



## HUD's FY2011 Budget: Investing in People and Places Catalytic Investment Fund Fact Sheet

*As part of the FY2011 Budget, HUD proposes a new \$150 million Catalytic Investment Fund. A number of distressed communities –urban, suburban, and rural-- are developing innovative approaches to create jobs and repurpose their economies for the decades to come. This competitive fund is intended to be the seed capital to begin implementation of the best plans at scale.*

**The Financing Communities Need:** Across the country, jurisdictions are suffering from the current economic conditions or from long term decline. Our partners frequently voice their difficulty in accessing the *capital to jump start large scale transformative projects*. For the first time under Community Development Block Grant (CDBG), HUD will target the hardest hit neighborhoods and provide a tool for economic development projects focused on job growth and economic recovery.

**Overview:** This fund proposes *\$150 million in competitive funding* to award grants to applicants with economic development and gap financing to capitalize and implement innovative, targeted economic investment that will result in neighborhood and community revitalization.

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### ➤ **Project Types**

This funding will provide gap financing for large scale, implementable projects by supporting *capital investments* such as development or improvement of retail, commercial, infrastructure, or other economic development projects that are the critical to current and future neighborhood investments and neighborhood recovery. This funding *is limited to economic development capital* and will *not* be used for housing development, services, or outreach.

### ➤ **What about CDBG?**

HUD is proposing to maintain full funding for the *CDBG formula program at \$3.990 billion*, reflecting the Administration's ongoing commitment to this program. The Catalytic Investment Fund is additional funding; however applicants will leverage their CDBG funds, along with other federal and local resources, towards the relevant project. This funding will be treated as CDBG unless otherwise specified.

### ➤ **Leveraging**

We know that communities seek to make a broad range of investments in order to revitalize neighborhoods. The Catalytic Investment Fund is a *complement to HUD's key housing and community development programs*, including CDBG, HOME, Section 108 Loan Guarantee Program, Choice Neighborhoods, the Neighborhood Stabilization Program, and Sustainable Communities. Applicants will be encouraged to leverage not only HUD resources, but funds from *neighborhood revitalization programs across the federal government* as well as local and private resources.

### ➤ **Investing in People and Places**

This fund will create a bridge, *connecting federal place-based programs by providing capital* to bring projects to scale. Grants would range from \$5 to \$35 million based on demonstrated need.

### ➤ **Partnerships, Collaboration, and Rewarding Planning**

Unlike CDBG, consortia *including high capacity non-governmental entities* that have developed an innovative plan may apply along with governmental entities. The implementing agency must demonstrate capacity and local authority to execute the project.

*Just as HOPE VI provided a catalyst to modernize public housing, the Catalytic Investment Fund will provide communities with the game changing capital they need to rebuild, address negative community assets, and target the hardest hit neighborhoods.*