

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
2011 Summary Statement and Initiatives
(Dollars in Thousands)**

HOME INVESTMENT PARTNERSHIPS PROGRAM	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2009 Appropriation	\$1,825,000	\$378,970 ^a	\$2,250,000 ^b	\$4,453,970 ^c	\$4,165,380 ^b	\$1,915,108
2010 Appropriation/Request	1,825,000	287,887 ^d	...	2,112,887 ^e	1,842,987 ^e	2,241,654
2011 Request	<u>1,650,000</u>	<u>269,900</u>	...	<u>1,919,900^f</u>	<u>1,657,975^f</u>	<u>4,034,000</u>
Program Improvements/Offsets	-175,000	-17,987	...	-192,987	-185,012	+1,792,346

- a/ Includes \$2.996 million of fiscal year 2009 recaptured funds.
- b/ Per the American Recovery and Reinvestment Act, P.L. 111-5, 123 Stat. 115 (2009).
- c/ Includes \$4.2 million of funds that were transferred and obligated to the Working Capital Fund.
- d/ Excludes \$503 thousand of rescinded funds and \$200 thousand of expired funds.
- e/ Includes \$18.25 million of funds that were transferred and obligated to the Transformation Initiative Fund.
- f/ Includes \$16.5 million of funds that were transferred and obligated to the Transformation Initiative Fund.

Summary Statement

The Department is requesting \$1.650 billion of fiscal year 2011 funds, which is approximately a 10 percent decrease from the fiscal year 2010 appropriation. This funding request includes the Department's proposal that the Self-Help Homeownership Opportunity Program (SHOP) be integrated into the HOME program. The eligible costs under SHOP – land acquisition and infrastructure improvements - are eligible costs of the HOME program, so there would be no change in the types of assistance available for low- and very low-income households seeking to become homeowners through sweat-equity. Because there will be no set-aside of any HOME funds for self-help housing specifically, HOME participating jurisdictions (PJs) would have the discretion to choose whether to provide this assistance. Self-help housing providers that would have previously applied for funding through the national SHOP competition would instead approach the HOME PJ where the proposed housing is located for funding.

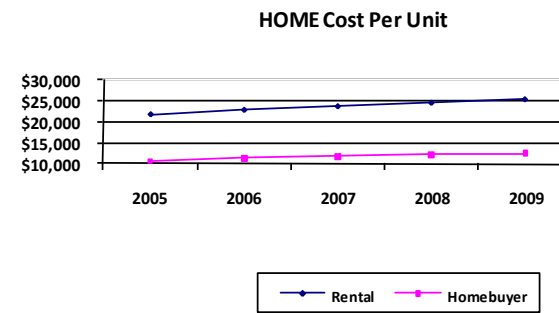
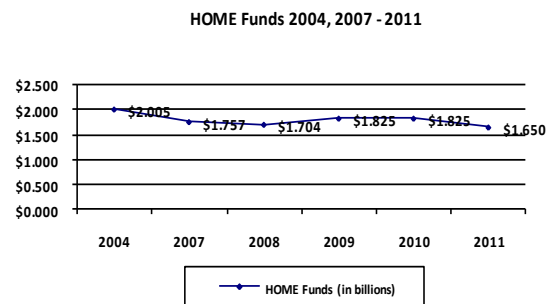
Also, the fiscal year 2011 Budget includes a request to continue funding the Transformation Initiative Fund, described in a separate justification, which allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 1 percent of the funds appropriated for the HOME account may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements.

To improve the efficiency of the Technical Assistance (TA) program and reflect the best estimate of need and capacity, as of fiscal year 2009, the HOME program may use, and continues the request to use, any remaining HOME Community Housing Development Organizations (CHDO) funds and those made available in prior Appropriations Acts and that still remain available for HOME technical assistance. HOME TA funds are more flexible than CHDO funds and, therefore, more

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useful to grantees. While HOME TA funds can cover most of the eligible CHDO TA activities, in the past, CHDO TA funds could not cover most of the eligible HOME TA activities.

The HOME Investment Partnerships program is a major departmental program designed to produce standard affordable housing for low- and very low-income families. It provides states and local governments' flexibility to decide what kind of housing assistance, or mix of housing assistance, is most appropriate to meet these housing needs. The purposes of the program are to expand the supply of decent affordable housing, to strengthen the ability of State and local governments to design and implement strategies to meet their needs, to provide financial and technical assistance to State and local governments, and to extend and strengthen partnerships among all levels of government and the private sector.



The HOME program was authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended. Program regulations are at 24 CFR Part 92. HOME provides formula grants to States and localities that communities use--often in partnership with local non-profit groups--to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. From program inception through September 30, 2009, the HOME program has:

- Created 925,563 units of affordable housing of which:
 - 391,669 (42 percent) were homebuyer units;
 - 349,390 (38 percent) were rental projects; and
 - 184,268 (20 percent) were homeowner rehabilitation projects;

Assisted 216,563 low-income households with tenant-based rental assistance;

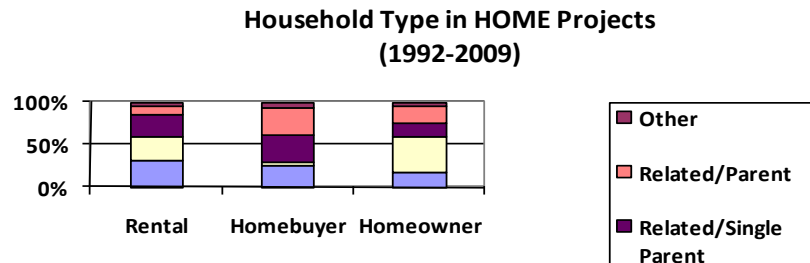
Historically, HOME funds have been used for developmental purposes of which:

- 53 percent of funds were used for completed rental projects;

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- 28 percent of funds were used for homebuyer projects;
- 19 percent of funds were used for homeowner rehabilitation.

The average cost of a HOME unit through September 30, 2009, was \$18,772.



During fiscal year 2008, HOME reallocated previously de-obligated funds designated for CHDOs through a “green building” competition. Through this competition, \$2 million was awarded to HOME PJs to expand the supply of energy efficient and environmentally friendly (Green) housing that is affordable to low-income families. Eight applicant PJs were each awarded \$250,000 to produce energy efficient and environmentally friendly housing units that are owned, developed or sponsored by eligible CHDOs, using design and technology models that can be replicated. All units must qualify for and receive ENERGY STAR certification by an independent Home Energy Rater (HER) upon completion. These awarded funds are expected to produce 82 “green” housing units.

Program evaluations have found that the program has a clear purpose, strong management, and can demonstrate results, and in three independent evaluations of the HOME program that have been conducted since 1995, each found the HOME program to be effective in achieving its intended results. In the December 2003 *Study of Homebuyer Activity Through the HOME Investment Partnerships program*, one conclusion was that: “The findings of this report suggest HOME plays a critical role in local efforts to promote affordable homeownership. One of the hallmarks of the HOME program is the flexibility that it offers PJs to design homebuyer programs that are tailored to local needs and market conditions.”

American Recovery and Reinvestment Act

During fiscal year 2009, the American Recovery and Reinvestment Act, P.L. 111-5, provided \$2.25 billion to the HOME program to make available to State housing credit agencies for low-income housing tax credit projects via a formula-based allocation. The housing credit agencies in each State are to distribute these funds competitively and according to qualified allocation plans. All of the appropriated funds were obligated in fiscal year 2009 and are expected to provide 50,000 rental housing units. Additionally, the Recovery Act required that 75 percent of the funds be committed to projects by February 2010. Currently, 63 percent of the funds are committed to projects.

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High Priority Performance Goal: Rental Assistance

This program is part of an overall High Priority Performance Goal to meet more of the growing need for affordable housing by serving an estimated 5.46 million families, an increase of 207,000 more than in fiscal year 2009. The main contributors to this goal are Housing Choice Vouchers, Public Housing Operating and Capital Programs, Tax Credit Assistance Program (TCAP), Gulf Coast Disaster Housing, Low-Income Housing Tax Credit (LIHTC), Project Rental Assistance Contracts (PRAC), and HOME Investment Partnerships Program (HOME).

Affordability problems have been exacerbated by the recession and the increasing demand for rental housing generated by the foreclosure crisis. At the same time, the freeze in the credit markets and the sharp reduction in demand for LIHTC have greatly diminished the private capital available to improve and expand the supply of affordable rental housing.

Only about one in four families are eligible for HUD/federal rental assistance programs receives assistance. The number of families struggling to make ends meet in the face of severe rent burdens has increased substantially during this decade. One of HUD's critical strategic goals is to catalyze affordable rental housing. After eight years of drift, the federal leadership on affordable housing issues must be restored. HUD envisions a strategic partnership that strives to address the persistent un-affordability of housing in three ways:

- Supplementing incomes via an enhanced commitment to rental vouchers;
- Preserving existing affordable housing through smart investments in public, Native American and assisted housing; and
- Expanding supply by capitalizing the new national Housing Trust Fund.

High Priority Performance Goal: Energy and Green Retrofits

This program is part of an overall High Priority Performance Goal shared by HUD and the Department of Energy (DOE). DOE and HUD will work together to support the goal of weatherizing one million homes per year by enabling the cost effective energy retrofits of a total of 1.1 million homes in fiscal years 2010 and fiscal year 2011. Of this number, HUD will complete cost effective energy retrofits of an estimated 126,000 HUD-assisted and public housing units. Apart from our joint energy retrofit goal with DOE, HUD will complete green and healthy retrofits of 33,000 housing units.

The largest number of retrofits will be in the Public Housing inventory followed by the Multifamily inventory as well as significant contributions through HOME Investment Partnerships Program (HOME) and the Office of Healthy Homes and Lead Hazard Control (Healthy Homes). Approximately, one-third of the effort will be accomplished via Recovery Act funding. In addition, approximately 20 percent of the units will involve green housing methodologies.

Increasing energy efficiency, reducing greenhouse gas emissions, and reducing dependency on foreign oil are priorities of the Obama Administration. HUD has committed to creating energy efficient housing as part of a broader commitment to supporting the development of inclusive, sustainable communities. The residential sector is responsible for fully 20 percent of the nation's greenhouse gas emissions. The President has established a goal of retrofitting One million homes annually as part of a long-term strategy to reduce the environmental impact of these buildings and reduce utility costs for both owners and residents, with specific attention to the affordable housing stock serving low- and moderate-income families.

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Much of HUD's own portfolio was built before the advent of energy codes, and therefore does not have the level of energy efficiency that has resulted from more recent energy codes. The outdated HUD housing stock therefore has both environmental and affordability impacts. HUD itself has significant outlays associated with energy costs – more than \$5 billion each year - both for public housing and for voucher holders.

Program Description and Activities

HOME funding will provide \$1.63 billion for HOME formula grants, consisting of \$978 million for local PJs and \$652 million for States. The Budget request will also provide \$3.3 million for insular areas.

HOME Investment Partnerships Program. The HOME program helps to expand the supply of standard, affordable housing for low- and very low-income families by providing grants to States, units of general local government, and consortia of units of general local governments that are PJs. PJs use their HOME grants to fund housing programs that meet local needs and priorities. PJs have a great deal of flexibility in designing their local HOME programs within the guidelines established by the HOME program statute and program regulations. PJs may use HOME funds to help renters, new homebuyers, or existing homeowners through rehabilitation of substandard housing, acquisition of standard housing (including down payment assistance), new construction, or tenant-based rental assistance (TBRA). The low-income benefit requirements established by the HOME statute mandate that all households assisted have incomes below 80 percent of area median and that 90 percent of those assisted with rental housing have incomes below 60 percent of median (see Low-Income Benefit below). The HOME program continually exceeds the low-income benefit requirements, with 96.9 percent of those assisted with rental housing having incomes below 60 percent of area median. HOME works well with other HUD programs to complement comprehensive neighborhood and economic revitalization strategies.

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

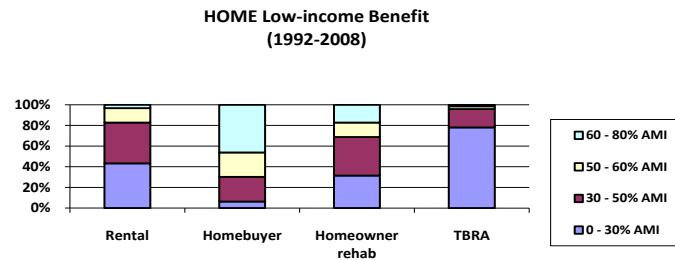
- Production. Beginning with fiscal year 1992, when the HOME program began, through September 30, 2009, States and local governments have committed almost \$22.4 billion in HOME funds to projects (based on data from the Integrated Disbursement and Information System (IDIS)). Of this amount, almost \$17.8 billion has been disbursed for completed projects, with an additional \$2.7 billion disbursed for on-going projects. [Commitments and disbursements do not include funds for administration.] The HOME funds disbursed for completed projects have leveraged almost \$70.2 billion in other Federal, state, local, and private funds for a total of approximately \$88.6 billion in resources expended for completed projects.

HOME program funding has been committed to newly construct, rehabilitate, or acquire in standard condition 1,013,666 units through September 30, 2009. Of the units to which funds have been committed, 925,327 units have been completed, of which 42 percent are for homebuyers. Based on historical usage, it is projected that 35.8 percent of HOME funds will be used for new construction, 44.5 percent for rehabilitation, 16.2 percent for acquisition, and 3.5 percent for TBRA. An estimated 216,563 families have already received time-limited Federal tenant-based rental assistance through the HOME program.

- Low-Income Benefit. HOME makes homeownership affordable to lower-income households. All households assisted through the HOME program must have annual incomes that do not exceed 80 percent of the area median income. Existing homeowners (82.8 percent) and 53.6 percent of new homebuyers receiving assistance have incomes below 60 percent of the median income.
- In addition, the HOME statute requires that at least 90 percent of the households occupying HOME-assisted rental units or receiving HOME-funded rental assistance have incomes that do not exceed 60 percent of the area median income. The HOME program consistently exceeds this income-targeting

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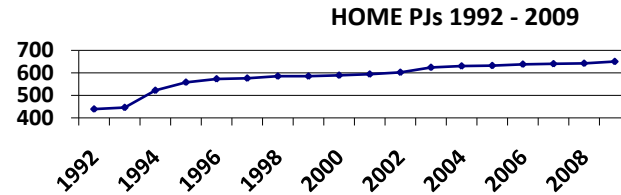
requirement. A total of 99.3 percent of households receiving TBRA and 96.9 percent of households occupying assisted rental units have incomes below 60 percent of the area median, for a combined 97.8 percent. Furthermore, 57.3 percent of assisted rental households are those likely to have the worst-case housing needs, with incomes below 30 percent of the area median income.



- Modest Cost Per Unit.** The average HOME subsidy for a HOME-assisted unit remains modest. As of September 30, 2009, the historically average unit subsidy was only \$18,772. The average HOME per-family subsidy for TBRA was \$2,889. HOME funds are effectively leveraged, with more than \$3.82 contributed from other public and private funds for every \$1 of HOME funds.
- Flexible Program Design.** HOME's flexible program design allows States and local PJs to successfully meet their needs in a manner most appropriate to local housing markets. There have been many creative uses of HOME funds, including addressing the special needs populations, such as persons with AIDS with both TBRA and units linked to supportive services, new models of assistance to new homebuyers, and large and small rental projects, some newly constructed and some acquired and/or rehabilitated. The program also helps meet the need for permanent housing for homeless persons and families. HOME funds can be used to provide housing support, and the Department urges state and local HOME participating jurisdictions to update their consolidated plans' housing and annual action plans to prevent the displacement of households affected by any reduction in that funding if it occurs.
- Non-profit Housing Development.** The HOME statute requires at least 15 percent of each PJ's annual allocation be reserved for housing that is developed, sponsored, or owned by CHDOs. As of September 30, 2009, State and local government PJs had reserved over \$5.5 billion, or 21 percent, for CHDO housing activities. Non-profit organizations, including those sponsored by faith-based organizations, also participate in the HOME program as sub-recipients acting on behalf of the PJ in accordance with written agreements.
- Capacity.** State and local PJs, as well as their non-profit partners, have the capacity to effectively use HOME funds. Since the program began in fiscal year 1992, the number of local PJs has increased from 387 to 589 in fiscal year 2009 due to the formation of new consortia and new metropolitan cities and urban counties, and the impact of new census data. Thus, despite increases in HOME appropriations, the amount of funds going to individual local PJs has not had a proportionate increase, as more and more local jurisdictions have qualified for HOME allocations. As an example, in fiscal year 1992, with a national appropriation of \$1.5 billion, Miami's allocation was \$5,314,000, while in fiscal year 2009 Miami received \$5,006,326, although the national appropriation was

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approximately \$1.8 billion. In addition, when inflation is considered, the real dollar value of appropriated HOME funds has declined for all PJs. The lead hazard removal requirements, while necessary and important, also raise the cost of producing a HOME-assisted unit, further reducing the number of housing units that can be assisted by States and local PJs. The number of State and Insular Areas PJs does not change over time.



Eligible Recipients. Eligible recipients of HOME funds include States, metropolitan cities (including the District of Columbia), urban counties, Puerto Rico and the Insular Areas of the Virgin Islands, American Samoa, Guam and the Northern Marianas. Under certain circumstances a consortium of geographically contiguous units of general local government also may be eligible for funding.

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HOME Investment Partnerships Program Accomplishments and Beneficiary Characteristics			
Completed Production Units		Occupied Units	Ethnicity Characteristics
Homebuyer	391,669	98.4%	Hispanic 17%
Rental	349,390	Households Receiving Tenant Based Rental Assistance (TBRA)	Non-Hispanic 83%
Homeowner Rehab	184,268		
Total Production Units	925,563	216,563	
Units by HOME Activity		Family Size	Race Characteristics
<p>■ Homebuyer ■ Rental ■ Homeowner Rehab</p>		1 Person 36% 2 Persons 22% 3 Persons 18% 4 Persons 13% 5 Persons 7% 6 Persons 2% 7 Persons 1% 8+ Persons 1%	White 47% Black/African American 32% Asian 1% American Indian/Alaskan Native 1% Native Hawaiian/Pacific Islander* 0% American Indian/Alaskan Native & White* 0% Asian & White* 0% Black/African American & White* 0% American Indian/Alaskan Native & Black* 0% Other Multi-Racial* 0% Asian/Pacific Islander** 1% Spanish Culture or Origin** 17%
		Family Type	
		Single/Non-Elderly 26% Elderly 20% Related/Single Parent 27% Related/Two Parent 21% Other 6%	* represents less than 0.5% ** data collected through old race definitions

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Status of HOME Funds		Units: Number of Bedrooms		Income Status	
Amount Allocated	\$26.5 billion (100%)	0 Bedroom	3%	Extremely Low-Income (0 - 30% AMI)	25%
Amount Committed	\$24.8 billion (90%)	1 Bedroom	16%	Very Low-Income (30 - 50% AMI)	33%
Amount Disbursed	\$22.6 billion (81%)	2 Bedrooms	30%	Low-Income (50 - 80% AMI)	42%
		3 Bedrooms	44%	Above Low-Income (>80% AMI)	0%
		4 Bedrooms	6%		
		5+ Bedrooms	1%		
Ratio of Other Dollars to HOME Dollars (Leveraging)		Average HOME Cost Per Unit		Funds Reserved to Community Housing Development Organizations (CHDOs)	
	3.82	Homebuyer	\$12,510		20.8%
		Rental	\$25,408		
		Homeowner Rehab	\$18,398		
		TBRA	\$2,889		

Source: Cumulative HOME Production (1992 – 2009) from the Integrated Disbursement and Information System (IDIS).

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

Budget Activity	2009 Budget Authority	2008 Carryover Into 2009	2009 Total Resources	2009 Obligations	2010 Budget Authority/ Request	2009 Carryover Into 2010	2010 Total Resources	2011 Request
Formula Grants	\$1,805,150	\$297,179	\$2,102,329	\$1,838,402	\$1,803,100	\$267,543	\$2,070,643	\$1,630,200
Insular Areas	3,650	...	3,650	... ^a	3,650	...	3,650	3,300 ^a
HOME/CHDO Technical Assistance	12,000	30,910	42,910	22,779	...	20,131	20,131	...
Housing Counseling Transformation Initiative .....	...	50,382	50,382	49,999	...	213	213	... ^b
Working Capital Fund Transfer	4,200	...	4,200	4,200	...	...	...	...
Disaster Assistance ... Tax Credit Assistance Program .....	...	499	499	...	...	...	...	...
Total	4,075,000	378,970	4,453,970	4,165,380	1,825,000	287,887	2,112,887	1,650,000

a/ Obligations and carryover included in Formula Grants.

b/ In fiscal years 2009 and 2010, funds for the Housing Counseling Assistance program were appropriated in a separate account in the Office of Housing. The fiscal year 2011 Budgets requests the same.

NOTES: The 2008 Carryover Into 2009 Column includes \$2.996 million of recaptured funds (\$2.414 million of formula grants, \$416 thousand of technical assistance, and \$166 thousand of housing counseling).

The 2009 Carryover Into 2010 Column excludes \$503 thousand of disaster assistance funds (\$499 thousand of Disaster Assistance and \$4 thousand of disaster-related funds allocated in formula grants) that were rescinded, as well as \$200 thousand of expired funds (\$170 thousand of housing counseling and \$30 thousand of formula grants).

FTE	2009 Actual	2010 Estimate	2011 Estimate
Headquarters	39	41	47
Field	<u>97</u>	<u>107</u>	<u>110</u>
Total	136	148	157

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

Formula Grants	<u>Amount</u>
2009 Appropriation	\$1,805,150
2010 Appropriation/Request	1,803,100
2011 Request	<u>1,630,200</u>
Program Improvements/Offsets	-172,900

Proposed Actions

Formula Allocation. Annual HOME allocations to States and eligible local government PJs are determined by a formula that reflects the severity of local affordable housing needs. The formula ensures that PJs with the greatest housing needs receive the most funding. After certain amounts are identified for program set-asides and other purposes, 60 percent of the remaining funds are awarded to participating local governments and 40 percent are awarded to States. All States receive a minimum annual allocation of at least \$3,000,000. In addition, the greater of 0.2 percent of the total allocation or \$750,000 is available to Insular Areas (not included in the formula above). For fiscal year 2011, funding for Insular areas total \$3.3 million, leaving \$1.63 billion for allocation to States and participating local governments using the following 6 formula factors (factors are based on 2000 census data):

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

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The following unit numbers are projected production over time for each fiscal year’s funding of HOME formula allocations. Thus, fiscal year 2011 funds are expected to result in a cumulative 75,459 production units and a cumulative 17,579 Tenant-Based Rental Assistance units as the funds spend out in fiscal year 2011 and beyond:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Production units.....	85,350 a/	77,252	77,164	75,459
Tenant-Based Rental Assistance units.....	17,760	17,248	17,229	17,579

a/ Includes 1,300 units through the American Dream Downpayment Initiative.

NOTE: The fiscal years 2010 and 2011 unit numbers exclude funding that may be transferred to the Transformation Initiative Fund.

Eligible Activities. PJs may use HOME funds to help renters, new homebuyers, or existing homeowners through rehabilitation of substandard housing, acquisition of standard housing (including down payment assistance), new construction, or tenant-based rental assistance (TBRA). By statute, funds may not be used to provide TBRA for certain special purposes of the existing Section 8 program, to provide non-Federal matching requirements for other programs, or to finance public housing operating subsidies or modernization.

Matching Requirements. Effective with the 1993 appropriation, PJs must provide matching contributions of at least 25 percent of HOME funds spent for TBRA, rehabilitation, acquisition, and new construction. To be considered eligible as match, a contribution must be made from nonfederal sources and must be a permanent contribution to a HOME project or to HOME match-eligible housing. Consequently, not all leveraged funds can be considered match. The Housing and Community Development Act of 1992, however, provides that the matching requirement shall be reduced by 50 percent for jurisdictions that are in fiscal distress and by 100 percent for jurisdictions that are in severe fiscal distress. PJs’ eligibility for reduced match rates because of fiscal or severe fiscal distress is based on: (1) family poverty rate of more than 125 percent of the national average; (2) per capita income of less than 75 percent of the national average as well as (for states only); and (3) personal income growth rate of less than 75 percent of the national average. If a local jurisdiction satisfies both of the first two distress criteria, it is determined to be in severe fiscal distress and receives a 100 percent reduction of match. Local PJs that satisfy one of the first two distress criteria are considered to be in fiscal distress and receive a 50 percent match reduction. Similarly, states that satisfy one of the three distress criteria are considered to be in fiscal distress and receive a 50 percent match reduction. States that satisfy at least two of three distress criteria are considered to be in severe fiscal distress and receive a 100 percent match reduction. As of September 30, 2009, HUD has determined that there were 268 PJs in “fiscal distress” and their matching requirements were reduced accordingly. The Secretary may also reduce the matching requirement for jurisdictions that are declared disaster areas by the President.

Reallocation of Funds. The HOME statute provides that HOME funds will be available to PJs for affordable housing projects for 24 months. Thus, the Department must de-obligate HOME funds that have been available to PJs, but have not been committed to affordable housing by the end of the last day of the month of the 24-month period. These funds are reallocated by formula. The Department, by regulation, allows 24 months to reserve CHDO funds, and if this deadline is not met, the funds and recaptures are redistributed by competition. As of September 30, 2009, the Department has cumulatively de-obligated approximately \$44.2 million in non-CHDO funds and \$11.1 million in CHDO funds. The de-obligation process ensures that HOME funds are used in a timely manner. As of

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September 30, 2009, the Department also has made approximately \$14.5 million in grant reductions as a corrective action for incomplete or ineligible activities. De-obligated non-CHDO funds and grant reduction funds are available for formula reallocation to all PJs during the next formula allocation cycle. The National Affordable Housing Act that provisions require that de-obligated CHDO funds be made available through a national competition. Of the \$11.1 million in de-obligated CHDO funds, \$7.5 million were awarded by competition in 2004 and 2005 to 15 PJs to develop permanent rental housing for the chronically homeless. An additional \$2 million was awarded in fiscal years 2008 and 2009 to expand the supply of energy efficient and environmentally friendly (Green) housing that is affordable to low-income families. Eight applicant PJs were each awarded \$250,000 to produce energy efficient and environmentally friendly housing units that are owned, developed or sponsored by eligible CHDOs, using design and technology models that can be replicated. All units must qualify for and receive ENERGY STAR certification by an independent Home Energy Rater upon completion. The remaining amount of de-obligated CHDO funds (\$1.6 million) was either recaptured by the U.S. Treasury or has not yet been competitively reallocated.

HOME Investment Partnerships Program

COMMUNITY PLANNING AND DEVELOPMENT

**HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)**

HOME/CHDO Technical Assistance	<u>Amount</u>
2009 Appropriation	\$12,000
2010 Appropriation/Request .....	...
2011 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

HOME and CHDO Technical Assistance (TA). The fiscal year 2011 Budget includes a request to continue funding the Transformation Initiative fund, discussed as a separate Justification, which allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to one percent of the funds appropriated for the HOME account may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements. An example of a project that could be undertaken with Transformation Initiative funding with respect to the HOME account could be a panel study of the effects of mixed income developments using HOME funding. TA projects provide the support and tools to strengthen local capacity of existing PJs and those new to the program, improve program compliance, expand participation by non-profit housing providers, ensure cost effectiveness and design innovative approaches to affordable housing needs.

While HOME technical assistance funds can be used for eligible CHDO technical assistance activities, CHDO technical assistance cannot be used for eligible HOME technical assistance activities. For example, CHDO TA cannot cover any technical assistance to state and local participating jurisdictions—including capacity building in areas such as program design, housing finance, building construction techniques, and energy efficiency. To address this issue, as permitted as of fiscal year 2009, the HOME program may use, and continues the request to use, the remaining HOME CHDO funds and those made available in prior appropriations acts that remain available or are recaptured for HOME technical assistance.

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

Transformation Initiative	<u>Amount</u>
2009 Appropriation .....	...
2010 Appropriation/Request	\$18,250
2011 Request	<u>16,500</u>
Program Improvements/Offsets	-1,750

Proposed Actions

The fiscal year 2011 Budget includes a request to continue to fund the Transformation Initiative fund, discussed as a separate Justification, 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 HOME account may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements.

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HOME INVESTMENT PARTNERSHIPS PROGRAM
Program Offsets
(Dollars in Thousands)**

Working Capital Fund Transfer	<u>Amount</u>
2009 Appropriation	\$4,200
2010 Appropriation/Request .....	...
2011 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

Working Capital Fund Transfer. The fiscal year 2011 Budget includes a request to continue to fund the Transformation Initiative fund, discussed as a separate Justification, 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 HOME account may be transferred to the Transformation Initiative account to undertake research, demonstrations, technical assistance, and technology improvements.

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

Insular Areas	<u>Amount</u>
2009 Appropriation	\$3,650
2010 Appropriation/Request	3,650
2011 Request	<u>3,300</u>
Program Improvements/Offsets	-350

Proposed Actions

These funds are distributed by formula (see Formula Grants) to the Virgin Islands, American Samoa, Guam, and the Northern Marianas. By statute, the greater of 0.2 percent of the total allocation, or \$750,000, is available to Insular Areas each year.

HOME Investment Partnerships Program

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

Housing Counseling	<u>Amount</u>
2009 Appropriation
2010 Appropriation/Request
2011 Request	<u>...</u>
Program Improvements/Offsets

Proposed Actions

In fiscal years 2009 and 2010 funding for the Housing Counseling Assistance program was appropriated in a separate account in the Office of Housing. This Budget proposes to continue to fund this program as a separate account within the Office of Housing.

HOME Investment Partnerships Program

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

Tax Credit Assistance Program	<u>Amount</u>
2009 Appropriation	\$2,250,000
2010 Appropriation/Request .....	...
2011 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

During fiscal year 2009, the American Recovery and Reinvestment Act, P.L. 111-5, provided \$2.25 billion to the HOME program to make available to State housing credit agencies for low-income housing tax credit projects via a formula-based allocation. The housing credit agencies in each State are to distribute these funds competitively and according to qualified allocation plans. All of the appropriated funds were obligated in fiscal year 2009 and are expected to provide 50,000 rental housing units. Additionally, the Recovery Act required that 75 percent of the funds be committed to projects by February 2010. Currently, 63 percent of the funds are committed to projects.

HOME Investment Partnerships Program

DISTRIBUTIONS OF HOME FUNDS BY STATE

The following table shows HOME Investment Partnerships Program allocations by State for 2009, 2010 and 2011 appropriations. The 2010 and 2011 amounts represent preliminary estimates which are subject to change due to factors such as, transfers to the Transformation Initiative.

STATE OR TERRITORY	ACTUAL	ESTIMATE	ESTIMATE
	<u>2009</u>	<u>2010</u>	<u>2011</u>
	(Dollars in Thousands)		
Alabama.....	\$25,718	\$25,625	\$23,128
Alaska.....	4,072	4,063	3,961
Arizona.....	25,939	25,844	23,344
Arkansas.....	16,395	16,383	14,779
California.....	262,618	261,602	236,352
Colorado.....	21,888	21,935	19,810
Connecticut.....	21,135	21,079	19,025
Delaware.....	4,990	4,973	4,783
District of Columbia.....	9,312	9,341	8,473
Florida.....	81,896	81,641	73,754
Georgia.....	43,749	43,725	39,473
Hawaii.....	7,636	7,579	7,105
Idaho.....	7,028	7,025	6,337
Illinois.....	76,174	76,233	68,862
Indiana.....	30,539	30,481	27,518
Iowa.....	15,217	15,199	13,715
Kansas.....	13,747	13,751	12,412
Kentucky.....	25,345	25,319	22,847
Louisiana.....	31,673	31,608	28,538
Maine.....	8,452	8,445	7,620

HOME Investment Partnerships Program

ACTUAL ESTIMATE ESTIMATE
2009 2010 2011
(Dollars in Thousands)

STATE OR TERRITORY

Maryland.....	25,441	25,414	22,957
Massachusetts.....	47,856	47,799	43,178
Michigan.....	51,124	50,986	46,042
Minnesota.....	22,774	22,719	20,514
Mississippi.....	17,994	18,055	16,287
Missouri.....	31,116	31,044	28,028
Montana.....	6,279	6,298	5,683
Nebraska.....	9,284	9,303	8,397
Nevada.....	11,888	11,872	11,021
New Hampshire.....	6,667	6,664	6,012
New Jersey.....	49,042	48,964	44,247
New Mexico.....	11,140	11,150	10,062
New York.....	202,842	203,326	183,722
North Carolina.....	41,726	41,624	37,580
North Dakota.....	3,612	3,609	3,510
Ohio.....	67,123	66,982	60,486
Oklahoma.....	20,613	20,574	18,570
Oregon.....	21,938	21,839	19,717
Pennsylvania.....	76,248	76,057	68,693
Rhode Island.....	9,592	9,583	8,651
South Carolina.....	20,426	20,374	18,398
South Dakota.....	4,361	4,376	3,947
Tennessee.....	31,266	31,204	28,169

HOME Investment Partnerships Program

STATE OR TERRITORY	ACTUAL	ESTIMATE	ESTIMATE
	<u>2009</u>	<u>2010</u>	<u>2011</u>
	(Dollars in Thousands)		
Texas.....	118,696	118,550	107,073
Utah.....	9,318	9,312	8,409
Vermont.....	4,369	4,367	3,939
Virginia.....	35,427	35,324	31,902
Washington.....	34,508	34,358	31,036
West Virginia.....	13,272	13,276	11,981
Wisconsin.....	28,625	28,513	25,746
Wyoming.....	3,500	3,500	3,500
Puerto Rico.....	<u>33,560</u>	<u>34,233</u>	<u>30,907</u>
Subtotal Formula Grants	\$1,805,150	\$1,803,100	\$1,630,200
Other activities..(Insular and Transformation Initiative).....	<u>19,850</u>	<u>21,900</u>	<u>19,800</u>
TOTAL HOME.....	\$1,825,000	\$1,825,000	\$1,650,000

HOME Investment Partnerships Program

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

The 2011 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined.

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, [~~\$1,825,000,000~~ *\$1,650,000,000*, to remain available until September 30, [~~2012~~ *2013*: *Provided*, That funds provided in prior appropriations Acts for technical assistance, that were made available for Community Housing Development Organizations technical assistance, and that still remain available, may be used for HOME technical assistance notwithstanding the purposes for which such amounts were appropriated.

HOME Investment Partnerships Program

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
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>
Formula Grants	\$1,805,150	...	...	...	\$297,179 ^a	\$2,102,329
Insular Areas	3,650	...	...	...	...	3,650
HOME/CHDO Technical Assistance	12,000	...	...	...	30,910	42,910
Housing Counseling .....	...	...	...	...	50,382	50,382
Transformation Initiative .....	...	...	...	...	...	...
working Capital Fund Transfer	4,200	...	...	...	...	4,200
Disaster Assistance .....	...	...	...	...	499	499
Tax Credit Assistance Program .....	...	<u>\$2,250,000</u>	...	...	...	<u>2,250,000</u>
Total	1,825,000	2,250,000	...	...	378,970	4,453,970

a/ Carryover for the American Dream Downpayment Initiative and Insular Areas funds are included in the Formula Grants carryover.

HOME Investment Partnerships Program

**COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
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>
Formula Grants	\$1,803,100	\$1,803,100	...	...	\$267,543	\$2,070,643
Insular Areas	3,650	3,650	...	...	...	3,650
HOME/CHDO Technical Assistance .....	...	...	...	...	20,131	20,131
Housing Counseling .....	...^b	...	...	...	213	213
Transformation Initiative	18,250	18,250	...	...	...	18,250
Working Capital Fund Transfer .....	...	...	...	...	...	...
Disaster Assistance .....	...	...	...	...	...	...
Tax Credit Assistance Program .....	...	...	...	...	...	...
Total	1,825,000	1,825,000	...	...	287,887	2,112,887

a/ Carryover for the American Dream Downpayment Initiative and Insular Areas funds are included in the Formula Grants carryover.

b/ Funds for the Housing Counseling Assistance program were appropriated as a separate account in the Office of Housing in fiscal years 2009 and 2010.

NOTE: The carryover excludes \$503 thousand of disaster assistance funds (\$499 thousand of Disaster Assistance and \$4 thousand of disaster-related funds allocated in formula grant) that were rescinded, as well as \$200 thousand of expired funds (\$170 thousand of housing counseling and \$30 thousand of formula grants). The disaster funds were rescinded because the purposes for which they were appropriated have been carried out.