

PTFA, the OCC can take a range of enforcement actions against the bank.

More information about the examination guidance can be found at: <http://www.occ.gov/ftp/bulletin/2010-2.html>

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## HURRICANE RECOVERY

### Vice President Announces Forgiveness of Katrina/Rita Loans to Localities

During a visit to New Orleans on January 15, Vice President Joe Biden announced finalized plans to forgive federal loans that were issued to ensure essential services continued without interruption after hurricanes Katrina and Rita caused drastic decreases in tax revenues. The opportunity to remove the debt will be available to qualifying municipalities in Louisiana and Mississippi, helping improve their bond ratings and ability to borrow capital.

Recipients of Special Community Disaster Loans (Special CDLs) will be able to apply for all or partial loan forgiveness if the municipality continued to experience operating deficits due to lost tax revenue for the three years following the 2005 storms. Approximately \$1.3 billion in Special CDLs were made available through FEMA to local governments, and, in some cases, government agencies like school boards and police departments directly, during FY05 and FY06. Special CDLs were to be repaid five years after the issuance date.

“This Administration continues to be deeply committed to do everything in our power to help New Orleans and the entire Gulf Coast not only restore their storied past, but build a better future,” Vice President Biden said. “Today’s loan forgiveness announcement is just another example of our common-sense approach to rebuilding in the region—we’re removing unnecessary bureaucratic hurdles and providing faster turnaround on assistance.”

The final rule on forgiving Special CDLs appeared in the Federal Register on January 19 and will go into effect on March 22, approximately one year after the Department of Homeland Security (DHS) announced the proposed rule (see Memo, 4/3/09). DHS finalized the rule using comments collected during an initial 60-day public feedback period.

The notice in the Federal Register is available at: <http://www.nlihc.org/doc/Fed-Reg-Notice-Special-CDL.pdf>

The White House’s official statement on Biden’s announcement of the loan forgiveness is available at <http://www.whitehouse.gov/the-press-office/new-orleans-vice-president-biden-announces-loan-forgiveness-program-assist-local-go>

## FROM THE FIELD

### DE Working Group Proposes Strategies to Address Affordable ELI Housing Needs

Members of the state of Delaware’s Housing for Extremely Low Income Households Working Group and other officials were on hand December 14 to release a report that reviews affordable housing needs of the state’s most vulnerable households and provides short- and long-term recommendations to address these needs. The report is expected to help generate discussion among advocates and state officials that will lead to long-term solutions.

The Working Group, consisting of advocates including the Delaware Housing Coalition (DHC), an NLIHC state partner, was convened by the Delaware State Housing Authority (DSHA) in 2008.

The report, *Housing Delaware’s Extremely Low Income Households*, shows that rental units affordable to extremely low income (ELI) households (those households earning 30% or less of area median income) continue to be one of the state’s most urgent housing needs. Given the state’s 13,442 ELI, cost-burdened renters, the report finds that the state needs a mix of additional project-based and tenant-based rental assistance, as well as at least 1,132 new, subsidized units. Of all assisted units, just more than 2,000 should include supportive services for individuals who are homeless or at risk of chronic homelessness.

Among the short-term recommendations the group suggests is improving the way the Low Income Housing Tax Credit (LIHTC) program is implemented at the state level. The report proposes the replication of an innovative model used at a LIHTC site in Millsboro, DE. Here, a \$500,000 reserve to provide rent subsidy for six ELI units was created as a result of the allocating agency awarding the site a 30% boost in LIHTC credits that had previously been limited to qualified census tracts or difficult-to-develop areas. The group believes that depending on the site, a 30% boost would be enough to create a subsidy reserve to ensure that 10% of all of the state’s LIHTC units are affordable to ELI households.

In another recommendation, the group proposes setting a minimum percentage of LIHTC units (5% to 10%) required to be affordable to ELI households in each new site. Other improvements to LIHTC administration include providing Qualified Allocation Plan (QAP) points to developments that include units for special populations in broader projects. Currently, these points are limited to projects with 100% special populations units.

Additional short-term recommendations include identifying

an official set-aside of state funds for ELI households, and developing a statewide commitment to identifying and addressing needs of ELI households.

Long-term recommendations listed in the report include pursuing the creation of a state tax credit program to help the LIHTC program reach lower income households. This could be done, the group finds, by using the state tax credit to either increase the affordability of LIHTC projects or to free up more flexible state and federal dollars for other uses.

The group also suggests supporting the preservation of Delaware's public housing, stating that the preservation and redevelopment of this housing stock must be a priority. Improving the communication and cooperation among public housing agencies is also mentioned as a long-term initiative.

Among other uses, the DSHA says it will use these recommendations to help the state develop its National Housing Trust Fund allocation plan. "Delaware advocates are hopeful that the National Housing Trust Fund will soon be capitalized, providing them with additional resources to implement more strategies for adequately housing ELI households," said Delaware Housing Coalition Director Ken Smith.

Advocates continue to make the needs of ELI households known and are planning a second event to publicize the report and its finding. The Working Group is also coordinating a spring event with DSHA to develop plans of action based on the recommendations of the report.

A copy of the report is available at: <http://www.housingforall.org/ELI%20WG%20Final%20Report%20121409.pdf>

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## RESOURCES

### Study: Regulations, Lack of Education Limit Manufactured Housing's Role in Providing Metropolitan Housing

A recent study prepared by the Center for Housing Research at Virginia Tech and published in the Journal of the American Planning Association (JAPA) concludes that while market factors such as land costs help determine to the number of manufactured homes in any given metropolitan area, regulatory restrictions and lack of education among officials also impede the placement of manufactured homes in urban areas.

The study uses 940 responses from surveys sent to 1,839 cities and counties that were eligible for Community Development

Block Group (CDBG) funding under the 2003 criteria to analyze the effects of bias, supply and demand factors, and regulations on the availability of manufactured housing. The respondents to the survey cited as the biggest barriers to manufactured housing in their areas "high land costs" (42.4%), "citizen opposition" (36.1%), and "no new HUD-code parks, communities, or subdivisions approved" (35.6%). The study refers to manufactured housing as "HUD-code" because it is built to comply with the federal Manufactured Home Construction and Safety Standards.

Along with results from the survey, further analysis using data from the U.S. Census Bureau and the Institute of Building Technology and Safety indicated that other barriers to using manufactured housing in urban areas included fire and zoning codes, lack of permits, subdivision regulations and architectural design standards, and by-right zoning allowances. A lack of by-right zoning allowances means that developers must go through a special process to bring manufactured housing into an area, an added restriction that often hinders its siting.

The authors conclude that city planners should work toward removing all barriers that hinder the placing of manufactured housing in metropolitan areas. For example, the authors suggest that local code administrators should be better educated on HUD housing code, which, in most cases, preempts local building and fire codes. According to the authors, many local code administrators mistakenly hold the belief that HUD codes for manufactured housing do not comply with local housing codes. If these administrators are better educated on national housing code, they are better prepared to overcome this belief and more likely to approve manufactured housing, the report notes.

Additionally, the authors recommend public education to demonstrate that manufactured housing does not always appear in the form of boxed, temporary homes. Instead, manufactured homes have been modernized and look increasingly akin to site-built homes. Public education should also accurately portray families who live in such homes as valuable neighbors contributing to a community, rather than the transient population that is often associated with manufactured homes.

If the regulatory and perception barriers that interfere with the utilization of manufactured housing can be eliminated, the authors find that this type of housing could prove to be a viable source of housing for low income populations.

The study, *Overcoming Barriers to Placing Manufactured Housing in Metropolitan Communities*, can be found at: <http://www.informaworld.com/smpp/content~db=all~content=a917603654>