COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
2012 Summary Statement and Initiatives
(Dollars in Thousands)

HOME INVESTMENT PARTNERSHIPS PROGRAM	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2010 Appropriation	$1,825,000	$310,906[a]	...	$2,135,906[b]	$1,875,673[b]	$2,810,657
2011 CR	1,825,000	260,132[c]	...	2,085,132	1,848,007	2,693,731
2012 Request	1,650,000	237,125	...	1,887,125	1,672,705	2,168,690
Program Improvements/Offsets	-175,000	-23,007	...	-198,007	-175,302	-525,041

a/ Includes $23.019 million of funds recaptured in fiscal year 2010, of which $6.208 million was grants, $269 thousand was technical assistance, $130 thousand was housing counseling, and $16.412 million was Tax Credit Assistance Program funds.

b/ Includes $18.250 million of funds that were transferred and obligated to the Transformation Initiative Fund.

c/ Excludes $101 thousand of expired 2008/2010 funds, of which $10 thousand was grants and $91 thousand was housing counseling.

Summary Statement

The Department requests $1.65 billion for fiscal year 2012, a decrease of $175 million (approximately 11 percent) from the fiscal year 2010 enacted appropriation level of $1.825 billion. This request reflects the difficult fiscal environment for discretionary programs. 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. To the contrary, HOME funds have many fewer restrictions on the costs that can be paid and the amount of funding that can be provided. Although there is no set-aside of HOME funds for self-help housing specifically, HOME participating jurisdictions (PJs) may use the communitywide planning process to determine the relative priority of self-help housing projects. Self-help housing providers that would have previously applied for funding through one of the regional or national SHOP grantees would instead approach the HOME PJ where the proposed housing is located for HOME funding. HUD could issue guidance to PJs and self-help groups on how HOME funds can be used to support locally administered self-help homeownership programs.

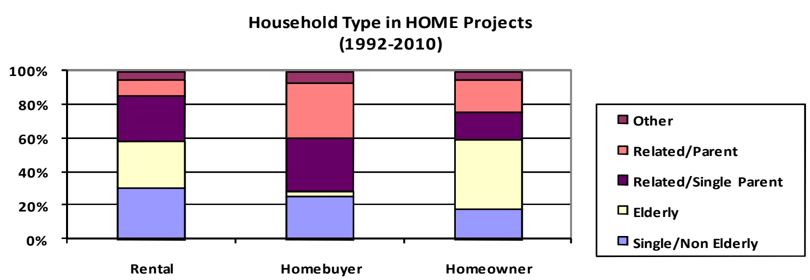
The HOME Investment Partnerships Program is the primary departmental program, and principal tool of state and local governments, for the production of affordable housing for low- to extremely low-income families and those with special needs, such as the homeless and persons living with human immunodeficiency virus/acquired immunodeficiency syndrome **(**HIV/AIDS**)**. HOME's central role in the production of special needs housing is reflected by grantees' reported uses. For example, of the 110,325 rental units produced using HOME funds since fiscal year 2007, 5 percent were specifically targeted for occupancy by the homeless and chronically homeless. For many states and local governments, HOME is the only reliable stream of affordable and special needs housing development funds available to them. In addition, HOME funds typically provide the critical gap financing that make Low-Income Housing Tax Credit projects feasible. Because of reduced demand in the investor market for Low-Income Housing Tax Credits (LIHTC), HOME funding currently comprises a larger than normal share of Federal resources available for building affordable housing.

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 (82.6 percent) and 52.9 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 requirement. A total of 99.3 percent of households receiving Tenant-Based Rental Assistance (TBRA) and 97 percent of households occupying assisted rental units have incomes below 60 percent of the area median, for a combined 97.9 percent. Furthermore, 57.6 percent of assisted rental households have incomes below 30 percent of the area median income, and are likely to have worst-case housing needs.

Program Performance and Evaluations

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 (1992) through September 30, 2010, the HOME program has:

Program Activity (completed)	Fiscal Year 2010 Accomplishments	Accomplishments through September 30, 2010
Homebuyer Units	24,152	415,784
Rental Projects	20,834	370,414
Homeowner Rehabilitation Projects	7,866	192,687
Tenant-Based Rental Assistance	16,062	233,867
TOTAL Completed Units of Affordable Housing	**68,914**	**978,885**



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."

"Green Building" Competition

During fiscal year 2008, HOME reallocated previously de-obligated funds designated for Community Housing Development Organizations (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.

American Recovery and Reinvestment Act (Recovery 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. As of September 30, 2010, 1,107 units were completed. Additionally, the Recovery Act required that 75 percent of the funds be committed to projects by February 2010. Currently, 98.7 percent of the funds are committed to projects.

Program Description and Activities

HOME funding will provide $1.65 billion for HOME formula grants, consisting of $988 .1 million for local PJs and $658.6 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. These entities use their HOME grants to fund housing programs that meet local needs and priorities. They 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.

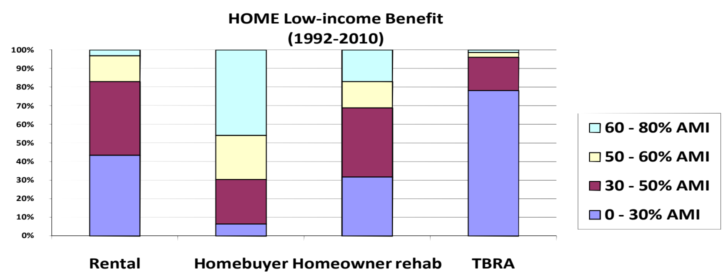
The following aspects of the HOME program make it an effective and efficient provider of affordable rental and homeownership opportunities for the nation's low-income families:

- Production. Beginning with fiscal year 1992, when the HOME program began, through September 30, 2010, States and local governments have committed almost $23.5 billion in HOME funds to projects (based on data from the Integrated Disbursement and Information System (IDIS)). Of this amount, almost $19.3 billion has been disbursed for completed projects, with an additional $2.5 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 $78.1 billion in other Federal, state, local, and private funds for a total of approximately $98.2 billion in resources expended for completed projects.

  Based on historical usage, it is projected that 43.8 percent of HOME funds will be used for rehabilitation, 36.6 percent of HOME funds for new construction, 16.1 percent for acquisition, and 3.5 percent for TBRA.

- 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 (82.6 percent) and 52.9 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 requirement. A total of 99.3 percent of households receiving TBRA and 97 percent of households occupying assisted rental units have incomes below 60 percent of the area median, for a combined 97.9 percent. Furthermore, 57.6 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, 2010, the historically average unit subsidy of HOME activity (new construction, acquisition, and rehabilitation) was only $19,049. The average HOME per-family subsidy for TBRA was $2,924, and can include a range of subsidies, such as security deposits or monthly rental assistance. HOME funds are effectively leveraged, with more than $3.90 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.

- 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, 2010, State and local government PJs had cumulatively reserved over $5.7 billion, or 21.6 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 586 in fiscal year 2010 due to the formation of new consortia and new metropolitan cities and urban counties, and the impact of new census data. With this increase, the amount of HOME funds allocated to individual local PJs has actually decreased over this 18-year period, as more and more local jurisdictions have qualified for HOME allocations. When inflation is considered, the real dollar value of appropriated HOME funds has declined for all 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.

HOME Investment Partnerships Program Accomplishments and Beneficiary Characteristics

Source: Cumulative HOME Production (1992 – 2010) from the Integrated Disbursement and Information System (IDIS).

Completed Production Units

Homebuyer	415,784
Rental	370,414
Homeowner Rehab	192,687
Total Production Units	**978,885**

Occupied Units

98.2%

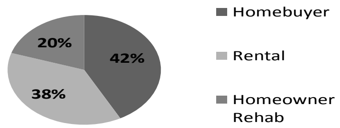
Households Receiving Tenant Based Rental Assistance (TBRA)

233,867

Ethnicity Characteristics

Hispanic	17%
Non-Hispanic	83%

Units by HOME Activity



Family Size

1 Person	36%
2 Persons	22%
3 Persons	18%
4 Persons	13%
5 Persons	7%
6 Persons	2%
7 Persons	1%
8+ Persons	1%

Family Type

Single/Non-Elderly	26%
Elderly	20%
Related/Single Parent	27%
Related/Two Parent	21%
Other	6%

Race Characteristics

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%

* represents less than 0.5%
** data collected through old race definitions

Status of HOME Funds

Amount Allocated	$28.3 billion	(100%)
Amount Committed	$26.4 billion	(90%)
Amount Disbursed	$24.6 billion	(81%)

Units: Number of Bedrooms

0 Bedroom	3%
1 Bedroom	16%
2 Bedrooms	30%
3 Bedrooms	44%
4 Bedrooms	6%
5+ Bedrooms	1%

Income Status

Extremely Low-Income (0 - 30% AMI)	25%
Very Low-Income (30 - 50% AMI)	33%
Low-Income (50 - 80% AMI)	42%
Above Low-Income (>80% AMI)	0%

Ratio of Other Dollars to HOME Dollars (Leveraging)

3.9

Average HOME Cost Per Unit

Homebuyer	$12,729
Rental	$26,330
Homeowner Rehab	$18,692
TBRA	$2,924

Funds Reserved to Community Housing Development Organizations (CHDOs)

21.6%

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

Budget Activity	2010 Budget Authority	2009 Carryover Into 2010	2010 Total Resources	2010 Obligations	2011 CR	2010 Carryover Into 2011	2011 Total Resources	2012 Request
Formula Grants	$1,803,100	$273,686	$2,076,786	$1,839,070	$1,821,350	$241,356	$2,062,706	$1,646,700
Insular Areas	3,650	...	3,650	...	3,650	...	3,650	3,300
HOME/CHDO Technical Assistance	...	20,465	20,465	18,101	...	2,364	2,364	...
Housing Counseling	...	343	343	252	...	...	...	...
Transformation Initiative	18,250	...	18,250	18,250	...	...	...	...
Tax Credit Assistance Program	...	16,412	16,412	...	...	16,412	16,412	...
Total	1,825,000	310,906	2,135,906	1,875,673	1,825,000	260,132	2,085,132	1,650,000

NOTES:

1. Beginning in fiscal year 2009, the Housing Counseling program was appropriated in a separate account in the Office of Housing.

2. The 2009 Carryover Into 2010 Column includes $23.019 million of funds recaptured in fiscal year 2010, of which $6.208 million was grants, $269 thousand was technical assistance, $130 thousand was housing counseling, and $16.412 million was Tax Credit Assistance Program funds.

3. The 2010 Carryover Into 2011 column excludes $101 thousand of expired 2008/2010 funds, of which $10 thousand was grants and $91 thousand was housing counseling.

FTE	2010 Actual	2011 Estimate	2012 Estimate
Headquarters	41	47	42
Field	107	110	123
Total	148	157	165

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

Formula Grants	Amount
2010 Appropriation	$1,803,100
2011 CR	1,821,350
2012 Request	1,646,700
Program Improvements/Offsets	-174,650

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 million. In addition, the greater of 0.2 percent of the total allocation or $750 thousand is available to Insular Areas (not included in the formula above). For fiscal year 2012, funding for Insular areas total $3.3 million, leaving $1.646 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.

The following unit numbers are projected production over time for each fiscal year's funding of HOME formula allocations. Thus, fiscal year 2012 funds are expected to result in 74,182 production units and 18,046 TRBA units as the funds spend out in fiscal year 2012 and beyond:

	2009	2010	2011	2012
Production units..	77,252	81,229	81,639	74,182
Tenant-Based Rental Assistance units............................	17,248	19,760	19,860	18,046

NOTE: The fiscal year 2012 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 purposes authorized under 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 non-federal 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 2 of 3 distress criteria are considered to be in severe fiscal distress and receive a 100 percent match reduction. As of September 30, 2010, HUD has determined that there were 289 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, 2010, the Department has cumulatively de-obligated approximately $47.3 million in non-CHDO funds and $11.7 million in CHDO funds. The de-obligation process ensures that HOME funds are used in a timely manner. As of September 30, 2010, the Department also has made approximately $16.3 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 $11.7 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. These awarded funds are expected to produce 82 “green” housing units. 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 ($2.2 million) were either recaptured because they expired and returned to the U.S. Treasury or have not yet been competitively reallocated.

NOTE – By statute, should the HOME appropriation fall below $1.5 billion, the dollar threshold used in the formula for participation would drop from $500,000 to $335,000, resulting in an immediate increase in the number of HOME participating jurisdictions qualifying for funding. The estimated 52 new PJs, a 9 percent increase, would reduce funding dramatically for all local PJs – far beyond the actual dollar cut in the appropriation. This reduction would also be permanent, unless modified by statute, as newly created participating jurisdictions must be “grandfathered in” and receive an allocation each year thereafter.

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

HOME/CHDO Technical Assistance	Amount
2010 Appropriation	...
2011 CR	...
2012 Request	...
Program Improvements/Offsets	...

Proposed Actions

HOME and CHDO Technical Assistance (TA). In fiscal year 2012, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; and technical assistance and capacity building. Departmentwide, no more than $120 million will be transferred to the Transformation Initiative Fund account in fiscal year 2012. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

Since fiscal year 2009, the HOME program has been permitted to use remaining HOME CHDO funds and those made available in prior appropriations act that remain available or are recaptured for HOME technical assistance. The HOME program continues this request because while HOME TA 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

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

Insular Areas	Amount
2010 Appropriation	$3,650
2011 CR	3,650
2012 Request	3,300
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.

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

Tax Credit Assistance Program	Amount
2010 Appropriation	...
2011 CR	...
2012 Request	...
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. Additionally, the Recovery Act required that 75 percent of the funds be committed to projects by February 2010. Currently, 98.7 percent of the funds are committed to projects. 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. While the fiscal year 2010 goal was to complete 7,500 units, the program completed 1,107 units, of which 1019 are occupied and 287 meet Energy Star standards**.** The projects took longer than expected to complete, but the program is still on target to produce 35,686 units by the end of fiscal year 2011.

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

Transformation Initiative	Amount
2010 Appropriation	$18,250
2011 CR	...
2012 Request	...
Program Improvements/Offsets	...

Proposed Actions

In fiscal year 2012, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; and technical assistance and capacity building. Departmentwide, no more than $120 million will be transferred to the Transformation Initiative Fund account in fiscal year 2012. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

HOME Investment Partnerships Program

DISTRIBUTION OF HOME FUNDS BY STATE

The following table shows HOME Investment Partnerships program allocations by State for the 2010 Enacted Budget Authority, and the annualized 2011 Continuing Resolution, and the 2012 Budget request. The 2011 and 2012 amounts represent preliminary estimates.

	ACTUAL 2010	ANNUALIZED 2011 CR	ESTIMATE 2012
	(Dollars in Thousands)		
STATE OR TERRITORY			
Alabama	$25,627	25,886	23,404
Alaska	4,063	4,104	3,711
Arizona…	25,844	26,106	23,602
Arkansas	16,384	16,550	14,963
California	261,592	264,240	238,902
Colorado	21,934	22,156	20,031
Connecticut	21,080	21,293	19,252
Delaware	4,973	5,023	4,542
District of Columbia	9,343	9,438	8,533
Florida	81,639	82,465	74,558
Georgia	43,726	44,169	39,933
Hawaii	7,579	7,656	6,922
Idaho	7,026	7,097	6,417
Illinois	76,232	77,004	69,620
Indiana	30,482	30,791	27,838
Iowa	15,200	15,354	13,882
Kansas	13,752	13,891	12,559
Kentucky	25,321	25,577	23,125
Louisiana	31,609	31,929	28,867
Maine	8,446	8,531	7,713

STATE OR TERRITORY	ACTUAL 2010	ANNUALIZED 2011 CR	ESTIMATE 2012
	(Dollars in Thousands)		
Maryland	25,414	25,671	23,210
Massachusetts	47,798	48,282	43,652
Michigan	50,987	51,503	46,564
Minnesota	22,719	22,949	20,748
Mississippi	18,057	18,240	16,491
Missouri	31,045	31,359	28,352
Montana	6,298	6,362	5,752
Nebraska	9,303	9,397	8,496
Nevada	11,872	11,992	10,842
New Hampshire	6,664	6,731	6,086
New Jersey	48,942	49,437	44,697
New Mexico	11,151	11,264	10,184
New York	203,316	205,375	185,679
North Carolina	41,625	42,046	38,014
North Dakota	3,609	3,646	3,296
Ohio	66,983	67,661	61,173
Oklahoma	20,575	20,783	18,790
Oregon	21,840	22,061	19,946
Pennsylvania	76,057	76,827	69,460
Rhode Island	9,583	9,680	8,752
South Carolina	20,375	20,581	18,608
South Dakota	4,376	4,420	3,996
Tennessee	31,205	31,521	28,498

	ACTUAL 2010	ANNUALIZED 2011 CR	ESTIMATE 2012
	(Dollars in Thousands)		
STATE OR TERRITORY			
Texas	118,550	119,750	108,267
Utah	9,312	9,406	8,504
Vermont	4,367	4,411	3,988
Virginia	35,324	35,682	32,260
Washington	34,377	34,725	31,395
West Virginia	13,277	13,411	12,125
Wisconsin	28,513	28,802	26,040
Wyoming	3,500	3,535	3,196
Puerto Rico	34,234	34,580	31,265
Subtotal Formula Grants	$1,803,100	$1,821,350	$1,646,700
Other activities (Insular and Transformation Initiative)	21,900	3,650	3,300
TOTAL HOME	$1,825,000	$1,825,000	$1,650,000

Program Relationship to Strategic Plan Goals and Subgoal

The HOME Program supports one of the four subgoals under Strategic Plan Goal 1 (Strengthen the Nation's Housing Market to Bolster the Economy and Protect Consumers).

Subgoal 1C: Create financially sustainable homeownership opportunities

Based on historical usage, it is projected that 43.8 percent of HOME funds will be used for rehabilitation and 36.5 percent for new construction.

The HOME Program supports three of the four subgoals under Strategic Plan Goal 2 (Meet the Need for Quality Affordable Rental Homes).

Subgoal 2A: End homelessness and substantially reduce the number of families and individuals with severe housing needs

The HOME Investment Partnerships program is the primary departmental program, and principal tool of state and local governments, for the production of affordable housing for low- to extremely low-income families and those with special needs, such as the homeless and persons with HIV-AIDS. As evidence of HOME's central role in the production of special needs housing, of the 110,325 rental units produced using HOME funds since fiscal year 2007, 5 percent were specifically targeted by grantees for occupancy by the homeless and chronically homeless.

Subgoal 2B: Expand the supply of affordable rental homes where they are most needed

The expected number of completed HOME TBRA households in fiscal year 2012 is 15,113. During fiscal year 2010, there were16,062 completed HOME TBRA households. Also, during fiscal year 2010, 23,200 low-income households received HOME TBRA. The number of HOME rental units expected to be completed in fiscal year 2012 is 20,834. During fiscal year 2010, 1,107 TCAP units were completed, of which 1,019 were occupied, and 287 met Energy Star standards.

Subgoal 2C: Preserve the affordability and improve the quality of federally assisted and private unassisted affordable rental homes

For many states and local governments, HOME is the only reliable stream of affordable and special needs housing development funds available to them. In addition, HOME funds typically provide the critical gap financing that make Low-Income Housing Tax Credit projects feasible. Because of reduced demand in the investor market for Low-Income Housing Tax Credits (LIHTC), HOME funding currently comprises a larger than normal share of Federal resources available for building affordable housing. Reflecting the critical role played by HOME funds in affordable housing development, the leveraging ratio of non-HOME dollars by each HOME dollar invested in rental and homebuyer projects is 3.9:1.

The HOME program supports two of the five subgoals under Strategic Plan Goal 4 (Build Inclusive and Sustainable Communities Free from Discrimination).

Subgoal 4B: Promote energy-efficient buildings and location-efficient communities that are healthy, affordable, and diverse

The number of newly constructed HOME units expected to meet Energy Star standards in fiscal year 2012 is 4,110. This is 30 percent of the HOME new construction units expected to be completed during fiscal year 2012. During fiscal year 2010, 5,343 units met Energy Star standards, exceeding the goal of 4,688 units, representing 36.9 percent of new HOME units constructed in fiscal year 2010.

HOME Investment Partnerships Program

For the Tax Credit Assistance Program, 287 of the expected 1,140 units met this goal. This number is lagging behind projections due to completions not meeting projections. However, the program is still on target to meet the overall goal.

Subgoal 4E: Build the capacity of local, state, and regional public and private organizations

The HOME program supports this goal through its TA projects, which provide the support and tools to strengthen local capacity of existing grantees and those new local jurisdictions to the program. TA improves program compliance, expands participation by non-profit housing providers, ensures cost-effectiveness and innovative approaches to affordable housing needs.

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Appropriations Language

Below is the italicized appropriation language for the HOME Investment Partnerships account.

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, $1,650,000,000, to remain available until September 30, 2014: 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.

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Crosswalk of 2010 Availability
(Dollars in Thousands)

Budget Activity	2010 Enacted	Supplemental/ Rescission	Approved Reprogrammings	Transfers	Carryover	Total 2010 Resources
Formula Grants	$1,803,100	...	...	...	$273,686	$2,076,786
Insular Areas	3,650	...	...	...	...	3,650
HOME/CHDO Technical Assistance	...	...	...	...	20,465	20,465
Housing Counseling	...	...	...	...	343	343
Transformation Initiative	18,250	...	...	...	...	18,250
Tax Credit Assistance Program	...	...	...	...	16,412	16,412
Total	1,825,000	...	...	...	310,906	2,135,906

NOTES:

1. Carryover for the American Dream Downpayment Initiative and Insular Areas funds are included in the Formula Grants carryover.
2. Carryover includes $23.019 million of funds recaptured in fiscal year 2010, of which $6.208 million was grants, $269 thousand was technical assistance, $130 thousand was housing counseling, and $16.412 million was Tax Credit Assistance Program funds.

COMMUNITY PLANNING AND DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM
Crosswalk of 2011 Changes
(Dollars in Thousands)

Budget Activity	2011 President's Budget Request	2011 CR	2011 Supplemental/ Rescission	Reprogrammings	Carryover	Total 2011 Resources
Formula Grants	$1,630,200	$1,821,350	...	...	$241,356	$2,062,706
Insular Areas	3,300	3,650	...	...	...	3,650
HOME/CHDO Technical Assistance	...	...	...	...	2,364	2,364
Housing Counseling	...	...	...	...	...	...
Transformation Initiative	16,500	...	...	...	...	...
Tax Credit Assistance Program	...	...	...	...	16,412	16,412
Total	1,650,000	1,825,000	...	...	260,132	2,085,132

NOTES:

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

2. Carryover excludes $101 thousand of expired 2008/2010 funds, of which $10 thousand was grants and $91 thousand was housing counseling.