



## We Are The Champions!!

That was the message on February 24th at the Neighborhood Preservation Coalition's Lobby Day for Housing in Albany. Dennis Hanratty, the Legislative Chair of the Neighborhood Preservation Coalition's Board exhorted attendees at the opening rally to not be shy about emphasizing to state lawmakers that the neighborhood and rural preservation companies are the champions of housing in New York- responsible for implementing the many capital programs that the legislature funds, and assisting thousands of families 365 days each year.

Senate Housing Committee Chair Pedro Espada briefly gave opening remarks at the Lobby Day event at Emmanuel Baptist Church on State Street. Regarding the proposed preservation program cuts, he said "We shouldn't take them sitting down!"

In her remarks, DHCR Commissioner Deborah Van Amerongen noted that preservation companies deliver very high proportions of DHCR's program activities, including 66% of the HOME allocation that DHCR receives from the Department of Housing and Urban Development. Van Amerongen stressed that she liked to think of the preservation companies as satellite offices of DHCR located throughout the state. The preservation companies actually do the development and run the programs that DHCR staff can't do. However, Commissioner Van Amerongen also stressed that the cuts proposed by the Governor have been across the board, in health care, education, and other programs as well as housing.

some day the legislature would fund the preservation companies at the \$150,000 per year level, and that he was continually astounded by the \$26 or \$28 return in activity for each NPC and RPC dollar that the state invests. Dennis Hanratty concurred, that he was sure that the state was already getting at least \$150,000 in value from each preservation contract.

***"Everyone is talking about infrastructure projects in the economic stimulus plan. Bridges, roads and water systems. But what is more fundamentally part of our infrastructure than housing? Everyone needs a house!"***

Dennis Hanratty

The next step in this process is the Rural Advocates legislative conference on March 9th (see box at

left), and legislative visits at district offices. Keep up the pressure!

### Save The Date!

Be a part of the lobbying effort to save state funding in the ongoing budget struggle. The 2009 housing lobby day in Albany is:

**March 9th- Housing Lobby Day-** support rural housing programs such as Rural Rental Assistance, RARP, RPC, Affordable Housing Corporation, and Main Street. Sponsored by the New York Rural Advocates (*ruraladvocates@gmail.com*).

Jonathan Harkavy, representing Assembly Housing Chair Vito Lopez, mentioned that there is a fantasy that

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**Rural Delivery**

Rural Delivery is published by the New York State Rural Housing Coalition, Inc. The Coalition is a non-profit statewide membership organization dedicated to strengthening and revitalizing rural New York by assisting housing and community development providers.

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Federal and U.S. military employees can support the Rural Housing Coalition through the annual Combined Federal Campaign (CFC). If you are a federal government or military employee and would like to donate through the CFC, please enter CFC code #9614 on your pledge card during the next fund drive.

## Bits and Pieces...

### 1BOG Offers Discounts On Solar Installations

**1 Block Off The Grid (1BOG)** is a group purchasing program that negotiates discounts on the purchase and installation of solar energy systems. The website enables homeowners to sign up, and when a critical mass of homeowners in a community has signed up (generally a minimum of 100 homeowners) 1BOG begins the process of negotiating group discounts on photovoltaic solar system installations. The program began last year in San Francisco, and resulted in a 43% discount off the list price for one homeowner in the first installation group, although 20% savings are more common. With President Obama's interest in promoting renewable energy, the 1BOG concept is sure to become more popular. For more information, visit the 1BOG website at <http://1bog.org>.

### DHCR Performance Report Published

DHCR has published the 2008 Annual Performance Report on HUD-funded programs (known as the CAPER). The report covers progress on meeting goals using funding from the Community Development Block Grant, HOME, Emergency Shelter Grants, and HOPWA. The report can be reviewed online at [www.nysdhcr.gov/Publications/PerformanceReport08/per08.pdf](http://www.nysdhcr.gov/Publications/PerformanceReport08/per08.pdf).

### Save The Dates

DHCR will be holding regional meetings of foreclosure prevention service providers. The meetings are targeted to housing counselors and legal service providers assisting New York homeowners facing foreclosure or default. Discussion will include the 2008 NYS Subprime Lending Reform Act & Mandatory Settlement Conferences, and The Homeowner Affordability and Stability Plan.

Meetings will be held on March 19th in Buffalo; on March 27th on Long Island; on March 30th in Westchester County; on April 7th in Saratoga Springs; on April 14th in Syracuse, and in New York City on a date and at a location to be determined.

Meeting times vary. Please confirm times and locations by visiting DHCR's website. Up-to-date information on the meetings will be available at [www.nysdhcr.gov](http://www.nysdhcr.gov).

## Points Of Interest In The Economic Stimulus Legislation

### *Elderly, Disabled, and Section 8 Assisted Housing*

The American Recovery and Reinvestment Act allocates \$250 million for energy retrofit investments for existing Section 202, Section 811, and projects with Section 8 subsidies. Owners must have a “satisfactory” or higher management review rating. Owners must accept an additional affordability covenant of not less than 15 years. HUD may fund these retrofit investments with grants or loans.

The HUD Secretary may waive or specify alternative requirements by statute or regulation, except requirements related to fair housing, nondiscrimination, labor standards, and the environment.

A total of \$2 billion is available to fund ongoing Section 8 rental assistance attached to multifamily properties, to ensure that property owners are paid for a full year of such assistance.

### *Homelessness Prevention Grants*

ARRA includes \$1.5 billion for homelessness prevention activities. Funds may be used for various activities, including short-term and medium-term rental assistance, housing-search assistance, mediation or outreach to property owners, credit-repair services, security or utility deposits, utility payments, and moving-cost assistance. Eligible grantees are those as defined by the McKinney-Vento Homeless Assistance Act. Grantees must expend at least 60 percent of the funds within two years of the date of the obligations of funds and 100 percent within three years. HUD may recapture any funds not expended within the two-year expenditure deadline and reallocate to grantees that are in compliance with expenditure re-

quirements.

### *Tax Credit Supports*

ARRA allocates \$2.25 billion in funds for gap financing for Low Income Housing Tax Credit (LIHTC) projects to be allocated to state housing finance agencies (HFAs). In addition, HFAs will have the ability to exchange tax credits for grant proceeds, which will provide another avenue for developers to finance LIHTC projects.

### **Gap Financing:**

HFAs will receive additional funds (Gap Financing) apportioned among the states based on the 2008 percentage of HOME funds apportioned to each state. HFAs must commit 75 percent of the Gap Financing to project owners within one year of ARRA’s enactment. The project owner must expend 75 percent of the funds within two years of ARRA’s enactment and 100 percent of the funds within three years of enactment. The HFAs shall distribute the funds competitively pursuant to the state’s qualified allocation plan to owners of projects that have received or simultaneously receive an allocation of LIHTCs. Projects eligible for Gap Financing include any project awarded tax credits in 2007, 2008, or 2009, but state HFAs shall give priority to projects that can be completed within three years of ARRA’s enactment. Failure to meet these expenditure deadlines can result in the HFA and/or the Secretary of Treasury deciding to redistribute the funds to a more deserving project or to another state that has fully utilized their Gap Financing. Gap Financing awarded to an LIHTC project shall not be treated as a federal grant for purposes of establishing the “eligible basis” for the pro-

ject.

### **Exchange Program:**

HFAs can exchange a portion of their existing LIHTC allocations for grant funds equal to 85 percent of the product of (i) unused housing credit ceiling for 2008, (ii) any returns to the HFA during 2009 of credit allocations previously made, (iii) 40 percent of the HFA’s 2009 credit allocation, (iv) 40 percent of the HFA’s share of the national pool allocated in 2009, and (v) 10. HFAs receiving the grant instead of LIHTC allocations must use such funds to finance the construction, acquisition, or rehabilitation of a qualified low-income building (either to buildings with or without LIHTC). An HFA will have discretion to allocate these funds to non-LIHTC projects if the HFA determines that such use would increase funds available for the rehabilitation of affordable housing. The HFA must distribute all such funds before January 1, 2011, and return any unused portion to the Secretary of the Treasury. Presumably, the HFA will distribute such funds to project owners in the form of a soft loan. Any such funds received by the project owner under the exchange program will not reduce the eligible basis of the project. Any project receiving funds through the exchange program will have to comply with the LIHTC provisions. Failure to satisfy the LIHTC rules during the 15-year compliance period will result in recapture of the funds under methods the Secretary of Treasury deems appropriate.

Under both the Gap Financing and the Exchange Program, HFAs are required to act as asset managers to ensure compliance with LIHTC requirements.

*Thanks to our friends at Ballard Spahr Andrews & Ingersoll for this analysis.*

## President Announces Homeowner Affordability/Stability Plan

On February 18th, President Obama announced the Homeowner Affordability and Stability Plan. The plan has three major parts: provide refinancing for responsible homeowners suffering from falling home prices; create a comprehensive \$75 billion homeowner stability initiative; and support low mortgage rates by strengthening confidence in Fannie Mae and Freddie Mac. The plan is designed to prevent foreclosures and help up to 9 million homeowners through refinancing, loan modifications, and reductions in monthly payments, among other steps. Guidelines are expected to be in place by March 4th. The plan also doubles federal backing for Fannie Mae and Freddie Mac to \$400 bil-

lion. The Administration plans to work with the two lenders to support state housing finance agencies in serving homebuyers. This plan does not include any provisions for renters in foreclosed homes. However, the economic recovery bill includes \$1.5 billion for homelessness prevention and re-housing and \$2 billion for the Neighborhood Stabilization Program, both of which will help renters.

“In the end, all of us are paying a price for this home mortgage crisis. And all of us will pay an even steeper price if we allow this crisis to continue to deepen,” President Obama said during his announcement in Phoenix, AZ. “But if we act boldly and swiftly to arrest this

downward spiral, every American will benefit.”

He laid out the four key elements of the Homeowner Affordability and Stability Plan:

- 1) refinancing help for four to five million homeowners who receive their mortgages through Fannie Mae or Freddie Mac
- 2) new incentives for lenders to modify the terms of sub-prime loans at risk of default and foreclosure
- 3) steps to keep mortgage rates low for millions of middle class families looking to secure new mortgages
- 4) additional reforms designed to help families stay in their homes.

To read the fact sheet on this program, visit: [www.treas.gov/initiatives/eesa/homeowner-affordability-plan/FactSheet.pdf](http://www.treas.gov/initiatives/eesa/homeowner-affordability-plan/FactSheet.pdf).

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Visit our website at [www.ruralhousing.org](http://www.ruralhousing.org)

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