

## Local Governments and Housing Session Takeaways

*Moderator: Elizabeth Hersh, The Housing Alliance of Pennsylvania*

*Panelists: George Klaus, USDA Rural Development; Lauren Giguere, City of Allentown*

### **ARRA Successes**

- The Low Income Housing Tax Credit Exchange Program needs to be extended. It worked well in 2009, exchanging credits for cash through the Treasury, but the tax credit market is still soft and the program should be extended for 2010.
- The Homelessness Prevention and Rapid Re-Housing Program is working well.
- USDA rural housing programs are helping homebuyers through direct loans and loan guarantee programs. They are stimulating lending which isn't happening otherwise.
- The constant theme for all of these programs is that they funneled money into existing programs where the capacity to get the money out was already in place.
- Allentown used money that went directly to local governments and got out quickly. They would like to see more money go directly to municipalities, eliminating the delay of going through the state.

### **ARRA Challenges**

- The federal loan modification programs for people in foreclosure are not working well, largely because lenders and servicers are not processing applications.
- They also are not designed to help people who have lost their jobs. The federal program was designed for the first wave of foreclosures of exotic loans, not for people who lost their jobs, so they don't qualify. Under HEMAP, dislocated workers would qualify. A federal version of HEMAP would work better. Alternatively, federal money that states could use to fund their own foreclosure prevention programs would be good.

### **Recommendations**

- Extend Low-Income Housing Tax Credit Exchange Program.
- Use existing programs when possible rather than new programs. New programs require new regulations and don't have the same capacity, which cause delay. Both the Tax Credit program and USDA rural loan program were already successful and in place before ARRA was passed. When these programs got additional money through ARRA, they were more effective and more quickly implemented than the housing related programs created by ARRA.
- More money should go to local governments or recipients, like homeowners in foreclosure programs.
- Help dislocated workers in foreclosure by allowing them to qualify for the federal loan modification program, make HEMAP federal, or give states money for HEMAP.
- In the community development realm, more time was needed to plan projects. The speed at which the money had to be spent forced some agencies to fund projects because they could be done quickly rather than waiting for those that made the most sense.