

FEDERAL BUDGET IMPACT: CITY OF AUSTIN
HOUSING AND COMMUNITY DEVELOPMENT OFFICE

The U.S. Department of Housing and Urban Development (HUD) announced Friday, May 27, 2011, the final Fiscal Year 2011 block grant allocations to approximately 1,200 state and local governments under the Community Development Block Grants (CDBG), HOME Investment Partnerships (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and the Emergency Shelter Grant Program (ESG).

The FY 2011 Continuing Resolution significantly reduced the federal funding allocations for CDBG and HOME programs compared to last year. Nationally, the federal budget for CDBG was reduced by more than \$600 million – or 16.5 percent; the HOME program funding was reduced by more than \$200 million – 11.7 percent.

Many local communities experienced a significant reduction in these entitlement dollars. The City of Austin’s allocation for the four entitlement grants for both the current Fiscal year as well for Fiscal year 2011-12 is as follows:

<i>FISCAL YEAR</i>	<i>CDBG</i>	<i>HOME</i>	<i>ESG</i>	<i>HOPWA</i>	<i>TOTAL</i>
1) Federal Funds					
▪ FY 2010-2011 Funding	8,157,148	4,531,817	330,444	1,103,927	14,123,336
▪ FY 2011-2012 Funding	6,877,946	4,017,139	330,481	1,096,976	12,322,542
Gap \$	(1,279,202)	(514,678)	37	(6,951)	(1,800,794)
%	-15.7%	-11.4%	0.0%	-0.6%	-12.8%

NHCD administers these grant funds for activities that support programs and services along the Housing Continuum. CDBG and HOME funds are used to assist in creating and preserving affordable housing; reducing homelessness; creating jobs; and supporting vital public services for low-and moderate-income residents.

NHCD’sFY 11-12 Budget proposal reflects an additional \$1.1M in local funds to address the shortfall in CDBG. NHCD proposes to reduce funding for the Down Payment Assistance Program by \$530,000 to help reduce the shortfall in the HOME Investment Partnership grant program. The Down Payment Assistance Program provides deferred and forgivable, zero-interest loans to low- and moderate-income first-time homebuyers to assist them with the down payment and closing costs of their home purchase. The decrease in funds will result in 25 fewer projects being funded.