



**FROM:** NCDA STAFF

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#### ***FEATURED ARTICLES***

- ✓ ***Congress to Enact a Second Continuing Resolution; Omnibus Appropriations Bill Likely***
- ✓ ***Homebuyer Tax Credit to be Extended***
- ✓ ***Rep. Frank (D-MA) Introduces Legislation to Assist Homeowners and Fund the National Housing Trust Fund***
- ✓ ***Administration Announces Help for State and Local Housing Finance Agencies***
- ✓ ***HUD NEWS – HUD Releases Notice on the “Buy American” Requirement for CDBG-R and NSP Funds; Additional NSP Implementation Guidance Available from HUD; Section 3 Update; FY10 Entitlements Finalized***
- ✓ ***NCDA NEWS – Updated 2010 Winter Conference Agenda and Registration Information Posted to Website; Call for Nominations for the 2010 Audrey Nelson Awards***

#### **Congress to Enact a Second Continuing Resolution; Omnibus Appropriations Bill Likely**

Congress will pass a second Continuing Resolution (CR) by October 31, 2009, to keep those federal agencies without approved FY10 appropriations bills operating at least through November 30, 2009. Only three spending bills – Agriculture, Energy and Water, and Homeland Security – have been enacted by Congress and forwarded to the President. The remaining spending bills will likely be rolled into one large omnibus appropriations bill and forwarded to the President within the next month. Congress has used the omnibus method over the past several years. It speeds up the process by not having to approve each spending bill separately, which takes considerable floor time. With the focus on health care reform, Congress has had little time to act on other legislation.

As reported in the September 25, 2009, issue of *The Washington Report*, CDBG will receive a significant boost in funding in FY10, with the Senate approving a \$349 million increase in CDBG formula funding from last year and the House approving an even larger level of \$523 million from last year. Both chambers are expected to meet in the coming month to iron out the differences in the funding levels.

The HOME program and HUD's homeless assistance programs area also on target to receive increases in funding in FY10. Please see the budget chart at the end of this newsletter for a complete overview of FY10 funding for HUD's programs.

### **Homebuyer Tax Credit to be Extended**

Congress has reached bi-partisan agreement to extend the Homebuyer Tax Credit. The tax credit was initiated by the Obama Administration earlier this year to spur home purchases and assist first-time homebuyers. Senator Christopher Dodd (D-CT), working with Senator Johnny Isakson (R-GA), crafted a bi-partisan amendment that will be attached to the unemployment benefits bill currently making its way through Congress.

Senator Isakson, a strong supporter of the homebuyer tax credit, introduced a bill, S. 1230, the Home Buyer Tax Credit Act of 2009, to extend the tax credit. The Dodd/Isakson compromise would include some tenets of Isakson's bill which calls for the credit to be extended through next Spring and allow higher income persons to benefit from the credit. The bi-partisan amendment would extend the tax credit as follows:

- Extends the \$8,000 Homebuyers Tax Credit for first-time homebuyers through April 30, 2010.
- Homebuyers can claim the credit for 2010 purchases on their 2009 tax returns.
- Adds a \$6,500 tax credit for existing homeowners seeking to purchase a new home.
- Increases the income requirements for individuals from \$75,000 to \$125,000 and for couples from \$150,000 to \$225,000.

### **Rep. Frank (D-MA) Introduces Legislation to Assist Homeowners and Fund the National Housing Trust Fund**

On October 9, Rep. Barney Frank (D-MA), Chairman of the House Financial Services Committee, introduced H.R. 3766, the Main Street TARP Act of 2009. H.R. 3766 is a new iteration of H.R. 3068, introduced by Frank last month, which would have provided \$1 billion to the National Housing Trust Fund (NHTF) from dividends earned via TARP investments and would have provided \$1.5 billion for NSP3 funding from TARP funds. H.R. 3766 transfers \$1 billion directly from the Troubled Assets Relief Program (TARP) to the National Housing Trust Fund. Funding for NSP3 has been stripped from the bill.

The 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. The White House is pushing Congress to enact funding for the NHTF quickly, so it would not be surprising to see funding included in the FY10 omnibus appropriations bill or some other vehicle this Fall. The NHTF 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. H.R. 3766 would also authorize \$2 billion from TARP to assist homeowners at risk of foreclosure and struggling to pay their mortgage (at least three months behind on their mortgage)

due to a loss of income. The legislation would provide funds (a subsidy payment) for up to a year to make up the difference between what the homeowner can afford to pay and the actual mortgage payment and also help with arrears.

Senator Jack Reed (D-RI) introduced similar legislation, S. 1731, on September 30, 2009. Reed's bill would provide \$1 billion from TARP (from the sale of warrants) to the NHTF. Reed's legislation would provide \$6.4 billion to States to assist homeowners avoid foreclosure. Participants must participate in housing counseling, have a financial hardship, and have a reasonable probability of resuming full payments within 15 months.

It is likely that some or all of these provisions will be included in legislation moving through Congress this Fall.

### **Administration Announces Help for State and Local Housing Finance Agencies**

On October 19, the Obama administration announced a two-prong approach to help state and local housing finance agencies (HFAs) in the struggling housing market. The administration will create a new bond purchase program, the New Issue Bond Program (NIBP), to support new lending by housing finance agencies and a new Temporary Credit and Liquidity Program (TCLP) to improve the access of housing finance agencies to liquidity for outstanding HFA bonds.

Single-family housing bonds, known as mortgage revenue bonds, are used to provide homeownership opportunities for first-time homebuyers at or below median income. Multifamily housing bonds are used to acquire, develop or rehabilitate multifamily properties affordable to lower income families. The continuing weak economy has reduced the investor base for these bonds and created liquidity problems for HFAs. Working on a united front, the Treasury Department, HUD, the Federal Housing Finance Agency (FHFA), Freddie Mac, Fannie Mae, and interest groups representing state and local housing finance agencies developed the programs to address these problems.

#### *New Issue Bond Program*

The New Issue Bond Program (NIBP) will provide temporary financing for HFAs to issue new mortgage revenue bonds. Treasury will purchase securities of Fannie Mae and Freddie Mac, backed by these new mortgage revenue bonds. According to Treasury, the program will support several hundred thousand new mortgages to first-time homebuyers, the refinancing of at-risk mortgages, and the development of hundreds of thousands of new rental housing.

#### *Temporary Credit and Liquidity Program*

The Temporary Credit and Liquidity Program will allow Fannie Mae and Freddie Mac (Government Sponsored Enterprises or GSEs) to provide replacement credit and liquidity facilities to HFAs to help reduce the costs of maintaining existing financing. Treasury will backstop the GSE replacement credit and liquidity facilities for the HFAs by purchasing an

interest in them.

HFA bond issuance has fallen drastically. The housing market collapsed amid the financial crisis and has struggled to revive as banks, mutual funds, insurance companies, and other traditional investors have held off or limited purchases of tax-exempt housing bonds. HFAs have also been unable to borrow at rates to make their programs work because the Federal Reserve and Treasury are buying GSE securities in a manner that has driven down overall rates. They are so low that HFAs no longer offer an attractive product.

The initiative is designed to be temporary in nature. Each participating HFA will be required to develop a program participation request in consultation with Treasury, Fannie Mae and Freddie Mac, indicating its desired level of participation in either program. HFAs will pay a fee to access both programs. These fees are expected to cover the costs to the Treasury Department and the taxpayer.

## **HUD NEWS**

### **HUD Releases Notice on the “Buy American” Requirement for CDBG-R and NSP Funds**

On October 21, 2009, HUD’s Office of Community Planning and Development (CPD) released a notice on the “Buy American” requirement in the American Recovery and Reinvestment Act (ARRA) as it relates to CDBG-R and NSP funds. Section 1605(a) of ARRA imposes a Buy American requirement on recovery act funds used for a project for the construction, alteration, maintenance, or repair of a public building or public work. The section provides that all of the iron, steel, and manufactured goods used in the project produced in the United States.

The notice makes the following exceptions to the Buy American requirements:

- If another federal agency has granted a Buy American exception under section 1605(b) of ARRA for a project, HUD will accept the agency’s determination and permit the grantee to apply that exception for the remainder of CDBG-R or NSP2 funded work in that project.
- If another HUD program office (e.g., Office of Public and Indian Housing) has granted a Buy American exception under section 1605(b) of ARRA for a project the grantee may apply that exception to the CDBG-R or NSP2 funded work in that project. The grantee must submit a written determination to CPD justifying the applicability of the exception.
- For publicly owned housing assisted with CDBG-R or NSP2 funds, when such property contains fewer than 8 units, the Buy American requirements will not apply.
- When the size of the CDBG-R grant from HUD to a grantee or (in the case of a State CDBG-R) from a state to a grant recipient is less than \$100,000, the Buy American

requirements will not apply.

· Any project that is substantially under contract or under construction prior to the acceptance of CDBG-R or NSP2 funds is exempt from the requirement

### **Additional NSP Implementation Guidance Available from HUD**

HUD has posted the following items to its NSP web page to assist grantees in implementing the program.

- Additional guidance on the tenant protection requirements contained with the Recovery Act, applicable to both NSP1 and NSP2.
- A series of eight (8) video training web casts on the following topics:
  - eligible uses, activities, and properties
  - pre-acquisition considerations
  - post-acquisition considerations
  - DRGR reporting system
  - financing issues
  - program administration
  - land banking and demolition
  - eligible use scenarios

Go to the “What’s New” box at  
<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/>

### **Section 3 Update**

On October 8, HUD sent a letter to over 3,000 public housing authorities (PHAs) and other organizations requiring Section 3 compliance reports by the end of November. The letter was sent to those state and local government agencies, and PHAs, that have not submitted their annual Section 3 compliance report to HUD (you may have submitted it, but, in some cases, HUD can’t locate it). State and local agencies and public housing authorities have until November 30, 2009 to submit their HUD required reports.

In a October 14, 2009, press release, Assistant Secretary for Fair Housing, John Trasvina, joined by Assistant Secretary for Public and Indian Housing, Sandra Henriquez, and Assistant Secretary for Community Planning and Development, Mercedes Marquez, launched a campaign to increase the hiring of low-income individuals by state and local governments and public housing agencies that receive HUD funding by announcing that HUD will offer future training opportunities for PHAs, State and local governments, and local businesses on Section 3. HUD’s Office of Fair Housing and Equal Opportunity will also work closely with HUD Regional Office

Section 3 coordinators to ensure employment goals are met.

HUD's authority stems from Section 3 of the Housing and Urban Development Act of 1968 which was enacted to promote new employment, training, and contracting opportunities and to guarantee low-income residents a chance to work on federal HUD-funded projects. Recipients are required to ensure their own compliance and the compliance of their contractors/subcontractors with the Section 3 regulations, as outlined in 24 CFR Part 135.32. CPD grantees must submit an annual Section 3 summary report (HUD form 60002) at the same time they submit their CAPER.

For a list of Section 3 Frequently Asked Questions, go to HUD's website at <http://www.hud.gov/offices/fheo/section3/faq08.pdf>

On the legislative front, Rep. Nydia Velazquez (D-NY) has drafted a bill, which she plans to introduce later this year, that would require PHAs to implement a Section 3 planning process, increase the percentage of residents employed with each contract, and increase program compliance.

### **FY10 Entitlement Participants Finalized**

There were 35 potential new entitlement cities and 10 potential new urban counties for FY10. Of these, the following communities have accepted their entitlement status for FY10, bringing the total number of CDBG entitlements to 1,166:

- Thornton, CO (exits Adams County program)
- Osceola County, FL
- Sanford, FL (exits Seminole County program)
- Sebastian, FL
- Manhattan, KS
- Revere, MA
- Manakato, MN
- North Manakato, MN
- Woodbury, MN (exits Washington County program)
- Mecklenburg County, NC
- Moore, OK
- Summerville, SC

## NCDA NEWS

### **2010 Winter Conference Agenda and Registration Information Posted to Website**

The 2010 NCDA Winter Conference will be held at The Washington Court Hotel in Washington, DC on January 20-22, 2010. The Winter Conference is the perfect opportunity to hear about upcoming policy and budgetary issues and hear directly from HUD staff on program updates. The conference fee is \$400 for members and \$450 for non-members. Members receive a \$25 discount if two members attend from a single community and a \$50 discount if three or more persons attend from a single community. Registration must be paid by check (NCDA is not set-up to accept credit cards) and must be made payable to NCDA. Registrants must cancel before **Monday, January 4, 2010** to avoid the \$100 cancellation fee.

NCDA has reserved a block of rooms at the special rate of \$169.00, plus tax at The Washington Court Hotel, located at 525 New Jersey Avenue, NW, Washington, DC (very close to Capitol Hill). The cut-off date for making your hotel reservations is **December 21, 2009**.

Reservations received after this date will be subject to availability and based on the rate offered by the hotel. To make your hotel reservation, call (202) 628-2100 or (800) 321-3010. Be sure to mention NCDA to receive the special hotel rate.

Besides a congressional update and news from HUD, the conference will feature the following:

- Fair Housing Training
- Training on OMB Circulars
- A One-on-One Session with HUD Officials on CDBG-R and NSP Issues
- Plenary Session on the Office of Inspector General (OIG) Audits
- Plenary Session on Affirmatively Furthering Fair Housing and Section 3
- Plenary Session on the New Continuum of Care Program and HPRP Implementation
- Plenary Session on CDBG, HOME, ARRA Reporting
- Sessions on CDBG and HOME Program Timeliness and Managing Conflict of Interest
- Section 108 Roundtable
- 2010 Census
- IDIS Update (at the Technology Subcommittee Meeting)

A copy of the updated draft agenda is attached to this newsletter and is also available online at <http://www.ncdaonline.org>. You can also register for the conference online.

### **Call for Nominations for the 2010 Audrey Nelson Awards**

NCDA is accepting nominations from its member communities for the 2010 Audrey Nelson Awards. The application is available on NCDA's website at <http://www.ncdaonline.org>. The award recognizes exemplary uses of CDBG funds to address the needs of families and neighborhoods. Award recipients will be recognized during the 2010 Winter Conference. We

encourage you to apply, especially, those communities that have never submitted an application in the past. Please fax your application to 202-887-5546.

**Attachments**

- 2010 Updated NCDA Winter Conference Draft Agenda and Registration Form
- 2010 Audrey Nelson Community Development Award Information

**Questions**

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

Program	FY09 Enacted Level	FY10 Administration Requested Level	FY10 House Level	FY10 Senate Level
Community Development Fund	\$3.9 billion	\$4.45 billion	\$4.6 billion	\$4.450 billion
<i>Set-Asides:</i>				
Native American Block Grant	[\$65 million]	[\$65 million]	[\$65 million]	[\$65 million]
EDI Grants	[\$165 million]	\$0	[\$151 million]	[\$171 million]
Technical Assistance	[\$5 million]	\$0	\$0	\$0
Neighborhood Initiatives	[\$19 million]	\$0	[\$18 million]	[\$22 million]
Working Capital Fund	[\$3 million]	\$0	\$0	\$0
Sustainable Communities Initiative	\$0	[\$150 million]	[\$150 million]	[\$150 million]
University Community Fund	\$0	[\$25 million]	[\$25 million]	[\$25 million]
Rural Innovation Fund	\$0	[\$25 million]	[\$25 million]	[\$25 million]
<i>Total Set-Asides</i>	<i>\$257 million</i>	<i>\$265 million</i>	<i>\$434 million</i>	<i>\$458 million</i>
<b>Formula Grants</b>	<b>\$3.643 billion</b>	<b>\$4.185 billion</b>	<b>\$4.166 billion</b>	<b>\$3.992 billion</b>
Section 108 Loan Guarantees	\$275 million	\$0	\$275 million	\$275 million
Brownfields	\$10 million	\$0	\$25 million	\$0
HOME Program	\$1.825 billion	\$1.825 billion	\$2 billion	\$1.825 billion
<i>Set-Asides:</i>				
Housing Counseling	\$0	\$0	\$0	\$0
Technical Assistance	[\$12 million]	\$0	\$0	\$0
Working Capital Fund	[\$4.2 million]	\$0	\$0	\$0
ADDI	\$0	\$0	\$0	\$0
<i>Total Set-Asides</i>	<i>\$16.2 million</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
<b>Formula Grants</b>	<b>\$1.80 billion</b>	<b>\$1.825 billion</b>	<b>\$2 billion</b>	<b>\$1.825 billion</b>
Homeless Programs	\$1.677 billion	\$1.794 billion	\$1.850 billion	\$1.875 billion
Housing Trust Fund	\$0	\$1 billion	\$0	\$0
Housing Counseling	\$65 million	\$100 million	\$70 million	\$100 million
Lead Hazard Control	\$140 million	\$140 million	\$140 million	\$140 million
Self-Help and Assisted Homeownership Program (SHOP)	\$64 million	\$77 million	\$85 million	\$85 million
Section 202 for the Elderly	\$765 million	\$765 million	\$1 billion	\$785 million
Section 811 for the Disabled	\$250 million	\$250 million	\$350 million	\$265 million
HOPWA	\$310 million	\$310 million	\$350 million	\$320 million

***The Washington Report***  
**October 30, 2009 – Page 10**

Fair Housing	\$53.5 million	\$72 million	\$72 million	\$72 million
<b>Program</b>	<b>FY08 Enacted Level</b>	<b>FY09 President's Request</b>	<b>FY10 House Level</b>	<b>FY10 Senate Level</b>
Section 8 TBRA	\$15 billion	\$16 billion	\$16.39 billion	\$16.34 billion
Section 8 Project-Based Assistance	\$6.868 billion	\$8.1 billion	\$8.7 billion	\$8.1 billion
Public Housing Capital	\$2.45 billion	\$2.244 billion	\$2.5 billion	\$2.5 billion
Public Housing Operating	\$4.45 billion	\$4.6 billion	\$4.8 billion	\$4.75 billion
HOPE VI (Choice Neighborhood Initiative)	\$100 million	\$250 million	\$250 million	\$250 million
Energy Innovation Fund	\$100 million	\$100 million	\$50 million	\$75 million
Native American Housing Block Grant	\$645 million	\$645 million	\$750 million	\$670 million
Native Hawaiian Housing Block Grant	\$10 million	\$10 million	\$12 million	\$13 million
Indian Housing Loan Guarantees	\$9 million	\$7 million	\$7 million	\$7 million
Native Hawaiian Loan Guarantees	\$1 million	\$1 million	\$1 million	\$1 million
Rural Housing & Economic Development*	\$26 million	\$25 million	\$25 million	\$25 million
University Programs**	\$23 million	\$14 million	\$25 million	\$25 million

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

\*\*Renamed the University Community Fund and funded as a set-aside within CDBG in FY 2010. 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

