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Davis-Bacon Provisions for CDBG-R and NSP2 in ARRA Repealed

NCDA was successful in having language inserted into HR 2346, the Supplemental Appropriations Act, repealing the Davis-Bacon requirements in the American Recovery and Reinvestment Act (ARRA) for CDBG-R and NSP2. NCDA is working on similar language for HUD's Lead Hazard Reduction grants funded through ARRA and the Department of Energy's Weatherization Assistance Program to be included in a future legislative vehicle.

All programs funded through ARRA were required to apply Davis-Bacon wage and reporting requirements to every single unit assisted. This posed an impossible burden on CDBG-R and NSP2 grantees who were used to applying the requirements to eight or more units of housing and had the potential to stall projects nationwide. Working with HUD and appropriations staff, NCDA was successful in having the ARRA requirements for CDBG-R and NSP2 reverted to the existing Davis-Bacon requirements within CDBG.

HR 2346 was signed into law on June 24, 2009. HUD and/or the Department of Labor will issue a notice soon regarding the Davis-Bacon changes. For CDBG-R and NSP2, please ignore

the guidance concerning Davis-Bacon applicability to the ARRA programs from the U.S. Department of Labor, dated May 29, 2009.

Frank Introduces Bill to Redirect TARP Funds to NSP and Housing Trust Fund

On June 26, 2009, Rep. Barney Frank (D-MA) introduced H.R. 3068, the TARP for Main Street Act of 2009. The bill would redirect \$1 billion of TARP (Troubled Asset Relief Program) funding to the creation of a National Housing Trust Fund, \$1.5 billion to the Neighborhood Stabilization Program (NSP3), and \$2 billion to an Emergency Homeowner Relief Fund at HUD. TARP was approved last October by Congress to bail out financial institutions.

The creation of a National Housing Trust Fund was authorized by the Housing and Economic Recovery Act (HERA) of 2008, the same legislation that created the Neighborhood Stabilization Program; however, funding was not appropriated in FY 2009 to capitalize the Fund. Under HERA, the Fund was originally to be capitalized by monies from Fannie Mae and Freddie Mac (each was to contribute 4.2 basis points for each dollar of unpaid principal balance of its new business purchases), however, given the financial instability of both financial giants, these monies can not be contributed at this time. HUD has requested \$1 billion in its FY10 budget to capitalize the Fund as well. The Fund will provide a direct formula allocation to States to increase and preserve the supply of affordable rental housing and will be deeply targeted to low- and very-low income persons.

HR 3068 authorizes \$1.5 billion in additional funding to HUD's Neighborhood Stabilization Program. The bill recommends the funds be allocated via a formula with a minimum allocation of \$1 million for eligible local governments. NCDA is concerned this additional funding, if appropriated, will provide a log jam in the implementation of NSP, given the funding already in the pipeline for NSP1 and NSP2. We would like to see NSP1 and NSP2 fully implemented before additional funds are provided to the program.

The bill authorizes \$2 billion for a Emergency Homeowner Relief Fund at HUD to provide emergency loans and other aid to homeowners who cannot make their mortgage payments due to unemployment, but who are expected to be employed in the near future.

Section 8 Voucher Reform Bill Introduced

The Section 8 Voucher Reform Act (SEVRA) was introduced in the House on June 25, 2009 by Rep. Maxine Waters (D-CA). The bill would authorize 150,000 new Section 8 vouchers in FY 2010 and authorize a Housing Innovation Program to replace the current Moving to Work Program. While the bill authorizes 150,000 new vouchers, congressional appropriators would have to agree to fund them. With the soaring budget deficit, it is doubtful if any or all of the vouchers will be funded in FY 2010; still, there is a great need for the vouchers and a great deal of support for the vouchers from national interest groups.

The Housing Innovation Program (HIP) demonstration would expand the existing Moving to Work Program (MTW). Currently, only 30 public housing agencies (PHAs) are allowed to

participate in the MTW program, which allows these PHAs to combine their public housing and Section 8 funds, restructure their programs to serve higher income households, establish work requirements, among other flexible options. The HIP demonstration program would be authorized for ten years and would give HUD the flexibility to allow more PHAs to participate in the program. Like MTW, HIP would allow these PHAs to set rents, serve higher income households, and place employment requirements on the tenants. It would also allow PHAs to place additional conditions on residents' continued participation in the program and would require participating PHAs to complete impact analyses on the success of the program (something that has not been done under MTW). The bill authorizes a "HIP-lite" program that would allow a limited number of PHAs to participate in more limited deregulation. The legislation would also direct HUD to improve the portability of vouchers nationwide, improve how the Fair Market Rents are set under the Section 8 program, and institute a voucher funding distribution system.

HUD NEWS

HUD Issues NSP1 Bridge Notice

HUD finally released its bridge notice on the use of NSP1 funds on June 11, 2009. The notice rescinds the purchase discount requirement included in the Housing and Economic Recovery Act of 2008, the legislation which authorized NSP1. The purchase discount in HERA required grantees to purchase properties at a 5% discount or 15% discount jurisdiction wide. The bridge notice reduces this requirement to a 1% purchase discount per unit only. NCDA and other national interest groups fought for months to have the discount repealed.

NSP2 Correction Notice Issued

HUD issued a correction notice to its original NSP2 notice. The correction notice makes the following changes to NSP2:

- **Purchase Discount.** Rescinds the aggregate 5% purchase discount requirement; leaves the 1% purchase discount on individual units in place.
- **Eligible Use C.** Makes the following technical correction to Eligible Use C: "Establish *and operate* land banks for homes and residential properties that have been foreclosed upon."
- **Geographic Threshold Requirement.** Allows NSP2 applicants to use a combined index score based on the higher score for each census tract, rather than requiring applicants to choose between the two scores. Also clarifies that HUD may take geographic scope of an application into account in the scoring process to promote variations in program design.

Training Available for NSP1 Grantees

HUD is sponsoring a series of training sessions for NSP1 grantees. These regional trainings

will address a variety of issues such as income rules, eligible uses, financing, land banking and demolition as well as program reporting and administration. Trainings will be held in the following locations:

- Jacksonville, FL (July 6-7)
- Los Angeles, CA (July 9-10)
- Fort Worth, Texas (July 13-14)

For registration information, go to <http://www.hcdi.com/nspl>

HUD Plans to Issue Guidance on HOME Commitment Requirements and Program Income

In response to recent audits of several HOME participating jurisdictions by HUD's Office of Inspector General (OIG), HUD plans to issue guidance on HOME Commitment deadlines and program income.

On the issue of commitments, the OIG's audits found that many participating jurisdictions are not committing HOME funds properly. Some jurisdictions are committing the funds within IDIS with no expectation to proceed with the project. Pjs must ensure that projects committed within IDIS must have a reasonable expectation of moving forward within 12 months; otherwise, don't record the project in IDIS. According to HUD there are 2,162 HOME projects committed in IDIS for more than a year with no draws to date. Furthermore, Pjs are entering commitments in IDIS for projects prior to the execution of a written agreement or for which there is not a written agreement at all. A written agreement must be in place prior to commitment of funds in IDIS.

On the issue of program income, the OIG's audits found that many participating jurisdictions are not expending their HOME program income before their regular HOME program funds, resulting in huge balances of HOME program income.

To help grantees with these issues, HUD will issue guidance and provide training in the future. Until then, HUD asks grantees to look at their open HOME activities within IDIS and cancel any stalled projects, particularly projects that have no reasonable expectation of moving forward within 12 months. Otherwise, HUD will start canceling these projects.

First Round of Grantees Go Live on IDIS Online

The first round of IDIS grantees (all grantees located within North Dakota, South Dakota, Colorado, and Wisconsin) converted to the new IDIS system, officially called IDIS Online, on June 19, with little or no hitches reported to date.

Grantees located in the following states and territories will convert to IDIS Online around August 14, 2009: Alabama, Delaware, Georgia, Hawaii, Idaho, Illinois, Iowa, Maine, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, Oregon, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont,

Virgin Islands, Washington, Wyoming

The final conversion will take place on or around September 15, 2009 and will include the following states: Alaska, Arizona, Arkansas, California, Connecticut, Florida, Indiana, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Virginia, and West Virginia.

Grantees will be permanently locked out of the legacy IDIS five days prior to the conversion date in order to allow HUD to convert all data records for the grantees from legacy IDIS to IDIS online. Grantees must ensure they have not scheduled any automated draws during the conversion week.

It is imperative that you spend sufficient time working in the new system so that you will be comfortable with the system on the go live date. You can go to HUD's "test" system to learn the new system. Go to: <http://www.hud.gov/offices/cpd/systems/idis/reengineering/index.cfm> to log into the system. Users who have problems logging in or have questions on using the new system should contact the IDIS Help Desk at 877-483-8282 (M-F, 8:15 am to 7 pm EDT). The test system provides a slower response time than the actual live version of the re-engineered system.

Mercedes Marques Confirmed as Assistant Secretary for CPD

Mercedes Marques was confirmed by the United States Senate on June 26, 2009 as the new Assistant Secretary of Community Planning and Development at HUD. She is the former general manager of the City of Los Angeles Housing Department. Marquez also served in the Clinton Administration as the Senior Counsel to Secretary Andrew Cuomo and Deputy General Counsel for Civil Rights and Fair Housing for HUD. As the Assistant Secretary of CPD, she will manage over \$8 billion in federal programs, including CDBG, HOME, HUD's Homeless Assistance Programs, HOPWA, and HUD's economic development programs.

NCDA NEWS

2009 Annual Conference Presentations Posted to Website

For those members who could not attend the 2009 Annual Conference in San Antonio, TX on June 17-20, 2009, the presentations from the sessions have been posted to the NCDA website. The conference was a great success and NCDA thanks the City of San Antonio and NCDA Region VI for their hospitality and conference support.

NCDA Approves 2009/2010 Slate of Officers

At the annual business meeting on June 20, 2009, during the 2009 Annual Conference, NCDA's members approved the following slate of offices for 2009/2010.

President	Rita Pribyl, Davenport, IA
Vice-President	Leila Allen, Orlando, FL

Secretary/Treasurer Barbara Ross, Denton, TX
Immediate Past President Steve Gartrell, Newton, MA

John A. Sasso CD Week Award Winners

During a special luncheon at the 2009 NCDA Annual Conference, the following communities were awarded the John A. Sasso Community Development Week Award. The award recognizes outstanding planning and implementation efforts of communities during the 2009 CD Week. We congratulate the following 2009 award winners!

- Quincy, MA
- El Paso, TX
- Jefferson Parish, LA
- Jackson, MS
- Jacksonville, FL

CDBG Basic Training

NCDA will deliver a CDBG Basic Course in Boston, MA on October 21-23, 2009 in conjunction with the NCDA Region I Conference. The training will be held at the Courtyard Marriott located at 275 Tremont Street, Boston, MA 02116. A block of rooms have been reserved at the special rate of \$169.00 per night plus tax. The cut-off date for hotel reservations is September 28, 2009. The course is targeted to CDBG personnel with less than three years 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>

Advanced CD Course

NCDA is on schedule to launch its highly anticipated Advanced CDBG Course this Fall. NCDA's Planning and Professional Development Subcommittee received an overview of the course from Emily Nottingham, the consultant hired to develop the training, during NCDA's Annual Conference. The first course will be held at the NCDA Region VI Conference in Lubbock, TX on October 5-6, 2009. The course is targeted to CDBG managers with *at least* three years of management experience in the program. The registration information will follow soon.

Attachments

✓CDBG Basic Course (October 21-23, 2009 – Boston, MA) brochure and registration form

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	FY09 Enacted Level	FY10 Administration Requested Level
Community Development Fund	\$3.9 billion	\$4.45 billion
<i>Set-Asides:</i>		
Native American Block Grant	[\$65 million]	[\$65 million]
EDI Grants	[\$165 million]	\$0
Technical Assistance	[\$5 million]	\$0
Neighborhood Initiatives	[\$19 million]	\$0
Working Capital Fund	[\$3 million]	\$0
Sustainable Communities Initiative	\$0	[\$150 million]
University Community Fund	\$0	[\$25 million]
Rural Innovation Fund	\$0	[\$25 million]
<i>Total Set-Asides</i>	<i>\$257 million</i>	<i>\$265 million</i>
Formula Grants	\$3.643 billion	\$4.185 billion
Section 108 Loan Guarantees	\$275 million	\$0
Brownfields	\$10 million	\$0
HOME Program	\$1.825 billion	\$1.825 billion
<i>Set-Asides:</i>		
Housing Counseling	\$0	\$0
Technical Assistance	[\$12 million]	\$0
Working Capital Fund	[\$4.2 million]	\$0
ADDI	\$0	\$0
<i>Total Set-Asides</i>	<i>\$16.2 million</i>	<i>\$0</i>
Formula Grants	\$1.80 billion	\$1.825 billion
Homeless Programs	\$1.677 billion	\$1.794 billion
Housing Trust Fund	\$0	\$1 billion
Housing Counseling	\$65 million	\$100 million
Lead Hazard Control	\$140 million	\$140 million
Self-Help and Assisted Homeownership Program (SHOP)	\$64 million	\$77 million
Section 202 for the Elderly	\$765 million	\$765 million
Section 811 for the Disabled	\$250 million	\$250 million

HOPWA	\$310 million	\$310 million
Fair Housing	\$53.5 million	\$72 million
Program	FY08 Enacted Level	FY09 President's Request
Section 8 TBRA	\$15 billion	\$16 billion
Section 8 Project-Based Assistance	\$6.868 billion	\$8.1 billion
Public Housing Capital	\$2.45 billion	\$2.244 billion
Public Housing Operating	\$4.45 billion	\$4.6 billion
HOPE VI (Choice Neighborhood Initiative)	\$100 million	\$250 million
Native American Housing Block Grant	\$645 million	\$645 million
Native Hawaiian Housing Block Grant	\$10 million	\$10 million
Indian Housing Loan Guarantees	\$9 million	\$7 million
Native Hawaiian Loan Guarantees	\$1 million	\$1 million
Rural Housing & Economic Development*	\$26 million	\$25
University Programs**	\$23 million	\$14 million

*Renamed the Rural Innovation Fund and funded as a set-aside within CDBG in FY 2010.

**Renamed the University Community Fund. Consolidates 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