



FROM: NCDA STAFF

DATE: July 18, 2011

NCDA Advanced CDBG Training – New Bedford, MA – October 17-18
NCDA Advanced CDBG Training – Las Cruces, NM – October 31-November 1
NCDA Advanced CDBG Training – Miami, FL – November 14-15
NCDA CDBG Basics Training – Orlando, FL – December 5-7

FEATURED ARTICLES

- ✓ *Appropriations, Budget Update; Debt Ceiling Negotiations Continue*
- ✓ *Reach Out to Your Congressional Members During the August Recess; Mayors Letter*
- ✓ *House Subcommittee Eliminates National Housing Trust Fund*
- ✓ *HUD NEWS – Section 3 Webinar; SAFE Act Rule Published; HUD Asks for Grantee Input on its Consolidated Plan Enhancement Project; Webinars Announced; HUD Publishes 2011 HOME Rent and Income Limits; HUD Launches Program to Help Homeowners*
- ✓ *NCDA NEWS – 2011/2012 Slate of Officers; CDBG Training Available*

Appropriations, Budget Update; Debt Ceiling Negotiations Continue

The House Subcommittee on Transportation-HUD has pushed back its mark-up of the HUD FY12 appropriations bill. Rumors are surfacing the bill will not be marked up until September. The mark-up was originally scheduled for July 14. Appropriators want to see what kind of deal is struck on the debt ceiling before moving forward with mark-up. The delay puts in jeopardy the House plan to move all of its spending bills out of committee before the August recess. Nine of the twelve appropriation bills will likely be approved by committee by the end of this week. The three remaining bills – Transportation-HUD, State-Foreign Operations, and Labor-HHS – will see some the deepest cuts as part of a Republican effort to cut \$30 billion in overall FY12 spending. The Transportation-HUD subcommittee received an allocation of \$47.6 billion to fund programs within its jurisdiction in FY12. This is \$7 billion (11%) below the FY11 appropriations for the subcommittee and \$27 billion (36%) below the President's FY12 request allocation. Any cuts to HUD will be felt first in CDBG and HOME, the two major block grants

for the agency.

On July 11, Senate Budget Committee Chairman Kent Conrad (D-ND) finally released an outline of a FY12 Senate budget resolution. The resolution has the support of the Budget Committee Democrats, but not the Republicans. Normally, the budget resolution is released in March or April, but Conrad has been waiting for the Gang of Six Senators – Coburn (R-OK), Conrad (D-ND), Chambliss (R-GA), Crapo (R-ID), Durbin (D-IL), and Warner (D-VA) – to come up with a deficit plan to help him frame the budget resolution, but the Gang has yet to reach consensus on a plan. Conrad's plan (S. 1340) would cap spending at \$1.058 trillion, \$8 billion above current levels, and \$39 billion more than adopted by the House for FY12. Domestic discretionary spending would increase by \$15 billion to \$377 billion while defense spending (Defense and Homeland Security) would decrease by \$7 billion to \$681 billion. The plan calls for \$2 trillion in federal cuts over the next ten years coupled with \$2 trillion in new revenues through the closing of tax loop holes and the raising of taxes on the wealthy. The measure has little chance of being approved, however, given the need for 60 votes in the Senate to avoid a filibuster. Virtually all Senate Republicans would oppose the measure along with those Democrats who are up for re-election in the next two years because they are opposed to raising taxes, in any form or fashion.

The House is set to pass a balanced budget constitutional amendment this week as part of H.R. 2560, the Cut, Cap, and Balance Act of 2011, that would impose a severe cap on federal spending and deep cuts to federal programs to meet the cap. The brain child of tea party members (and the House Republican Study Committee), the bill was introduced by Rep. Jason Chaffetz (R-UT), Rep. Mick Mulvaney (R-SC), and Rep. Reid Ribble (R-WI). The bill would require that a balanced budget amendment to the Constitution be in place before the federal debt limit could be raised in the future. The bill would cut federal discretionary spending by \$111 billion in FY12 and slowly reduce and cap federal spending over the next ten years until spending is at 18% of the Gross Domestic Product (GDP). Currently, federal spending is at about 24% of GDP. It would require that a super majority in Congress approve any new tax increases. The White House is opposed to such an idea and the Democratically-controlled Senate does not support it, so it is basically a symbolic move on the part of House leaders to allow tea party members to push forward one of their campaign promises.

After little or no progress by the President and congressional leaders to reach a deal on the debt ceiling, the negotiations now lay in the hands of Senate Majority Leader Harry Reid (D-NV) and Senate Minority Leader Mitch McConnell (R-KY) who are working behind the scenes to craft a plan. All indications point to a deal this week that would avoid a government shutdown by raising the debt limit by \$2.5 trillion (to \$16.8 trillion) over three installments and cut the federal deficit by a minimum of \$1.5 trillion over ten years. The plan would also charge a panel of lawmakers with developing a deficit-reduction plan by the end of the year or early next year that would look at discretionary spending, entitlements, and the tax code for savings. Congress would then have to accept or reject the proposal outright without any amendments. Unfortunately, this keeps the deficit debate in the news through part of the presidential campaign.

Reach Out to Your Congressional Members During the August Recess; Mayors Letter

With the FY12 federal appropriations process underway and with a movement in Congress to decrease federal programs, CDBG and HOME are at risk of deeper discretionary spending cuts in FY12. With Congress in recess the entire month of August, we call upon you to meet with your congressional members to showcase the accomplishments and work of both CDBG and HOME. We ask you to partner with your sub-recipients, beneficiaries, and other grantees to bring a comprehensive focus on CDBG and HOME. We ask you to undertake one or more of the following activities during the August recess.

- A projects tour of CDBG- and HOME-funded projects for your congressional member and/or staff
- A press event involving all CDBG stakeholders
- Highlighting businesses and people who have benefitted from the programs through a direct meeting with your congressional member and/or staff

The CDBG Coalition is working on a press release to announce the month of August as national community development focus month. The Coalition will meet next week and will call for all of its organizations to seek the participation of their members on local activities to promote CDBG and HOME during the month of August. The CDBG Coalition includes the following groups: NCDA, U.S. Conference of Mayors, National League of Cities, National Association of Counties, National Association of Local Housing Finance Agencies, National Association for County Community and Economic Development, National Association of Housing and Redevelopment Officials, YWCA, Habitat for Humanity, American Planning Association, and Rebuilding Together.

The U.S. Conference of Mayors (USCM) is currently circulating a sign-on letter to its members in support of CDBG and HOME in FY12. The letter seeks \$3.9 billion for CDBG and \$1.825 billion for HOME in FY12. The letter will be sent to congressional leaders and appropriators. Currently, 176 mayors have signed the letter (see attached list). If your mayor has not signed the letter, please ask them to do so by e-mailing Gene Lowe at glowe@usmayors.org

House Subcommittee Eliminates National Housing Trust Fund

The House Subcommittee on Capital Markets and Government Sponsored Enterprises passed H.R. 2441, the Housing Trust Fund Elimination Act of 2011, on July 12 on a party-line vote of 18-14. Introduced by Rep. Ed Royce (D-CA), the bill would abolish the National Housing Trust Fund, a program that would provide direct grants to states to develop rental housing for very low income residents. Rep. Royce and other Republican members of the Subcommittee cited the duplicity of the program with other HUD programs and voiced their concern that the program would be used to subsidize lobbying activities of groups such as the now defunct ACORN. The bill now moves to the House Committee on Financial Services for consideration.

HUD NEWS

Section 3 Webinar

The Office of Block Grant Assistance will host a webinar on Thursday, July 21, from 2:00 pm to 3:00 pm, on complying with the Section 3 requirements for CDBG. According to HUD, the webinar is intended to provide an overview of grantee responsibilities with respect to Section 3. The webinar will cover the following topics:

- Purpose of Section 3
- Grantee responsibilities
- Applicability to CDBG-funded activities
- Strategies for implementation
- Tips to overcome obstacles

To register for the webinar, go to: www1.gotomeeting.com/register/684405993. The session will be recorded and materials posted to the HUD website.

SAFE Act Rule Published

HUD's Office of Housing issued the final rule [FR-5271-F-03] for the Secure and Fair Enforcement (SAFE) Mortgage Licensing Act on June 30. The rule sets forth the minimum standards for the state licensing and registration of residential mortgage loan originators. The SAFE Act was enacted as part of the Housing and Economic Recovery Act (HERA) of 2008. HUD was tasked with the responsibility of developing the regulation for the legislation. The Consumer Financial Protection Bureau (created by the Dodd-Frank Wall Street Reform Act) will oversee the SAFE Act implementation. President Obama is expected to appoint the Director of the bureau this week.

Some states, Texas in particular, interpreted the SAFE Act as covering all residential mortgage loan originators, including CDBG and HOME grantees that provide residential mortgages. NCDCA has been fighting this interpretation since passage of the Act and was given assurance from HUD that the regulation would clarify the definition of mortgage loan originator to exclude government agencies. Besides NCDCA, HUD heard from a bevy of national organizations on this issue. True to its word, the final regulation clearly interprets the definition of residential mortgage loan originator as "...an individual who acts as a residential mortgage loan originator in a commercial context and with some degree of habitualness or repetition." The regulation goes on to say that "The SAFE Act does not cover employees of government agencies or housing finance agencies who act as loan originators in accordance with their duties as employees of such agencies. Individuals who act as loan originators as employees of government agencies or of housing finance agencies are not subject to the licensing and registration requirements of the SAFE Act." The regulation also excludes non-profit organizations from the requirements of the Act. Therefore, states cannot impose SAFE Act licensing or registration requirements on these entities.

If you have any questions, please contact Vicki Watson, NCDA Assistant Director, at 202-887-5532.

HUD Asks for Grantee Input on its Consolidated Plan Enhancement Project; Webinars Announced

As many of you know, HUD's Office of Community Planning and Development has created a website for grantees to post – and vote on – ideas for enhancing the Consolidated Plan. *We urge* you to visit the site and post your ideas for improving the Consolidated Plan. It provides the opportunity for HUD to hear directly from grantees on what areas of the Con Plan need to be improved. Grantees can remain anonymous. To post your comments, go to <http://www.hud.gov/ideasinaction>. Click the “sign in” button on the right side of the screen. A sign box will appear. Type in your e-mail in the e-mail section and type your username in the name section. If you wish to remain anonymous, leave the name section blank and click “sign in.” HUD will send you an e-mail confirmation. The link entitled “click for site instructions” will provide you with more information on how to post ideas to the system.

HUD will hold four webinars over the next few weeks to update grantees on the Consolidated Plan Enhancement project, which will involve the development of a new web-based mapping tool and system upgrades to make the Consolidate Plan more useful for planning and easier to use. The series of webinars will focus on four main topics:

- Upgrades to IDIS
- A redesigned Con Plan submission template
- Key features of a new GIS Mapping Tool
- Expanded data, including public housing and economic development data

All webinars will be from 2:00 - 3:30 pm EST

- Wednesday, July 20
Entitlement Grantees and Participating Jurisdictions
<https://www1.gotomeeting.com/register/366758009>
- Wednesday, July 27
CDBG-only Grantees
<https://www1.gotomeeting.com/register/589094529>
- Wednesday, August 3
Entitlement Grantees and Participating Jurisdictions
<https://www1.gotomeeting.com/register/153300305>
- Wednesday, August 10
State Grantees
<https://www1.gotomeeting.com/register/947878017>

Please e-mail HUD at conplan.mailbox@hud.gov if you have any questions or call 1-800-263-6317 if you have difficulty accessing a webinar.

HUD Publishes 2011 HOME Rent and Income Limits

HUD published an update to the FY 2011 HOME income limits that determine household eligibility for most federal housing programs. Go to <http://www.huduser.org/portal/datasets/il/il11/index.html> for more information.

HUD Launches Program to Help Homeowners

On June 20, HUD announced the launch of its Emergency Homeowners' Loan Program (EHLPP). The program will assist homeowners who are at risk of foreclosure in 27 states across the country and Puerto Rico. HUD will provide eligible homeowners with an interest free loan, up to \$50,000, to help off-set monthly mortgage costs for up to two years. Go to www.hud.gov for more information.

NCDA NEWS

2011/2012 Slate of Officers

NCDA members approved the following 2011/2012 slate of officers during the general business meeting in Cincinnati, OH on June 25.

Barbara Ross, Denton, TX, President
Bob Gehret, Boston, MA, Vice-President
Al Faella, Union County, NJ, Secretary/Treasurer
Lelia Allen, Orlando, FL, Past-President

Upcoming CDBG Training

- Advanced CDBG Training
October 17-18
New Bedford, MA
\$150 for member/ \$200 for non-members
The hotel contract is being finalized
- Advanced CDBG Training
October 31 - November 1
Las Cruces, NM
\$150 for members/\$200 for non-members
For more information and to register, go to www.ncdaonline.org/cdbg.asp
- Advanced CDBG Training
November 11-14
Miami, FL

\$150 for members/\$200 for non-members
The hotel contract is being finalized

- CDBG Basics Training
December 5-7
Orlando, FL
\$250 for members/\$350 for non-members
For more information and to register, go to www.ncdaonline.org/cdbg.asp

Attachments

- Advanced CDBG Training – Las Cruces, NM
- CDBG Basics Training – Orlando, FL
- List of Mayors Who Have Signed the USCM CDBG/HOME Support Letter

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

| Program | FY10 Enacted Level | FY11 Enacted Level | FY12 President's Request |
|-------------------------------------|-------------------------------|-------------------------------|---|
| Community Development Fund | \$4.450 billion | \$3.5 billion | \$3.804 billion |
| <i>Set-Asides:</i> | | | |
| Sustainable Communities | [\$150 million] | [\$100 million] | 0 |
| Catalytic Investment | \$0 | \$0 | 0 |
| Native American Block | [\$65 million] | [\$65 million] | [\$65 million] |
| University Community Fund | [\$25 million] | \$0 | [\$23 million] |
| EDI Grants | [\$172.8 million] | \$0] | 0 |
| Neighborhood Initiatives | [\$22 million] | \$0 | 0 |
| Rural Innovation Fund | [\$25 million] | \$0 | [\$25 million] |
| Insular Areas | \$0 | \$0 | [\$7 million] |
| Formula Grants | \$3.990 billion | \$3.335 billion | \$3.684 billion |
| Section 108 Loan Guarantees | \$275 million | \$275 million | \$500 million |
| Brownfields | \$17.5 million | \$0 | \$0 |
| HOME Program | \$1.825 billion | \$1.606 billion | \$1.650 billion |
| Homeless Programs | \$1.865 billion | \$1.9 billion | \$2.372 billion |
| Housing Counseling | \$87.5 million | \$0 | \$88 million |
| Lead Hazard Control | \$140 million | \$120 million | \$140 million |
| Section 202 for the Elderly | \$825 million | \$400 million | \$757 million |
| Section 811 for the Disabled | \$300 million | \$150 million | \$196 million |
| Fair Housing | \$72 million | \$72 million | \$72 million |
| Section 8 TBRA | \$16.3 billion | \$16.6 billion | \$16.3 billion |
| Section 8 Project-Based Assistance | \$8.5 billion | \$9.3 billion | \$9.4 billion |
| Public Housing Capital | \$2.5 billion | \$2.04 billion | \$2.04 billion |
| Public Housing Operating | \$4.775 billion | \$4.616 billion | \$4.829 billion |
| HOPE VI | \$135 million | \$35 million | \$0 |
| Choice Neighborhoods | \$65 million | \$65 million | \$250 million |
| Native American Housing Block Grant | \$700 million | \$649 million | \$700 million |
| Native Hawaiian Housing Block Grant | \$13 million | \$13 million | \$10 |

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|---------------------------------|-------------|-------------|--------------|
| Indian Housing Loan Guarantees | \$7 million | \$9 million | \$7 million |
| Native Hawaiian Loan Guarantees | \$1 million | \$1 million | \$10 million |