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## Affordable Housing Advocates Support TARP for Main Street Act

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Capitol Hill

WASHINGTON, DC-Affordable housing advocates support a new proposal that would tap the dividends paid by financial institutions that have received TARP support in order to fund the National Housing Trust Fund. The House Financial Services Committee heard testimony on Thursday about the measure introduced by Chairman Barney Frank, called "TARP for Main Street Act of 2009 (H.R. 3068)." It would designate \$1 billion from TARP profits to the

NHTF, which passed in July 2008 but has not received funding for yet.

NHFT was passed in order to build, preserve and rehabilitate 1.5 million affordable rental homes for very low income households. It was originally authorized with a dedicated funding stream from assessments on Fannie Mae and Freddie Mac. However were the GSEs where placed in government receivership due to their own financial difficulties, this revenue source was taken off the table at least in the short term. Even if the GSEs had been able to contribute, Sheila Crowley, president of the National Low Income Housing Coalition said, those revenue streams were never intended to be the sole source of funds. "Indeed, the legislation allows Congress to direct any appropriations, transfers or credits into the NHTF," she said in testimony.

In the meanwhile, the Obama Administration has been exploring other funding avenues for affordable housing. According to Brian Hudson, executive director and chief executive officer of the Pennsylvania Housing Finance Agency, also testifying before the Committee yesterday, it is on the verge of announcing a plan to support state and local Housing Finance Agency affordable housing lending by purchasing HFA Housing Bonds and providing liquidity to support HFA variable rate debt.

Still, though, the HFA initiative as currently conceived does not rely on TARP resources, he noted--a dedicated source of funds that most of the witnesses testifying before the Committee would like to see put in place.

Cleveland's Chief Regional Development officer Chris Warren, in fact, suggested ways to enhance the measure including amending it to allow vacant residential and non-residential properties to qualify for the 25% low-income set aside and holding TARP recipients to stricter standards with respect to the disposition of foreclosed properties.

The TARP for Main Street Act would also provide a third round of funding for the Neighborhood Stabilization Program, funds for mortgage relief for homeowners who

have lost their jobs, and funds to stabilize troubled or foreclosed multifamily properties, Crowley noted.

Other witnesses at the hearing included William C. Apgar, senior advisor to the Secretary for Mortgage Finance at HUD; Gary Engel, director, Financial Management and Assurance at GAO; Frank Apeseche, CEO of Berkshire Property Advisors on behalf of the National Multi Housing Council; Mark Calabria, director, Financial Regulation Studies at the Cato Institute; and Damon Silver, associate general counsel at AFL-CIO.