



OKLAHOMA HOUSING FINANCE AGENCY

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## MEMORANDUM

TO: ARRA Coordinating Council

FROM: Dennis Shockley

DATE: March 24, 2009

RE: **Initial ARRA Report**

Attached is a list of programs with direct funding to Oklahoma from the U.S. Department of Housing & Urban Development (HUD) contained in the American Recovery and Reinvestment Act of 2009.

The only two programs that directly impact the Oklahoma Housing Finance Agency (OHFA) is #6 on the list and the Tax Credit Exchange Program listed last which is a U.S. Treasury program. Both impact the Low Income Housing Tax Credit Program. The funds from both sources must be utilized exclusively within the tax credit program and are not fungible.

We have held a public meeting with our tax credit developers about both programs and the response has been tepid. I have also met with Secretary Natalie Shirley regarding these issues. We are awaiting regulations from both Treasury and HUD as to how to proceed and have been informed that they will be forthcoming within the next five weeks. We have been advised by the National Council of State Housing Agencies to proceed with caution until regulations have cleared up potential pitfalls.

OHFA will keep the Coordinating Council apprised of any new developments.



## **American Recovery and Reinvestment Act (ARRA) of 2009 - Oklahoma**

**Oklahoma will receive \$119,410,877 in HUD funding through the American Recovery and Reinvestment Act (ARRA) of 2009.**

Seventy-five percent of the funding is primarily formula-based, meaning that it is allocated using set program criteria that do not require grantees to apply for the funds. 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.

**The seven HUD programs and amounts are as follows:**

- 1. Community Development Block Grant Program (CDBG) – Local governments use this investment to rehabilitate affordable housing and improve key public facilities – \$1 billion awarded nationally; In Oklahoma, the State and nine cities and counties will receive a total of \$8,037,137.**
- 2. Emergency Shelter Grant Program/Homelessness Prevention - Funds used to help rapidly re-house homeless persons and families who enter shelters - \$1.5 billion awarded nationally; In Oklahoma, the State and three cities and counties will receive a total of \$12,297,934.**
- 3. Public Housing Capital Fund Program – Funds used by 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 - \$3 billion awarded nationally; In Oklahoma, 103 housing authorities will receive a total of \$25,124,917.**
- 4. Native American Housing Block Grant (IHBG) - 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 - \$255 million awarded nationally; In Oklahoma, thirty-six tribes will receive a total of \$37,465,268.**
- 5. Lead Hazard Reduction/Healthy Homes - 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 – Oklahoma did not receive any grants in this program**

6. **Tax Credit Assistance Program (TCAP)** - Funded under HUD's HOME Program, TCAP grants will help **the Oklahoma Housing Finance Agency (OHFA)** to kick-start the production of stalled affordable rental housing projects that rely on Low-Income Housing Tax Credits. OHFA will distribute the funds competitively and give priority to housing projects that can begin construction immediately - **\$2.25 billion awarded nationally; OHFA will receive \$25,124,917.**

**Timing of Awards and Expenditures**

- 75% of funds **must be committed** by housing credit agencies **within 1 year of enactment.**
- 75% of funds **must be expended** by owners within **2 years of enactment.**
  - Failure by an owner to expend within this time frame will result in redistribution by the credit agency to “a more deserving project” in the state.
- 100% of funds **must be expended** within **3 years of enactment.**

7. **Project-Based Rental Assistance** - 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 - **\$2 billion awarded nationally; Oklahoma will receive \$10,762,053 for 59 contracts.**

In addition:

**Tax Credit Exchange Program** – Ability to exchange up to 40% of the 2009 OHFA tax credit allocation at \$0.85 per dollar or about \$28 million to accomplish the same as #6 above. (This is not a HUD program; it is a U.S. Treasury direct program.)