

HUD TRANSFORMATION INITIATIVE FUND
2012 Summary Statement and Initiatives
(Dollars in Thousands)

TRANSFORMATION INIATIATIVE FUND	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2010 Appropriation	\$258,161 ^{a/}	...	...	\$258,161	\$32,973	\$71
2011 CR	20,000 ^{b/}	\$225,188	...	245,188	120,000	44,000
2012 Request .....	...	<u>125,000</u>	...	<u>125,000</u>	<u>125,000</u>	<u>68,000</u>
Program Improvements/Offsets	-20,000	-100,188	...	-120,188	+5,000	+24,000

a/ Fiscal year 2010 includes a direct appropriation of \$20 million for combating mortgage fraud, and transfers of \$238 million from program accounts.

b/ A full-year 2011 appropriation for this account was not enacted at the time the Budget was prepared; therefore this account is operating under a continuing resolution (P.L. 111-242, as amended). The fiscal year 2011 Budget Authority represents a direct appropriation of \$20 million for combating mortgage fraud. A maximum of \$238 million could also be transferred to this account; these permissive transfers are not shown in the table above.

c/ In fiscal year 2012, a total of not more than \$120 million may be transferred to the Transformation initiative Fund; these permissive transfers are not shown in the table above. A detailed table of maximum program transfers is provided in this justification.

Summary Statement

The Budget continues to propose a Departmentwide HUD Transformation Initiative (TI) Fund to be funded by transfers from program accounts of up to 0.5 percent at the Secretary's discretion (maximum transfers of \$120 million). HUD proposes to use these funds for three complementary purposes: research, evaluation and program metrics; program demonstrations; and technical assistance and capacity building. Each of these Transformation Initiative categories will receive not less than 10 percent and not more than 70 percent of the aggregate funds. The TI Fund will help the Department be more responsive to shifting needs and new mandates, produce better quality data and reports to inform policy and management decision-making, and help the Department use its budgetary resources more effectively and efficiently.

In 2012, HUD will also continue to invest in the modernization of information technology systems and execute planned projects with available resources, but no additional funding is requested for the TI Technology Initiative. Having assessed the fiscal year 2010 planning and implementation efforts, HUD has also determined recombining development, modernization and enhancement funds with steady-state maintenance funding under the Working Capital Fund in fiscal year 2012 will allow the Department to better align the account structure and decision-making process with budget planning and full investment lifecycle management practices.

Given the constraints that agencies across the Government must work within in the current fiscal climate, HUD's leadership recognizes that transferring a full 1 percent of program funds in fiscal year 2012—as requested in fiscal years 2010 and 2011—may place too heavy a burden on already strained program budgets,

Transformation Initiative Fund

and proposes to limit transfers up to 0.5 percent from each account but not more than \$120 million in total. While the need to transform the Department remains, we must carefully assess each transfer against program requirements and proceed in a responsible manner that ensures HUD's constituent services are not compromised.

HUD is committed to delivering results on TI-funded projects. This commitment supports the overarching theme of responsibility reflected throughout the fiscal year 2012 Budget request. HUD is making investments that will result in longer term savings, better targeting of our resources, and better quality of services for our residents. More specifically, funding new delivery models for Technical Assistance is expected to result in the more cost effective use of tightening program budgets, and investing in evaluation and demonstrations offers opportunities to identify the most effective and impactful use of taxpayer dollars in achieving key policy objectives.

TI funds are proposed as the Department's primary funding source for research, program demonstrations, and technical assistance. TI-funded research, evaluation, and program metrics will supplement the Department's core Research and Technology appropriation, which is primarily used to fund housing data collection, such as the American Housing Survey, and research dissemination. HUD proposes to submit a detailed operating plan for the TI Fund to the Committees on Appropriations within 60 days of enactment and 15 days before obligating or expending the transferred funds.

Need for a Transformation Initiative

HUD's ongoing transformation effort, aimed at reversing the impact of longstanding inefficiencies and neglect, requires long-term support. The Department's operations face serious, deep-rooted challenges arising from internal resource and structural constraints that hinder its ability to address the growing housing and urban development problems facing the nation. Traditional programs like public housing, rental vouchers, and FHA mortgage insurance need to adapt to changing market conditions. HUD needs to become an innovative agency with the capacity to move beyond legacy programs, shaping new markets and methods in the production and preservation of affordable housing, greening the nation's housing stock, and promoting sustainable growth in metropolitan America. New programs should be based on sound evidence provided by rigorous research, program evaluations, and demonstrations of whether programmatic innovations actually work.

The sustained commitment of flexible budget resources is critical if HUD is going to fundamentally change the way it operates. HUD's transformation is a multiyear effort that can only be achieved through the relentless focus of agency leadership, full transparency, and accountability to both external and internal stakeholders for the delivery of real results. Since the Fund was first enacted in fiscal year 2010, the Transformation Initiative has infused much-needed funding into the long-neglected areas of IT modernization, research and evaluation, and program demonstrations. Further, the Fund has provided a mechanism for financing innovative, cross-cutting technical assistance that goes beyond program compliance to improve grantee capacity, performance, and outcomes. Fully funding this year's request will allow HUD to continue and complete projects started but not fully funded in fiscal years 2010 and 2011, as well as funding a limited range of new investments. Full funding will also enable HUD to shift resources to unanticipated projects that arise over the course of the year in response to changing fiscal, operational, statutory, or regulatory conditions.

Benefits of the Transformation Initiative

In May of 2010, HUD released a bold 5-year strategic plan that lays out the goals and objectives HUD believes are paramount for moving the agency's work forward. The Transformation Initiative projects supports the four major programmatic and policy goals in the strategic plan by fundamentally changing and

Transformation Initiative Fund

improving the way HUD does business (Goal 5). Efforts funded by the Transformation Initiative focus on improving customer service, driving toward impact rather than compliance, and creating innovative strategies for attacking consistent and widespread problems.

The Transformation Initiative represents a comprehensive effort to deal with the broad range of persistent problems that HUD faces, as well as the unexploited opportunities available to the agency. Recent progress in several major program areas, such as implementing asset management in public housing, demolishing obsolete and dangerous housing stock, and modernizing FHA programs, has created a significant opportunity to systematically re-examine the Department's efforts on a serious on-going issues. Inadequate investment in research, evaluation and data collection have for too long limited HUD to directing a few, sometimes rigid, programs toward diverse, complex, and poorly understood urban problems. Public investments in program demonstrations during the 1970s resulted in the voucher program as a more cost-effective alternative to public housing, allowing for significant cost reductions in HUD's largest program. Despite this early success, the next phase of transformative research has not yet been undertaken.

A central principle underlying the Transformation Initiative is the need to make policy and managerial decisions on the basis of documented evidence. Two of the three purposes that HUD proposes for continued transformation funding – research and demonstrations – are fundamentally about applying evidence-based principles. HUD expects that these components will fill critical gaps in collective understanding of both the causes of housing and urban development issues and the practical matters of how to effectively address them. More rigorous performance measurement and a secretarial commitment to employing best practices for performance management will complete the loop.

A robust capability to deploy sound data for policymaking and program management must be accompanied by greater coordination with program partners. HUD can address none of its core mission areas alone. The Department must collaborate with other Federal agencies to address issues of mutual concern. At the same time, engaging state and local governments and private for-profit and non-profit partner organizations will be critical in providing a coordinated attack on the challenges we all face. The technical assistance funds of the Transformation Initiative, and the flexible use of those funds to span programmatic boundaries for more effective education, are key to making these partnerships effective.

Given the number and magnitude of the challenges faced, HUD's transformation will involve a multiyear commitment of resources, energy, and relentless focus. HUD considers the requested \$120 million in transfers of program funds for this critical initiative to be a justifiable, proportionate, and responsible investment that will ultimately lead to a more efficient, effective, and impactful agency.

**HUD TRANSFORMATION INITIATIVE FUND
Summary of Resources
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 Budget Authority</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2010 Obligations</u>	<u>2011 CR</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2012 Request</u>
Combating Mortgage								
Fraud	\$20,000	...	\$20,000	...	\$20,000	\$20,000	\$40,000	...
Program Transfers a/ ..	[238,161]	...	[238,161]	[\$32,973]	[238,161]	[205,188]	[443,349]	[\$120,000]
Salaries and Expenses								
Transfers .....	...	...	...	...	...	...	...	...
Total	20,000	...	20,000	[32,973]	20,000	20,000	40,000	[120,000]

a/ Program transfers are bracketed and shown as non-add amounts.

<u>FTE</u>	<u>2010 Actual</u>	<u>2011 Estimate</u>	<u>2012 Estimate</u>
Headquarters
Field
Total

The Transformation Initiative is a cross-cutting and integrated approach to improving program performance that draws from existing staff resources to execute projects, primarily from the Office of Strategic Planning and Management, Office of Policy Development and Research, Office of Community Planning and Development, and Office of the Chief Information Officer.

HUD TRANSFORMATION INITIATIVE FUND
Program Offsets
(Dollars in Thousands)

Combating Mortgage Fraud	<u>Amount</u>
2010 Appropriation	\$20,000
2011 CR	20,000
2012 Request	<u>...</u>
Program Improvements/Offsets	-20,000

Proposed Activities

No funding is requested under the TI Fund for the Combating Mortgage Fraud initiative in fiscal year 2012. Continued information technology investments associated with the goals of improving FHA's risk management and fraud detection capabilities will be incorporated in the larger FHA IT Transformation project.

**HUD TRANSFORMATION INITIATIVE FUND
Program Offsets
(Dollars in Thousands)**

Program Transfers a/	<u>Amount</u>
2010 Appropriation	[\$238,161]
2011 CR	[238,161]
2012 Request	<u>[120,000]</u>
Program Improvements/Offsets	-118,161

a/ The amounts shown are shown in brackets since the funding is reflected in the accounts and these amounts represent potential transfers.

Proposed Actions

The Budget request provides the Secretary with the authority to transfer up to 0.5 percent of HUD’s program dollars to the TI Fund, and up to a total of not more than \$120 million. Funds transferred to the Transformation Initiative Fund account from HUD’s program areas will be used for three complementary purposes in fiscal year 2012: research, evaluation and program metrics; program demonstrations; and technical assistance and capacity building.

Categories of Purposes

Research, Evaluation and Program Metrics

A key element of HUD’s transformation strategy is to provide a predictable stream of funding for high quality research and evaluation that can inform sound policymaking. Allocating a small increment of program funds to this account will enable HUD to subject programs continuously to rigorous evaluation. The Research, Evaluation, and Performance Metrics initiative will supplement Research and Technology (R&T) appropriations in order to provide the nation’s basic infrastructure of housing data. The more careful and scientific approach enabled by these additional research investments will highlight for policymakers what works and what needs reform. Systematic research will enable HUD to monitor results and undertake timely modifications of programs and policies that fail to produce results. A component of this research and evaluation will develop the right set of metrics to track program performance between evaluations to inform management decision-making.

In fiscal year 2010, the Department was able to supplement a \$48 million R&T appropriation with \$26 million in Transformation Initiative Research, Evaluation, and Program Metrics funds. Funded projects include a Native American Needs Assessment and Tenant-Based Rental Assistance Costing Model project. For fiscal year 2011, HUD anticipates that anywhere from \$10 million to \$30 million to be available for research, evaluation, and performance metrics activities.

For fiscal year 2012, the Department anticipates allocating approximately \$25 million to research projects. HUD’s proposed transformational approach to research would also inform the decisions of a broad network of public and private sector actors. A key feature of the new approach is to partner with other Federal agencies, such as the Departments of Transportation and Energy, and the Environmental Protection Agency, on research topics of mutual interest.

Transformation Initiative Fund

HUD will confer with OMB and the appropriate Congressional Appropriations and Authorizing committees before finalizing the research agenda for funding under the Transformation Initiative. While specific projects and funding levels are contingent on HUD's internal TI application and review process, the Department has identified several areas of research interest that could be considered. These include:

- Voucher Cost Standardization Testing;
- Final Assessment of 15 Early HOPE VI Developments;
- Rental Demand and the Foreclosure Crisis;
- Evaluation of Impacts of Supplemental Vouchers for Homeless;
- Impact of Supportive Housing on Frequent Users of Medicaid Services;
- Success of Mixed-Income Housing and Mixed Finance;
- Public Housing Health Intervention Evaluation; and
- Cost and Benefits of Inclusionary Zoning.

Combined with efforts already in progress, including vehicles for quick turnaround policy relevant research, HUD expects that TI research will both improve program effectiveness and generate substantial savings over time.

Program Demonstrations

The second strategic thrust of the Transformation Initiative is to enable HUD to design and execute a series of major research demonstrations. These trials of new program ideas provide a controlled mechanism to improve programs and help state and local governments develop more effective strategies for housing and community and economic development.

Demonstrations generally require funding over several years and often allow waiver of program rules when conducted to pilot ideas for existing program changes. The funding may cover design resources, additional program costs, such as incentives for participating households, and evaluation of the impacts over several years. Since the 1990s, HUD has done relatively few research demonstrations, largely due to budget constraints. Those few demonstrations, however, have been HUD's most important and informative research on real program impacts. They include:

- Jobs Plus. This demonstration in six sites showed that carefully designed rent incentives, totaling \$6.8 million, and job supports in distressed public housing developments improve incomes in both the short- and long-term. The total cost of \$30.2 million included funding from HUD, the Departments of Labor and Health and Human Services, and several foundations. The cost of the research and technical assistance portion was \$25.4 million. Lessons from this initiative are being applied in the Choice Neighborhoods proposal.
- Moving To Opportunity. The demonstration showed that families moving from high poverty public housing to low poverty neighborhoods with a voucher have a dramatic increase in safety, neighborhood quality, and better housing, leading to very large improvements in health. In the short-term, moves to low-poverty neighborhoods do not improve employment or education outcomes. The total cost of \$95 million included funding from HUD, National Institutes of Health, National Science Foundation, Centers for Disease Control and Prevention, other Federal agencies, and numerous foundations.

Transformation Initiative Fund

The demonstration covered five sites, 4,608 families, and 10,000 individuals. Implementation of the new voucher authority and counseling cost \$70 million, and the research cost for set-up, tracking, and interim and final evaluation was \$25 million.

- Effects of Housing Vouchers on Families. The effort showed that relative to not having housing assistance, receipt of a voucher dramatically reduces homelessness, but leads to lower wages and employment in the short run and has no impact on wages and employment in the mid-term. The total cost of \$53.2 million included \$50 million for implementing new voucher authority, and \$3.2 million for research (set-up; tracking; interim and final evaluation).

TI-funded demonstrations will be used to test and evaluate new ways of delivering core programs. Demonstrations will also be used to inform the re-engineering and streamlining of business processes and procedures in HUD's programs.

HUD will confer with the appropriate Congressional Appropriations Committees before finalizing planned demonstrations under the Transformation Initiative. HUD anticipates allocating an estimated \$15 million in fiscal year 2012 TI funding to program demonstrations. Several of the demonstration efforts started in fiscal year 2010 will require additional funding going forward, including Pre-purchase Housing Counseling, Rent Reform, Family Self-Sufficiency, and Choice Neighborhoods. While the Department plans to complete these efforts with fiscal year 2011 funds, depending on the availability of 2011 funds, some may require additional investments in fiscal year 2012. Though the demonstration projects selected for funding under the Transformation Initiative will be determined through HUD's internal and external research agenda-setting process, the Department is currently exploring possibilities in the following subject areas:

- Small Area Fair Market Rent (FMR). A test of the how a transition of the FMR from a metro-wide standard to a zip code standard impacts tenant location patterns, program costs, and administrative burdens.
- Energy Consumption Reduction in Public and Assisted Housing. This demonstration will monitor utility consumption in different types of HUD-assisted housing, identifying sources of greatest usage and opportunities for efficiency improvements.
- HUD/HHS Partnership Demonstration on Housing and Services for the Elderly. This demonstration would measure the impact of different housing and service bundles for the elderly on health outcomes and costs to the Medicaid/Medicare system.

Technical Assistance and Capacity Building

The community development field is evolving to envision a more comprehensive, sustainable approach to neighborhoods and cities. It includes a focus on economic and housing revitalization, but also other amenities that improve the lives of residents, such as jobs, transportation, retail opportunities, education, and health. HUD has embraced this change with new initiatives like Sustainable Communities, Choice Neighborhoods, and the Neighborhood Stabilization Program. In order to implement this expanded vision, the nation needs local practitioners – both local government and non-profit partners – who understand a more comprehensive approach, who can use current technology to assess needs and to measure success, and who have modern skills to advance the field and enhance the lives of residents.

The initiative recognizes that human capital, technical competence, and institutional support are critical for the success of HUD's partner organizations, whether state or local, public or private. Enhanced and focused information, and more targeted support for grantees, will result in better program administration and more

Transformation Initiative Fund

integrated planning and action that cross programs and jurisdictions. Effective responses to urban and housing issues increasingly require coordination and awareness of diverse areas of knowledge: housing finance as well as land use planning; economics as well as energy efficient design; community development as well as transportation planning; accessible design as well as job creation strategies.

HUD anticipates allocating \$80 million in TI funds to the Technical Assistance and Capacity Building activities in fiscal year 2012. These funds will be used to provide enhanced and focused information, as well as targeted technical assistance, for grantees to improve program administration and facilitate more integrated planning that crosses programs and jurisdictions. Of the total technical assistance allocation, the Department also plans to commit \$50 million to support the launch of an interagency effort to help chronically distressed cities to better employ the Federal investments they already receive, promote high-impact strategies, and build the local capacity needed to execute those strategies that are described below. This effort, in concert with activities being undertaken by EDA, other Federal agencies, and the philanthropic community, will enable these cities to create more effective partnerships with businesses and non-profits that will attract critical private investments to promote job creation and economic development.

The Transformation Initiative enables HUD to develop a new level of technical assistance and capacity building to Federal funding recipients. Traditionally, HUD has delivered compliance-oriented technical assistance, funded through individual program accounts, to ensure that grantees are fully aware of the rules governing HUD's disparate programs. HUD's fiscal years 2010 and 2011 Budgets proposed merging all technical assistance efforts into the Transformation Initiative. Central funding through the TI has allowed the Department to develop comprehensive technical assistance efforts that focus on skills needed to improve program outcomes, rather than merely reinforcing program compliance. For example, the OneCPD Integrated Practitioner Assistance System project, modeled after the successful Neighborhood Stabilization Program, establishes memorandum of agreement with qualified technical assistance providers. Each HUD grantee receives a single point of contact for all technical assistance requests, and grantee performance can be efficiently and accurately tracked over time. Other examples of current efforts include: Joint Core Skills Certification program, Energy Efficiency & Green Building across Affordable Housing Programs, and Financial Management & Governance in Public Housing Programs.

During fiscal years 2010 and 2011, the Department used the roll out of the American Recovery and Reinvestment Act of 2009 (Recovery Act) Neighborhood Stabilization Program-2 (NSP2) as a laboratory for testing HUD's new approach to technical assistance delivery. Plans are already underway for an analysis of community capacity to implement NSP 1 and 2. Once that analysis is complete, HUD will be meeting with technical assistance contractors to design and provide both practitioner and capacity building assistance to communities that reflect the unique needs of different housing markets and delivery systems.

In the 2012 Budget, HUD once again requests discretion to target technical assistance funding to those programs that need it most based on the capacity of current grantees, new program requirements (e.g., the continued implementation of the HEARTH Act, new developments in the HOPE VI program, or implementation of new programs such as Choice Neighborhoods or Sustainable Housing and Communities), broader economic and social imperatives (e.g., a spike in homelessness, or the impact of high energy and housing costs on housing affordability), or unanticipated crises (e.g., natural disasters). In order to ensure that these critical but limited resources are targeted appropriately, HUD will continue to evaluate the technical assistance needs of its grantee communities in fiscal year 2011 with Transformation Initiative funds and build on those findings with funds from fiscal year 2012.

In 2012, the Department will implement a new initiative in partnership with twelve other agencies including the White House, aimed at improving the capacity of local governments in chronically distressed cities and helping them to develop partnerships to support job creation and economic development. Many of the cities that have historically driven America's economic growth are now amongst its most economically distressed places. These cities have struggled to return to a place of economic productivity and opportunity after decades confronting the ramifications of industrial decline—a challenge exacerbated by the recent economic

Transformation Initiative Fund

downturn. Strong cities are essential for national growth, and local capacity is essential for strong cities. As part of this effort, the Transformation Initiative will support the creation of a National Resource Bank (NRB), and other components of this effort.

The NRB is so named because it will be a repository of technical assistance for local governments across the nation, but will not provide direct financial resources. The NRB will align and aggregate public and private funds to provide cities tailored technical support through a “one-stop-shop” of national experts with wide-ranging skills that are critical for economic development. These include fiscal reforms, repurposing land use, and business cluster and job market analysis, to name a few. The NRB will help lay the foundation for economic recovery and transformation in these cities through truly place-based support that leverages existing strategic partnerships between local governments, Federal regional office staff, and the philanthropic community and helps to foster further linkages for the long-term benefit of these cities. The local demand for the capacity-building assistance that the NRB will provide is broad and ongoing, and the NRB will play an essential role in helping to coordinate and direct Federal technical assistance functions at a time of severe local government need.

The goals of the NRB are to:

1. Rebuild local capacity through targeted and timely assistance that effectively leverages private sector and philanthropic resources, both by building upon existing connections between foundations, issue areas, and local governments and by forging new linkages and partnerships into local resource banks in larger cities;
2. Organize expertise across a range of issues by developing and managing a diverse team of expert technical consultants that includes both paid and pro bono services that can provide technical assistance in smaller and medium cities;
3. Support peer-to-peer learning and exchange through the sharing of best practices via multiple platforms;
4. Improve the service “delivery system” through the sustained support of Federal regional office staff, who can bridge Federal and local perspectives while augmenting the expertise of technical service providers and peer-to-peer networks; and
5. Translate the needs of local governments into Federal policy recommendations via a thorough evaluation system that includes feedback from the cities.

HUD will also supplement efforts, as appropriate, of the broader interagency effort, including the Fellowship Placement Program to deploy a class of early to mid-career professional fellows to support and assist the implementation of this capacity-building effort. This program is supported by private funding in fiscal year 2011 and is described in more detail in the Gifts and Bequests account.

Information Technology

Funding for IT modernization and development is not requested under the TI fund for fiscal year 2012. Having assessed the fiscal year 2010 planning and implementation efforts, HUD has determined that recombining development, modernization and enhancement funds with steady-state maintenance funding under the Working Capital Fund in fiscal year 2012 will allow the Department to better align the account structure and decision-making process with budget planning and investment lifecycle management policies. Within the TI Fund, HUD will utilize significant balances from fiscal year 2010, as well as funds appropriated in fiscal year 2011, to continue the execution of priority IT development, modernization, and enhancement efforts, including FHA Transformation and the Next Generation Voucher Management System.

Process of Implementing the Transformation Initiative

The Office of Strategic Planning and Management (OSPM) will continue to have overall responsibility for program management and oversight of TI projects. OSPM will allocate funds to appropriate offices for specific efforts on the basis of the fiscal year 2012 operating plan. In the areas of research and program demonstrations, however, HUD will confer with Congressional Appropriations Committees before finalizing funding plans under the Transformation Initiative and allocating research funds to the Office of Policy Development and Research.

HUD's new Strategic Plan will be central to the Department's ability to transform itself and will continue to be used as a framework for managing operations and resources. The strategic plan, which identifies the Department's key goals, objectives and measures of success, will be the point of departure for developing annual operating plans, including the allocation of funds to projects under the Transformation Initiative. Criteria for assessing and prioritizing projects would include the connection to HUD's mission and strategic goals, the magnitude of risks faced by HUD's clients, partners and programs, the likelihood of transformative impact, the costs and benefits, and the potential to strengthen HUD's capability for long-term effectiveness.

If the Transformation Initiative is to succeed, HUD must continue to make transformation a priority at the highest levels of the Department. The Office of Strategic Planning and Management, which was created in 2010 and reports directly to the Deputy Secretary, will continue to support both the direct delivery of transformation solutions, as well as the overall management of the funded projects against established milestones and budgets, and ensuring accountability to HUD's key stakeholders. Open, honest, and frequent communication, will continue to form the foundation of HUD's efforts to create transparency and accountability around the Transformation Initiative.

Transformation Initiative Fund

The following table represents maximum, not actual, program transfers into the Transformation Initiative Account for fiscal year 2012. For each account, the maximum possible transfer is calculated based only on program or administrative funds; credit subsidies have been excluded.

Transformation Initiative Fund, Maximum Program Transfers	FY 2010 <u>Actual</u>	FY 2012 <u>Request</u>
Brownfields Redevelopment.....	175,000	...
Capacity Building.....	...	250,000
Choice Neighborhoods.....	...	1,250,000
Community Development Fund.....	44,500,000	18,906,840
Energy Innovation Fund.....	500,000	...
Fair Housing Activities.....	720,000	360,000
HOME Investment Partnerships Program.....	18,250,000	8,250,000
Homeless Assistance Grants.....	12,650,000	11,860,000
Housing Counseling Assistance.....	875,000	440,000
Housing for Persons with Disabilities (Section 811).....	3,000,000	980,000
Housing for the Elderly (Section 202).....	8,250,000	3,785,000
Housing Opportunities for Persons with AIDS.....	3,350,000	1,675,000
Indian Housing Loan Guarantee Fund.....	...	3,750
Lead Hazard Reduction.....	1,400,000	700,000
Payment to the Manufactured Housing Fees Trust Fund	90,000	35,000
Mortgage Mutual Insurance Program Account	1,181,060	790,000
Native American Housing Block Grants.....	...	3,500,000
Native Hawaiian Housing Block Grants.....	...	50,000
Project-Based Rental Assistance.....	...	47,145,000
Public Housing Capital Fund.....	25,000,000	12,026,725
Public Housing Operating Fund.....	15,000,000	19,809,250
Rental Assistance Program (Section 236).....	400,000	78,665
Revitalization of Severely Distressed Public Housing (HOPE VI).....	2,000,000	...
Self-Help Homeownerships Opportunity Program	820,000	...
Sustainable Housing and Communities Initiatives.....	...	750,000
Tenant-Based Rental Assistance.....	100,000,000	96,112,845
Maximum Transformation Initiative program transfers.....	238,161,060	120,000,000

a/ Amount represents fiscal year 2010 funds transferred to the TI Fund and allocated in the Congressionally approved TI plan.

b/ Amount represents the limitation of \$120 million in total transfers to this account, which is less than the total of each eligible program transfer of 0.5 percent.

HUD TRANSFORMATION INITIATIVE FUND
Justification of Proposed Changes in Appropriations Language

Below is the italicized appropriation language for the HUD Transformation Initiative Fund.

Of the amounts made available in this Act under each of the following headings under this title, the Secretary may transfer to, and merge with, this account up to 0.5 percent from each such account, and such transferred amounts shall be available until September 30, 2014, for (1) research, evaluation, and program metrics; (2) program demonstrations; and (3) technical assistance and capacity building: "Tenant-Based Rental Assistance", "Public Housing Capital Fund", "Public Housing Operating Fund", "Choice Neighborhoods Initiative", "Indian Housing Loan Guarantee Fund Program Account", "Native American Housing Block Grants", "Native Hawaiian Housing Block Grants", "Sustainable Housing and Communities Initiatives", "Housing Opportunities for Persons With AIDS", "Community Development Fund", "HOME Investment Partnerships Program", "Capacity Building", "Homeless Assistance Grants", "Project-Based Rental Assistance", "Housing for the Elderly", "Housing for Persons With Disabilities", "Housing Counseling Assistance", "Payment to Manufactured Housing Fees Trust Fund", "Mutual Mortgage Insurance Program Account", "Lead Hazard Reduction", "Rental Housing Assistance", and "Fair Housing Activities": Provided, That the Secretary shall fund each of the three general purposes specified above at not less than 10 percent, and not more than 70 percent, of the aggregate transferred amount: Provided further, That a total of not more than \$120,000,000 may be transferred to this account by all such transfers: Provided further, That with respect to amounts made available under this heading for research, evaluation, program metrics, and program demonstrations, notwithstanding section 204 of this title, the Secretary may make grants or enter into cooperative agreements that include a substantial match contribution.

Changes from the 2010 Appropriations

The proposed language eliminates the direct appropriation of \$20 million for combating mortgage fraud activities, and reduces the maximum transfer authorized from each individual program account from 1 percent to 0.5 percent of funds appropriated in fiscal year 2012. The language also limits the Transformation Initiative Fund account to receiving a total of no more than \$120 million in transfers in 2012, and removes information technology as one of the authorized purposes. In fiscal year 2011, the Department requested that HUD be allowed the flexibility to work collaboratively with other research and philanthropic organizations on testing innovative ideas when those organizations propose and provide substantial resources toward a worthy project. The Department continues to request this authority in fiscal year 2012. This request for flexibility would require a limited exemption from the section 204 requirement of the General Provisions, Department of Housing and Urban Development. The Jobs Plus and Moving to Opportunity Demonstrations are highly successful examples of the kind of partnerships undertaken prior to the section 204 restrictions.

HUD TRANSFORMATION INITIATIVE FUND
Crosswalk of 2010 Changes
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2010 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Combating Mortgage Fraud	\$20,000	...	...	...	...	\$20,000
Program Transfers a/	[238,161]	...	...	...	...	[238,161]
Salaries and Expenses Transfers	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	20,000	...	...	...	...	20,000

a/ Program transfers are bracketed and shown as non-add amounts.

HUD TRANSFORMATION INITIATIVE FUND
Crosswalk of 2011 Changes
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2011 President's Budget Request</u>	<u>2011 CR</u>	<u>2011 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2011 Resources</u>
Combating Mortgage Fraud	\$20,000	\$20,000	...	...	\$20,000	\$40,000
Program Transfers a/	[455,617]	[238,161]	...	...	[205,188]	[443,349]
Salaries and Expenses Transfers	<u>[13,791]</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	20,000	20,000	...	...	20,000	40,000

a/ Program transfers are bracketed and shown as non-add amounts. The Total 2011 Resources includes \$205 million in actual carryover from fiscal year 2010 and \$238 million in potential program transfers in fiscal year 2011 that would be authorized under a continuing resolution.