



News Release

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HUD ALLOCATES MORE THAN \$10 BILLION OF RECOVERY ACT FUNDING ONE WEEK AFTER BILL SIGNING

Nearly 75 percent of HUD Recovery funds allocated today

WASHINGTON - The U.S. Department of Housing and Urban Development (HUD) today allocated nearly 75 percent of its funding, or \$10.1 billion, made available through the *American Recovery and Reinvestment Act of 2009*. The Recovery Act includes \$13.61 billion for projects and programs administered by HUD, 75 percent of which was allocated to recipients today - only one week after President Obama signed the Act into law.

The funding announced today is primarily formula-based, meaning that it is allocated using set program criteria that do not require grantees to apply for the funds, allowing them to be allocated very quickly. The remaining 25 percent of the funds, which will be competitively awarded later, will be used to build on the President's priorities to promote green jobs and mitigate the destabilizing effects of foreclosures on communities.

"I am pleased to announce that we are moving swiftly to get these much-needed funds out to states and cities to create jobs and help stimulate our economy," said HUD Secretary Shaun Donovan. "Recovery Act investments in HUD programs will be not just swift, but also effective: they will generate tens of thousands of jobs, help the families and communities hardest hit by the economic crisis, and modernize homes to make them energy efficient."

For a detailed local summary of each of the following allocations, visit HUD's recovery website:

Promoting Energy Efficiency and Creating Green Jobs

These investments are powerful vehicles for economic recovery because they work quickly, are labor-intensive, create jobs where they are needed most, and lead to lasting neighborhood benefits. Many will also reduce greenhouse gas emissions and save Americans money by retrofitting housing to make it more energy efficient.

Public Housing Capital Fund Program - \$3 billion

HUD is allocating nearly \$3 billion to 3,134 public housing agencies to develop, finance, and modernize public housing in their communities. Local PHAs will use this funding for energy-efficient modernization and to make large-scale improvements to public housing developments, including critical safety repairs. In addition to the funding allocated through this capital fund, HUD is working to competitively award another \$1 billion to local housing agencies to support catalytic investments,

particularly investments that leverage private sector financing to retrofit public housing and enhance energy conservation.

Native American Housing Block Grant (IHBG) - \$255 million

Tribal entities will use this funding for energy efficient modernization of and renovation of housing maintained by Native American housing programs. In addition to the funding allocated through formula funding, HUD will competitively award another \$242 million for Native American grants later this year. Also, pursuant to today's recovery formula funding, HUD is allocating \$10.2 million for Native Hawaiian Housing.

Lead Hazard Reduction/Healthy Homes - \$100 million

Nearly \$100 million will be invested in HUD's lead based paint and hazard reduction and remediation activities, including promoting local efforts to eliminate dangerous lead from lower income homes and stimulating private sector investment in lead hazard control.

Supporting Shovel-Ready Projects and Assisted Housing Improvements

These investments will support a broad range of housing and community development projects that are ready to go. Many of these projects have been held up for lack of private investment due to fallout from the broader economic crisis and credit crunch.

Tax Credit Assistance Program (TCAP) - \$2.25 billion

Funded under HUD's HOME Program, TCAP grants will help State Housing Finance Agencies to kick-start the production of stalled affordable rental housing projects that rely on Low-Income Housing Tax Credits. These agencies will distribute the funds competitively and give priority to housing projects that can begin construction immediately.

Project-Based Rental Assistance - \$2 billion

HUD is allocating \$2 billion to invest in full 12-month funding for Section 8 project-based housing contracts. This funding will enable owners to undertake much-needed project improvements to maintain the quality of this critical affordable housing.

Promoting Stable Communities and Helping Families Hardest Hit by the Economic Crisis

These investments will help communities and families that have experienced the brunt of the economic downturn. Resources will be used to stabilize and revive local neighborhoods and housing markets with heavy concentrations of foreclosed properties. Funds will also assist the vulnerable families and individuals who are on the brink of homelessness or have recently become homeless.

Community Development Block Grant Program (CDBG) - \$1 billion

HUD is allocating nearly \$1 billion to approximately 1,200 state and local governments through the Department's *Community Development Block Grant (CDBG)* program to target their own community development priorities. Most local

governments use this investment to rehabilitate affordable housing and improve key public facilities - helping to stabilize communities and create jobs locally.

Homelessness Prevention Fund - \$1.5 billion

HUD is allocating nearly \$1.5 billion to state and local governments to help rapidly re-house homeless persons and families who enter shelters. In addition, HUD's *Homelessness Prevention Fund* will significantly expand efforts to prevent homelessness among those facing a sudden economic crisis.

FHA Loan Limits

HUD will temporarily increase the loan limits of mortgages insured by the *Federal Housing Administration (FHA)* up to \$729,750. This will keep credit flowing to millions of families whose options are limited by the current crisis. Previously, FHA's loan limits in very high-cost areas were capped at \$625,500. FHA's reverse mortgage product known as the *Home Equity Conversion Mortgage (HECM)* will have a new national mortgage limit of \$625,500, up from the previous limit of high of \$417,000. These increased loan limits are applicable to all FHA-insured mortgage loans endorsed until December 31, 2009.

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HUD is the nation's housing agency committed to sustaining homeownership; creating affordable housing opportunities for low-income Americans; and supporting the homeless, elderly, people with disabilities and people living with AIDS. The Department also promotes economic and community development and enforces the nation's fair housing laws. More information about HUD and its programs is available on the Internet at www.hud.gov and espanol.hud.gov.

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