Stretching Dollars Through Federal Earned Income Credit

Since 2004, Shawnee Development Council, Inc. (SDC), along with the Office of the Lieutenant Governor, and the Center for Economic Progress has hosted a free one day income tax preparation clinic for area residents. Targeted individuals include families with incomes less than $45,000 and individuals earning less than $20,000. Many are eligible for Earned Income Tax Credit. This refundable credit provides federal tax relief to working individuals and low income families with qualifying children. Because tax returns are generated electronically, refunds are received within 5 to 7 days of submission when direct deposited into individuals’ bank accounts.

Despite the devastating ice storm that hit the area just days prior, 144 individuals made the trip to the Shawnee Development Council Administrative Office in Karnak (Pulaski County, Southern Illinois) on Sunday, February 1, 2009 to utilize this free service. From these returns a total of $247,383 was refunded with $188,556 of that total being Earned Income Credit. These dollars are returned to the local economy. Because the service is free, individuals are able to utilize dollars that would otherwise be spent (Continued on page 6)

Obama’s Homeownership Protection Plan

President Barack Obama released details of his plan to stem the tide of housing foreclosures on March 4, the same plan that was announced on February 17. The plan is designed to help 7 million to 9 million homeowners restructure or refinance their mortgages to avoid foreclosure.

The President’s plan has two parts: a refinance program and a mortgage modification program. Under the refinance program, homeowners who have a solid payment history on an existing mortgage owned by Fannie Mae or Freddie Mac, but whose home has lost value, will be able to refinance their loan to take advantage of lower mortgage rates or to refinance an adjustable-rate mortgage into a fixed rate loan. The refinance program ends in June 2010.

The modification program will help homeowners who can no longer afford their mortgages avoid foreclosure by reducing monthly mortgage payments (Continued on page 6)
President Signs FY09 HUD Spending Bill

On March 10, the Senate passed and the President signed H. R. 1105, the omnibus FY09 appropriations bill. The bill includes nine FY09 spending bills, including the Transportation, Housing and Urban Development and Related Agencies spending bill, for the fiscal year that began on October 1, 2008.

The bill provides for increases for most HUD housing and community development programs. Among notable improvements over FY08 funding levels are increases to the Public Housing Operating Fund, HOME, and Policy Development and Research. Total HUD funding increased from $37.6 billion to $41.5 billion.

The Senate passed the final bill by voice vote after overcoming opposition to earmarks contained in the bill. The House passed H. R. 1105 on February 25.

See the Omnibus Spending Bill column in NLIHC’s budget chart at www.nlihc.org/doc/FY10-presidents-request.pdf.

For further information, contact the National Low Income Housing Coalition at the address in Headlines Directory.

Mentoring Formerly Incarcerated Adults

This report, issued by Public/Private Ventures, explores mentoring as a tool for supporting the successful reintegration of formerly incarcerated individuals within the context of a larger reentry strategy—in this case, the Ready4Work model. Ready4Work was a three-year national demonstration designed to address the needs of the growing ex-prisoner population and to test the capacity of community- and faith-based organizations to meet those needs.

The Safer Foundation in Chicago (www.saferfoundation.org) participated in the demonstration.

To view the full report, go to www.ppv.org/ppv/publications/assets/265_publication.pdf.

HousingPolicy.org Forum

The Center for Housing Policy is introducing a new forum along with other housing development resources at www.housingpolicy.org. The forum provides an opportunity for practitioners and policymakers to discuss specific affordable housing policy topics. Initial discussion groups include Inclusionary Zoning, Rental Housing Preservation, Shared Equity Homeownership, Foreclosure Prevention, and Neighborhood Stabilization. Discussions are open to everyone and will give practitioners and policymakers a chance to share ideas, innovations, and questions.
The Office of the Comptroller of the Currency (OCC) has published a Community Developments Insights report that describes how banks and their partners in the community are working to dispose of foreclosed properties in creative ways that will preserve affordable housing opportunities and stabilize communities.

“Banks are tapping into the existing strength of community-based organizations and local government agencies to facilitate the purchase and rehabilitation of vacant and foreclosed properties for their rental and homeownership initiatives,” said Comptroller of the Currency John C. Dugan. “These partnerships will not only help revitalize and stabilize communities by providing much needed affordable housing, they can also help banks reduce the costs associated with managing foreclosed properties.”

This Insights report reviews initiatives and strategies for building partnerships between banks and nonprofit organizations, for-profit affordable housing developers, government entities, and others. The report discusses how national banks may use a variety of funding and financing tools, such as the Department of Housing and Urban Development’s Neighborhood Stabilization Program and the new markets and low income housing tax credit programs to facilitate the sale of foreclosed properties. The Insights report also provides banks with guidance regarding stabilization activities that may qualify for consideration under the Community Reinvestment Act.

The OCC has a team of Community Affairs Officers who are located around the country and are able to assist community-based organizations in identifying foreclosed property initiatives with successful track records.


Contact:
Dean DeBuck, (202) 874-5770


Food Stamps: As of April 1, 2009 the maximum monthly Food Stamp benefit amount increased by 13.6 percent. If you are serving an individual with no income, this means that the maximum food stamp benefits increase from $188 to $200 a month. If you want to see more about the changes you can check out the IDHS website at www.dhs.state.il.us/page.aspx?item=42829. The maximum gross income level to qualify for the benefit has not changed.

Social Security: Eligible individuals who receive benefits through Social Security, Supplemental Security Income (SSI), Railroad Retirement or U.S. Department of Veterans Affairs will be sent a $250 stimulus payment by late May 2009. The payment should be received no later than the first week of June 2009. Children under age 18 (19 if still in high school) are not eligible for this payment. For more information go to www.ssa.gov.

COBRA: Individuals who have lost health insurance due to involuntarily ending employment between September 1, 2008 and December 31, 2009 may be able to receive a 65 percent federal subsidy to help cover the cost of their COBRA premiums. This subsidy is provided for up to 9 months. The subsidy is not available to persons whose income exceeds $125,000 for individuals and $250,000 for couples. If employment ended on or after September 1, 2008 and COBRA coverage was declined, or premiums payments stopped, employers are to notify individuals of an additional

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Freddie Mac Announces Rental Initiative

Freddie Mac announced on March 5 the details of its new ‘REO Rental Initiative,’ which will give qualified tenants and former owners in properties that Freddie Mac has taken in foreclosure the option to lease the properties on a month-to-month basis. Freddie Mac also announced it will continue to suspend all eviction actions until April 1, 2009, to provide time for current occupants to learn about the options available to them under the new initiative.

Freddie Mac will use national property management firms to carry out the program. These property management firms will contact occupants of foreclosed properties to determine their interest in staying in the home and their eligibility for a month-to-month lease. Occupants will be contacted after the foreclosure.

To qualify for a lease, the tenant or former owner must occupy the property and show they have adequate income to pay the monthly rental amount established by the property management company based on market rents. Occupants must agree to allow the property to be shown to potential buyers during the lease period. The home must be in safe, habitable condition and meet all local codes for rental properties to qualify for this initiative. If an occupant does not wish to lease the property, Freddie Mac will offer relocation assistance.

In January, Fannie Mae announced a program to permit tenants in foreclosed properties to remain with a month-to-month lease.


Chicago Rehab Network
Community Development and Empowerment Series

Foreclosures, conversions, property taxes, high housing cost burden, overcrowding, homelessness—all the issues which community developers work to overcome. Using a value-based approach to learning development fundamentals, you can be a leader in improving quality of life for renters, homeowners, and other community stakeholders.

Location:
Northern Trust Bank
181 W. Madison 7th Floor
Chicago

April 2009
Community Building - Thursday, April 2, Friday, April 3
HP12-C & Spreadsheets - Thursday, April 23rd, Friday, April 24th (pending)

Sources of Development Financing - Thursday, April 30, Friday, May 1

May 2009
Proforma Dev. and Analysis - Thursday, May 7, Friday, May 8
Single Family Housing Dev. - Thursday, May 21, Friday, May 22

June-July 2009
Multifamily Housing Dev. - Thursday, June 4, Friday, June 5
Project & Construction Management - Thursday, June 25, Friday, June 26th
Property/Asset Management - Thursday, July 9, Friday, July 10

Registration Info
Go to chicagorehab.org/capacity/empowerment.htm to see full workshop brochure including descriptions, instructors, fees and registration forms.

Contact Information
Pia Hermoso
Chicago Rehab Network
53 West Jackson Blvd.
Chicago, IL 60604
(312)663-3936
pia@chicagorehab.org

HUD Guidance for Prevention and Re-Housing

On March 19, the U. S. Department of Housing and Urban Development (HUD) issued its Notice to provide guidelines for the use of the $1.5 billion that was included in the economic recovery act for homelessness prevention, diversion, and re-housing activities. The Notice provides details about application procedures and requirements, including eligible activities, for the Homelessness Prevention and Rapid Re-Housing Program (HPRP). Communities will have 60 days, until May 18, to submit a plan to HUD for how they intend to use these funds. Please watch the Alliance Online News for an analysis of the guidelines.

The Center for Economic Progress’s free tax preparation program stands to bring more than $50 million into the state’s economy this year by preparing over 35,000 income tax returns for low and moderate-income families. In the last thirteen years, $285 million in federal and state tax refunds have been returned to Illinois taxpayers, largely as a result of the Earned Income Tax Credit (EITC).

The Center is operating in 35 communities throughout the state of Illinois from January 25-April 15, 2009. For times and locations of operation, go to the Center for Economic Progress website at www.economicprogress.org. Note the links on the right side of the tax site web page for sites outside Chicago.

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Homeless Headlines

**Tax Credit**
*(Continued from page 5)*

more than 4.3 million people have been lifted out of poverty each year as a result of the EITC.

People below the poverty line are not the only beneficiaries of the program. Working families with two or more children can earn up to $39,783 per year and still qualify for a credit.

The federal EITC is a special tax benefit for working people who earn low or moderate incomes. This credit helps to reduce the tax burden on these workers, to supplement wages, and to make work more attractive than welfare.

Workers who qualify for the EITC and file a federal tax return can get back some or all of the federal income tax that was taken out of their pay during the year. They also may get extra cash back from the IRS. Even workers whose earnings are too small to have paid taxes can get the EITC and the credit reduces any income and payroll taxes workers may owe.

Single or married people who worked full or part-time at some point during the year can qualify for the EITC. The average EITC is about $2,000, however, for families with children the average rises to $2,160. It varies depending on family size and income. For example:

- Workers who were raising one child in their home and had a family income of $333,995 or less in year 2008 could be eligible for a credit up to $2,917.
- Workers who were raising more than one child in their home and had family income of less than $38,646 in 2008 could be eligible for a credit up to $4,848.
- Workers who were not raising children in their home but were between the ages of 25 and 64 on December 31, 2008 and had incomes below $12,888 could get a credit of up to $438.

**How many low-income workers are eligible?**

An estimated 22.7 million workers in the United States, including almost 950,000 in Illinois, are eligible for the federal EITC for tax year 2008. In 2007, 840,000 Illinois workers filed for the Federal EITC, claiming $1.5 billion in refunds.

**Why do some eligible workers fail to claim the EITC?**

Thousands of potentially eligible workers don’t know about the tax credit. The Center estimates that more than 120,000 eligible Illinois workers fail to claim the EITC because they do not know about it or they do not file tax returns. Some of these people are not required to file tax returns, but they cannot take advantage of the EITC unless they file.

Many other people are immigrants who face language barriers or are native-born individuals with literacy deficiencies that make it difficult for them to deal with the complicated IRS tax forms and instruction booklets. Some are people who are working for the first time and have never before filed a tax return.

The uncertainty our economy is experiencing, with increasing poverty and the volatile housing and labor markets, means that those who are eligible to claim the EITC changes from year to year based on annual earnings. As many as one-fourth of EITC taxpayers in 2008 did not claim the credit in 2007, many of which filed tax returns but did not know they were eligible for the credit.

**For further information**, contact:

Mary Ruth Herbers, Senior Director of Programs
Center for Economic Progress
29 E. Madison, Suite 900
Chicago, IL 60602
Telephone (312) 252-0280

**Protection Plan**
*(Continued from page 1)*

to 31 percent of the borrower’s income. To be eligible for the modification program, the mortgage must have been originated on or before January 1, 2009 and the unpaid principal balance must be less than $729,750. The modification program is open only to those who occupy the mortgaged property; no investor-owned, vacant, or condemned properties are eligible. Loans can only be modified once and the program ends December 31, 2012. Monetary incentives are offered to encourage both borrowers and servicers to participate in the program.

The plan does not yet address the pressing issue of the plight of renters in foreclosed properties. Advocates have been seeking a national policy that would allow renters in foreclosed properties to remain in their homes for the duration of the lease and to receive at least 90 days notice before being required to vacate the property.

Section 109(b) of the Emergency Economic Stabilization Act (EESA) requires that the Treasury Secretary work with federal entities and agencies that hold troubled mortgages to allow tenants to remain for the term of their mortgages.

**Read the plan at:** http://www.financialstability.gov/makinghomeaffordable/
Reinvestment  
(Continued from page 3)

opportunity to elect group continuation coverage and receive the subsidy. Individuals then have 60 days to enroll after getting the notice from the employer. This opportunity to enroll is referred to as the “extended election period. For up-to-date information, contact the Department of Labor at 1-866-444-3272 or visit the agency’s website (www.dol.gov/ebsa/COBRA.html) or obtain a fact sheet recovery.illinois.gov/documents/COBRAFACTSHEET.pdf. Individuals who have paid premiums on or after February 17, 2009, are able to receive a refund or credit for the subsidy amount from the employer. Please tell your clients about this, since I am talking to many people who are enrolled in COBRA and have not yet been told by their former employer about this benefit.

Emergency Food Program: IDHS has received additional funding to distribute food to food banks. Additional funds are being provided to IDHS. To locate area food banks and pantries check out www.dhs.state.il.us/page.aspx?item=31245

Child Care: Over the next 2 years Illinois is receiving about $73 million in additional funding targeted to expanding subsidized childcare provided through statewide Child Care Resource and Referral agencies. If your clients are fortunate enough to find employment, make sure they apply for this benefit if they are eligible. Make sure your clients know that if they find night time employment, they are able to receive help for day care costs while at work, as well as help with day care costs that are needed so they can sleep. For more information go to www.dhs.state.il.us/page.aspx?item=30355

Vocational Rehabilitation: Illinois will receive approximately $18.25 million additional funds over the next 2 years. This money is targeted to enhancing and expanding the Vocational Rehabilitation (VR) Program to help people with disabilities find and keep jobs. Check out this program at www.dhs.state.il.us/page.aspx?item=29736

Women, Infants, and Children (WIC): There are federal contingency reserve funds to help increase participation in WIC which Illinois plans to access. This hopefully will result in more persons being eligible for this valuable benefit. This valuable program provides food for pregnant women and children up to age 5 and can be received even if the person receives Food Stamps. This benefit is available regardless of citizenship status, if income is at or below 185 percent of the Federal Poverty Level (FPL). Information is available at www.dhs.state.il.us/page.aspx?item=30513

Illinois Home Weatherization: This program is receiving extra funds to help pay for sealing cracks, insulating attics and walls, repairing and replacing windows and doors, and repairing and replacing heating systems, so this means more families are able to be helped. Home owners as well as renters who have income below 150 percent of FPL are able to receive help. As this is written, pending legislation is expected to change this income limit from 150 percent to 200 percent of FPL.

Additionally, if someone in the home receives TANF, SSI, or Aid to the Aged Blind or Disabled the household may also qualify for the program.

Renters who want to sign up for weatherization assistance need to have the landlord agree to the program terms and the landlord has to be willing to contribute 50 percent for weatherization work required for rental property. The state is considering a regulation change that would eliminate the requirement of the 50 percent contribution from the landlord.

For more information, check out www.weatherizationillinois.com/

Pell grants: Funding for this valuable resource is increasing. In order to access this valuable benefit, students and their families have to complete the Free Application for Federal Student Aid (FAFSA). These applications can be completed at any time. Check out www.collegezone.com and look at the financial aid section.

Unemployment Insurance: Beginning February 28, 2009 Federal Additional Compensation (FAC) of $25 a week is now being included in Unemployment benefits issued. This benefit continues through the week ending July 3, 2010 as long as the benefit was established prior to January 1, 2010. For more information, go to www.ides.state.il.us/FinancialAidFinancialAidSection.

Many Illinois agencies are posting updates on each of their sites, or you can go to www.recovery.illinois.gov to find more information and post suggestions. Next month I will discuss two major funding streams: TANF Emergency Contingency Fund and the Homeless Prevention Fund.

The DuPage Federation on Human Services Reform, a non-profit 501(c)(3) organization focused on advocacy and planning in DuPage County, Illinois and designer and trainer of Making the Connection: A Guide to Accessing Public Benefits. The DuPage Federation is affiliated with Northern Illinois University, Regional Development Institute. Questions can be directed to Kathryn Nelson at knelson@dupagefederation.org
Headlines Directory

Center for Community Change
1536 U Street NW
Washington, DC 20009
Telephone: (202) 339-9300
http://www.communitychange.org

Chicago, IL 60601
205 W. Randolph, 23rd Floor
Corporation for Supportive Housing

Coalition of Citizens With Disabilities in Illinois
300 E. Monroe, Suite 100
Springfield, IL 62701
Telephone: (217) 522-7016
Fax: (217) 522-7024
http://www.enteract.com/~cch/index.htm

Corporation for Supportive Housing
205 W. Randolph, 23rd Floor
Chicago, IL 60601
Phone: (312) 332-6690
Fax: (312) 332-7040
Email: il@csh.org
www.csh.org

Food Research and Action Center
1875 Connecticut Avenue, NW, # 540
Washington, D.C. 20009
Telephone: (202) 986-2200
Fax: (202)986-2525
foodresearch@frac.org

Housing Action Illinois
11 E. Adams, Suite 1601
Chicago, IL 60601
Telephone: (312) 939-6074
Fax: (312) 939-6822
http://housingactionil.org

Housing Assistance Council
1025 Vermont Ave. NW, Suite 606
Washington, D.C. 20005
Telephone: (202) 842-8600
Fax: (202) 347-3441
http://www.ruralhome.org

Illinois Association of Community Action Agencies
3415 Liberty Drive
Springfield, IL 62704
Telephone: (217) 789-0125
Fax: (217) 789-0139
http://www.iacaenet.org

Illinois Coalition Against Domestic Violence
801 S. 11th
Springfield, IL 62703
Telephone: (217) 789-2830
Fax: (217) 789-1939
http://www.ilkadv.org

Illinois Coalition to End Homelessness
Matthew Manifer, Executive Director
P.O. Box 3596
Oak Park, IL 60303-3596
Telephone: (708) 263-3590
Email: ILHomeless@aol.com

Illinois Department of Commerce and Economic Opportunity
620 E. Adams, CPB-3
Springfield, IL 62701
Telephone (217) 785-6142
Fax: (217) 782-1206
http://www.commerce.state.il.us/

Illinois Department of Human Services
Homeless Services and Supportive Housing
400 W. Lawrence, 2C
Springfield, IL 62762
Telephone: (217) 782-1317
Fax: (217) 524-6029
http://www.state.il.us/agency/dhs/

Illinois Food Bank Association
P.O. Box 8293
Springfield, IL 62791
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Illinois Housing Development Authority
401 N. Michigan Ave., Suite 900
Chicago, IL 60611
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Fax: (312) 836-5286
TDD: (312) 836-5222
http://www.ilhda.org/

National Alliance to End Homelessness
1518 K Street, NW, Suite 410
Washington, D.C. 20005
Telephone: (202) 638-1526
Fax: (202) 638-4646
E-mail: naehe@naeh.org
http://www.endhomelessness.org/

National Coalition for Homeless Veterans
333 ½ Pennsylvania Avenue, SE
Washington, D.C. 20003-1148
Telephone: (202) 546-1969
Fax: (202) 546-2063
E-mail: nchv@nchv.org
http://www.nchv.org/home.html

National Coalition for the Homeless
2201 “P” St., NW
Washington, DC 20037-1033
Telephone: (202) 462-4822 x234
Fax: (202) 462-4823
E-mail: info@nationalhomeless.org

National Community Reinvestment Coalition
727 15th St., NW, #900
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Fax: (202) 638-4664
E-mail: naeh@naeh.org
http://www.endhomelessness.org/

National Law Center on Homelessness & Poverty
1518 K Street, NW, #300
Washington, DC 20005
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National Law Center on Homelessness & Poverty
918 F Street NW #1142
Washington DC 20004
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Fax: (202) 628-2737

National Low-Income Housing Coalition
& National Low Income Housing Information Service
727 15th St NW, 6th Floor
Washington, D.C. 20005
Telephone: (202) 662-1530
Fax: (202) 393-1973
Email: info@nlhlc.org
http://www.nlhlc.org

National Rural Housing Coalition
601 Pennsylvania Avenue, NW
Suite 850
Washington, D.C. 20004
Telephone: (202) 393-5229
Fax: (202) 393-3034
http://www.nrhcweb.org

Rural Development
2118 W. Park Cr, Suite A
Champaign IL 61821
Telephone: (217) 483-6222
Fax: (217) 403-6231

Supportive Housing Providers Association
212 E. Ohio Street, 5th Floor
Chicago, IL 60611
Telephone: 773-939-4663, ext.123
supportiveha@aol.com

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Office of Community Planning and Development
77 W. Jackson 24th Floor
Chicago, IL 60604-3507
Telephone: (312) 353-1696
Fax: (312) 353-6231
http://www.hud.gov/local/chs/chihome.html