

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT BLOCK GRANTS

PROGRAM HIGHLIGHTS

	<u>ACTUAL</u> <u>2000</u>	<u>ENACTED</u> <u>2001</u>	<u>ESTIMATE</u> <u>2002</u>	INCREASE + DECREASE - <u>2002 vs 2001</u>
(Dollars in Thousands)				
<u>Program Level: (Obligations)</u>				
Community Development Block				
Grants (CDBG)	\$4,854,471	\$5,995,633	\$4,801,993	-\$1,193,640
<u>Appropriations:</u>				
Enacted or Proposed				
CDBG	\$4,781,235 <u>a/</u>	\$5,123,678 <u>c/</u>	\$4,801,993	-\$321,685
Supplemental	\$27,500 <u>b/</u>	NA	NA	NA
Rescission .....	...	-\$11,272	...	+\$11,272
Subtotal	\$4,808,735	\$5,112,406	\$4,801,993	-\$310,413
<u>Budget Outlays (Gross):</u>				
CDBG	\$4,954,828	\$4,940,000	\$5,044,000	+\$104,000
<u>SECTION 108 LOAN GUARANTEES:</u>				
Guarantee Commitments (Private Financing) :				
Limitation	[\$1,261,000]	[\$1,258,226]	[\$608,696]	-\$649,530
Commitments made	\$412,364	\$1,258,226	\$608,696	-\$649,530
<u>Budget Authority</u>				
Credit Subsidy	\$29,000	\$29,000	\$14,000	-\$15,000
Aministrative Costs	\$1,000	\$1,000	\$1,000	...
Rescission .....	...	-\$66	...	+\$66
Subtotal	\$30,000	\$29,934	\$15,000	-\$14,934
FFB Direct Loans (Liquidating				
Account)	-\$3,000	-\$4,000	-\$4,000	...
<u>Budget Outlays</u>				
Credit Subsidy	\$5,527	\$18,965	\$18,963	-\$2
Aministrative Costs	<u>\$1,000</u>	<u>\$998</u>	<u>\$1,000</u>	<u>+\$2</u>
Subtotal	\$6,527	\$19,963	\$19,963	...
FFB Direct Loans (Liquidating				
Account)	-\$6,140	-\$4,000	-\$4,000	...

NA = Not Applicable

a/ Includes a rescission of \$18.765 million from the Economic Development Initiative (EDI) set-aside.

b/ Emergency Supplemental EDI funding was provided by P.L. 106-246.

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c/ Includes \$66.128 million in additional EDI earmarks per P.L. 106-554.

SUMMARY OF BUDGET ESTIMATE

The Budget proposes \$4.8 billion for the formula component of the Community Development Block Grant program (CDBG) plus the other programs funded within CDBG in fiscal year 2002. This proposal includes \$4.4 billion for the CDBG Entitlement and State/Small Cities (Nonentitlement) program, the same level that was available for the formula CDBG program in 2001, and approximately \$400 million in set-asides.

A summary of the fiscal year 2002 request is as follows:

- \$4.4 billion for the CDBG Formula program, including \$3.1 billion for Entitlement cities and counties and \$1.3 billion for Nonentitled States and small cities;
- \$80 million for the Community Technology Centers Initiative;
- \$20 million for the Improving Access Initiative;
- \$69 million for the Native American CDBG program, including \$1.12 million for an Economic Development Access Center;
- \$38.424 million for Section 107 grants, including Insular areas, Management Information Systems (MIS) support, and University programs: Historically Black Colleges and Universities (HBCU's), Community Development Work Study (CDWS), Hispanic-Serving Institutions Assisting Communities (HSIAC), and Community Outreach Partnership Centers (COPC) programs;
- \$59.868 million for Youthbuild;
- \$24.945 million for Capacity Building for the National Community Development Initiative (NCDI);
- \$4.442 million for Habitat For Humanity-Capacity Building;
- \$21.956 million for the Self-Help Homeownership Opportunity Program (SHOP);
- \$54.879 million for Resident Opportunities and Self-Sufficiency (ROSS);
- \$2.993 million for Alaska & Hawaiian Serving institutions;
- \$2.993 million for Tribal Colleges & Universities;
- \$2.993 million for the Housing Assistance Council;
- \$2.2 million for the National American Indian Housing Council, and;
- \$18 million (or up to \$30 million if necessary) for Working Capital Fund transfers.

Community Development Block Grants. CDBG funds are provided to entitlement cities, urban counties and States based on the highest of two formulae, and may be used for a broad range of housing revitalization, community and economic development activities, thereby increasing State and local capacity for economic revitalization, job creation and retention, neighborhood revitalization, public services, community development and renewal of distressed communities, and for leveraging of non-Federal sources. The 2002 amounts reflect current (1990) census data and will change as 2000 census information becomes available. New population data will be included in 2002; housing and poverty data will be included in 2003. It is the primary vehicle for the revitalization of our Nation's neighborhoods, providing opportunities for self-sufficiency to millions of lower income Americans.

Since the program's inception in 1974, over \$95 billion has been allocated to grantees. There are currently 838 cities and 153 counties that are eligible to receive a CDBG entitlement grant directly from HUD. In addition, 49 States and the Commonwealth of Puerto Rico award more than 3,000 CDBG grants to other small cities and counties from

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CDBG funds allocated to the States by HUD each year. Funds for Nonentitlement grants are awarded by HUD to Hawaii's three nonentitlement counties on a formula basis.

One of the cornerstones of the CDBG program has been that it allows grantees to set their own priorities for the funding of activities. Grantees can use the funds for housing activities, economic development, public facilities (such as day care centers or health centers), public improvements (such as street improvements), public services (such as social programs for the elderly, youth, or abused), urban renewal, or planning and administration.

The CDBG program emphasizes the Department's mission and vision of working through partnerships with State and local governments. Because of the significant flexibility in uses of CDBG funds, the CDBG program can be used in conjunction with many other HUD programs in a systematic approach to assist communities and target specific populations. Notwithstanding the flexibility of the program, rehabilitating and producing housing is the largest single use of funds by Entitlement communities. Housing activities include rehabilitation of ownership and rental units, new construction, transitional and temporary housing, as well as necessary site improvements and administrative assistance.

In addition, as a compliment to the CDBG program, a commitment level of \$609 million is requested for the Section 108 loan guarantee program in fiscal year 2002. The requested appropriation language for this program is separate from the CDBG appropriation language in the President's Budget. As required by the Credit Reform Act of 1990, credit subsidy budget authority of \$14 million is requested for the Section 108 loan guarantee program. In addition, administrative funds totaling \$1 million are requested. The Section 108 loan guarantee program is an effective tool for community revitalization and provides communities with a means of leveraging up to five times their CDBG grants and obtaining crucial financing for large community revitalization projects.

Over the past 6 years, the Department has committed to 705 projects and completed the financing on 430 of those for a total of \$2 billion--projects such as a supermarket in a Fort Worth, TX neighborhood that was previously without that essential service, industrial parks, and other business ventures. When all 705 projects are completed, an estimated 180,000 jobs will have been created or retained.

Community Technology Centers Initiative. This Budget proposes \$80 million for the Community Technology Centers (CTC) initiative which will enhance the existing Department of Education CTC program and expand HUD's Neighborhood Networks effort, by providing competitive grants to create or expand community technology centers in high poverty urban communities and provide technical assistance to those centers. This initiative will require legislative authorization. The initiative will enhance the Department of Education CTC program.

Eligible applicants will include State educational agencies, local educational agencies, institutions of higher education, for-profit businesses, public or private non-profit organizations, or a consortium of such entities that have the capacity to expand access to computers and related services in eligible communities.

Funds will be used to: (1) pay for a coordinator and staff; (2) acquire equipment and infrastructure; (3) provide after-school, adult education, and family literacy, career development, and small business activities; and (4) provide home access to computers and technology.

Improving Access Initiative. This Budget proposes \$20 million for the Improving Access Initiative proposed by the President which will provide grants to Americans with Disabilities Act (ADA)-exempt community-based, civic, and religiously affiliated organizations with limited resources. These ADA-exempt organizations will be eligible to compete for grants to make their facilities accessible to the disabled. This Initiative will require legislative authorization.

The average grant size will range from approximately \$50,000 to \$100,000 for small non-elevator non-historic facilities. Larger facilities or historic buildings will require grants of approximately \$250,000 per facility.

Native American CDBG program. This Budget proposes \$69 million for Native American Housing and Economic Development Block Grant activities. Since 1974, the CDBG program

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has been the backbone of improvement efforts in many communities, providing a flexible source of grant funds for local governments nationwide. The program provides funds that they, with the participation of local citizens, can devote to a wide range of activities that best serve their development priorities, provided that these projects either: (1) benefit low- and moderate-income families; (2) prevent or eliminate slums or blight; or (3) meet other urgent community development needs. In 1977, the Housing and Community Development Act of 1974 was amended to provide a special funding mechanism, the Indian Community Development Block Grant (ICDBG) program, for Native American communities. Since 1978, more than \$750 million has been provided for ICDBG funding.

ICDBG funds are distributed as annual competitive grants. Funds are allocated to each of the six Area Offices of Native American Programs (AONAP), so applicants compete for funding only with other tribes or eligible Indian entities within their area. Eligible Activities: ICDBG funds may be used to improve the housing stock, provide community facilities, improve infrastructure, and expand job opportunities by supporting the economic development of the communities, especially by non-profit tribal organizations or local development corporations. Tribes and Alaskan Native Villages are restricted from using block grants for construction or improvement of governmental facilities, government operations, income payments, or unless extraordinary determinations have been made-new housing construction.

The ICDBG program is authorized by section 106(a) of the Housing and Community Development Act of 1974, as amended (42USC 5301ff). Regulations are found at 24 CFR Part 1003. It is administered by the Office of Native American Programs (ONAP). All Federally recognized Indian Tribes and Alaskan Native Villages are eligible to participate in the ICDBG program. Projects funded by ICDBG must primarily benefit low- and moderate-income persons (generally defined as members of low- and moderate-income families that earn no more than 80 percent of the median income in the area).

As a set-aside within the Native American CDBG program, this Budget also proposes \$1.12 million for the Economic Development Access Center initiative. Today, unemployment in Indian Country averages 50 percent--double the highest rate during the Great Depression. Even more troubling is the finding that on some Indian reservations unemployment reaches as high as 75 percent--3 out of 4 Native Americans are unemployed, as compared to the historic all-time high of one out of four persons during the Great Depression. Lack of economic opportunity, high unemployment and poor housing conditions and lack of affordable housing are intertwined issues. In order to address these conditions, the HUD Office of Native American Programs has led a Federal interagency pilot project on Native American Economic Development.

The purpose of the pilot project is to facilitate sustainable economic development within American Indian and Alaska Native communities. This will be accomplished through the provision of assistance to Native Americans, tribes, and tribal entities in their pursuit of self-sufficiency and self-determination. A major focus of this effort is the promotion of collaborative efforts between Federal agencies, lenders and foundations, and the private market to find innovative solutions to chronic economic development problems in Indian Country.

The pilot project was designed as a one-stop-shop for access to Federal grants, loans, loan guarantees, and technical assistance for American Indian and Alaska Native organizations and individuals. The design included an interactive Web Site, a publications Clearinghouse and a Technical Assistance Center staffed by economic development specialists. The Native eDGE Web Site was designed to house a comprehensive inventory of Federal programs available for economic development projects in American Indian and Alaska Native communities as well as links to multiple Federal agency partners.

In addition, approximately 170 Federal program offices have been identified as part of the collaborative effort to serve all of Native America, and the effort is a finalist for an e-gov Excellence in Government award. According to these criteria, the pilot can be seen as a successful intervention to provide access to information on Federal program to Native American clients. However, without on-going funding for outreach and system improvements the pilot will be seen, once again, as a lack of commitment to solving the unemployment problem in Indian Country.

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Section 107 grants. A total of \$38.4 million is included in this Budget proposal for programs under Section 107 of the Housing and Community Development Act for the following programs:

- \$6.985 million for Insular areas;
- \$9.978 million for Historically Black Colleges & Universities (HBCU);
- \$6.486 million for Hispanic Serving Institutions Assisting Communities (HSIAC);
- \$7.982 million for Community Outreach Partnerships Centers (COPC);
- \$2.993 million for Community Development Work Study (CDWS); and
- \$4 million for Management Information System support (MIS).

Insular Areas. This Budget proposes \$6.985 million for Insular Areas. Section 107 Grants are the source of funding for community development activities in the Insular areas. Insular areas that have been funded include the Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Marianas. Typical projects include construction or reconstruction of public works and facilities; housing rehabilitation; economic development; and public services.

University Programs. This Budget requests \$27.439 million for University programs. HUD provides grants to universities under four programs within Section 107: the Historically Black Colleges and Universities (HBCU), Hispanic-serving Institutions Assisting Communities (HSIAC), Community Outreach Partnership Centers (COPC), and the Community Development Work Study (CDWS) programs. Funds are used to assist institutions of higher education in forming partnerships with the communities in which they are located to undertake a range of activities that foster and achieve neighborhood revitalization.

- Historically Black Colleges & Universities (HBCU's). For fiscal year 2002, a total of \$9.978 million is being requested for funding under this program. The HBCU program has provided funding to HBCUs since 1980, to assist HBCUs in expanding their role and effectiveness in addressing community development needs in their localities, including neighborhood revitalization, housing, and economic development, principally for persons of low- and moderate-income.
- Hispanic Serving Institutions Assisting Communities (HSIAC). The Budget proposes \$6.486 million for the HSIAC program. This program is designed to help Hispanic-serving colleges and universities expand their role and effectiveness in addressing community development needs--neighborhood revitalization, housing, and economic development--in their localities. HSIAC grantees carry out projects designed primarily to benefit low- and moderate-income residents, help prevent or eliminate slums or blight, or meet an urgent community development need in the community where the Hispanic-Serving Institution (HSI) is located.
- Community Outreach Partnerships Centers (COPC). A total of \$7.982 million is being requested in this Budget proposal for the COPC program. The COPC program provides grants to encourage institutions of higher education to join in partnership with their communities. COPC grantees are expected to play an active and visible role in revitalizing their communities including applying research to real urban problems, coordinating outreach efforts with neighborhood groups and residents, acting as a local information exchange, galvanizing support for neighborhood revitalization, developing public service projects and instructional programs, and collaborating with other COPCs.
- Community Development Work Study (CDWS). This Budget proposes \$2.993 million for the CDWS program. The CDWS is designed to attract more minority and disadvantaged students to academic programs in community planning and development. Colleges and universities throughout the country use this program to offer financial aid and work experience to students enrolled in a full time graduate program in community development or a closely related field.

Management Information System Support. This Budget also requests \$4 million for Management Information System support. Funding for the development, implementation,

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operation and refinement of Management Information Systems is critical to establishing and maintaining a national database on local needs and programs performance, as well as providing localities and other community members with the necessary guidance to plan and track performance.

These funds will specifically assist metropolitan cities, urban counties, consortia, and States in preparing information to be submitted to Department's information systems; and will be used for the analysis and evaluation of that data in managing and operating their CPD programs. The funds will be used for operational support work including:

- providing training and related customer support services to grantees using IDIS and other Departmental information systems related to CDBG;
- developing and maintaining a web site containing IDIS and other Departmental Systems' information and guidance for grantees on HUD's web site; and
- extracting information from IDIS and other sources and analyzing that information to assess program performance. CPD contractors will identify, collect, and analyze quantitative and qualitative information and prepare written assessments to ensure that grantees are meeting statutory and regulatory requirements of CPD programs. The new Department Grants Management System (DGMS) under development and other data efforts will expand our performance monitoring and reporting capability for Government Performance Results Act purposes. Improving the economic development potential of governmental units and increasing the participation of the private sector in community and economic development assisted under Title I.

Youthbuild. The fiscal year 2002 Budget requests \$59.868 million for the Youthbuild program. This program is authorized by Section 164 of the Housing and Community Development Act of 1992 (P.L. 102-550), which amended Title IV of the Cranston-Gonzalez National Affordable Housing Act by adding subtitle D, "HOPE for Youth: Youthbuild."

Youthbuild is a key tool to making welfare reform work by enabling low-income youth to make a successful transition from dependency to work. The Youthbuild program, which is targeted to 16- to 24-year old high school dropouts, provides disadvantaged young adults with education and employment skills through rehabilitating and constructing housing for low-income and homeless people. The Youthbuild program has been successful in encouraging at-risk youth to engage in remedial education, including leadership and skills training. The program also furthers opportunities for placement in apprenticeship programs and employment in living wage jobs. Approximately 3,000 youth will be trained and 1,250 units of housing will be developed under the fiscal year 2000 program. However, HUD received 273 Youthbuild applications and only 78 of these were funded. This demand for resources reflects an unmet need in communities that are trying to provide greater opportunities for at-risk young adults. Therefore, HUD is targeting the available funding to the most distressed communities. HUD is also focusing on the Youthbuild program as a way to foster the development of nonprofit organizations which over time can provide the services mentioned above to disadvantaged youth and which at the same time rely less on HUD's financial support to carryout these activities.

Youthbuild effectively reaches one of the most difficult to serve populations: undereducated, and/or adjudicated, unemployed young adults. According to data compiled by YouthBuild USA on 34 program cycles completed from 1997 to 1998, approximately 79 percent of students enter the program without a high school diploma or GED and nearly 40 percent are on public assistance. Slightly over 30 percent of students have been adjudicated and an estimated 18 percent have been convicted of a felony. The issues that the young people are facing--poverty, broken homes, alcoholism and drug addiction, welfare and crime--are common across racial lines and among both men and women. The Youthbuild strategy effectively addresses these issues, in both rural and urban areas across the United States, by providing an alternative. An estimated 60 percent of participants enrolled in the Youthbuild program graduate, and over 84 percent of graduates attain placement in jobs or in school.

The amendments to the Minimum Wage law enacted in 1996 encourage the hiring of at-risk youth by making the Work Opportunities Tax Credit available to employers who hire these young people. Youthbuild programs market this tax credit to encourage employers to hire Youthbuild graduates in their businesses, thereby helping to break the cycle of

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poverty and enabling at-risk youth to become contributing members of society. The fiscal year 2002 request for \$59.868 million will provide more than 3,774 young people with skills they need to obtain jobs.

Capacity Building for Community Development and Affordable Housing. This program is authorized by Section 4 of the HUD Demonstration Act of 1993, which established the National Community Development Initiative (NCDI). This Budget proposes \$24.945 million for NCDI, in which HUD has been actively involved since 1994 across three phases of the Initiative's work. A fourth phase of this highly successful, public/private partnership will emphasize the capacity building of community-based development organizations, including community development corporations (CDCs), in the economic development arena and related development and community revitalization activities.

An independent evaluation by the Urban Institute indicated that NCDI has had a major impact on the organizational growth and capacity development of CDCs in 23 of the Nation's poorest communities. As a result of \$150 million invested since 1991, which has leveraged several times that amount from other sources, the number of capable CDCs in those localities has nearly doubled, the top tier has grown by approximately 45 percent, and operating budgets have grown by almost two-thirds (63 percent), translating into greater effectiveness at empowering communities and their residents.

NCDI has thus far emphasized housing development—the core business product for most CDCs nationwide—along with some investments in economic development, workforce development, child care, and community safety. Without abandoning these important areas, each of which is a critical foundation and complement to economic development, this Budget proposes to accelerate and expand NCDI's potential in the arena of economic development and related areas. CDCs are important anchor institutions in communities across America, but many CDCs have limited expertise at pre-development, joint venturing, finance layering, commercial asset management, or the other activities that would make these organizations more effective partners with private investors in the effort to trigger untapped markets, increasing employment and creating jobs. As the Nation's leading partnership of public and private funders and intermediaries, NCDI is well-positioned to help dramatically expand the economic and community development capacity of CDCs and other community-based and nonprofit organizations, as well as joint ventures involving these organizations.

Since revitalized housing and safer communities lead to stronger retail demand and otherwise stimulate neighborhood economies, and since becoming effective at housing development is often the first step for CDCs in mastering the distinct challenges of economic development, this fourth phase represents the logical evolution of NCDI's successful investments to date.

Habitat for Humanity - Capacity Building. The fiscal year 2002 Budget requests \$4.442 million for Habitat for Humanity's capacity building efforts related to its "sweat equity" homeownership program. Through capacity building efforts, additional staff are trained and made available to local affiliates which then possess the expanded ability to assist families reach their homeownership goals. For example, projections of local Habitat for Humanity affiliates using capacity building funds appropriated in the fiscal year 1997 supplemental budget indicated a potential increase in houses built of 169 percent over a 3-year period. The scale of Habitat for Humanity's efforts are likely to produce demonstrable results across the Nation's communities and provide homeownership opportunities for low and moderate income families who have no other workable options to become homeowners.

Self-Help Homeownership Opportunity Program. The fiscal year 2002 Budget proposes \$21.956 million for the Self-Help Homeownership Opportunity Program (SHOP). The request reflects the growing capacity of self-help housing organizations to expand upon recent successes in making homeownership a viable option to low-income families who otherwise would not be able to achieve this goal. The request also reflects Congressional decisions which have supported these activities and have provided funds to expand the capacity of self-help housing organizations. There is great demand for the assistance provided under this program. In the first two funding rounds, requests for funding at the local level were more than twice the amount available. The need for continued funding was demonstrated through the third and fourth funding rounds, with applicants again seeking far in excess of the amount appropriated.

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The SHOP program embodies HUD's focus on nurturing partnerships with non-profit organizations by providing competitive grants to national and regional non-profit housing organizations that specialize in self-help homeownership. In fiscal years 1999, 2000 and 2001 \$20 million was appropriated each year for SHOP as a set-aside in the CDBG account. Grants went to the following organizations: Habitat for Humanity International, Housing Assistance Council, Northwest Regional Facilitators, and ACORN Housing Corporation. These grants combined, will provide approximately 3,964 new housing units for low- and very low-income homebuyers. This is in addition to the \$56.7 million in SHOP grants awarded in fiscal years 1996 and 1998 as a direct allocation to Habitat for Humanity International and through expressions of interest to other providers, which will produce a total of 6,540 new homes. Of these, approximately 4,586 have already been completed, and an additional 1,961 are currently under construction.

The SHOP program has assisted homebuyers with an average income range of between 50 to 65 percent of median income, with some grantees assisting homebuyers at 30 percent of area median income. The SHOP program has assisted new homebuyers with incomes as low as \$15,000 per year. The homebuyer's sweat equity contribution reduces the cost of construction, and has resulted in purchase prices as low as \$31,000. The requested appropriation would assist approximately 1,985 low-income families to become new homeowners.

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SHOP has been successful because it provides funding for the acquisition and preparation of land to assist the efforts of organizations, such as the Housing Assistance Council and Habitat for Humanity International, which have already demonstrated a strong ability to obtain materials and mobilize volunteer labor to develop high quality affordable housing. SHOP funds subsidize land costs and infrastructure expenses which are most often responsible for driving the cost of homeownership beyond the reach of low-income families. SHOP funds serve as the "seed money" which provides momentum for greatly expanded levels of construction investment.

The presence of Federal funds increases the ability of non-profit organizations to leverage funds from other sources, providing a substantial return on a Federal investment that does not exceed \$10,000 per home. In fact, SHOP is providing a tremendous boost to building efforts across the country. Habitat for Humanity International has indicated that for every SHOP dollar it receives from the Federal Government, affiliates raise three to four dollars locally. Likewise, the use of SHOP funds by ACORN, Northwest Regional Facilitators, and the Housing Assistance Council represents about one-quarter of the cost of producing a unit. Thus, SHOP funds reinforce the very grassroots nature that has made self-help housing organizations so successful at improving housing opportunities for low-income families across the country.

Resident Opportunities and Self-Sufficiency. This Budget proposes \$54.879 million for the Resident Opportunities and Self-Sufficiency (ROSS) program. Section 34 of the United States Housing Act of 1937, as amended, and for residents of housing assisted under the Native American Housing Assistance and Self-Determination Act of 1966 (NAHASD) authorizes funds for a linkage of public housing resident services to promote economic self-sufficiency. The program provides a vital connection between the delivery of housing assistance and other services that are necessary to improve the quality of life for public housing residents.

The program is intended to improve linkages to public housing residents by: (1) implementing supportive services and resident empowerment activities, and (2) assisting residents to become economically self-sufficient. Grants will be made to public housing agencies, Indian

Tribes, resident management corporations, resident councils, and resident organizations including non-profit entities supported by residents.

Eligible activities include, but are not limited to: physical improvements, academic skills training, resident management activities, health care for seniors in public housing, micro-enterprises, small business development and start ups, and social service support programs. Grants will be awarded competitively through a Notice of Funding Availability (NOFA). ROSS is consistent with the Department's goal to focus resources on "welfare to work" and independent living for the elderly and the disabled.

Alaska & Hawaiian Serving Institutions. This Budget proposes \$2.993 million for the Alaska Native/Native Hawaiian Institutions Assisting Communities (AN/NHIAC) program. This program is designed to assist Alaska Native/Native Hawaiian institutions of higher education expand their role and effectiveness in addressing community development needs in their localities. AN/NHIAC grantees carry out projects designed primarily to benefit low and moderate-income residents, help prevent or eliminate slums or blight, or meet an urgent community development need in the community where the Alaska Native/Native Hawaiian institution is located.

Tribal Colleges & Universities. This Budget includes \$2.993 million in competitive grants to tribal Colleges and Universities (TCU) to assist them in building, renovating, expanding, and providing equipment for their own facilities, including those that serve these communities.

Housing Assistance Council. This Budget proposes \$2.993 million for a cooperative agreement with the Housing Assistance Council (HAC). Building housing for low-income rural Americans has been HAC's work for 30 years. In 2002, HAC will use HUD funds to continue to work towards this goal in many ways. HAC will continue to build homes by making loans and grants to local groups. HAC will continue to build organizations by providing technical assistance to develop local capacity in rural areas nationwide, focusing attention and funding on areas traditionally underserved. HAC will continue to

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build knowledge by conducting research, and publishing and distributing the "HAC News" and "Rural Voices."

As in the past, HAC expects to approve at least 90 loans from its various loan funds for the development of both owner and rental housing in rural areas. For fiscal year 2000, lending activity on all loans totaled \$11,767,196 in commitments for 1,608 units. For fiscal year 2002, HAC expects, to deliver at least 3000 hours per month of technical assistance and training. Also, HAC will undertake at least 8 new research projects, and publish 24 issues of the "HAC News" and four issues of its quarterly rural housing magazine "Rural Voices."

National American Indian Housing Council. This Budget proposes a \$2.2 million cooperative agreement with the National American Indian Housing Council (NAIHC). Established in 1974, NAIHC delivers technical assistance and training to Tribally Designated Housing Entities (TDHEs) and undertakes research and provides information on Native American Housing issues.

In fiscal year 2002, NAIHC will continue to deliver technical assistance and training to the many tribal housing entities, including Indian Housing Authorities (IHAs), tribal housing agencies and regional housing associations. In fiscal year 2002, NAIHC will continue to provide direct support to regional housing associations, IHAs, and tribal housing groups in areas such as Low-Income Housing Tax Credits, homebuyer counseling, the HUD Section 184 Loan Program, the leveraging of funds, and in meeting the monitoring and other requirements outlined in the Native American Housing Assistance and Self Determination Act (NAHASDA). NAIHC's training efforts will continue to be directed at assisting IHAs/TDHEs in understanding and utilizing the Native American Housing Assistance and Self Determination Act (NAHASDA). NAIHC will also undertake at least three research projects in areas concerning housing and community development in tribal areas, and will develop and collect materials for the Native American Housing Resource Center.

Working Capital Fund transfers. The contributions from the Community and Planning Development (CPD) program funds (HOME, HOMELESS and CDBG) to the Working Capital Fund of \$18 million will help cover the increased cost of the IT portfolio. The FY 2002 Working Capital Fund (WCF) increase is largely due to the development and planning to award a new contract to support the operation of HUD's IT infrastructure - the HUD Integrated Information Processing Service (HIIPS). The recompetition of the HIIPS contract is in addition to HUD's ongoing and new initiatives to upgrade its IT infrastructure. It is critical that HUD stay abreast of emerging technology to allow efficient interface access for its many business partners and improved service to the general public. Appropriate funding is necessary to support existing CPD systems while the Department Grants Management System is under development.

EXPLANATION OF INCREASES AND DECREASES

The Budget proposes \$4.8 billion for CDBG in fiscal year 2002, an decrease of \$310 million over the 2001 level, due mainly to the elimination of set-asides for individual projects being requested in 2002 versus the enacted project levels in 2001. Obligations are expected to decrease by \$1.194 billion from 2001 to 2002, reflecting the assumption that all available funds in 2001 will be obligated in 2001, and that there will be no carryover of unobligated balances into fiscal year 2002. Outlays are expected to increase by a relatively small amount (2.1 percent) \$104 million from fiscal year 2001 to fiscal year 2002.

PROGRAM DESCRIPTION AND ACTIVITY

1. Legislative Authority. CDBG is authorized by Title I of the Housing and Community Development Act of 1974, as amended.

2. Program Area Organization. The Community Development Block Grant (CDBG) program provides flexible funding for communities across the Nation to develop and implement community and economic development strategies that primarily benefit low- and moderate-income individuals. Community Development Block Grants are provided to units of local government and States for the funding of local community development programs which address housing and economic development needs, primarily for low- and moderate-income persons.

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Grantees access their CDBG funding through the Consolidated Plan process, under which States and localities establish their local priorities and specify how they will measure their performance. A locality's Consolidated Plan serves as the planning, application and reporting mechanism for CDBG funds. The Consolidated Plan is the vehicle by which communities identify community and neighborhood development needs, actions to address those needs (including specific activities on which CDBG dollars will be spent), and the measures against which their performance will be judged. The Consolidated Plan also provides a means for identifying key low-income neighborhoods for targeted multiyear investment strategies. Communities establish performance measurement systems to evaluate progress toward meeting locally established priorities and objectives. HUD works closely with States and localities to facilitate comparison of performance among jurisdictions, and publicizes "best practices" so that communities can learn from one another.

a. Program Purpose. Title I of the Housing and Community Development (HCD) Act of 1974, as amended, authorizes the Secretary to make grants to units of general local government and States for the funding of local community development programs. The program's primary objective is to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low- and moderate-income. This objective is achieved by limiting activities to those which carry out one of the following broad national objectives: (1) benefit low- and moderate-income persons; (2) aid in the prevention or elimination of slums and blight; or (3) meet other particularly urgent community development needs. At least 70 percent of all CDBG funds received by a grantee must be used for activities that benefit persons of low- and moderate-income over a period of up to 3 years. Historically, communities have used more than 90 percent of their CDBG funds for such activities.

The underlying principle of the CDBG program is that recipients have the knowledge and responsibility for selecting eligible activities most appropriate to their local circumstances. In addition, instead of competing for categorical project dollars each year, the entitlement communities and States have a basic grant allocation so they know in advance the approximate amount of Federal funds they will receive annually.

b. Eligible Recipients and Activities.

Eligible Recipients. Eligible CDBG grant recipients include States, units of general local government (city, county, town, township, parish, village or other general purpose political subdivision determined to be eligible for assistance by the Secretary), the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, the Commonwealth of the Northern Marianas, and recognized Native American tribes and Alaskan Native villages.

Eligible Activities. Section 105 of the HCD Act of 1974, as amended, permits a broad range of activities to be undertaken by communities assisted under the program, ranging from the provision of public facilities or services to economic development or residential rehabilitation and, in some cases, substantial reconstruction of housing.

Fund Distribution. CDBG funds are allocated to States and localities based on the formulae described below. After deducting designated amounts for set-asides, 70 percent of funds goes to entitlement communities and 30 percent goes to States for nonentitlement communities (small cities).

The following table shows the distribution of the 2000 and 2001 appropriations, and the 2002 Budget request:

	<u>DISTRIBUTION OF APPROPRIATIONS</u>		
	<u>ACTUAL</u> <u>2000</u>	<u>ACTUAL</u> <u>2001</u>	<u>ESTIMATE</u> <u>2002</u>
	(Dollars in Thousands)		
Entitlement Cities and Counties	\$2,965,235	\$3,079,510	\$3,079,510
Nonentitlement (States and Small Cities) ...	<u>1,270,815</u>	<u>1,319,790</u>	<u>1,319,790</u>
Subtotal	4,236,050	4,399,300	4,399,300

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Native Americans	67,000	70,844	69,000
Economic Development Access Center	[2,000]
Section 107 Grants	41,500	45,400	38,424
Working Capital Fund (WCF) Transfer .....	...	14,967	18,000
EDI	256,235 a/	357,340 b/	...
Youthbuild	42,500	59,868	59,868
Resident Opportunity & Supportive Services .	55,000	54,879	54,879
Housing Assistance Council	3,000	2,993	2,993
National American Indian Housing Council ...	2,200	2,594	2,200
Neighborhood Initiative Demonstration	30,000	43,903 c/	...
Self-Help Homeownership Opportunity Program	20,000	19,956	21,956
Habitat for Humanity Capacity Building	3,750	3,442	4,442
Capacity Building (NCDI)	20,000	24,945	24,945
Special Olympics	4,000	...	...
2002 Winter Olympics/Utah Housing Finance Agency ...	...	1,996	...
National Housing Development Corp .....	...	9,978	...
Tribal Colleges and Universities .....	...	[2,993] d/	2,993
Alaska & Hawaiian Serving Institutions	[2,000] d/	[2,993] d/	2,993
Community Technology Centers .....	...	...	80,000
Improving Access Initiative .....	...	...	20,000
Subtotal.....	4,781,235	5,112,406	4,801,993
Emergency Supplemental EDI Funding	27,500 e/	...	...
Total CDBG.....	\$4,808,735	\$5,112,406 f/	\$4,801,993

a/ Includes a rescission of \$18.765 million from the EDI set-aside. In addition, of the \$256.235 million, \$232.135 million was earmarked for specific projects.

b/ Includes amounts appropriated under P.L. 106-377 and P.L. 106-554. The total amount was earmarked for specific projects.

c/ Amounts appropriated are earmarked for specific projects.

d/ Funded as a set-aside under Section 107.

e/ P.L. 106-246 appropriated \$27.5 million in Emergency Supplemental EDI funding.

f/ All amounts appropriated in fiscal year 2001 include an across the board rescission of .22 percent.

c. Explanation of Funds Allocated by Recipient Category

1. Formula Entitlement. The HCD Act of 1974, as amended, provides for the distribution of funds to eligible recipients (metropolitan cities and urban counties) for community purposes utilizing the higher of two formulas, as shown:

<u>ORIGINAL FORMULA</u>	<u>SECOND FORMULA</u>
Poverty - 50 percent	Poverty - 30 percent
Population - 25 percent	Population growth lag
Overcrowded housing - 25 percent	(1960-2000) - 20 percent
	Age of housing stock - 50 percent

"Age of housing stock" means the number of existing year-round housing units constructed before 1940, based on Census data. "Population growth lag" means the extent to which the current population of a metropolitan city or urban county is less than the population it would have had if its population growth rate between 1960 and the date of the most recent population count had been equal to the growth rate of all metropolitan cities over the same period.

Metropolitan Cities. Cities in Metropolitan Statistical Areas (MSAs) with a population of 50,000 and over and central cities of MSAs are entitled to funding on the basis of one of the formulas. For fiscal year 2001, 838 metropolitan cities are eligible to receive grants. Of these, 22 have elected to enter into joint grant agreements with their urban counties.

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Urban Counties. The statute also entitles urban counties to formula grants. In fiscal year 2001, 153 counties met the required population threshold and were eligible for formula funding. These urban counties include over 3,300 cooperating local incorporated units receiving funding under the program. A test for designation as an urban county requires that the county be authorized under State law to undertake essential community development and housing assistance activities in its unincorporated areas which are not units of general local government.

The urban county must have authority to perform such functions in its participating incorporated communities either under State law or through cooperative agreements. These agreements must express the intention of the urban county and its incorporated jurisdictions to cooperate in essential community development and housing assistance activities, specifically urban renewal and publicly assisted housing. Participation by any included unit of government is voluntary. An urban county's qualification is valid for a 3-year period.

2. Nonentitlement (States and Small Cities Program). Nonentitlement funds are allocated among the States according to a dual formula, with the allocation being the higher of amounts determined under the original formula or a second formula which is identical to that used for entitlement communities except that population is substituted for growth lag.

Presently, States have the option of administering the program and awarding grants to nonentitled units of government. Where the State does not so elect, HUD distributes the funds. HUD currently administers the State CDBG program for Hawaii. Under the HCD Act of 1974, as amended, any State that elects to administer the Small Cities program in fiscal year 1985 or thereafter shall be considered to have assumed this responsibility permanently and, if it fails to provide an annual submission, funds will be reallocated among all other States in the succeeding year. In the fiscal year 2000 Appropriations Act, Congress directed HUD to transfer the administration of the Small Cities component for funds allocated to the State of New York for fiscal year 2000 and thereafter, to the State of New York to be Administered by the Governor of New York.

3. Section 107 Grants. The Housing and Community Development Act of 1992 (P.L. 102-550) expanded Section 107 authorization to include Community Outreach Partnership Act funding, Community Adjustment Planning, assistance to joint State/local government/university programs, and Regulatory Barrier Removal Act funding. Section 107 grants have also included five program categories providing assistance for Insular Areas; Historically Black Colleges and Universities; Community Development Work Study; funding to States and units of general local government to correct any miscalculation of their share of funds under section 106; and technical assistance in planning, developing and administering programs under Title I.

A total of \$38.424 million is requested for Section 107 grants in fiscal year 2002. These amounts are subtracted from the total appropriation prior to allocating funds that are provided directly to States and units of local government. The proposed distribution of Section 107 grants follows:

DISTRIBUTION OF SECTION 107

	<u>ACTUAL</u> <u>2000</u>	<u>ACTUAL</u> <u>2001</u>	<u>ESTIMATE</u> <u>2002</u>
		(Dollars in Thousands)	
Historically Black Colleges and Universities	10,000	9,978	9,978
Community Outreach Partnership Centers	8,000	7,982	7,982
Community Development Work Study	3,000	2,993	2,993
Hispanic-Serving Institutions			
Assisting Communities	6,500	6,486	6,486
Technical Assistance . . . . .	...	...	...
Insular Areas	7,000	6,985	6,985
Alaska Native & Native Hawaiian Institutions			
Assisting Communities	2,000	2,993	[2,993] a/
Management Information System Support	5,000	4,989	4,000
Tribal Colleges & Universities	<u>...</u>	<u>2,993</u>	<u>[2,993]a/</u>

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Total Section 107	\$41,500	\$45,400	\$38,424
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a/ Funded as a set-aside in CDBG, but not under Section 107 grants.

d. Reallocation of Entitlement Funds. CDBG amounts allocated to a metropolitan city or urban county in a fiscal year which become available for reallocation as a result of a grant reduction are first reallocated in the succeeding fiscal year to other metropolitan cities and urban counties in the same Metropolitan Statistical Area (MSA). These communities must follow a simple certification process to qualify for receipt of these funds.

e. Reallocation of Nonentitlement Funds. Existing law requires that amounts allocated for use in a State in a fiscal year which become available for reallocation must be reallocated according to the following criteria:

- in the case of actions against small cities, amounts that become available for reallocation are to be added to amounts available for distribution in the State in the fiscal year in which the amounts become available; and
- in the case of actions against a State, these amounts will be allocated among all States in the succeeding fiscal year.

f. Section 108 Loan Guarantees. Section 108 of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to issue Federal loan guarantees of private market loans used by entitlement and nonentitlement communities (the latter beginning in 1991 pursuant to the Cranston-Gonzalez National Affordable Housing Act) to cover the costs of acquiring real property, rehabilitating publicly owned real property, housing rehabilitation, and certain economic development activities.

A 1994 amendment makes the acquisition, construction or reconstruction of public facilities an eligible use of these loan funds. The 1994 amendments also authorized the "Economic Revitalization Grants" program to assist the financing of economic development projects in conjunction with loans under the Section 108 program. Since 1994, more than \$575 million has been awarded for Economic Development Initiative (EDI) and Brownfields Economic Development grants under this authority. EDI and BEDI grants must be used in conjunction with Section 108 loan guarantees to leverage private investment in urban economic development projects.

Beginning in 1996, budget authority for credit subsidy and administrative costs were requested to comply with the Federal Credit Reform Act of 1990. For fiscal year 2002, \$14 million is requested for credit subsidy budget authority and \$1 million is requested for administrative costs of operating the Section 108 loan guarantee program to support a commitment level of \$609 million. These amounts are required to be scored, in accordance with the Federal Credit Reform Act of 1990, to measure more accurately the cost of this loan guarantee program to the Federal Government. Administrative costs are used for staff and related requirements, as well as to contract out for certain credit extension functions.

This Section 108 loan guarantee program uses a credit subsidy rate of 2.3 percent, which takes many factors into account, including the fact that the borrowers are considered units of general local government, and that the Federal Government has never had to cover defaulted loans.

g. Consolidated Plan Requirement. In order to receive CDBG entitlement funds, a grantee must develop and submit to HUD its Consolidated Plan and Annual Action Plans, which is a jurisdiction's comprehensive planning documents and application for funding under the following Community Planning and Development formula grant programs: CDBG, HOME Investment Partnerships, Housing Opportunities for Persons With AIDS (HOPWA), and Emergency Shelter Grants (ESG). In its Consolidated Plan, the jurisdiction must identify its goals for these community planning and development programs, as well as for housing programs. In addition, the Consolidated Plan must include the jurisdiction's projected use of funds and required certifications. These certifications include that the grantee is following a current HUD-approved Consolidated Plan, that not less than 70 percent of the CDBG funds received over a 1-, 2- or 3-year period specified by the grantee, will be

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used for activities that benefit persons of low- and moderate-income, and that the grantee is following other applicable laws, regulations, OMB circulars, and is affirmatively furthering fair housing. A Consolidated Plan submission will be approved by HUD unless the Plan (or a portion of it) is inconsistent with the purposes of the National Affordable Housing Act or it is substantially incomplete.

States participating in the State CDBG program must also develop and submit to HUD a Consolidated Plan similar to those required of entitlement communities. However, in place of a listing of proposed funded activities, each State must merely describe its funding priorities and must describe the method it intends to use to distribute funds among communities in nonentitlement areas. Each participating State must submit certifications that it will: follow the Act's citizen participation requirements and require assisted local governments to follow citizen participation; conduct its program in accordance with the Civil Rights Act of 1964 and the Fair Housing Act of 1988 and affirmatively further fair housing; set forth and follow a method of distribution that ensures that each of the funded activities will meet one or more of the three broad national objectives of the program; consult with affected local governments in determining the method of distribution and identifying community development needs; and comply with Title I of the HCD Act and all other applicable laws. It must also certify that each housing activity funded will be consistent with the State's Consolidated Plan.

Through 1999, HUD-administered Small Cities in the State of New York were required to submit an application to HUD in response to the annual Notice of Fund Availability (NOFA) published by the Department. However, in the fiscal year 2000 Appropriations Act, Congress directed HUD to transfer the administration of the Small Cities component for funds allocated to the State of New York for fiscal year 2000 and thereafter, to the State of New York to be Administered by the Governor of New York. HUD provides funds directly to the three eligible counties in Hawaii by formula since the state has not elected to administer the nonentitlement program. Such applications also requires the submission of an abbreviated Consolidated Plan. The applications are subject to a competitive review and selection process described in the NOFA.

h. Performance Review. CDBG grantees (entitlement communities and states) that have approved Consolidated Plans must annually review and report to HUD on its progress in carrying out its strategic and action plans for community development. This includes a description of CDBG, HOME, ESG and HOPWA funds made available to the grantee, the activities funded, the geographic distribution and location of the activities and the types of families or persons assisted (beneficiaries), and a report of the actions taken to affirmatively further fair housing. The report is an assessment by the grantee of the relationship of its use of funds to the specific objectives identified in the Consolidated Plan.

HUD is required to review grantees' performance, at least annually, to determine whether activities have been carried out in a timely manner, whether activities and certifications have been carried out in accordance with all applicable laws, and whether the grantee has continuing capacity to carry out the program. In the case of States, HUD performs reviews to determine if the state has distributed funds in a timely manner, consistent with its method of distribution, is in compliance with CDBG requirements and other applicable laws and whether appropriate reviews of grants awarded to local governments have been conducted by the State. HUD is authorized to terminate, reduce or limit the availability of the funds of a grantee according to review findings following the opportunity for an administrative hearing. For nonentitlement grants made by HUD to small cities, HUD may adjust, reduce, or withdraw such funds, or take other action as appropriate according to review findings.

Status of Funds

Balances Available

a. Unobligated balances. The following table compares program obligations with funds available for distribution by year:

ACTUAL	ESTIMATE	ESTIMATE
<u>2000</u>	<u>2001</u>	<u>2002</u>
(Dollars in Thousands)		

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Unobligated balance, start of year.....	\$930,540	\$883,227	...
Appropriation.....	4,800,000	5,123,678	\$4,801,993
Supplemental Appropriation.....	27,500	...	...
Rescissions	-18,765	-11,272	...
Prior Year Recoveries.....	<u>3,067</u>	<u>...</u>	<u>...</u>
Total Available.....	5,742,342	5,995,633	4,801,993
Obligations, gross (excluding reimbursements).....	-4,854,471	-5,995,633	-4,801,993
Unobligated balance expiring.....	<u>-4,644</u>	<u>...</u>	<u>...</u>
Unobligated balance, end of year.....	883,227	...	...

b. Obligated Balances. The status of obligated balances is as follows:

	ACTUAL <u>2000</u>	ESTIMATE <u>2001</u>	ESTIMATE <u>2002</u>
(Dollars in Thousands)			
Obligated balance, start of year.....	\$9,012,672	\$9,074,089	\$10,129,722
Obligations, gross.....	<u>4,854,471</u>	<u>5,995,633</u>	<u>4,801,993</u>
Subtotal.....	13,867,143	15,069,722	14,931,715
Transfers in from Annual Contributions.	268,868	...	...
Transfers out to Lead based Paint	-99,570	...	...
Outlays (Gross).....	-4,954,828	-4,940,000	-5,044,000
Adjustment in expired accounts.....	-4,457	...	...
Adjustment in unexpired accounts.....	<u>-3,067</u>	<u>...</u>	<u>...</u>
Obligated balance, end of year.....	9,074,089	10,129,722	9,887,715

NOTE: Actual outlays are governed by the rate at which communities expend funds which have been made available to them.

STRATEGIC GOALS AND OBJECTIVES: RESOURCES REQUESTED (\$ AND FTE) AND RESULTS

See attached Performance measurement table.

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SELECTED PERFORMANCE MEASURES

a/

	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002
Strategic Goal 1: Increase the availability of decent, safe and affordable housing in American communities.			
Discretionary BA (Dollars in Thousands)	1,586,882	1,687,094	1,584,658
FTE	136	133	133
Strategic Objective 1.1: Homeownership is increased.			
Output Indicator 1.1.h.2: The number of homeowners who have used sweat equity to earn assistance with Self Help Opportunities Program (SHOP) funding increases (see table under 1.2.d).	1,200	1,400	1,400
Strategic Objective 1.2: Affordable rental housing is available for low-income households.			
Outcome Indicator 1.2.1: The number of households with worst case housing needs decreases 3 percent between 2001 and 2003 among families with children, the elderly and persons with disabilities.	Not Available	1.739M fam. w/children 997 thousand elderly ^{a/}	Not Available
Output Indicator 1.2.d: The number of households receiving housing assistance with CDBG, HOME, HOPWA and NAHASDA increases.	182,700	181,396	183,000
Outcome Indicator 1.2.5: The ratio of units available and affordable to extremely- and very-low income families increases to 43 percent and 72 percent, respectively, in 2003.	NA	.70 ^{b/}	NA
Strategic Goal 3: Promote housing stability, self-sufficiency and asset development of families and individuals.			
Discretionary BA (Dollars in Thousands)	1,057,922	1,124,729	1,056,438
FTE	105	103	103
Strategic Objective 3.2: Poor and disadvantaged families and individuals become self-sufficient and develop assets.			
Output Indicator 3.2.e: A total of 3,774 youths are trained in construction trades through Youthbuild.	2,897	4,080	3,774
Output Indicator 3.3.d: The Improving Access Initiative will fund ADA-exempt organizations to make civic and religions affiliated organizations accessible to the disabled	Not applicable	Not applicable	Baseline TBD
Strategic Goal 4: Improve community quality of life and economic vitality.			

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	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002
Discretionary BA (Dollars in Thousands)	2,163,931	2,300,583	2,160,897
FTE	164	161	161
Strategic Objective 4.1: The number, quality, and accessibility of jobs increase in urban and rural communities.			
Output Indicator 4.1.e: A total of 124,900 jobs will be created or retained through CDBG and 30,000 through Section 108 (also appears as 3.2.d).	CDBG 120,200 Section 108 30,000	CDBG 124,000 Section 108 30,000	CDBG 124,900 Section 108 30,000
Strategic Objective 4.2: Economic conditions in distressed communities improve.			
Outcome Indicator 4.2.6: Neighborhoods with substantial levels of CDBG investment will show improvements in such dimensions as household income, employment, business activity, homeownership and housing investment.	Not Applicable	Not Applicable	Baseline To be Determined
Output Indicator 4.2.b.7: HUD will implement the Technology Centers initiative and track the number of centers developed and people served.	Not Applicable	Not Applicable	Baseline To be Determined
Strategic Objective 4.3: Communities become more livable.			
Outcome Indicator 4.3.1: Among low- and moderate-income residents, the share with a good opinion of their neighborhood increases in cities, suburbs, and nonmetropolitan areas.	NA	71.2 cities 83.4 suburbs 82.5 nonmetro areas ^{c/}	NA
Strategic Goal 5: Ensure public trust in HUD.			
Discretionary BA (Dollars in Thousands)	...	...	...
FTE	33	32	32
Strategic Objective 5.1: HUD and HUD's partners effectively deliver results to customers.			
Output Indicator 5.1.e: The number of CDBG entitlement grantees that carry balances above 1.5 times their most recent grant, the regulatory standard, decreases by 10 percent to 147, and the number that carry balances above 2.0 times their most recent grant decreases by 15 percent.	1.5 to 181 2.0= Not Available	1.5 to 163 2.0 = Not Available	1.5 to 147 2.0 = 15%
Output Indicator 5.1.d: HUD reviews 35 percent of Consolidated Plan Grantees and 10 percent of competitive grants on site for compliance with their plans.	Grantees 51% Grants Not Available	Grantees 20% Grants Not Available	Grantees 35% Grants 10%

a/ The 2001 goal is based on actual 1999 levels of 1.79 million for families with children and 1.03 million for elderly. Data is available in odd years from the AHS.

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- b/ The 2001 goal is based on actual 1999 level of .68 for very low-income households.
- c/ The 2001 goal is based on actual 1999 performance of 70.2 for cities, 83.0 for suburbs, and 82.3 for non-metropolitan areas. Data is available in odd years from the AHS.

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DISTRIBUTIONS OF FUNDS BY STATE

The following table shows combined entitlement and nonentitlement allocations, by State, for 2000, 2001 and 2002 appropriations. The 2002 amounts reflects current (1990) census data and will change as 2000 census information becomes available. New population data will be included in 2002; housing and poverty data will be included in 2003.

<u>STATE OR TERRITORY</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>
	<u>2000</u>	<u>2001</u>	<u>2002</u>
	Dollars In Thousands		
Alabama . . .	\$59,507	\$61,911	\$61,911
Alaska . . .	5,447	5,672	5,672
Arizona . . .	52,580	54,730	54,730
Arkansas . . .	32,458	33,788	33,788
California . .	518,963	538,300	538,300
Colorado . . .	41,484	43,278	43,278
Connecticut . .	48,160	50,049	50,049
Delaware . . .	7,851	8,147	8,147
District of Columbia	23,529	24,333	24,333
.			
Florida . . .	175,474	182,185	182,185
Georgia . . .	86,550	90,285	90,285
Hawaii . . .	17,960	18,584	18,584
Idaho . . .	11,842	12,384	12,384
Illinois . . .	210,925	218,564	218,564
Indiana . . .	81,652	84,596	84,596
Iowa . . .	47,053	48,895	48,895
Kansas . . .	33,610	34,893	34,893
Kentucky . . .	56,397	58,644	58,644
Louisiana . . .	81,785	84,942	84,942
Maine . . .	22,148	23,026	23,026
Maryland . . .	64,395	66,861	66,861
Massachusetts . .	127,093	131,937	131,937
Michigan . . .	159,609	166,671	166,671
Minnesota . . .	70,030	72,723	72,723
Mississippi . . .	44,723	46,607	46,607
Missouri . . .	82,596	85,705	85,705
Montana . . .	10,425	10,860	10,860
Nebraska . . .	23,338	23,960	23,960
Nevada . . .	16,210	16,949	16,949
New Hampshire . . .	14,476	15,078	15,078
New Jersey . . .	120,125	124,735	124,735
New Mexico . . .	22,870	23,784	23,784
New York . . .	412,535	427,382	427,382
North Carolina . . .	72,653	75,682	75,682
North Dakota . . .	8,063	8,377	8,377
Ohio . . .	191,235	198,398	198,398
Oklahoma . . .	36,786	38,208	38,208
Oregon . . .	38,402	39,958	39,958
Pennsylvania . . .	264,772	274,979	274,979
Rhode Island . . .	20,181	20,949	20,949
South Carolina . . .	44,994	46,839	46,839
South Dakota . . .	9,765	10,154	10,154
Tennessee . . .	58,990	61,396	61,396
Texas . . .	294,120	305,515	305,515
Utah . . .	23,374	24,343	24,343
Vermont . . .	9,599	10,009	10,009
Virginia . . .	68,536	71,243	71,243
Washington . . .	65,647	68,191	68,191

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West Virginia. . .	29,756	30,895	30,895
Wisconsin. . .	79,132	82,180	82,180
Wyoming. . .	4,538	4,728	4,728
Puerto Rico. . .	131,707	136,798	136,798
Subtotal	4,236,050	4,399,300	4,399,300
Entitlement & Non-Entitlement			
Other activities . .	572,685	713,106	402,693
TOTAL CDBG	4,808,735	5,112,406	4,801,993