



From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Wednesday, January 28, 2009 2:27 PM
To: Lashway, Lisa
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LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

January 28, 2009

Re: I H.R. 1 (the American Recovery and Reinvestment Act of 2009-Energy and Environment and Housing components)

Dear Mayor:

Here is an update on the economic stimulus bill. As reported in our January 16 letter, the bill WILL NOT include earmarks, so there will be no assurances of funding for specific projects coming from Washington. Instead, the bulk of the infrastructure funding money will go to the state, with, we hope, a requirement that a certain percentage be dedicated to local priorities.

With the House set to debate and vote on the American Recovery and Reinvestment Act of 2009 (HR 1) today, Carolyn Berndt of the National League of Cities (NLC) has provided an update on the energy and environment portions of the bill.

HR 1 designates \$3.5 billion for the **Energy Efficiency and Conservation Block Grant**, which is greater than the program's authorization level of \$2 billion. It is our understanding that the Department of Energy is close to finalizing guidelines on the program so that the money can be available to state and local governments as soon as possible after the stimulus bill is passed.

HR 1 also includes \$6.2 billion for the **Weatherization Assistance Program** and \$1 billion for **LIHEAP**.

There are also a number of **energy-related tax provisions** in the bill, including:

- An extension of the **renewable energy production tax credit**, generally for three years. Under current law, the credit applies for different periods depending on the

source of the energy, and thus the extensions in the measure vary based on the energy source.

- An additional \$1.6 billion in **Clean Renewable Energy Bonds** that are used to finance facilities that produce energy from certain renewable sources. Under the current-law rules for the bonds, this allocation will be divided three ways, so that one-third will go to projects by state, local and tribal governments; one-third to public power providers; and one-third to electric cooperatives.
- An authorization of \$2.4 billion in **energy conservation bonds**, which would be used to finance conservation efforts, including certain capital expenditures, grants or expenditures to support research, mass commuting facilities, demonstration projects, and public education campaigns. The measure also permits the energy conservation bonds to be used to finance loans and grants to implement green community programs.

For water, the bill proposes \$6 billion for the Clean Water State Revolving Loan Fund and \$2 billion for the Drinking Water State Revolving Loan Fund. For each of those SRFs, 50 percent is for loans under the traditional SRF and 50 percent is for additional subsidization, as determined by the state, for forgiveness of principal, negative interest loans and grants to municipalities for projects that are included on the state's priority list.

For the Clean Water SRF, 80 percent of the 50 percent that is available for additional subsidization must meet the affordability criteria. It is our understanding that this criteria does not exist at the state level, is not uniform across states and/or is a hard criteria to meet.

HR 1 also includes \$800 million for **Superfund** and \$100 million for **Brownfields** remediation.

As HR 1 moves forward, there are a number of proposed amendments that will be debated, including:

#156 - Would mandate that 100 percent, as opposed to 50 percent, of the Clean Water State Revolving Fund funding in the bill goes toward grants, forgiveness of principle, and negative interest loans.

#175 - Would increase funding for the Clean Water State Revolving Fund to \$12 billion.

#201 - Would expand the Weatherization Assistance Program eligibility from 200 percent of the poverty level to an annual household income of \$250,000 for access to energy efficiency home improvements.

The Senate Appropriations Committee is marking up their version of the bill and language is slowly coming out. The Senate draft includes \$800 million for **Superfund**, \$100 million for **Brownfields**, \$4 billion for the **Clean Water SRF**, and \$2 billion for the **Drinking Water SRF**. No confirmation yet on funding for the Energy Efficiency and Conservation Block Grant.

For the SRFs, priority must be given to projects that are “shovel ready” where construction can begin in 180 days. The bill also allows for principal forgiveness and negative interest loans. There is no mention of grants.

Also, NLC’s Michael Wallace provides an update on the portions of the bill focused on housing assistance and mitigation efforts for vacant housing.

H.R. 1 provides federal assistance for the following local housing priorities:

Neighborhood Stabilization Program (NSP): \$4.2 billion to help communities purchase and rehabilitate foreclosed, vacant properties in order to create more affordable housing and reduce neighborhood blight. Unlike last year, when Congress passed \$3.9 billion in NSP grants that were distributed by *formula* to cities and states, H.R.1 would award all new NSP funds through a *competitive* grant process.

The criteria for a competitive NSP grant would include grantee capacity, leveraging potential, targeted impact of foreclosure prevention, and any additional factors determined by the Secretary of Housing and Urban Development.

Community Development Block Grants: \$1 billion for community and economic development projects including housing and services for those hit hard by tough economic times. The funds would be distributed by the current CDBG formula, and an additional action plan from grantees would not be required.

HOME Investment Partnerships: \$1.5 billion to help local communities build and rehabilitate low-income housing using green technologies. The funds would be distributed by the current HOME formula.

Public Housing Capital Fund: \$5 billion for public housing repair and modernization. Of that amount, \$4 billion would be distributed to public housing authorities through the existing formula and \$1 billion would be awarded through a competitive grant process for projects that improve energy efficiency.

Homeless Assistance Grants: \$1.5 billion for the Emergency Shelter Grant program to provide short term rental assistance, housing relocation, and stabilization services for families during the economic crisis. The funds would be distributed by the current formula.

Rural Housing Insurance Fund: \$500 million to support \$22 billion in direct loans and

loan guarantees to help rural families and individuals buy homes during the credit crunch.

Self-Help and Assisted Homeownership Program: \$10 million for rural, high-need areas to undertake housing projects using sustainable and energy-efficient building and rehabilitation practices. These funds would be awarded by a competitive grant process.

Lead Paint: \$100 million to remove lead-based paint hazards in low-income housing. These funds would be awarded to local governments and nonprofit organizations by a competitive grant process.

For more information, contact Jon Moran at 609-695-3481, ext. 121.

Very truly yours,

William G. Dressel, Jr.
Executive Director

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