



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FISCAL YEAR 2012 PROGRAM AND BUDGET INITIATIVES
SUSTAINABLE COMMUNITIES AND DEVELOPMENT

In Fiscal Year 2012, HUD is requesting \$400 million to fund sustainable, community-driven solutions to creating neighborhoods of opportunity nationwide.

For too long, housing finance drove the development of homes in the least sustainable places—far away from jobs and schools, disconnected from transportation networks, while also increasing housing and transportation costs to the point where those two expenses now account for over 50 percent of many families’ budgets. Due in large part to “silo-ed” investment strategies from the Federal government, many local governments attempted to address these challenges at the neighborhood scale rather than coordinating across regions. In addition, the nation’s rental assistance programs built, financed, and managed housing in a parallel universe from private housing, and discriminatory patterns of development trapped millions of families in neighborhoods of concentrated poverty and limited opportunity.

Families across the country in addition to business leaders, builders, developers, and elected officials have all echoed the same sentiment: Our communities need more housing choices. And they need the federal government to help them develop those choices by balancing how it invests in communities. With this budget, HUD continues its commitment to helping communities build their own “geographies of opportunity” – places that effectively connect people and families to jobs, transportation, quality public schools, and other key community assets. In partnering with communities to create locally-driven development initiatives, HUD will continue to help communities leverage Federal funds to strengthen regional economies, which are the heart of economic activity throughout the nation.



Central to providing more choices to families and to creating a more balanced federal housing strategy is the Partnership for Sustainable Communities, a landmark interagency effort between the Department of Transportation (DOT), the Environmental Protection Agency (EPA), and HUD. The Partnership is grounded by six Livability Principles that aim to improve the efficiency of federal programs to:

- *Provide more transportation choices* – Develop safe, reliable and economical transportation choices to decrease household transportation costs, reduce our nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health.
- *Promote equitable, affordable housing* – Expand location- and energy-efficient housing choices for people of all ages, incomes, and ethnicities to increase mobility and lower the combined cost of housing and transportation.
- *Enhance economic competitiveness* – Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets.
- *Support existing communities* – Target federal funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes.
- *Coordinate policies and leverage investment* – Align federal policies and funding to remove barriers to collaboration, leverage funding and increase the accountability and effectiveness of all levels of government to plan for future growth, including smart energy choices like locally generated renewable energy.
- *Value communities and neighborhoods* – Enhance the unique characteristics of all communities by investing in healthy, safe and walk-able neighborhoods – urban, suburban, or rural.

HUD is committed to putting these principles into practice—and more choice—in the Department’s core community development work, including rental assistance, homeownership, capital grants, and other programs.

SUSTAINABLE HOUSING AND COMMUNITIES

The Office of Sustainable Housing and Communities (OSHC) was established in 2010 with a mission to manage two competitive grant programs that provide funding to communities to develop long-term plans that link housing,



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transportation and other fundamental economic levers. OSHC is also charged with working within HUD to support program leadership and staff as they align their programs with the sustainability principles. OSHC represents HUD on the Sustainable Communities Partnership that is working with DOT and EPA to align resources, reinforce local and regional development strategies to support economic growth, and reduce bureaucratic barriers so that communities can meet the demand for more sustainable communities. OSHC is also responsible for coordinating HUD's initiatives to expand energy efficiency and renewable energy in affordable housing, through financing, technical assistance and industry partnerships. HUD's sustainable housing strategy utilizes market-based approaches and leverages its existing authority to support private sector investment and consumer choice.

In FY2012, HUD is requesting \$150 million in Sustainable Housing and Communities funding. A majority of this funding will be used for the Sustainable Communities Regional Planning grant program, with an objective of stimulating integrated regional planning to guide state, metropolitan, and local investments in economic development, housing and transportation. In addition, HUD is seeking funding to continue its oversubscribed Community Challenge grant program, which supports local efforts to reduce regulatory barriers that allow builders and developers to meet the market demand for more sustainable communities, and greater housing choice for more families.

CHOICE NEIGHBORHOODS

The Choice Neighborhoods program funds competitive grants to transform neighborhoods of extreme poverty into sustainable, mixed-income neighborhoods with well-functioning services, schools, public assets, transportation, and access to jobs. Choice Neighborhoods grants primarily fund the redevelopment and preservation of distressed public and/or assisted housing developments. Building on the lessons learned in the HOPE VI program, grantees will also be assisted in leveraging a wide range of other federal, state, local, and private resources to concurrently implement a comprehensive neighborhood plan for supporting local economic development and job creation as well as improving schools and promoting family self-sufficiency.

In Fiscal Year 2012, HUD is requesting \$250 million for the Choice Neighborhoods program. This appropriation would provide competitive Implementation Grants in the range of \$35-\$45 million to transform 5-7 neighborhoods. In addition, up to 10 percent of the funding request will be available to local partnerships for Planning Grants to initiate a comprehensive neighborhood planning process centered around distressed assisted and/or public housing.

POWERSAVER LOANS

In 2010, HUD announced the creation of *PowerSaver*, a new pilot program to offer credit-worthy borrowers low-cost loans to make energy-saving improvements to their homes. Backed by HUD's Federal Housing Administration (FHA), *PowerSaver* loans will offer homeowners up to \$25,000 to make energy-efficient improvements of their choice, including the installation of insulation, duct sealing, doors and windows, HVAC systems, water heaters, solar panels, and geothermal systems. The two-year pilot program, slated to begin in mid 2011, will select lenders to participate based on their capacity and commitment to provide affordable home energy improvement financing. Lenders will be required to serve communities that have already taken affirmative steps to expand home energy improvements in suburban, rural or urban areas nationwide.

PowerSaver has been carefully designed to meet a need in the marketplace for borrowers who have the ability and motivation to take on modest additional debt to realize the savings over time from a home energy improvement. By catalyzing innovations in the residential energy efficiency sector, the *PowerSaver* program will incentivize sustainable energy solutions for families across the country.