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### **Appropriations Update; House Subcommittee Marks-Up FY 2008 HUD Spending Bill**

The House Subcommittee on Transportation, HUD, and Related Agencies met on Monday, June 11, to mark-up the FY 2008 Transportation, HUD spending bill. The subcommittee increased funding for CDBG in FY 2008, one of only a few programs within the bill that actually received an increase. The subcommittee funded CDBG at \$4.18 billion with \$3.94 billion provided for formula grants, \$180 million for earmarks, and approximately \$60 million for Indian Housing Block Grant funding. The \$3.94 billion in formula funding is \$230 million above the FY 2007 funding level of \$3.710 billion. The bill provides \$1.7 billion for the HOME program, the same level as last year. It zeroes out the American Dream Downpayment Initiative (ADDI). The ADDI program expires on September 30, 2007, and Congress is not expected to re-authorize the program.

The bill restores funding for the Section 202 program for the elderly and the Section 811 program for the disabled at the FY 2007 funding level, \$735 million and \$237 million respectively. The bill provides \$120 million to the HOPE VI program. The President's FY 2008 Budget sharply cut Section 202 and 811 and eliminated HOPE VI altogether.

Funding is included in the bill to renew all current Section 8 vouchers. To that end, the bill provides an increase above the President's budget of \$330 million for tenant-based rental assistance and \$666 million for project-based rental assistance. Included within this amount is \$30 million for 4,000 new incremental vouchers for non-elderly disabled individuals, with 1,000 vouchers earmarked specifically for homeless veterans. The House Appropriations has not set a specific date to mark-up the bill. The Senate Subcommittee on Transportation, HUD is expected mark-up its FY 2008 spending bill the week of July 9.

### **National Affordable Housing Trust Fund Bill Introduced in the House**

On June 28, Rep. Barney Frank (D-MA), Chairman of the House Financial Services Committee, and Rep. Maxine Waters (D-CA), ranking member of the committee, introduced H.R. 2895 – The National Affordable Housing Trust Fund Bill. A similar bill was introduced in the 109<sup>th</sup> Congress; however, this newly introduced version has been revamped to provide more funding to local governments, an issue which NCDA and other local government groups advocated.

The goal of the legislation is to produce, rehabilitate and preserve 1.5 million housing units over the next 10 years. The Fund can be used to build, rehabilitate, and preserve affordable rental housing and to provide down payment and closing cost assistance to first-time homebuyers. The bill is deeply targeted – through provisions that require 100% of the funds go to low income families (80% of area median income or below) and that three quarters of all funds go to extremely low income families (30% of area median income or below). This deep targeting will be difficult without additional long-term subsidies and begs the question, “where do working families fit into this Fund?” Hopefully, Congress will hold hearings on the legislation before it moves forward to address these and other questions.

The Fund will initially allocate between \$800 million and \$1 billion annually to states and local communities, without increasing government spending. The National Affordable Housing Trust Fund will be funded from the Government-Sponsored Enterprises's (GSE) Affordable Housing Fund contained in H.R. 1427 and from savings generated within the Federal Housing Administration contained in H.R. 1852. The National Affordable Housing Trust Fund hinges on the passage of these two crucial bills in Congress, which is questionable. However, Chairman Barney Frank appears optimistic the bills have a good chance for passage. Appearing at a press conference on Friday, June 29, Frank said, “I think at least the GSE bill will be done this year. I believe we will see some action in the Senate.” On the FHA reform bill, Frank said that he has reached out to Senate Banking Housing Subcommittee Chairman Charles Schumer (R-NY) on the issue and is reaching out to Senators Jack Reed (D-RI) and Thomas Carper (D-DE), two key members of the Senate Banking Committee. “I'm optimistic,” Frank said.

Unlike the Affordable Housing Fund in the Government-Sponsored Enterprise (GSE Reform Bill), which provides all of its funding directly to States, the National Affordable Housing Trust Fund would allocate 60% of the funds directly to local governments and 40% directly to states, similar to the HOME program. A brief overview of the bill is attached.

## HUD NEWS

### Staff Changes

Assistant Secretary for CPD Programs at HUD, Pam Patenaude resigned from HUD earlier this month to take a job with the Urban Land Institute in Washington, DC. The position of Assistant Secretary for CPD Programs will likely remain vacant until after the 2008 presidential election.

Cliff Taffett has been promoted to the position of the Director of the Office of Affordable Housing Programs, the position previously held by Mimi Kolesar who retired on April 1. Cliff Taffett began his new duties last week. We look forward to working with him and his staff.

### HUD Releases HOME Commitment, Expenditure Notice

On June 1, HUD's Office of Community Planning and Development released *CPD Notice 07-06 – Commitment, CHDO Reservation, and Expenditure Deadline Requirements for the HOME Program*. Virginia Sardone, Director of the Policy and Programs Division within HUD's Office of Affordable Housing Programs, spoke to NCDA's Housing Subcommittee in January and told NCDA the notice would be forthcoming.

Basically, the notice reinforces the statutory commitment and regulatory expenditure deadlines within the HOME program, which states that a participating jurisdiction's HOME funds must be committed within 24 months (once deposited in the HOME Investment Trust Fund) and expended within five years (after execution of the HOME Investments Partnerships Agreement), otherwise, HUD can deobligate the funds for reallocation. You can access the notice at <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/notices/07-06.pdf>

The notice also reinforces the CHDO reservation requirement within the HOME program, which requires participating jurisdictions (PJ) to reserve CHDO reservation funds within 24 months or face deobligation of the funds.

The notice goes on to define the meaning of "commitment" as the execution of a written agreement with a subrecipient, contractor, or CHDO, with "commitment" to a specific local project defined as the following:

- ☐ If the project involves rehabilitation or new construction (with or without acquisition), the PJ (or subrecipient) and project owner must execute a written agreement to commence construction within 12 months of the date of the execution of the agreement. If the project is owned by the PJ, the project must be set-up in IDIS and construction can expected to begin withing 12 months of the project's set-up date in IDIS.
- ☐ If the projects involves acquisition of housing and the PJ (or subrecipient) is acquiring the property with HOME funds, the PJ (or subrecipient) and the property owner must have

executed a legally binding contract for sale and the property title will be transferred to the PJ (or subrecipient) within six months of the date of the contract.

- ☐ If the property involves acquisition of housing and the PJ (or subrecipient) is providing HOME funds to a family to acquire single family housing or to a purchaser to acquire rental housing, the PJ (or subrecipient) and the family or purchaser have executed a written agreement under which HOME funds will be provided for the purchase of the property and the title will be transferred within six months of the agreement date.
- ☐ For tenant-based assistance, the PJ (or subrecipient) has entered into a rental assistance contract with the owner or the tenant.

The notice notes that “commitment” may be conditioned upon satisfactory completion of an environmental review and an environmental release of funds.

The notice outlines two reports – the Deadline Compliance Status Report and IDIS report CO4PR27 – used by HUD Headquarters to review each participating jurisdiction’s commitment and expenditure status. The Deadline Compliance Status Report is issued monthly by HUD Headquarters and can be found at <http://www.hud.gov/offices/cpd/affordablehousing/reports/index.cfm> prior to the 15<sup>th</sup> of each month. The report outlines the amounts to be committed, reserved to CHDOs, and expended by each PJ as well as progress made in each of these areas. IDIS Report CO4PR27 (otherwise known as PR27) provides data on each PJ’s fiscal year HOME allocation and helps HUD and PJ staff determine fiscal years in which there has been little or no commitment, CHDO reservation, or expenditure of HOME funds.

The notice also clarifies the use of program income in meeting commitment, CHDO reservation, and expenditure requirements. According to the notice, beginning in calendar year 2008, HUD will not count program income towards a participating jurisdiction’s commitments and expenditures since the commitment, CHDO reservation, and expenditure requirements are based solely on a PJ’s annual formula allocation. This new change will result in many jurisdictions not being in compliance with the HOME expenditure and commitment deadlines. Please contact Vicki Watson at [vicki@ncdaonline.org](mailto:vicki@ncdaonline.org) with your concerns regarding this change, particularly if you will have extreme difficulty in meeting commitment, reservation, and expenditure requirements.

## **NCDA NEWS**

### **More CDBG Training on the Way**

NCDA will deliver several CDBG Basics Courses in the Fall, mainly in conjunction with NCDA’s regional conferences. We are in the process of obtaining the hotel locations. Expect to see the following training dates posted on NCDA’s website (<http://www.ncdaonline.org>) once the final hotel negotiations have been completed.

**CDBG Basics Course**  
September 19-21, 2007  
Burlington, VT

**CDBG Basics Course**  
October 29-31, 2007  
Fayetteville, AR

**CDBG Basics Course**  
November 12-14, 2007  
Valdosta, GA

**CDBG Basics Course**  
December 5-7, 2007  
Denver, CO

**More HOME Training on the Way**

In addition to the CDBG training, NCDA plans to deliver a series of HOME technical assistance workshops over the next year. To help us deliver the best workshops possible, we have developed a short needs assessment survey for members to complete by July 18. This assessment will help us identify your most pressing HOME technical assistance needs and develop workshops based on those needs.

**New Members**

NCDA would like to welcome the following cities as new members to NCDA. Welcome to the NCDA family!

Carrollton, TX  
Yonkers, NY  
Monrovia, CA

**Attachments**

**HOME TA Needs Assessment**  
**Overview of the National Housing Trust Fund Bill**