



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
FISCAL YEAR 2012 PROGRAM AND BUDGET INITIATIVES  
**LOCALLY-DRIVEN ECONOMIC DEVELOPMENT**

**In Fiscal Year 2012, HUD is requesting \$4.76 billion to fund local economic development initiatives in thousands of communities nationwide.**

With impact of economic recovery now being seen across the country, local communities have sought HUD's leadership in helping to address their economic development challenges. Long-standing trends of urban decline, as well as the recent economic crises, have put stress on America's neighborhoods as they work to find innovative strategies to address housing and broader economic development issues that are key to their economic future. Through partnerships with local governments, non-profits, faith-based associations, and other community organizations, HUD provides grants to cities and states to catalyze economic opportunity, particularly in addressing neighborhoods of concentrated poverty. Taken together, HUD remains committed to investing in place-based results and creating sustainable development solutions that benefit Americans nationwide.

COMMUNITY PLANNING AND DEVELOPMENT

Through both formula and competitive grants, HUD has partnered with local organizations and state and local governments to fund innovative solutions to community development challenges. Underpinning these partnerships is the fundamental philosophy that local decision-makers are best poised to drive a cohesive development strategy, based on a keen perception of local needs, interests, and priorities. Consistent with that philosophy, most Community Planning and Development (CPD) grantees determine the use of funding with minimal Federal influence. **In Fiscal Year 2012, HUD is requesting a total \$3.78 billion in funding for the Community Development Fund.** CPD's programs aim to support of economic development initiatives and projects that demonstrate the ability to connect private sector growth to low income people and places.



As part of CPD programming, the Community Development Block Grant (CDBG) remains the largest and most flexible community and economic development program in the Federal portfolio. Since its inception in 1974, CDBG has invested over \$131 billion in community/economic development at the local level, providing housing and creating jobs primarily for low-and moderate-income families. **In 2012, HUD is requesting that \$3.69 billion in CPD funds be dedicated to the CDBG program.** All together, CDBG funding annually reaches an estimated 7,000 local governments across the country, in communities of all shapes and sizes.

Another potent public investment tool that HUD offers to state and local governments is the **Section 108 Loan Guarantee program.** Section 108 is the loan guarantee provision of the CDBG program and allows states and local governments 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. HUD is requesting loan guarantee authority of \$500 million in 2012 (a 100% increase over 2011) and is proposing to implement a fee based program that will eliminate the need for budget authority to cover the program's credit subsidy.

In addition to CDBG, CPD's overall 2012 budget request will fund partnerships with localities to develop economic development strategies, including \$50 million in Capacity Building Grants to develop the capacity of community development corporations to undertake development programs and affordable housing projects for low-income families.



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SUSTAINABLE HOUSING AND COMMUNITIES

HUD's Office of Sustainable Housing and Communities (OSHC) was established in 2010 with a mission to infuse sustainability into HUD policies and programs so that a larger portion of the Department's funds lead to sustainable outcomes in line with the Livability Principles jointly established by HUD, EPA, and DOT. Through



internal initiatives and partnerships with other Federal agencies, HUD has developed the Sustainable Communities Initiative (SCI) to align resources, reinforce local and regional economic development efforts, and to provide incentives that encourage market pick-up of sustainable planning and development strategies in communities of all shapes and sizes.

**In 2012, HUD is requesting \$150 million in Sustainable Housing and Communities funding.** A majority of this funding will be used for the SCI program, with an objective of stimulating integrated regional planning to guide state, metropolitan, and local investments

in economic development. In addition, HUD is committed to supporting localities to undertake zoning and land use reforms that allow the real estate market to efficiently build sustainable communities.

ECONOMIC DEVELOPMENT IN INDIAN COUNTRY

Through innovative programming, HUD has found new ways to partner with American Indian and Alaska Native tribal governments to help these communities craft and implement sustainable, locally-driven solutions to economic development challenges. HUD recognizes the right of Indian self-determination and tribal self-governance, and has fostered partnerships that allow tribal recipients the flexibility to design and implement appropriate, place-based housing programs according to local needs and customs. In most of these communities, housing and infrastructure needs are severe and widespread, disconnected from transportation networks and isolated from key community assets including jobs, schools and healthcare facilities. In Fiscal Year 2012, **HUD is requesting a total of \$782 million to fund programs that will directly support housing and economic development in American Indian, Alaskan Native, and Native Hawaiian communities nationwide.** This funding request includes:

- *\$700 million for Indian Housing Block Grant program, which is the single largest source of funding for housing on Indian tribal lands today*
- *\$65 million for Indian Community Development Block Grants, a flexible source of grant funds for Federally-recognized tribes or eligible Indian entities nationwide*
- *\$10 million for Native Hawaiian Housing Block Grant program, to develop homeownership units as well as support the prevention of foreclosures and the promotion of responsible homeownership.*
- *\$7 million for Native Hawaiian Loan Guarantee Fund, which provides credit subsidies to directly support the stabilization of Native Hawaiian neighborhoods on the Hawaiian Home Lands.*

In communities large and small, HUD remains committed to building "geographies of opportunity" – places that effectively connect people to jobs, transportation, quality public schools, and other amenities. Today, too many families are stuck in neighborhoods of concentrated poverty and segregation, where a family's zip code predicts poor educational, employment, and even health outcomes. These neighborhoods are not sustainable. Through community-based economic development initiatives, HUD will continue to leverage Federal funds to strengthen regional development and spur economic activity throughout the nation.