

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

RURAL HOUSING AND ECONOMIC DEVELOPMENT

PROGRAM HIGHLIGHTS

	ACTUAL	ENACTED	ESTIMATE	INCREASE + DECREASE -
	2001	2002	2003	2003 vs 2002
	(Dollars in Thousands)			
<u>Program Level:</u>				
(Obligations)	\$24,760	\$50,918	...	-\$50,918
<u>Appropriations: (Enacted or Proposed)</u>				
Appropriation	\$25,000	\$25,000	...	-\$25,000
Rescission	-\$55
Subtotal	\$24,945	\$25,000	...	-\$25,000
(Regular Program)	NA	NA	NA	NA
Budget Outlays	\$16,910	\$25,000	\$25,000	...

SUMMARY OF BUDGET ESTIMATES

No funding is proposed for the Rural Housing and Economic Development (RHEO) program in fiscal year 2003. The Department will continue to address rural needs through existing programs, including the Community Development Block Grant program.

In addition, HUD will continue to work closely with the U.S. Department of Agriculture (USDA) and other Federal agencies (Economic Development Administration, Appalachian Regional Commission and Department of the Interior) to structure a more effective response to the housing and economic development needs of the Nation's rural areas. This includes determining whether legislative and/or regulatory changes may be necessary to make programs more responsive to rural needs.

EXPLANATION OF INCREASES AND DECREASES

Funding for the Rural Housing and Economic Development program is not requested because it duplicates several programs, including Community Development Block Grants (CDBG) and those of the Department of Agriculture.

PROGRAM DESCRIPTION AND ACTIVITY

1. Legislative Authority. Funding was included in the fiscal years 1998-2002 Appropriations Acts.

2. Program Area Organization. The Office of Rural Housing and Economic Development is located in the Office of Community Planning and Development. This Office focuses on issues related to rural housing and economic development needs, and works with other HUD offices, the Department of Agriculture and other Federal agencies with related programs on rural issues.

- a. Eligible Recipients. Eligible recipients included local rural non-profit organizations, community development corporations, Indian tribes, State housing finance agencies, and State economic development or community development agencies.
- b. Allocation of Funds. Grants were made on a competitive basis in accordance with the HUD Reform Act.
- c. Eligible Activities. For fiscal year 2002, there are 2 funding categories. Eligible housing and economic development activities include: (1) support of innovative housing and economic development activities is intended to support, but not be limited to other costs including the preparation of plans,

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architectural and engineering drawings, financial assistance for acquisition of land and buildings, demolition, purchase of materials, construction, the use of local labor markets, and the provision of infrastructure. Funds can also be used to establish private community development financial institutions, lines of credit, revolving loan funds, micro-enterprises, and small business incubators; and (2) Capacity Building activities, including "up front" money for acquiring space and support facilities, hiring qualified staff, supporting and training existing staff, providing software and other tools to provide networking and research capability, obtaining expertise from outside sources, and technical support and development. Capacity building funds can also be used to improve management capability, including the development of Management Information Systems (MIS) support, apprenticeship programs and related activities.

- d. Other RHED program initiatives. To facilitate informational services, technical assistance, training and identification of resources for investment capital in rural areas, with priority focus on the Colonias and other underserved areas, the Office of RHED has contracted services to create a rural clearinghouse. Legislation from fiscal year 2000 authorized a set-aside for the creation of the clearinghouse. This clearinghouse assists local rural organizations in rebuilding and preserving healthy and productive communities by providing information and services linked to rural housing and economic development activities.

STATUS OF FUNDS

Balances Available

- a. Unobligated Balances. The following table compares the program obligations with funds available by year.

	ACTUAL <u>2001</u>	ESTIMATE <u>2002</u>	STIMATE <u>2003</u>
	(Dollars in Thousands)		
Unobligated balance, start of year	\$25,733	\$25,918	...
Appropriation	25,000	25,000	...
Rescission	-55
Total Available	50,678	50,918	...
Obligations	-24,760	-50,918	...
Unobligated balance, end of year	25,918

	ACTUAL <u>2001</u>	ESTIMATE <u>2002</u>	STIMATE <u>2003</u>
	(Dollars in Thousands)		
Obligated balance, start of year	\$23,480	\$31,330	\$57,248
Obligations incurred	24,760	50,918	...
Subtotal	48,240	82,248	57,248
Outlays	-16,910	-25,000	-25,000
Obligated balance, end of year	31,330	57,248	32,248

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

RHED contributed to meeting the Department's Strategic Goal 2: Help families move from rental housing to homeownership including Strategic Objective 2.3: Increase the availability of affordable rental housing.

SELECTED PERFORMANCE MEASURES

NOTE: Targets are preliminary and may be revised with the submission of the full APP document.

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
Strategic Goal 2: Help families move from rental housing to homeownership.			

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STRATEGIC GOAL/OBJECTIVE	ACTUAL 2001	ENACTED 2002	ESTIMATE 2003
Discretionary BA (Dollars in Thousands)	\$24,945	\$25,000	\$0
FTE			
Headquarters	2	2	2
Field	1	1	1
Subtotal	3	3	3
Strategic Objective 2.3: Increase the availability of affordable rental housing.			
FTE Total	3	3	3