



SUMMARY OF NEW PRESIDENTIAL BUDGET INITIATIVES FOR FY2010

The Choice Neighborhoods Initiative
Amount of Suggested Funding: \$250 million
Congressional Action to Date: <ul style="list-style-type: none">• Appropriations – The House funded HOPE VI at \$250 M instead of funding Choice Neighborhoods, while the Senate has funded Choice Neighborhoods at \$250 M instead of funding HOPE VI. The two chambers are currently reconciling the differences in conference before votes on final passage.• Authorization – HUD has provided draft language to the House Financial Services Committee; no bills have been introduced at this time.
Description of Initiative: <p>To provide funds from multiple sources for neighborhoods of high distress that have a good chance of long-term sustainability given their location. This initiative links housing improvements with schools, public assets, transportation, access to jobs, and appropriate services; funds the preservation, rehabilitation and transformation of public and HUD assisted housing; and implements rent and work incentives to help public and HUD-assisted housing residents access jobs and move to self-sufficiency.</p>
Eligible Activities: <ul style="list-style-type: none">• Eligible activities include providing resident and community services, meeting community development and affordable housing needs, and converting vacant or foreclosed properties to affordable housing.• Grantees must undertake comprehensive local planning with input from residents and the community, and provide a match in state, local, other Federal or private funds.
Eligible Applicants: <p>Grantees for these competitive funds include local governments, public housing authorities, nonprofits, and for-profit developers. Grantees will build partnerships with other local organizations including assisted housing owners, service agencies, and resident organizations.</p>
Other Important Information: <ul style="list-style-type: none">• The Secretary will consult with the Secretaries of Education, Transportation, Health and Human Services, and the Environmental Protection Agency, to leverage additional federal resources.• Where possible, the program will be coordinated with the Department of Education’s Promise Neighborhoods Proposal.• Up to 10% of the funds will be for planning grants to assist local community partnerships.• The Secretary will develop and publish guidelines for the eligible activities, program requirements, and performance metrics of these competitive funds.
Additional Details from Budget Justification: <ul style="list-style-type: none">• “This initiative would challenge public, private and nonprofit partners to identify the intervention (public or assisted housing transformation, bulk purchase and renovation of vacant privately owned stock, provision of vouchers, support for neighborhood retail and business expansion) that would have the largest return on Federal investment in what are essentially Federal enclaves of concentrated poverty.”• The initiative would build on the successes and lessons learned in the HOPE VI, Homeownership Zone and Empowerment Zone programs, combined with private sector models such as the Harlem Children’s Zone.• Rating factors will be revised to emphasize the location of projects in neighborhoods of opportunity, creation of mixed-income communities, and creation of partnerships with educational institutions, particularly those that deal with early childhood education and green building techniques.



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The Sustainable Communities Initiative
Amount of Suggested Funding: \$150 million (Within “Community Development Fund” account)
Congressional Action to Date: <ul style="list-style-type: none">• Appropriations – Both the House and the Senate funded Sustainable Communities at \$150 M; the two chambers are currently reconciling the differences in conference before votes on final passage.• Authorization – Senator Dodd has introduced The Livable Communities Act of 2009 (S.1619), which would authorize an Office of Sustainable Housing and Communities at HUD, establish the Interagency Council on Sustainable Communities, and establish comprehensive planning grant and sustainability challenge grant programs. No companion bill has been introduced in the House at this time.
Description of Initiative: <p>To provide funds “to stimulate improved regional planning efforts that integrate housing and transportation decisions, and to challenge communities to reform zoning and land use ordinances.” This initiative supports improved regional planning to guide state, metropolitan and local decisions and investments. The goals of this initiative include improved coordination of transportation and housing investments, reduced greenhouse gas emissions, and more transit-accessible housing for residents.</p>
Eligible Activities: <p>Three components:</p> <ol style="list-style-type: none">1) \$100 million will be allocated for Regional Planning Grants, a collaborative effort between HUD and DOT. Regional Planning Grants will inform state, metropolitan and local decisions on how and where to allocate Federal, state and local transportation and housing investments. These grants will use the most sophisticated data, analytics and Global Information System (GIS) mapping.2) \$40 million will be allocated for Metropolitan Challenge Grants, which will provide incentives to encourage sustainable growth, reverse counter productive growth patterns that have evolved in many areas, and subsequently replicate these models. These grants will be used to help localities undertake a new wave of zoning and land use reform that is more sustainable and green. The investments will provide a local complement to the broader metropolitan planning effort.3) Up to \$10 million will be allocated for a joint HUD and DOT research and evaluation of the Regional Planning Grants and Metropolitan Challenge Grants programs (i.e. tracking housing and transportation expenditures by location, evaluating location efficient mortgages and energy efficient mortgages, identifying best TOD practices, establishing standardized performance measures such as vehicles-miles traveled or location efficiency). About \$2 million is expected to be set-aside for the evaluation of this new initiative.
Eligible Applicants: <p>Metropolitan planning organizations and HUD formula block grant recipients.</p>
Additional Details from Budget Justification: <p>HUD and other Federal agencies hold the view that affordable housing is best developed “in context” of communities and regions, so that proximity to transit, jobs, retail and environmental amenities support the long term success of both the housing and its occupants. Walkable, transit-oriented, mixed-income and mixed-use communities substantially reduce transportation costs (now a greater part of many family budgets than housing costs), create energy savings (by reducing Vehicle-Miles Traveled), and enhance access to employment and educational opportunities.</p>



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The Energy Innovation Fund
Amount of Suggested Funding: \$100 million
Congressional Action to Date: <ul style="list-style-type: none">• Appropriations – The House funded the Energy Innovation Fund at \$50 M, while the Senate funded it at \$75 M; the two chambers are currently reconciling the differences in conference before votes on final passage.• Authorization – No bills have been introduced at this time.
Description of Initiative: <p>To provide funding for cost-saving energy efficiency retrofits. The primary focus is on existing housing and the funds will be used to improve the use of Federal Housing Administration (FHA) single family and multifamily mortgage products. Goals include improving existing HUD programs to reduce energy consumption, operating costs, and carbon footprints of affordable and market-rate housing.</p>
Eligible Activities: <ol style="list-style-type: none">1) Local Initiatives Fund will address the broader housing market (both single and multifamily). This fund will support local market development initiatives that include: energy efficient or green retrofit investment funds; incentives for investment by private sector institutions (local utilities and banks); leveraging other public sources of funds; and streamlined delivery of energy audits and related technical services. \$50 million will be allocated for the Local Initiatives Fund, to leverage additional public and private sector capital for the development of model residential energy efficient retrofits in 10 or more communities. No community shall receive more than \$10 million.2) EEM Innovation Pilot Program will extend the benefits of the existing FHA EEM and Title I Energy Efficient Property Improvement loan programs to more homeowners. The FHA EEM previously resulted in no more than 1,000 EEM mortgages insured each year. This Pilot Program will help finance the cost of energy audits, explore a federal partnership with national home energy rating organizations, and ensure a quality installation of recommended energy conservation measures with an emerging home performance remodeling industry. \$25 million will be allocated for the Energy Efficient Mortgage Innovation pilot program, for the single family housing market.3) Multifamily Energy Pilot (MEP) may include financial incentives for borrowers in the following programs: Mortgage Insurance for Supplemental Loans for Multifamily Projects Section 241(a), Mortgage Insurance for Purchase or Refinancing of Existing Multifamily Rental Housing Section 223(f), and Mortgage Insurance for Rental and Cooperative Housing Sections 221(d)(3) and 221(d)(4). This program will target property owners and developers seeking energy efficiency improvements in multifamily rehabilitation projects. \$25 million will be allocated for the Multifamily Energy Pilot, for the multifamily housing market.
Additional Details from Budget Justification: <ul style="list-style-type: none">• This fund will be used to overcome barriers to energy efficiency in privately owned single-family homes and multifamily housing and to support promising local initiatives that can serve as models for replication in other markets.• The objective of the Energy Innovation Fund is to help catalyze a home energy retrofit market in the U.S., by accelerating private investment in cost-saving energy efficiency retrofits in the residential sector.



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The Rural Innovation Fund (RIF)
Amount of Suggested Funding: \$25 million (Within “Community Development Fund” account)
Congressional Action to Date: <ul style="list-style-type: none">• Appropriations – Both the House and the Senate funded the Rural Innovation Fund at \$25 M, however the Senate has maintained the eligibility of existing program participants, including Indian tribes, State housing finance agencies, and local nonprofits and community development corporations, with the expectation that the Secretary will seek out new and innovative approaches to addressing the needs of rural communities when selecting grant recipients in FY 2010. The two chambers are currently reconciling the differences in conference before votes on final passage.• Authorization – No bills have been introduced at this time, although it is unlikely that this would require authorization language.
Description of Initiative: <p>To provide funding to states to promote innovative and cost effective approaches and improve housing conditions in rural communities. This initiative will also address the problems of concentrated rural housing distress and community poverty.</p>
Eligible Activities: <ul style="list-style-type: none">• Applicants would identify targeted affordable housing and economic development interventions (either geographically targeted, or through an innovative overall approach applicable over a wider area) to assist low-income communities with fewer than 2,500 residents.• Applicants would be required to develop coordinated plans and leverage other Federal and state programs, including the Department of Agriculture, Interior, and Energy and Environmental Protection Agency.• States will develop implementation strategies involving both local governments as well as non-profit partners.• Funds could also be used for capacity building for non-profits, community development organizations and Tribally Designated Housing Entities (TDHEs).
Eligible Applicants: <p>The Administration proposed that these funds should be provided to states through a competitive process, and states and federally recognized Indian Tribes could be the lead applicants for comprehensive grants. However, Congress may choose to retain the eligible applicants from the Rural Housing and Economic Development program (RHED).</p>
Additional Details from Budget Justification: <ul style="list-style-type: none">• This fund supports a limited number of highly targeted and innovative approaches dedicated to addressing the problems of concentrated rural housing distress and community poverty. Through its proposed Transformation Initiative, HUD would study the effectiveness of the varying approaches to determine the replicability potential in other communities.• HUD proposes the Rural Innovation Fund (RIF) in recognition of the need for affordable housing and economic development in rural areas, and the strong role HUD programs play in rural America, particularly the HOME program, Housing Opportunities for Persons with Aids (HOPWA), tenant-based Housing Choice vouchers, and other programs.• HUD also recognizes the relationship between the U.S. Government and the governments of Indian tribes, and the importance of HUD programs including the Native American Housing Assistance and Self-Determination Act (NAHASDA) block grant for affordable housing needs in Indian communities, and proposes to structure the RIF to reflect these considerations.



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Other Comments:

- The 2010 Budget does not provide any funding for the Rural Housing and Economic Development program. The RHED program was created “to encourage innovative approaches to serve the housing and economic development needs of the nation’s rural communities.”
- “Alternatively, the Budget is proposing a new, Rural Innovation Fund to be funded within the Community Block Grant account. This initiative will identify and test meaningful practices and strategies that will inform communities on best practices, in order to replicate these effective housing efforts in communities across the nation.”



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Promise Neighborhoods
Amount of Suggested Funding: \$10 million
Congressional Action to Date: <ul style="list-style-type: none">• Appropriations – The House has recommended \$10 M for Promise Neighborhoods. The Senate Appropriations Committee has also recommended \$10 M for the program. However, this appropriation bill has yet to come to the Senate floor for full consideration.• Authorization – No bills have been introduced at this time, although it is unlikely that this would require authorization language.
Description of Initiative: <p>Promise Neighborhoods would provide competitive grants to nonprofit, community-based organizations for the development of comprehensive neighborhood programs designed to combat the effects of poverty and improve educational and life outcomes for children and youth, from birth through college. The core idea behind the initiative is that providing both effective schools and strong systems of support to children and youth in poverty and thus, meeting their health, social service, and educational needs will offer them the best hope for a better life.</p>
Eligible Activities: <p>Awards will enable grantees to complete a comprehensive needs assessment, establish partnerships, and develop a comprehensive plan for the program, in preparation for future awards intended to support program implementation.</p>
Eligible Applicants: <p>These funds are provided to nonprofit, community-based organizations through a competitive process.</p>
Additional Details from Budget Justification: <ul style="list-style-type: none">• Each Promise Neighborhood grantee would serve a high-poverty urban neighborhood or rural community. Each grant would have as a goal attaining a dramatic increase in the number of children and youth from the service area who successfully enter college, but grantees would pursue a range of comprehensive approaches to reaching that goal. Fiscal year 2010 funds would support 1-year planning grants that will enable grantees to conduct a needs assessment of the neighborhood to be served; identify evidence-based, replicable practices appropriate to the needs of the neighborhood; establish partnerships; and develop an integrated and comprehensive plan of services and supports for the target group.• Upon successful completion of a plan, grantees would be eligible to receive funding for implementation grants. In order to demonstrate successful completion of a plan, grantees would have to prove their ability to build effective partnerships with schools, nonprofit organizations, foundations, local agencies, and State agencies and, through those partnerships, bring a variety of resources to the program, including matching funds. The Department would encourage grantees to coordinate with other Federal agencies, notably the Environmental Protection Agency, and the Departments of Housing and Urban Development, Labor, Transportation, Health and Human Services, and Justice to leverage additional resources and address additional community needs that limit the ability of children and youth to succeed educationally. The Department would require applicants for planning and implementation grants to have a demonstrated, positive track record in direct service work, specifically work that improves outcomes for families in poverty. Each approved plan would include a commitment to serving an increasing number of children and youth within the geographic boundaries of the designated Promise Neighborhood over time. Plans that exhibit the



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entity's ability to build the capacity of the program to continue beyond the period of Federal support would receive priority.

- Successful Promise Neighborhoods would include:
 - Partnerships with organizations determined to be most appropriate in meeting the needs of the community's children and youth, such as faith-based institutions, corporations, foundations, institutions of higher education, school districts, charter management organizations, other nonprofit organizations, or State and local governments;
 - A pipeline of accessible, best-practice programs for children and youth and their families that provide the community enrichment and support needed for their success;
 - Outstanding schooling that emphasizes effective teaching, equitable access to effective teachers and school leaders, the use of data, and parental engagement;
 - Goals for dramatic increases in student achievement and in college attendance, in addition to other measures of success;
 - Systems for regular reporting on outcomes and for completing both formative and summative evaluations; and
 - Strategic, long-term planning that shows how the grantee will leverage Federal funds to form additional partnerships and become self-sufficient.



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Social Innovation Fund

Amount of Suggested Funding: \$50 million

Congressional Action to Date:

- **Appropriations** – The House has recommended \$35 M for the Social Innovation Fund, while the Senate Appropriations Committee has recommended \$50 M for the program. However, this appropriation bill has yet to come to the Senate floor for full consideration.
- **Authorization** – The program was authorized by The Edward M. Kennedy Serve America Act, which became Public Law 111-13, and is administered by the Corporation for National and Community Service (CNCS).

Description of Initiative:

The Social Innovation Fund will increase public and private investment in the replication and expansion of these solutions to more communities. Specifically, it will create a network of social innovation funds around the country to grow and replicate innovative, promising community organizations with strong evidence, organizational effectiveness, and impact potential.

Eligible Activities:

Applicants must propose to focus on improving measurable outcomes relating to: (1) education for economically disadvantaged elementary or secondary school students; (2) child and youth development; (3) reductions in poverty or increases in economic opportunity for economically disadvantaged individuals; (4) health, including access to health services and health education; (5) resource conservation and local environmental quality; (6) individual or community energy efficiency; (7) civic engagement; or (8) reductions in crime.

Eligible Applicants:

These competitive funds will be provided to intermediary “grant-making institutions” or to a partnership between a grant-making institution and another such institution, a State Commission, or a chief executive officer of a unit of general local government. Sub-grants will then be awarded to community organizations.

Additional Details from CNCS and Authorizing Language:

- CNCS will award grants in the amount of \$1 million to \$10 million per year for up to five years on a competitive basis to intermediary, grant-making organizations. Grants must be matched dollar-for-dollar in cash. Community organizations will receive financial support from intermediaries on the order of no less than \$100,000 per year for 3-5 years, as well as strategic guidance to help them evaluate and multiply their impact. Community organizations must also provide a 1:1 cash match for the total amount—federal and private dollars—they receive from the intermediaries.
- CNCS intends to post a draft Notice of Funding Opportunity for public comment in mid-December and expects to announce the selected grant-making institutions in the summer of 2010.