

FROM: NCDA STAFF

DATE: May 20, 2010

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FY11 Budget Resolution; Appropriations Bills Unlikely this Year

As of now, Congress is unlikely to enact a FY11 budget resolution. A budget resolution sets an overall spending framework for Congress to follow, and approving a resolution is the first step in the appropriations process; however, Congress does not have to enact a budget resolution in order to begin the appropriations bills. While the Senate Budget Committee marked-up its version of a budget resolution on April 21 and 22 and forwarded it to the full Senate for a vote, the full Senate will likely not have the time – nor the appetite – to wrangle with a final resolution. House Speaker Nancy Pelosi said the House will not focus on a budget resolution this year due to time spent on more pressing matters – health care reform, financial reform, tax extender bill, and the like. Moreover, with the upcoming elections in November, congressional democrats do not want to focus on the deficit and other spending issues highlighted in a budget resolution.

The future does not look good for passage of most of the FY11 appropriations bills this year – including the Transportation, HUD bill. While both the House and Senate appropriations

subcommittees have held hearings on various portions of HUD's FY11 budget request, Congress will likely not have the time to complete a bill. Congress will likely try to tackle funding for Defense, Homeland Security, and the Veterans Administration, but funding for other federal agencies will likely fall under a Continuing Resolution that will operate federal programs at their FY10 funding level until a new Congress takes over in January 2011.

FHLBanks Letter of Credit Extension Legislation

On May 13, 2010, Congressmen Bill Pascrell (D-NJ), Charles Boustany (R-LA), and Paul Kanjorsky (D-PA) introduced HR 5311 – the Community Development Financing Act of 2010. The bill amends the Internal Revenue Code of 1986 to make permanent the treatment of municipal bonds guaranteed by the Federal Home Loan Banks as tax exempt bonds through December 31, 2011. The Housing and Economic Recovery Act of 2008 (HERA) amended the Internal Revenue Code of 1986 to add Federal Home Loan Banks (FHLBanks) to the list of Government Sponsored Enterprises permitted to credit-enhance non-housing tax-exempt bonds; however, the provision sunsets on December 31, 2010. HR 5311 has just been folded into the House tax extender/jobs bill (HR 4213), described further within this newsletter, which the full House is expected to vote on this week.

According to the Council of Federal Home Loan Banks, 158 tax-exempt bond transactions have occurred, financing almost \$4.1 billion for projects, since the enactment of HERA. The majority of the transactions have been for small issues, often ignored by other sources of credit-enhancement. According to the Federal Home Loan Banks, 72% of transactions involved deals at less than \$30 million, while 53% involved deals at less than \$10 million. The credit enhancement have helped the following projects:

- 42 educational institutions;
- 61 economic development projects (shopping centers, office buildings, warehouses, hotels, equipment and manufacturing, docks and wharf facilities);
- 30 health care facilities and hospitals (elder housing, nursing homes, wellness centers, rehab facilities, hospitals);
- 6 infrastructure projects (airport, water and sewer); and
- 17 other non-profits (YMCAs, Easter Seals, performing arts)

NCDA continues to support the Federal Home Loan Banks in this effort.

The American Jobs and Closing Tax Loopholes Act (HR 4213)

Congress has reached agreement on a package of tax extenders, including the following. :

- \$1 billion in funding for a one-time capitalization of the National Housing Trust Fund and \$65 million for project-based vouchers to support the Trust Fund;
- one-year extension of the Housing Credit Exchange program – the program allows state

- housing agencies to elect to receive a payment in lieu of a portion of the state's allocation of low-income housing tax credits;
- two-year extension of the Build America Bonds program;
 - provides an additional allocation of Recovery Zone bonds and extends the authorization of the bonds through 2011 – these bonds can be used by municipalities to invest in infrastructure, job training, education, and economic development in areas with high concentrations of poverty, unemployment or home foreclosures;
 - extends the American Recovery and Reinvestment Act small business lending program that eliminated the fees normally charged for loans through the SBA 7(a) and 504 loan programs;
 - one-year extension of the provision allowing for the expensing of costs associated with cleaning up brownfield sites;
 - one-year extension of the provision that excludes any gain or loss from the qualified sale, exchange, or other disposition of any qualified brownfield property from unrelated business taxable income;
 - one-year extension of the New Markets Tax Credit (NMTC) – the NMTC leverages federal tax credits to encourage private investment in businesses in low-income communities;
 - one-year extension of the Empowerment Zone/Renewal Communities designation;
 - the bill would support over 300,000 jobs for youth ages 16 to 21 through summer employment programs through local Workforce Investment Boards;
 - two-year extension of the placed in service date for projects financed with Gulf Opportunity Zone low-income housing tax credits

The House and Senate is expected to vote on the bill this week.

National Infrastructure Bank

In its FY11 budget, the Administration proposed the creation of a \$4 billion dollar National Infrastructure Innovation and Finance Fund. The idea of a national infrastructure bank has been tossed around for decades, but it appears to be gaining traction with congressional democrats. Rep. Rosa DeLauro (D-CT) introduced a bill last year (HR 2521) to create such a structure and Senators Dodd and Hagel introduced a bill as early as 2007 calling for the creation of a national infrastructure bank. Dodd plans to hold hearings on the concept later this summer and the House has already started holding hearings with the Subcommittee on Select Revenue Measures of the House Committee on Ways and Means holding a hearing on May 13, 2010. The bank would be structured in the following manner.

- as an independent government-owned corporation governed by a board appointed by the President;
- it would leverage private dollars to invest in infrastructure projects nationwide;
- it would issue federal bonds and use the proceeds to offer loans and loan guarantees to transportation, environmental, energy and telecommunications projects;

- the bank would be capitalized initially by \$25 billion in federal appropriations (\$5 billion per year over five years); and
- it would buy and sell infrastructure-related loans and securities creating a secondary market for U.S. infrastructure development

Senator Dodd has previously expressed his support for using the bank to fund housing capital projects, such as financing for severely distressed public housing.

SAFE Act Implementation Update

HUD is still working through the implications of the Secure and Fair Enforcement Mortgage Licensing Act (SAFE Act) on HUD programs. The Department is in the process of developing a final rule implementing the SAFE Act requirements. The SAFE Act was enacted by Congress on July 30, 2008 as part of HERA. The Act is designed to enhance consumer protection and reduce fraud by encouraging states to establish minimum standards for the licensing and registration of mortgage loan originators.

On April 22, 2010, NCDA, along with the U.S. Conference of Mayors, National Association of Counties, and the National Association for County Community and Economic Development submitted a letter to Assistant Secretary Marquez voicing concern over how the Act has been interpreted at the State level and asking HUD to confirm our position that the Act does not apply to CPD grantees. A copy of the letter is attached.

Moreover, at the urging of NCDA and other groups, on May 13, 2010, Representatives Barney Frank (D-MA) and Spencer Bachus (R-AL), sent a letter to HUD Secretary Donovan reiterating that States have the authority to exempt state and local government entities who perform loan origination activities because they do not meet the statutory definition of a loan originator under the SAFE Act since they do not engage in loan origination activities for “compensation or gain.”

HUD UPDATE

HUD Releases FY10 Income Limits

HUD released its FY10 income limits on May 14, 2010. HUD is required by law to set annual income limits, adjusted for family size, that determine the eligibility of applicants for HUD’s assisted housing programs. To view the 2010 income limits, go to <http://www.huduser.org>

- HUD has eliminated its “hold harmless” policy which allowed certain metropolitan areas from having their income limits reduced annually. Moreover, HUD is limiting maximum increases and decreases in the income limits from year to year. The new policy limits annual increases and decreases to no more than five percent. HOME program rents will continue to be held harmless, however.
- The Housing and Economic Recovery Act of 2008 (HERA) included a provision which holds harmless tax credit and tax-exempt bond-financed housing projects from annual

reductions. Under the Act, a separate set of income limits will be created for Multifamily Tax Subsidy Projects (projects funded with the low-income housing tax credit and tax-exempt private activity bonds) to ensure income flow from rents are not harmed by decreases in the HUD income limits.

- The FY10 income limits are based on 2006-2008 American Community Survey data, so some communities may see an increase in their FY10 income limits even though local area incomes have been reduced by the recession.
- The income limits apply to all of HUD's programs where income determination is necessary. For CDBG, very low-income and low-income standards are affected. For HOME, 60% of area median and 65% of median are used as income targeting and qualification requirements.
- According to HUD, the 2010 HOME Rent and Income Limits will be issued some time next week. The new rent and income limits become effective 30 days after HUD posts them on its website.

HUD Proposes New Definition of Homelessness

HUD has released a proposal rule seeking comments on the new definition of homelessness. The proposed rule is attached. This is the first step in implementing the HEARTH Act, passed by Congress last year to re-authorize HUD's homeless assistance programs. In general, the proposed rule states the following possible categories that individuals and families may qualify as homeless:

- an individual or family who lacks a fixed, regular and adequate nighttime residence;
- individuals or families who will imminently lose their primary nighttime residence;
- unaccompanied youth and homeless families with children and youth who are defined as homeless under other federal statutes who do not otherwise qualify as homeless under the definition
- any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking or other dangerous or life threatening conditions that relate to violence against the individual or family members that has taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary residence, and who has no other residence and lacks the resources or support networks to obtain other permanent housing.
- The definition for "individual with a disability" is expanded to include individuals with HIV/AIDS.

The proposed rule has various subsets and categories within the definitions above, so we are asking members who administer HUD's homelessness assistance programs to read the proposed rule in full and provide your comments on the new definition of homelessness to vicki@ncdaonline.org no later than June 10, 2010 so that all comments received can be compiled

into a letter to HUD by the June 21, 2010 comment deadline. We also urge you to send a letter directly to HUD, with your comments, by the June 21, 2010.

NSP Profiles Posted

HUD has posted NSP grantee performance data on its website. To review NSP grantees' performance, go to <http://www.hudnsphelp.info/> and follow these basic instructions: (1) select "grantees" from the main page; (2) select "snapshots"; (3) under "national" select "view snapshot"; (4) review the detailed report – scroll through it and it will get you to specific grantees – see the areas in red.

Continuum of Care Application Registration Opens

Applicants must register for HUD's e-snaps system by June 4, 2010, in order to apply for FY10 continuum of care funds. The NOFA will be issued after July 1. Visit HUD's homeless resource center at <http://www.hudhre.info>

EPA NEWS

EPA Announces Brownfields Area-Wide Planning Pilot Program

The Environmental Protection Agency (EPA) has announced the availability of funds under a new Brownfields Area-Wide Planning Pilot Program. Applications are due June 1, 2010. The pilot program will provide funding to facilitate the area-wide approaches to brownfields assessment, cleanup, and re-use. Funds will be targeted to brownfields-impacted areas, such as a neighborhood, district, city block or corridor. The grant funding and direct assistance will result in an area-wide plan which will inform the assessment, cleanup and reuse of brownfields properties and promote area-wide revitalization. The program will award grants up to \$175,000 per grantee. Go to http://www.epa.gov/brownfields/areawide_grants.html

NCDA NEWS

NCDA Receives Grant from the Robert Wood Johnson Foundation

NCDA has received a grant from the Robert Wood Johnson Foundation to fight childhood obesity. NCDA will use the funds to work with its members to develop policies and best practices in the use of their CDBG funds to combat childhood obesity. NCDA will kick-off the project during the 2010 annual conference in Seattle, WA on June 23-26, 2010.

NCDA's Nominations and Elections Committee Selects NCDA Secretary/Treasurer – Full Executive Committee Slate to be Voted in June

NCDA's Nominations and Elections Committee (NEC), consisting of Emory Counts, Chairperson (Daytona Beach, FL); Steve Gartrell (Newton, MA); Scott Stevenson (Los Angeles County, CA); Amintha Cinotti (Providence, RI); Greg Hoover (Grand Forks, ND); Michelle DaRos (Dearborn, MI); and Nancy Mikeska (Conroe, TX) has nominated Bob Gehret (Boston, MA) as NCDA Secretary/Treasurer. Congratulations Bob! The following slate of candidates for NCDA's 2010-2011 Executive Committee will be voted on by the membership during the association's annual business meeting in Seattle, WA on June 26, 2010.

- Lelia W. Allen, President (Orlando, FL)
- Barbara Ross, Vice-President (Denton, TX)
- Robert C. Gehret, Jr., Secretary-Treasurer (Boston, MA)
- Rita J. Pribyl, Immediate Past President (Davenport, IA)

By-Laws Change to be Voted on at the Annual NCDA Business Meeting

During their January 22, 2010 meeting, NCDA's Board of Director, by a majority vote, approved changing the Association's By-Laws to allow co-chairs of NCDA's subcommittees to become automatic members of the Board of Directors. The following section of the By-Laws will be changed, as follows, to meet this requirement.

Section 3.11 – Program and Policy Committee

- (1) strike the second (and third) paragraphs, which read:

“Each subcommittee will have two co-chairs appointed by the President within 30 days of the Annual Membership Meeting. At least one co-chair will be a current board member. Any co-chair that is not a member of the Board of Directors may attend the Board meetings as a non-voting member to provide information regarding subcommittee activities.”

- (2) add the following language (in bold) to the final paragraph:

“The voting members of each subcommittee shall consist of seven at-large members and a minimum of four members from the Board of Directors. The co-chairs of each subcommittee will choose from the pool of at-large members to serve on each subcommittee and the Program and Policy Committee will select the Board members to serve on each subcommittee. **The co-chairs of each standing subcommittee shall automatically be a member of the Board of Directors with all rights and privileges thereto.** The President shall appoint each chairperson of each standing subcommittee within thirty (30) days of the close of the Annual Business Meeting. The President shall define the charge for each subcommittee's yearly work program to the co-chairs at the time of the appointment. Each subcommittee shall meet at least once a year and additionally as needed or on an issue basis.”

The change will be voted on by the membership during the June 26, 2010, annual business meeting.

NCDA Region V/VII Will Hold its First Annual Conference

We are pleased to announce that Region V (Midwest Region: Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin) and Region VII (Great Plains Region: Iowa, Kansas, Missouri, and Nebraska) will come together for the first ever NCDA annual conference in their regions. The 1-1/2 day conference on September 1-2, 2010, will be preceded by a 2-1/2 day CDBG Basics Training on August 30-September 1. Davenport, IA is hosting both events. For more information on the conference go to <http://www.ncdaonline.org/regionalevents.asp> To register

for the CDBG Basics Course, go to <http://www.ncdaonline.org/cdbg.asp>.

Updated 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:

- Session with HUD Deputy Secretary Ron Sims
- 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

You can review the updated agenda and register for the conference at <http://www.ncdaonline.org>.

Upcoming NCDA CDBG Training

CDBG Basics: Training for Practitioners

August 30 - September 2, 2010

Davenport, IA

\$250 members/\$350 non-members

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

Attachments

- Letter to HUD on the SAFE Act; HUD proposed rule on new definition of homelessness; 2010 NCDA Annual Conference Draft Agenda and Registration Form

For questions on the newsletter, please contact Vicki Watson at vicki@ncdaonline.org

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
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