



FROM: NCDA STAFF

DATE: November 30, 2009

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Congress Enacts Second Continuing Resolution

Congress enacted a second Continuing Resolution (CR) to keep those federal agencies without approved FY10 appropriations bills operating through December 18, 2009. Only five of the twelve spending bills – Agriculture, Energy and Water, Homeland Security, Interior, and Legislative Branch – have been enacted by Congress and signed by 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 Extended Through April 30, 2010

As reported in the October 30, 2009 edition of the *Washington Report*, Congress approved an extension of the Homebuyer Tax Credit as part of the unemployment benefits bill. President Obama signed the measure on November 9, 2009. The Homebuyer Tax Credit was created by the Obama Administration earlier this year to spur home purchases and assist first-time homebuyers. The tax credit has been extended through April 30, 2010 and benefits both first-time homebuyers and existing homeowners.

Overview

- Extends the \$8,000 Homebuyers Tax Credit for first-time homebuyers through April 30, 2010.
- 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.
- Homes with a purchase prices of less than \$800,000 qualify, including newly-constructed or resale, and single-family detached, townhomes or condominiums. Vacation homes and rental properties do not qualify.
- Homebuyers must remain in the property as their principal residence for at least three years; otherwise, the credit will have to be repaid.
- Homebuyers who purchase a property in 2010 can take the credit on their 2009 income tax return.

The Homebuyer Tax Credit has been widely credited with the surge in home sales over the past few months.

Senator Dodd (D-CT) Develops Financial Reform Legislation

Senator Christopher Dodd (D-CT) has drafted legislation – The Restoring American Financial Stability Act – to restore accountability to the national financial system and protect consumers from loss. In a recent statement Dodd said, “The government’s principal role in our economy is to ensure that its foundation is strong, secure, and sound, so that businesses can flourish and create jobs, investors can have confidence in our markets, and ordinary Americans can make good decisions about their family finances without fear or fraud and abuse. American families are suffering through the worst economic crisis since the Great Depression. They watch some of the people and institutions that caused this mess collect million dollar bonuses and receive billion dollar bailouts. They find themselves unable to find jobs, unable to find credit. And they wonder: who is looking out for us?” His legislation is intended to address all of these issues and is the strongest legislation to date in protecting consumers. Dodd’s republican

counterparts have railed against the bill saying it will affect the safety and soundness of the banking system, but have provided no data to support such assertions.

Rep. Barney Frank (D-MA) has introduced similar legislation in the House, but it does not have the enforcement teeth of the Dodd bill nor does it combine consumer protection responsibilities under one agency. With health care reform front and center, financial regulatory reform legislation will be on the congressional agenda next year.

Overview of Dodd's Bill

1. **Creation of a Consumer Financial Protection Agency.** At the center of the legislation is the creation of an independent Consumer Financial Protection Agency (CFPA) with the sole mission of protecting consumers. Currently, six different federal agencies – Office of the Comptroller of the Currency, Office of Thrift Supervision, Federal Deposit Insurance Corporation, the Federal Reserve, the National Credit Union Administration, and the Federal Trade Commission – have varying consumer protection responsibilities. Dodd's legislation would combine all federal consumer protection responsibilities under a single agency, the CFPA: uniting supervision, rule-writing, enforcement under one agency.

The CFPA would allow states to pass tougher consumer protections, preventing federal regulations from preempting stronger state laws. The CFPA would focus resources on companies that pose the biggest risk to consumers, such as mortgage bankers, brokers, finance companies and the largest financial institutions. For the first time, mortgage brokers and payday lenders would be regulated. These non-bank competitors will be subject to the same kind of routine examination and enforcement regime to which depository institutions have long been subject. These finance companies will be forced to pay fees to support the Agency's activities, another first.

2. **Creates the Agency for Financial Stability.** The Agency for Financial Stability will be lead by an independent chairman who is appointed by the President and confirmed by the Senate. The agency will be responsible for identifying, monitoring and addressing risks posed by large, complex companies (e.g., AIG and others) as well as products that can spread risk nationally. Gives regulators the authority to break-up large, complex companies if they pose a risk to the financial stability of the United States.
3. **Ending Too Big To Fail.** The legislation would attempt to prevent another crisis where taxpayers bail out financial firms by imposing strict standards for companies as they grow larger, more complex, or more interconnected, including heightened capital, leverage, and liquidity requirements to ensure these companies will have the means to deal with financial shocks.
4. **Creates the Financial Institutions Regulatory Administration.** It will combine the

functions of the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and some functions of the FDIC and Federal Reserve. Having a single regulator will stop financial institutions from choosing the easiest regulator as they have in the past. It will end the slow, cumbersome rule making process of having three different federal agencies coordinate regulations.

5. **Creates a New Office of Credit Rating Agencies.** Establishes a new Office of Credit Rating Agencies at the Securities and Exchange Commission (SEC) to strengthen regulation of credit rating agencies, such as Standard and Poor's and Moody's rating services. These agencies were responsible for providing AAA ratings to unsafe investments, which added to the financial crisis.
6. **Improves the SEC.** The SEC will be subject to an annual assessment of its internal controls and a biannual GAO study of SEC management.

Energy Efficiency and Conservation Block Grant Funding Available

The Energy Efficiency and Conservation Block Grant (EECBG) was authorized by the Energy Independence and Security Act and signed into law on December 17, 2007. It was funded for the first time through the American Recovery and Reinvestment Act (ARRA) in February 2009. Of the \$3.2 billion approved through ARRA, nearly \$2.7 billion has been awarded to States, local governments, and Indian tribes through a formula grant. The remaining funding, outlined below, will be awarded competitively.

The Energy Department announced \$453.72 million in competitive Energy Efficiency and Conservation Block Grant (EECBG) funding on October 19, 2009. Applications are due on or before December 14, 2009. Funding will be awarded through two program areas: (1) Retrofit Ramp-Up Program; and (2) General Innovation Fund.

The Retrofit Ramp-Up Program will provide \$390.04 million in funds to grantees that develop a community-wide building (commercial, residential, industrial, and public buildings) retrofit program. Awards of between \$5 million and \$75 million will be made available to approximately 8 to 20 eligible formula grantees.

The General Innovation Fund will provide \$63.68 million to grantees not eligible to receive population-based formula grant allocations from the EECBG formula program which were awarded in July 2009.

For more information, go to <http://www.eecbg.energy.gov>

HUD NEWS

First Quarterly Reporting Results for CDBG-R Grantees

According to HUD, of the 1,167 CDBG-R grantees, less than 5% failed to submit their quarterly report via www.federalreporting.gov by October 11, 2009. This is quite an accomplishment given the complexities and pitfalls of the federal reporting system experienced by most CDBG-R grantees. The Office of Recovery Act Programs is working on a set of recommendations to the Office of Management and Budget (OMB) – the agency which developed and oversees the reporting system – to improve the reporting process. NCDA will post these recommendations in next month's newsletter. HUD's staff will be on hand at the 2010 Winter Conference to accept recommendations from NCDA's members.

NCDA NEWS

NCDA Provides Comments to HUD on the Choice Neighborhoods Proposal

HUD unveiled its Choice Neighborhoods Initiatives on November 6, 2009. The program, once authorized, would replace HUD's HOPE VI Program. HOPE VI provides funding to public housing authorities to demolish and replace severely distressed public housing. The Choice Neighborhoods Initiative would expand HOPE VI to focus on housing, education, transportation, and jobs of distressed neighborhoods. Local governments would be eligible to apply directly for funding along with non-profit organizations, for-profit entities, and public housing authorities. In order to be eligible for funding, a neighborhood would have to meet specific criteria such as a high poverty rate, high rates of severely distressed public or assisted housing, high crime rates, high rate of vacant, abandoned, or substandard homes, or high rates of poorly performing schools. HUD is in the process of vetting the program to interest groups, grantees, and community stakeholders.

NCDA provided initial comments to HUD Secretary Donovan on the Choice Neighborhoods Proposal.

- Limit one application per community and require the sign-off of both the PHA and the local government. Non-governmental entities such as non-profit organizations and for-profit organizations should apply in conjunction with a PHA or local government and not as a sole applicant.
- Provide incentives to grantees through increased flexibility and less regulation. The CDBG Program's Neighborhood Revitalization Strategy Area should be used as a model and expanded to provide further flexibility for grantees in developing Choice Neighborhoods.
- More funding is needed. The initial \$250 million proposed for the Choice

Neighborhoods Initiative may be adequate for the first year as the program is being developed, but much more funding is needed to help transform these distressed neighborhoods.

- Give priority to public housing projects until the immense backlog in public housing needs is addressed (estimated at \$500 million).

NCDA's committees will review the Choice Neighborhoods Initiative in January and provide further feedback to HUD at that time.

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. 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:

- CRA and Fair Lending 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
- Economic Development Roundtable (Section 108, BEDI, EZs/ECs)
- 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; Deadline Extended Through December 4, 2009

NCDA is accepting nominations from its member communities for the 2010 Audrey Nelson Awards. The deadline for submitting applications has been extended through December 4, 2009.

The application is available on NCDA's website at <http://www.ncdaonline.org>. The award recognizes exemplary uses of CDBG, HOME, and other community development resources in low- and moderate-income neighborhoods. Projects funded between FY03 and FY08 are eligible to be nominated for the award. Award recipients will be recognized during the 2010 Winter Conference. You must be an NCDA member in order to apply for the award. We encourage you to apply; it is a relatively easy way to recognize your program and department. Please fax your application to 202-887-5546.

NCDA is Updating its Member Directory; Please Contact Us With Any Changes

NCDA is in the process of developing its 2010 Membership Directory and invites members to send in changes that have occurred in the past year (e.g., name changes, new contact person, address changes, phone, fax, and e-mail changes). Please e-mail your changes to karen@ncdaonline.org on or before **December 11, 2009**. *Those members that have not yet sent in their membership dues will not be included in the Directory, so please send in your dues – or commitment form before December 11, 2009. Please call NCDA at 202-293-7587 to see if your dues have been received.*

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

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>
Formula Grants	\$3.643 billion	\$4.185 billion	\$4.166 billion	\$3.992 billion
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>
Formula Grants	\$1.80 billion	\$1.825 billion	\$2 billion	\$1.825 billion
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

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Fair Housing	\$53.5 million	\$72 million	\$72 million	\$72 million
Program	FY08 Enacted Level	FY09 President's Request	FY10 House Level	FY10 Senate Level
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