

NATIONAL RURAL HOUSING COALITION

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Background on Rural Housing Preservation Grants

Rural Housing Preservation Grant (HPG) was authorized in the Housing Act of 1983. HPG was created to provide an alternative source of financing for repair and renovation of single and multi family housing unit.

At that time, Housing Preservation Grants were a significant departure from established rural housing policy. Under HPG, federal funds were allocated directly to non-profits and local governments which in turn made available financing to low income families and owners of low income rental housing for rehabilitation. Prior to that time, financing for repair was made through section 504 and 515 of the Housing Act of 1949.

According to the Housing Assistance Council, over the life of the program, over 61,000 units of housing have been rehabilitated under HPG. Over the last three years, over 5800 units were renovated and repaired. Most of the units receiving assistances are single family.

The major difference in the program since its inception is the fall off in appropriations. Between FY 1995, the first year of appropriations and FY 1995, funding levels for HPG stood at approximately \$20 million per year. Beginning in 1996 and continuing through 2004, appropriations have been reduced to \$10 million or less annually.

Under current policy, eligible grantees received grants totaling approximately \$50,000. They must then leverage these funds with other sources of capital in order to carry out local repair programs. Sources of leverage include HOME and CDBG, state and local housing funds, and weatherization funds.

Housing Preservation Grants Number of Grants, Units Repaired, Appropriations and Funds Leveraged, By Fiscal Year

Year	Grants	Units	Appropriation	Leverage
2001	119	1,729	\$7.4	\$5.9
2002	197	2,133	\$8.6	\$15.7
2003	146	1,963	\$10.1	\$11.5

\$ in millions

HPG at Work

In Maryland, Southern Maryland Tri-County Community Action Agency (Tri-County) has put HPG funds together with other sources of capital to assist low income homeowners. An FY 03 HPG grant of \$50,000 help leverage some \$470,000 in other funds:

- DOE: \$250,000
- EUSP (State of Maryland Utility Tax): \$50,000
- MEAP: (Maryland furnace replacement funding): \$75,000
- SMECO (Local utility company grant): \$20,000
- HOME (state non-entitlement grants): \$75,000

Tri County assisted 12 very low-income homeowners with a variety of repairs and improvements that they could not otherwise afford. The work typically includes: wheelchair ramp construction, roof repair and replacement, well and septic work, and interior improvements including installing new bathroom and kitchen facilities. Tri County nearly always uses HPG funds to leverage other sources of funds including DOE Weatherization, MEAP Furnace Replacement and HOME.

Since most of the above funding sources can not be used unless if the home meets HUD's basic HQ (Section 8 Housing Quality Standards), Tri County uses HPG to get this extra work done. IE: An elderly woman comes to us in need of a new furnace and an electrical upgrade to accommodate the new heating system. Tri County uses DOE and MEAP for the Weatherization and furnace work and HOME for the electrical service.

If upon inspecting the unit, Tri County discovers that the flooring is rotten, the roof leaks, or some other health and safety factor exists, then Tri County can't help with the basic request for a furnace. With HPG, Tri County can provide her with up to a \$12,000 loan (deferred) to pay for the additional repairs needed to bring the house up to HQ standards.

Tri County Case Study

Mrs. Alice Veney
26479 Reed Road
Mechanicsville, MD 20659
Age: 75
SSI \$471.00 per month

Rehab Assistance

\$3,447.00 from MEAP to install a furnace for the first time plus a chimney. She never had a heating system \$3,153.00 in HOME for the necessary electric upgrade for a well pump, furnace, etc. \$6,731.00 from HPG to install a new well, septic drain field and grinder pump \$7,246.00 from DOE/WAP to install duct work and modify house to accommodate the new furnace.

Total cost of the renovations:\$20,572.00 . Of that amount, HPG accounted for about a third.

(Thanks to Robert Tourigny of Maryland Tri-County for assistance in preparing this paper.)