



FROM: NCDA STAFF

DATE: February 25, 2011

**National Community Development Week is April 25-30, 2011
NCDA Annual Conference – Cincinnati, OH – June 22-25, 2011**

NCDA is Accepting Bid Proposals to Host the 2012 or 2013 Annual Conference

FEATURED ARTICLES

- ✓ *Call to Action; CDBG Under Assault*
- ✓ *Administration Releases FY12 Budget*
- ✓ *House Targets NSP, HAMP, and Other Programs for Rescission*
- ✓ *Public Housing Preservation Bill Introduced*
- ✓ *HUD NEWS – HUD Announces Economic Development Webinars; HOME 20th Anniversary Celebration; Tips for Reporting CDBG Accomplishments in IDIS*
- ✓ *NCDA NEWS – [NEWS](#): National Community Development Week: April 25-30, 2011; CDBG and HOME Training Available; 2011 Annual Conference; 2012 and 2013 Conference Bid Proposals; Advertise Your Job/Internship Positions; Join NCDA on LinkedIn*

Call to Action; CDBG Under Assault

Congress is in the process of trying to enact a long-term Continuing Resolution (CR) for FY11 funding. Unable to reach agreement in the Fall on FY11 federal spending, Congress chose to enact a short-term CR that expires on March 4. The House of Representatives spent all of January and most of February developing a FY11 funding bill – H.R. 1 – to replace the expiring CR. Over 500 amendments were offered to the measure, which the House debated beginning on February 15th and continuing into the early morning hours of February 19th. Of the 71 amendments that passed, none would affect HUD’s programs. In the end, the Republican-controlled House managed to shave off nearly \$61 billion from FY10 spending levels including nearly \$3 billion from CDBG, leaving \$1.5 billion for the program in FY11. House Appropriations Committee Chairman, Harold Rogers (R-KY), initially released a list of cuts the week of February 7th that included a \$530 million cut to the Community Development Fund, of which we estimated included a \$230 million cut to CDBG formula grants, reducing formula grant allocations to \$3.7 billion. However, the cuts were shot down by conservative

Republicans who demanded Rogers go back to the drawing board to come up with additional cuts. Working with the conservative Republican Study Committee (RSC), House appropriation leadership settled on deeper cuts. CDBG, which is widely unpopular with the RSC, was decimated, receiving a cut of 62.5 percent from the President's FY11 budget proposal, from \$3.99 billion to \$1.5 billion. H.R. 1 also contains a provision to eliminate any unobligated ARRA funding (CDBG-R included).

The President issued a statement in opposition to H.R. 1 saying that the deep cuts proposed in the House resolution would “undermine our ability to out-educate, out-build, and out-innovate the rest of the world.” The President committed to vetoing a bill that “curtails the drivers of long-term economic growth and job creation.”

The Senate begins work on its FY11 spending measure next week. Senator Harry Reid (D-NV), Senate Majority Leader, will likely seek a temporary three-week CR, to allow the Senate ample time to draft a bill. House Leader, John Boehner (R-OH), wants to see some level of cuts to FY11 funding in the temporary CR. While Reid does not like this idea, he may propose some minor cuts in order to avoid a government shut down on March 5. Senate Democrats have endorsed the President's five-year discretionary spending freeze – signaling that some deep cuts are on the way. Mitch McConnell, Senate Minority Leader, says Republicans will push the Senate to embrace the grand total of cuts approved by the House, but not necessarily line-for-line every cut approved by the House. In either case, our core program – CDBG – is at risk of significant cuts.

NCDA has been meeting with Senate staff and they asked us to urge you, CDBG grantees, to request a face-to-face meeting with your Senator to explain what will happen in your city/county if CDBG is cut by 62.5%, as proposed by the House. They also recommended that you invite a subrecipient or beneficiary to attend the meeting with you, someone who can make the case for CDBG. According to staff, Senators want to hear from folks who will be directly affected by CDBG cuts and see the projects funded with CDBG, so invite them to tour your projects. Your Senators are in their district offices this week. They will have another week-long district work period the week of March 21. Moreover, they are back home on Fridays and Mondays, typically, so there are plenty of opportunities for you to meet with your Senators. According to Senate staff, these meetings should be done as soon as possible, particularly for FY11 funding, as the process is moving quickly. Subcommittee staff told us that Senator Murray (D-WA), Chairperson of the Transportation-HUD Subcommittee, supports CDBG, but will need support from as many Senators as possible to ensure that CDBG is not cut significantly. With so many other programs on the chopping block, it will come down to which constituents scream the loudest over funding, according to staff. In order to stave off major funding cuts to the program in FY11 and FY12, we need you to take the immediate actions.

IMMEDIATE ACTIONS

1. Meet with your Senators as soon as possible

- Contact their district office directly. District office phone numbers are located on your Senator's website at www.senate.gov.

- Bring a subrecipient or beneficiary, or both, with you “to put a face to the cuts” and to make the case for CDBG.
- You may want to coordinate your meeting with other CDBG grantees in your State.

The U.S. Conference of Mayors has developed a database which shows how much cities will lose if their current allocation is cut by 7.5% (the Administration’s proposal) or by 62.5% (the House proposal). Please go to <http://www.usmayors.org/cdbg/> to access this information. Please share this information with your congressional delegation.

2. Ask Your Congressional Members to Participate in CD Week

Reach out to your congressional members now and ask them to participate in your 2011 National Community Development Week activities. National Community Development Week will be celebrated April 25-30.

3. Activate Your Subrecipients and Beneficiaries

Ask them to attend congressional visits with you. Ask them to send letters of support for the program along with stories of how the cuts will affect them.

4. Contact Your Local Press

Work with your local press to develop a positive story on CDBG. Invite your local press to visit your CDBG-funded projects. Hold a press conference with your mayor, subrecipients, and beneficiaries. Send in an op-ed piece to your local paper. Please use the example developed by John Callow (Murfreesboro, TN) at <http://www.ncdaonline.org/CDBG%20Op-Ed%20piece.doc>

5. Call Congress

Go to www.house.gov and www.senate.gov or call the Capitol Hill switchboard at 202-224-3121. Ask your congressional members to support full funding of CDBG – \$3.99 billion in formula grants – in FY11 and FY12.

6. Send Letters of Support for CDBG

Use the sample letter at <http://www.ncdaonline.org/sample%20letter.pdf> and the fact sheet at <http://www.ncdaonline.org/CDBG%20Fact%20Sheet.doc>

7. Sign the CDBG Petition

NCDA has posted a petition on its website to save CDBG funding. Please sign the petition and have your subrecipients and beneficiaries do the same. We will present the petition to congressional leaders at the end of National Community Development Week. To sign the petition, go to <http://www.ncdaonline.org/cdbgp petition.asp>

Administration Releases FY12 Budget

CDBG, HOME, BEDI, Section 108

The Administration's FY12 budget reduces funding for CDBG by 7.5 percent – or \$300 million – and HOME by 9.5 percent – or \$175 million. The Administration requests \$3.781 billion for the Community Development Fund, with \$3.691 billion allocated to CDBG formula grants. The Sustainable Communities Initiative, formerly funded as a set-aside within the Community Development Fund, is funded as an independent account. The budget eliminates funding for the Brownfields Economic Development Initiative (BEDI) and proposes that the administrative costs for Section 108 be funded from a user fee. This idea was proposed in the Administration's FY11 budget, too. The Administration requests \$1.690 billion in formula funding for HOME, a \$175 million decrease from FY10.

Growth Zones

The Administration includes a proposal for a new national competition to identify 20 Growth Zones (likely 14 urban zones and 6 rural zones) across the country. These growth zones are designed to build on the successes of the Empowerment Zones and will “provide streamlined support to distressed communities,” according to the Administration. Designated Growth Zones will receive planning grants, seed capital, and technical assistance through the Economic Development Administration (EDA) and tax incentives through the Department of Treasury. HUD will assist the EDA in selecting the zones and in providing technical assistance to the selected sites.

Homeless Assistance Programs

The HUD budget will move forward with implementation of the HEARTH Act, legislation that combined HUD's three competitive homeless assistance programs – Shelter Plus Care, Supportive Housing, and Section Moderate Rehabilitation SRO – into a single Continuum of Care program. The HEARTH Act also replaced the Emergency Shelter Grants Program with the Emergency Solutions Grant Program, which places a greater emphasis on homelessness prevention. Like the Emergency Shelter Grants Program, the Emergency Solutions Grant Program will be formula allocated to State and local governments. HUD is requesting a total of \$2.37 billion for homeless assistance grants in FY12. Included in this request is \$1.91 billion for competitive renewals in the Continuum of Care Program, \$286 million for the Emergency Solutions Grant Program, \$50 million for incentives for public housing agencies and private owners of HUD-assisted housing to serve additional homeless households in high-need areas, and approximately \$130 million for new competitive projects in the Continuum of Care Program, along with funding for the national homeless data base project, and the Rural Housing Stability Assistance Program.

The HUD budget calls for \$75 million in Veterans Affairs Supportive Housing (VASH) vouchers to be funded out of HUD's Section 8 account. VASH combines tenant-based rental assistance from HUD with case management and clinical services from HHS for homeless

veterans and their families. Moreover, HUD is requesting \$56.9 million in HUD-HHS vouchers to provide rental assistance to homeless families and chronically homeless persons. HUD will fund the voucher assistance while HHS will provide case management and services.

Fair Housing

HUD is requesting \$72 million for fair housing in FY12. Of this amount, \$42.5 million would be directed to HUD's Fair Housing Initiatives Program (FHIP) to educate the public about fair housing rights and to conduct private enforcement of the Fair Housing Act. Another \$29.5 million would be allocated to the Fair Housing Assistance Program which funds State and local government agencies that enforce fair housing laws.

Office of Healthy Homes and Lead Hazard Control

The HUD budget calls for \$140 million for the Office of Healthy Homes and Lead Hazard Control. Of this amount, \$96 million would be allocated to the Lead-Hazard Reduction Grant Program to communities for lead hazard reduction in low-income housing; \$40 million would be allocated to Healthy Homes grants; and \$4 million in technical assistance.

Sustainable Communities

HUD is requesting \$150 million in sustainable housing and communities funding in FY12. According to HUD, the majority of this funding will be directed to the Sustainable Communities Regional Planning Grant program to spur regional planning in economic development, housing, and transportation. Some of the funds will be directed to HUD's Community Challenge Grant program to support local efforts to reduce regulatory barriers to affordable housing.

Choice Neighborhoods

HUD is requesting \$250 million for its Choice Neighborhoods Program in FY12. The Choice Neighborhoods Program replaces the HOPE VI Program. According to HUD, this appropriation level will provide competitive Implementation Grants in the range of \$35 - \$45 million to transform 5-7 neighborhoods. Up to \$25 million of the allocation will be made available for competitive Planning Grants to initiate comprehensive neighborhood planning around distressed assisted and/or public housing.

Technical Assistance

As part of its technical assistance funding in 2012, the Department will implement a new initiative – involving twelve other agencies, including the White House – aimed at improving the capacity of local governments in chronically distressed cities and in developing partnerships to support job creation. As part of this initiative, HUD will support the creation of a National Resource Bank (NRB). The Bank is so named because it will be a repository of technical assistance for local governments across the nation, but will not provide direct financial resources. The NRB will align and aggregate public and private funds to provide cities with tailored technical support through a one-stop shop of national experts with wide-ranging skills that are critical for economic development. These include fiscal reforms, re-purposing land use, and business cluster and job market analysis, to name a few.

Rental Assistance

As in past years, most of the 2012 HUD budget is dedicated to rental assistance. Nearly 72% of the HUD budget goes towards funding rental assistance programs. HUD has requested the following funding in FY12.

- \$19.22 billion in section 8 tenant-based rental assistance (Housing Choice Voucher Program) (a 6 percent increase from FY10)
- \$9.43 billion in project-based rental assistance (a 10 percent increase from FY10)
- \$3.96 billion in public housing operating funds
- \$2.41 billion in public housing capital funds

Housing Counseling

The budget requests \$88 million for housing counseling. Housing counseling funds are funneled to local and state counseling agencies which help clients on several different fronts including avoiding foreclosure, improving credit scores, and qualifying for a mortgage.

LIHTC

The Low Income Housing Tax Credit (LIHTC) is the primary tool for developing and rehabilitating affordable rental housing through tax incentives to developers who then agree to restrict a percentage of the unit rents to an affordable level. The Department of Treasury proposes the following two changes to the LIHTC in its FY 2012 Budget:

- income averaging – this change would allow LIHTC properties to serve higher income tenants than is currently allowed. It would replace the current cap on household income at 60 percent of area median income with a cap of 80 percent.
- basis boost – this change would allow an increase of 30% in a LIHTC property's eligible basis (the amount of tax credits a property can receive) if the property meets certain criteria aimed at preserving federally-assisted low-income housing.

National Affordable Housing Trust Fund

The HUD Budget calls for the funding of the National Affordable Housing Trust Fund (NHTF) at \$1 billion. "The HTF is part of HUD's strategy to provide affordable housing to extremely-low and very-low income households," according to HUD. Distributed by formula to State agencies, NHTF funds will be used to acquire, construct, or rehabilitate rental units. The \$1 billion funding level is being requested as a mandatory expenditure within the budget, which means that HUD will have to work with Congress to locate an off-set somewhere else in the overall federal budget to fund it.

Section 202 and Section 811

The Section 202 program provides capital advances and operating subsidies to non-profit sponsors to construct and manage properties for the elderly. The Administration calls for \$757

million for Section 202 in FY12, a \$483 million increase from FY10. The Section 811 program funds similar activities, but for low-income persons with disabilities. The Administration is requesting \$196 million for Section 811 in FY12 for new capital advances, operating assistance, and new Section 8 project-based subsidies for approximately 19,000 units. In addition, HUD is requesting \$114 million for the renewal of existing contracts through the Section 8 tenant-based rental assistance account.

House Targets NSP, HAMP, and Other Programs for Rescission

On March 2, the House Insurance, Housing and Community Opportunity Subcommittee of the Financial Services Committee will hold a hearing on “Legislative Proposals to End Taxpayer Funding for Ineffective Foreclosure Mitigation Programs.” The hearing will attempt to undermine the effectiveness of NSP, HAMP, Emergency Homeowners Relief Program, and the FHA refinance program. On March 3, several bills will be introduced by Republican members of the Subcommittee to reduce or rescind funding for these programs. Although legislation will likely move through the House to de-fund these programs, it is highly doubtful the Senate will approve any attempts to stymie these programs and the President will certainly not sign such legislation.

Public Housing Preservation Bill Introduced

On February 17th, Rep. Maxine Waters (D-CA) introduced H.R. 762. The bill would:

- authorize HUD’s Choice Neighborhoods Initiative, which replaces the existing HOPE VI Program
- require the replacement of all public housing units lost through demolition and disposition, through eminent domain, and through conversion of public housing units to tenant-based vouchers
- create a loan guarantee program to finance the rehabilitation of existing public housing, make energy improvements to public housing, and for the construction, purchase, rehabilitation, or conversion of units to replace public housing units that have been disposed of or demolished
- allow conversion of public housing to assisted living facilities
- provide grants to four public housing agencies to conduct a demonstration program to train public housing residents as home health aids to elderly and disabled residents of public and assisted housing

The bill has been referred to the House Financial Services Committee. With the Republicans in control of the House, the measure will likely not move this year, unless portions of the bill can

be peeled off and inserted into major legislation that is moving through the House.

HUD NEWS

HUD Announces Economic Development Webinars

The Office of Block Grant Assistance will hold four economic development webinars during March. These webinars will provide training on how CDBG and Section 108 loan guarantees can be used to support economic development and job creation.

- Wednesday, March 2, 2011, 2:00 - 3:00 pm EST: CDBG Economic Development for Entitlements
- Wednesday, March 9, 2011, 2:00 - 3:00 pm EST: CDBG Economic Development for States
- Wednesday, March 16, 2011, 2:00 - 3:00 pm EST: Section 108 Program, Economic Development (for both states and entitlements)
- Wednesday, March 30, 2011, 2:00 - 3:00 pm EST: Open Forum/Question and Answer Discussion on CDBG and Section 108 Economic Development (for both states and entitlements). Submit your questions for this webinar at CDBGEDquestions@hud.gov.

To view the webinars, go to www.hud/webcasts/schedule/

HOME 20th Anniversary Celebration

The HOME 20th Anniversary Conference will be held May 2-4, 2011 in Washington, DC. To register for the conference, go to www.hometa.info.

Tips for Reporting CDBG Accomplishments in IDIS

Accurate accomplishment and performance measurement data are critically important to ensure CDBG results are not undercounted or misrepresented. The Office of Block Grant Assistance recently delivered the attached powerpoint presentation at the 2011 NCDA Winter Conference in Washington, DC. The presentation highlights the most frequent reporting errors by CDBG grantees and presents the correct way to report the data. Please share this information with the person on staff who is responsible for inputting CDBG data into IDIS. In addition, the complete set of training materials from HUD's IDIS training sessions held during the past year is available at <http://www.comcon.org/programs/idis.html>.

NCDA NEWS

National Community Development Week: April 25-30, 2011

National Community Development Week is fast approaching. Congress will be in recess this week, so remember to invite them to your CD Week activities (e.g., tour of CDBG-funded projects, ribbon-cutting, coffee or lunch with CDBG subrecipients and beneficiaries, etc.). The

National CD Week Guidebook is posted to the NCDA website. Please use the guide as a resource tool in planning your CD Week activities. Hopefully, your CD Week activities are well in the planning stages. With this year being an especially difficult budget year for CDBG, we need you to conduct CD Week activities.

CDBG and HOME Training Available

NCDA will hold a three-day CDBG Basics Course in Oakland, CA on April 11-13, 2011. For more information and to register, go to www.ncdaonline.org/cdbg.asp. NCDA will also hold a three-day HOME Basics Course in Orlando, FL on May 9-11, 2011. For more information and to register, go to www.ncdaonline.org/home.asp.

2011 Annual Conference

The 2011 NCDA Annual Conference will be held in Cincinnati, OH on June 22-25. To view the conference agenda and to register, go to www.ncdaonline.org.

2012 and 2013 Conference Bid Proposals

NCDA is accepting bid proposals from member cities/counties to host the 2012 or the 2013 NCDA Annual Conference. Proposals are due to NCDA on or before Friday, April 29, 2011. Go to <http://www.ncdaonline.org/documents/AnnualConferenceBidProposal2012-2013.pdf>

Advertise Your Internship Positions on the NCDA Website

NCDA's Membership Subcommittee created a student membership category within the NCDA membership structure last year. 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 young professionals into the community development profession and as a means of assisting students in locating internships and jobs in the community development field. With that being said, we strongly encourage members to post internships on the newly renamed NCDA Jobs/Internships Board on NCDA's website at www.ncdaonline.org and to encourage college students in your community to join the Association.

Join NCDA on LinkedIn

Thanks to former NCDA President, Steve Gartrell, members can now join the NCDA Community LinkedIn group, a free tool which allows NCDA members and alumni members to network with fellow CD professionals. We would like to invite you to join the NCDA Community LinkedIn groups.

If You Are Currently a Member of LinkedIn:

- (1) go to <http://www.linkedin.com>
- (2) search by "Group"
- (3) type in "NCDA"

(4) click the button that reads “Join Group”

New LinkedIn Members:

(1) join LinkedIn by going to <http://www.linkedin.com>

(2) once you are registered, search by “Group”

(3) type in “NCDA”

(4) click the button that reads “Join Group”

Questions? Please contact Steve Gartrell at sgartrell1@gmail.com or 508-651-2592.

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

Program	FY10 Enacted Level	FY11 House Approved Level (2/19/11)	FY11 Senate Committee Level (111 th Congress)	FY12 President's Proposed Level
Community Development Fund	\$4.450 billion	\$1.500 billion	\$4.450 billion	\$3.804 billion
<i>Set-Asides:</i>				
Sustainable Communities	[\$150 million]	\$0	[\$150 million]	0
Catalytic Investment	\$0	\$0	\$0	0
Native American Block	[\$65 million]	\$0	[\$65 million]	[\$65 million]
University Community Fund	[\$25 million]	\$0	[\$25 million]	[\$23 million]
EDI Grants	[\$172.8 million]	\$0	[\$173 million]	0
Neighborhood Initiatives	[\$22 million]	\$0	[\$22 million]	0
Rural Innovation Fund	[\$25 million]	\$0	[\$25 million]	[\$25 million]
Insular Areas	\$0	\$0	\$0	[\$7 million]
<i>Total Set-Asides</i>	<i>[\$265 million]</i>	\$0	<i>[\$460 million]</i>	<i>[\$120 million]</i>
Formula Grants	\$3.990 billion	\$1.500 billion	\$3.990 billion	\$3.684 billion
Section 108 Loan Guarantees	\$275 million	\$0	\$275 million	\$500 million
Brownfields	\$17.5 million	\$0	\$0	\$0
HOME Program	\$1.825 billion	\$1.650 billion	\$1.825 billion	\$1.650 billion
<i>Set-Asides:</i>				
Technical Assistance	[\$0]	[\$0]	[\$0]	[\$0]
Insular Areas	[\$0]	[\$0]	[\$0]	[\$3 million]
Formula Grants	\$1.825 billion	\$1.650 billion	\$1.825 billion	\$1.647 billion
Homeless Programs	\$1.865 billion	\$1.865 billion	\$2.055 billion	\$2.372 billion
Housing Counseling	\$87.5 million	\$0	\$100 million	\$88 million
Lead Hazard Control	\$140 million	\$120 million	\$140 million	\$140 million
Self-Help and Assisted Homeownership Program	\$82 million	\$27 million	\$82 million	\$0
Section 202 for the Elderly	\$825 million	\$238 million	\$825 million	\$757 million
Section 811 for the Disabled	\$300 million	\$90 million	\$200 million	\$196 million
HOPWA	\$335 million	\$335 million	\$340 million	\$335 million

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Program	FY10 Enacted Level	FY11 House Approved Level (2/19/11)	FY11 Senate Committee Level (111th Congress)	FY12 President's Proposed Level
Fair Housing	\$72 million	\$72 million	\$72 million	\$72 million
Section 8 TBRA	\$16.3 billion	\$19.396 billion	\$19.396 billion	\$19.223 billion
Section 8 Project-Based Assistance	\$8.3 billion	\$9.376 billion	\$9.4 billion	\$9.429 billion
Public Housing Capital	\$2.5 billion	\$2.5 billion	\$2.5 billion	\$2.4 billion
Public Housing Operating	\$4.775 billion	\$4.829 billion	\$4.8 billion	\$3.962 billion
HOPE VI	\$135 million	\$0	\$0 [^]	\$0
Choice Neighborhoods	\$65 million	\$0	\$250 million	\$250 million
Energy Innovation Fund	\$100 million	\$0	\$0	\$0
Native American Housing Block Grant	\$700 million	\$500 million	\$700 million	\$700 million
Native Hawaiian Housing Block Grant	\$13 million	\$0	\$10 million	\$0
Indian Housing Loan Guarantees	\$7 million	\$0	\$9 million	\$7 million
Native Hawaiian Loan Guarantees	\$1 million	\$0	\$1 million	\$10 million

[^]HOPE VI replaced by the Choice Neighborhoods Initiative

*HUD programs are operating at FY 10 funding levels through December 3, 2010.

