

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

RURAL HOUSING AND ECONOMIC DEVELOPMENT

PROGRAM HIGHLIGHTS

	ACTUAL	ESTIMATE	ESTIMATE	INCREASE + DECREASE -
	2002	2003	2004	2004 vs 2003
	(Dollars in Thousands)			
<u>Program Level:</u>				
Obligations	\$24,733	\$26,185	...	-\$26,185
<u>Appropriations: (Enacted or</u>				
<u>Proposed)</u>				
Appropriation	25,000	...	...	...
Budget Outlays	22,132	25,000	23,000	-2,000

SUMMARY OF BUDGET ESTIMATES

No funding is proposed for the Rural Housing and Economic Development (RHED) program in fiscal year 2004. The Department will continue to address rural needs through existing programs, including the Community Development Block Grant program.

EXPLANATION OF INCREASES AND DECREASES

No funding was requested in fiscal year 2003 and funding is not requested in fiscal year 2004. Outlays decrease \$2 million as the program spends out old balances.

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 and/or Federally recognized community development agencies.
- b. Allocation of Funds. Grants were made on a competitive basis in accordance with the HUD Reform Act of 1989.
- c. Eligible Activities. For fiscal year 2002, there were 2 funding categories. Eligible innovative housing and economic development activities include: (1) support of innovative housing and economic development activities intended to support, but not be limited to, other costs, including the preparation of plans, 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.

Rural Housing and Economic Development

In fiscal year 2002, \$25 million was awarded to 101 grantees. These awards are projected to provide 2,384 jobs, train 2,846 persons, build 1,233 units of housing, and rehabilitate 3,945 units while leveraging \$93 million from other funding sources.

- d. Other RHED program initiatives. To facilitate informational services, technical assistance, training and identification of resources for investment capital in rural areas. The Office of RHED has contracted services to create a rural clearinghouse. Legislation from fiscal year 1999 authorized a set-aside for the creation of the clearinghouse. This clearinghouse will assist 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.

	<u>ESTIMATE</u> <u>2002</u>	<u>ESTIMATE</u> <u>2003</u>	<u>ESTIMATE</u> <u>2004</u>
	(Dollars in Thousands)		
Unobligated balance, start of year...	\$25,918	\$26,185	...
Appropriation.....	25,000	...	...
Rescission.....	...	...	...
Total Available.....	<u>50,918</u>	<u>26,185</u>	...
Obligations.....	<u>-24,733</u>	<u>-26,185</u>	...
Unobligated balance, end of year.....	26,185	...	...

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

	<u>ESTIMATE</u> <u>2002</u>	<u>ESTIMATE</u> <u>2003</u>	<u>ESTIMATE</u> <u>2004</u>
	(Dollars in Thousands)		
Unobligated balance, start of year...	\$31,330	\$33,931	\$35,116
Obligations incurred.....	<u>24,733</u>	<u>26,185</u>	...
Subtotal.....	56,063	60,116	35,116
Outlays.....	<u>-22,132</u>	<u>-25,000</u>	<u>-23,000</u>
Obligated balance, end of year.....	33,931	35,116	12,116

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	7	7	7
Field	1	...	...
Total FTE	8	7	7
S&E Cost (Dollars in Thousands)			
Personal Services	\$765	\$719	\$736
Travel	8	7	7
Printing	6	4	4
Other Services	23	20	26
Supplies	1	...	...
Total S&E Cost	\$803	\$750	\$773