

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
2011 Summary Statement and Initiatives  
(Dollars in Thousands)**

<b>COMMUNITY DEVELOPMENT BLOCK GRANTS</b>	<b>Enacted/ Request</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2009 Appropriation .....	\$3,900,000	\$9,195,409 <sup>a</sup>	\$3,000,000 <sup>b</sup>	\$16,095,409	\$8,124,843	\$6,399,331
2010 Appropriation/Request .....	4,450,000	7,969,168 <sup>c</sup>	...	12,419,168	11,841,000 <sup>d</sup>	7,456,000
2011 Request .....	<u>4,380,100</u>	<u>578,168</u>	<u>...</u>	<u>4,958,268</u>	<u>4,380,100<sup>d</sup></u>	<u>8,033,000</u>
Program Improvements/Offsets .....	-69,900	-7,391,000	...	-7,460,900	-7,460,900	+577,000

a/ Does not include \$1.28 million of expired funds.

b/ An additional \$1 billion in CDBG funding and \$2 billion for a second round of funding for the Neighborhood Stabilization Program (NSP) was provided through the American Recovery and Reinvestment Act (Recovery Act), enacted in February 2009. Included in this amount is 1 percent for CDBG Administrative costs including staffing, training, TA, IT, monitoring, travel, enforcement, research, and evaluation activities and \$50 million for NSP technical assistance.

c/ Excludes expired funds of \$1.398 million.

d/ Includes Transformation Initiative amounts of \$44.5 million in fiscal year 2010 and \$43.8 million in fiscal year 2011.

NOTE: Fiscal year 2009 budget authority includes transfers to the Working Capital Fund.

**Section 108 Loan Guarantees**

Commitment levels (Dollars in Thousands)

	<b>Enacted/ Request</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2009 Enacted Loan Level.....	\$265,487 <sup>a</sup>	\$41,629	...	307,116	236,000	NA
2010 Appropriation/Request.....	250,000 <sup>b</sup>	66,896	...	316,896	250,000	NA
2011 Request.....	<u>500,000<sup>c</sup></u>	<u>66,896</u>	<u>...</u>	<u>566,896</u>	<u>500,000</u>	NA
Program Improvements/Offsets.....	+250,000	...	...	+250,000	+250,000	NA

a/ The credit subsidy rate was 2.26 percent.

b/ The credit subsidy rate in fiscal year 2010 was revised to 2.4 percent.

c/ The fiscal year 2011 budget proposes a fee based structure for Section 108.

NA = Not Applicable.

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**Credit Subsidy and Administrative Expenses**

	<u>Enacted/ Request</u>		<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2009 Appropriation/Request.....	\$9,165	a	\$941	...	\$10,106	\$9,945	\$7,510
2010 Appropriation/Request.....	8,579	b	1,605	...	10,184	10,184	11,000
2011 Request.....	---	c /	---	---	---	---	<u>2,000</u>
Program Improvements/Offsets.....	-8,579		-1,605	...	-10,184	-10,184	-9,000

a/ Includes an upward re-estimate of \$3.165 million.

b/ Includes an upward re-estimate of \$2.579 million. Includes up to \$60 thousand that may be transferred to the Transformation Initiative. This account is not included in the fiscal year 2011 Transformation Initiative transfer proposal.

c/ Program to be funded by fees.

**Summary Statement**

The Community Development Block Grant (CDBG) program provides formula grants to entitlement cities and states to catalyze economic opportunity and create suitable living environments through an extensive array of community development activities that primarily benefit Americans of modest financial means. The Department recommends maintaining CDBG formula funding for fiscal year 2011 effectively at the fiscal year 2010 level. The fiscal year 2011 Budget proposes a total of \$4.380 billion for the Community Development Fund, which includes \$3.943 billion for CDBG formula distribution. Several fiscal year 2010 set-asides within the Community Development Fund (Sustainable Communities at \$150 million, University Community Fund at \$25 million, Transformation Initiative at \$43.8 million, etc.) are again requested for the fiscal year 2011 Budget. The fiscal year 2011 Budget continues to request \$65 million for Indian Tribes and includes a \$150 million Catalytic Investment Competition initiative. Full funding for the CDBG program was a top Presidential Priority for 2010 and this priority is sustained with the 2011 Budget.

***Sustain Funding for the Community Development Block Grant program:*** In the long run, regions are only as strong as their people and neighborhoods. The Community Development Block Grant (CDBG) program is an important program that provides housing and creates jobs primarily for low- and moderate-income people and places. Through the 2011 Budget, President Obama sustains the commitment began in 2010 to restore funding for CDBG. In addition to fully funding the CDBG program, a number of new initiatives included in the fiscal year 2010 Budget are continued in the 2011 Budget. The Department proposes a number of improvements to the CDBG program, including revamping the consolidated plans developed by state and local governments, greater accountability, and improving performance metrics in grantee reporting.

The 2011 Budget also proposes funding for a new Catalytic Investment Competition Grants program to provide \$150 million (\$148.5 million after the transfer to the Transformation Initiative) in competitive grants with the purpose of providing economic development and gap financing to implement and capitalize innovative and targeted economic investment for neighborhood and community revitalization for low- to moderate-income families. The outcomes of the grants will be measured improvement in economic activity and job creation in targeted neighborhoods. The program will create a competitive funding stream that is responsive to changes

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in economic and market conditions. The funds will be targeted towards communities or neighborhoods experiencing demonstrated distress as defined by the Secretary and that have developed an innovative and robust plan with measurable outcomes to improve economic vitality and increase jobs of a target area. The definition of distress may include, but not limited to, large-scale property vacancy and abandonment due to long-term employment and population loss. The plans to improve economic vitality may vary, including, increasing economic development that is centrally located or near public transit.

The 2011 Budget continues funding for the following initiatives (these initiatives are described at greater length under separate sections within this overall request):

- the Sustainable Communities Initiative (\$150 million) is a continuation of the joint HUD/DOT/EPA regional and local planning effort to catalyze the next generation of metropolitan transportation, housing, land use and energy planning to develop a more comprehensive approach to making communities more sustainable; and
- the University Community Fund (\$25 million) in which University partnership programs were consolidated into one initiative.

In addition, long-term disaster recovery reforms, including housing-related issues, are being considered as a part of the White House Long-Term Disaster Recovery Working Group and recommendations will be presented to the President this spring.

An appropriation of \$25 million was enacted in fiscal year 2010 for the Rural Innovative Fund, however, the Department is not asking for funding for this program in fiscal year 2011, as the Non-entitlement part of CDBG and the Department of Agriculture are appropriated large amounts for Rural needs.

**CDBG is the Federal Government's largest community development grant program.** Since inception in 1974, CDBG has invested \$131.1 billion in community development at the local level. The CDBG program is authorized by Title I of the Housing and Community Development Act of 1974, as amended, and provides annual grants on a formula basis to states and entitled metropolitan cities and urban counties (generally, cities with a population of 50,000 or more and counties with a population of 200,000 or more). Underpinning the traditional CDBG program is the fundamental philosophy that local decision-makers are poised to drive a cohesive metropolitan dynamic, based on a keen perception of local needs, interests, and priorities. Consistent with that philosophy, CDBG grantees determine the use of CDBG funds with minimal Federal influence. Each activity must achieve one of three statutory national objectives: benefit persons of low- and moderate-income, assist the elimination of slums or blight, or meet a need of particular urgency. At least 70 percent of all CDBG funds expended over a period of up to 3 years must primarily benefit persons of low- and moderate-income. Grantees always exceed this overall benefit benchmark by a significant margin. In fiscal year 2009, more than 94 percent of CDBG funds were invested to primarily benefit low- or moderate-income Americans.

**CDBG remains the largest and most flexible community development program in the Federal portfolio.** For fiscal year 2009, 1,155 cities and counties received a CDBG entitlement grant directly from HUD. In addition, 49 states and the Commonwealth of Puerto Rico invested state CDBG grants in more than 2,500 CDBG non-entitlement cities and counties from the grants made to states for non-entitled communities. Hawaii's three non-entitlement counties receive non-entitlement funding on a formula basis directly from HUD, as Hawaii has permanently elected to decline funding under the CDBG States program.

**CDBG flexibility encourages use of program funds to help address key national priorities.** The effectiveness of CDBG's flexibility is demonstrated by the use of CDBG as the funding conduit to assist in addressing a range of national priorities. CDBG is one the Federal Government's primary vehicles for long-term disaster recovery assistance to states and local governments. For example, Congress appropriated \$19.7 billion in supplemental disaster assistance to aid the comprehensive recovery of Alabama, Florida, Louisiana, Mississippi and Texas following the devastation of Hurricanes Katrina, Rita and Wilma in 2005. Furthermore, during fiscal year 2008, Congress appropriated \$300 million in supplemental CDBG disaster recovery funding to address a range of Presidentially

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declared major disasters occurring in the late spring and early summer of 2008 and an additional \$6.5 billion in supplemental CDBG disaster recovery funding as part of the fiscal year 2009 continuing resolution to promote recovery from Presidentially declared major disasters that occurred during calendar year 2008, most notably the widespread flooding in the Midwest and Hurricanes Gustav and Ike.

Further, CDBG is the underpinning for the Neighborhood Stabilization Program initiatives of the last 2 years. The Housing and Economic Recovery Act of 2008 (HERA) appropriated \$3.92 billion in CDBG-like funding for states and local governments to invest in locally designed strategies to address abandoned and foreclosed properties. Given the urgency of the situation, HERA directed HUD to establish a program, the NSP, and allocate the funding within 60 days. By the “rule of construction” under HERA, HUD is to treat NSP funds as if they were CDBG funds under the Housing and Community Development Act except as modified by HERA or by an alternative HUD requirement established to expedite the NSP investment. HUD allocated NSP funding to 309 grantees, a collection of local governments, states and the insular areas. Building on the original NSP investment, the American Recovery and Reinvestment Act of 2009 appropriated an additional \$2 billion for NSP activities. The Recovery Act directed HUD to allocate the 2009 NSP funding by competition among units of local government, states, nonprofit organizations, and consortia of nonprofit organizations, any of which may partner with for-profit entities. The flexibility of the CDBG-like funding promotes the coordination of public, private, and philanthropic sectors to make transformative investments that simultaneously address immediate needs and lay the foundations for future prosperity. These funds were awarded in January 2010.

**HUD seeks additional loan guarantee authority for Section 108 loan grantee program.** No appropriation for credit subsidy is requested for the Section 108 Loan Guarantee program in fiscal year 2011. Instead, HUD proposes appropriation changes that would enable HUD to charge borrowers a fee to make this a zero credit subsidy program and proposes increasing the loan guarantee authority level to \$500 million. For fiscal year 2010, the Congress provided a loan guarantee authority level of approximately \$250 million based on credit subsidy of \$6 million.

In fiscal year 2011, the Department requests an administrative provision which continues the authority that was included in appropriations for fiscal year 2009 and fiscal year 2010 to provide loan guarantees under Section 108 to States borrowing on behalf of local governments in nonentitlement areas. This authority will allow states to provide smaller communities with access to Section 108’s long-term fixed-rate financing at relatively low interest rates to finance job creating projects.

The Section 108 program provides CDBG grantees with a highly valuable financing tool to assist in the execution of large scale community and economic development activities. Given the difficulties that many local governments are facing in obtaining private financing for such activities given continuing difficulties in the credit markets, Section 108 provides ready access to long-term financing at rates slightly above comparable Treasury yields.

### American Recovery and Reinvestment Act (Recovery Act)

The Recovery Act was enacted in February 2009 and provided \$3 billion in supplemental appropriations for CDBG and the Neighborhood Stabilization Program (NSP). Of the \$3 billion received from the Recovery Act, the CDBG program received \$1 billion and the NSP program received \$2 billion. These funds have been distributed to the fiscal year 2008 CDBG grantees pursuant to the provisions of the Recovery Act and represent an additional increment of funding approximating 27 percent of fiscal year 2008 funding allocations. Grantees have been urged to use these funds to undertake activities and projects that will contribute to rapid job creation and long-term economic growth and must expend these funds not later than September 30, 2012.

The 1 billion received from the Recovery Act for the CDBG program is being used to maximize job retention and creation, maximize economic benefit, carry out infrastructure improvements on an expedited basis, carry out activities to encourage energy efficiency, and provide assistance to unemployed persons. The funds

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included: \$973 million for CDBG grants; \$7 million for Insular Area grants; \$10 million for Indian CDBG grants; and, \$10 million was transferred to Salaries and Expenses.

The \$2 billion received from the Recovery Act for the NSP program is being used to assist states and local governments in addressing the effects of abandoned and foreclosed properties. The uses of the funds include establishment of financing mechanisms to assist in the purchase of foreclosed homes, and acquisition and rehabilitation of abandoned and foreclosed homes. The funds included: \$1,930 million for grants; \$50 million for technical assistance; and, \$20 million was transferred to Salaries and Benefits.

The total obligations were \$1.04 billion as of December 31, 2009 and the outlays were \$64.8 million as of December 31, 2009.

### **PROGRAM OUTPUTS – CDBG FORMULA PROGRAM**

#### ***Program Priorities***

The broad priorities of CDBG are identified in the 1974 Act, to promote viable urban communities by providing decent housing, a suitable living environment and economic opportunities for persons of low- and moderate-income. CDBG activities are initiated and developed at the local level based upon a grantee's perceptions of local needs, priorities and benefits to the community. Each grantee determines what activities it will fund as long as each activity is eligible and meets one of three broad national objectives: provides benefit to persons of low- and moderate- income, aids in the prevention or elimination of slums or blight, or meets other community developments needs of a particular urgency. In fiscal year 2009, over 94 percent of CDBG funds were devoted to activities that met the national objective of benefiting low- and moderate-income persons; these figures are far above the statutory minimum of 70 percent.

President Obama's fiscal year 2010 Budget identified CDBG as a Presidential priority and Congress fully funded the Community Development Fund account at the proposed overall level of \$4.45 billion. Of this amount, \$3.95 billion is allocated to formula distribution to CDBG grantees. This is the net available after funding of the Department's Sustainable Communities (\$148.5 million) and Transformation Initiatives (\$44.5 million), Rural Innovations Fund (\$24.75 million), University Communities Partnership (\$24.75 million), Indian (\$64.35 million) and Insular (\$6.93 million) CDBG programs, and Congressional earmarks.

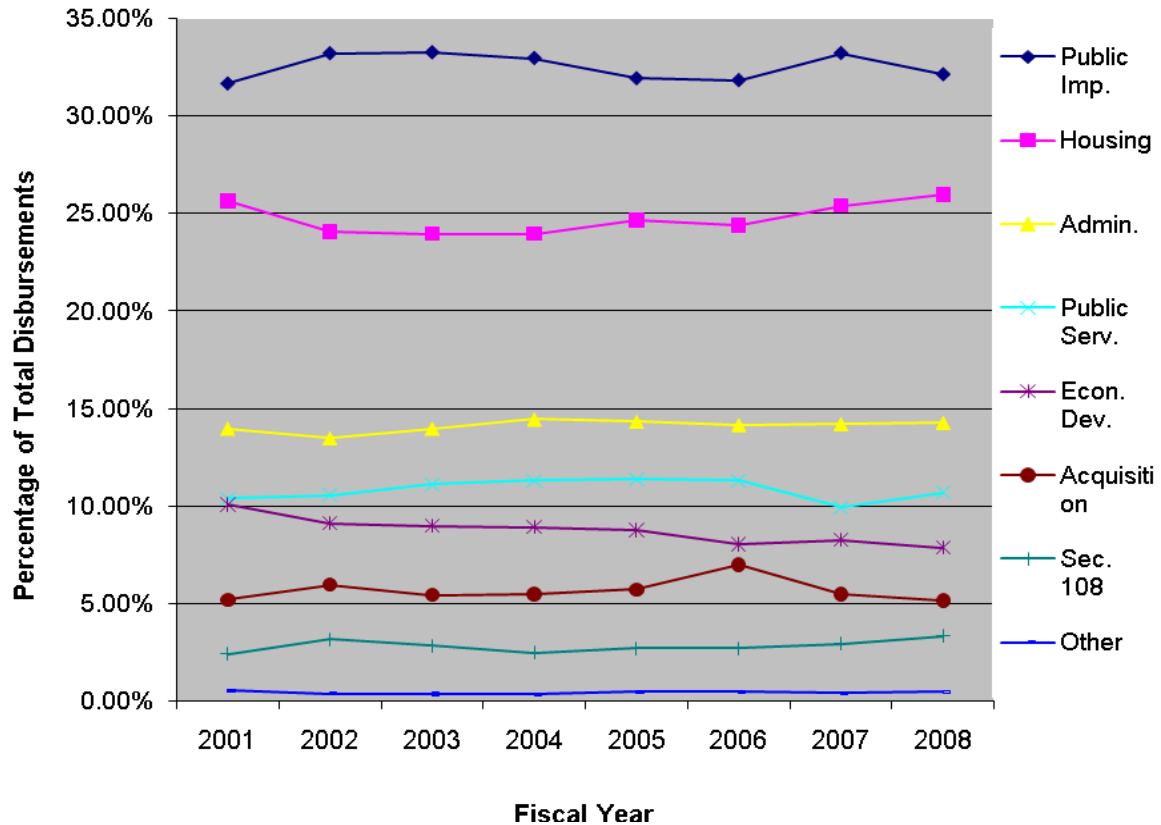
#### ***Program Strengths and Related Issues***

In fiscal year 2009, HUD allocated funds to 974 metropolitan cities, 177 urban counties, 49 states, and three counties in Hawaii, Puerto Rico, and the four Insular Areas. The urban counties count more than 3,000 cooperating local governments as part of their programs while the states annually distribute their CDBG funds to approximately 2,500 local governments. All told, CDBG funding annually reaches an estimated 6,700 local governments across the country. The wide reach of the program is a significant source of strength and support with local officials as well as members of Congress.

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The flexible nature of CDBG is also a source of strength. The 1974 Act identifies 26 different eligible activities which can be grouped into several major categories: Acquisition and clearance; Economic development; Housing; Public improvements; Public services; and Administration. This broad collection of uses enables grantees to construct effective programs responsive to local needs. As the graph below shows, the proportion of CDBG funding used nationally for each of the major categories of eligible activities has remained fairly constant over time.

**CDBG Disbursements by Category - FY 2001 through FY 2008**



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An often overlooked asset of CDBG is the fact that CDBG funds can serve as local government matching funds for other Federal programs. This enables local governments to leverage CDBG funds in conjunction with other Federal funding sources. CDBG funds also hold special status under the Low-Income Housing Tax Credit (LIHTC) program, enabling developers to access the maximum nine percent credit versus the four percent credit associated with most other Federal funding sources.

CDBG benefits from its longevity as grantees are generally knowledgeable of the program's basic requirements and the Department has effective processes and structures to administer the program. This fundamental knowledge is key to program execution at the local level and enables to HUD to provide appropriate latitude to grantees to operate their program with HUD conducting back end compliance reviews.

Each of the above points also has some challenging aspects. The broad distribution of CDBG funding means that it is not concentrated to produce maximum effect in the neediest jurisdictions. Further, the formula for distributing CDBG funds has not been updated in almost 3 decades, resulting in a reduced ability to target the funds to community development. In a similar vein, the ability of grantees to expend CDBG funds on a wide range of activities can produce unfocused results at the local level unless there is a concerted effort to target the funds for maximum effect.

Each of these issues can be addressed through enactment of the consolidated plan and the Department's technical assistance efforts.

### ***Major program evaluations/audits/issues***

The following list identifies some major studies done under the auspices of the Office of Policy Development and Research.

- "Federal Funds, Local Choices: An Evaluation of the Community Development Block Grant Program" (1995) is the most recent broad study of CDBG.
- "Public Sector Loans to Private Sector Businesses" (2003) is a good look at mostly CDBG-funded economic development loans.
- "Managing Sub recipients of CDBG" (2005) looks at local delivery mechanisms.
- "Redistribution Effect of Introducing Census 2000 Data into the CDBG formula" (2003) and "CDBG Formula Targeting to Community Development Need" (2005) are the most recent formula studies.
- "The Impact of CDBG Spending on Urban Neighborhoods" (2002) found very modest impacts on property values from CDBG spending.
- "Expanding Economic Opportunity: Lessons from the Field" (2000) summarizes the finding of four sets of case studies on how CDBG has been used to foster economic development.

In late 2005, a Subcommittee of the House Government Reform Committee issued an extensive report on CDBG entitled "Bringing Communities into the 21<sup>st</sup> Century; A Report on Improving the Community Development Block Grant Program." The report summarized a series of hearings on CDBG that were held during 2005.

The CDBG program has been included in multiple GAO studies over the last few years. Many of these have focused on particular aspects of program design or implementation across a broad range of Federal programs throughout the government, though one study focused specifically on CDBG. HUD's Inspector General has also devoted increased attention to the CDBG program in the last several years, at both the national program level and at the grantee level. Most notable among these evaluations are the following:

- In a 2006 study on the CDBG program, GAO recommended that CPD: collect data in Integrated Disbursement Information System on grantees' compliance with statutory limits on the use of CDBG funds for public services and for planning and general administration; develop a workforce succession plan that

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ensures the proper mix of skills and abilities as employees retire; solicit additional field staff input on IDIS user requirements; and consider developing guidance on the appropriate corrective actions to apply different types of noncompliance situations.

- A 2007 GAO study examined restrictions on funding employer relocations (sometimes called “job pirating”) in a cross-section of Federal programs, including CDBG. GAO concluded that HUD should implement formal guidance on monitoring economic development activities for compliance with job non-relocation provisions. (HUD was already developing such guidance at the time this report was issued, and issued the Anti-Pirating guidance to field offices and grantees in September of 2008.)
- OIG conducted a nationwide review of the monitoring of local governments under the State CDBG Program. Their December 2007, report contained no findings, though they determined that some states needed to improve the monitoring of the receipt of single audit reports from grantees.

### **PERFORMANCE DATA**

CPD has extensive financial and programmatic data on the use of CDBG funds by grantees. These data are primarily captured through the Department’s Integrated Disbursement and Information System (IDIS) and other submissions provided by grantees.

During 2004-2006, CPD developed a performance measurement system to be used by CPD formula grantees to determine the effectiveness of their programs. This framework was developed in conjunction with OMB and grantee members of community development public interest groups. The implementing Federal Register Notice was published on March 7, 2006.

The outcome performance measurement system has three overarching objectives: Creating Suitable Living Environments, Providing Decent Affordable Housing, and Creating Economic Opportunities; and three possible outcomes for each objective: Availability/Accessibility, Affordability, and Sustainability. Additionally, there are specific indicators for the various types of activities funded by the formula grants. A grantee selects a performance objective and outcome in IDIS for each activity, and also reports on various indicators depending on the type of activity assisted. The combination of these items enables IDIS to aggregate data so that results can be demonstrated at the national level. Grantees started reporting on the new data in IDIS on October 1, 2006. CPD develops an end-of-fiscal year performance measurement statement to reflect these outcomes.

CPD believes that additional attention to data quality issues in IDIS will yield more refined and reliable data. CPD will undertake a series of technical assistance efforts that should improve data quality, beginning with 40 training sessions starting in October to familiarize grantees with the re-engineered IDIS system. Additionally, the Department will enhance the consolidated plans developed by state and local governments, encourage greater accountability, and better performance metrics.

In fiscal year 2009, grantees reported that CDBG housing activities helped approximately 126,000 households obtain decent, safe, and sanitary housing and achieved the following outcomes:

- Owner-occupied Housing Rehabilitation: 24 percent of rehabilitated homes were occupied by elderly individuals and 12 percent were raised from substandard to standard condition with CDBG funding.
- Rental Housing Rehabilitation: Grantees deemed an overwhelming majority of the rehabilitated rental units to be affordable by local standards. Grantees reported that 16 percent of all rehabilitated rental units climbed from substandard to standard condition. Elderly residents occupied 15 percent of the rental units.



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- Homebuyer Assistance: Approximately 50 percent of CDBG-assisted homebuyers purchased their first home. Of first-time homebuyers, 40 percent received housing counseling assistance to prepare for homeownership.

CDBG grantees also use funds to provide special assistance for homeless individuals and families by carrying out a wide range of public service and public facilities activities. In fiscal year 2009 CDBG grantees achieved the following outcomes for homeless individuals and families:

- provided for 17,458 beds in overnight or emergency shelters;
- sheltered 72,264 homeless persons; and
- provided emergency legal or financial assistance to 17,286 individuals to prevent homelessness.

In fiscal year 2009, CDBG grantees achieved the following economic development outcomes:

- of jobs created or retained, more than 69 percent provided health care benefits and 86 percent were newly created;
- skilled or semi-skilled workers filled 39 percent of new jobs; and
- sales and service workers, professional office and clerical workers, and technical workers filled 23 percent of new jobs.

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**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
SUMMARY OF RESOURCES BY PROGRAM  
(Dollars in Thousands)**

<b>Budget Activity</b>	<b>2009 Budget Authority</b>	<b>2008 Carryover Into 2009</b>	<b>2009 Total Resources</b>	<b>2009 Obligations</b>	<b>2010 Budget Authority/ Request</b>	<b>2009 Carryover Into 2010</b>	<b>2010 Total Resources</b>	<b>2011 Request</b>
Entitlement/Non-Entitlement .....	\$3,634,967	\$614,252	\$4,249,219	\$3,699,413	\$3,943,238	\$548,408	\$4,491,646	\$3,943,270
Insular Area CDBG Program .....	7,000	6,036	13,036	6,036	6,930	7,000	13,930	6,930
Sustainable Communities Catalytic Investments Competition Grants ...	...	...	...	...	148,500	...	148,500	148,500
Indian Tribes .....	65,000	65,774	130,774	62,740	64,350	68,034	132,384	64,350
Rural Innovation Fund .	[26,000]	...	[26,000]	[26,000]	24,750	...	24,750	...
University Community Fund .....	[23,000]	...	[23,000]	[23,000]	24,750	...	24,750	24,750
Section 107 Grants ....	5,000	3,604	8,604	3,937	...	4,667	4,667	...
Working Capital Fund ..	3,175	...	3,175	3,175	...	...	...	...
Economic Development Initiative Grants ....	165,311	150,044	315,355	117,682	171,115	197,673	368,788	...
Neighborhood Initiative Demonstration .....	19,547	15,827	35,374	15,629	21,867	19,745	41,612	...
Disaster Assistance ...	...	8,339,661	8,339,661	3,214,192	...	5,125,469	5,125,469	...
Section 805 Economic Development training .	...	211	211	88	...	123	123	...
Neighborhood Stabilization Program Transformation Initiative .....	...	...	...	...	44,500	...	44,500	43,800
American Recovery and Reinvestment Act .....	<u>3,000,000</u>	<u>...</u>	<u>3,000,000</u>	<u>1,001,951</u>	<u>...</u>	<u>1,998,049</u>	<u>1,998,049</u>	<u>...</u>
Total .....	6,900,000	9,195,409	16,095,409	8,124,843	4,450,000	7,969,168	12,419,168	4,380,100

NOTE: The fiscal year 2009 Section 107 grants budget authority was solely for technical assistance.

<b>FTE</b>	<b>2009 Actual</b>	<b>2010 Estimate</b>	<b>2011 Estimate</b>
Headquarters .....	123	138	141
Field .....	<u>154</u>	<u>174</u>	<u>179</u>
Total .....	277	312	320

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Entitlement/Non-Entitlement</b>	<b>Amount</b>
2009 Appropriation .....	\$3,634,967
2010 Appropriation/Request .....	3,943,238
2011 Request .....	<u>3,943,270</u>
Program Improvements/Offsets .....	+32

NOTE: In fiscal years 2010 and 2011, up to 1 percent of the gross appropriation may be transferred to the Transformation Initiative.

<b>Budget Activity</b>	<b>2009 Budget Authority</b>	<b>2008 Carryover Into 2009</b>	<b>2009 Total Resources</b>	<b>2009 Obligations</b>	<b>2010 Budget Authority/ Request</b>	<b>2009 Carryover Into 2010</b>	<b>2010 Total Resources</b>	<b>2011 Request</b>
Entitlement/ Non-Entitlement .....	\$3,634,967	\$615,051	\$4,250,018	\$3,699,413	3,943,238	548,408	\$4,491,646	3,943,270

**Proposed Actions**

1. Outcome Driven Accountability. The HCD Act and CDBG rules purposefully permit tremendous flexibility in program implementation, which inadvertently complicates the measurement of program effectiveness and the enforcement of program implementation accountability standards. To address these complications, HUD staff has developed two proposals. First, many local governments accurately report on performance targets and outcomes. Furthermore, many local governments do not concentrate their CDBG investment, which makes it difficult to measure the program's impact. In order to demonstrate that CDBG investments achieve the greatest possible impact, HUD needs to: 1) improve reporting of performance-based data from all grantees; 2) focus on improving information systems, and 3) implement accountability standards for all grantees. Implementation of the Performance Measurement System allows CPD to move away from simply counting jobs, housing units and public facilities/public services to a robust demonstration of the impact of these Federal dollars. For example, instead of just reporting on the number of jobs created or retained, CDBG can now provide the number of jobs with employer provided health insurance or jobs that were taken by previously unemployed persons. However, CPD has noted that the extent and accuracy of data entry varies greatly among grantees.

Although the implementation of the Performance Measurement System in 2006 was a major CDBG accomplishment, the Department intends to pursue a more aggressive course in its data collection efforts. Completion of the re-engineered Integrated Disbursement and Information System (IDIS) system is a very high priority; system improvements and edits will make it easier for grantees to enter data promptly and accurately.

2. Sustainable Communities. HUD provided \$150 million for a Sustainable Communities Initiative for fiscal year 2010 and sustains this funding in fiscal year 2011 at \$150 million. HUD believes that affordable housing is best developed "in context" of communities and regions, because proximity to transit, jobs, and retail and

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other amenities influences the long--term success of both the housing and its occupants. Walkable, transit-oriented, mixed-income and mixed-use communities substantially reduce transportation costs (now a greater part of many family budgets than housing costs), create energy savings (by reducing Vehicle-Miles Traveled), reduce transportation related emissions and enhance access to employment and educational opportunities. This Initiative would have four components.

First, HUD proposes to collaborate with the Department of Transportation (DOT) and the Environmental Protection Agency (EPA) to offer Sustainable Communities Planning Grants with the requested funds. The program will catalyze the next generation of integrated metropolitan transportation, housing, land use and energy planning using the most sophisticated data, analytics and geographic information systems. These integrated plans would inform state, metropolitan and local decisions on how and where to allocate Federal, state and local transportation, infrastructure and housing investments. Better coordination of transportation, infrastructure and housing investments will result in more sustainable development patterns, more affordable communities, reduced greenhouse gas emissions, and more transit-accessible housing choices for residents and firms.

Second, the Initiative would fund challenge grants to help localities implement the Sustainable Communities Plans. These investments would provide a local complement to the regional planning initiative, enabling local and multi-jurisdictional partnerships to put in place the policies, codes, tools and critical capital investments to achieve sustainable development patterns. Continuation of funding from 2010 to 2011 is needed to incentivize rapid changes in practice by local jurisdictions and to properly scale this transforming initiative to meet the substantial interest by communities in meeting sustainability visions initiated in 2010.

Third, the proposal would support the creation and implementation of a capacity-building program and tools clearinghouse designed to support both Sustainable Communities grantees and other communities interested in becoming more sustainable. As of 2009, the number of Mayors that have signed Climate Protection goals is significantly more than could be supported through the planning and challenge grant program. This clearinghouse and educational program will be designed to assist a wide array of stakeholders and build the capacity of all levels of government to implement sustainable community strategies.

Finally, the Initiative would provide funding for a joint HUD-DOT-EPA research effort designed to advance transportation and housing linkages on a number of levels.

3. University Community Fund. HUD again proposes to consolidate four separate university partnership programs into one unified \$25 million University Community Fund. With the restructuring of the United States economy, universities have emerged as growth engines for metropolitan and rural economies. They also serve as anchor institutions and major employers within their host communities. The consolidated University Community Fund will continue to leverage the potential of universities to serve as catalysts for broader revitalization in their surrounding communities. Special attention will be paid to those classes of universities traditionally served by the prior University Partnership programs [i.e., Historically Black Colleges and Universities (HBCU), Tribal Colleges and Universities (TCU), Alaska Native/Native Hawaiian Institutions (AN/NHI), and Hispanic-Serving Institutions (HSI)].

The University Community Fund would also allow funding opportunities for colleges and universities interested in forming consortia with other minority-serving or non-minority-serving institutions to jointly address the community/economic development needs of local communities. This option would be an additional means of focusing diverse resources/expertise of the institutions and other program partners on revitalizing communities.

Program applicants will be encouraged to undertake projects that address a broad range of community and economic development activities, with renewed emphasis on energy conservation, financial literacy programs and homeownership training/counseling programs, and assist in strengthening communities to sustain long-term economic development benefits.

## Community Development Block Grants

4. Transformation Initiative. The Department again proposes funding for the Transformation Initiative which allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 1 percent of the funds appropriated for the CDBG account may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements. Within 30 days of enactment, the Secretary will provide a detailed operating plan to the Committees on Appropriations with the specific activities that will be undertaken toward achieving transformation at HUD. Examples of projects that could be undertaken with Transformation Initiative funding in respect to the CDBG account include: Technical Assistance, Informational Technology, Research, and Demonstrations. More details on the overall Transformation Initiative and these projects are in the justification for the Transformation Initiative account.

### 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 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. Grantees access their CDBG funding through the Consolidated Plan process in which States and localities establish their local priorities and specify how they would measure their performance. A locality's Consolidated Plan serves as the planning and application mechanism for CDBG funds. Entitlement grantees evaluate their performance through the Consolidated Annual Performance and Evaluation Report; States prepare a Performance Evaluation Report.

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.

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, and the Commonwealth of the Northern Marianas. A separate program, the Indian Community Development Block Grant program, is administered by the Office of Public and Indian Housing and provides funding to 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, including the reconstruction of housing.

Fund Distribution. CDBG funds have been allocated to States and localities based on the formulae described below. After deducting a designated amount for the Insular Areas CDBG program, 70 percent of funds are allocated to entitlement communities and 30 percent are allocated to States for non-entitlement communities.

c. Explanation of Funds Allocated by Recipient Category

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

## Community Development Block Grants

### ORIGINAL FORMULA

Poverty - 50 percent  
Population - 25 percent  
Overcrowded housing - 25 percent

### SECOND FORMULA

Poverty - 30 percent  
Population growth lag  
(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 been 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. Principal cities of metropolitan area (MAs), other cities in MAs with 50,000 or more population, and cities that retain metropolitan city status as a result of previously meeting the criteria as metropolitan cities are entitled to funding on the basis of one of the formulas. For fiscal year 2009, 989 metropolitan cities were eligible to receive grants. Of these, 27 elected to enter into joint grant agreements with their urban counties and 19 eligible grantees deferred their status.

Urban Counties. The statute also entitles urban counties to formula grants. In fiscal year 2009, 184 counties met the required population threshold and are thus eligible for formula funding. These urban counties include over 4,000 cooperating local incorporated units of government receiving funding under the program. The urban county has to have authority to undertake essential community development and housing assistance activities in its participating incorporated communities either under State law or through cooperation agreements. These agreements have to 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. Non-entitlement (State/Small Cities Program). Non-entitlement 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 was substituted for growth lag. Under the HCD Act of 1974, as amended, any State that elected to administer the Small Cities program in fiscal year 1985 or thereafter was considered to have assumed this responsibility permanently. The State of Hawaii is the only State that permanently elected not to administer the State CDBG program and HUD, therefore, administers grants to non-entitlement units of government in Hawaii.

3. 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 an eligible community not applying for its allocation, are first reallocated in the succeeding fiscal year to other metropolitan cities and urban counties in the same Metropolitan Statistical Area (MSA). These communities have to follow a simple certification process to qualify for receipt of these funds. Funds recaptured as a result of financial sanctions under Section 104(d) or Section 111 of the Housing and Community Development Act of 1974, as amended, are set aside to provide assistance to metropolitan areas, which are the subject of a presidentially declared disaster.

4. Reallocation of Non-entitlement Funds. Existing law requires that amounts allocated for use in a fiscal year in a State which becomes available for reallocation have to be reallocated according to the following criteria:

## Community Development Block Grants

- in the case of actions against Hawaiian small cities, amounts that became available for reallocation are to be added to amounts available for distribution in Hawaii in the fiscal year after the year in which the amounts became available; and
- in the case of actions against a state or if a state does not successfully apply, these amounts are allocated among all States in the succeeding fiscal year.

5. Consolidated Plan Requirement. 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.

In order to receive CDBG entitlement funds, a grantee develops and submits to HUD its Consolidated Plan and Annual Action Plans, which are a jurisdiction's plan and submission 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.

States participating in the State CDBG program 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 has to describe its funding priorities and has to describe the method it intends to use to distribute funds among communities in non-entitlement areas. Each participating State also submits a series of certifications as part of its Consolidated Plan.

6. Performance Review. CDBG grantees (entitlement communities and states) annually review and report to HUD on their progress in carrying out their strategic and action plans for community development. This includes a description of CDBG 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 includes 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 monitor or audit a grantees' performance, at least annually, to determine whether activities were carried out in a timely manner, whether activities and certifications were carried out in accordance with all applicable laws, and whether the grantee had continuing capacity to carry out the program. In the case of States, HUD monitors to determine if the State had distributed funds in a timely manner, consistent with its method of distribution, was in compliance with CDBG requirements and other applicable laws and whether the State conducted appropriate reviews of the grants that it awarded to local governments. HUD is authorized to terminate, reduce, or limit the availability of the funds of a grantee according to monitoring findings, following the opportunity for a consultation or in some cases following a hearing before an administrative law judge.



**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Sustainable Communities</b>	<b><u>Amount</u></b>
2009 Appropriation .....	...
2010 Appropriation/Request .....	\$148,500
2011 Request .....	<u>148,500</u>
Program Improvements/Offsets .....	...

NOTE: In fiscal years 2010 and 2011, up to 1 percent of the gross appropriation may be transferred to the Transformation Initiative.

<b><u>Budget Activity</u></b>	<b>2009 Budget <u>Authority</u></b>	<b>2008 Carryover <u>Into 2009</u></b>	<b>2009 Total <u>Resources</u></b>	<b>2009 <u>Obligations</u></b>	<b>2010 Budget <u>Authority/ Request</u></b>	<b>2009 Carryover <u>Into 2010</u></b>	<b>2010 Total <u>Resources</u></b>	<b>2011 <u>Request</u></b>
Sustainable Communities..	...	...	...	...	\$148,500	...	\$148,500	\$148,500

**Proposed Actions**

The Department requests \$148.5 million for continuation of the Sustainable Communities Initiative launched in 2010, to be set aside from the Community Development Fund. The purpose of the Sustainable Communities Initiative is to stimulate more collaborative, integrated and sophisticated regional planning to guide state, metropolitan, and local decisions and investments in land use, transportation and housing, and to challenge states and localities to undertake policy reforms that allow the real estate market to efficiently build sustainable communities and establish other programs to implement sustainable communities plans.

The concept of “sustainability” has become a central component of national thought about communities in recent years, reflecting growing recognition of the complex interactions of human society, places, economies and natural environment. Aligning with this thinking, HUD and other Federal agencies hold the view that affordable housing is best developed “in context” of communities and regions, so that proximity to transit, jobs, retail and environmental amenities support the long term success of both the housing and its occupants. Walkable, transit-oriented communities that have mixed land uses and support mixed income populations can substantially reduce transportation costs for families, save energy, and enhance access to employment and educational opportunities.

In 2011, the Sustainable Communities Initiative would have four components.

First, HUD proposes to collaborate with the Department of Transportation (DOT) and the Environmental Protection Agency (EPA) to offer Sustainable Communities Planning Grants with the requested funds. The program will catalyze the next generation of integrated metropolitan transportation, housing, land use and energy planning using the most sophisticated data, analytics and geographic information systems. These integrated plans would inform state, metropolitan and local decisions on how and where to allocate Federal, state and local transportation, infrastructure and housing investments. Better coordination of transportation, infrastructure and housing investments will result in more sustainable development patterns, more affordable communities, reduced greenhouse gas emissions, and more transit-accessible housing choices for residents and firms.

## Community Development Block Grants

Second, the Initiative would fund challenge grants to help localities implement the Sustainable Communities Plans. These investments would provide a local complement to the regional planning initiative, enabling local and multi-jurisdictional partnerships to put in place the policies, codes, tools and critical capital investments to achieve sustainable development patterns. The increase in funds from 2010 to 2011 is needed to incentivize rapid changes in practice by local jurisdictions and to meet the substantial interest by communities in meeting sustainability visions initiated in 2010.

Third, the proposal would support the creation and implementation of a capacity-building program and tools clearinghouse designed to support both Sustainable Communities grantees and other communities interested in becoming more sustainable. As of 2009, the number of Mayors that have signed Climate Protection goals is significantly more than could be supported through the planning and challenge grant program. This clearinghouse and educational program will be designed to assist a wide array of stakeholders and build the capacity of all levels of government to implement sustainable communities strategies.

Finally, the Initiative would provide funding for a joint HUD-DOT-EPA research effort designed to advance transportation and housing linkages on a number of levels.

### **Sustainable Communities Planning Grants**

HUD requests Sustainable Communities Initiative funding to continue the Sustainable Communities Planning Grant Program established in 2010. HUD proposes to administer the program in close collaboration with the DOT, as well as the EPA and other Federal agencies, in order to ensure that transportation planning and land use planning can be closely linked. The goal of this effort would be to enable metropolitan areas and rural regions to develop a vision for growth and then apply federal transportation, housing and other investments in an integrated way in support of the shared goals established by the broader vision.

These regional planning grants seek to help states and metropolitan areas in one of their hardest tasks: transcending policy stove-pipes and disconnected transportation and land use programs and policies that expand detrimental development. Low-density housing and uncoordinated, leap-frog development patterns have caused enormous public and private costs for the nation. These costs include high energy consumption and dependency on foreign oil; traffic congestion that decreases productivity and distorts decisions about highway construction and public infrastructure development; communities where housing and transportation expenses may total up to two-thirds of household income; and communities that lack access to employment and retail opportunities, safe places to walk, and natural amenities that are essential for good quality of life.

### **Objectives**

To that end, sustainable community planning grants will lead and enable metropolitan-area leaders to design and implement truly integrated transportation, land use, and housing plans aimed at promoting quality regional place-making and environmental sustainability in fresh and structural ways. Transit-oriented development is one form of integrated planning, and increasingly highlights the substantial potential of these approaches to reduce vehicle-miles traveled, improve air quality and enhance mobility while building more affordable, desirable and sustainable communities. Focusing development decisions on community needs can have significant long-term impacts. For example, in the North Central Texas region, major developments that are pedestrian-oriented increased from 3.6 percent to 15.8 percent of projects completed or under construction during the 2003-2008 period once an integrated regional vision for growth was adopted (Envision North Central Texas).

HUD anticipates that regional integrated planning grants will have transformative impacts on economic, social, and environmental priorities, while producing results that flow from local conditions and priorities. The relatively small Federal investment will provide a platform for the deployment of effective strategies: transit

## Community Development Block Grants

oriented development, congestion pricing schemes, brownfields remediation, disaster mitigation and regional economic cluster and workforce housing initiatives. Better urban planning is also effective for preserving farmland, open space, and the way of life in rural areas within and adjacent to metropolitan areas.

HUD proposes to solicit, with DOT and EPA, applications submitted jointly by metropolitan planning organizations and consortia of HUD formula block grant recipients, business groups, non-profit and community-based organizations and philanthropic foundations. States would be allowed as co-applicants. Applicants will be required to clarify in their submissions which entities would be the primary recipients and how the funding and responsibilities would be allocated. Federal funding will support the development of integrated, state-of-the-art regional development plans that use the latest data and most sophisticated tools available for analysis, modeling, mapping, and citizen collaboration.

HUD proposes to give preference to applications that demonstrate capacity for long-term structural collaboration between the disparate housing, transportation and planning agencies; deeply engage business, government and civic leaders and the general public in shaping a shared vision; and demonstrate the intent to use planning to drive both local land use decisions and allocation decisions around Federal resources. Preference also would be given to comprehensive planning efforts that go beyond transportation, housing and land use issues to integrate other key elements of the built environment, including economic clustering, energy usage and environmental impacts.

HUD proposes to offer awards averaging about \$3 million for large metropolitan regions and \$500,000 for regions with populations under 500,000. These advanced plans, to be supplemented by funds from other state and local sources. The goal would be to create replicable models that can be transferred to and deployed by comparable agencies in other parts of the country. In the long run, Federal transportation and housing programs could be revised to require integrated regional development plans, and reward grantees that perform at the highest level. The request for fiscal year 2011 would be sufficient for awards to stimulate state-of-the-art planning in 25 of the nation's top 100 metropolitan areas having populations over 500,000; as well as 25 grants in smaller metropolitan areas, especially those experiencing higher than needed infrastructure costs as well as loss of farmland and open space due to a lack of thoughtful metropolitan planning. Fifty-one percent of people living in rural areas live within metropolitan areas.

HUD anticipates that regional integrated planning grants will have transformative impacts on economic, social and environmental priorities, while producing results that flow from local conditions and priorities. The relatively small Federal investment will provide a platform for the deployment of effective strategies: transit oriented development, congestion pricing schemes, brownfield remediation, even regional economic cluster and workforce housing initiatives. Better urban planning is also better for preserving farmland, open space, and the way of life in rural areas within and adjacent to metropolitan areas.

Regional integrated planning grants also will provide planning support and incentive at a critical moment, as the law governing surface transportation programs is set to expire next year. Reauthorization of the framework for Federal transportation policy will encompass hundreds of billions of dollars for highway and transit, and is likely to challenge states and metropolitan areas to design and implement a new wave of transportation solutions that ease congestion, enhance metropolitan competitiveness, and reduce greenhouse gas emissions. Achieving those priorities is possible only by linking transportation and housing interventions, sparking more balanced growth patterns and expanding choices for residents and businesses.

## Community Development Block Grants

### **Sustainable Community Challenge Grants**

HUD proposes to allocate Sustainable Communities Initiative funding toward Community Challenge Grants. The challenge grants will create incentives for state, metropolitan and local leaders to make market-shifting changes in local zoning and land use ordinances so as to encourage sustainable growth and discourage the counter-productive growth patterns that have prevailed in many areas. The Challenge Grants will also help put in place key strategies to implement Sustainable Communities Plans, such as transit-oriented land assembly and acquisition funds, acquisition and assembly of vacant and foreclosed properties, placemaking investments, facilities and services to support and access to healthy food and other key recommendations that emerge from the regional planning efforts. In all cases, grants from this program will be leveraged with local resources and funds from other Federal programs, such as transportation.

To make it easier to build housing in older communities, suburban jurisdictions and rural towns, the Challenge Grant would arm states and localities with the resources needed to revise local zoning rules and building codes for downtown areas, commercial and even industrial areas. To make it easier to expand the supply of moderately priced housing within their borders, particularly multifamily dwellings, both urban and suburban jurisdictions would be eligible to compete for resources to reduce regulatory barriers and explore innovative reforms like inclusionary zoning.

HUD's experience shows that many jurisdictions, particularly suburban jurisdictions, simply do not have the resources or planning capacity necessary to undertake sophisticated zoning and land use reform. The efforts by larger cities (e.g., New York, Chicago, Washington, D.C.) over the past decade illustrate the power of zoning reforms to unlock the hidden vitality of waterfronts and former manufacturing areas, and to promote more sustainable patterns of development. Federal investment will more rapidly extend these innovations to jurisdictions across the nation, including smaller cities and suburbs. Small towns also may benefit from reforms that enable revivals of stagnant main street districts or mixed use of existing building stock to preserve and enhance community assets.

The additional flexibility in this program to support other implementation strategies, such as investing in locally controlled land acquisition funds, assembly of vacant and foreclosed properties, placemaking capital investments, and investments in other key amenities that help support mixed-use/mixed income communities, is critical to both incentivizing rapid market changes and to helping local jurisdictions show quick and immediate results from the Sustainable Communities Planning program.

Similar to the Sustainable Communities Planning Grant program, a relatively small investment in implementation projects expected to have dramatic impact over time. HUD proposes to cap Challenge grants at \$20 million per jurisdiction. Through these investments, HUD will help establish a new norm for land use practice in the United States and a new network of state and local experts that can help replicate innovative techniques quickly and efficiently, to avoid any necessity for each state, municipality, city and county to "reinvent the wheel." Challenge grants will accelerate adoption of smart alternatives to conventional local growth policies and practices that have become barriers to affordable, economically vital and sustainable communities.

### **Capacity-Building Program and Tools Clearinghouse**

HUD also proposes to dedicate funding toward efforts to build the capacity of regional agency representatives, local jurisdictions, elected officials, community-based organizations, developers and private sector leaders and other stakeholders to envision, build citizen support for, prepare plans, reform policies, develop and execute implementation strategies and measure the performance of sustainable communities initiatives.

## Community Development Block Grants

A strategic education and training program will be defined during 2011 that is intended to build the capacity of practitioners, decision-makers and other stakeholders to clearly understand their appropriate role(s) and responsibilities in defining and executing sustainable communities. Educational programs will be staged in conjunction with the conferences of various stakeholder groups to ensure adequate awareness of the best available practices in sustainable communities, peer-to-peer exchanges will be organized to allow cross-community problem-solving and information sharing, and interdisciplinary forums will help cross-sector groups understand the challenges and importance of breaking down disciplinary silos to achieve more efficient and cost-effective results.

In addition, HUD will, in partnership with DOT and EPA, establish a web-based best-practices clearinghouse specifically aimed at providing information, data, tools and advice to both grantees and others wishing to adopt sustainable communities programs. At present, this information is not easily found on federal agency websites and if available, is not tailored to the needs of communities and regions engaged in sustainable planning. This effort would create a one-stop-shop for the tools, experiences and lessons learned from national public interest groups, government agencies, universities and other research institutes and practitioners.

### **Housing-Transportation Integration Research**

HUD proposes to dedicate \$20 million of Sustainable Communities Initiative funding for a major research and evaluation effort to be jointly administered by HUD and the Department of Transportation and the Environmental Protection Agency. This effort would aggressively pursue data development, information platforms, analytic tools and research that support both HUD's mission of affordable housing and community development, DOT's mission of efficient transportation and EPA's mission of environmentally sustainable communities, thus laying a foundation for greater sustainability in the nation's built environment.

A number of research efforts have been identified as potentially satisfying this joint objective. Potential projects include developing effective tracking of housing and transportation expenditures by location; creating broader measures of affordability and metropolitan accessibility; evaluating location efficient mortgages and energy efficient mortgages; identifying best practices in transit oriented development that responds to affordable housing needs; establishing standardized and efficient performance measures such as vehicle-miles traveled or location efficiency; and creating products that move this information into the marketplace to inform private investment decisions as well.

HUD expects to use up to \$2 million of the research funds to evaluate the impact of the Sustainable Communities Planning grants and the Sustainable Communities Challenge grants. Systematic assessment of differences in planning tools, processes and products between jurisdictions receiving and those not receiving Federal incentives will provide accountability and documentation to inform federal policy toward integrated regional planning.

HUD plans to administer all these efforts through a new Office of Sustainability, in close collaboration with the Office of Policy Development and Research as well as other program offices in the Department. One of the first acts of this new Office will be to strengthen and enhance the joint DOT-HUD-EPA working group mandated by Congress.

## **Background**

At present, Federal requirements for transportation and housing planning are particularly disconnected. For example, as a condition for receiving formula grants, HUD requires states, cities and counties to prepare a 5-year Consolidated Plan estimating housing status and as well as annual Action Plans. These plans do not take land use or transportation into account, and are for political jurisdictions, not regions.

At the same time, DOT requires states and metropolitan areas (through Metropolitan Planning Organizations, or MPOs) to develop 20-year Long Range Transportation Plans and 4-year Transportation Improvement Programs. The SAFETEA-LU act of 2005 (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) is the basic authorization for highway, road and transit program involving hundreds of billions of dollars over a long period of investment. SAFETEA-LU requires consideration of environmental issues, energy conservation, quality of life, and consistency with state and local planned growth and economic development patterns. Air quality issues create additional requirements for transportation planning if a metropolitan area is designated as an air quality non-attainment or maintenance area. The Act also provides that MPOs should address broad issues such as security and emergency preparedness, public participation, and electronic access to completed plans.

Although transportation plans generally are more rigorous than Consolidated Plans and more regional in scope, they continue to fall short of integrating housing and land use patterns and broader sustainability goals. Further, local land use plans and zoning ordinances may fall far short of providing parallel connections to the plans produced by MPOs, depending on the requirements of state laws and local factors.

The silo driven nature of Federal policy and programs extends to data collection, performance measurement, research and evaluation. Although transportation costs may approach or exceed housing costs for working families, Federal "affordability" definitions and assessments do not join these costs together, continuing the distortions in Federal policy toward locations that undercut affordability goals because of associated energy and transportation costs. Under Congressional direction, DOT and HUD are beginning to collect information on the rising phenomenon of transit-oriented development, including an inventory of affordable housing developments near transit, incremental impacts on transit ridership from such developments, changes in zoning ordinances that promote affordable housing near transit, and other performance indicators including combined housing and transportation affordability.

## **Performance Measures /Sustainability Initiative**

Increase the percentage of very low-income households for which the sum of housing costs and transportation costs falls within affordability thresholds.

Decrease the mean transit time between rental units affordable to very low-income renters and major employment nodes in each metropolitan area (or similar accessibility metric to be developed).

Slow increases or decrease the vehicle-miles traveled in each metropolitan area.

Increase the percentage of households commuting to work by public transit, bicycle, or on foot.

Increase the number of jurisdictions covered by smarter integrated land use-transportation plans.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Catalytic Investments Competition Grants</b>	<u><b>Amount</b></u>
2009 Appropriation .....	...
2010 Appropriation/Request .....	...
2011 Request .....	<u>\$148,500</u>
Program Improvements/Offsets .....	+148,500

NOTE: In fiscal year 2011, up to 1 percent of the gross appropriation may be transferred to the Transformation Initiative.

<u><b>Budget Activity</b></u>	<u><b>2009 Budget Authority</b></u>	<u><b>2008 Carryover Into 2009</b></u>	<u><b>2009 Total Resources</b></u>	<u><b>2009 Obligations</b></u>	<u><b>2010 Budget Authority/ Request</b></u>	<u><b>2009 Carryover Into 2010</b></u>	<u><b>2010 Total Resources</b></u>	<u><b>2011 Request</b></u>
Catalytic Investment Competition Grants.....	...	...	...	...	...	...	...	\$148,500

**Proposed Actions**

**Catalytic Investment Competition Grants Summary**

The Catalytic Investment Competition Grants program will provide \$148.5 million in competitive grants with the purpose of providing economic development and gap financing to implement and capitalize innovative and targeted economic investment for neighborhood and community revitalization. The program will create a competitive funding stream that is responsive to changes in economic and market conditions. The funds will be targeted towards communities or neighborhoods experiencing demonstrated distress as defined by the Secretary and that have developed an innovative and robust plan with measurable outcomes to improve economic vitality and increase jobs and of a target area. The definition of distress may include, but is not limited to, large-scale property vacancy and abandonment due to long-term employment and population losses. The plans to improve economic vitality may include, but is not limited to, increasing economic development that is centrally located or near transit.

Grant funds may be used for, but are not limited, to activities that: (1) implement projects designed to reclaim vacant property for the purposes of creating green infrastructure and other environmentally and economically sustainable uses; (2) remove or ameliorate property-related obstacles to economic recovery; (3) support facilitation of economic development and neighborhood viability in targeted neighborhoods and redevelopment into communities with attractive amenities and high

## Community Development Block Grants

quality infrastructure, including the provision of assistance and outreach to small and medium sized businesses, (4) support economic activities related to transit-oriented development; and (5) administrative costs as established by the Secretary.

The Secretary may consider how much and to what extent the project will complement and leverage other community development and revitalization activities. A project may implement activities to complement and assist the community development and revitalization activities of the Choice Neighborhoods Initiative, Promise Neighborhoods, HOPE VI, Sustainable Communities, or other place-based strategies to help strengthen existing and planned investments in targeted neighborhoods to improve economic viability, extend neighborhood transformation efforts, and foster viable and sustainable communities.

An eligible applicant for the Catalytic Investment program shall be a unit of general local government, a nonprofit entity or a consortium that shall include an eligible public entity and a designated lead applicant and may consist of states, local units of governments, community development corporations, and for-profit and non-profit entities. Each applicant shall develop a plan for the use of the funds that includes measurable outcomes for job creation and economic activity, exhibit capacity to implement such plan, and demonstrate approval for the plan from the local jurisdiction.

An applicant shall also leverage other appropriate Federal resources, including but not limited to, Community Development Block Grants, Section 108 Loan Guarantees, and local and state economic development programs for the plan. Funds made available under this program shall provide benefit to persons whose income does not exceed 120 percent of area median income. Except as otherwise provided, grants funded through the Catalytic Investment grant program shall be treated as though such funds were community development block grant funds under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.). The Secretary may waive or specify alternative requirements to any provision under title I of the Housing and Community Development Act of 1974 (except for those related to fair housing, nondiscrimination, labor standards, and the environment) to achieve the purposes of this program.

For the purpose of environmental review, if the applicant is not a unit of general local government, assistance and projects under this program shall be treated as assistance for special projects that are subject to section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994, and shall be subject to the regulations issued by the Secretary to implement such section.

The Secretary shall develop and publish a Notice of Funding Availability for the award and use of funds made available under this demonstration, including, but not limited to, application requirements, targeting criteria, eligible and ineligible activities, program requirements, eligible administrative costs, and performance metrics.



**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Section 108 Loan Guarantees</b>	<b><u>Amount</u></b>
2009 Appropriation .....	\$9,165
2010 Request.....	8,579
2011 Request .....	---
Program Improvements/Offsets .....	-8,579

NOTE: In fiscal year 2011, the program is proposed to be funded from fees.

<b><u>Budget Activity</u></b>	<b><u>2009 Budget Authority</u></b>	<b><u>2008 Carryover Into 2009</u></b>	<b><u>2009 Total Resources</u></b>	<b><u>2009 Obligations</u></b>	<b><u>2010 Budget Authority/ Request</u></b>	<b><u>2009 Carryover Into 2010</u></b>	<b><u>2010 Total Resources</u></b>	<b><u>2011 Request</u></b>
Section 108 Loan Guarantees..	9,165 a/	\$941	\$10,106	9,945	8,579 b/	\$1,605	10,184	...

a/ This amount includes \$6 million in discretionary appropriations and \$3.165 million in a mandatory appropriation for an upward re-estimate of credit subsidy.

b/ This amount includes \$6 million in discretionary appropriations and \$2.579 million in a mandatory appropriation for an upward re-estimate of credit subsidy.

**Proposed Actions**

No appropriation for credit subsidy is requested for the Section 108 Loan Guarantee program in fiscal year 2011. Instead HUD proposes legislative changes that would enable HUD to charge borrowers a fee to make this a zero credit subsidy program. For fiscal year 2010, the Congress provided a loan guarantee authority level of approximately \$248 million based on credit subsidy appropriation of \$6.0 million and a credit subsidy rate of 2.4 percent.

The Department proposes to increase the Section 108 loan guarantee authority to \$500 million in fiscal year 2011. HUD views Section 108 as a highly valuable financing tool for large scale community and economic development activities being carried out by local governments. The priority of this expansion is particularly underscored by continuing problems in the private credit markets and the high cost of borrowing facing local governments. In addition, Section 108 is job focused and this is a key priority for the Administration in reviving the national economy and expanding economic opportunity in urban and rural communities across the nation.

## Community Development Block Grants

### **Background**

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program and is a potent job creation/retention tool for states and local governments. It allows them to leverage their CDBG funds into Federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods or provide affordable housing to low- and moderate-income persons. Such public investment is often needed to inspire private investment by providing the initial resources or simply the confidence those private firms and individuals may need to invest in economically distressed areas or in housing projects. Section 108's utility as a job generating tool is magnified by the absence of financing for community/economic development projects in many economically distressed states and localities. This characteristic makes it an important corollary to HUD's proposal for the Catalytic Competition Grant proposal.

Entitlement communities may receive Section 108 loan guarantees (in an aggregate amount) of up to 5 times their most recent CDBG award. The amount that non-entitlement communities in any state (other than Hawaii) may receive is 5 times their State's CDBG award. Non-entitlement communities in Hawaii may receive up to five times their latest grant award from HUD. Insular areas are now eligible to apply for loan guarantee assistance, although none have applied.

Both the fiscal years 2009 and 2010 appropriations authorized HUD to provide Section 108 Loan Guarantees to States borrowing on behalf of local governments in non-entitlement areas (governments that do not receive annual CDBG entitlement grants from HUD). Previously, the nonentitled units of local government had to submit applications and obtain the pledge of future CDBG funds for the repayment for the guaranteed loan from their state. The fiscal year 2009 appropriations language directed HUD to issue a rule implementing the provision and an interim rule was issued in July 2009.

The Section 108 program offers variable and fixed rate financing for up to 20 years to finance economic development projects, public facilities and improvements, housing rehabilitation, land acquisition, and related activities. Communities must pledge their CDBG funding as security for the Section 108 loans.

Since 1977, HUD has issued 1,781 commitments totaling over \$8.3 billion. The total outstanding guaranteed loan balance on September 30, 2009, was \$2.24 billion. The applicant pledges its current and future CDBG funds as the security for the loan guarantee.

### **Loan Performance**

No Section 108 loan is in default or delinquent on a payment. HUD has never paid a claim from a holder of a guaranteed obligation as a result of a default, due in part to the availability of CDBG funds for repayment if planned repayment sources are insufficient. HUD may require additional security for each loan, and any additional security that may be necessary is determined on a case-by-case basis. Since 1998 communities have been required to differentiate between planned use of CDBG funds for Section 108 debt service and unplanned use. Planned use of CDBG funds is associated with projects (e.g., public facilities) that generate little or no revenue. Unplanned use of CDBG funds occurs upon a revenue shortfall in the intended repayment source. In fiscal year 2009, planned Section 108 outlays were \$117 million, and unplanned Section 108 outlays were \$1.0 million.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Insular Area CDBG Program</b>	<u><b>Amount</b></u>
2009 Appropriation .....	\$7,000
2010 Appropriation/Request .....	6,930
2011 Request .....	<u>6,930</u>
Program Improvements/offsets .....	...

NOTE: In fiscal years 2010 and 2011, up to 1 percent of the gross appropriation may be transferred to the Transformation Initiative.

<u><b>Budget Activity</b></u>	<u><b>2009 Budget Authority</b></u>	<u><b>2008 Carryover Into 2009</b></u>	<u><b>2009 Total Resources</b></u>	<u><b>2009 Obligations</b></u>	<u><b>2010 Budget Authority/ Request</b></u>	<u><b>2009 Carryover Into 2010</b></u>	<u><b>2010 Total Resources</b></u>	<u><b>2011 Request</b></u>
Insular Area CDBG Program .....	\$7,000	\$6,036	\$13,036	\$6,036	\$6,930	\$7,000	\$13,930	6,930

**Proposed Actions**

The Housing and Community Development Act of 1974 was amended to provide a Section 106 (formula) CDBG funding mechanism for Insular areas by the enactment of Title V of the American Dream Downpayment Act (P.L. 108-186). Beginning in fiscal year 2005, the Insular CDBG program is authorized under section 106(a) rather than 107(a) of the Housing and Community Development Act of 1974, as amended (42 USC 5301ff), and regulations are found at 24 CFR Part 570. The Insular areas of Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands are eligible to participate in the Insular CDBG program.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Indian Tribes</b>	<u>Amount</u>
2009 Appropriation .....	\$65,000
2010 Appropriation/Request .....	64,350
2011 Request .....	<u>64,350</u>
Program Improvements/Offsets .....	...

NOTE: In fiscal years 2010 and 2011, up to 1 percent of the gross appropriation may be transferred to the Transformation Initiative.

<u>Budget Activity</u>	<b>2009 Budget Authority</b>	<b>2008 Carryover Into 2009</b>	<b>2009 Total Resources</b>	<b>2009 Obligations</b>	<b>2010 Budget Authority/ Request</b>	<b>2009 Carryover Into 2009</b>	<b>2010 Total Resources</b>	<b>2011 Request</b>
Indian Tribes .....	\$65,000	\$65,774	\$130,774	\$62,740	\$64,350	68,034	\$132,384	\$64,350

**Proposed Actions**

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. This Budget proposes \$64.35 million for Native American Housing and Economic Development Block Grant activities in CDBG. Since 1974, the program 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.

These funds are distributed as annual competitive grants. Funds are allocated to each of the six Area Offices of Native American Programs (AONAP). Applicants compete for funding only with other Federally recognized tribes or eligible Indian entities within their area. Examples of eligible activities include: improving the housing stock, providing community facilities, improving infrastructure, and expanding job opportunities by supporting the economic development of the communities, especially by non-profit tribal organizations or local development corporations. Federally recognized Indian 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 for new housing construction. Up to \$4 million may be used for imminent threats to health and safety under a separate competition pursuant to the regulations in 24 CFR 1003, subpart E.

The program is authorized by section 106(a) of the Housing and Community Development Act of 1974, as amended (42 USC 5301ff). Regulations are found at 24 CFR Part 1003. The Office of Public and Indian Housing, and the Office of Native American Programs (ONAP) administer it. All Federally recognized Indian tribes and Alaskan Native Villages are eligible to participate in the program. Projects funded by grants 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).

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Rural Innovation Fund</b>	<b><u>Amount</u></b>
2009 Appropriation .....	[\$26,000]
2010 Appropriation/Request .....	24,750
2011 Request .....	<u>...</u>
Program Improvements/Offsets .....	-24,750

<b><u>Budget Activity</u></b>	<b><u>2009 Budget Authority</u></b>	<b><u>2008 Carryover Into 2009</u></b>	<b><u>2009 Total Resources</u></b>	<b><u>2009 Obligations</u></b>	<b><u>2010 Budget Authority/ Request</u></b>	<b><u>2009 Carryover Into 2010</u></b>	<b><u>2010 Total Resources</u></b>	<b><u>2011 Request</u></b>
Rural Innovation Fund..	[\$26,000]	...	[\$26,000]	[\$26,000]	\$24,750	...	\$24,750	...

**Proposed Actions**

The Department does not propose to fund the Rural Innovation Fund in fiscal year 2011. The Department notes that the housing and community development needs of small and rural communities are extensively served through the State CDBG program which will be funded at a level of almost \$1.2 billion in fiscal year 2010 as well as the HOME program with State funding of \$721 million. In addition, the Department of Agriculture's Rural Development Service operates a portfolio of programs that provide funding for many of the activities contemplated under the Rural Innovation Fund.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>University Community Fund</b>	<b><u>Amount</u></b>
2009 Appropriation .....	[\$23,000]
2010 Appropriation/Request .....	24,750
2011 Request .....	<u>24,750</u>
Program Improvements/Offsets .....	...

NOTE: In fiscal years 2010 and 2011, up to 1 percent of the gross appropriation may be transferred to the Transformation Initiative.

<b><u>Budget Activity</u></b>	<b>2009 Budget <u>Authority</u></b>	<b>2008 Carryover <u>Into 2009</u></b>	<b>2009 Total <u>Resources</u></b>	<b>2009 <u>Obligations</u></b>	<b>2010 Budget Authority/ <u>Request</u></b>	<b>2009 Carryover <u>Into 2010</u></b>	<b>2010 Total <u>Resources</u></b>	<b>2011 <u>Request</u></b>
University Community Fund	[\$23,000]	...	[\$23,000]	[\$23,000]	\$24,750	...	\$24,750	\$24,750

**Proposed Actions** As proposed in the fiscal year 2010 budget, HUD would consolidate four separate university partnership programs into one unified University Community Fund. In fiscal year 2011, \$25 million is requested for the University Community Fund.

With the restructuring of the United States economy, universities have emerged as growth engines for metropolitan and rural economies. They also serve as anchor institutions and major employers within their host communities. The consolidated University Community Fund will continue to leverage the potential of universities to serve as catalysts for broader revitalization in their surrounding communities. Special attention will be paid to those classes of universities traditionally served by HUD programs [i.e., Historically Black Colleges and Universities (HBCU), Tribal Colleges and Universities (TCU), Alaska Native/Native Hawaiian Institutions (AN/NHI), and Hispanic-Serving Institutions (HSI)].

The University Community Fund could also allow funding opportunities for colleges and universities interested in forming consortia with other minority-serving or non-minority-serving institutions to jointly address the community/economic development needs of local communities. This option would be an additional means of focusing diverse resources/expertise of the institutions and other program partners on revitalizing communities.

With renewed emphasis, program applicants will be encouraged to undertake projects that address a broad range of community and economic development activities, with renewed emphasis on energy conservation, financial literacy programs and homeownership training/counseling programs, and assist in strengthening communities to sustain long-term economic development benefits.

Of the \$24.75 million for the University Community Fund, up to \$1 million would be used support contract expertise, training and technical assistance in the training, oversight and management of the University Community Fund program, including up to \$40,000 in related travel for monitoring of grantee performance.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Section 107 Grants</b>	<u>Amount</u>
2009 Appropriation .....	\$5,000
2010 Appropriation/Request .....	...
2011 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Section 107 Grants....	\$5,000	\$3,604	\$8,604	\$3,937	...	\$4,667	\$4,667	...

**Proposed Actions**

There is no direct request for technical assistance funding under Section 107. However, technical assistance needs for the CDBG program in fiscal year 2011 will be funded through the Transformation Initiative (described further in a separate Congressional Justification).

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Working Capital Fund</b>	<u>Amount</u>
2009 Appropriation .....	\$3,175
2010 Appropriation/Request .....	...
2011 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Working Capital Fund..	\$3,175	...	\$3,175	\$3,175	...	...	...	...

**Proposed Actions**

This Budget proposes that the needs of the Working Capital Fund will be met through the Working Capital Fund and the Transformative Initiative (discussed in a separate Congressional Justification) and is included in that section of the Justification. The fiscal year 2010 contribution to the Working Capital Fund is through the Transformation Initiative.



Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Economic Development Initiative Grants</b>	<u>Amount</u>
2009 Appropriation .....	\$165,311
2010 Appropriation/Request .....	171,115
2011 Request .....	<u>...</u>
Program Improvements/Offsets .....	-171,115

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Economic Development Initiative Grants ....	\$165,311	\$150,044	\$315,355	\$117,682	\$171,115	\$197,673	\$368,788	...

**Proposed Actions**

As in fiscal year 2010 and previous years, no funding is requested for fiscal year 2011. Frequently in recent years, including fiscal year 2009, Congress has appropriated funding for Economic Development Initiative-Special Projects (EDI-SP). The Department has not requested these Congressional earmarks and supports funding for these types of activities via the existing formula program. EDI-SP grants provide earmarks to designated entities for certain specified activities. No more than 20 percent of any EDI-SP grant may be used for planning, management development or administrative costs, except for EDI-SP grants specifically authorized as planning grants. Congress has also directed that no EDI-SP grant funds may be used for program operations. Since 1998, 8,127 EDI-SP grants have been funded.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Neighborhood Initiative Demonstration</b>	<u>Amount</u>
2009 Appropriation .....	\$19,547
2010 Appropriation/Request .....	21,867
2011 Request .....	<u>...</u>
Program Improvements/Offsets .....	-21,867

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Neighborhood Initiative Demonstration .....	\$19,547	\$15,827	\$35,374	\$15,629	\$21,867	\$19,745	\$41,612	...

**Proposed Actions**

As in fiscal year 2010 and previous years, no funding is requested for fiscal year 2011. The Department has not requested these Congressional earmarks and supports funding these types of activities via the existing formula program. The Appropriations Acts in most recent years included earmarked grants. NID grants provide earmarks to designated entities for certain specified activities. Since and the Department believes that these priorities should be established through the formula process and not through consideration of individual grants. Since 1998, 397 NID grants have been funded.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Disaster Assistance</b>	<b><u>Amount</u></b>
2009 Appropriation .....	...
2010 Appropriation/Request .....	...
2011 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Disaster Assistance ...	...	\$8,339,661	\$8,339,661	\$3,214,192	...	\$5,125,469	\$5,125,469	...

**Proposed Actions**

Long –term disaster recovery reforms, including housing related-issues, are being considered as a part of the White House Lon-Term Disaster Recovery Working Group and recommendations will be presented to the President this spring.

CDBG disaster recovery assistance is funded through supplemental appropriations. Congress appropriated \$6.5 billion in supplemental CDBG disaster recovery funding in the fiscal year 2009 Continuing Resolution (Public Law 110-329). This amount available for allocation was reduced to \$6.1 billion due to a decision to use \$377 million of the amount to fulfill a rescission requirement imposed upon the Department as part of the fiscal year 2008 budget process. These remaining funds have been distributed to states to address Presidentially declared major disasters that occurred in calendar year 2008. Consistent with the directives of P.L. 110-329, the Department allocated \$2.145 billion of this amount in late November 2008, to 14 states. The remaining \$3.97 billion was allocated on June 10, 2009. This legislation also provided the Office of Community Planning and Development with \$6.5 million in Salaries and Expenses funds that must be used to support administration of the \$6.1 billion in disaster recovery funding as well as the CDBG-related Neighborhood Stabilization Program (NSP) established pursuant to the requirements of the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289).

Public Law 110-252 appropriated \$300 million in CDBG disaster recovery funding to address Presidentially declared major disasters that occurred in May and June of 2008. These funds have been distributed to a total of 15 states with the largest grants being made available to the states of Iowa and Indiana to address effects of widespread flood damage.

Public Law 110-116 appropriated an additional \$3 billion in fiscal year 2008 for costs associated with the Road Home Homeowner Assistance program administered by Louisiana. Congress appropriated these amounts due to an estimated shortfall for Louisiana’s Road Home Homeowner Assistance program.

## Community Development Block Grants

Funds appropriated have been allocated to Louisiana, but as directed by statute, grantees will not draw down funds from the Treasury beyond the exclusive purpose of compensating eligible claims.

CPD has engaged PD&R to undertake a longitudinal study evaluating the efficacy of homeowner compensation programs in Louisiana and Mississippi. This study is will provide semi-annual reports on the results of the homeowner compensation programs for the next 3 years.

### **PERFORMANCE DATA**

CPD collects extensive financial and performance data through the Disaster Recovery Grant Reporting (DRGR) system. In most cases, supplemental appropriations since 2001 have required that grantees submit quarterly reports and that those quarterly reports be submitted to Congress. CPD also requires that CDBG disaster recovery grantees post their quarterly reports to their websites to ensure public access to performance data.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Section 805 Economic Development training</b>	<u>Amount</u>
2009 Appropriation .....	...
2010 Appropriation/Request .....	...
2011 Request .....	...
Program Improvements/Offsets .....	...

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Section 805 Economic Development training.	...	\$211	\$211	\$88	...	\$123	\$123	...

**Proposed Actions**

No new funding is requested for fiscal year 2011 and carryover funds will be used for training in community and economic development areas.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>American Recovery and Reinvestment Act</b>	<u>Amount</u>
2009 Appropriation .....	\$3,000,000
2010 Appropriation/Request .....	...
2011 Request .....	...
Program Improvements/Offsets .....	...

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
American Recovery and Reinvestment Act	\$3,000,000	...	\$3,000,000	\$1,001,951	...	\$1,998,049	\$1,998,049	...

**Proposed Actions**

The American Recovery and Reinvestment Act (Recovery Act), enacted in February 2009, provided \$3 billion in a supplemental appropriation for CDBG and the Neighborhood Stabilization Program. CDBG received \$1 billion and NSP 2 received \$2 billion.

CDBG will be divided as follows: \$973 million to the regular formula program, \$7 million to Insular Areas, \$10 million for Indian CDBG and \$10 million for administrative costs as permitted by the Recovery Act. The Department approved all submitted CDBG-R action plan amendments by September 30, 2009, and is all CDBG-R funds have been obligated.

Of the \$2 billion for NSP 2, \$1.93 billion will be allocated to competitive grants. HUD announced the results of the competition in January 2010, making 56 grants nationwide. Fifty million dollars of the \$2 billion was allocated for a technical assistance competition and HUD has opted to use \$20 million for administrative costs as permitted by the Recovery Act. CPD expect to award NSP 2 funds in December 2009. See the above discussion of NSP for further detail.

Of the total \$30 million for HUD administrative costs, the largest single expenditure is more than \$13 million for the hiring of 32 term limited employees for 3 year terms.

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Neighborhood Stabilization Program</b>	<b><u>Amount</u></b>
2009 Appropriation .....	...
2010 Appropriation/Request .....	...
2011 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

NOTE: \$2 billion was appropriated under the American Recovery and Reinvestment Act and is reflected on the previous page.

**Proposed Actions**

The Neighborhood Stabilization Program (NSP) was established by the Housing and Economic Recovery Act of 2008 (HERA) and funded by that legislation at a level of \$3.92 billion. The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided an additional \$2 billion in NSP funding but alter several key characteristics of the program. The HERA funds are referred to as NSP 1 and the Recovery Act funds are referred to as NSP 2. HERA directed that HUD treat these funds as if they are CDBG funds excepts as HERA supersedes the CDBG authorizing statute or as HUD establishes alternative requirements to expedite the use of funds.

***Program Priorities***

The Neighborhood Stabilization Program is intended to assist states and local governments in addressing the effects of abandoned and foreclosed properties. Grantees may use the funds to undertake five eligible uses:

- establishment of financing mechanisms to assist in the purchase of foreclosed homes;
- acquisition and rehabilitation of abandoned and foreclosed homes;
- establishment and operation land banks;
- demolition of blighted property; and
- redevelopment of vacant or abandoned property.

Under NSP 1, HUD distributed \$3.92 billion to 309 states and local governments through a formula based on criteria specified in HERA. HUD published a notice in the Federal Register on October 6, 2008, that outlines the NSP requirements and made allocations. Pursuant to the notice, grantee action plans for the funds

## Community Development Block Grants

were due to HUD not later than December 1, 2008. HUD reviewed and approved all plans by the end of March 2009 and all grantees have executed grant agreements. Grantees are now engaged in implementing their NSP 1 programs and have until approximately September, 2010 to obligate all funds to eligible activities.

The Recovery Act appropriated an additional \$2 billion for NSP but eliminated the formula and directed HUD to run a competition for the funds. Further, the Recovery Act enabled non-profits and consortia or non-profits to compete for the funds along with states and local governments. The Recovery Act directed HUD to issue the competition guidelines within 75 days of enactment and to take applications within 150 days of enactment. The NSP 2 programmatic NOFA for \$1.93 billion was issued on May 4, 2009 and applications were due July 17, 2009. The Department made announcements in January 2010.

The Department issued a second NOFA on May 4, 2009, to provide \$50 million in NSP technical assistance funding. Applications were due June 8, 2009 and on August 25, 2009, CPD awarded the \$50 million to 10 providers in order to deliver technical assistance to both NSP 1 and NSP 2 grantees.

HUD is not seeking any additional funding for NSP 1 or 2 in the fiscal year 2011 Budget.

### ***Major program evaluations/audits/issues***

No evaluations or audits have been yet been completed with regard to NSP 1 or NSP 2. The Office of the Inspector General is implementing an aggressive review of NSP1 funds and has already completed a number of audits.

### **PERFORMANCE DATA**

Performance data will be collected through DRGR and CPD.



**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Program Offsets  
(Dollars in Thousands)**

<b>Transformation Initiative</b>	<u>Amount</u>
2009 Appropriation .....	...
2010 Appropriation/Request .....	\$44,500
2011 Request .....	<u>43,800</u>
Program Improvements/Offsets .....	-700

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 Obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Transformation Initiative	...	...	...	...	\$44,500	...	\$44,500	\$43,801

Proposed Actions

The Department again proposes funding for the Transformation Initiative which allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 1 percent of the funds appropriated for the CDBG account may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements. Within 30 days of enactment, the Secretary will provide a detailed operating plan to the Committees on Appropriations with the specific activities that will be undertaken toward achieving transformation at HUD. Examples of projects that could be undertaken with Transformation Initiative funding in respect to the CDBG account include: Technical Assistance, Informational Technology, Research, and Demonstrations. More details on the overall Transformation Initiative and these projects are in the justification for the Transformation Initiative account.

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Justification of Proposed Changes in Appropriations Language**

The fiscal year 2011 President's Budget includes proposed changes in the appropriations language listed and explained below. New Language is italicized and underlined, and language proposed for deletion is bracketed.

For assistance to units of State and local government, and to other entities, for economic and community development activities, and for other purposes, [~~\$4,450,000,000~~] *\$4,380,100,000*, to remain available until September 30, [2012] *2013*, unless otherwise specified: Provided, That of the total amount provided, [~~\$3,990,068,480~~] *\$3,990,100,000* is for carrying out the community development block grant program under title I of the Housing and Community Development Act of 1974, as amended (the "Act" herein) (42 U.S.C. 5301 et seq.): Provided further, That unless explicitly provided for under this heading (except for planning grants provided in the second paragraph and amounts made available under the third paragraph), not to exceed 20 percent of any grant made with funds appropriated under this heading shall be expended for planning and management development and administration: Provided further, That \$65,000,000 shall be for grants to Indian tribes notwithstanding section 106(a)(1) of such Act, of which, notwithstanding any other provision of law (including section 204 of this Act), up to \$3,960,000 may be used for emergencies that constitute imminent threats to health and safety.

[Of the amount made available under this heading, \$172,843,570 shall be available for grants for the Economic Development Initiative (EDI) to finance a variety of targeted economic investments in accordance with the terms and conditions specified in the explanatory statement accompanying this Act: Provided, That none of the funds provided under this paragraph may be used for program operations: Provided further, That, for fiscal years 2008, 2009 and 2010, no unobligated funds for EDI grants may be used for any purpose except acquisition, planning, design, purchase of equipment, revitalization, redevelopment or construction.]

[Of the amount made available under this heading, \$22,087,950 shall be available for neighborhood initiatives that are utilized to improve the conditions of distressed and blighted areas and neighborhoods, to stimulate investment, economic diversification, and community revitalization in areas with population outmigration or a stagnating or declining economic base, or to determine whether housing benefits can be integrated more effectively with welfare reform initiatives: Provided, That amounts made available under this paragraph shall be provided in accordance with the terms and conditions specified in the explanatory statement accompanying this Act.]

[The referenced explanatory statement under this heading in title II of division K of Public Law 110-161 is deemed to be amended by striking "Old Town Boys and Girls Club, Albuquerque, NM, for renovation of the existing Old Town Boys and Girls Club accompanied by construction of new areas for the Club" and inserting "Old Town Boys and Girls Club, Albuquerque, NM, for renovation of the Heights Boys and Girls Club".]

[The referenced statement of the managers under this heading "Community Planning and Development" in title II of division K of Public Law 110-161 is deemed to be amended by striking "Custer County, ID for acquisition of an unused middle school building" and inserting "Custer County, ID, to construct a community center".]

[The referenced explanatory statement under this heading in division I of Public Law 111-8 is deemed to be amended with respect to "Hawaii County Office of Housing and Community Development, HI" by striking "Senior Housing Renovation Project" and inserting "Transitional Housing Project".]

[The referenced statement of the managers under this heading "Community Planning and Development" in title II of division I of Public Law 111-8 is deemed to be amended by striking "Custer County, ID, to purchase a middle school building" and inserting "Custer County, ID, to construct a community center".]

[The referenced explanatory statement under the heading "Community Development Fund" in title II of division K of Public Law 110-161 is deemed to be

## Community Development Block Grants

amended with respect to ``Emergency Housing Consortium in San Jose, CA" by striking ``for construction of the Sobrato Transitional Center, a residential facility for homeless individuals and families" and inserting ``for improvements to homeless services and prevention facilities".]

Of the amounts made available under this heading, \$150,000,000 shall be available for the Catalytic Investment Competition Grants program with the purpose of providing economic development gap financing to implement and capitalize innovative and targeted economic investment: Provided, That grant funds shall be targeted to communities or neighborhoods: (1) experiencing demonstrated distress as defined by the Secretary; and (2) that have developed an innovative and robust plan with measurable outcomes to increase jobs and improve economic vitality in a target area: Provided further, That grant funds may be used for, but not limited, to activities that: (1) implement projects designed to reclaim vacant property; (2) remove or ameliorate property-related obstacles to economic recovery; and (3) support economic activities related to transit-oriented development: Provided further, That an eligible applicant shall be a unit of general local government; a non-profit entity; or a consortium that shall include an eligible public entity and a designated lead applicant and may consist of states, local units of governments, community development corporations, and for-profit and non-profit entities: Provided further that an eligible applicant shall exhibit a plan for the funds that includes measurable outcomes for job creation and economic activity and the capacity to implement such a plan: Provided further, That except as otherwise provided by this paragraph, amounts appropriated under this heading for the Catalytic Investment Competition Grants program shall be treated as though such funds were community development block grant funds under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.): Provided further, That in administering any amounts appropriated under this heading for the Catalytic Investment Competition Grants program, the Secretary may waive or specify alternative requirements to any provision under Title I of the Housing and Community Development Act of 1974 (except for those related to fair housing, nondiscrimination, labor standards, and the environment) to achieve the purposes of this proviso: Provided further, That all of the funds appropriated or otherwise made available under this heading for the Catalytic Investment Competition Grants program shall be used with respect to individuals and families whose income does not exceed 120 percent of area median income: Provided further, That for purposes of environmental review, if the applicant is not a unit of general local government, assistance and projects under this heading shall be treated as assistance for special projects that are subject to section 305(c) of the Multifamily Housing Property Disposition Reform Act of 1994, and shall be subject to the regulations issued by the Secretary to implement such section: Provided further, That the Secretary shall develop and publish guidelines for the use of funds made available for the Catalytic Investment Competition Grants program including, but not limited to, eligibility criteria, eligible activities, minimum grant amounts, and performance metrics.

Of the amounts made available under this heading, \$150,000,000 shall be made available for a Sustainable Communities Initiative to improve regional planning efforts that integrate housing and transportation decisions, and increase the capacity to improve land use and zoning: Provided, That \$100,000,000 shall be for Regional Integrated Planning Grants to support the linking of transportation and land use planning: Provided further, That not less than \$25,000,000 of the funding made available for Regional Integrated Planning Grants shall be awarded to metropolitan areas of less than 500,000: Provided further, That \$40,000,000 shall be for Community Challenge Planning Grants to foster reform and reduce barriers to achieve affordable, economically vital, and sustainable communities: [Provided further, That before funding is made available for Regional Integrated Planning Grants or Community Challenge Planning Grants, the Secretary, in coordination with the Secretary of Transportation, shall submit a plan to the House and Senate Committees on Appropriations, the Senate Committee on Banking and Urban Affairs, and the House Committee on Financial Services establishing grant criteria as well as performance measures by which the success of grantees will be measured:] Provided further, That the Secretary will consult with the Secretary of Transportation in evaluating grant proposals: Provided further, That up to \$10,000,000 shall be for a joint Department of Housing and Urban Development and Department of Transportation research effort that shall include a rigorous evaluation of the Regional Integrated Planning Grants and Community Challenge Planning Grants programs, as well as to provide funding for a clearinghouse and capacity building efforts: [Provided further, That of the amounts made available under this heading, \$25,000,000 shall be made available for the Rural Innovation Fund for grants to Indian tribes, State housing finance agencies, State community and/or economic development agencies, local rural nonprofits and community development corporations to address the problems of concentrated rural housing distress and community poverty: Provided further, That of the funding made available under the previous proviso, at least \$5,000,000 shall be made available to promote economic development and entrepreneurship for federally recognized

## Community Development Block Grants

Indian Tribes, through activities including the capitalization of revolving loan programs and business planning and development, funding is also made available for technical assistance to increase capacity through training and outreach activities:] Provided further, That of the amounts made available under this heading, \$25,000,000 [is for grants pursuant to section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. 5307)] shall be made available for the University Community Fund for grants to assist universities in revitalizing surrounding communities, with special attention to Historically Black Colleges and Universities, Tribal Colleges and Universities, Alaska Native/Native Hawaiian institutions, and Hispanic-Servicing Institutions: Provided further, That the Secretary shall develop and publish guidelines for the use of such competitive funds including, but not limited to, eligibility criteria, minimum grant amounts, and performance metrics. (Department of Housing and Urban Development Appropriations Act, 2010.)

### **Explanation of Changes**

The fiscal year 2011 proposed appropriations language updates the total amount and the amount for the formula program. Also, The Economic Development Initiative and the Neighborhood Initiative are proposed for deletion. Finally, there is proposed a new program called the Catalytic Competition Investment Corporation.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Crosswalk of 2009 Availability  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2009 Resources</u>
Entitlement/Non-Entitlement .....	\$3,634,967	...	...	...	\$614,252	\$4,249,219
Insular Area CDBG Program .....	7,000	...	...	...	6,036	13,036
Sustainable Communities .....	...	...	...	...	...	...
Catalytic Investments Competition Grants .....	...	...	...	...	...	...
Indian Tribes .....	65,000	...	...	...	65,774	130,774
Rural Innovation Fund .....	[26,000]	...	...	...	...	[26,000]
University Community Fund .....	[23,000]	...	...	...	...	[23,000]
Section 107 Grants .....	5,000	...	...	...	3,604	8,604
Working Capital Fund .....	3,175	...	...	...	...	3,175
Economic Development Initiative Grants .....	165,311	...	...	...	150,044	315,355
Neighborhood Initiative Demonstration	19,547	...	...	...	15,827	35,374
Disaster Assistance .....	...	...	...	...	8,339,661	8,339,661
Section 805 Economic Development training .....	...	...	...	...	211	211
Neighborhood Stabilization Program ..	...	...	...	...	...	...
Transformation Initiative .....	...	...	...	...	...	...
American Recovery and Reinvestment Act .....	...	<u>\$3,000,000</u>	...	...	...	<u>3,000,000</u>
Total .....	3,900,000	3,000,000	...	...	9,195,409	16,095,409

NOTE: Total carryover includes recaptures of \$738 thousand. The Working Capital Fund (WCF) balances were transferred to WCF.

Community Development Block Grants

**COMMUNITY PLANNING AND DEVELOPMENT  
COMMUNITY DEVELOPMENT BLOCK GRANTS  
Crosswalk of 2010 Changes  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 President's Budget Request</u>	<u>Congressional Appropriations Action on 2010 Request</u>	<u>2010 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Entitlement/Non-Entitlement .....	\$4,136,220	\$3,943,238	...	...	\$548,408	\$4,491,646
Insular Area CDBG Program .....	6,930	6,930	...	...	7,000	13,930
Sustainable Communities .....	148,500	148,500	...	...	...	148,500
Catalytic Investments Competition Grants .....	...	...	...	...	...	...
Indian Tribes .....	64,350	64,350	...	...	68,034	132,384
Rural Innovation Fund .....	24,750	24,750	...	...	...	24,750
University Community Fund .....	24,750	24,750	...	...	...	24,750
Section 107 Grants .....	...	...	...	...	4,667	4,667
Working Capital Fund .....	...	...	...	...	...	...
Economic Development Initiative Grants .....	...	171,115	...	...	197,673	368,788
Neighborhood Initiative Demonstration	...	21,867	...	...	19,745	41,612
Disaster Assistance .....	...	...	...	...	5,125,469	5,125,469
Section 805 Economic Development training .....	...	...	...	...	123	123
Neighborhood Stabilization Program ..	...	...	...	...	...	...
Transformation Initiative .....	44,500	44,500	...	...	...	44,500
American Recovery and Reinvestment Act .....	...	...	...	...	<u>1,998,049</u>	<u>1,998,049</u>
Total .....	4,450,000	4,450,000	...	...	7,969,168	12,419,168