



FROM: NCDA STAFF

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Congress Works on Historic Financial Reform Legislation

Both the House and Senate have passed legislation to reform wall street amidst the scandal that rocked the Nation last year. The House passed H.R. 4173 – the Wall Street Reform and Consumer Protection Act – in December 2009, while the Senate wrapped up its version – the Restoring American Financial Stability Act of 2010 – on May 20, 2010. Both chambers will met last week to begin ironing out the differences in the two versions. Congress hopes to have a final bill to the President by July 4.

Both chambers would create a Consumer Financial Protection Agency (CFPA) designed to protect consumers against unfair and abusive financial services and products, such as predatory mortgages and hidden credit card fees. The House would create a solely independent agency, while the Senate proposes housing the CFPA within the Federal Reserve. For the first time, mortgage originators (the industry which created the predatory mortgages) and payday lenders will have to face federal oversight – through the CFPA.

Both versions include comprehensive mortgage reform and anti-predatory lending measures that require

the mortgage industry to follow sound lending and consumer protection practices, such as:

- ensuring borrowers can afford and repay the loans they are sold;
- mortgage lenders are prohibited from steering borrowers into higher cost loans;
- mortgage refinancing must provide a net tangible benefit to the borrower;
- limits the prepayment penalties charged to borrowers who want to refinance their loan;
- for the first time, the secondary mortgage market will have to comply with these standards when purchasing loans and turning them into securities;
- creates an Office of Housing Counseling within HUD to boost homeownership and rental housing counseling

The House has appointed the following representatives to serve as conferees: Rep. Barney Frank (D-MA), Paul Kanjorski (D-PA), Maxine Waters (D-CA), Carolyn Maloney (D-NY), Luis Guitierrez (D-IL), Mel Watt (D-NC), Gregory Meeks (D-FL), Dennis Moore (D-KS), Mary Jo Kilroy (D-OH), Gary Peters (D-MI), Spencer Bachus (R-AL), Joe Barton (R-TX), Sam Graves (R-MO), Darrell Issa (R-CA), Frank Lucas (R-OK), Lemar Smith (R-TX), Ed Royce (R-CA), Judy Biggert (R-IL), Shelley Moore Capito (R-WV), Jeb Hensarling (R-TX), and Scott Garrett (R-NJ).

The following persons will serve as Senate conferees: Senator Chris Dodd (D-CT), Blanche Lincoln (D-AR), Tim Johnson (D-SD), Patrick Leahy (D-VT), Tom Harkin (D-IA), Jack Reed (D-RI), Charles Schumer (D-NY), Richard Shelby (R-AL), Saxby Chambliss (R-GA), Bob Corker (R-TN), Mike Crapo (R-ID), and Judd Gregg (R-NH)

Tax Extender Bill Update

H.R. 4213 – the American Jobs and Closing Tax Loopholes Act of 2010 (the tax extender bill) – is being debated in the Senate. Senate Majority Leader Harry Reid (D-NV) released a substitute for H.R. 4213, which the House passed on May 28. The Reid substitute contains Medicaid payments to the states that were removed from the House bill. It also includes an extension of the first-time homebuyer \$8,000 tax credit, which expired on April 30, 2010. A vote on the bill in the Senate is expected as early as this week.

House Passes FHA Reform Legislation

After countless hearings and testimony on ways to improve the Federal Housing Administration, the House passed H.R. 5072 – the FHA Reform Act of 2010 – on June 10 by a vote of 406-4. According to HUD, FHA has helped nearly 37 million households attain homeownership since 1934. Rep. Maxine Waters (D-CA), Chairwoman of the Subcommittee on Housing and Community Opportunity, drafted the legislation in response to the FHA's reserve levels dipping below the mandatory two percent level.

The legislation would give FHA the authority to increase the annual mortgage insurance premium (and the upfront insurance premium, if needed) on purchase loans and refinances, enhance FHA's ability to hold lenders accountable for loans made in violation of FHA underwriting standards through tougher enforcement, and allow FHA to increase the required down payment for purchase loans (3.5% for purchasers with a FICO score of 580 or higher and 10% for purchasers with a FICO score of 500-579). The legislation also requires FHA to improve its internal controls to better manage risk. This includes improving monitoring of early defaults and claims, allowing FHA to contract out for additional credit risk analysis and requiring the Government Accountability Office to conduct a study on FHA.

Administration Directs Federal Agencies to Cut Their Budgets

In an effort to trim the deficit, the Administration, spearheaded by the Office of Management and Budget (OMB) and White House Chief of Staff Rahm Emanuel sent a memorandum to all federal agencies directing them to "volunteer" programs for elimination in order to cut at least five percent from their budgets. Federal agencies have until September 13, 2010, to provide their lists to OMB. OMB will use the lists in preparing the FY 2012 Federal Budget.

HUD NEWS

GAO Releases Report on ESG Administrative Costs

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) directed the General Accountability Office (GAO) to study the appropriate administrative costs of HUD's Emergency Shelter Grants (ESG) Program.

Besides meeting with NCDAs (including NCDAs's Housing Subcommittee) and several other interest groups, GAO visited ESG grantees and sub-grantees in four states (State of California, City of Oakland, City/County of San Francisco, State of Michigan, City of Detroit, State of Pennsylvania, City of Philadelphia, State of Georgia, City of Atlanta, and their sub-grantees). As NCDAs has been saying for years, GAO found that the ESG program's five percent administrative allowance did not fully cover the cost of the administrative activities. To cover unfunded ESG costs, grantees and sub-grantees used other sources. The grantees and sub-grantees estimated that these unfunded administrative costs averaged 13.2 percent. The HEARTH Act increases the administrative fee from five percent to 7.5 percent; however, ESG grantees interviewed by GAO indicated they expect for administrative costs to increase with the implementation of the HEARTH Act, given the new activities within the Act. The Act authorized new eligible homeless activities, such as short-term rental assistance, medium-term rental assistance, security deposits, utility deposits and payments, and moving costs.

GAO conceded in its report findings that it is difficult to determine an appropriate administrative fee for ESG at this point, given the uncertainty of when the HEARTH Act will be implemented, and given the variations in existing program activities. On a final note, HUD told GAO, "that some grantees and sub-

grantees appear to be confusing program and administrative costs, thus overstating any need for a larger administrative allowance.”

The report was forwarded to the congressional authorizing and spending committees which oversee HUD’s programs. For a copy of the report go to <http://www.gao.gov> and type in GAO-10-491 into the search engine.

HUD Announces 2010 NOFA Schedule

HUD has released a schedule of upcoming NOFAs. Of interest to NCDA members are the following:

- **Sustainable Communities Regional Planning Grants NOFA**
Release Date: June 2010
- **Sustainable Communities Challenge Grants NOFA**
Release Date: June - July 2010
- **Lead Hazard Reduction NOFA**
Release Date: June - July 2010
- **Continuum of Care NOFA**
Release Date: July - August 2010
- **CPD TA and Capacity Building NOFA**
Release Date: August - September 2010

Low-Mod Income Summary Data

Low- and moderate-income summary data, adjusted for the latest official boundary changes used in IDIS Online for 2010, has been posted to HUD’s web site at:

<http://www.hud.gov/offices/cpd/systems/census/lowmod/>

Those with questions may contact Abu Zuberi in CPD’s Systems Development and Evaluation Division, at 202-402-3351.

CDBG-R and NSP2 Grantees with Expiring CCRs

Recovery Act grantees may be unaware that their Central Contractor Registry (CCR) registration expires and must be renewed. According to HUD, several grantees have been unable to submit their quarterly ARRA reports because their registration had expired. Grantees must maintain current registration at CCR to receive federal grant funding and to report on Recovery Act funds in FederalReporting.gov. HUD’s Office of Departmental Grants Management Oversight has compiled a

list of all HUD grantees whose CCR registrations will expire on or before July 31, 2010. ODGMO will contact these grantees directly.

CDBG-R Progress Update

As of June 1, 2010, 25% of CDBG-R funds (over \$245 million) have been drawn down. As of May 17, 2010, 117 grantees (10% of all grantees) have expended 100% of their CDBG-R funds. On the other hand, 174 grantees have yet to draw down any of their funds, and 223 grantees have drawn down less than 10% of their funds. Nationally, nearly 86% of CDBG-R funds have been associated to specific activities within IDIS.

Grantees are reminded that they have until June 14 to make corrections in their April reports, in response to HUD review comments and error messages. Grantees are strongly urged to make these corrections prior to copying the April report data forward into their July report.

NSP Update

- HUD NSP Help Website
HUD is currently providing webinars on various aspects of NSP. For more information about the webinars and to sign up for the NSP listserv go to <http://www.hudnsphelp.info/>
- NSP 3 Funding
HUD Secretary Donovan released a press release on May 18, 2010 that announced the Obama Administration's support of additional NSP monies. Part of this will include the reallocation of NSP1 funds that have not been committed to specific projects by the 18-month obligation date. The funds will be recaptured and reallocated to the hardest hit local communities. HUD estimates that 70% of NSP1 funds will be obligated by the 18-month deadline, resulting in approximately \$1 billion in reallocated funds.

The Administration is also supportive of a third round of funding for NSP (NSP3). HUD plans to work with Congress to make NSP3 more flexible for grantees. The House version of the Financial Reform bill includes \$1 billion for NSP3, but given the call to reduce the deficit, it is not clear if the funding will make it through conference. NCDA and other local government groups sent a letter to the conferees supporting the NSP3 funding.

- NSP Fixes
Rep. Maxine Waters (D-CA) will hold a hearing on fixes to NSP some time in June. Assistant Secretary for CPD Mercedes Marquez is expected to testify. NCDA will submit written comments.
- 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.

“Pre-Notice” for Choice Neighborhoods Funding Issued

HUD has posted a Notice of Funding Availability (NOFA) Pre-Notice to assist potential applicants prepare for the upcoming Choice Neighborhoods competitive funding process. The NOFA Pre-Notice identifies key program elements and outlines the framework of the competition HUD will use to award the FY10 funding. The NOFA will be issued this summer. Go to <http://www.hud.gov/offices/pih/programs/ph/cn/>

OTHER FEDERAL NEWS

DHS Preparedness Grants Available

On May 12, the Department of Homeland Security (DHS) announced the availability of \$709 million in FY 2010 preparedness grants funding, including:

- Transit Security Grant Program; \$253.4 million
- Intercity Bus Security Grant Program; \$11.5 million
- Port Security Grant Program; \$288 million
- Buffer Zone Protection Program; \$48 million
- Emergency Operations Centers; \$57.6 million
- Interoperable Emergency Communications Grant Program; \$48 million
- Driver's License Security Grant Program; \$48 million

For additional information, go to <http://www.dhs.gov>

NCDA NEWS

NCDA Creates Student Membership Category

At its January 2010 meeting, the NCDA Board of Directors approved the Membership Subcommittee's recommendation to create a student membership category within NCDA's membership structure. The student membership category applies to college students, including graduate students. The annual membership fee is \$50.00 per student. Student members will receive the newsletter and access to the Jobs/Internships Board.

NCDA created the new membership category as a way of attracting students into the community

development profession and as a means of assisting students in locating internships and jobs in the community development field. We encourage members to post internships on the newly renamed NCDA Jobs/Internships Board.

Final Annual Conference Agenda 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 final conference agenda has been posted to the NCDA website at <http://www.ncdaonline.org>. 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 conference will feature the following:

- 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
- Local Projects Tour
- John Sasso Community Development Week Awards Luncheon
- HUD Deputy Secretary Ron Sims will be the featured luncheon speaker

NCDA Region V/VII Annual Conference

Region V/VII will hold a 1-1/2 day conference in Davenport, IA on September 1-2, 2010. The conference will be preceded by a 2-1/2 day CDBG Basic Training on August 30-September 1. For more information on the conference go to <http://www.ncdaonline.org/regionalevents.asp>

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>

HOME Basic Training for Practitioners

October 4-6, 2010

Providence, RI

\$275 members/\$375 non-members

For course overview and registration form, go to <http://www.ncdaonline.org/home.asp>

Questions?

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