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### ***FEATURED ARTICLES***

- ✓ ***Congress Passes FY09 Omnibus Spending Bill***
- ✓ ***President Obama Releases FY10 Budget Outline; CDBG Formula Change Proposed***
- ✓ ***Congress Gears Up for FY10 Budget Process***
- ✓ ***NCDA CDBG Bill Introduced in the House***
- ✓ ***House Moves Homeowner Assistance Bill***
- ✓ ***HUD NEWS – HUD Releases Guidance on Homelessness Prevention Funding; FY 2009 Income Limits Released; Neighborhood Stabilization Program Update; Recovery Act Funding for CDBG***
- ✓ ***NCDA NEWS – National Community Development Week: April 12-18, 2009; 2009 John A. Sasso National Community Development Week Awards; 2009 Annual Conference; CDBG Basic Training***

### **Congress Passes FY09 Omnibus Spending Bill**

After a week of debate, the Senate enacted H.R. 1105, the omnibus FY09 appropriations bill, on March 10. President Obama signed the measure the same day. The House passed the measure on February 25, 2009. The omnibus measure includes funding for Transportation-HUD appropriations as well as eight other unfinished FY09 spending bills.

CDBG and HOME received increases in funding for FY09. The omnibus bill provided \$3.9 billion in overall funding for the Community Development Fund with \$3.643 billion provided for formula grants, an increase of \$50 million from last year's level of \$3.593 billion in formula funding. Our advocacy efforts were also successful in obtaining \$5 million in CDBG technical assistance funding for HUD to provide training to CDBG grantees. HOME received a total allocation of \$1.825 billion with \$1.80 billion provided for formula grants, an increase of \$172

million from last year's level of \$1.628 billion. The HOME program also received \$12 million in technical assistance, the same level as last year.

The omnibus appropriations bill provided \$1.677 million to HUD's homeless assistance programs in FY09, an increase of \$91 million from FY08. HUD's Brownfields Economic Development Initiative (BEDI) received \$10 million, the same level as last year, while the Section 108 Loan Guarantee program received \$6 million which will leverage \$275 million in loan guarantees, the same level as last year. Both the BEDI and the Section 108 Loan Guarantee Program had been zeroed out in President Bush's FY09 budget request, but through the efforts of NCDA and other groups, Congress restored the funding.

A complete listing of the FY09 funding for all of HUD's programs is provided in the budget chart at the end of this newsletter.

### **President Obama Releases FY10 Budget Outline; CDBG Formula Change Proposed**

On February 26, the Administration released a broad outline of its FY10 budget. The full, detailed budget will be released in April. The budget provides \$4.5 billion for CDBG in FY10. We don't know how much of this amount will be provided to formula grants at this point. While we are happy with the proposed funding level for CDBG, we are concerned about the Administration's effort to try to re-tool the CDBG formula. The Bush Administration also recommended changing the CDBG formula, but was fought back by Congress and interest groups like NCDA. Like the Bush Administration, the Obama Administration proposes redirecting CDBG funds away from so-called wealthier communities to more vulnerable communities. White House staff, in a February 26 conference call, indicated the reform proposal will "hold harmless somewhat more affluent communities but create benefits for more vulnerable communities." We will have more news to report on this issue once the Administration releases its detailed FY10 budget in April.

The Administration's FY10 HUD budget outline provides \$1 billion to fund the National Housing Trust Fund. The Fund was authorized by Congress last July as part of the Housing and Economy Recovery Act of 2008, the same legislation which authorized the National Stabilization Program. The legislation directed a portion of Fannie Mae and Freddie Mac's income stream to the Fund; however, with the dire financial straits of both GSEs, the Administration has elected to provide monies for the Fund in the FY10 HUD budget.

The Administration's budget also requests increased funding for the Housing Choice Voucher Program through program efficiencies. White House staff have indicated that this request will likely not include a request for additional vouchers. The Administration will introduce legislation to increase the program's efficiencies.

The proposed budget would eliminate the Section 108 Loan Guarantee Program and the American Dream Downpayment Initiative. We are opposed to the elimination of Section 108 since it allows CDBG grantees the flexibility to use the funds to develop larger-scale projects. The Bush Administration has proposed elimination of Section 108 over the past several years, but the idea was brushed aside by Congress because of support for the program.

## **Congress Gears Up for FY10 Budget Process**

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.

Although a final, detailed budget has not been released by the Administration, Congress plans to work off of the broad overview released by the President on February 19 in order to move forward on a FY10 Budget Resolution.

House and Senate Democratic leaders are considering using the filibuster-proof budget reconciliation process to move major elements of the President's budget, including health care reform and climate change reform. Under the budget reconciliation process, legislation affecting tax and mandatory spending programs can be moved through the Senate by a simple majority vote, rather than the 60 votes needed to overcome a filibuster.

Democrats in both chambers plan to unveil budgets this week that will show a more aggressive stand on deficit reduction in the coming years than in the President's budget outline, including cuts to federal programs. NCDA and several other local government interest groups forwarded a letter to the budget panels yesterday supporting the President's request of \$4.5 billion in formula funding for CDBG and \$1.97 billion for the HOME Program.

Both chambers plan to mark-up their FY10 budget resolutions on this week, with expectations they will be on the floors of both next week. The resolution is a blueprint that does not become law but sets the cap on discretionary spending – the funding controlled by the appropriations committees – for the fiscal year and establishes the parameters for tax and mandatory spending policy. It can also include reconciliation instructions, mentioned above.

## **NCDA CDBG Bill Introduced in the House; Urge Your Congressional Members to Support the Bill**

Over the past few months, NCDA has been working directly with Rep. Yvette Clarke (D-NY) in drafting a bill to increase funding for CDBG and make some technical changes to the program. We are happy to report the measure, H.R. 1270 – The Affordable Housing and Community Development Act of 2009 – was introduced by Rep. Clarke on March 3, 2009.

The measure makes four important changes to the program:

- authorizes \$8 billion for CDBG beginning in FY 2011;
- creates an inflation index to further increase CDBG funding annually;
- establishes \$5 million in annual CDBG technical assistance;

□ allows fair housing activities to be funded out of program delivery costs  
Rep. Clarke is currently gathering co-sponsors for the bill. To date, 45 House members have co-sponsored the bill. To gain further support for the bill, we urge you to contact your congressional members and ask them to co-sponsor H.R. 1270. For the latest list of co-sponsors, go to <http://www.thomas.gov> and insert HR 1270 into the search engine.

### **House Moves Homeowner Assistance Bill**

The House approved HR 1106 – Helping Families Save Their Homes Act – on March 9. Agreement was reached on a controversial provision to allow bankruptcy judges to modify the mortgage and interest rates of at-risk homeowners. Currently, bankruptcy judges can modify mortgages on second homes, but not on primary residences. The measure also includes improvements to the Hope for Homeownership Program, FHA changes, and reforms to the FDIC fund – all aimed at helping homeowners remain in their homes.

Provisions include the following:

- Allows FHA to modify its mortgage loans by providing up to a 30% reduction in interest payments on outstanding loan balances.
- Amends the HOPE for Homeowners Program to encourage more lenders to participate by reducing the fees and writedowns, provide incentives for mortgage servicers to engage in modification, and reduce administrative burdens to loan underwriters by making the requirements more consistent with FHA standards.

The measure has been referred to the Senate.

## **HUD NEWS**

### **HUD Releases Guidance on Homelessness Prevention Funding**

On March 19, HUD released the notice on the \$1.5 billion in homelessness prevention funding approved as part of the Recovery Act. Officially known as the Homelessness Prevention and Rapid Rehousing Program (HPRP), the funds will be allocated to grantees through the Emergency Shelter Grants formula and is intended to be used to provide assistance to prevent individuals and families from becoming homeless. Applications, in the form of a substantial amendment to your Consolidated Plan 2008 Action Plan, are due to HUD by May 18, 2009. HUD has reduced the public comment period from 30 days to no more than 12 days to help grantees meet this short submission deadline. Grantees must obligate funds by September 30, 2009. Grantees must spend 60% of the HPRP funds within two years of receipt of the funds and spend 100% of the funds within three years.

HUD set the minimum grant allocation at \$500,000 so that more metropolitan cities and urban

counties could receive the funding in order to expedite distribution of the funds. According to HUD, the funds are targeted at two populations: (1) individuals and families at risk of becoming homeless and need temporary rent or utility assistance to prevent them from becoming homeless or assistance to move to another unit (prevention), and (2) individuals and families who are homeless and need temporary assistance to obtain housing and retain it. Financial assistance is limited to the following activities: short-term rental assistance (no more than 3 months), medium-term rental assistance (4 months to 18 months), security deposits, utility deposits, utility payments, moving cost assistance, and motel and hotel vouchers. Mortgage assistance is not eligible. For more information, go to <http://www.hudhre.info>

### **FY 2009 Income Limits Released**

HUD published the FY 2009 median family incomes and income limits on March 19, 2009. The median family income limits are used in several HUD programs, including CDBG and HOME. The income limits are available at <http://www.huduser.org/datasets/il/il09/index.html>

HUD has developed a new set of income limits specifically for the Low-Income Housing Tax Credit and Tax-Exempt Bonds. These categories are referred to by HUD as the Multifamily Tax Subsidy Projects (MTSPs). These limits are available at <http://www.huduser.org/datasets/mtsp.html>

### **Neighborhood Stabilization Program Update**

On March 19, HUD Secretary Donovan announced that all of the 309 grants announced through round one of the Neighborhood Stabilization Program (NSP1) have been approved by HUD. A total of \$731 million in funding has been allocated collectively to the 309 grantees.

HUD is in the process of developing guidelines for the second round of NSP funding (NSP2) that was approved as part of the Recovery Act in February. Because NSP2 is a competitive program, development of the guidelines is governed by the provisions of the HUD Reform Act, which means that HUD cannot discuss the details of the program until the guidance is released. Guidance is expected to be released by May 4, 2009.

### **Recovery Act Funding for CDBG**

HUD is working diligently to issue the notice of availability of funding for \$1 billion in CDBG (CDBG-R) funds approved as part of the Recovery Act in February. HUD has posted the allocations on its website at <http://www.hud.gov/recovery/cdblock.dfm>

HUD has sent letters to the Chief Elected Officials informing them of their grant allocations. HUD has received numerous inquiries from grantees and field offices asking if grantees can submit their CDBG-R action plan amendment now or as part of the Program Year 2009 Action Plan. HUD warns this would be a waste of time, since the official notice has not been published

yet and will contain information related to the development of the action plan amendment. The notice is expected to be released “soon,” according to HUD.

## **NCDA NEWS**

### **National Community Development Week: April 12-18, 2009**

The 2009 National Community Development Week will be celebrated the week of 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 23<sup>rd</sup> 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; Annual Conference Survey**

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!!

The results from the Annual Conference survey are in and the following sessions were chosen by NCDA members as the top five sessions:

- New requirements for existing programs – CDBG, HOME, ESG
- Neighborhood Stabilization Program Basics
- Consolidated Plan Best Practices
- New IDIS System Review
- How to have a successful rehabilitation program

These sessions will be incorporated into the Annual Conference agenda. Thanks to everyone who responded to the survey!

## **CDBG Basic Training**

NCDA will hold a CDBG Basic Course in Raleigh, NC April 8-10, 2009. The course is 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 the course, go to <http://www.ncdaonline.org/cdbg.asp>

## **Attachments**

- ✓H.R. 1270 Support Letter
- ✓Letter to the House and Senate Budget panels
- ✓Draft Annual Conference Agenda
- ✓2009 John A. Sasso CD Week Award Application

For questions regarding *The Washington Report*, please contact Vicki Watson at [vicki@ncdaonline.org](mailto:vicki@ncdaonline.org)

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

<b>Program</b>	<b>FY08 Enacted Level</b>	<b>FY09 Administration Requested Level</b>	<b>FY09 Enacted Level</b>
Community Development Fund	\$3.866 billion	\$3.0 billion	\$3.9 billion
<i>Set-Asides:</i>			
Native American	[\$62 million]	[\$57 million]	[\$65 million]
EDI Grants	[\$180 million]	\$0	[\$165 million]
Technical Assistance	[\$3 million]	[\$5 million]	[\$5 million]
Neighborhood Initiatives	[\$26 million]	\$0	[\$19 million]
Working Capital Fund	[\$1.57 million]	[\$4 million]	[\$3 million]
<i>Total Set-Asides</i>	<i>\$272.57 million</i>	<i>\$66 million</i>	<i>\$257 million</i>
<b>Formula Grants</b>	<b>\$3.593 billion</b>	<b>\$2.934 billion</b>	<b>\$3.643 billion</b>
Section 108 Loan Guarantees	\$275 million	\$0	\$275 million
Brownfields	\$10 million	\$0	\$10
HOME Program	\$1.704 billion	\$2 billion	\$1.825 billion
<i>Set-Asides:</i>			
Housing Counseling	[\$50 million]	funded separately	funded separately*
Technical Assistance	[\$12.5 million]	[\$10 million]	[\$12 million]
Working Capital Fund	[\$3.5 million]	[\$4 million]	[\$4.2 million]
ADDI	[\$10 million]	[\$50 million]	\$0
<i>Total Set-Asides</i>	<i>\$76 million</i>	<i>\$64 million</i>	<i>\$16.2 million</i>
<b>Formula Grants</b>	<b>\$1.628 billion</b>	<b>\$1.936 billion</b>	<b>\$1.80 billion</b>
Homeless Programs	\$1.586 billion	\$1.636 billion	\$1.677 billion
Lead Hazard Control	\$145 million	\$116 million	\$140 million
Section 202 for the Elderly	\$735 million	\$540 million	\$765 million
Section 811 for the Disabled	\$237 million	\$160 million	\$250 million
HOPWA	\$300 million	\$300 million	\$310 million
Fair Housing	\$50 million	\$51 million	\$53.5million



<b>Program</b>	<b>FY08 Enacted Level</b>	<b>FY09 President's Request</b>	<b>FY09 Senate Appropriations Committee Level</b>
Self-Help Homeownership Opportunity Program	\$60 million	\$40 million	\$64 million
SHOP	[\$26.5 million]	[\$39 million]	[\$26.5 million]
NCDI	[\$33.5 million]	\$0	[\$34 million]
Technical Assistance	\$0	[\$1 million]	[\$3.5 million]
Section 8 TBRA	\$16.391 billion	\$16.039 billion	\$15 billion
Section 8 Project-Based Assistance	\$6.382 billion	\$7 billion	\$6.868 billion
Public Housing Capital	\$2.439 billion	\$2.024 billion	\$2.45 billion
Public Housing Operating	\$4.2 billion	\$4.3 billion	\$4.45 billion
HOPE VI	\$100 million	\$0	\$120 million
Native American Housing Block Grant	\$630 million	\$627 million	\$645 million
Native Hawaiian Housing Block Grant	\$9 million	\$6 million	\$10 million
Indian Housing Loan Guarantees	\$7.45 million	\$8 million	\$9 million
Native Hawaiian Loan Guarantees	\$1 million	\$0	\$1 million
Rural Housing & Economic Development	\$17 million	\$0	\$26 million
University Programs**	\$23 million	\$14 million	\$23 million

\*\$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

