



**FROM: CARDELL COOPER
VICKI WATSON
KAREN PARKER
BEVERLY CRAWFORD**

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Conferees Strike Deal on Stimulus; CDBG, HOME, ESG and Other HUD Programs Funded

House and Senate conferees wrapped up negotiations on the economic stimulus package (American Recovery and Reinvestment Act of 2009) this week, agreeing to a \$789.5 billion package of tax cuts and spending. The Senate passed its version on Tuesday by a margin of 61-37 after three Republicans: Olympia Snow (R-ME), Susan Collins (R-ME), and Arlen Specter (R-PA) crossed party lines to vote with Senate Democrats on the measure after Democrats agreed to pare down the bill. Enactment of a final stimulus package hinged on their support with Collins vowing she would not support a package larger than \$800 billion. House and Senate conferees included: Majority Leader Harry Reid (D-NV), Finance Chairman Max Baucus (D-MT), Appropriations Chairman Daniel K. Inouye (D-HI), Appropriations ranking member Thad Cochran (R-MI), Finance ranking member Charles Grassley (R-IA), Ways and Means Chairman Charlie Rangel (D-NY), Ways and Means ranking member Dave Camp (R-MI), Appropriations Chairman David R. Obey (D-WI), Appropriations ranking member Jerry Lewis (R-CA), and Energy and Commerce Chairman Harry Waxman (D-CA). With President Obama pushing Congress to complete the negotiations quickly, conferees worked swiftly to iron out major differences with the primary focus surrounding increased funding for school construction and health benefits for the unemployed.

NCDA is extremely happy to report that the final package includes \$1 billion for CDBG, \$2.25 billion for HOME, \$1.5 billion for the Emergency Shelter Grants (ESG) Program, and \$2 billion for the Neighborhood Stabilization Program (NSP). NCDA would like to thank those members who reached out to their congressional members to support these funding levels. The \$1 billion for CDBG is *in addition to* the \$3.58 billion allocated for the program in FY09. This additional CDBG funding will restore the cuts that have been made to the program over the last several years. NCDA worked for months through meetings on the Hill and through correspondence to fight for funding for CDBG, HOME, ESG, and NSP. We're pleased with the final results.

Of the \$2.25 billion in HOME funds, only \$250 million will be allocated through the HOME program. The remaining \$2 billion will be allocated to State housing finance agencies to shore up the ailing tax credit market. HUD's Office of Special Needs Assistance Programs (SNAPs), through Abt Associates, reached out to NCDA to garner feedback on how the \$1.5 billion in additional ESG funding should be allocated, appropriate outcome measures, reporting requirements, and local capacity. NCDA thanks its Housing Subcommittee (Bob Gehret, Chair, Boston, MA; Nancy Callanan, Quincy, MA; Vivian Ballou, Irving, TX; Denise Hoover, Birmingham, AL; and Keith Theriot, Orlando, FL) for participating with NCDA in this important discussion with HUD.

As of the now, the final conference language outlining the exact provision of the economic recovery package has not been released by the House Rules Committee, so we do not know how the \$2 billion in NSP funds will be allocated, although, we have heard it will be allocated through a national competition. We will provide final details of the bill as we receive them.

In addition to these programs, the following HUD programs received funding through the stimulus package:

- \$4 billion to the public housing capital fund for physical improvements to public housing developments
- \$2 billion for full-year payments to owners receiving Section 8 project-based rental assistance
- \$100 million for lead-based paint

The House is expected to vote on the conference report as soon as it is filed. The Senate will follow the House in its vote. Once approved, it will head to the President's desk for his signature, hopefully by Monday, February 16, President's Day.

FY09/FY10 Appropriations Update

Federal agencies are operating under a Continuing Resolution (CR) through March 6, 2009. Now, that the economic stimulus package is done, Congress plans to focus its attention on an omnibus appropriations bill that will combine all of the FY09 spending bills into one large package. Most federal programs are expected to remain level funded from last year, including CDBG and HOME. According to HUD, about half of the CDBG grantees have a July 1 start date, so the delay in a final appropriations bill won't affect them; however, approximately 25% of the CDBG grantees (approximately 300 grantees) have a January 1 or March 1 and won't receive their annual allocation on time. HUD promises to get the funds out quickly to these grantees once Congress has approved a FY09 appropriations bill for HUD.

The President plans to release his FY10 budget by mid-March. The release of the President's annual budget officially kicks off the appropriations process with the congressional budget committees developing a budget resolution for appropriators to follow during their mark-up of the FY10 appropriations bills. Usually the process doesn't conclude until late September, just prior to the start of the new fiscal year.

Treasury Department Announces Financial Stability Plan

Treasury Secretary Timothy Geithner announced this week that part of the remaining bank bailout stimulus be redirected to foreclosure prevention and small business assistance. Geithner plans to announce a comprehensive plan to address the foreclosure crisis within the next few weeks that will focus on the following areas:

- drive down overall mortgage rates
- avoid foreclosures by reducing monthly payments
- commit at least \$50 billion to prevent foreclosures
- establish loan modification guidelines and standards for government and private programs
- build flexibility into the Hope for Homeowners program and the FHA to enable loan modifications for a greater number of distressed borrowers

Over the next several days, Treasury and the Small Business Administration (SBA) will announce the launch of a Small Business and Community Bank Lending Initiative. The collaborative effort will seek to stop the decline in SBA lending through the following initiatives:

- the purchase of AAA-rated SBA loans to unfreeze secondary markets for small business loans
- an increase in the guarantee for SBA loans to 90% (from 75%)
- a reduction in fees for SBA loans and speedier processing of loans

HUD NEWS

Shaun Donovan Confirmed as HUD Secretary; Ron Sims Nominated as HUD's Deputy Secretary

On Thursday, January 22, the Senate confirmed Shaun Donovan as the new Secretary of the U.S. Department of Housing and Urban Development (HUD). Donovan is the former Commissioner of Housing Preservation and Development for New York City, serving under Mayor Bloomberg.

He holds two graduate degrees from Harvard (one in public policy and one in architecture) and previously served as the Director for Multifamily Housing at HUD during the Clinton Administration. As Secretary of HUD he will also serve on the board overseeing the \$700 billion in Troubled Assets Relief Program (TARP) and the agency restructuring Fannie Mae and Freddie Mac.

During his confirmation hearing before the Senate Committee on Banking, Housing, and Urban Affairs on January 13, Donovan highlighted three issues that he plans to focus on as HUD Secretary.

- Shoring Up the Federal Housing Administration (FHA) Single Family Loan Reserves. FHA's share of the single family mortgage market has grown from 4% in 2001 to nearly 21% today, while its loan guarantees have declined significantly.
- Renewal of expiring Section 8 rental subsidies. Section 8 renewals constitute most of HUD's annual budget and Donovan wants to focus on measures to improve cost-effectiveness and efficiency in the program.
- Fostering a culture of innovation and excellence within HUD to improve overall management and performance within HUD.

Ron Sims

On February 2, President Obama nominated Ron Sims, County Executive of King County, Washington, to become the next Deputy Secretary of the HUD. As the Deputy Secretary, Sims would be in charge of the day-to-day operations of the 8,500 employee agency. As County Executive of King County, WA, he managed the budget and operations of one of the nation's largest counties with a county workforce of over 13,000 people and a metropolitan population of nearly 2 million people. He is highly involved in regional transit oriented development and is a board member for the Reconnecting America Center for Transit Oriented Development and advisory board member of the Brookings Center on Urban and Metropolitan Policy.

OMB Identifies New Metropolitan Areas and Principal Cities

On November 20, 2008, the Office of Management and Budget (OMB) published its annual list of changes to metropolitan statistical areas. Three areas have been designated as new metropolitan areas, with a total of five principal cities, as follows.

- Manhattan, KS
- Mankato, MN
- North Mankato, MN
- Cape Girardeau, MO
- Jackson, MO

Three other presently nonentitled cities have been named as new principal cities of existing metropolitan areas.

- Chowchilla, CA
- Panama City, FL
- East Wenatchee, WA

These eight cities will potentially be eligible to become CDBG Entitlement program grantees for FY 2010. According to HUD, they cannot qualify as entitlement communities for FY 2009 because the Housing and Community Development Act requires that a metropolitan city begin receiving funding only if it is determined to meet the principal city or population thresholds prior to the start of that federal fiscal year (which officially began on October 1, 2008).

In addition, three other cities that have already qualified as Entitlement communities (because their population is over 50,000) are newly designated as principal cities of their respective metropolitan areas.

- Broomfield, CO
- Chapel Hill, NC
- Homestead, FL

Homestead and Chapel Hill are already Entitlement CDBG grantees; Broomfield becomes a new Entitlement grantee for FY 2009.

NCDA NEWS

National Community Development Week: April 12-18, 2009

National Community Development Week will be celebrated from April 12-18, 2009. The week provides the opportunity for CDBG grantees to meet with their congressional members, showcase CDBG-funded projects and activities, and involve the local community in the

week-long celebration.

For the 23rd consecutive year, the National Community Development Association (NCDA) is spearheading the National Community Development Week campaign. The annual campaign is designed to focus local as well as national attention on the outstanding accomplishments of the Community Development Block Grant (CDBG) Program. Due to the severe budget constraints of many communities across the country, we will not have CD Week items (tee shirts, caps, tote bags, posters, etc.) available for sale this year. We are asking CDBG grantees to concentrate their efforts on bringing more attention than ever to the program through the celebration of National Community Development Week. Our number one priority continues to be increased funding for the CDBG program in the coming year. We ask you to focus your local CD Week activities around this message. National CD Week provides the ideal opportunity for you to educate your congressional members, the press, community groups, local businesses, and local citizens on this message.

We are pleased to provide you with information on how to plan and organize your National Community Development Week activities through the 2009 National Community Development Week Guidebook, available on our web site at <http://www.ncdaonline.org>

2009 John A. Sasso National Community Development Week Awards

NCDA is accepting nominations from its member communities for the 2009 John A. Sasso National Community Development Week Awards. The award recognizes communities whom exemplify the spirit of the CDBG program by showcasing CDBG funded projects and activities and bringing attention to the program during National Community Development Week through local events, press coverage, and the participation of your congressional delegation. This year National Community Development Week will be held on April 12-18, 2009. The award application is available on NCDA's website at <http://www.ncdaonline.org>. Applications are due by May 8, 2009. Winners will be notified no later than May 29, 2009. The awards will be presented at the John A. Sasso National Community Development Week Award luncheon during the 2009 NCDA Annual Conference in San Antonio, TX in June.

2009 Annual Conference

The 2009 NCDA Annual Conference will be held in the beautiful city of San Antonio, TX from June 17-20, 2009. NCDA has posted the draft agenda and conference registration form to its website at <http://www.ncdaonline.org>. The conference will provide community development practitioners with training, timely conference sessions, and the opportunity to network with your peers. Register early!!

In preparation for the upcoming Annual Conference, NCDA's Planning and Professional Development Subcommittee, chaired by Barbara Ross (Denton, TX) and Tom Tiffin (Birmingham, AL) is requesting member feedback on sessions to be included in the conference

agenda. The subcommittee has developed a short survey outlining a list of possible topics for sessions at the conference and requesting members to choose their top five choices. Please provide your feedback by completing the survey online at <http://www.ncdaonline.org>

CDBG Basic Training

NCDA will hold two CDBG Basic Courses in the coming months. The courses will be held in Cape Canaveral, Florida on March 11-13, 2009 and in Raleigh, NC on April 8-10, 2009. The courses are targeted to CDBG personnel with three years or less of experience in the CDBG program. This three-day course will provide a basic, but comprehensive overview of the CDBG program and is recommended training for new CDBG staff. To register for these courses, go to <http://www.ncdaonline.org/cdbg.asp>

U.S. Department of Housing and Urban Development Budget Chart

| Program | FY08 Enacted Level | FY09 President's Request | FY09 Senate Appropriations Committee Level | FY09 Continuing Resolution (Effective through 3/6/2009) |
|------------------------------|-------------------------|--------------------------|--|---|
| Community Development Fund | \$3.866 billion | \$3 billion | \$3.889 billion | \$3.866 billion |
| <i>Set-Asides:</i> | | | | |
| Native American | [\$62 million] | [\$57 million] | [\$65 million] | [\$62 million] |
| EDI Grants | [\$180 million] | 0 | [\$104 million] | [\$180 million] |
| Technical Assistance | [\$3 million] | [\$5 million] | [\$5 million] | [\$3 million] |
| Neighborhood Initiatives | [\$26 million] | 0 | [\$11 million] | [\$26 million] |
| Working Capital Fund | [\$1.57 million] | [\$4 million] | [\$3 million] | [\$1.57 million] |
| <i>Total Set-Asides</i> | <i>\$272.57 million</i> | <i>\$66 million</i> | <i>\$188 million</i> | <i>\$272.57 million</i> |
| Formula Grants | \$3.593 billion | \$2.934 billion | \$3.701 billion | \$3.593 billion |
| Section 108 Loan Guarantees | \$275 million | \$0 | \$275 million | \$275 million |
| Brownfields | \$10 million | \$0 | \$0 | \$10 million |
| HOME Program | \$1.704 billion | \$2 billion | \$1.967 billion | \$1.704 billion |
| <i>Set-Asides:</i> | | | | |
| Housing Counseling | [\$50 million] | funded separately | fundedseparately* | [\$50 million] |
| Technical Assistance | [\$12.5 million] | [\$10 million] | [\$15 million] | [\$12.5 million] |
| Working Capital Fund | [\$3.5 million] | [\$4 million] | \$0 | [\$3.5 million] |
| ADDI | [\$10 million] | [\$50 million] | [\$10 million] | [\$10 million] |
| <i>Total Set-Asides</i> | <i>\$76 million</i> | <i>\$64 million</i> | <i>\$25 million</i> | <i>\$76 million</i> |
| Formula Grants | \$1.628 billion | \$1.936 billion | \$1.941 billion | \$1.628 billion |
| Homeless Programs | \$1.586 billion | \$1.636 billion | \$1.667 billion | \$1.586 billion |
| Lead Hazard Control | \$145 million | \$116 million | \$145 million | \$145 million |
| Section 202 for the Elderly | \$735 million | \$540 million | \$765 million | \$733 million |
| Section 811 for the Disabled | \$237 million | \$160 million | \$250 million | \$237 million |
| HOPWA | \$300 million | \$300 million | \$315 million | \$300 million |
| Fair Housing | \$50 million | \$51 million | \$56 million | \$50 million |

| Program | FY08 Enacted Level | FY09 President's Request | FY09 Senate Appropriations Committee Level | FY09 Continuing Resolution (Effective through 3/6/2009) |
|---|---------------------------|---------------------------------|---|--|
| Self-Help Homeownership Opportunity Program | \$60 million | \$40 million | \$66 million | \$60 million |
| SHOP | [\$26.5 million] | [\$39 million] | [\$27 million] | [\$26.5 million] |
| NCDI | [\$33.5 million] | \$0 | [\$35 million] | [\$33.5 million] |
| Technical Assistance | \$0 | [\$1 million] | [\$4 million] | \$0 |
| Section 8 TBRA | \$16.391 billion | \$16.039 billion | \$16.7 billion | \$16.391 billion |
| Section 8 Project-Based Assistance | \$6.382 billion | \$7 billion | \$8.450 billion | \$6.382 billion |
| Public Housing Capital | \$2.439 billion | \$2.024 billion | \$2.44 billion | \$2.439 billion |
| Public Housing Operating | \$4.2 billion | \$4.3 billion | \$4.4 billion | \$4.2 billion |
| HOPE VI | \$100 million | \$0 | \$100 million | \$100 million |
| Native American Housing Block Grant | \$630 million | \$627 million | \$650 million | \$630 million |
| Native Hawaiian Housing Block Grant | \$9 million | \$6 million | \$10 million | \$9 million |
| Indian Housing Loan Guarantees | \$7.45 million | \$8 million | \$9 million | \$7.45 million |
| Native Hawaiian Loan Guarantees | \$1 million | \$0 | \$1 million | \$1 million |
| Rural Housing & Economic Development | \$17 million | \$0 | \$30 million | \$17 million |
| University Programs** | \$23 million | \$14 million | \$23 million | \$23 million |

*The Senate Appropriations Committee recommended \$65 million for housing counseling in FY09

**Grants to institutions of higher learning funded under Section 107 including HBCUs, Alaska Native serving institutions, Native Hawaiian institutions, tribal colleges and universities, and Hispanic serving institutions