HUD Programs and Funding in Insular Areas

1. **HUD Programs in the Insular Areas**
    a. Office of Public and Indian Housing
        i. Public Housing
            1. Public Housing is a form of rental housing in which the property is owned and/or managed by a public housing authority (PHA) for low-income families. Some states, such as Massachusetts, Connecticut and New York, also have their own state funded "public housing" programs. Low-income housing is defined as decent, safe, and sanitary dwelling assisted under the United States Housing Act of 1937 (the "1937 Act") and public housing means low-income housing and all necessary appurtenances thereto, assisted under the 1937 Act other than under section 8. The terms public housing also includes dwelling units in a mixed finance project that are assisted by a PHA with capital or operating assistance.

            2. Specialized programs within Public Housing:

                a. **Operating Fund Program** - HUD provides operating subsidies allocated by a formula to PHAs to cover operating and management expenses. Expenses can include the costs for administration, routine maintenance, anticrime and antidrug activities, resident services, resident management and participation, insurance, energy, repayment of debt incurred to finance the rehabilitation and development of public housing units, costs associated with the operation and management of mixed finance projects and costs of operating computer centers in public housing through a Neighborhood Networks Initiative.

                b. **Operating Fund Financing Program** – The Operating Fund Financing Program allows a PHA to repay debt incurred to finance the rehabilitation and development of public housing units, subject to such reasonable requirements as the Secretary may establish. HUD currently approves these on a case-by-case basis; however, regulations are pending.

                c. **Capital Fund Program** – HUD provides funds allocated by formula to PHAs to cover capital and management activities including the development, financing and modernization of public housing projects, vacancy reduction, addressing deferred maintenance needs and the replacement of obsolete utility systems and dwelling equipment, planned code compliance, management improvements, demolition and replacement, resident relocation, capital expenditure to facilitate programs to improve the empowerment and economic self-sufficiency of public housing residents and to improve resident participation, capital expenditures to improve the security and safety of residents and homeownership activities.

d. **Capital Fund Financing Program** – The Capital Fund Financing Program allows a PHA to borrow private funds for capital and management activities relating to modernization and development of public housing. HUD has approved over $3 billion in Capital Fund Financing in the last 5 years for 197 PHAs.

e. **Mixed Finance Development** - Prior to 1998 with the passage of the Quality Housing and Work Responsibility Act of 1998 (QHAWRA), development funding was authorized under section 5 of the 1937 Act to replace, acquire and/or construct public housing projects. A mixed finance project typically combines tax credits, public housing Operating Funds, Capital Funds, HOPE VI and private funding/financing.

ii. Section 8

1. The section 8 program is comprised of two major components: section 8 project-based assistance programs and section 8 tenant-based assistance programs. The section 8 project-based programs are administered by HUD's Office of Housing and the section 8 tenant based programs are administered by HUD's Office of Public and Indian Housing. Each of these two major components has several subcomponents and it should be noted that two of the section 8 tenant-based program subcomponents involve project-basing section 8 tenant-based assistance.

2. Common Features of all Section 8 Programs

   a. There are certain features in the section 8 statutory, regulatory and contractual provisions governing section 8 assistance that are common in all of the various section 8 program.

   b. Eligible Tenants.

      i. Income - Families must earn less than 80% of area median income in order to be eligible for admission to the program. In most programs, there are now income targeting requirements that make most participants in the programs very low-income families, i.e., families that earn less than 50% of area median income.

      ii. Preferences – PHAs for the tenant-based assistance programs and owners for the project-based assistance programs may establish certain preferences for admission of families into the program, e.g., displaced families, working families, etc.

iii. Tenant Rents. Generally, families participating in the section 8 programs pay 30% of the family's adjusted income as the tenant payment for the unit and the section 8 housing assistance pays for the difference between the tenant payment and the approved rent for the unit.

1. In the Housing Choice Voucher ("HCV") Program, a family may pay more than 30% of adjusted income as the tenant payment if the family chooses a unit that rents for a rent higher than the PHA's payment standard which the PHA may establish generally between 90 and 110 percent of the FMR.

2. The section 8 programs also allow for requiring Minimum Rents from the section 8 tenants. For the section 8 tenant-based assistance programs, the PHA may set a minimum rent of up to $50 per month. In the section 8 project-based programs, the minimum rent may be up to $25 per month

3. Project-Based Assistance Programs

a. Initially the section 8 program provided project-based assistance to new construction and substantial rehabilitation projects and State-Agency funded projects. The major feature of the project-based assistance program is that the section 8 assistance is made available to the project and not to a particular family. For so long as an eligible family continues to reside in a unit in the project, the owner receives section 8 assistance for that unit. When the family moves from the unit, the family no longer receives the benefit of the section 8 assistance. If the owner rents the unit to a new eligible family, the owner continues to receive section 8 assistance for the unit.

i. New Construction/Substantial Rehabilitation/State Agency Programs. Under these programs, HUD, or a Public Housing Agency ("PHA") contract administrator under and Annual Contribution Contract with HUD, entered into long-term section 8 Housing Assistance Payment contracts with owners of projects. These contracts had terms and appropriated budget authority for 20 years, or for 30 or 40 years on State Agency contracts. The authority for HUD to enter into section 8 NC/SR and State Agency contracts was repealed in 1983. The regulations governing these three programs are contained at 24 CFR part 880, 881, and 883.

ii. Loan Management Set-Aside ("LMSA") and Property Disposition ("PD"). The other two section 8 project-based assistance programs are the LMSA and PD programs.

1. Section 8 LMSA contracts were provided to projects with FHA-insured or HUD-held mortgages that were in financial difficulty. Generally, the contract term for LMSA projects was for 5-years with two 5-year renewal terms.

2. Section 8 PD contracts were provided to projects when HUD was selling formerly FHA-insured multifamily properties which HUD had acquired through foreclosure. Generally, the contract term for PD projects was 15 years.

iii. Multifamily Assisted Housing Reform Act of 1997("MAHRA"). In 1997, Congress enacted MAHRA which was significantly amended in HUD's FY 2000 Appropriations Act. MAHRA provides the statutory basis for the renewal of section 8 project-based assistance contracts upon expiration of the term of the contract ("Section 8 Renewal Contract").

4. Tenant-Based Assistance Programs

a. In addition to providing section 8 assistance to projects, the section 8 program also has a tenant-based component. The section 8 tenant-based assistance program is administered by PHAs under a section 8 Annual Contributions Contract between HUD and the PHA. The PHA enters into section 8 Housing Assistance Payments contracts with owners of existing housing on behalf of eligible families. So long as the family continues to reside in the unit the owner receives the benefit of the section 8 assistance. However, when the family moves from the unit the section 8 assistance to the owner is terminated. So long as the family remains eligible, the family is able to use the section 8 tenant-based assistance in another unit approved by the PHA.

b. Section 8 Project-Based Vouchers ("PBVs"). Section 8 PBVs are a subcomponent of the section 8 tenant-based assistance program since that is the source of the funding for PBVs. Under the PBV program, PHAs are allowed to use up to 20 percent of their section 8 tenant-based budget authority to enter into section PBV contracts with owners. The regulations for the section 8 PBV program as finalized by HUD on October 13, 2006 are at 24 CFR part 983.

i. The PHA and the owner may agree on a section 8 PBV contract term of up to ten years, subject to the availability of sufficient appropriated funds for renewals in each year of the contract term. In addition, the PHA may enter into a contract with the owner "to extend the term of the underlying housing assistance payments contract for such period as the agency determines to be appropriate to achieve long-term affordability of the housing or to expand housing opportunities". HUD had interpreted these two provision as limiting the initial term of the section 8 PBV contract to 10 years, but has allowed PHAs to provide letters to owners agreeing to extend the term of the contract beyond the original 10-year period, subject to the availability of appropriations, and subject to the projects meeting other program requirements, in particular, requirements with respect to the physical condition of the project. In the final rule implementing the section 8 PBV program, it appears that HUD has limited the ability of the PHA to commit up-front to renew the contract at the expiration of the initial 10-year term and indicates in the final regulation that the PHA not provide such commitment until the ninth year of the 10-year term and then only for two successive 5-year terms.

5. Competitive programs

   a. HOPE VI. The HOPE VI Program was developed as a result of recommendations by National Commission on Severely Distressed Public Housing, which was charged with proposing a National Action Plan to eradicate severely distressed public housing. The Commission recommended revitalization in three general areas: physical improvements, management improvements, and social and community services to address resident needs.

b. Office of Community Planning and Development
   i. Community Development Block Grant Program (CDBG)
      1. The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States.

         a. The Insular Areas CDBG program provides grants to four designated insular areas: American Samoa; Guam; Northern Mariana Islands; and the Virgin Islands. HUD annually allocates seven million dollars of CDBG funds to the Insular Areas in proportion to the populations of the eligible Territories. The program is administered by HUD's Field Offices in Puerto Rico and Hawaii. Activities funded must be eligible and meet one of the three national objectives:

         b. Benefit to low- and moderate-income persons,

         c. Aid in the prevention or elimination of slums and blight, or

d. Meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.

2. Typically activities funded include: construction of public facilities and improvements, such as water systems, streets, and community centers; rehabilitation of houses and landmark structures; assistance to private, for profit entities to carry out economic development activities (including assistance to micro enterprises); and the provision of public services.

ii. HOME

1. The HOME program is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12701 et seq.), the HOME Investment Partnerships Program (HOME) is the largest Federal grant program focused on increasing affordable housing for low-income households. HOME funds various housing activities, including acquisition, new construction or rehabilitation of housing for rent or homeownership, homebuyer counseling and financial assistance, and tenant-based rental assistance (TBRA).

   a. Grants are awarded by formula to States, local governments and insular areas. These participating jurisdictions (PJs) can use the funds directly, provide subgrants to local governments, public agencies and nonprofit organizations, and provide loans and other financial assistance to for-profit or nonprofit housing owners or developers and low-income homebuyers or homeowners. At least 15% of each PJ's grant must be invested in housing to be owned, developed, or sponsored by experienced, community-driven nonprofit groups designated as Community Housing Development Organizations.

   b. To receive HOME funding, each PJ must submit and obtain HUD approval of a consolidated plan, which identifies the jurisdiction's priority housing needs and describes how the HOME funds will be used. To use HOME funds for TBRA or fund housing targeted to a special population, a PJ must provide justification in its plan and, for TBRA, include the tenant selection policies in the plan. In addition, each PJ must satisfy a 25% match requirement, using non-Federal funds.

iii. Emergency Shelter /Solutions Grants (ESG)

1. EGS recipients are state governments, large cities, urban counties, and U.S. territories. ESG make these funds available to eligible subrecipients, which can be either local government agencies or private nonprofit organizations. The recipient agencies and organizations, which actually run the homeless assistance projects, apply for ESG funds from the governmental grantee, and not directly to HUD.

a. The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), enacted into law on May 20, 2009, consolidates three of the separate homeless assistance programs administered by HUD under the McKinney-Vento Homeless Assistance Act into a single grant program, and revises the Emergency Shelter Grants program and renames it as the Emergency Solutions Grants (ESG) program. The HEARTH Act also codifies into law the Continuum of Care planning process, a longstanding part of HUD's application process to assist homeless persons by providing greater coordination in responding to their needs.

b. In accordance with the HEARTH Act, HUD issued interim regulations on December 5, 2011 (76 FR 75954) for the ESG program along with corresponding amendments to the Consolidated Plan regulations. The interim rule revises the regulations for the Emergency Shelter Grants program by establishing the regulations for the Emergency Solutions Grants program, which replaces the Emergency Shelter Grants program. The change in the program's name, from Emergency Shelter Grants to Emergency Solutions Grants, reflects the change in the program's focus from addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

c. **ESG funds are available for five program components**: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and data collection through the Homeless Management Information System or HMIS. Recipients also receive administration funds with a statutory cap of 7.5 percent. Local government recipients may carry out all ESG activities directly, whereas state recipients may only carry out activities related to administrative costs and HMIS. View all ESG grant allocations for Fiscal Year 2011 or contact your local field office for further assistance. Below is a summary of the components and related eligible costs:

   i. **Street Outreach:** funds may cover costs related to essential services for unsheltered persons (including emergency health or mental health care, engagement, case management, and services for special populations.

   ii. **Emergency Shelter**: funds may be used for renovation of emergency shelter facilities and the operation of those facilities, as well as services for the residents (including case management, child care, education, employment assistance and job training, legal, mental health, substance abuse treatment, transportation, and services for special populations)

iii. **Homelessness Prevention** and **Rapid Re-Housing**: both components fund housing relocation and stabilization services (including rental application fees, security deposits, utility deposits or payments, last month's rent and housing search and placement activities). Funds may also be used for short- or medium-term rental assistance for those who are at-risk of becoming homeless or transitioning to stable housing.

iv. **HMIS**: funds may be used to pay the costs for contributing data to the HMIS designated by the Continuum of Care for the area. Eligible activities include (computer hardware, software, or equipment, technical support, office space, salaries of operators, staff training costs, and participation fees).

iv. Competitive programs

1. The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized. NSP1, a term that references the NSP funds authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008, provides grants to all states and selected local governments on a formula basis.

   a. NSP3, a term that references the NSP funds authorized under the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010, provides a third round of neighborhood stabilization grants to all states and select governments on a formula basis. The Commonwealth of the Northern Marianas Islands was awarded an NSP3 grant.

2. Funding levels in FY 2010 - FY 2012

a. Office of Public and Indian Housing

i. Public Housing

1. There are no public housing projects in American Samoa. American Samoa has inquired about becoming a PHA, but does not have the funding for Public to start the program.

2. The **Virgin Islands Housing Authority** (VIHA) owns and manages 3,210 conventional low-income public housing (LIPH) units divided into eleven Asset Management Projects (AMP) and two Turnkey III units. There are a total of twenty-six properties of which ten are located on St. Thomas configured in five AMPs and the remaining sixteen is located on St. Croix grouped in six AMPs. VIHA is the largest provider of rental housing in the Virgin Islands with a waiting list in excess of 1,300.

3. On January 10, 2011, the first Mixed Finance Project, Louis E. Brown Villas housing community Phase I was approved for the Virgin Islands. This was the first new construction in 20 plus years. The 102 new units recently inaugurated are the first part of a three-phase redevelopment plan that will ultimately create 244 one- to three-bedroom units for families and seniors. The project includes "green" features to conserve power and water which will significantly lower utility costs for residents. These power-saving features include solar thermal water heaters, energy efficient appliances, and rainfall cistern. The new community will also include a community room, library, pedestrian walkways, laundry facility, exercise room, computer lab, recreational area and a playground.

ii. Section 8

1. Housing Choice Voucher

   a. There are no Section 8 HCV or HUD Multifamily Housing units in the **American Samoa**.
   b. In **Guam**, the HCV program is administered by the Guam Housing and Urban Renewal Authority (GHURA)

   c. **VIHA** operates a Housing Choice Voucher (HCV) program that consists of 1,469 vouchers.

   d. In the **CNMI,** the Northern Marianas Housing Corporation (NMHC) administers 363 Housing Choice Vouchers primarily on the islands of Saipan, Tinian, and Rota.

      i. There are also four HUD-assisted Multifamily Housing Projects, Section 8 only, (no mortgage insurance) in the CNMI. The four are owned by NMHC:
         1. Koblerville – 34 units
         2. Mihaville – 48 units
         3. Rota – 30 units
         4. Tinian – 20 units

b. Program-specific Funding levels.

2012				
Program	**AS**	**CNMI**	**Guam**	**Virgin Islands**
CDBG	$1,158,648	$793,489	$3,158,206	$1,889,657
HOME	$186,645	$354,780	$770,358	$688,217
Homeless Assistance	Did not apply	Did not apply	TBD	-
ESG	$93,741	$68,179	$225,214	$154,866
COC/Supportive	-	-	-	Pending

Housing				Announcement
CPD Total Funding	**$1,439,034**	**$1,216,448**	**$4,153,778**	**$2,732,740**
Multi Family (MF) Contract Administration	-	-	-	$63,714
Rental Subsidy Paid on Existing Inventory	-	-	-	$6,081,735
MF Total Units	-	-	-	1460
MF Mortgage in Place	-	-	-	7
MF Project Section 8	-	$1,046,000 (Projected)	$99,000 (Projected)	-
MF Total Funding	-	**$1,046,000 (Projected)**	**$99,000 (Projected)**	**$6,145,449**
Public Housing Operating Funds	-	-	$3,569,340	$19,344,081
Public Housing Capital Funds	-	-	$1,212,300	Pending Announcement
Section 8	-	$3,682,649 (Projected)	$33,410,080 (Projected)	-
Family Self Sufficiency	-	-	-	-
Replacement Housing Factor Funding (RHF)	-	-	-	Pending Announcement
Housing Choice Vouchers $	-	-	-	$9,025,933
Housing Choice vouchers # of Units	-	-	-	1,469
HCV Homeownership #	-	-	-	7
PH Total Units	-	-	-	4,679
Resident Opportunities for Self- Sufficiency	-	-	-	-

Public Housing Total Funding	**-**	**$3,682,649**	**$38,191,720**	**$28,370,014**
FY 2012 TOTAL	**$ 1,439,034**	**$ 5,945,097**	**$42,444,498**	**$37,248,203**
		2011		
Program	**AS**	**CNMI**	**Guam**	**Virgin Islands**
CDBG	$1,133,433	$824,363	$3,085,838	$1,872,506
HOME	$299,897	$570,054	$1,237,796	$1,105,813
Homeless Assistance	-	-	$879,384	-
ESG	$51,807	$40,642	$140,854	$86,697
COC/Supportive Housing	-	-	-	$168,352
CPD Total Funding	**$1,485,137**	**$1,435,059**	**$5,343,872**	**$3,233,368**
Multi Family (MF) Contract Administration	-	-	-	-
Rental Subsidy Paid on Existing Inventory	-	-	-	$14,596,164
MF Total Units	-	-	-	1460
MF Mortgage in Place	-	-	-	7
MF Total Funding	-	-	-	**$14,596,164**
Public Housing Operating Funds	-	-	$4,150,395	$20,257,900
Public Housing Capital Funds	-	-	$1,317,717	$5,176,759
Section 8	-	$3,652,434	$32,564,057	-
Project Voucher Section 8	-	$1,496,972	$1,135,366	-
Family Self Sufficiency	-	-	$56,718	-
Replacement Housing Factor	-	-	-	$1,247,543

Funds (RHF)				
Housing Choice Vouchers $	-	-	-	$11,408,496
Housing Choice vouchers # of Units	-	-	-	1,496
HCV Homeownership #	-	-	-	7
PH Total Units	**-**	**-**	-	4,751
Resident Opportunities for Self-Sufficiency	-	-	$156,456	$789,000
Public Housing Total Funding	-	**$5,149,406**	**$39,380,709**	**$38,879,698**
FY2011 TOTAL	**$1,485,137**	**$6,584,465**	**$44,724,581**	**$56,709,230**

2010				
Program	**AS**	**CNMI**	**Guam**	**Virgin Islands**
CDBG	$1,121,951	$880,151	$3,050,372	$1,877,526
HOME	$340,627	$647,474	$1,405,903	$1,255,996
Homeless Assistance	-	-	$946,291	-
ESG	$47,441	$63,386	$128,791	$80,382
COC/Supportive Housing	-	-	-	$168,352
CPD Total Funding	**$1,510,019**	**$1,591,011**	**$5,531,357**	**$3,382,256**
Rental Subsidy Paid on Existing Inventory	-	-	-	$10,801,644
MF Mortgage in Place	-	-	-	14
MF Total Funding	-	-	-	**$10,801,644**
Public Housing Operating Funds	**-**	**-**	$3,399,300	$19,296,929
Public Housing Capital Funds	**-**	**-**	$1,536,500	$6,039,611

Project Voucher Section 8	-	$1,349,726	$903,936	-
Section 8	-	$3,584,200	$33,740,115	-
Replacement Housing Factor Funds (RHF	-	-	-	$1,461,074
Housing Choice Vouchers $				$11,408,499
Housing Choice vouchers # of Units				1,469
HCV Homeownership #				1
PH Total Units				4,681
Resident Opportunities for Self-Sufficiency	-	-	-	$789,000
Public Housing Total Funding	-	**$4,933,926**	**$39,579,851**	**$38,995,113**
FY 2010 TOTAL	**$1,510,019**	**$6,524,937**	**$45,111,208**	**$53,179,013**
NSP & ARRA				
Program	**AS**	**CNMI**	**Guam**	**Virgin Islands**
CDBG-R	$963,516	$1,374,719	$2,851,151	$1,810,614
HPRP	$412,935	$589,165	$1,221,922	$775,978
NSP1	$100,000	$364,162	$100,674	$579,451
NSP3	-	$300,002	-	-
TOTAL	**$1,476,451**	**$2,628,048**	**$4,173,747**	**$3,166,043**