

# Department of Housing of Urban Development (HUD)

Michael Flores

Community Planning and  
Development (CPD)

# Community Planning & Development

- Mission and Purpose
- Objectives
- Programs

# CPD Mission and Purpose

- Develop viable communities
- Develop partnerships

# CPD Objectives

**Underlying principles that are used in carrying out its mission:**

- Job creation, employment, and creation of safe, decent and affordable housing.
- Planning and execution of community development initiatives
- Complex problems require coordinated, comprehensive, and sustainable solutions.

# CPD Grant Programs

- Formula Grants
- Competitive Grants

# CPD Formula Grants

- Types of Formula Grant Programs
  - Community Development Block Grants (CDBG)
  - HOME Investment Partnerships
  - Emergency Solutions Grant (ESG)
  - Housing Opportunities for Persons With Aids (HOPWA)

# Community Development Block Grant (CDBG)

- [CDBG Entitlement Program](#) provides annual grants on a formula basis.
- [CDBG State Program](#) allows States to award grants to smaller units of general local government
- Programs and Projects
  - Housing, Public Facilities, Public Services

# CDBG Eligible Grantees

- Principal cities of Metropolitan Statistical Areas (MSAs)
- Other metropolitan cities with populations of at least 50,000
- Qualified urban counties with populations of at least 200,000
- Eligibility for participation as an entitlement community is based on population data provided by the U.S. Census Bureau and metropolitan area delineations published by the Office of Management and Budget.

# CDBG Eligible Activities

- CDBG funds may be used for activities which include, but are not limited to:
- Acquisition of real property
- Relocation and demolition
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements,
- Public services
- Activities relating to energy conservation and renewable energy resources
- Economic development and job creation/retention

# HOME Investment Partnerships

- The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use to fund a wide range of activities
  - Building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.
- HOME funds are awarded annually as formula grants to participating jurisdictions (PJs).

# HOME Eligible Grantees

- States are automatically eligible for HOME funds and receive either their formula allocation or \$3 million, whichever is greater.
- Local jurisdictions eligible for at least \$500,000 under the formula also can receive an allocation.
- The formula allocation considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, its fiscal distress, and other factors.
- Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally binding **consortium**.
- Other localities may participate in HOME by applying for program funds made available by their State.

# HOME Eligible Activities

- Home purchase or rehabilitation financing assistance
- Build or rehabilitate housing for rent or ownership
- Acquisition or improvement, demolition of dilapidated housing
- HOME-assisted rental housing

# Emergency Solutions Grant (ESG)

- [Emergency Solutions Grants Program \(ESG\)](#) funds are distributed by formula to metropolitan cities, urban counties, territories, and states for street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and homeless management information systems.
- The [Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 \(HEARTH Act\)](#) amended the McKinney-Vento Homeless Assistance Act, revising the Emergency Shelter Grants Program in significant ways and renaming it the Emergency Solutions Grants (ESG) program. The ESG Interim Rule took effect on January 4, 2012.

# Emergency Solutions Grant

- **Nature of Program:** Provides grants by formula to States, metropolitan cities, urban counties and U.S. territories for eligible activities
- **Applicant Eligibility:** States, District of Columbia, Puerto Rico, metropolitan cities, urban counties, and U.S. territories are eligible.
- **Funding Distribution:** After setting aside a small amount for allocation to the territories, HUD allocates the fiscal year appropriation for ESG to eligible recipients in accordance with the percentage of CDBG funding each jurisdiction was allocated for the previous fiscal year.

# Housing Opportunities for Persons With AIDS (HOPWA)

- HOPWA program is the only Federal program dedicated to addressing the housing needs for low-income persons who are living with HIV/AIDS and their families.
  - Grantees partner with nonprofit organizations and housing agencies to provide housing and support to these beneficiaries.
- HOPWA funds are awarded as grants from two programs:
  - [HOPWA Competitive Program](#) priority is given to the renewal of expiring permanent supportive housing grants.
  - [HOPWA Formula Program](#) uses a statutory method to allocate HOPWA funds to eligible States and cities on behalf of their metropolitan areas.

# HOPWA Eligibility

## **Program Funding and Eligible Applicants**

- HOPWA provides funding through a formula program as well as a competitive program that has different types of grant projects. The annual HOPWA appropriation is divided between the two programs – 90 percent for formula program grants and 10 percent for competitive program grants.

# HOPWA Formula

## Formula Program

- Eligible applicants include metropolitan statistical areas with more than 500,000 people and at least 1,500 cumulative AIDS cases and States with more than 1,500 cumulative AIDS cases outside of eligible metropolitan statistical areas.

# HOPWA Competitive

- **Eligible applicants** include States, local governments, and nonprofit organizations. Awards are based on competitive applications, with priority given by congressional authority to the renewal of expiring permanent supportive housing project grants.
- If funds remain after renewals, they are distributed under the annual Notice of Funding Availability (NOFA) competition. Typically, funding is available for two types of projects:
  - Special Projects of National Significance (SPNS)
  - New Long-Term Projects: These projects provide housing and services for eligible persons in areas of the nation that did not qualify for HOPWA Formula Program allocations.

# Hearth Act

- On May 20, 2009, President Obama signed the [Homeless Emergency Assistance and Rapid Transition to Housing \(HEARTH\) Act of 2009](#).
- The [HEARTH Act](#) consolidates the three separate McKinney-Vento homeless assistance programs, including the Supportive Housing Program, Shelter Plus Care Program, and Section 8 Moderate Rehabilitation SRO Program into a single grant program known as the Continuum of Care (CoC) Program.

# Continuum of Care

- CoC Program is designed to promote communitywide commitment to the goal of ending homelessness; while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.
- More than 1 million persons are served in HUD-supported emergency, transitional and permanent housing programs each year.

# Continuum of Care

## Homelessness Assistance

- HUD's homeless assistance programs are categorized as either formula (non-competitive) and competitive. HUD awards Emergency Solutions Grants by formula to states and local governments.
- It awards the Continuum of Care Program and other competitive funds via a national competition through a Notice of Funding Availability (NOFA).

# Continuum of Care (CoC)

- **Nature of Program:** Grants offered through a competitive process for new construction; acquisition, rehabilitation, or leasing of buildings to provide transitional or permanent housing; rental assistance; payment of operating costs; supportive services; re-housing services; payment of administrative costs; and grants for technical assistance.
- **Applicant Eligibility:** Private nonprofit organizations, states, local governments, and instrumentalities of state and local governments are eligible to apply if they have been selected by the Continuum of Care for the geographic area in which they operate.

# Community Planning & Development

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Thank you



# Helping Families Since 1934

Federal Housing Administration:  
A Division Program Office In the  
U.S. Department of Housing and  
Urban Development





# FHA Insures Mortgages

- FHA only insures mortgages
  - Similar to private mortgage insurance
  - FHA insures 100% of the balance vs. private mortgage insurance companies
- Protects buyers from unfair practices
  - Requires lender's to provide loss mitigation options in the event the borrower defaults
- Protects lenders against mortgage loss
  - Similar to private mortgage insurance



# FHA's Loss Mitigation Options

- Loss mitigation/foreclosure prevention
  - Forbearance
  - Loan modification
  - FHA – Home Affordable Modification Program
  - Short/Compromise Sale with incentives
  - Deed-in-lieu of foreclosure



# Mortgage Insurance Premiums

## FHA Mortgage Insurance Premiums

- HUD must balance it's Mission Statement against risk to the mortgage insurance fund
  - Mission – Stabilize communities, promote home ownership and home retention opportunities
  - Risk – Protect the mortgage insurance fund reserve used to pay claims
    - Reserve requirement mandated by Congress
- Federal law allows Secretary of HUD to charge up to 3% for upfront mortgage insurance premiums as needed in order to manage risk



# FHA Mortgage Insurance (Cont.)

- Two mortgage insurance premiums
  - Upfront Mortgage Insurance Premium (UFMIP)
    - § May be financed but may not exceed 100% loan-to-value (LTV) on the FHA insured mortgage
  - Monthly Mortgage Insurance Premiums (MIP)
    - § Paid monthly with the mortgage payment
- Required on all loan types, terms, amounts, and loan-to-value



# Mortgage Insurance Premiums

- Upfront Mortgage Insurance Premium
  - Currently 1.75% (some exceptions)
- Annual Mortgage Insurance Premium
  - Calculated yearly on outstanding principal balance
  - Varies; loan type, amount, term, loan-to-value
- Money collected from Upfront and Monthly Premiums is used to pay claims.



# HUD Office of Housing Counseling

“The mission of the Office of Housing Counseling (OHC) is to help families to obtain, sustain and retain their homes. We will accomplish this mission through a strong network of HUD-approved housing counseling agencies and counselors .”

- Created by the Dodd-Frank Wall Street Reform and Consumer Protection Act
- National organization with 64 HUD staff spread across the country
- **Goals:**
  - To help clients assess their financial situation and achieve their housing goals.
  - To increase public awareness of HUD’s housing counseling programs.
  - To increase the knowledge and capacity of HUD’s housing counseling network.
  - To improve the impact of housing counseling on consumers and neighborhoods nationwide.



# Grant Awards

Currently there is a NOFA out that will be OHC's first grant year featuring modifications to previous NOFAs to reduce the effort required by agencies.

- All approved agencies may apply for competitive grants.
- Contingent on Congressional Appropriations.
- Scoring is about a 5-6 week process

## Grants are evaluated and scored on:

- Agency's capacity to meet HUD requirements
- Needs of the area the agency serves
- Agency's services and capabilities
- Other funding received
- Anticipated outcomes



# Grant Management

After grants are scored, the awards are made to eligible agencies who are required to submit reports documenting their activities.

Quarterly reports are reviewed by OHC staff with numerous requirements:

- Clients served with the grant funds and the cost billed
- Hours spent by each counselor
- Other costs claimed by agency (indirect costs, training, travel, equipment)
- Outcomes of clients
- Housing counseling budget
- Agency's ability to meet their grant application's proposal



# On the Horizon

- The Dodd-Frank legislation also requires us to report to Congress on all Housing Counseling activities performed within HUD.
- Public and Indian Housing (PIH) and Community Planning and Development (CPD) has relationships with Housing Authorities and Section 8 housing developments that provide counseling for tenants.
- Encourage your partners capable of meeting HUD requirements to seek approval as a Housing Counseling Agency.
- Cross training opportunities in development between PIH and OHC



# Reverse Mortgages

- Available to Homeowners 62 and older
- Must own home or have balance small enough to be paid off with proceeds of Reverse Mortgage
- May be used to purchase a home



# Reverse Mortgage cont'd

- Homeowner retains ownership
- Must attend counseling to understand responsibilities and consequences
  - Must continue to pay property taxes.
  - Must continue to pay homeowners insurance.
  - Must continue to maintain property.
  - Loan must be repaid when last homeowner no longer occupies.

# How to Access HUD's Public Housing Funds

## Understanding the two programs

### HUD Regulations for Public Housing Programs

- Ø 24 CFR 905 - Capital Funds
- Ø 24 CFR 941 - Public Housing Development
- Ø 24 CFR 960 - Admissions to and Occupancy of Public Housing
- Ø 24 CFR 970 - Demolition and Disposition of PH Projects
- Ø 24 CFR 972 - Voluntary Conversion
- Ø 24 CFR 990 - PH Operating Funds

### HUD Regulations for Housing Choice Voucher Programs

- Ø 24 CFR 982 - Section 8 tenant based assistance - HCV
- Ø 24 CFR 983 - Project Based Section 8
- Ø 24 CFR 984 - Family Self-Sufficiency
- Ø 24 CFR 985 - SEMAP (Section 8 Assessment)

.....and a host of Federal Registers, Guidebooks and PIH Notices

# Office of Public Housing

## Public Housing and Housing Choice Voucher Programs

- 2014 Consolidated Appropriations Act was enacted on January 17, 2014 (Annually)
- Annual Contribution Contract - Public Housing
- Annual Contribution Contract - HCV/Section 8

# Office of Public Housing

- **Public Housing Program**

Annual Contribution Contract (ACC) - Major funding sources for public housing agencies administering the public housing program include:

- Ø Operating Subsidy
- Ø Capital Funds
- Ø Demo/Dispo Transitional Funds
- Ø Replacement Housing Factor (funds remaining)

- **Housing Choice Voucher Program**

Annual Contribution Contract (ACC) - Major funding sources for public housing agencies administering the HCV-Section 8 program include:

- Ø HCV Housing Assistance Payments (TBV Renewal/PBV)
- Ø HCV Administrative Fees
- Ø HUD VASH Program
- Ø Mainstream 5 year Program
- Ø Tenant Protection Funds

# Office of Public Housing Grant Funds

- Grant funds are applied for through Grants.gov and the annual Notice of Fund Availability (NOFA) process. Some PH grant programs include:
  - Ø Choice Neighborhoods
  - Ø HOPE VI Main Street
  - Ø Rental Assistance Demonstration (RAD)
  - Ø Resident Opportunity Self-Sufficiency (ROSS)
    - Ø Service Coordinator
    - Ø PH/HCV Family Self-Sufficiency

# What can HUD grant funds do? Matthew Henson(1952) to Henson Village (2010)



Photograph 2. "Before" housing of family moving into Matthew Henson Addition, 1951. (The Arizona Historical Society – Central Arizona Division)



Photograph 3. "After" photograph of family moving into Matthew Henson Addition, 1952. (The Arizona Historical Society – Central Arizona Division)



# Accessing HUD Funds

Multifamily

# Two Types of Funding

- } Mortgage Insurance
  - } Grant Funds

# Insurance Program

- } FHA insures the lender against loss
- } New construction or refinance ( $\geq 5$  units)
- } Transfer of Physical Assets
- } Benefit(s) to owner:
  - 40/35 year mortgage
  - Non-recourse



# Insurance

## } Types of Owners

- For-profit
- Non-profit
- Single Asset Entity required

## Type of Loans

- 221d(4), 221d(3), 223(f)

# Insurance

} How do I get started?

} Contact an FHA approved lender at

<http://portal.hud.gov/hudportal/documents/huddoc?id=aprvlend.pdf>

# Grant Funds

## } Types of Grants

- 811 Project Rental Assistance for Persons with Disabilities (PRA)
- Service Coordinator
- Assisted Living Conversion (existing 202 elderly)

# Grant Funds

## } How do I apply?

- Go to [grants.gov](https://www.grants.gov) for all grants
- Read the Notice of Funding Availability (NOFA) grant information
- Answer these questions:
  - Do I have experience?
  - Do I have the capacity?
  - Do I have matching funds, in-kind partnerships etc?