American Recovery and Reinvestment Act of 2009
Overview
Implementation at the Department of Housing and Urban Development
May 12 - 14, 2009
HUD’s $13.61B in funding under the Recovery Act supports 3 main themes across 9 departmental programs.

<table>
<thead>
<tr>
<th>1. Promoting Energy Efficiency &amp; Creating Green Jobs</th>
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</thead>
<tbody>
<tr>
<td><strong>Funding:</strong></td>
</tr>
<tr>
<td>$4.00B: Public Housing Capital Fund</td>
</tr>
<tr>
<td>$0.51B: Native American Housing Block Grants</td>
</tr>
<tr>
<td>$0.25B: Assisted Housing Energy &amp; Green Retrofit Program</td>
</tr>
<tr>
<td>$0.10B: Lead Hazard Reduction/ Healthy Homes</td>
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<tr>
<td><strong>$4.86B Total</strong></td>
</tr>
<tr>
<td><strong>Benefits/Outcomes:</strong></td>
</tr>
<tr>
<td>✔ Reduce greenhouse gas emissions</td>
</tr>
<tr>
<td>✔ Decrease consumer energy costs</td>
</tr>
<tr>
<td>✔ Increase quality &amp; longevity of public and Native American housing stock</td>
</tr>
</tbody>
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HUD’s $13.61B in funding under the Recovery Act supports 3 main themes across 9 departmental programs.

2. Unlocking the Credit Markets & Supporting “Shovel-Ready” Projects

**Funding:**
- $2.25B: Tax Credit Assistance Program
- $2.00B: Project Based Rental Assistance
- **$4.25B Total**

**Benefits/Outcomes:**
- Produce tens of thousands of affordable housing units
- Unlock private lending
HUD’s Role in the Recovery Act

HUD’s $13.61B in funding under the Recovery Act supports 3 main themes across 9 departmental programs.

3. Mitigating the Effects of Foreclosures & Preventing Community Decline

Funding:
$2.00B: Neighborhood Stabilization Program
$1.50B: Homelessness Prevention Fund
$1.00B: Community Development Block Grants

$4.50B Total

Benefits/Outcomes:
✓ Stabilize property values
✓ Prevent homelessness
✓ Prevent neighborhood blight
**Implementation Approach**

*HUD's delivery approach combines short-term spending on “shovel-ready” projects via formula grants with longer-term focus on program targeting through competition.*

<table>
<thead>
<tr>
<th>Program Funding Amounts</th>
<th>Short-Term Focus: Quick Spending &amp; Job Stimulus</th>
<th>Long-Term Focus: Program Restructuring &amp; Targeting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timing of Funding</strong></td>
<td>All allocations announced on 2/25/09</td>
<td>$1.25B in obligations by 9/30/09</td>
</tr>
<tr>
<td></td>
<td>$5.25B in obligations by Apr</td>
<td>$2.25B in add'l obligations by 2/17/10</td>
</tr>
<tr>
<td></td>
<td>$3.35B in add'l obligations by Jun</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1.50M in add'l obligations by Aug</td>
<td></td>
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<td>Public Housing Capital Fund: $4.00B</td>
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<td>Project-Based Rental Assistance: $2.00B</td>
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<td>Community Development Block Grants: $1.00B</td>
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<td><strong>Total Funding:</strong> $13.610B</td>
<td>$10.105B (74%)</td>
<td>$3.505B (26%)</td>
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Given the Recovery Act’s unprecedented cross-cutting scope and aggressive timeframe, the Secretary is viewing the Recovery Act as an opportunity to lay the groundwork for future transformation at HUD.

1. Leverage common Recovery Act goals to promote “ONE HUD”
2. Streamline and simplify programs and support processes
3. Promote innovative cross-agency and cross-discipline collaborations
4. Reinvigorate the “HUD network”
5. Build a culture of transparency and accountability
The Recovery Act also provides specific statutory guidelines, which are defined more clearly in OMB's implementation guidance.

• Prime and First Tier Funding Recipient Registration
  – Must obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) Number
    (www.hud.gov/offices/adm/grants/duns.cfm)
  – Must be registered in the Central Contractor Registration (CCR)
    (www.ccr.gov/startregistration.aspx)

The Recovery Act also provides specific statutory guidelines, which are defined more clearly in OMB’s implementation guidance.*

- Fund Commingling and Tracking
  - Funds may be used in conjunction with other funding as necessary to complete projects
  - However, tracking and reporting must be separate to meet the reporting requirements of the Recovery Act

The Recovery Act also provides specific statutory guidelines, which are defined more clearly in OMB’s implementation guidance.*

- **Audit Publication**
  - For Fiscal years ending September 30, 2009 and later, all Single Audit reports filed with the Federal Audit Clearinghouse (FAC) will be made publicly available online

The Recovery Act also provides specific statutory guidelines, which are defined more clearly in OMB’s implementation guidance.*

- Other Applicable Statutory Requirements (Awaiting Final Guidance)
  - “Buy American” provision
  - Davis Bacon prevailing wage requirements

# Transparency and Accountability

## The Recovery Act provides very specific guidance for reporting.

<table>
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<th>Reporting Area</th>
<th>Requirements</th>
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| Grants (including data for sub-recipients) | Grantees must report the following information to HUD 10 days after the end of each calendar quarter, starting on July 10th, 2009:  \n\n- Total amount of recovery funds received from HUD  
- Amount of funds received expended or obligated to projects or activities  
- List of all projects or activities for which recovery funds were expended or obligated  
- Evaluation of the completion status of the project or activity  
- Estimate of the number of jobs created and retained by the project or activity  
- For infrastructure investments made by State and local governments: the purpose, total cost, and rationale of the grantee for funding the infrastructure investment; name and agency contact person  
- Jobs Created (FTE calculations described in April 3rd OMB Guidance) |
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| Contracts (including data for subcontractors) | Grantees must report the following information on any sub-awards:  
  ✔ Name of the entity receiving the award  
  ✔ Dollar amount of the award  
  ✔ Transaction type, funding agency, the North American Industry Classification System (NAICS) code or Catalog of Federal Domestic Assistance (CFDA) number (where applicable), program source, and purpose of each funding action;  
  ✔ Location of the entity receiving the award  
  ✔ Primary location of performance under the award (including the city, state, congressional district, and country)  
  ✔ DUNS number of the entity receiving the award and of the parent entity  
  ✔ Any other relevant information specified by OMB or HUD |
Though the Recovery Act specifically prohibits certain types of projects from being funded, the White House has provided additional guidance against imprudent spending.*

- **Section 1604 of Division A of the Recovery Act**
  - “None of the funds appropriated or otherwise made available in this Act may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool”

*http://www.whitehouse.gov/the_press_office/Memorandum-for-the-Heads-of-Executive-Departments-and-Agencies-3-20-09/
Though the Recovery Act specifically prohibits certain types of projects from being funded, the White House has provided additional guidance against imprudent spending.*

- March 20th White House Memo
  - Departments and agencies cannot approve or otherwise support any project, application, or applicant for funding that is imprudent or that does not further the job creation, economic recovery, and other purposes of ARRA

*http://www.whitehouse.gov/the_press_office/Memorandum-for-the-Heads-of-Executive-Departments-and-Agencies-3-20-09/
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- **Lobbyist Communication:** A HUD official may communicate orally with registered lobbyists concerning general Recovery Act policy issues (i.e., not specific projects, applications, etc.), but must immediately document in writing. If the communication is regarding the commitment, obligation, or expenditure of funds under ARRA, the following guidelines must be followed:

  - **Oral Communication:** When scheduling any oral communication all HUD officials must inquire whether any of the individuals or party is registered lobbyist.

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  - **Written Communication**: will be posted publicly by HUD on its recovery website within 3 business days after receipt

*http://www.whitehouse.gov/the_press_office/Memorandum-for-the-Heads-of-Executive-Departments-and-Agencies-3-20-09/*
US Dept. of Housing and Urban Development

Neighborhood Stabilization Program
NSP2
American Recovery and Reinvestment Act
May 13, 2009
Terms

- NSP1
- NSP2
- NSP TA
- HERA
- Recovery Act
- HCD Act
- CDBG
- Nonprofit
In a nutshell

- $1.93 billion for NSP activities
- NSP2 is still a CDBG component
- NOFA issued May 4; deadline July 17, 5pm
- Paper application, electronic threshold
- Eligible applicants are broader than CDBG
- Six scoring factors
- 150 points, with 115 the fundable threshold
- Minimum “ask” is $5 million, 100 units
- Whole grant expended in three years
Principles

- Retain CDBG distinctive requirements
- Target and reconnect neighborhoods
- Rapidly arrest decline
- Assure compliance with the NSP deep targeting
- Ensure longest feasible continued affordability
Principles

• Support projects that optimize economic activity
• Coordinate planning and resources
• Leverage resources and remove destabilizing influences
• Set goals
• Ensure accountability
Objectives

• Overall purpose of HCD Act of 1974 and a selection of the other objectives
• Coordinated undertaking
• Rational use of land
• Energy efficiency
Outcomes

• Short-term
  – Arrest decline in home values in target geography
  – Reduce or eliminate vacant and abandoned property in target geography

• Long-term
  – Increased residential sales
  – Increased median market values
Eligible Applicants

- State
- Unit of General Local Government (entitlement status does not matter)
- Nonprofit entity (public or private)
  - Treated like entitlements except for environment, AFFH, financial circulars
- Consortium of nonprofit entities
  - Consortium = two or more public or private nonprofits, with one lead
Consortium Agreements

- Consortium agreement with application. All parties agree:
  - To apply together
  - To cooperatively carry out the program if funded
  - Which is the lead applicant
  - Authorize environmental reviews if governmental entities are involved
Consortium Funding Agreements

• After initial scoring, if application scores at least 115 points, must submit consortium funding agreements by December 1, 2009

• Individual agreements between lead and each member detailing responsibilities
Nonprofits

• Public or private
• IRS ruling or state agency letter
• Governments
• Public housing authorities
• Redevelopment authorities
• Foundations
• Each must show capacity for at least one NSP activity
Grant Size

• Minimum request is
  – $5 million AND
  – 100 units

• Application must establish applicant capacity to expend the requested grant in 3 years

• This does not mean “grant + PI”

• Still must expend program income before draws from grant
Other thresholds

- Eligible fund use
- Income targeting/benefit
- Citizen participation – streamlined and modernized
- Definitions are in application – note required green rehab standard
Organizational Capacity

• Demonstrated organizational capacity – must have completed at least 75 units in past two years
• Declare online
• Demonstrate on paper
Geographic Need

- Two need indexes – foreclosure and foreclosure+vacancy
- Scale from 1 to 20, with 20 highest need
- Application threshold: Average for target geography must be at least 18 on either index.
- Online tool allows selection of tracts on a map and automates index calculation
- Data will be available for download soon
QuickTime™ and a TIFF (LZW) decompressor are needed to see this picture.
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Geographic Need

- In June, users will be able to save configurations and submit them to HUD if they have a qualifying score.
- Target geography may be discontiguous.
- Applicant must show it will serve entire proposed area.
- Single neighborhood, city-wide, metro-wide, regional, and national scale all possible.
Submission Requirements

• Must meet all threshold requirements to be rated and ranked
• All materials on web
• 40 page limit for narratives
• Extra pages allowed for consortia, partners
Submission Requirements

• Assembly format specified - 8.5x11, 12 point font

• Paper submission and online threshold submission by July 17, 2009 at 5 pm at HUD HQ in Washington, DC
Other stuff

• Funding restrictions
  – Appendix 1 program requirements
  – 10 percent for general admin
  – 10 percent for demolition
  – no demolition of public housing
• Pre-award costs at applicant’s risk
• Ineligible and unallowable costs
Factor 1

- Need/Extent of the Problem (40 pts)
  - a. Target geography (10 points, also a threshold factor)
Factor 1

– b. Market conditions and demand factors (30 pts)
  • Market absorption
  • Over-building, over-valuation, economy?
  • Income characteristics and cost burden
  • Other decline/instability factors
  • ID NSP activities “most likely to stabilize”
Factor 2

- Demonstrated Capacity of the Applicant and Relevant Organizational Staff (40 points)
  - Past Experience of the Applicant (30 points)
  - Management Structure (10 points)
    - Description
    - References
Factor 3

• Soundness of Approach (45 points)
  – Proposed activities (15 points)
    • Overall program and how it will achieve outcomes in target geography
    • Use of funds (in table and narrative) and firm commitments
    • Demolition v. preservation
    • Demolition exception (if applicable)
Factor 3

- Soundness of Approach
  - Project completion schedule (5 points)
  - Income targeting for 120 and 50% AMI (5 points)
  - Continued affordability (5 points)
Factor 3

• Soundness of approach
  – Consultation, outreach, communications (5 points)
  – Performance and monitoring (10 points)

• Monitoring plan
• Internal audit responsibility
Factor 4

• Leveraging other funds, or removal of substantial negative effects (10 points)
  – Applicants in the top third in either index get full points.
Factor 4

Leverage = firm commitments / NSP2 funds

• Cash, in-kind, donated land, donated services OK
• No sweat equity, no homebuyer mortgages
Factor 4

Removal of negative effects =
(Units acquired and rehabilitated +
Units demolished)
/ total vacant residential units in target area
Factor 5

• Energy efficiency and sustainable development factors (10 points)
  – Transit accessibility (4 points)
  – Green building standards (3 points)
  – Re-use of all NSP sites (1 point)
  – Deconstruction (1 point)
  – Other (1 point) (See appendix 2)
Factor 6

• Neighborhood Transformation and Economic Opportunity (5 points)
  – (1) Certify consistency with a comprehensive, regional, or multi-jurisdiction plan
  – (2) Describe how NSP2 activities relate to and increase the effectiveness of the plan
Review and Selection

• 115 points to be fundable
• Other factor: past performance
• Adjustments by HUD
Administrative

• Use of DRGR system for reporting
• Amendments cause re-ranking
• NSP2_help@hud.gov
• AFFH
• Certifications
Administrative

• Duration of funding: 2 years to expend 50%; 3 years to expend 100% of GRANT.
• DUNS- CCR
• Recovery Act general requirements
• Appendix 1 – NSP Program Requirements
Environmental Review Process for NSP2

Charles Bien, AICP, Director
Environmental Review Division
Environmental Review Statutes

• National Environmental Policy Act of 1969

• Related laws and authorities include
  – Historic Preservation
  – Flood Plain
  – Endangered Species
  – Coastal Zone
  – Toxic Site
  – Wetlands
HUD Regulations

- 24 CFR Part 58 Procedures for Responsible Entities (RE)
- 24 CFR Part 51 Hazards
- 24 CFR Part 52 Intergovernmental
- 24 CFR Part 55 Floodplains
- 24 CFR Part 50 HUD Procedures
When do environmental requirements apply?

- When an Application is made to HUD
- When an Application is made to a Responsible Entity for HUD funds.
Who is the responsible entity?

• FOR NSP2- NOT ALWAYS SAME AS Regular CDBG
What happens if work is underway or completed?

• Proceed only if existing contract requires work to proceed
• Any negative environmental impacts must be mitigated
• RISK- Projects that fail to achieve environmental clearance are ineligible
• May be able to use a pre-existing federal environmental review if no changes
Environmental Review Process

• Define the project
• Aggregate activities
• Study alternatives
• Determine level of review
• Conduct review
• Publish or post when required
Review Process

- Request Release of Funds (RROF)
- Receive authority to use grant funds
- Commit funds and implement project
- Monitor mitigation
Level of Review

- Full assessment
- Categorically excluded
- Categorically excluded NOT subject to 58.5
- Exempt
Public Notification

• Environmental Assessment requires:
  – Combined Notice (FONSI and NOI)

• Categorically Excluded that “triggers” compliance requires:
  – NOI/RROF only
Public Notification

• No public notification required for:
  – Categorically Excluded no compliance triggered
  – Exempt
CDBG Environment Hint

• Don’t reinvent the wheel - If the same responsible entity has successfully completed environmental review and neither the project nor environmental conditions have changed, additional HUD funding can be provided without a new review.
Need Help?

• Your HUD Environment website:

• Website includes the name, address and phone number for HUD’s Field Environment Officers
NSP2

• Question and answer period