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FEATURED ARTICLES

- ✓ ***Budget Resolution Update; FY10 Appropriations Process***
- ✓ ***McKinney-Vento Re-authorization Legislation Introduced in Congress***
- ✓ ***Administration Announces Second Lien Relief for Homeowners***
- ✓ ***HUD NEWS – FY09 CPD Allocations; Recovery Act Funding for CDBG (CDBG-R); Neighborhood Stabilization Program Update; HUD Releases Guidance on Homelessness Prevention Funding; IDIS Update; Mercedes Marquez Nominated for HUD Assistant Secretary for CPD; Economic Development News***
- ✓ ***NCDA NEWS – 2009 John A. Sasso National Community Development Week Awards; 2009 Annual Conference***

Budget Resolution Update; FY10 Appropriations Process

House and Senate leaders expect to clear a FY 2010 budget resolution today encompassing President Obama's key priorities. House and Senate negotiators struck a deal on major elements of the resolution last week. According to budget committee staff, the FY 2010 budget resolution will show a more aggressive stance on deficit reduction in the coming years than in the President's budget outline, reducing the \$1.2 trillion deficit in 2010 to \$523 billion in 2014. The FY 2010 resolution also cuts Obama's budget by \$10 billion.

The FY 2010 budget resolution includes reconciliation instructions to ease passage of some of Obama's key priorities, such as health care reform, without interference by Republicans and others opposed to such measures. 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.

Blue Dog Democrats (fiscally conservative Democrats) in the House threatened to oppose the budget resolution unless stricter provisions were put in place to reign in federal spending. As a result, pay-as-you-go language was inserted into the House version and Obama has vowed to

make sure the same language is inserted in the Senate version. Under pay-as-you-go, increases in federal spending or tax cuts would have to be offset by spending cuts elsewhere in the budget.

The Blue Dog Democrats hope to get the pay-as-you-go rules enacted into law this year. The rules were first written into law in the Budget Enforcement Act of 1990, but Republicans who controlled Congress for most of the current decade allowed them to lapse at the end of FY 2002, preferring to require offsets for new entitlement spending but not for tax cuts.

The resolution is a blueprint (a five year plan) that does not become law but sets the cap on discretionary spending – the funding controlled by the appropriation committees – for the fiscal year and establishes the parameters for tax and mandatory spending policy. It can also include reconciliation instructions, mentioned above.

FY10 Appropriations

Congressional appropriators are awaiting the Administration's FY10 budget before starting the appropriation process. The Administration's budget is expected to be released in early May. The President released a broad outline of his FY10 budget in February; however, it did not provide enough specific information on program allocations. Once the President's budget is released and the FY10 budget resolution is in place, the House and Senate Appropriation Committees will dole out allocations for each of the 13 appropriation subcommittees. The subcommittees will follow-up with hearings and mark-ups on their program areas. Congressional Democrats hope to have all of the appropriation bills completed by September 30, 2009, a feat that has not been accomplished in several years.

McKinney-Vento Re-authorization Legislation Introduced in Congress

On April 2, bills were introduced concurrently in the House and Senate to reauthorize HUD's McKinney-Vento Homeless Assistance Programs. The Senate bill, S. 808, was introduced by Senators Jack Reed (D-RI) and Kit Bond (R-MO). Reps. Gwen Moore (D-WI) and Judy Biggert (R-IL) introduced the House version, H.R. 1877. The bills are identical.

The legislation puts more emphasis on serving homeless families, streamlining programs, reporting results, and preventing homelessness. NCDHA has been persistent in advocating for an increase in the administrative funding for grantees and both bills provide 7.5% for administrative funds, an increase of 2.5% from the current level. With both chambers introducing identical bills, expect the legislation to be fast-tracked and approved by Congress this year.

Highlights of the Legislation

- **Consolidates HUD's Competitive Homeless Assistance Programs.** Consolidates the Supportive Housing Program, Shelter Plus Care Program, and the Moderate Rehabilitation/SRO Program into a single, competitive Continuum of Care program.

- **Homelessness Prevention.** Allows up to 20% of the funds to be used to serve people at risk of homelessness through the new Emergency Solutions Program.
- **Permanent Housing Set-Aside.** The legislation continues the practice of setting-aside 30% of HUD's homeless assistance funding for permanent housing, but adds families with children to this set-aside for the first time along with the chronically homeless. In the past, the set-aside had been designated for the chronically homeless only.
- **Family Rapid Re-Housing.** Requires HUD to establish incentives for rapid re-housing programs for homeless families to reduce the time families are homeless.
- **Simplified Match.** The legislation would require a 25% match, instead of the varying levels of match required by existing statute.
- **Expands the Definition of Homelessness.** HUD's current definition of homelessness would be expanded to include the following: (1) people who will lose their housing in 14 days (current practice is 7 days); (2) persons fleeing domestic violence or other dangerous or life threatening situations; and (3) families with children and unaccompanied youth who have experienced a long term period without living independently, have persistent housing instability, and can be expected to continue in these situations for an extended period of time.

Administration Announces Second Lien Relief for Homeowners

Yesterday, the Department of Treasury announced details of a second mortgage relief program for homeowners struggling to stay in their homes. The Second Lien Program will work in tandem with first lien modifications under the Home Affordable Modification Program (which is part of the Making Home Affordable Program). Under the Second Lien Program, when a modification is made to a first lien under the Home Affordable Modification Program, servicers will work with borrowers to reduce payments on the second lien or extinguish the lien altogether.

The Making Home Affordable Program was created by the Administration on February 18, 2009 as part of the overall federal plan to stabilize the struggling housing market. The program includes a HOME Affordable Refinance Program to refinance up to 5 million homeowners and a Home Affordable Modification Program to reduce monthly payments on existing first mortgages for up to 4 million homeowners.

HUD NEWS

FY09 CPD Allocations

According to Nelson Bregon, Deputy Assistant Secretary for CPD, letters announcing the FY09 CPD allocations will be released the week of May 4. The release of the allocations has been

hampered by work on the CDBG recovery funds, Neighborhood Stabilization Program, and development of the FY10 HUD budget, and late release of some of the data elements by the Office of Management and Budget, according to HUD.

Recovery Act Funding for CDBG (CDBG-R)

The release of the CDBG-R notice is “imminent,” according to HUD staff. HUD has tentatively scheduled a webinar on the notice on May 7.

Neighborhood Stabilization Program Update

HUD plans to release the Notice of Funding Availability (NOFA) for the \$1.93 billion in Neighborhood Stabilization Program (NSP) funds, approved as part of the American Recovery and Reinvestment Act (ARRA), on May 4. HUD will release a NOFA for \$50 million in technical assistance funding on the same date. Applications will be due by July 17.

HUD is working on a “bridge” notice that will provide further guidance to grantees on NSP1. The Housing and Economic Recovery Act of 2008, the act which authorized NSP1, requires HUD to consult with the House and Senate authorizing committees in developing the notice. Because of this requirement, the notice is taking longer than normal to develop. HUD has given no date as to when the notice will be released. In a joint letter to Secretary Donovan on March 5, 2009, NCDA, along with the Council of State Community Development Agencies, National Association of Housing and Redevelopment Officials, National Association for County Community and Economic Development, National Association of Counties, and the U.S. Conference of Mayors, proposed the following changes to the NSP: (1) allow the redevelopment of vacant properties not in foreclosure, including the redevelopment of non-residential properties for use as supportive housing and transitional housing; (2) reduce the purchase discount requirement from 5-15% to 1%; (3) allow flexible appraisal methods; (4) clarify that recently foreclosed properties acquired by NSP grantees are foreclosed properties under NSP; and (5) clarify that redevelopment of properties may include rehabilitation. The letter can be viewed on NCDA’s website at <http://www.ncdaonline.org>

HUD Releases Training Dates for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)

HUD is sponsoring nine (9) regional workshops on the Homelessness Prevention and Rapid Re-Housing Program (HPRP). The following training will take place nationally and will be conducted over the next two months.

<u>Date</u>	<u>Location</u>	<u>Maximum # of Attendees</u>
April 30 - May 1	Dallas	200
May 7-8	Seattle	200
May 13-14	Los Angeles (tentative)	250

May 21-22	Miami	200
June 4-5	Chicago	300
June 9-10	Boston (tentative)	250
June 16-17	Atlanta (tentative)	250
New York	June 23-24 (tentative)	250
Washington DC	July (TBA)	250

Due to space restrictions, HUD is asking grantees to send no more than 2 persons to the training. Moreover, HUD is making the following recommendations:

1. Northern California grantees attend the Seattle training instead of the LA training.
2. Northern Florida grantees attend the Atlanta instead of the Miami training.
3. Western Pennsylvania grantees attend the Washington, DC training instead of the New York training.

In addition to the onsite training, HUD has developed a web presentation. For more information, go to <http://www.hudhre.info>

IDIS Update

With the passage of the FY09 omnibus appropriations bill last month, HUD finally has enough funds to complete the re-engineering of IDIS. According to Bob Brever, Director of the Systems Development and Evaluation Division at HUD, the first grantees (the states of Colorado, North Dakota, South Dakota, and Wisconsin and the entitlement grantees within those states) will go live on the new system in June, with all CPD grantees on the system by September 15, 2009. Bob will speak at NCDA's Annual Conference on June 17. To register for the NCDA Annual Conference, go to <http://www.ncdaonline.org>

Grantees need to start using the re-engineered system now. Please start testing the new system by going to <http://www.hud.gov/offices/cpd/systems/idis/reengineering/index.cfm>. It is important for grantees to start testing the system *now*, since HUD does not plan to provide training on the system to grantees (according to HUD, the new system is so simple, training is not needed, but they stress the importance of grantees testing the system to familiarize themselves with it before going live).

Mercedes Marquez Nominated for HUD Assistant Secretary for CPD

On April 17, President Obama nominated Mercedes Marquez for the position of Assistant Secretary for Community Planning and Development (CPD). Marquez is currently the General Manager for the City of Los Angeles Housing Department. She served as the General Counsel to the Secretary and the Deputy General Counsel for Civil Rights and Fair Housing at HUD during the Clinton Administration. Her confirmation hearing before the U.S. Senate is scheduled for this week. If confirmed, she will be responsible for managing the day-to-day

operations of CPD, overseeing the CDBG, HOME, ESG, NSP, and HUD's homeless assistance programs, among others.

Economic Development News

HUD has released a NOFA for the Brownfields Economic Development Initiative (BEDI) announcing \$20 million in available funds (both FY08 and FY09 funds). Funds will have to be obligated by the end of the fiscal year. Applications are due to HUD by June 16, 2009. For more information, go to the following web site:

<http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/funding09/index.cfm>

Rep. Artur Davis (D-AL) has introduced a bill to extend the Empowerment Zone/Enterprise Community (EZ/EC) designation (rounds I, II, and III) through December 2015. The designation is due to sunset on December 31, 2009. The EZ/EC designation provides approximately \$5.6 billion in tax incentives to eligible businesses to open, expand, and hire local residents. The incentives include employment credits, a 0% tax on capital gains, accelerated depreciation through Commercial Revitalization Deductions, and other incentives.

NCDA NEWS

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. 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. Sessions will include an update on the re-engineered IDIS, remarks from Secretary Shaun Donovan (invited), an update from HUD CPD staff on CDBG, HOME, HPRP, NSP, CDBG-R, and other program areas, and concurrent sessions on consolidated plan best practices, effective rehabilitation programs, job retention, and disaster loan programs. The City of San

Antonio will conduct a tour of some of its affordable housing and community development projects the afternoon of June 19. Register early!!

Tribute to Dick Wright

NCDA will hold a special tribute to Richard “Dick” Wright at the 2009 Annual Conference. Dick, a long time friend and member of the association and honorary “Special Assistant to the President,” passed away in February. He was an ardent supporter of NCDA and a friend to all that knew him. We will keep you posted on the details of the tribute as they progress.

Attachments

- ✓Draft Annual Conference Agenda
- ✓2009 John A. Sasso CD Week Award Application
- ✓Job Announcement

For questions regarding *The Washington Report*, please contact Vicki Watson at vicki@ncdaonline.org

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

Program	FY08 Enacted Level	FY09 Administration Requested Level	FY09 Enacted Level
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>
Formula Grants	\$3.593 billion	\$2.934 billion	\$3.643 billion
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>
Formula Grants	\$1.628 billion	\$1.936 billion	\$1.80 billion
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

Program	FY08 Enacted Level	FY09 President's Request	FY09 Senate Appropriations Committee Level
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