

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
2005 Summary Statement and Initiatives
(Dollars in Thousands)**

HOME INVESTMENT PARTNERSHIPS PROGRAM	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2003 Appropriation	\$2,000,000	\$256,477	-\$12,999	\$2,243,478	\$1,875,874	\$1,615,862
2004 Appropriation/Request	2,018,500	371,535 ^a	-11,909	2,378,126	2,010,000	1,746,830
2005 Request	<u>2,084,200</u>	<u>367,132</u>	<u>...</u>	<u>2,451,332</u>	<u>2,085,000</u>	<u>1,885,000</u>
Program Improvements/Offsets	65,700	-4,403	11,909	73,206	75,000	138,170

a/ Includes \$3.9 million from recaptures.

Summary Statement

The fiscal year 2005 Budget proposes \$2.084 billion for the HOME Investment Partnerships Program, \$78.6 million above the level proposed in fiscal year 2004 (including the .59 percent rescission). The Budget proposes \$45 million for Housing Counseling for fiscal year 2005 as a separate appropriations account.

Initiatives

There are no new initiatives in this program. Funding for the American Dream Downpayment Initiative, however, is increased from the \$87 million appropriated in fiscal Year 2004 to \$200 million for fiscal year 2005, reflecting the very high priority of this Presidential initiative.

Program Description and Activities

HOME funding will provide \$1.86 billion for HOME formula grants, consisting of \$1.116 billion for local Participating Jurisdictions (PJs) and \$744 million for States. In addition, \$200 million is included for the American Dream Downpayment Initiative for assistance to low-income homebuyers that will be distributed by a separate formula, as described in the program's authorizing legislation signed into law December 16, 2003.

- HOME Investment Partnerships Program. The HOME program helps to expand the supply of standard, affordable housing for low- and very low-income families by providing grants to States, units of general local government, and consortia of units of general local governments that are Participating Jurisdiction's (PJs). PJs use their HOME grants to fund housing programs that meet local needs and priorities. PJs have a great deal of flexibility in designing their local HOME programs within the guidelines established by the HOME program statute and program regulations. PJs may use HOME funds to help renters, new homebuyers, or existing homeowners through rehabilitation of substandard housing, acquisition of standard housing (including downpayment assistance), new construction, or tenant-based rental assistance. The HOME Program continually exceeds the low-income benefit requirements established by the HOME Statute, which mandates that all households assisted have incomes below 80 percent of area median and 90 percent of those assisted with rental housing have incomes below 60 percent of median (see Low-Income Benefit below). HOME works well with other HUD programs such as Community Development Block Grants (CDBG) and Empowerment Zones/Enterprise Communities/Renewal Communities (EZ/EC/RC) to complement comprehensive neighborhood revitalization and economic revitalization strategies.

HOME Investment Partnerships Program

The following aspects of the HOME program make it an effective and efficient provider of affordable rental and homeownership opportunities for the nation's low-income families:

- Production. Beginning with fiscal year 1992, the year the HOME program began, through the end of the most recent fiscal year ending September 30, 2003, states and local governments have committed to projects over \$12.8 billion in federally allocated HOME funds (based on data from the Integrated Disbursement and Information System). Of this amount, almost \$7.5 billion has been disbursed for completed projects, with an additional \$3.75 billion disbursed for ongoing projects. The HOME funds disbursed on completed projects have leveraged over \$22.5 billion in other federal, state, local and private funds for a total of over \$30 billion in resources expended for completed projects.

HOME program funding has been committed to newly construct, rehabilitate, or acquire in standard condition an estimated 758,504 units. Of the units to which funds have been committed, 491,482 units have been completed, of which 37 percent are for homebuyers. Based on historical usage, it is projected that 36 percent of HOME funds will be for new construction, 47 percent for rehabilitation, 14 percent for acquisition, and 3 percent for tenant-based rental assistance going forward. An estimated 83,939 families have already received tenant-based rental assistance through the HOME program.

The HOME Program Performance "SNAPSHOT" are quarterly cumulative performance reports comprised of eight evaluation factors that will be useful in tracking the HOME program progress of individual participating jurisdictions and in keeping constituents more fully informed of activities undertaken with HOME funds. The performance SNAPSHOT will be an important tool in helping to evaluate the performance of participating jurisdictions by providing the relative standings and the context for accomplishments.

See <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/snapshot/4q03/index.cfm>

- Low-Income Benefit. All households assisted through the HOME program must have annual incomes that do not exceed 80 percent of the area median income. HOME makes homeownership affordable to lower-income households. Eighty-two percent of existing homeowners and 52 percent of new homebuyers receiving assistance have incomes below 60 percent of the median income. The majority of the new homebuyers are purchasing housing outside areas of poverty concentration. The average poverty rate of census tracts in which assisted homebuyers purchase new homes is less than 20 percent.

In addition, the HOME statute requires that at least 90 percent of the households receiving HOME rental assistance have incomes that do not exceed 60 percent of the area median income. The HOME program consistently exceeds this income-targeting requirement. A total of 99 percent of households receiving tenant-based rental assistance and 96 percent of households occupying assisted rental units have incomes below 60 percent of the area median, for a combined 97 percent. Furthermore, 56 percent of assisted rental households are those likely to have the worst-case housing needs, with incomes below 30 percent of the area median income.

- Modest Cost Per Unit. The average HOME subsidy for a HOME assisted unit remains modest. In fiscal year 2003, the average unit subsidy was only \$16,407. The average HOME per-family subsidy for tenant-based rental assistance was \$3,464. HOME funds are effectively leveraged, with over \$3.02 contributed from other public and private funds for every \$1 of HOME funds.
- Flexible Program Design. HOME's flexible program design allows States and local PJs to be successful in meeting their needs in a manner most appropriate to local housing markets. There have been many creative uses of HOME funds, including addressing the special needs populations with both tenant-based rental assistance and units linked to supportive services, new models of assistance to new homebuyers, and large and small rental projects, some newly constructed and some acquired and/or rehabilitated. The program also helps meet the need for permanent housing for homeless persons and families.

HOME Investment Partnerships Program

- Non-profit Housing Development. The HOME statute requires that at least 15 percent of each PJ's annual allocation be reserved for housing which is developed, sponsored, or owned by Community Housing Development Organizations (CHDOs). As of September 30, 2003, state and local government PJs had reserved almost \$3 billion or 19 percent for CHDO housing activities. Non-profit organizations, including those sponsored by faith-based organizations, also participate in the HOME program as subrecipients acting on behalf of the PJ in accordance with written agreements.
- Capacity. State and local PJs, as well as their non-profit partners, have the capacity to use additional HOME funds. Since the program began in fiscal year 1992, the number of local PJs has increased from 387 to 624 in fiscal year 2003 (a 60 percent increase) due to the formation of new consortia and new metropolitan cities and urban counties, and the impact of new census data. Thus, despite increases in HOME appropriations, the amount of funds going to individual local PJs has not had a proportionate increase, as more and more local jurisdictions have qualified for HOME allocations, with additional PJs expected to be created in fiscal year 2004 as a result of OMB's newly designated Metropolitan Statistical Areas. As an example, in fiscal year 1992, with a national appropriation of \$1.5 billion, Miami, Florida's allocation was \$5,314,000, while in fiscal year 2003 they received \$5,141,000 although the national appropriation was approximately \$1.9 billion. In addition, when inflation is considered, the real dollar value of appropriated HOME funds has declined for all PJs. The amended lead hazard removal requirements will also raise the cost of producing a HOME-assisted unit, further reducing the number of housing units which can be assisted by states and local participating jurisdictions.
- Eligible Recipients. Eligible recipients of HOME funds include states, metropolitan cities (including the District of Columbia), urban counties, Puerto Rico and the Insular areas of the Virgin Islands, American Samoa, Guam and the Northern Marianas. Under certain circumstances, a consortium of geographically contiguous units of general local government also may be eligible for funding. In order to apply for HOME funds, state and local governments must develop a Consolidated Plan covering assisted housing and community development activities. The Plan must be approved by the Department before HOME funds can be received. Insular areas are not required to submit a Consolidated Plan to apply for HOME funding.
- Evaluation. Three independent evaluations of the HOME Program have been conducted since 1995. Each found the HOME Program to be effective in achieving its intended results. In addition, the Millennial Housing Commission report, issued in May 2002, recommended a "substantial increase in funding" for the HOME Program in recognition of its effectiveness and accomplishments.

HOME Investment Partnerships Program

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Summary of Resources by Program
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2003 Budget Authority</u>	<u>2002 Carryover Into 2003</u>	<u>2003 Total Resources</u>	<u>2003 Obligations</u>	<u>2004 Budget Authority/ Request</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2005 Request</u>
Formula Grants	\$1,849,631	\$224,788	\$2,074,419	\$1,855,066	\$1,855,850	\$228,578	\$2,084,428	\$1,860,342
American Dream Downpayment Initiative	74,513	...	74,513	...	86,984	74,513	161,497	200,000
Insular Areas	4,141	...	4,141	...	3,801	...	3,801	3,764
HOME/CHDO Technical Assistance	17,883	7,200	25,083	2,672	17,894	22,813	40,707	17,894
Housing Counseling Program Management & Analytical Support ...	39,740	21,575	61,315	19,274	39,764	42,717	82,481	...
Working Capital Fund Transfer	1,093	2,188	3,281	1,093	2,088	2,188	4,276	200
Disaster Assistance ...	...	500	500	...	...	500	500	...
PATH .....	...	...	...	...	...	...	...	2,000
Lead Reduction Initiative .....	...	...	...	...	...	...	...	...
Total HOME Investment Partnerships Program	1,987,001	256,477	2,243,478	1,878,105	2,006,381	371,535	2,377,916	2,084,200
FTE								
Headquarters			50				40	41
Field			<u>86</u>				<u>79</u>	<u>84</u>
Total			136				119	125

b/ Fiscal year 2005 Housing Counseling requested funds as a separate account.
c/ Fiscal years 2003 and 2004 funded in PD&R.
d/ Included in Formula Grants.

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)**

Formula Grants	<u>Amount</u>
2003 Appropriation	\$1,849,631
2004 Appropriation/Request	1,855,850
2005 Request	<u>1,860,342</u>
Program Improvements/Offsets	4,492

Proposed Actions

Formula Allocation. Annual HOME allocations to states and eligible local government PJs are determined by a formula that reflects the severity of local affordable housing needs. After certain amounts are identified for program set-asides and other purposes, 60 percent of the remaining funds are awarded to participating local governments and 40 percent are awarded to States. All states receive a minimum annual allocation of at least \$3,000,000. In addition, the greater of 0.2 percent of the total allocation or \$750,000 is available to Insular Areas. Through 1997, funds for the Native American HOME program were requested as a part of the appropriation. Beginning in 1998, this funding was included under the Native American Block Grant. For fiscal year 2005, funding for set-asides total \$23.8 million (exclusive of The American Dream Down Payment Initiative), leaving \$1.86 billion for allocation to states and participating local governments using the following six formula factors (factors are based on 2000 census data):

- vacancy-adjusted rental units in which the head of household is at or below the poverty level;
- occupied rental units with at least one of four problems (overcrowding, incomplete kitchen facilities, incomplete plumbing, or high rent costs);
- rental units built before 1950 occupied by poor households;
- a ratio of the jurisdiction's costs of producing housing divided by the national cost;
- the number of families at or below the poverty level; and
- the population of a jurisdiction multiplied by the net per capita income.

The formula ensures that PJs with the greatest housing needs receive the most funding. The following reflects projected production over time of HOME formula allocations from fiscal year 2001 through fiscal year 2005:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Production	98,589	87,035	104,103	95,084	95,361
Tenant-Based Assistance	11,724	10,350	12,719	12,015	12,050

HOME Investment Partnerships Program

Reallocation of Funds. The HOME statute provides that HOME funds will be available to PJs for affordable housing projects for 24 months. Thus, the Department must deobligate HOME funds that have been available to PJs, but by the end of the last day of the month of the 24-month period have not been committed to affordable housing. The Department must also deobligate funds that are required to be reserved for Community Housing Development Organizations (CHDOs) (15 percent of a PJ's allocation), but by the end of the last day of the month of the 24-month period have not been reserved for CHDOs. As of September 30, 2003, the Department has deobligated \$11.7 million in non-CHDO funds and \$6.5 million in CHDO funds. The deobligation process ensures that HOME funds are used in a timely manner. As of September 30, 2003, the Department also has made \$4.9 million in grant reductions as a corrective action for incomplete or ineligible activities. Deobligated non-CHDO funds and grant reduction funds are available for formula reallocation to all PJs during the next formula allocation cycle. Deobligated CHDO funds are held for a future competitive allocation as required by National Affordable Housing Act provisions.

Eligible Activities. HOME funds can be used for assistance to new homebuyers, acquisition, and rehabilitation of affordable rental and ownership housing, construction of housing and tenant-based rental assistance. By statute, funds may not be used to provide tenant-based rental assistance for certain special purposes of the existing Section 8 program, to provide non-Federal matching requirements for other programs, or to finance public housing operating subsidies or modernization.

Matching Requirements. Effective with the 1993 appropriation, PJs must provide matching contributions of at least 25 percent of HOME funds spent for tenant-based rental assistance, rehabilitation, acquisition, and new construction. The Housing and Community Development (HCD) Act of 1992, however, provides that the matching requirement shall be reduced by 50 percent for jurisdictions that are in fiscal distress and by 100 percent for jurisdictions that are in severe fiscal distress. HUD has determined that there are 273 PJs in "fiscal distress" and have had their matching requirements reduced. The Secretary may also reduce the matching requirement for jurisdictions that are Presidentially declared disaster areas.

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)**

American Dream Downpayment Initiative	<u>Amount</u>
2003 Appropriation	\$74,513
2004 Appropriation/Request	86,984
2005 Request	<u>200,000</u>
Program Improvements/Offsets	113,016

Proposed Actions

American Dream Downpayment Initiative. This Budget proposes allocating \$200 million among PJs and states for low-income families in need of down payment assistance. Homeownership provides low-income families with an opportunity to build assets and share in the American dream. Providing this opportunity to these households is important to the national policy objective to increase homeownership, especially among minority groups, and to help stabilize neighborhoods. Obtaining the resources to meet upfront downpayment and closing costs is the most significant obstacle to homeownership among lower-income groups. The American Dream Down Payment Initiative would reduce that obstacle for thousands of additional families each year. It is estimated that, over time, the fiscal year 2005 funding will provide downpayment assistance to 40,000 families.

This expanded initiative, for the fiscal year 2005 budget, proposes allocating \$200 million among PJs and states for low-income families in need of downpayment assistance. Homeownership provides low-income families with an opportunity to build assets and share in the American dream. The Administration believes that providing such an opportunity to these households is an important national policy objective whose achievement will be maximized by increased funding under the existing HOME Program. Obtaining the resources to meet upfront down payment and closing costs is the most significant obstacle to homeownership among lower-income groups.

The \$200 million proposed for the American Dream Downpayment Initiative in fiscal year 2005 would eliminate that obstacle for 3,000 families in fiscal year 2005 and 40,000 families over time. The effort will specifically contribute to the Presidential/Secretarial goal of creating 5.5 million new minority homeowners over 10 years. The funds will enable jurisdictions to increase homeownership rates, especially among minority groups, who generally have lower rates of homeownership compared to the national average, and to stabilize neighborhoods. Since over 55 percent of all new homebuyers assisted with HOME funds are minorities, the \$200 million requested under the Downpayment Initiative should create approximately 22,000 new minority homeowners over time.

HUD will provide ADDI funds to participating jurisdictions in amounts determined by the statutory allocation formula. In accordance with the formula, HUD will provide ADDI funds to each state in an amount that is equal to the percentage of the national total of low-income households residing in rental housing in the state, as determined on the basis of the most recent available U.S. census data. HUD will further allocate to each local participating jurisdiction located within a state an amount equal to the percentage of the state wide total of low-income households residing in rental housing in such participating jurisdiction, as determined on the basis of the most recent available U.S. census data. These allocations will be made only if the local participating jurisdiction: (1) has a total population of 150,000 individuals or more (as determined on the basis of the most recent available U.S. census data); or (2) would receive an allocation of \$50,000 or more. An allocation that would otherwise be made to a local participating jurisdiction that does not meet either of these two requirements will revert back to the state in which the participating jurisdiction is located.

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)**

HOME/CHDO Technical Assistance	<u>Amount</u>
2003 Appropriation	\$17,883
2004 Appropriation/Request	17,894
2005 Request	<u>17,894</u>
Program Improvements/Offsets .....	...

Proposed Actions

HOME and CHDO Technical Assistance. The HOME budget proposes \$17.8 million for Technical Assistance (TA) activities for states and local government PJs and non-profit Community Housing Development Organizations (CHDOs). Technical assistance projects provide the support and tools to strengthen local capacity, improve program compliance, expand participation by non-profit housing providers, ensure cost-effectiveness and design innovative approaches to affordable housing needs. Technical assistance funds support assistance to individual state and local PJs upon request, as well as national training courses ranging from HOME basics to advanced financing techniques for rental developments. Since 1997, HUD has provided \$66 million and \$61 million for CHDO TA and PJ (HOME) TA, respectively, for this purpose. In addition, TA funds enable the production of a variety of written and web-based materials that provide guidance to HOME participants.

- Nineteen model guidebooks have been produced including guides on comprehensive monitoring techniques, property and asset management, employer-assisted housing, and special needs housing. Future funds will address PJs' requests for additional on-site TA, training courses and written products
- Six new training courses have been developed to add to the existing curricula of housing and community development courses. These training courses are as follows: advance HOME dealing with combining HOME with other sources of financing, monitoring, program management, performance and productivity, lead focused on implementation, and PJ interaction with nonprofits and CHDOs and how to develop effective, productive partnerships.
- Eight new or updated publications and a core-curriculum for web-based training have been recently produced or are currently under development. Specific training topics respond to areas of particular concern to the Department (e.g., lead-based paint remediation) and to state and local governments (e.g., building CHDO capacity).
- Work is underway on six new model guides, including a rehab tune-up to help assess current program design, a mixed-income housing guide about ways to do both affordable and market-rate housing together, and a practical guide for using IDIS in HOME.
- Additional Web-based training modules are being developed for posting with the existing ones on HOME's interactive "HOMEfront" training center. See <http://www.hud.gov/offices/cpd/affordablehousing/training/homefront/index.cfm>.
- HOME TA funds are used to assist grantees under the College of Experts. The College of Experts is a flexible tool that permits the Office of Community Planning and Development to provide expert direct technical assistance to address specific problems or challenges encountered by grantees. This wide variety of critical uses of TA supports the need for continued funding.

HOME Investment Partnerships Program

- HOME TA funds could be used to implement any revisions to the Consolidated Plan Improvement Initiative, as required by the President's Management Agenda. Communities use the Consolidated Plan to identify community and neighborhood development needs, the actions that will address those needs, and the measures to gauge their performance. In March 2002, HUD convened a meeting of state and local government grantees, interest groups and advocates to commence an effort to streamline the Consolidated Plan and make it more results oriented and useful to communities in assessing their own progress in addressing the problems of low-income areas. During fiscal year 2003, HUD conducted several pilots suggested by various working groups.
- During fiscal year 2004, the Consolidated Plan pilots will be completed and evaluated, and HUD will identify and develop strategy and regulatory changes to streamline the Consolidated Plan process.
- During fiscal year 2005, HUD will develop a reformed, nationally results-oriented planning and reporting process.

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)

Working Capital Fund Transfer	<u>Amount</u>
2003 Appropriation	\$1,093
2004 Appropriation/Request	2,088
2005 Request	<u>200</u>
Program Improvements/Offsets	-1,888

Proposed Actions

Working Capital Fund Transfer. This Budget proposes a transfer of a minimum of \$200,000 to the Working Capital Fund (WCF). This is the minimum amount necessary and may change if the available ceiling for the WCF portfolio changes. This funding will allow \$200,000 for the maintenance and development of the Integrated Disbursement and Information System (IDIS) for CPD programs.

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)**

PATH	<u>Amount</u>
2003 Appropriation .....	...
2004 Appropriation/Request .....	...
2005 Request	<u>2,000</u>
Program Improvements/Offsets	2,000

NOTE: This program was funded in PD&R prior to this fiscal year 2005 request.

Proposed Actions

The fiscal year 2005 budget proposes the transfer of the Partnership for Technology and Housing (PATH) program to the HOME program, funded at \$2 million as well as all obligated balances being transferred. This transfer of responsibility will combine the mature efforts of the PATH program with the vast practical expertise of the HOME program. Furthermore, by placing the PATH activity in the HOME program will lead to greater synergies within the building community.

This research aims to improve the quality, durability, safety, soundness, and energy efficiency of the Nation's housing stock while maintaining affordability. A major focus of the PATH program for fiscal year 2005 will be outreach to encourage builders and communities to apply the results of research, technologies, and building methods that can help make housing more affordable, durable, and energy efficient. Research will continue to identify and refine strategies to promote integration of technologies among production builders and those community-based and private builders supporting HUD programs to provide affordable housing. Through cooperative research with industry and other research vehicles, HUD will focus on developing new, cost-effective ways to improve energy efficiency in existing housing; improving the disaster resistance of housing; durability of housing; technologies to expand affordability by lowering costs; techniques to integrate home systems efficiently; and improving understanding and acceptance of these innovations among the homebuilding industry and housing consumers. Other areas of work will include cooperative research agreements on building codes and acceptance of innovative technologies.

In fiscal year 2005, contract research will continue to evaluate and document the use of technologies in residential construction, focusing on the needs of the builder for unbiased information regarding performance and cost; understanding the structural requirements and engineering principles needed to assure the safety and disaster resistance of single family homes; and providing industrialized housing methods for homebuilders. HUD will continue to identify strategies to streamline the information processes for construction, including permitting and code approval processes, coordination between builders and trade contractors, and information requirements of the homebuyer. Ultimately, strengthening the communication and coordination processes will allow America's homeowners to benefit from all PATH sponsored activities as builders will be able to provide quality housing with fewer delays.

HOME Investment Partnerships Program

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)

Insular Areas	<u>Amount</u>
2003 Appropriation	\$4,141
2004 Appropriation/Request	3,801
2005 Request	<u>3,764</u>
Program Improvements/Offsets	-37

Proposed Actions

See Formula Grants.

HOME Investment Partnerships Program

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)

Housing Counseling	<u>Amount</u>
2003 Appropriation	\$39,740
2004 Appropriation/Request	39,764
2005 Request	<u>...</u>
Program Improvements/Offsets	-39,764

Proposed Actions

Funding is requested as a separate account and increased to \$45 million reflecting the priority of this Presidential initiative in increasing both national homeownership and minority homeownership.

**COMMUNITY PLANNING AND DEVELOPMENT ACCOUNT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Performance Measurement Table**

<u>Program Name:</u> HOME INVESTMENT PARTNERSHIPS PROGRAM					
Program Mission: The HOME Investment Partnerships Program plays a key role in expanding homeownership in America.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2003 Plan	2003 Actual	2004 Enacted	2005 Plan
The number of homeowners who have been assisted with HOME is maximized.	GMS/IDIS	34,746	31,999	34,050	33,690 a/
The homeownership Downpayment Assistance Initiative will assist 3,000 new homebuyers in fiscal year 2005 from past and current appropriations, with full implementation resulting in the assistance of 40,000 new homebuyers over several years.	IDIS	10,000	0	10,000 b/	3,000 c/ 40,000 d/
The number of households receiving housing assistance with CDBG, HOME, HOPWA, SHOP, IHBG and NHHBG	IDIS	87,602	99,003	86,027	85,115 a/
The number of HOME production units that are completed within the fiscal year will be maximized.	IDIS	62,019	62,549	60,778	60,133 a/
The share of HOME-assisted rental units for which occupancy information is reported shall be maintained at a level of 88 percent.	IDIS	90 percent	90 percent	90 percent	90 percent
Streamline Consolidated Plan.		Conduct pilots.	Conduct pilots.	Finalize decisions.	Implement decisions.

- a/ Numbers assisted in fiscal year 2005 with fiscal year 2005 and previous years' HOME allocations.
- b/ This number is an estimate for fiscal year 2004 activity with fiscal year 2004 and previous years' ADDI budget allocations.
- c/ This number is an estimate for fiscal year 2005 activity with fiscal year 2005 and previous years' ADDI allocations.
- d/ This number is an estimate over time assuming full implementation of the \$200 million ADDI appropriations in fiscal year 2005.

Explanation of Indicators

The number of homeowners who have been assisted with HOME is maximized.

The HOME Investment Partnerships Program provides communities with the flexibility necessary to meet their housing needs in a variety of ways, and has become an important part of the Department's efforts to increase the homeownership rate of minorities and persons with disabilities. Many Participating Jurisdictions (PJs) use HOME funds to help renters become homeowners. HOME funds may be used as direct assistance to the homebuyer for downpayment or closing costs, interest rate subsidies, or development subsidies, including the hard and soft costs associated with the acquisition, new construction, or rehabilitation of single-family, and 1-4 unit homes. PJs must provide matching contributions of at least 25 percent of HOME funds spent for tenant-based rental assistance, rehabilitation, acquisition and new construction. All households assisted through the HOME program must have annual incomes that do not exceed 80 percent of the area median income. Eighty-two percent of existing homeowners and 52 percent of new homebuyers receiving assistance under HOME have incomes below 60 percent of the median income. The majority of the new homebuyers are purchasing housing outside areas of poverty concentration. The average poverty rate of census tracts in which assisted homebuyers purchase new homes is less than 20 percent. The \$463.8 million in fiscal year 2005 HOME funds that are estimated to be expended on assisting homebuyers is based upon the historical commitment of HOME funds for this purpose - approximately 25 percent of all project commitments. A total of 33,690 new homeowners assisted with HOME funds are projected for fiscal year 2005, including approximately 1,000 who will be assisted with 2005 funds.

The homeownership American Dream Downpayment Initiative will assist 3,000 new homebuyers in fiscal year 2005 from current and previous appropriations, with full implementation resulting in the assistance of 40,000 new homebuyers over several years.

Homeownership provides low-income families with an opportunity to build assets and share in the American dream. The Administration believes that providing such an opportunity to these households is an important national policy objective whose achievement will be maximized by increased funding under the existing HOME Program. Obtaining the resources to meet upfront down payment and closing costs is the most significant obstacle to homeownership among lower-income groups. The American Dream Down Payment Initiative in fiscal year 2005 (and the use of prior ADDI allocations) will enable jurisdictions to increase homeownership rates, especially among minority groups, who generally have lower rates of homeownership compared to the national average, and to stabilize neighborhoods. This effort will contribute significantly to the Presidential/Secretarial goal of creating 5.5 million new minority homeowners over ten years.

The number of households receiving housing assistance with HOME increases

While HUD has a number of programs that can be used to provide affordable housing, the HOME Program is the major affordable housing production program. HOME Program funds can be used by State and local Participating Jurisdictions to produce affordable rental units, assist homebuyers and existing homeowners, and provide tenant-based rental assistance (TBRA) for families with incomes well below the low-income threshold for assistance. For example, approximately 41 percent of rental units produced with HOME Program funds are occupied by families with incomes at or below 30 percent of the area median (extremely low-income). Together with HOME funded TBRA, fully 56 percent of families assisted are of extremely low-income with worst-case housing needs. In fiscal year 2005, HOME funds are expected to provide commitments for 85,115 units, including 10,393 commitments of tenant-based rental assistance. The fiscal year 2005 appropriation will provide an estimated 115,208 unit commitments over time, including assistance to 13,097 families using tenant-based rental assistance.

HOME Investment Partnerships Program

The number of HOME production units that are completed within the fiscal year will be maximized:

During fiscal year 2003, PJs completed 62,549 HOME-assisted production units using funds from fiscal year 2003 and prior years. Of this total, 25,977 units were rental housing, 25,867 units were homebuyer housing and 10,705 units were existing homeowner rehabilitation housing. An additional 12,347 families were assisted with TBRA. Projections for completions in fiscal years 2004 and 2005, excluding TBRA, are 60,778, and 60,133, respectively. The total number of units completed since the beginning of the HOME Program stood at 491,482 through the end of fiscal year 2003. The average investment in HOME dollars to produce a unit of affordable housing as of September 30, 2003 was \$16,407 out of a total per-unit cost of \$65,000. This represents leveraging of HOME funds to other dollars of approximately 3:1.

The share of HOME-assisted rental units for which occupancy information is reported is maintained at 90 percent.

This indicator tracks the level of reporting by Participating Jurisdictions (PJs) of household occupancy data for HOME rental units into IDIS, the data collection system for HUD's block grant and formula grant programs that serve local jurisdictions—CDBG, HOME, ESG and HOPWA. Reporting rates for HOME are based on reporting of HOME rental household data at project completion for those households moving into completed HOME rental developments.

For fiscal year 2003, the share of HOME-assisted rental units for which occupancy information was reported was 90 percent, a two percentage point gain over fiscal year 2002, and building on a comparable improvement in the previous two years. In fiscal year 2000, HUD completed a major data cleanup effort of HOME data in the Integrated Disbursement Information System, resulting in the higher reporting percentage. The goal in fiscal year 2004 and 2005 goal is to maintain reporting at the 90 percent level. An important tool in meeting this objective will be the performance "SNAPSHOTS" developed to track the achievements of individual participating jurisdictions. One of the factors in the SNAPSHOT is the percentage of completed HOME-assisted rental units for which occupancy data is reported. The visibility now given this requirement through the performance SNAPSHOT will strongly encourage greater compliance with this HOME program requirement at no cost to the Department.

Stream line Consolidated Plan.

The Consolidated Plan Improvement Initiative is required by the President's Management Agenda. Communities use the Consolidated Plan to identify community and neighborhood needs, actions that will address those needs, and measures necessary to gauge their performance. In March 2002 HUD convened a meeting of state and local government grantees, interest groups, and advocates to commence an effort to streamline the Consolidated Plan and make it more results oriented and useful to communities in assessing their own progress in addressing the problem of low-income areas. HUD conducted several pilots suggested by various working groups in fiscal year 2003, with these pilots to be completed and evaluated in fiscal year 2004. At this time, HUD will identify and develop strategy and regulatory changes to streamline the Consolidated Plan process. During fiscal year 2005, HUD will develop a nationally reformed, results-oriented planning and reporting process.

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Justification of Proposed Changes in Appropriations Language**

The 2005 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and language proposed for deletion is bracketed.

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, [~~\$1,930,000,000~~] *\$1,884,200,000*, to remain available until September 30, [2006] *2007: Provided*, That of the total amount provided in this paragraph, [up to \$40,000,000 shall be available for housing counseling under section 106 of the Housing and Urban Development Act of 1968 and] no less than [~~\$2,100,000~~] *\$200,000* shall be transferred to the Working Capital Fund for the development of and modifications to information technology systems which serve programs or activities under ``Community planning and development'': *Provided further, That \$2,000,000 shall be available for the Partnership for Advancing Technology in Housing Program (PATH): Provided further, That all balances for PATH previously funded within the Policy Development and Research account shall be transferred to this account, to be available for the purposes of which they were originally appropriated.*

In addition to amounts otherwise made available under this heading, [~~\$87,500,000~~] *\$200,000,000*, to remain available until September 30, [2006] *2007*, for assistance to homebuyers as authorized under [title II of the Cranston-Gonzalez National Affordable Housing Act, as amended: *Provided*, That the Secretary shall provide such assistance in accordance with a formula to be established by the Secretary that considers, among other things, a participating jurisdiction's need for, and prior commitment to, assistance to homebuyers: *Provided further*, That should legislation be enacted prior to April 15, 2004, to authorize a new down-payment assistance program under the HOME Investment Partnership Act, the amounts provided under this paragraph shall be distributed for downpayment assistance in accordance with the terms and conditions set forth in such Act] *title I of the American Dream Downpayment Act. (Division G, H.R.2673, Consolidated Appropriations Bill, FY 2004.)*

Explanation of Changes

Deletes language providing \$40,000,000 for housing counseling assistance, which has been established as a separate account and increased to \$45,000,000.

Inserts language stating that the \$200,000,000 for the American Dream Downpayment Initiative will be distributed according to the provisions of Title I of the American Dream Downpayment Act.

Inserts language providing for the transfer to the HOME account from the Policy Development and Research account of the Partnership for Advancing Technology in Housing Program (PATH).

HOME Investment Partnerships Program

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Crosswalk of 2003 Availability
(Dollars in Thousands)

<u>Budget Authority</u>	<u>2003 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2003 Resources</u>
Formula Grants	\$1,861,732	-\$12,101	...	...	\$224,788 ^a	\$2,074,419
American Dream Downpayment Initiative	75,000	-487	...	...	...	74,513
Insular Areas	4,168	-27	...	...	...	4,141
HOME/CHDO Technical Assistance	18,000	-117	...	...	7,200 ^b	25,083
Housing Counseling	40,000	-260	...	...	21,575	61,315
Program Management & Analytical Support .....	...	...	...	...	226	226
Working Capital Fund Transfer	1,100	-7	...	...	2,188	3,281
Disaster Assistance .....	...	...	...	...	500	500
PATH .....	...	...	...	...	...	...
Lead Reduction Initiative .....	...	...	...	...	...	...
Total	2,000,000	-12,999	...	...	256,477	2,243,478

- a/ This carryover includes Insular Areas, and 2001 and prior X-year TA funds.
- b/ 2002 funds only.
- c/ See Formula Grants.
- d/ Funded in PD&R.

Transfers

None.

HOME Investment Partnerships Program

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Crosswalk of 2004 Changes
(Dollars in Thousands)

<u>Budget Authority</u>	<u>2004 President's Budget Request</u>	<u>Congressional Appropriations Action on 2004 Request</u>	<u>2004 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Formula Grants	\$1,948,905	\$1,866,865	-\$11,015	...	\$228,578 ^a	\$2,084,428
American Dream Downpayment Initiative	200,000	87,500	-516	...	74,513	161,497
Insular Areas	4,395	4,035	-234	...	...^a	3,801
HOME/CHDO Technical Assistance	16,000	18,000	-106	...	22,813 ^b	40,707
Housing Counseling .....	...^c	40,000	-236	...	42,717	82,481
Program Management & Analytical Support	1,000	...	...	...	226	226
Working Capital Fund Transfer	2,100	2,100	-12	...	2,188	4,276
Disaster Assistance .....	...^d	... ^d	...	...	500	500
PATH .....	...^d	... ^d	...	...	...	...
Lead Reduction Initiative	<u>25,000</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total Changes	2,197,400	2,018,500	-12,119	...	371,535	2,377,916

- a/ Includes Insular Areas and fiscal year 2001 and prior X year TA funds.
- b/ Fiscal year 2002 and 2003 funds only.
- c/ Requested funds as a separate account.
- d/ Funded in PD&R.

HOME Investment Partnerships Program

The following table shows HOME Investment Partnerships Program allocations, by State, for 2003, 2004, and 2005.

<u>STATE OR TERRITORY</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>ESTIMATE</u>
	<u>2003</u>	<u>2004</u>	<u>2005</u>
	(Dollars In Thousands)		
Alabama	\$26,021	\$26,234	\$26,308
Alaska	4,108	\$4,115	\$4,117
Arizona	27,019	\$27,115	\$27,194
Arkansas	16,370	\$16,500	\$16,550
California	270,276	\$270,519	\$271,155
Colorado	22,899	\$23,101	\$23,162
Connecticut	20,951	\$21,194	\$21,259
Delaware	5,044	\$5,053	\$5,058
District of Columbia	9,179	\$9,289	\$9,315
Florida	83,848	\$83,820	\$84,066
Georgia	43,967	\$44,131	\$44,261
Hawaii	7,892	\$7,907	\$7,931
Idaho	7,133	\$7,182	\$7,204
Illinois	78,038	\$78,482	\$78,716
Indiana	31,193	\$31,300	\$31,392
Iowa	15,543	\$15,651	\$15,698
Kansas	14,004	\$14,110	\$14,154
Kentucky	25,697	\$25,816	\$25,891
Louisiana	32,291	\$32,446	\$32,537
Maine	8,653	\$8,694	\$8,720
Maryland	26,219	\$26,313	\$26,388
Massachusetts	49,091	\$48,942	\$49,088
Michigan	52,924	\$53,202	\$53,359
Minnesota	23,060	\$23,367	\$23,435
Mississippi	17,874	\$17,972	\$18,023
Missouri	31,866	\$31,957	\$32,048
Montana	6,384	\$6,421	\$6,440

HOME Investment Partnerships Program

STATE OR TERRITORY	ACTUAL	ESTIMATE	ESTIMATE
	<u>2003</u>	<u>2004</u>	<u>2005</u>
	(Dollars In Thousands)		
Nebraska	9,396	\$9,450	\$9,477
Nevada	12,296	\$12,300	\$12,327
New Hampshire	6,682	\$6,707	\$6,728
New Jersey	50,826	\$50,640	\$50,794
New Mexico	\$11,291	\$11,369	\$11,401
New York	209,937	\$209,898	\$210,511
North Carolina	41,631	\$41,845	\$41,966
North Dakota	3,623	\$3,652	\$3,664
Ohio	69,076	\$69,399	\$69,599
Oklahoma	21,039	\$21,111	\$21,174
Oregon	22,602	\$22,686	\$22,750
Pennsylvania	78,506	\$78,699	\$78,934
Rhode Island	9,629	\$9,650	\$9,680
South Carolina	20,402	\$20,476	\$20,538
South Dakota	4,438	\$4,468	\$4,481
Tennessee	31,947	\$32,188	\$32,286
Texas	123,130	\$123,270	\$123,632
Utah	9,734	\$9,777	\$9,803
Vermont	4,364	\$4,409	\$4,423
Virginia	35,381	\$35,551	\$35,647
Washington	35,440	\$35,408	\$35,512
West Virginia	13,471	\$13,584	\$13,624
Wisconsin	29,094	\$29,236	\$29,317
Wyoming	3,500	\$3,500	\$3,500
Puerto Rico	<u>34,898</u>	<u>\$35,003</u>	<u>\$35,105</u>
Subtotal Formula Grants a/	\$1,849,877	1,856,101	1,860,342
Other activities b/	<u>137,123</u>	<u>150,490</u>	<u>223,858</u>
TOTAL HOME	1,987,000	2,006,591	2,084,200

a/ These funds do not include reallocated funds

b/ Includes the Downpayment Assistance Initiative in fiscal years 2003, 2004, and 2005

HOME Investment Partnerships Program