



FROM: NCDAA STAFF

DATE: February 26, 2010

FEATURED ARTICLES

- ✓ ***Administration Releases FY 2011 Budget***
- ✓ ***Administration Announces \$1.5 Billion Initiative to Help Homeowners in Five States***
- ✓ ***HUD NEWS – FY10 CDBG Allocations; NSP Update; HUD Seeks Comments on Sustainable Communities Planning Grant Program; IDIS On Line Training for CDBG Grantees***
- ✓ ***NCDA NEWS – National Community Development Week – April 4-10, 2010; 2010 NCDA Draft Annual Conference Agenda and Registration; John A. Sasso Community Development Week Award Information; Upcoming NCDA CDBG Training***

Administration Releases FY 2011 Budget

President Obama sent his FY 2011 budget request to Congress on February 1, 2010. The budget focuses on economic recovery and deficit reduction. The President has called for additional job-creation investments and tax incentives to encourage hiring and businesses growth. The President calls for a freeze in all non-defense discretionary spending, except education and health care. The budget includes a \$743 billion placeholder for the revenue associated with health reform legislation.

The President's budget would freeze most domestic discretionary spending (all federal agencies, except for Defense, State, Veterans Affairs) for 2011, 2012, and 2013. Rep. David R. Obey, Chairman, House Committee on Appropriations provided the following statement on the President's FY 2011 budget, "...Our committee will meet the President's target for appropriations. We will not exceed his requested level for appropriations, but we will also not exempt any department or activity from review, including foreign aid and the Pentagon, because none of them are without waste." Obey's statement indicates that Defense and State Department programs will be scrutinized for cuts. The President proposed the following

increases for these departments in FY 2011:

Security Programs

Defense:	\$548.9 billion (3.4% increase)
State:	\$58.5 billion (15.6% increase)
Veterans:	\$57 billion (7.3% increase)

Fee for Financial Industry

The budget proposes a Financial Crisis Responsibility Fee, which would require the nation's largest financial firms (those bailed out by TARP reform) to pay an assessment on a certain portion of their assets in order to ensure that TARP does not add to the national debt. The Administration currently projects that the total cost of TARP will be \$117 billion. The fee is projected to raise \$90 billion over ten years, but will stay in place until all TARP losses have been recouped by the government from the financial industry.

LIHEAP

The budget includes \$3.3 billion in discretionary funding for LIHEAP in 2011 to help low-income families with their home heating and cooling expenses. The Administration also proposes a new trigger mechanism for LIHEAP to provide automatic increases in energy assistance whenever there is a spike in energy costs. This funding mechanism, when triggered, would provide supplemental mandatory LIHEAP funding. Mandatory funding is not counted in appropriations. When the discretionary resources are combined with the \$2 billion in mandatory budget authority, estimated to be provided through the trigger, the combined resources would equal \$5.3 billion, a slight increase from 2010.

HUD

President Obama has committed to reducing the federal deficit, including a three year freeze on domestic discretionary spending. HUD's FY 2011 budget of \$41.6 billion reflects a five percent decrease from FY 2010.

HUD Secretary Shaun Donovan testified before the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies on February 23 on HUD's FY 2011 budget. Donovan provided a report on ARRA spending noting that HUD has obligated 98% of the \$13.6 billion in ARRA funds allocated to the Department; \$2.9 billion has been disbursed. He also told the subcommittee that the \$258 million Transformation Initiative, funded in the FY 2010 budget, will change the way HUD does business. The funds will be used to make investments in research and development, major demonstration programs, technical assistance and capacity building, and next generation technology investments. HUD proposes to use up to 1% of its FY 2011 budget for the Transformation Initiative.

- HUD's priorities for FY 2011: fully funding Section 8 tenant-based and project-based rental assistance, the Public Housing Operating Fund, and CDBG.
- Cuts will be made to HOME, Native American Housing Block Grants, 202 Supportive Housing Program for the Elderly, and Section 811 Supportive Housing Program for persons with disabilities.

- Improve the Section 8 program by improving the technology systems to better manage and administer the voucher program; implement an improved Section 8 Management Assessment Program to provide oversight, quality control, and performance indicators for the voucher program; continue to develop a formula to allocate administrative fees based on the cost of an efficiently managed PHA operating the voucher program; develop a study to review the current Housing Quality Standards and improve the inspection process; and eliminate the caps on the number of families served by each PHA.

Transforming Rental Assistance Initiative

- Streamline and simplify HUD's rental assistance programs (coherent set of rules and regulations)
- Meet the long-term capital needs of HUD's public and assisted housing by leveraging funding from other sources
- Encourage resident choice and mobility

The Section 8 Tenant-Based Rental Assistance Program would receive \$19.55 billion in FY 2011, an increase of \$1.4 billion. The Department anticipates its FY11 budget will renew all vouchers in use and those funded in FY10 and provide \$85 million for nearly 10,000 new vouchers for homeless persons.

The Section Project-Based Rental Assistance account would be funded at \$9.3 billion, an increase of \$830 million from FY 2010.

Focus on Homelessness

HUD's FY 2011 budget requests \$85 million for incremental voucher assistance for a new Housing and Services for Homeless Persons Demonstration to connect housing and services. The demonstration program will be a joint effort among HUD, Department of Health and Human Services (DHS), and the Department of Education (DOE). The demonstration program will focus on two areas:

- (1) Combine HUD's section 8 vouchers with DHS's behavioral health services and other support services to provide up to 4,000 chronically homeless individuals with mental and substance use disorders into permanent supportive housing. DHS will request \$16 million in its FY 2011 budget for the services component.
- (2) HUD will engage with DHS and DOE to stabilize homeless families by (1) identifying families who are homeless or at risk of homelessness; (2) intervene with the appropriate array of housing assistance, income supports, and services. HUD will make available a minimum of 6,000 section 8 vouchers on a competitive basis and jointly design the competition with DHS and DOE.

CDBG

HUD's FY 2011 budget provides \$4.380 billion for the Community Development Fund. Of this amount, \$3.99 billion is allotted to CDBG formula grants, the same level as FY 2010. Another \$150 million is provided to a new initiative within the Community Development Fund, the Sustainable Communities Initiative. The initiative would focus on the following:

- Sustainable Communities Planning Grants administered by HUD in collaboration with the Department of Transportation (DOT) and the Environmental Protection Agency (EPA) to provide better coordination of transportation, infrastructure, and housing investments through better planning.
- Sustainable Communities Challenge Grants to help localities implement the Sustainable Communities Planning Grants mentioned above.
- The creation of a capacity building program to support Sustainable Communities grantees.
- A joint HUD-DOT-EPA research effort designed to advance transportation and housing linkages.

In addition to the Sustainable Communities Initiative, the budget provides \$150 million for the Catalytic Investment Competition Grants Program to create jobs and provide economic development and gap financing to targeted economic investment in neighborhoods. The Catalytic Investment Competition would provide gap financing for innovative, high impact economic development projects that create jobs. Applicants will be required to leverage other federal resources such as CDBG formula funds and Section 108 loan guarantees.

Choice Neighborhoods Initiative

HUD's FY 2011 budget provides \$250 million for the Choice Neighborhoods Initiative, funded at \$65 million in FY 2010 as a demonstration program. HUD will work with Congress to permanently authorize the program. The initiative will replace HOPE VI and will be expanded to transform entire distressed neighborhoods, not just distressed public housing. Local governments will be eligible to apply for the funding.

Fair Housing

HUD proposes to provide \$2 million of the Fair Housing Initiatives Program budget in FY 2011 to support a pilot program for fair housing organizations to help HUD-funded jurisdictions comply with the affirmatively furthering fair housing requirements.

Public Housing Capital Fund

The Public Housing Capital Fund would be cut from \$2.5 billion to \$2.04 billion. This decrease will be lessened by the \$4 billion provided to the program under The American Recovery and Reinvestment Act in 2009.

HOME Program

The HOME Program would be funded at \$1.65 billion in FY 2010, a decrease of \$175 million from FY 2010.

A complete listing of FY 2011 for HUD's program is listed in the chart at the end of this newsletter.

Administration Announces \$1.5 Billion Initiative to Help Homeowners in Five States

On February 19, President Obama announced a new \$1.5 billion initiative aimed at curtailing foreclosures in five states: California, Nevada, Arizona, Florida, and Michigan. The funding will be taken from the Troubled Asset Relief Program (TARP) and allocated to state housing finance agencies through a formula to be developed by the Department of Treasury. The formula allocation will be based on home value declines and unemployment rates. The five states have all seen home values decrease more than 20%, leaving many families with mortgages in excess of the current value of their homes. Some homeowners are choosing to walk away from their homes rather than pay the high mortgage in lieu of the low property value.

The Treasury Department is expected to announce program rules within the next two weeks, including maximum state allocations.

HUD NEWS

FY 2010 CPD Allocations

The Office of Management and Budget (OMB) has not released the FY10 allocations to HUD, so HUD has not released the allocations to grantees yet. Once OMB apportions the funds to HUD, HUD will run the allocations and send allocation letters to grantees. On average, CDBG grantees should receive a 7% increase in funding for FY10.

NSP Update

Assistant Secretary Marquez and her staff are working hard to ensure NSP funding is obligated and spent. HUD has surveyed all NSP1 grantees for capacity and have made personal visits to those communities needing technical assistance. HUD is in the process of developing work plans for those communities with dire technical assistance needs (40 or so communities). If you are having difficulty obligating your NSP1 funds and need technical assistance, please don't hesitate to reach out to your HUD Office for assistance. HUD can provide one-on-one technical assistance to communities.

In the next few weeks, HUD will forward two letters to NSP1 grantees. The letters will track grantee progress in meeting the 25% very-low income requirement and obligation of funds. HUD is also taking a fresh look at NSP issues and within the next two weeks will publish a notice that will provide expanded definitions for foreclosure and abandonment. Grantees should be happy with the change, according to HUD.

Consolidated Plan Streamlining

In the coming year, HUD will begin to focus on streamlining the consolidated plan and will ask NCDAs and other groups to participate in a task force to work on the streamlining. The streamlining will include the Annual Plan and CAPER. We will reach out to members once the task force is in place. HUD is also interested in incorporating the con plan into IDIS.

HUD Seeks Comments on Sustainable Communities Planning Grant Program

The FY 2010 HUD Appropriations bill provided \$100 million for a Sustainable Communities Planning Grant Program. In advance of the notice of funding availability, HUD's Office of Sustainable Housing and Communities is seeking comments on the design of the program. Broadly, the program will focus on the following areas.

- Funding to support the preparation of Regional Plans for Sustainable Development that address housing, economic development, transportation, and environmental quality where such plans do not exist.
- Funding to support the preparation of more detailed execution plans and programs to implement existing regional sustainable development plans.
- Implementation funding to support regions that have regional sustainable development plans and implementation strategies in place and need support for a catalytic project or program that demonstrates commitment to and implementation of the broader plan.

Two levels of funding are being considered: For metropolitan areas with a population up to 499,999, grants up to \$2 million. For metropolitan areas with a population of 500,000 or more, grants up to \$5 million.

HUD is seeking specific responses to questions posed on pages 11 - 14 of the notice, which can be accessed at <http://www.hud.gov/sustainability>

HUD's Office of Sustainable Housing and Communities will hold a series of listening sessions across the country to garner feedback on the program. The listening sessions will be held in the following locations. For more information on the listening sessions, go to <http://www.hud.gov/sustainability>.

- March 1: Albuquerque, NM
- March 2: Los Angeles, CA
- March 5: St. Louis, MO
- March 8: Hartford, CT
- March 10: Cleveland, OH

In addition, HUD will hold two webcasts, on March 9 and March 11, from HUD Headquarters.

You can access the webcast at <http://www.hud.gov/webcasts/index.cfm>

NCDA is seeking comments from members on the program. This is a good opportunity for NCDA and its members to affect federal policy in a positive manner. We encourage you to respond with comments. Please forward your comments to vicki@ncdaonline.org by March 11.

IDIS On Line Training for CDBG Grantees

The Office of Block Grant Assistance is offering 40 two-day IDIS Online training sessions across the country. These sessions will provide instructions for navigating through the new system and will include policy and programmatic guidance for reporting in IDIS Online. Topics will include activity funding, drawdowns, activity set-up, accomplishment reporting, the new IDIS Online reports function, and new system features. The training agenda and schedule of sessions is attached. According to HUD, due to limited resources, these sessions will be able to accommodate only one representative grantee. Additional grantee staff who are interested in receiving the training will be placed on a waiting list and will be notified if space becomes available. A registration website is now available at <http://www.CDBGIDISTraining.org>

NCDA NEWS

National Community Development Week – April 4-10, 2010

National Community Development Week will be celebrated on April 4-10, 2010 to recognize the CDBG program in communities nationwide. CD Week provides the opportunity for grantees to showcase CDBG-funded projects, engage the community in the program, and involve congressional members and the media in the celebration. We urge members to celebrate CD Week. A CD Week Planning Guide is available on NCDA's website at <http://www.ncdaonline.org> For further ideas on planning tips and CD Week activities, we encourage you to reach out to your fellow CDBG practitioners.

HUD Assistant Secretary for CPD, Mercedes Marquez, will issue a proclamation recognizing National Community Development Week.

2010 Annual Conference Agenda and Registration Information Posted to Website

The 2010 NCDA Annual Conference will be held at The Red Lion Hotel in beautiful Seattle, WA on June 23-26, 2010. The conference fee is \$350 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. The hotel rate is \$142.00 plus tax. Hotel reservations must be made by June 1, 2010.

The conference will feature the following:

- Roundtable Discussion with Assistant Secretary Mercedes Marquez
- Session with HUD program staff on CDBG, HOME, NSP, CDBG-R, ARRA Reporting

- Session on NCDA's Work with the Robert Wood Johnson Foundation to Combat Childhood Obesity Using CDBG
- Update Session on IDIS OnLine
- Plenary Session on Preventing Fraud and Abuse in Federal Programs
- The City of Seattle will showcase its economic development, transit-oriented development, affordable housing, and community development projects
- Session on Combining Federal and State Funds with Local Resources
- Session on Working with CHDOs
- Session on Program Income
- Fair Housing Training: Affirmatively Furthering Fair Housing and Section 3
- Local Projects Tour
- John Sasso Community Development Week Awards Luncheon

A copy of the 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.

John A. Sasso Community Development Week Awards

THIS YEAR, NCDA WILL PRESENT ITS 10TH ANNUAL JOHN A. SASSO NATIONAL COMMUNITY DEVELOPMENT WEEK AWARD. THIS AWARD RECOGNIZES THE COMMUNITY OR COMMUNITIES THAT EXEMPLIFY THE SPIRIT OF THE CDBG PROGRAM BY SHOWCASING ITS GOOD WORKS THROUGH THE ACTIVITIES AND EVENTS HELD DURING THE 2010 NATIONAL COMMUNITY DEVELOPMENT WEEK, APRIL 4-10, 2010. ACTIVITIES CONDUCTED DURING NATIONAL COMMUNITY DEVELOPMENT WEEK SHOULD HAVE GENERATED MEDIA COVERAGE AND INCLUDED THE INVOLVEMENT OF YOUR CONGRESSIONAL DELEGATION.

TO BE ELIGIBLE FOR CONSIDERATION, COMMUNITIES MUST BE A MEMBER OF NCDA AND MUST PROVIDE AN ESSAY OF 1,000 WORDS OR LESS DESCRIBING THEIR ACTIVITIES AND EVENTS UNDERTAKEN AS PART OF ITS 2010 NATIONAL COMMUNITY DEVELOPMENT WEEK CELEBRATION. AWARD SUBMISSIONS ARE DUE AT NCDA'S OFFICE BY THE CLOSE OF BUSINESS, **APRIL 30, 2010**. Please see the attached one-page information sheet for further details.

Upcoming NCDA CDBG Training

NCDA will hold the following CDBG training sessions this Spring.

CDBG Basics: Training for Practitioners

April 28-30, 2010

San Diego, CA

\$250 members/\$350 non-members

For training agenda and registration form, go to <http://www.ncdaonline.org/cdbg.asp>

Advanced CDBG: Managing an Effective Program

May 10-11, 2010

Seattle, WA

\$200 members/\$300 non-members

Hotel cut-off date is April 19, 2010

For training agenda and registration form go to <http://www.ncdaonline.org/cdbg.asp>

Attachments

- 2010 NCDA Annual Conference Draft Agenda and Registration Form
- John A. Sasso Community Development Week Award Information
- NCDA CDBG Basic Training
- NCDA Advanced CDBG Training
- 2010 CD Week Guide

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

Program	FY09 Enacted Level	FY10 Enacted Level	FY11 President's Proposed Funding Level
Community Development Fund	\$3.9 billion	\$4.450 billion	\$4.380 billion
<i>Set-Asides:</i>			
Sustainable Communities Initiative	[\$0]	[\$150 million]	[\$150 million]
Catalytic Investment Competition	[\$0]	[\$0]	[\$150 million]
Native American Block Grant	[\$65 million]	[\$65 million]	[\$65 million]
University Community Fund	[\$0]	[\$25 million]	[\$25 million]
EDI Grants	[\$165 million]	[\$172.8 million]	[\$0]
Technical Assistance	[\$5 million]	[\$0]	[\$0]
Neighborhood Initiatives	[\$19 million]	[\$22 million]	[\$0]
Working Capital Fund	[\$3 million]	[\$0]	[\$0]
Rural Innovation Fund	\$0	[\$25 million]	[\$0]
<i>Total Set-Asides</i>	<i>\$257 million</i>	<i>\$265 million</i>	<i>\$390 million</i>
Formula Grants	\$3.643 billion	\$3.990 billion	\$3.990 billion
Section 108 Loan Guarantees	\$275 million	\$275 million	\$500 million
Brownfields	\$10 million	17.5 million	\$0
HOME Program	\$1.825 billion	\$1.825 billion	\$1.650 billion
<i>Set-Asides:</i>			
Housing Counseling	\$0	\$0	\$0
Technical Assistance	[\$12 million]	\$0	[\$3 million]
Working Capital Fund	[\$4.2 million]	\$0	\$0
ADDI	\$0	\$0	\$0
<i>Total Set-Asides</i>	<i>\$16.2 million</i>	<i>\$0</i>	<i>\$0</i>
Formula Grants	\$1.80 billion	\$1.825 billion	\$1.647 billion
Homeless Programs	\$1.677 billion	\$1.865 billion	\$2.055 billion
Housing Counseling	\$65 million	\$87.5 million	\$88 million
Lead Hazard Control	\$140 million	\$140 million	\$140 million
Self-Help and Assisted Homeownership Program (SHOP)	\$64 million	\$82 million	\$0
Section 202 for the Elderly	\$765 million	\$825 million	\$274 million
Section 811 for the Disabled	\$250 million	\$300 million	\$90 million

The Washington Report
February 26, 2010 – Page 11

HOPWA	\$310 million	\$335 million	\$340 million
Program	FY09 Enacted Level	FY10 Enacted Level	FY11 President's Proposed Funding Level
Fair Housing	\$53.5 million	\$72 million	\$61 million
Section 8 TBRA	\$15 billion	\$16.3 billion	\$19.5 billion
Section 8 Project-Based Assistance	\$6.868 billion	\$8.3 billion	\$9.376 billion
Public Housing Capital	\$2.45 billion	\$2.5 billion	\$2 .044 billion
Public Housing Operating	\$4.45 billion	\$4.775 billion	\$4.829 billion
HOPE VI	\$100 million	\$135 million	\$0^
Choice Neighborhoods	\$0	\$65 million	\$250 million
Energy Innovation Fund	\$100 million	\$100 million	\$0
Native American Housing Block Grant	\$645 million	\$700 million	\$578 million
Native Hawaiian Housing Block Grant	\$10 million	\$13 million	\$10 million
Indian Housing Loan Guarantees	\$9 million	\$7 million	\$9 million
Native Hawaiian Loan Guarantees	\$1 million	\$1 million	\$0

^HOPE VI replaced by the Choice Neighborhoods Initiative