



FROM: NCDA STAFF

DATE: October 6, 2011

NCDA Advanced CDBG Training – New Bedford, MA – October 17-18, 2011

NCDA Advanced CDBG Training – Las Cruces, NM – October 31-November 1, 2011

NCDA Advanced CDBG Training – Miami, FL – November 14-15, 2011

Audrey Nelson Award Applications Due on November 18, 2011

NCDA CDBG Basics Training – Orlando, FL – December 5-7, 2011

NCDA Winter Conference – Washington, DC – January 18-20, 2012

FEATURED ARTICLES

- ✓ *Appropriations Update; Status of the Spending Bills; CDBG and HOME Funding; CDBG Coalition; Contact Your Appropriation Members; Other Programs*
- ✓ *American Jobs Act*
- ✓ *Joint Select Committee on Deficit Reduction*
- ✓ *HUD NEWS – FY11 Continuum of Care NOFA Released; Energy Innovation Fund Announcement*
- ✓ *NCDA NEWS – CDBG Training Available; 2012 Winter Conference; Audrey Nelson Awards*
- ✓ *HUD Budget Chart*

Appropriations Update

On October 4, Congress cleared a Continuing Resolution to keep the federal government operating through November 18. The resolution includes \$2.65 billion for disaster assistance. The resolution will allow federal departments to continue operations while Congress works to finish the FY12 spending bills. Most of the 12 spending bills have been approved by the House and Senate appropriation committees, but most are waiting for approval by both chambers. During our Hill visits this week, we were told that the bills could be fully approved one of two ways, through several mini-bus appropriations measures (where the 12 spending bills are divided among 3 mini-bus bills) or through a large omni-bus bill where all of the 12 spending bills are lumped into one huge bill for passage.

Status of the Spending Bills in the House

Only one spending bill has not been marked-up by the House Appropriations Committee, the Labor-HHS-Education spending bill. The remaining eleven bills have cleared the Appropriations

Committee and the following bills have been approved by the House: Agriculture, Defense, Energy and Water, Homeland Security, Legislative Branch, and Military-Veterans.

Status of the Spending Bills in the Senate

The Senate Committee on Appropriations has approved all but one spending bill, the Interior-Environment measure. However, only one of the spending bills, the Military-Veterans bill, has been approved by the full Senate.

CDBG and HOME Funding

House Appropriations Committee

The House Appropriations Committee approved \$3.5 billion in formula funding for CDBG in FY12 – a 6 percent boost or \$200 million from last year. The House decreased funding for HOME, from \$1.6 billion in FY11 down to \$1.2 billion in FY12 – a 25 percent cut or \$407 million decrease. The committee report language notes that “recent IG audits, a 2011 Washington Post series on the HOME program, and recent congressional hearings have highlighted that HUD has done a poor job in some instances of overseeing grantees and that some grantees have squandered and misappropriated large amounts of federal taxpayer dollars. The data quality, data management, and grantee oversight and accountability problems recently highlighted in the HOME program are also present in the CDBG program.” The committee includes language requiring HUD to report on steps it is taking to address the data management issues raised in recent Office of Inspector General (IG) reports with respect to CDBG and HOME. The committee also directs the General Accountability Office (GAO) to “analyze the waste, fraud, and abuse in the CPD block grant programs” – CDBG, HOME, ESG, and HOPWA – and to report to Congress on its findings including recommendations for improving the programs.

As a result of this knee jerk reaction to the IG report, the committee recommended cutting the CDBG administrative cap in half – from 20% to 10% “to direct limited funds to worthwhile community development activities and to reduce the instances of waste, fraud, and abuse among CDBG grantees.” According to committee staff, the IG report found that many CDBG grantees were using their administrative funds to pay for administrative costs associated with the HOME program and the Emergency Shelter Grants Program (ESG), leaving the committee to question the need for a 20% cap for CDBG. In particular, this proposal will unfairly affect those communities that only receive CDBG funds and thereby do not use their administrative funds for HOME or ESG. NCDAs has requested a copy of the IG report from the committee. In our meeting with committee staff we informed them that it is perfectly legal for CDBG grantees to use their CDBG administration to fund HOME administrative activities, since the CDBG statute allows it. Regarding ESG, HUD has openly allowed grantees to fund ESG from CDBG administration over the years thereby creating a precedent in using the funds. Because of the committee’s recommendation, we think HUD will now take a hard stance against CDBG grantees using their administrative funds for ESG since it is not statutorily allowable under the program, so be prepared for this change.

Senate Appropriations Committee

The Senate Appropriations Committee decreased CDBG formula funding by 15 percent, from \$3.3 billion in FY11 down to \$2.85 billion in FY12. The Senate kept the administrative cap at 20 percent. HOME was stripped of \$600 million, leaving a recommendation of \$1 billion for the program in FY12. The *Washington Post* articles on the program, which cast it as a poorly managed and corrupt program, and similar findings from HUD's Office of Inspector General, caused the decrease to the program. The findings and negative press could not be ignored in these tough deficit times, according to committee staff. The Senate Appropriation Committee approved several reforms to the HOME program to address the concerns exposed in the press articles, including:

- recapturing funds for projects not completed within four years of commitment;
- instituting new requirements to ensure a project has been properly underwritten before funds can be committed to a project;
- requiring adequate development capacity of CHDOs; and
- requiring that homeownership units that can't be sold be available to rent to eligible tenants

The committee further directs HUD to report back within 120 days of enactment of the FY12 HUD spending bill on how HUD is monitoring and evaluating grantee performance, including how participating jurisdictions can get approval to restart a stalled or cancelled project.

CDBG Coalition

With the cut to CDBG in the Senate and the cut to CDBG administration in the House, the CDBG Coalition [NCDA, U.S. Conference of Mayors, National Association of Counties, National Association of Housing and Redevelopment Officials, National Association of County Community and Economic Development, National Association of Local Housing Finance Agencies, YWCA, Habitat for Humanity International, Council of State Community Development Officials, and Rebuilding Together (formerly Christmas in April)] is meeting with members of the Senate Appropriations Committee and the House Appropriations Committee over the next two weeks to push for funding for CDBG and HOME, and to have the administrative fee proposal scrapped. Since pre-conference negotiations between the House and Senate staff will likely get underway in the next two weeks, these meetings are necessary and timely.

We met this week with Meaghan McCarthy, Senator Murray's appropriations person on HUD issues. According to Meaghan, the Senate Transportation-HUD (T-HUD) Subcommittee had approximately \$13 billion less to work with this year. Last year, the subcommittee was able to fully fund most programs because of rescissions to other programs that had surpluses, such as the highway programs. These funds were not available this year, so most programs suffered cuts, including CDBG and HOME. Other programs were clearly a priority within the subcommittee such as Public Housing and Section 8, both of which must be funded in order to keep families housed. Senator Murray is a lead proponent of high speed rail and the transportation TIGER

grants, so these programs were funded at the expense of others. The House did not fund either program in its T-HUD bill. Both the House and Senate slashed the HOME program because of findings from HUD's office of inspector general and the negative articles in the Washington Post. While Meaghan recognized that some of the reporting was flawed, other portions were not, so the HOME program suffered the consequences.

We also met this week with Brooke Stringer, Senator Collins' appropriations person on HUD issues. Senator Collins (R-ME) verbally rallied for CDBG during the mark-up of the FY12 T-HUD bill and she will push for higher funding for CDBG during the conference of the bill. She will also oppose any cut to the CDBG administrative cap. Senator Collins has been a big supporter of CDBG over the years and we appreciate her continued efforts to fight for the program.

We also met with Doug Bobbitt in Rep. Latham's office. Rep. Latham chairs the House Transportation-HUD Subcommittee, which recommended the administrative cut to CDBG. He said that Latham would hold firm on the \$3.5 billion for CDBG funding. As to the administrative cut, Doug did not budge on the proposed cut, once again citing the use of CDBG to fund HOME and ESG operations. His determination gave us pause and concerns us greatly. In order to help us in this fight, we need you to reach out to your House and Senate appropriation members immediately on the administrative cap issue and to rally support for CDBG and HOME funding.

Please Reach Out to Your House and Senate Appropriation Members!

To obtain a list of the House Appropriation Committee members, go to:

<http://appropriations.house.gov/About/Members/>

Ask to speak to the housing staff person.

Talking Points

- Thank your House Appropriations Committee member for providing \$3.5 billion in formula funding for CDBG in FY12
- Ask them to oppose any reduction in funding to the CDBG administrative cap. Let them know how this proposed cut will affect the administrative of your CDBG program.
- Ask them to support \$1.2 billion for HOME in FY12.
- Follow-up with a letter reiterating these issues and citing examples of the effect of the CDBG admin cut on your program operations. E-mail the letter to your member.

To obtain a list of the Senate Appropriation Committee members, go to:

<http://www.appropriations.senate.gov/about-members.cfm>

Ask to speak to the housing staff person.

Talking Points

- Ask your Senate Appropriations Committee member to support the \$3.5 billion in formula funding for CDBG recommended by the House Appropriations Committee
- Ask them to oppose any reduction in funding to the CDBG administrative cap. Let them know how this proposed cut will affect the administrative of your CDBG program.
- Ask them to support the \$1.2 billion in HOME formula funding recommended by the House Appropriations Committee.
- Follow-up with a letter reiterating these issues and citing examples of the effect of the CDBG admin cut on your program operations. E-mail the letter to your member.

Other Programs

The House approved \$1.9 billion for HUD's homeless assistance programs, including \$225 million for the Emergency Solutions Grant program. The House chastised HUD for failing to promulgate regulations for the HEARTH Act and because of this, withholding funds for the new Emergency Solutions Grant program in FY11. The committee report includes language that prohibits HUD from using pre-HEARTH grant programs during FY12 and requires HUD to publish at least interim rules and guidance for the HEARTH programs – the Emergency Solutions Grant program and the Continuum of Care program. Both the House and Senate approved \$75 million for the Veterans Affairs Supportive Housing (VASH) initiative which will provide 10,000 new vouchers for homeless veterans

While the Senate approved \$60 million for HUD's housing counseling program, the House did not approve any funding for the program, sighting the slow expenditure rate of the program and ineffective implementation of the program on the part of HUD.

While the Senate provided \$90 million for the Office of Sustainable Housing and Communities, the House did not approve any funding for it, noting, "the committee declines to expand the federal government by expanding this amorphous and unauthorized office, which was initiated by bureaucrats and never vetted nor approved by Congress. Creating this office through an appropriations bill would allow HUD officials to spend scarce federal dollars on a wide range of ill-defined rubrics, such as sustainability, livability, inclusivity, and equity. Such activities would be limited only by the imagination of bureaucrats in interpreting their own vague terminology."

Both the House and Senate included language in their respective bills requiring HUD to notify CPD grantees (CDBG, HOME, ESG, HOPWA) of their formula allocations within 60 days of enactment of the bill. NCDCA and other national organizations advocated for this provision to save grantees from having to wait months for notification of their allocations. Please see the

chart at the end of this newsletter for information on funding of other HUD programs.

American Jobs Act

“Our economy really needs a jolt right now. This is not a game. This is not the time for the usual political gridlock,” President Obama said in the East Room of the White House this morning, in an attempt to keep the jobs bill in the headlines. The bill has received a lukewarm reception from congressional Republicans and some Democrats. The President has proposed a “millionaire’s surtax” to help pay for the massive \$447 billion package. The surtax would increase the tax rate from 35 percent to nearly 42 percent for the next decade on income from salaries, capital gains, interest and dividends that’s above \$1 million. According to the White House, this increased tax rate could bring in more than half a trillion dollars into the Treasury’s coffers over the next decade.

His recommendation that the tax begin in January 2013 – after the presidential election – may sway some Senate Democratic holdouts to support the bill mainly Ben Nelson (D-NE), John Tester (D-MT), and Joe Manchin (D-WV). Harry Reid, Senate Majority Leader, wants to shore up support from all 53 democratic members of the Senate to show a united front for the bill when it comes to the Senate floor for a vote next week. But that number is seven shy of what it would take to break Senator Mitch McConnell’s (R-KY) filibuster of the bill. So the package is sure to stall as a stand alone bill in the Senate. The House does not plan on voting on the bill at all.

Included in the jobs bill is a \$15 billion HUD-initiative called Project Rebuild. The initiative is essentially an extension of the Neighborhood Stabilization Program with a few tweaks. For more information go to: <http://www.huduser.org/portal/ipi/pdf/ProjectRebuildFactSheet91311.pdf> or view last month’s issue of the *Washington Report*.

Joint Select Committee on Deficit Reduction

The deadline for the Joint Select Committee on Deficit Reduction (also known as the Super Committee) to release its set of recommendations for cutting the nation’s debt is November 23, 2011. The Super Committee is being chaired by Senator Patty Murray (D-WA), Senate Transportation-HUD Subcommittee Chairwoman, and by Rep. Jeb Hensarling (R-TX), Republican Conference Chairman.

The 12 member panel has been meeting almost daily, but has not revealed their thinking on how they will tackle the deficit. Senate Democratic co-chairperson, Patty Murray, said yesterday that they only way they can reach consensus on the deficit is through these daily meetings to forge trust and bi-partisanship among the group. Hopefully, the committee will reveal a draft of their priorities in the near future.

NCDA NEWS

CDBG Training Available

NCDA will hold the following CDBG training sessions this Fall.

Advanced CDBG Training
New Bedford, MA
October 17-18, 2011

Advanced CDBG Training
October 31-November 1
Las Cruces, NM

Advanced CDBG Training
Miami, FL
November 14-15, 2011

CDBG Basics Training
Orlando, FL
December 5-7, 2011

Go to <http://www.ncdaonline.org/cdbg.asp> for the training brochure, agenda, and registration information.

NCDA 2012 Winter Conference; Audrey Nelson Awards

NCDA will hold its 2012 Winter Conference in Washington, DC on January 18-20, 2012. The conference will feature program and policy updates from HUD staff, time for members to meet with congressional members, educational sessions, and best of all, time to network with your fellow community development practitioners. To view the agenda and register for the conference go to <http://www.ncdaonline.org>. Please make your hotel reservations before December 26, 2011 in order to receive the special room rate of \$179 per night plus tax.

As part of its 2012 Winter Conference agenda, NCDA will formally recognize the winners of the 2012 Audrey Nelson Award during a luncheon on Friday, January 20. The award recognizes outstanding uses of CDBG and HOME funds in low-income neighborhoods. The award application is attached. You can also go to www.ncdaonline.org to complete the application. We encourage you to apply. Applications are due to NCDA by November 18.

HUD NEWS

FY11 Continuum of Care NOFA

HUD released the FY11 Continuum of Care NOFA [FR-5500-N-34] on August 30, 2011. The

NOFA outlines the application process and requirements for receiving funds through HUD's homelessness assistance programs. Applications are due by October 28, 2011. For a copy of the NOFA and the August 31 presentation slides, go to HUD's homeless resource exchange at www.hudhre.info.

Energy Innovation Fund Announcement

HUD's Office of Affordable Housing Preservation (OAHP) has issued a \$25 million NOFA [FR-5505-N-01] for the Multifamily Energy Innovation Fund to provide assistance for energy efficient upgrades at multifamily properties. Applications are due to HUD by October 20, 2011. To view the NOFA, go <http://www.hud.gov/offices/adm/grants/nofa10/grpeif.cfm>.

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

Program	FY11 Enacted Level	FY12 President's Request	FY12 House Approp Committee	FY12 Senate Approp Committee
Community Development Fund	\$3.5 billion	\$3.804 billion	\$3.501 billion	\$3.001 billion
<i>Set-Asides:</i>				
Native American Block Grant	[\$65 million]	[\$65 million]	[\$35 million]	[\$60 million]
Sustainable Communities	[\$100 million]	0	0	[\$90 million]
University Community Fund	0	[\$23 million]	0	0
EDI Grants	0	0	0	0
Neighborhood Initiatives	0	0	0	0
Rural Innovation Fund	0	[\$25 million]	0	0
Formula Grants	\$3.335 billion	\$3.684 billion	\$3.46 billion	\$2.851 billion
Section 108 Loan Guarantees	\$275 million	\$500 million	\$275 million	\$200 million
Brownfields	\$0	\$0	\$0	\$0
HOME Program	\$1.606 billion	\$1.650 billion	\$1.2 billion	\$1 billion
Homeless Programs	\$1.9 billion	\$2.372 billion	\$1.9 billion	\$1.9 billion
Housing Counseling	\$0	\$88 million	\$0	\$60 million
Lead Hazard Control	\$120 million	\$140 million	\$120 million	\$120 million
HOPWA	\$335 million	\$335 million	\$334 million	\$330 million
Section 202 for the Elderly	\$400 million	\$757 million	\$600 million	\$369 million
Section 811 for the Disabled	\$150 million	\$196 million	\$196 million	\$150 million
Fair Housing	\$72 million	\$72 million	\$50 million	\$64 million
Section 8 TBRA	\$16.6 billion	\$16.3 billion	\$17 billion	\$17 billion
Section 8 Project-Based Assistance	\$9.3 billion	\$9.4 billion	\$9 billion	\$9.4 billion
Public Housing Capital	\$2.04 billion	\$2.04 billion	\$1.532 billion	\$1.875 billion
Public Housing Operating	\$4.616 billion	\$4.829 billion	\$3.862 billion	\$3.962 billion
HOPE VI	\$35 million	\$0	\$0	\$99.8 million
Choice Neighborhoods	\$65 million	\$250 million	\$0	\$120 million
Native American Housing Block Grant	\$649 million	\$700 million	\$648 million	\$650 million

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Native Hawaiian Housing Block Grant	\$13 million	\$10 million	\$0	\$13 million
Indian Housing Loan Guarantees	\$9 million	\$7 million	\$6 million	\$7 million
Native Hawaiian Loan Guarantees	\$1 million	\$10 million	\$1.1 million	\$386 million