



## ***FY 2011 Budget: Toward Catalytic Investment***

US. Department of Housing and Urban  
Development  
Office of Community Planning and Development

**February 2, 2010**

# Agenda

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- 1) Overview of Community Planning and Development's FY11 Budget
- 2) Investing in People and Places
- 3) The Catalytic Investment Competition

# Overview of CPD's Budget

CPD's FY11 Budget Proposal works towards HUD's five objectives (*numbers in millions*):

Program	2009 Enacted	2010 Enacted	2011 Request	Difference 2011 vs 2010
<b>Meet the need for quality affordable rental homes</b>				
HOME	\$4,075	\$1,825	\$1,650	(\$175)
Homeless Assistance Grants	\$1,677	\$1,865	\$2,005	\$140
<b>Utilize Housing as a Platform for improving quality of life</b>				
HOPWA	\$310	\$335	\$340	\$5

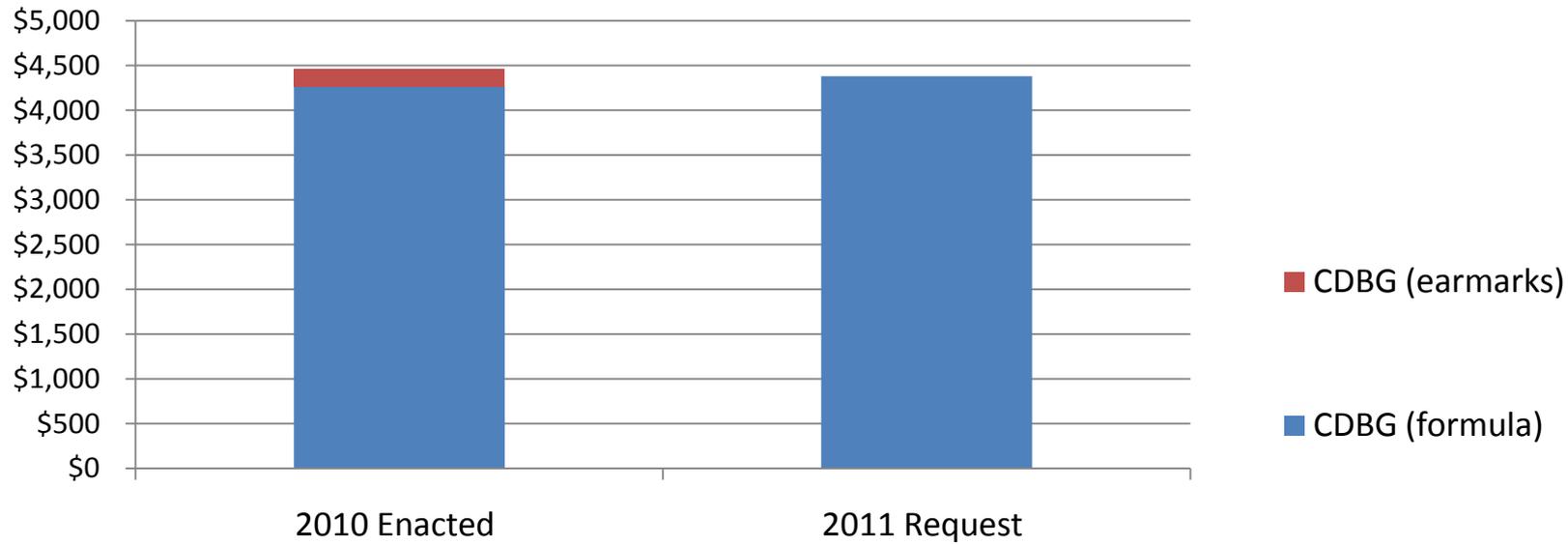
- *To support the implementation of the HEARTH Act, the Budget proposal a nearly \$200 million increase in homeless assistance funding compared to FY 2010.*
- *CPD programs are part of in a new interagency initiative to collaborate with the U.S. Department of Health and Human Services to make mainstream programs work to end homelessness. Through this collaboration we seek to expand HUD's targeted programs for homeless persons, including homeless families with children.*

# Build inclusive and sustainable communities free from discrimination

*Place is already at the center of every decision HUD makes – 58,000 of the 66,000 census tracts have HUD housing. The FY 2011 Budget allows HUD to better nurture sustainable, inclusive neighborhoods and communities.*

- **Fully fund CDBG**
- Connect **transportation and housing** through a Sustainable Communities Initiative
- Take **Choice Neighborhoods** to scale
- Creates new **Catalytic Competition Grants**
- Increases funding for **capacity building** for non-profits

**2010 Enacted vs. 2011 Request (in millions)**



## Build inclusive and sustainable communities free from discrimination

The Community Development Fund delivers on the President's commitment to fully fund the Community Development Block Grant Program (CDBG) while continuing funding for the Sustainable Communities Initiative (*numbers in millions*).

Program	2009 Enacted	2010 Enacted	2011 Request	Difference 2011 vs 2010
<b>Build Inclusive and Sustainable Communities Free From Discrimination</b>				
Capacity Building (Formerly Section 4)	\$34	\$50	\$60	\$10
Homeless Assistance Grants	\$1,677	\$1,865	\$2,005	\$140
Total Community Development Block Grant Funds	\$3,900	\$4,450	\$4,380	(\$70)
<i>CDBG Formula*</i>	\$3,642	\$3,990	\$3,990	\$0
<i>Other Set Asides**</i>	\$258	\$310	\$90	(\$25)
<i>Catalytic Investment</i>	\$0	\$0	\$150	\$150
<i>Sustainable Communities</i>	\$0	\$150	\$150	\$0
Section 108 Loan Guarantees	\$6	\$6	\$0	(\$6)

## Catalyzing Economic Development: The Catalytic Investment Competition

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- The economic downturn and foreclosure crisis have significantly *depleted resources in local governments while increasing demand for services*. Revenue declines often turn quickly into layoffs and cuts in services for the poor.
- Communities across the nation *have innovative plans* for revitalization, but express difficulty in *accessing the capital* to jump start large scale transformative projects in the most distressed neighborhoods.
- 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.
- The Catalytic Investment Competition program will provide *a complement to Choice Neighborhoods*, connecting housing to economic development for a holistic revitalization strategy.

## HUD's Budget proposes \$150 million for the Catalytic Investment Competition

- ✓ **Capitalize innovative and targeted economic investment** by targeting the hardest hit neighborhoods and providing a tool for economic development projects focused on job growth and economic recovery to bring impactful and innovative, targeted, and meaningful economic development projects to scale.
- ✓ **Create a bridge**: funding will be the connector among place based programs by providing the capital to bring projects to scale.
- ✓ **Target distressed neighborhoods**: funds will be targeted towards communities or neighborhoods experiencing demonstrated distress. This might include large-scale property vacancy and abandonment due to long-term employment and population loss.
- ✓ **Promote economic recovery and job creation**: The outcomes of the grants will be measured improvement in economic activity and job creation in targeted neighborhoods.

# The Catalytic Investment Competition

Elements of the program include:

- ✓ **Reward Planning** by funding communities that have developed an innovative and robust plan with measurable outcomes to improve economic vitality and increase jobs of a target area.
- ✓ **Encourage Collaboration:** Unlike CDBG, consortia including high capacity non-governmental entities that have developed an innovative plan may apply along with governmental entities.
- ✓ **Allow Flexibility:** The program will create a competitive funding stream that is responsive to changes in economic and market conditions.
- ✓ **Leveraging:** Grantees will complement and leverage other private and public community development and revitalization activities, including mainstream CDBG and Section 108 Loan Guarantees.
- ✓ **Augment** other place-based strategies.

*We know that it is our responsibility to partner with communities to determine need, understand how to truly connect capital to place based ideas, and bring impactful projects to scale.*



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