency. (A PHA is permitted to impose some restrictions on portability in the first year if a family did not live in the jurisdiction of the PHA when it applied for assistance.) Portability has been restricted or disallowed by some housing agencies due to cost constraints of the overall voucher program.

Housing Opportunities for People with AIDS (HOPWA) provides funding to eligible jurisdictions to address the housing needs of persons living with HIV/AIDS and their families. The purpose of the program is to devise long-term housing strategies for persons living with HIV/AIDS that prevent them from becoming homeless. As a supportive housing program, HOPWA helps ensure that persons living with HIV/AIDS have access to necessary medical care and other services.	Eligibility for HOPWA assistance is limited to low income individuals with HIV/AIDS and their families. Approximately 91% of the clients assisted through HOPWA funds have family incomes of less than $1,000 per month, and 54% have incomes of 30% or less of area median income. In program year 2005, an estimated 70,400 units of housing were supported through HOPWA and these projects have leveraged other funding to support housing costs for more than 52,790 households coordinating with HOPWA assistance. According to the CDC, there were an estimated 929,985 cumulative AIDS cases in 2003. Sixty-five percent of people living with HIV/AIDS cite stable housing as their second greatest need, exceeded only by health care. HOPWA consists of two grant making programs. Ninety percent of the funds are distributed as formula grants to states and localities, which must serve the metropolitan area in which they are located. The formula is based on population size and the number of people living with HIV/AIDS as confirmed by the CDC. Currently, 39 states and 83 cities receive formula grants to serve their metro areas. The other 10% of funds is distributed through a competitive process to states and localities that do not qualify for a formula allocation or to states, localities, or nonprofit organizations that propose projects of national significance. There are currently 85 such grants administered by the Office of HIV/AIDS Housing. HOPWA grantees can distribute funds to projects that provide one or more of the following services: housing information and referral; housing search assistance, shelter, rental assistance; the development or operation of SRO housing and other community based residences; and technical assistance.

Housing Trust Funds (State and Local) Housing trust funds are one of the most popular and rapidly growing responses to addressing this country's need to adequately house all who live here. These government-established distinct funds have ongoing dedicated sources of public funds to support the production and preservation of homes for low income households. They take a giant step forward by saying that affordable homes are important enough to the health of this country that we must commit public resources to address these critical needs.	Most housing trust funds are administered by a public or quasi-public agency. Housing advocates are not always comfortable with the performance of local agencies and may not find this an easy condition to accept. While there are alternatives, such as a community foundation administering the fund, there are very few examples of such models. One administrative characteristic of housing trust funds that usually improves upon this arrangement is the creation of an appointed oversight board. Most housing trust funds have such boards. They are typically broadly representative of the housing community, including banks, realtors, developers, nonprofit development organizations, housing advocates, labor, service providers, and low income residents. These boards can be merely advisory, but it is preferable to delegate some decision-making authority to them, including determining which projects receive funding from the trust fund. The basic programmatic issues for housing trust funds should be defined in the ordinance or legislation that establishes the fund. This ensures that the key operating components of the trust fund are not subject to the whims of changing Administrations. Staff and board members will need to develop an application cycle, program requirements, and administrative rules. Housing trust funds are created locally to address the most critical housing needs. In order to ensure that the trust fund does what needs to be done; several decisions must be made about what gets funded through the trust fund. This includes determining eligible applicants, eligible activities, and requirements that must be met in order to receive funding. Most housing trust funds provide funding through loans and grants. The most common revenue source for a county housing trust fund is document recording fees. This is not only the best source for a county housing trust fund; it is also one of the few revenue sources that most counties can commit. Other sources used by counties, however, include sales taxes, developer fees, or real estate excise taxes. The most common revenue source for a state housing trust fund is the real estate transfer tax, but states have committed nearly two dozen revenue sources to housing trust funds.

Faith Based Faith-based organizations have been engaged in affordable housing and community development activities for many years, and the federal government has long supported these efforts. Since entering office in 2001, the Bush Administration has made a concerted effort to promote the work of faith-based organizations through a series of federal actions, including making changes in the regulations that govern federal housing assistance programs. Although the Bush Administration has not been the first to endorse the work of faith-based and community organizations, its actions, which together have been dubbed, "The Faith-Based Initiative," have been controversial.	The new HUD regulations apply to the HOME, CDBG, HOPE 3, HOPWA, Emergency Shelter Grant, Shelter Plus Care, Supportive Housing, YouthBuild, Section 202, and Section 811 programs. While the new rules vary somewhat from program to program, they all include the following clarifications: • Faith-based organizations are eligible to participate in HUD programs regardless of their religious character or affiliation. • Organizations may not use HUD funds for "inherently religious activities, such as worship, religious instruction, or proselytization." If a HUD-funded organization uses its own funds for inherently religious activities, these activities must occur at a time or place that is separate from HUD-funded activities. • Organizations using HUD funds may not discriminate against program beneficiaries on the basis of religion. • HUD funds may not be used to build or improve sanctuaries, chapels or other rooms that an organization uses as its "principal place of worship." • HUD funds may be used for the acquisition, construction or rehabilitation of "dual-use" structures to the extent that those structures are used for HUD-eligible activities. • Faith-based organizations retain their independence, which includes the right to maintain a religious mission, to control internal governance, and to make employment decisions on the basis of religion, so long as there is no federal, state, or local law that says otherwise. • The rule also provided clarification for the commingling of state, local and federal funds.

McKinney Vento Homeless Assistance Congress enacted the Stewart B. McKinney Homeless Assistance Act in 1987 in response to the homelessness crisis that had emerged in the 1980s. Renamed the McKinney-Vento Act in 2000, the Act authorizes funds for a small set of federal homeless assistance programs, including four administered by HUD: Emergency Shelter Grants (ESG); Section 8 Moderate Rehabilitation for Single Room Occupancy Dwellings for Homeless Individuals (SRO); Shelter Plus Care (S+C); and the Supportive Housing Program (Supportive Housing). Collectively, these programs are known as HUD McKinney-Vento Homeless Assistance Programs. The Office of Community Planning and Development administers the HUD McKinney programs. HUD's consolidated Homeless Assistance programs, funding a locally-planned Continuum of Care for homeless people, are the largest source of federal funding for this purpose. The Programs' FY05 funding was cut for the first time since 1995. For FY06, however, Congress appropriated an increase of nearly $100 million. This provides an opportunity to increase funding to provide communities with some of the tools necessary to end homelessness.	Emergency Shelter Grant (ESG) funds are granted on a formula basis to states and communities for emergency shelters for people experiencing homelessness, and homelessness prevention. Typically, HUD allocates approximately 15% of Homeless Assistance Grant funds to ESG. The three competitive programs, SRO, S+C, and Supportive Housing, are funded through the SuperNOFA-Continuum of Care Process, a consolidated process for awarding grants that stresses local coordinated plans and the development of comprehensive assistance. Eligible grantees under one or more of the programs include state and local government, public and Indian housing agencies, and nonprofit organizations.

Intermediaries Intermediary organizations play a vital role in resource delivery, system building and public policy advocacy to support affordable housing, community development and other social priorities.	According to one analyst, "By definition, intermediation makes productive exchanges possible where they would not otherwise take place." Affordable housing benefits from the activities of several strong national intermediary organizations, as well as roughly two dozen intermediaries at the state and local level. Intermediaries arose primarily to support community development corporations (CDCs). While CDCs remain a primary constituency of most intermediaries, many intermediaries now partner with other organizations on the ground, including self-help housing groups, faith-based organizations, funding collaboratives, housing partnership organizations, community development financial institutions, social service providers and for-profit entities. Several well known national intermediaries include the Corporation for Supportive Housing (which has a homeless housing and services focus); Enterprise (formerly known as The Enterprise Foundation); Habitat for Humanity International; the Housing Assistance Council (which has an explicitly rural focus); the Housing Partnership Network (which generally serves larger partnership groups); Local Initiatives Support Corporation; the National Community Capital Association (which assists CDFIs); Neighborhood Reinvestment Corporation (which is mainly funded by the federal government); and Youthbuild USA. Most of the resources that intermediaries raise come from the private sector. However, most national intermediaries receive funding under the Community Development Block Grant as well.
The **Residential Lead-Based Paint Hazard Reduction Act,** also known as "Title X" of the Housing and Community Development Act of 1992, directed federal agencies to: develop technical guidelines for hazard evaluation and control practices; overhaul regulations related to lead-based paint; define hazards and set standards for states to accredit laboratories and trainers; and certify lead inspectors, risk assessors, and abatement contractors. Title X also requires disclosure of lead hazards during real estate transactions to ensure that any knowledge is shared with the potential renter or purchaser of a pre-1978 home.	Lead Hazard Control and Healthy Homes activities consist of four major programs. Lead Hazard Control. This competitive program awards grants for lead hazard control in private housing to states, counties, and cities. Three percent of the funds may be used for education and outreach. Grantees are required to partner with community groups that often are awarded sub-grants. Nearly $1 billion has been awarded since the program started in 1993. Lead Hazard Reduction Demonstration Grants. This three-year-old program targets funds for lead hazard control to the nation's highest risk cities as defined by data for the prevalence of lead poisoning and the number of pre-1940 rental housing units. Healthy Homes Initiative. In its seventh year, this program includes two distinct sub-programs that make competitive grants to community organizations, state and local governments, federally recognized Indian tribes, and researchers. Demonstration projects implement housing assessment, maintenance, renovation, and construction techniques that

	identify and correct housing-related illness and injury risk factors and replicate successful interventions in communities. Technical studies are research projects that develop and validate methods of evaluating and controlling housing-based hazards. Operation LEAP (Lead Elimination Action Program). This grant program, begun in 2002, provides competitive grants to nonprofit and for-profit organizations and entities for projects that mobilize substantial private sector resources for addressing lead hazards in housing.
The Low Income Home Energy Assistance Program (LIHEAP) is a federally funded and locally administered program that was established by Congress in 1981 to help households at risk – particularly the elderly, disabled, working poor and low income families with small children – meet their home energy needs. Although more than 30 million U.S. households are eligible for assistance, LIHEAP currently is able to assist only about five million households. At a time when home heating costs are at record levels, the need for increased LIHEAP funding is greater than ever.	The U.S. Department of Health and Human Services distributes LIHEAP dollars to the states based on a block grant formula, which is weighted towards relative cold-weather conditions and households living in poverty. States then disburse the money under programs of their own design. The Basic Energy Assistance and Crisis Assistance components, which provide help with heating and cooling costs, make up the core of the program. In addition, up to 15% of a state's funds can be spent on weatherization. In addition to the block grant program, contingency funding allows the President to release additional money to supplement states' allocations in the event of severe weather. LIHEAP is administered at the state and county levels by governmental agencies and implemented primarily at the local level by community action programs, local welfare agencies and area agencies on aging. LIHEAP funds are supplemented to a limited extent by additional state appropriations, programs from energy suppliers and utilities, church donations and local charitable "fuel funds" administered by the Salvation Army, Catholic Charities and other organizations.

Low Income Housing Tax Credit Created by the Tax Reform Act of 1986, the LIHTC has assisted in the production of approximately 1.9 million apartments with rents affordable to low income families, by providing those who invest in eligible affordable housing developments with a dollar-for-dollar reduction in their federal tax liability. The Credit accounts for most new affordable apartment production and drives up to 40% of all multifamily apartment development. The Low Income Housing Tax Credit (LIHTC) program is one of the most important tools available for developing affordable rental housing and revitalizing communities. Congress must protect this vital resource in any tax reform it undertakes this year. In addition, Congress can make an already successful program even better with a few changes, many at low or no cost to the federal government.	The LIHTC does not operate like a typical government housing program. Instead, LIHTC provides a 10-year reduction in tax liability for owners of low income rental housing based on the development costs of low income apartments. Credit-financed apartments cannot be rented to anyone whose income exceeds 60% of area median gross income. Each state's annual allocation of LIHTC is capped. Congress in 2000 increased the cap by 40% and indexed it to inflation. The 2006 cap is $1.90 times state population, with a minimum of $2,190,000. State agency scrutiny and private sector oversight are the hallmarks of the LIHTC program. States put each development through three separate, rigorous evaluations to make sure it receives only enough Credit to make it viable as low income housing for the long term. The majority of Credit properties are dedicated to low income use for periods longer than 30 years, and many are permanently dedicated to low income use. The private sector discipline imposed on LIHTC developments, from site selection to compliance monitoring – under threat of severe tax penalty – is an unprecedented departure from previous federal housing programs and an essential element of the program's success. As a housing-related tax expenditure, the LIHTC does not require direct appropriations. The estimated cost to the federal Treasury in FY05 was $3.85 billion.
Native American Housing and Self-Determination Act Enacted in 1996, the Native American Housing and Self-Determination Act (NAHASDA) provides assistance to Indian tribes to allow affordable housing-related activities for low income families residing on reservations and other tribal areas. The Act, which became effective in October 1997, reflected a new attitude toward American Indian housing because it recognized tribal sovereignty and self-determination. Federally-recognized tribes act as "beneficiaries" of this federal housing program, and are free to exercise their authority throughout the NAHASDA process, whereas before NAHASDA, an Indian housing authority was often separate from the tribe.	NAHASDA provides assistance in the form of a block grant (Native American Housing Block Grant or NAHBG) made available on an annual basis using an allocation formula for Indian Tribes with approved Indian Housing Plans. In keeping with NAHASDA's purpose of providing Tribes with the opportunity for self-determination, NAHBG funds are designed to have as few restrictions as possible. The six eligible affordable housing activities are very broad. They are: 1) acquisition, new construction, or rehabilitation of affordable rental or ownership housing; 2) housing-related services such as housing counseling, self-sufficiency services, energy auditing, and establishment of resident organizations; 3) housing management services; 4) crime prevention and safety activities; 5) rental assistance; and 6) model activities. Administrative expenses are also allowed. Tribes and other recipients have wide latitude in establishing programs for the distribution of these funds. In addition to using NAHBG funds, Native communities can also use funds appropriated through the Indian Community Development Block Grant.

Project-Based Rental Assistance Project-based housing assistance makes privately-owned multifamily housing affordable to low income families and seniors through a federal subsidy of the mortgage, rental assistance or a combination of the two. Today, more than 1.4 million households live in homes with project-based assistance, two-thirds of which include elderly or disabled family members.	Under the project-based Section 8 program, tenants pay 30% of monthly adjusted income in rent. The property owner has a Housing Assistance Payments contract with HUD, under which HUD pays the owner the difference between the contract rent and the tenants' portion. Most properties insured under the Section 236 and Section 221(d)(3) programs also have some form of rental subsidy
Rural Housing and Economic Development (RHED) provides funding and information resources to support innovative affordable housing and economic development activities in rural communities. HUD's Office of Rural Housing and Economic Development (ORHED) administers this competitive grant program in consultation with the Department of Agriculture. RHED was authorized by the VA-HUD appropriations act in 1999. RHED provides two categories of funding. First is Capacity Building, which includes hiring and training staff, purchasing software and other tools, developing an accounting system, conducting asset inventories, developing strategic plans, and seeking technical assistance. Second is Support for Innovative Housing and Economic Development Activities, which funds the preparation of plans, architectural drawings, provision of infrastructure, purchase of materials, construction, use of local labor markets, job training, and the acquisition of land and building demolition. Grantee organizations must demonstrate the ability to provide integrated housing and economic development activities.	RHED funding is awarded annually on a competitive basis through a selection process conducted by HUD in consultation with the U.S. Department of Agriculture (USDA). Eligible applicants include local rural nonprofit organizations, community development corporations, federally recognized Indian Tribes, state housing finance agencies, and state economic development and/or community development agencies. Applicants respond to an annual Notice of Funding Availability (NOFA) by submitting specific information about a proposed project or activities in their application.

Section 3 is a federal law requiring agencies that receive federal housing and community development funds to provide, to the greatest extent feasible, employment, contracting, and training opportunities for low income people. When Section 3 is properly implemented, the result is jobs and training for low income individuals and contracts with businesses owned by low income individuals.	HUD regulations establish goals requiring that the recipients of housing and community development funds and their contractors show that 30% of any newly hired employees each year come from the targeted low and very low income population, which includes public housing residents, residents of the neighborhoods (including the homeless) in which Section 3 projects are located, participants in the Youthbuild program and other low income individuals. Recipients must also commit to allocate at least 10% of building trade contracts and 3% of all other contracts to businesses controlled by public housing residents or other low income individuals, or to businesses that largely employ such individuals. These goals are obtained by providing preferences in hiring, training and contracting to Section 3 residents and businesses. Agencies that receive federal housing and community development funds are required to provide to the greatest extent feasible employment, contracting, and training opportunities for low income people. Thus, housing and community development funding carries the Section 3 obligation. HUD funding streams that often trigger a corresponding Section 3 obligation include: Community Development Block Grants (CDBG), HOME, Emergency Shelter Grants (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and HOPE VI.

The **Section 202 Supportive Housing for the Elderly** program was enacted to allow seniors to live with dignity by providing assistance with housing and supportive services. It remains an example of a very successful partnership between non profit providers, many of them faith-based, and the federal government. Today's Section 202 program provides capital and operating funds to nonprofit organizations that develop and operate senior housing and is HUD's largest directly-funded construction program. There are about 286,000 Section 202 units serving very low income seniors and an additional 15,800 units serving low and moderate-income seniors. The total number of Section 202 properties in all its forms is 6,063, of which 5,771 are those for low income seniors. Qualified tenants must generally be at least 62-years-old and have incomes below 50% of their area median income (very low income). The average age of a Section 202 resident is 79; almost 39% of residents are over the age of 80. The average annual resident income is $10,018. According to HUD, more than 7.4 million elderly households pay more than they can afford for their housing. The number of elderly rental households with worst-case housing needs rose to 1.2 million between 1999 and 2001, an increase of 14%.	The Section 202 grant program has two components. The first provides capital advance funds to nonprofits for the construction, rehabilitation or acquisition of supportive housing for seniors. These funds can now be augmented by tax credit debt and equity to either build additional units or supplement the capital advance in so-called mixed finance transactions. The second provides rental assistance in the form of Project Rental Assistance Contracts (PRACs) to subsidize the operating expenses of the developments. Residents pay rent equal to 30% of their adjusted income and PRAC makes up the difference between rental income and operating expenses HUD administers, as well as part of the Section 202 program, three relatively new programs: (1) predevelopment grants to help nonprofits use Section 202 funds effectively; (2) assisted living conversion grants to help meet the great need for affordable assisted living options for low income seniors; and (3) emergency capital repair grants for federally assisted senior properties. All of these accounts have been established by Congress to help meet the needs of seniors aging in place.
Under the **Section 515 program, USDA's Rural Housing Service (RHS)** makes direct loans to developers of affordable multifamily rental housing. Since its inception in 1962, Section 515 has provided over half a million decent rental homes affordable for the lowest income rural residents. Production of new units has almost ceased, however, and many existing units are deteriorating physically or are in danger of leaving the affordable housing stock. To address preservation issues, new demonstration programs are being created and new legislation is expected in Congress.	Section 515 provides direct loans at an interest rate of 1%, amortized over 50 years, to finance modest rental or cooperatively owned housing. Funds may be used to construct new housing or to purchase and rehabilitate existing structures for rental purposes. A substantial share of recent appropriations is used to maintain the existing portfolio. Congregate housing for the elderly and persons with disabilities and group homes for the developmentally disabled are authorized through special regulations and requirements, but nursing or "special care" homes are not eligible. Funds may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems. Currently, Section 515 loans are made available on a competitive basis, using a national Notice of Funding Availability (NOFA).

Section 811 For the past 30 years, the Section 811 Supportive Housing for Persons with Disabilities program (and its pre-cursor, the Section 202 Supportive Housing for Persons with Disabilities Program) has provided funding to nonprofit developers seeking to build and operate supportive housing for low income households with the most severe disabilities. A separate and much smaller component of the program funds approximately 14,000 tenant-based rental vouchers. During the FY06 budget process, HUD proposed to eliminate all Section 811 funding targeted to nonprofit developers for new supportive housing units – which would have ended the federal government's commitment to finance the development of supportive housing for extremely low income people with serious and long-term disabilities. Fortunately, bi-partisan support for the Section 811 program in Congress prevailed, and funding to develop approximately 1,000 new supportive units was included in the FY 2006 budget	Section 811 has two separate program components: (1) the capital advance/Project Rental Assistance Component (PRAC) component administered by HUD's Office of Housing; and (2) a completely separate tenant-based rental assistance component administered by HUD's Office of Public and Indian Housing under the Section 8 Mainstream Housing Opportunities for Persons with Disabilities program. The capital advance/PRAC component provides interest-free capital advances to nonprofit sponsors to help finance the development of permanent supportive rental housing such as independent living projects, condominium units, and small group homes that also offer voluntary supportive services for people with disabilities. The capital advance can finance the construction, rehabilitation or acquisition (with or without rehabilitation) of supportive housing. The capital advance does not have to be repaid as long as the housing remains available for very low income people with disabilities for at least 40 years. A five-year renewable PRAC is also awarded with the capital advance and covers the difference between the HUD-approved cost of operating the housing (maintenance and repairs, utilities, insurance etc.) and tenant rents which are set at 30% of income. A new Section 811 "Mixed-Finance" regulation published by HUD on September 13 2005 permits Section 811 funding to be used in conjunction with low income housing tax credits as well as other sources of funding. The rule sets standards for the participation of limited partner investors (who may be for-profit entities) in partnership with a sole-purpose nonprofit general partner. The tenant-based rental assistance component of the Section 811 program received appropriations from Congress beginning in 1997. According to the statute, up to 25% of Section 811 appropriations can be used for tenant-based rental assistance. New Section 811 funding is announced each year through two separate NOFAs included in HUD's SuperNOFA published in the Spring. The Capital Advance/PRAC NOFA specifies the number of Section 811 units allocated to each HUD Field Office according to needs factors that include the number of persons age 16 years or older with disabilities. Applications for capital advance/PRAC funding must include a supportive services plan that is well-designed to meet the needs of persons with disabilities. This determination is made by the appropriate state or local agency prior to the submission of the application. Since 1997, new Section 811 tenant-based assistance funding has been made available through a separate Section 8 Mainstream Housing Opportunities for Persons with Disabilities NOFA. The number of new vouchers made available and the requirements of the NOFA have varied greatly from year to year, depending on HUD policies.

The Self-Help Homeownership Housing Opportunity Program (SHOP) is a competitive grant program run by HUD that provides funds to national and regional nonprofits who assist low income families building their own homes using a "sweat-equity" or "self-help" model. Families who receive assistance through the SHOP program are required to invest at least 300 hours of work in building their homes or the homes of others, although many families work far more than the required hours. The homes are sold to the homeowners at below-market rates.	SHOP is a competitive grant program run by HUD that provides funds to national and regional nonprofits who assist low income families building their own homes using a "sweat-equity" or "self-help" model. Funds are restricted to paying for land and infrastructure costs associated with building the homes including such things as sewer connections, streets, utilities, and environmental remediation. These funds must result in one home for each $15,000 awarded. Families who receive assistance through the SHOP program are required to invest at least 300 hours of work in building their homes or the homes of others, although many families work far more than the required hours. The homes are sold to the homeowners at below-market rates. Organizations apply to HUD annually to compete for funds through the SHOP program. HUD's SHOP grants are competitively awarded based upon an organization's experience in managing a sweat-equity program, community needs, the capacity to generate other sources of funding, and the soundness of its program design
YouthBuild is a youth and community development program that simultaneously addresses several core issues facing low-income communities: housing, education, employment, crime prevention, and leadership development. In YouthBuild, unemployed and undereducated young people ages 16-24 work toward their GED or high school diploma while learning job skills by building affordable housing for homeless and low-income people. Emphasis is placed on leadership development, community service, and the creation of a strong mini-community of adults and youth committed to each other's success.	YouthBuild is a public/private partnership. Each YouthBuild program secures its own funding, which is generally a mix of government (federal, state, and local) and private support. Federal support for YouthBuild was authorized under Subtitle D of Title IV of the Cranston-Gonzalez National Affordable Housing Act in 1992. Since then, HUD has awarded YouthBuild grants and contracts totaling more than $500 million. These funds have provided the foundation for a robust national network.

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