

**PUBLIC AND INDIAN HOUSING  
CHOICE NEIGHBORHOODS  
2014 Summary Statement and Initiatives  
(Dollars in Thousands)**

CHOICE NEIGHBORHOODS	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2012 Appropriation .....	\$120,000	...	...	\$120,000	\$500	...
2013 Annualized CR .....	120,734	\$119,500	...	240,234	240,234	\$8,000
2014 Request .....	<u>400,000</u>	<u>...</u>	<u>...</u>	<u>400,000<sup>a</sup></u>	<u>400,000</u>	<u>36,000</u>
Program Improvements/offsets .....	+279,266	-119,500	...	+159,766	+159,766	+28,000

a/ This number includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent of Budget Authority.

**1. What is this request?**

The Department requests \$400 million for the Choice Neighborhoods program for fiscal year 2014. Choice Neighborhoods grants will primarily fund the transformation, rehabilitation and replacement of distressed public and/or HUD-assisted housing and will support communities working to revitalize neighborhoods of concentrated poverty. Choice Neighborhoods will support a range of transformative interventions in neighborhoods of concentrated poverty. Grants will be targeted to assist neighborhoods with both concentrations of poverty or households with extremely low-incomes and severely distressed public and/or HUD-assisted housing. Additionally, Choice Neighborhoods will build on the successes of the HOPE VI, Homeownership Zone, and Empowerment Zone programs by preserving affordable housing and creating safe streets, high quality schools and other amenities typically associated with desirable neighborhoods. This request is comprised of up to \$395 million to award Planning Grants and Implementation Grants and \$5 million for program evaluation and technical assistance. Based on historic job creation data, funding at the \$400 million level is projected to generate 8,650 new jobs within targeted communities.

This request is an increase of \$280 million over the fiscal year 2012 Appropriation. This increase allows the Department to increase the number (approximately 10 Implementation Grants and approximately 20 Planning Grants) and amount (up to \$30-40 million) of each Implementation Grant award in order to more adequately fund the cost of one-for-one replacement of housing and to increase the likelihood of neighborhood-level transformational impact. This funding will enable grantees to leverage the funds necessary to preserve and develop approximately 15,400 housing units. But equally important, as an investment that leverages significant funds, Choice Neighborhoods gives communities the ability to address persistent violent crime, create connections to job opportunities, and improve schools in order to actually change the trajectories of families living in those neighborhoods. The fiscal years 2010-2012 Choice Neighborhoods grants leveraged \$2 billion of investments in those neighborhoods, over 8 times the total HUD investment of

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\$244 million. The requested level will help make a real nationwide impact in high-poverty areas and provide the models and lessons learned to promote this type of effective policy and resource approach across the country.

The Budget request includes up to \$5 million for program evaluation and technical assistance. HUD will use this funding to sustain existing data collection, baseline research and evaluation of the program, training, and necessary travel costs for officials and employees of the Department and of grantees. For evaluation purposes, each grantee will be required to budget a reasonable amount of funds as part of their program to ensure they can provide the appropriate data needed to inform this larger research effort. An ongoing national evaluation would include the impact on the original residents, the target neighborhoods, and the larger communities within which they are located. In addition, the funds will be used to aggregate data across grantees and for technical assistance to provide grantees with best practices and troubleshooting assistance.

In the development of Choice Neighborhoods, HUD is focused on directing resources into three core goals:

1. **Housing:** Replace distressed public and assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;
2. **People:** Improve educational outcomes and intergenerational mobility for youth with services and supports delivered directly to youth and their families; and
3. **Neighborhood:** Create the conditions necessary for private and public reinvestment that enhances the neighborhood such that families with choices, choose to live and stay there.

With this funding, the Department will demonstrate that Choice Neighborhoods sites can accomplish the following outcomes:

- Transform distressed public and/or assisted-housing units into physically and financially viable housing for the long-term;
- Support positive health, safety, employment, mobility and education outcomes for residents in the target development(s) and the surrounding neighborhoods; and
- Create viable, mixed-income neighborhoods that have access to well-functioning services, high quality public schools and education programs, public assets, public transportation, and improved access to jobs.

The President's 2014 Budget expands the contribution of the Choice Neighborhoods program to the Administration's Promise Zones initiative, which will revitalize many of America's highest-poverty communities by creating jobs, attracting private investment, increasing economic activity, improving affordable housing, expanding educational opportunity, and reducing violent crime. Promise Zones are a key strategy in the Administration's new Ladders of Opportunity initiative, which is aimed at giving millions of hard-working Americans in high-poverty communities a leg up into the middle class. Key rungs on the Ladders of Opportunity include raising the minimum wage, increasing access to high-quality preschool, redesigning America's high schools, and promoting fatherhood and marriage.

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Communities will compete to earn a Promise Zone designation by identifying a set of positive outcomes for their proposed Zone and its residents, developing an evidence-based strategy and implementation plan, encouraging private investment and realigning Federal, State, local and Tribal resources to achieve those outcomes. The process will ensure rural and Native American representation among the designated Promise Zones. The Budget includes tax incentives to stimulate economic activity and create jobs within and around Promise Zones. Agencies will also provide intensive technical assistance aimed at breaking down regulatory barriers and using existing Federal funds in a more coordinated and effective way. In addition, applicants from Promise Zones will receive additional points for competitive Federal grants that would directly contribute to accomplishing the goals in the community's strategic plan. Promise Zones will align the work of multiple federal programs in communities that have both substantial needs and a strong plan to address them.

Promise Zones build on the lessons learned from existing place-based programs like the Department of Education's Promise Neighborhoods program, the Department of Housing and Urban Development's Choice Neighborhoods program, and the Department of Justice's Byrne Criminal Justice Innovation program. Other federal agencies that will be aligning their work in support of local Promise Zone partners would include the Departments of Commerce, Health and Human Services, Treasury, and Agriculture.

### **2. What is this program?**

#### Implementation Grants

Building on the success of the HOPE VI program, Choice Neighborhoods funds competitive grants to transform neighborhoods of concentrated poverty into sustainable mixed-income communities, with a focus on improved housing, successful residents, and vibrant neighborhoods. Choice Neighborhoods helps transform a distressed neighborhood into a neighborhood with the assets and opportunities necessary for children and families to prosper.

Grantees include local governments, assisted housing owners, community development corporations, non-profits and for-profit entities as well as Public Housing Agencies (PHAs). Through HOPE VI, we learned that focusing on the distressed housing site (public or HUD-assisted) does not yield the desired transformative impact on the surrounding neighborhood. Thus, Choice Neighborhoods supports applicants who are addressing public and/or HUD-assisted housing sites while simultaneously requiring a more comprehensive plan that addresses other aspects of neighborhood distress, such as violent crime, failing schools, and capital disinvestment. Applicants are required to identify local strengths and challenges, propose feasible solutions and establish strong collaborative partnerships to address affordable housing, employment, education, health, safety, transportation, economic development and other key areas. These applicants will work with stakeholders and partners, including developers and local agencies as well as non-profit and private enterprises administering grant components, services or other key programs, to develop and implement a transformation plan for the neighborhood. In addition to improvements to the public and assisted housing stock,

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these funds can be used (and with other program funding) for improvements to the surrounding community, including economic development, vacant, foreclosed or other blighted properties, public services, facilities and assets.

Choice Neighborhoods communities will feature a mixed-income approach, with public and/or HUD-assisted housing integrated with other affordable housing and market rate housing. In most circumstances the public and/or HUD-assisted housing will be replaced on a one-for-one basis.

Choice Neighborhoods ensures that children growing up in poor neighborhoods will have access to high-quality educational opportunities, for early learning and school. Local communities will be required to include an education component to their transformation plan, such as early childhood education, school improvements and other education-related services. Links to local education efforts aimed at producing high-quality, full service community schools will leverage additional neighborhood investments and will be at the center of the development model. In addition, HUD has been working closely with the Department of Education to align Choice Neighborhoods' educational outcomes and funding investments with those of Education's Promise Neighborhoods Program, which implements innovative strategies to improve academic achievement and life outcomes in high-poverty areas. Currently, Atlanta, Boston, Little Rock, San Antonio, Tulsa, and Washington, DC have both a Choice Neighborhoods grant and a Promise Neighborhoods grant.

Other eligible activities include:

- Supportive services for residents, primarily focused on case management and service coordination to access programs from other key agencies and local service providers, with two goals in mind: 1) moving affected residents along the spectrum of self-sufficiency; and 2) promoting health, safety and education;
- Relocation assistance costs, including mobility/relocation counseling over multiple years, vouchers, reasonable moving costs, and security deposits. Previous efforts have shown that families relocating from high poverty neighborhoods need well-designed relocation plans with mobility counseling and relocation cost coverage to maximize their relocation opportunities;
- Critical community improvements including the development or improvement of community facilities to promote upward mobility, self-sufficiency, or improved quality of life for neighborhood residents. This may include the construction or rehabilitation of parks and community gardens, environmental improvements, community financial institutions, and other community resources, including retail and transit – investments that lay the groundwork for private capital to re-invest in the neighborhood;
- Endowments, reserves or revolving loan funds for ongoing operating and capital needs and for resident services;
- Land assembly, land banking and other area improvement activities; and

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- Rehabilitation, redevelopment or development of affordable housing, including foreclosed or vacant properties.

With fiscal years 2010-2012 Choice Neighborhoods funding, the Department awarded 9 implementation grants in the amount of \$231 million. Although grantees are in the early stages of implementing their revitalization plans, they have already established partnerships and secured other funding. Highlights include:

- In San Francisco, the housing authority partnered with a private developer and the city to redevelop the Alice Griffith Homes public housing project in one of the poorest neighborhoods of the city. They have leveraged the Choice grant with more than \$244 million from other sources for a variety of activities such as to improve transit so they are better connected to jobs, improve educational opportunities for children in the neighborhood, and catalyze economic development opportunities. In addition to replacing all 256 public housing units, they will build an additional 870 units to serve households across a broad range of income levels.
- In Chicago, a non-profit housing developer partnered with the City of Chicago and neighborhood-based organizations to redevelop Grove Parc Plaza apartments, a 504-unit development assisted through a project-based Section 8 contract. The property had been on the brink of foreclosure and pending demolition, but residents organized to oppose that action and planned for transformation. Among the efforts underway to reduce the high rate of violent crime in the neighborhood, the City's police department is actively engaged in anti-gang violence programs and the University of Chicago, which is adjacent to the target neighborhood, has expanded its patrol boundaries to include the neighborhood.

## Planning Grants

HUD will set aside up to 10 percent of appropriated funds for competitive Planning Grants. These grants assist communities in developing a successful neighborhood transformation plans and building the support structure necessary to successfully implement the plans. They also assist communities in identifying community needs and properly planning for the provision of services and assets that improve a neighborhood's condition. These grants also help increase the capacity of the grantee and bring a wide array of community stakeholders together for a comprehensive planning process in order to make successful implementation of the plan more likely.

With fiscal years 2010-2012 Choice Neighborhoods funding, the Department awarded 47 planning grants in the amount of \$12.6 million. While the first cohort of grantees is still developing their Transformation Plans, many have already realized early successes. For example:

- The City of Salisbury (NC) and the Housing Authority of the City of Salisbury (SHA), one of the non-metropolitan grantees, received a grant from the Blanche & Julian Robertson Family Foundation, Inc. to establish a community-based organization, located within the neighborhood, to foster "social entrepreneurship," which applies business-like discipline, innovation, and

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determination to create beneficial outcomes in the target neighborhood, using the positive returns to the community as the measure of success.

- The Mount Vernon Manor Apartments, Inc. in Philadelphia received a grant from LISC to fund an Outreach Coordinator, who has helped to establish a neighborhood civic association. In addition, the development partner was awarded an allocation of Low-Income Housing Tax Credits to launch the first phase of rehabilitation.
- In Cleveland, the Cuyahoga Metropolitan Housing Authority and one of its partners received a \$6.2 million grant from the Department of Health and Human Services to build a health clinic in the target neighborhood that will help fill a gap in the current medical services accessible to neighborhood residents.

### Salaries and Expenses (S&E) and Full-Time Equivalents (FTE) Request

Effective administration of Choice Neighborhoods is dependent on the operating resources requested in the S&E Justification. For fiscal year 2014, \$13.48 million is requested to operate this program account. This is an increase of \$2.56 million from fiscal year 2012.

The Department requests funding for 97 FTE which equates to \$12.95 million for Choice Neighborhoods Personnel Services. This is an increase of 27 FTE and an increase in \$2.64 million funding from fiscal year 2012, the result of additional activities associated with an increased funding level.

The Department requests \$525 thousand in Non-Personnel Services funding for travel, contracts, training and other related operating expenses associated with Choice Neighborhoods, a decrease of \$68 thousand from fiscal year 2012. This decrease will be achieved through training efficiencies and a reduction in travel.

### Workload by Function

The largest workload functions to which dedicated Choice Neighborhoods staff report are as follows:

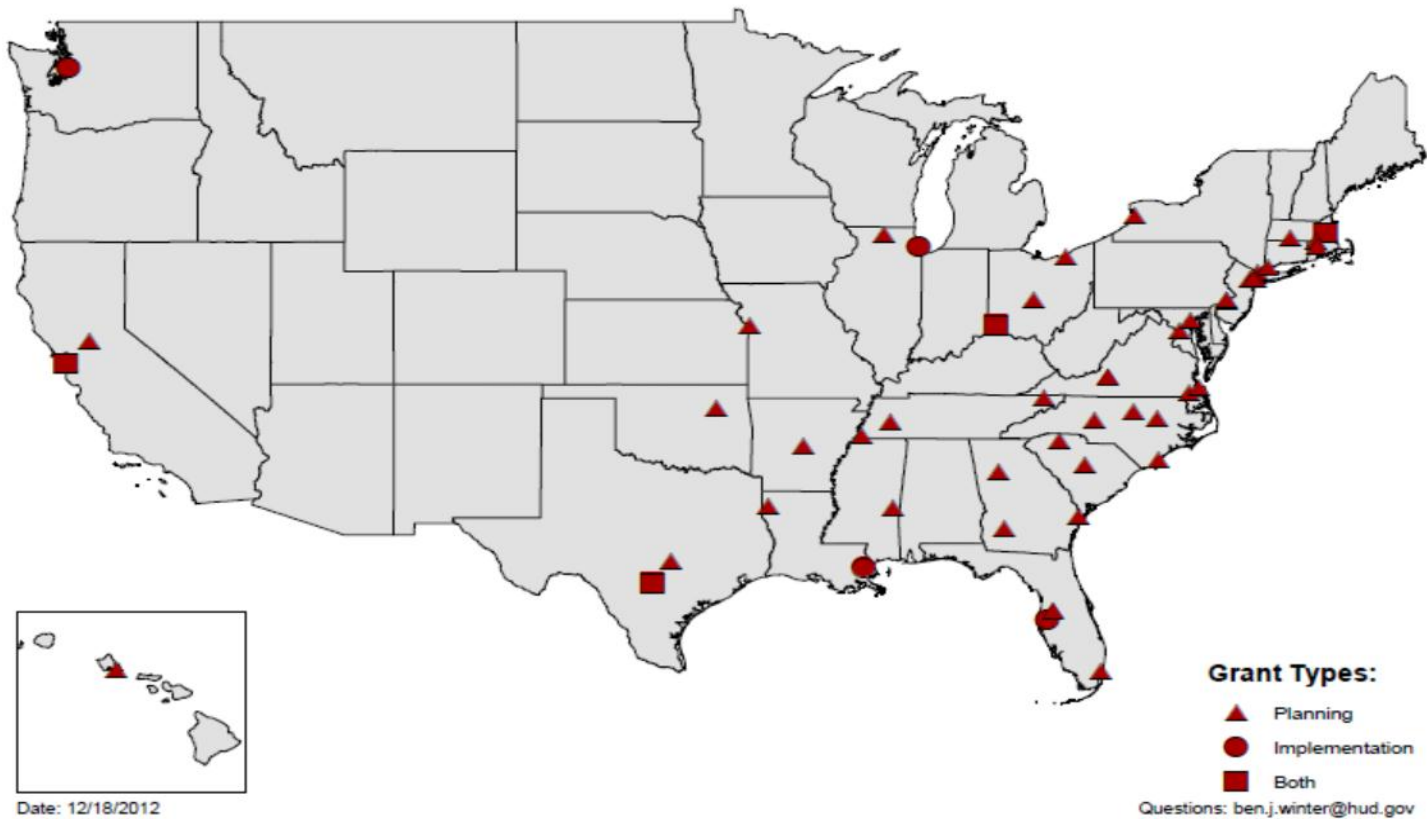
- (1) Program Administration (64 FTE).
- (2) Oversight and Monitoring (26 FTE).
- (3) Program Support (7 FTE).

Approximately 65 percent of Choice Neighborhoods staffing resources are dedicated to Program Administration. Staff is working to oversee the implementation of the Choice Neighborhoods program and also oversee the implementation of existing, open HOPE VI grants. In addition, these staff administers the Department's mixed-finance development program. As the Choice Neighborhoods program is still in the early years of its development and implementation, staff is involved in policy development and direction,

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including crafting the policy and language of the Notice of Funds Availability (NOFA). Additional staff is requested in fiscal year 2014 because new grants will be awarded and will proceed with planning and implementation. Choice Neighborhoods grant managers work in teams to help grantees focus their efforts on achieving the three core goals of the program: Housing, People, and Neighborhoods. The teams must review required documentation for grant submissions and provide valuable feedback to help communities make the best use of the federal investment they have received.

Below is a map of fiscal years 2010 and 2011 Planning and Implementation grants:



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### Neighborhood Revitalization Initiative

For children, growing up in high-poverty neighborhoods is a stronger predictor of downward economic mobility than parental occupation, education, labor force participation, and other family characteristics combined. The research suggests that the negative consequences of growing up in a low-income family are compounded when growing up in a neighborhood of concentrated poverty. To address these kinds of challenges, the Neighborhood Revitalization Initiative was created to establish a programmatic framework across federal agencies that fund crucial components of neighborhood quality and support for resident families. The Departments of HUD, Justice, Education, Treasury, Health and Human Services, and other federal agencies work together closely under the Ladders to Opportunity and Promise Zones initiatives, co-investing, and pooling their expertise to support local communities in developing and obtaining the tools they need to revitalize neighborhoods of concentrated poverty into neighborhoods of opportunity. One immediate achievement has been to align federal resources to target neighborhoods where the funding can have the most impact. In conjunction with the Department of Justice, HUD is providing the fiscal years 2010 and 2011 Implementation Grantees with additional funding to focus on enhancing their public safety plan to reduce violent crime, illegal drugs and gang activity in the neighborhood. In addition, six of the communities funded by a Choice Neighborhoods grant have received a Promise Neighborhoods grant from the Department of Education, and two of the communities have also received a Byrne Criminal Justice Innovation grant from the Department of Justice. The Department of Health and Human Services has also provided bonus points in some of its grant competitions to communities that have received a Choice Neighborhoods grant to further advance improvements to resident health.

### Leveraging

Choice Neighborhoods grantees leverage funds from state, local and private sources as well as other HUD and federal programs, including the Low-Income Housing Tax Credit (LIHTC) program, New Markets Tax Credits, Promise Neighborhoods, HOME Investment Partnerships (HOME) program, and the Community Development Block Grant (CDBG) program. Where appropriate, HUD will seek to streamline regulatory and statutory barriers to encourage grantees' utilization of these programs. HUD may also access existing authority under project-based programs (e.g. with existing authority to decouple Section 236 IRP payments for rehab grants) and public housing (e.g. the Capital Fund Finance, Operating Fund Finance, and Mixed-Financing Programs, Section 9(m) capital-only and operating-only grants, Section 30 mortgage authority, Section 8 project-based vouchers) to leverage further housing improvement activities.

Additionally, to further implementation of the Promise Zones initiative, using the Department will place a strong emphasis on funding coordination with other federal agencies, notably the U.S. Departments of Education (DOE), Justice, Treasury, Transportation, and Health and Human Services (HHS), to leverage additional resources. HUD and DOE have already coordinated Notice of Funding Availability (NOFA) language to ensure that Choice Neighborhoods and Promise Neighborhoods contain mutual incentives for localities to focus on the entirety of interconnected needs in target communities, and ease the burden of gaining access to resources necessary to carry out comprehensive efforts. Similarly, HHS has made it easier for target Choice Neighborhoods communities to



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access Community Health Center funding. Additionally, the Department is working to institutionalize similar linkages with Justice's Byrne Criminal Justice Innovation Program.

### Partners and Stakeholders

By expanding the pool of eligible grant applicants to include local governments, PHAs, assisted housing owners, designated Community Development Corporations (CDCs), and other for-profit and nonprofit entities and by linking other federal, state, and local funds to Choice Neighborhoods grantees, the Department will increase the spectrum of stakeholders working to improve outcomes as part of Choice Neighborhoods. In engaging other federal partners and additional applicants, Choice Neighborhoods has tapped new constituencies needed to successfully execute comprehensive neighborhood transformation. The 35-plus members of the Choice Neighborhoods Coalition include non-profit and for profit housing developers, financing sources, foundations, human service and community development coalitions across the country. Each coalition member has both proven capacity and the demonstrated ability to lead and support needed public-private partnerships.

To date the Choice Neighborhoods program has been authorized through annual appropriations under HOPE VI. As such, the Department continues to seek authorizing legislation to formally establish the program. In addition, over 35 major public and assisted housing organizations joined together to form the Choice Neighborhoods Coalition in early 2011 to support authorizing legislation for the program.

### **3. Why is this program necessary and what will we get for the funds?**

The spatial concentration of poverty remains a serious and often an incredible challenge for poor families and children in accessing opportunities and moving up the economic ladder. Where a poor family lives dramatically affects their life opportunities. For example, concentrated poverty exacerbates the housing jobs imbalance through which residents of poor neighborhoods are isolated from opportunities for employment and advancement because of distance or poor access to transportation.

The HOPE VI, Homeownership Zone, and Empowerment Zone programs revealed that coordinated areawide employment of federal resources with local planning and decision-making can transform and improve entire neighborhoods and communities. Choice Neighborhoods builds on this knowledge and brings together resources in a way no other federal program does. Existing programs do not provide sufficient funding to redevelop severely distressed public and HUD-assisted housing, while also directing attention to the people and broader neighborhood. The Choice Neighborhoods approach links multiple HUD program efforts and multi-Departmental efforts that will provide a comprehensive framework, builds on existing successes, provides strong positive outcomes for families and communities, and reduces related program costs.

Choice Neighborhoods is a unique program with a multi-faceted approach to addressing community needs. According to the 2006 - 2010 American Community Survey (ACS) data, 11.5 million people live in "extreme poverty" census tracts, where the poverty rate

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exceeded 40 percent. Neighborhoods of extreme poverty differ dramatically across multiple factors, including the economic health and vitality of the broader metropolitan economy; the proximity of the community to areas of employment (e.g., downtowns) or transportation infrastructure; and the scale and condition of subsidized housing. Moreover, the concentration of poverty has a consistent negative effect on the residents of the community. The Pew Charitable Trusts' Economic Mobility Project research shows that one of the most important factors in determining whether children will do better financially than their parents is not their family's economic status, but whether or not they grow up in a high-poverty neighborhood. Further, it is possible to predict health, economic, and educational outcomes of children, not on their talents, abilities or how hard they work, but on where they live. Choice Neighborhoods is designed to change these outcomes and allow residents of these communities to reengage in the economy. Choice Neighborhoods is the best example of how HUD is working to meet its own agency priority goal of "*utilizing housing as a platform for improving quality of life emphasizes the basis of stable housing as an ideal platform to deliver a wide variety of health and social services to improve the education, health, economic security, and safety of its residents.*"

The Department estimates that approximately 105,000 units (81,910 public housing and 22,275 HUD-assisted housing units) are severely distressed and located in distressed neighborhoods. This number considers the age, size and physical condition of the public and HUD-assisted housing projects and includes distressed units that are located in neighborhoods of concentrated poverty. In order to reach these units, the Choice Neighborhoods program would spur large-scale projects that leverage millions of dollars in additional private and public investment as part of comprehensive, locally determined neighborhood transformation plans, rebuilding not just the housing but the neighborhoods that have suffered due to the deteriorated housing. With \$400 million in fiscal year 2014 appropriations, HUD anticipates making approximately 10 Implementation Grant awards that will help grantees leverage the funding necessary to rebuild or rehabilitate approximately 15,400 units.

The Department estimates only one in four families eligible for assistance receive help from HUD rental assistance programs. The recent recession and the increasing demand for rental housing generated by the foreclosure crisis have exacerbated the demand for rental assistance. Taken together these market forces underscore the importance of preserving critical public housing and other HUD-assisted units through Choice Neighborhoods and other HUD initiatives.

Choice Neighborhoods will support a range of transformative interventions in neighborhoods of concentrated poverty. Grants will be targeted to assist neighborhoods with both concentrations of poverty or households with extremely low-incomes and severely distressed public and/or HUD-assisted housing. Additionally, Choice Neighborhoods will build on the successes of the HOPE VI, Homeownership Zone, and Empowerment Zone programs by preserving affordable housing and creating safe streets, high quality schools and other amenities typically associated with desirable neighborhoods.

Without Choice Neighborhoods, communities across the country will be substantially hindered in their ability to implement transformative changes. As seen in the HOPE VI program, this funding provides a starting point to bring in significant amounts of leveraged funds. Over the course of the HOPE VI program, HOPE VI provided \$6.1 billion in federal funds to sites all over the

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country, which will ultimately leverage an additional \$13.5 billion. As of December 31, 2012, with \$5.9 billion of HOPE VI funds and \$10.6 billion of leveraged funds, these combined funding streams have produced 71,245 affordable rental units, 8,294 market rate rental units, 4,366 market rate homeownership units, and 10,005 affordable homeownership units, while removing 98,352 of the most distressed housing units in the country. By eliminating or reducing this source of federal funding, this system of public and private investment into the future of the nation's affordable housing stock will be in jeopardy.

The Department commissioned a Capital Needs Assessment (CNA) study to update the data on the estimated needs of public housing units. The 2010 CNA study estimated the level of immediate needs and needs over a 20-year period accrued annually based upon assessment of a statistically valid sample of public housing developments. The study places the existing need, or backlog, at up to \$26 billion and annual accrual need at \$3.4 billion. Choice Neighborhoods is one of the only programs in the federal government that provides funding for the transformation of distressed housing in high-poverty neighborhoods. As demonstrated through fiscal year 2012 Choice Neighborhoods application process, where over 110 applications were submitted for the \$120 million of fiscal year 2012 funding available, there is a great demand for this type of federal assistance.

### **4. How do we know this program works?**

HOPE VI, the predecessor program to Choice Neighborhoods, is one of the most analyzed federal housing programs, with studies examining issues ranging from development conditions, property values and neighborhood effects to resident outcomes in employment and health.

HUD's Office of Policy Development and Research created a 2003 report, "Interim Assessment of the HOPE VI Program Cross-Site Report," which found that after 10 years, the first round of HOPE VI grants resulted in sites that had been redeveloped from 100 percent public housing to mixed-income neighborhoods. The program resulted overall in: a substantial improvement in housing quality; better site management (as evidenced by well-maintained common areas and substantially lower vacancy and turnover rates); a reduction in crime; and increased availability of supportive services and community facilities (including childcare, Boys and Girls Club programs, medical clinics, and office space for case managers and supportive services providers).

A study by the Urban Institute, "Estimating the Public Costs and Benefits of HOPE VI Investments: Methodological Report (June 2007)," estimated that transforming a 700-unit project with new-mixed income housing (and using vouchers to help some residents relocate elsewhere) could save an estimated \$3.9 million a year in federal housing subsidies while serving the same number of very low-income families. The same redeveloped project could also boost surrounding home values and generate local tax revenues of \$6.5 million over a 20-year period. These estimated savings could be generated because HOPE VI projects are less expensive to operate (through physical improvements, reductions in vandalism, and increases in occupancy rates). Additionally, HOPE VI redevelopment resulted in improved physical conditions (lower vacancy rates, reduced crime, and lower operating and capital costs); better quality of life for residents for both those relocated and those living in redeveloped properties (increased needed services,

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improved health, higher rates of employment and earnings); and surrounding neighborhood improvements (increased property values leading to increased local property tax revenue).

### Plans to strengthen the base of evidence with evaluations/research

HUD is currently conducting an implementation evaluation for the first five Choice Neighborhoods implementation grantees through a contract with the Urban Institute. This project is also establishing baseline conditions in these five sites to support a more in-depth follow-up evaluation around 2017-2020. In addition, HUD has awarded four small research grants for work on aspects of Choice Neighborhoods not fully addressed by the Urban Institute project. For example, these grants support case studies of Choice Neighborhoods planning grants, and the development of innovative databases to demonstrate implementation grant outcomes.

In fiscal year 2014, the Department renews its request for the Transformation Initiative Fund, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. This program may transfer up to 0.5 percent or \$15 million, whichever is less, to the Transformation Initiative Fund for the operation of a second-generation Transformation Initiative (TI2). More details on TI2 and its projects are provided in the justification for the Transformation Initiative Fund account.

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**PUBLIC AND INDIAN HOUSING  
CHOICE NEIGHBORHOODS  
Summary of Resources by Program  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2012 Budget Authority</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2012 Obligations</u>	<u>2013 Annualized CR</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2014 Request</u>
Choice Neighborhoods								
Grants .....	\$120,000	...	\$120,000	\$500	\$120,734	\$119,500	\$240,234	\$395,000
Technical Assistance ..	...	...	...	...	...	...	...	5,000
Total .....	120,000	...	120,000	500	120,734	119,500	240,234	400,000

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### **PUBLIC AND INDIAN HOUSING CHOICE NEIGHBORHOODS Appropriations Language**

Below is the italicized appropriations language for the Choice Neighborhoods account.

*For competitive grants under the Choice Neighborhoods Initiative for transformation, rehabilitation, and replacement housing needs of both public and HUD-assisted housing and to transform neighborhoods of poverty into functioning, sustainable mixed income neighborhoods with appropriate services, schools, public assets, transportation and access to jobs, \$400,000,000, to remain available until September 30, 2016, of which the Secretary of Housing and Urban Development may use up to \$5,000,000 for technical assistance and contract expertise, including training and the cost of necessary travel for participants in such training, to be provided directly or indirectly through grants, contracts or cooperative agreements by or to officials and employees of the Department and of grantees and to residents: Provided, That grant funds may be used for resident and community services, community development, and affordable housing needs, including housing vouchers (the renewal of which shall be funded solely from this account), in the community, and for conversion of vacant or foreclosed properties to affordable housing: Provided further, That grantees shall commit to an additional period of affordability determined by the Secretary, but not fewer than 20 years: Provided further, That grantees shall undertake comprehensive local planning with input from residents and the community, and that grantees shall provide a match in State, local, other Federal or private funds: Provided further, That grantees may include local governments, tribal entities, public housing authorities, and nonprofits: Provided further, That for-profit developers may apply jointly with a public entity: Provided further, That such grantees shall create partnerships with other local organizations including assisted housing owners, service agencies, and resident organizations: Provided further, That such grantees shall create partnerships with other local organizations including assisted housing owners, service agencies, and resident organizations: Provided further, That the Secretary shall consult with the Secretaries of Education, Labor, Transportation, Health and Human Services, Agriculture, and Commerce, the Attorney General and the Administrator of the Environmental Protection Agency to coordinate and leverage other appropriate federal resources.*

Note.—A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112–175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.