



DATE: **January 26, 2012**

National Community Development Week: April 9-14, 2012
NCDA Annual Conference - Palm Springs, CA: June 20-23, 2012

FEATURED ARTICLES

- ✓ ***Congressional Session Begins***
- ✓ ***HUD NEWS – Final FY12 CPD Allocations Posted; NCDA Holds Census/ACS Data Session***
- ✓ ***NCDA NEWS – NCDA is Accepting Comments on the HOME Proposed Rule and the ESG Interim Rule; 2012 Winter Conference Review; National Community Development Week – April 9-14, 2012; Join Us in Beautiful Palm Springs for the NCDA Annual Conference; Do You Need CDBG or HOME Training?***
- ✓ ***HUD Budget Chart***

Congressional Session Begins

The second session of the 112th Congress began on January 17th in the House and on January 23rd in the Senate. President Obama will deliver his FY13 budget request to Congress on February 13th. No rumors have leaked as to proposed funding levels for various programs, but the President is bound by the Budget Control Act that Congress passed last August limiting discretionary spending to \$1.047 trillion, a level that is 0.4 percent higher than FY12. Furthermore, on August 17, 2011, Office of Management and Budget (OMB) Director Jacob Lew distributed a two-page memorandum to federal department heads calling for FY13 budget submissions to be 5 percent and 10 percent below the FY11 (not FY12) enacted level. This does not mean that across-the-board cuts will be made within each department, but that each department will decide which programs will be cut.

With the release of the President's budget begins the usual clamor by the congressional budget committees to develop a budget resolution. Hearings are held in February and March with the hope of completing a budget resolution by April 15. This process has not yielded a budget resolution in the Senate in the last two years; however, the House was able to pass a budget resolution last year. This has more to do with the make-up of both chambers. The House is controlled by a large majority of Republicans, while the Democrats lead the Senate by a slim margin. This slim margin causes rancor among the members and translates into very little legislative items being completed.

The appropriations process will begin in earnest in April whether a budget resolution is passed or not. While appropriation cardinals like to use the budget resolution as a marker for making subcommittee allocations, they can proceed without it. This year NCDA and other housing and community development groups are banding together with transportation advocacy groups on a joint letter seeking a much higher allocation for the Transportation-HUD subcommittee. We hope this will help us obtain higher funding for our programs in FY13.

Before Congress adjourned for the Christmas Holiday House Republicans agreed to a two-month extension of the 4.2 percent payroll tax through February 29th. Along with the payroll tax extension Congress must decide on extending emergency unemployment benefits for nearly three million people – and decide how to pay for both. The Senate has proposed a surtax on incomes over \$1 million to pay for the payroll tax extension, while House Republicans have proposed freezing federal salaries to finance the extension. Given that 2012 is an election year, both parties will be loathe to compromise on very much this year, but insiders are hopeful an agreement can be made on the payroll tax extension and extension of unemployment benefits.

On August 2, 2011, the Budget Control Act was enacted to raise the federal debt limit through early 2013. It also required \$2.3 trillion in budget cuts; with \$1.2 trillion in cuts being decided by a Joint Select Committee on Deficit Reduction – also known as the Super Committee. The Super Committee, however, failed to reach agreement on budget cuts by the November 21 deadline. Their inaction causes the implementation of “sequestration” or automatic across-the-board cuts to federal spending – both defense and non-defense discretionary programs – beginning in January 2013 and continuing through 2021. The Congressional Budget Office (CBO) estimates that the sequestration will result in an estimated 10% annual cut to defense discretionary programs and an estimated 9% cut to non-defense discretionary programs (e.g., HUD and other federal departments). The Veterans Department is exempt from sequestration as well as some mandatory programs including Social Security, Medicaid, Supplemental Security Income (SSI), Food Stamp Program, Children’s Health Insurance Program, veterans compensation, and federal retirement. Medicare is subject to at least a 2% cut. Congress could vote to change all or portions of the Budget Control Act this year, but it may be difficult given the political rancor in Congress.

Senate Recess Schedule

The Senate will be in recess (back home) on the following dates in 2012.

February 20-24

April 2-13

April 30-May 4

May 28-June 1

July 2-6

August 6-September 7

October 8

November 12

Target Adjournment Date: TBD

House Recess Schedule

The House will be in recess (back home) on the following dates in 2012.

February 20-24

March 12-16

April 2-13

April 30-May 4

May 21-29

June 11-15

July 2-6

August 6-September 7

September 24-28

October 8-November 9

Target Adjournment Date: TBD

HUD NEWS

Final FY12 CPD Allocations Posted; NCDA Holds Census/ACS Data Session

The final FY11 allocations for the Office of Community Planning and Development's (CPD) programs – CDBG, HOME, ESG, and HOPWA – have been posted at <http://www.hud.gov/offices/cpd/about/budget/budget12/index.cfm>

FY12 brought wide shifts in allocations nationwide in both the CDBG and HOME programs. While the decrease in HOME allocations can be largely attributed to the 38% funding cut to the program, the CDBG allocation schism is due to both program cuts and new Census data. Because the formula allocations for the Emergency Solutions Grant (ESG) Program are based on the prior year's CDBG formula allocation, ESG grantees will not be impacted until FY13.

NCDA held a session on the "Decennial Census and the American Community Survey" during our recent Winter Conference. The conference provided valuable information and an understanding of how the FY12 CDBG allocation was developed. The following provides a brief overview.

The CDBG statute specifies that funding be allocated based on the most recent data compiled by the Census Bureau demonstrating population, poverty, overcrowded housing, pre-1940 housing, and growth lag. FY12 marks the first year that the CDBG allocation formula will rely on the Census Bureau's new annual data source – the American Community Survey (ACS) – and the 2010 Census population counts. Population and growth lag are calculated using the most recent population counts. In this case, the 2010 Census population counts. In years between the decennial census, population estimates are used to calculate these two factors annually. Poverty, overcrowding, and pre-1940 housing will be calculated using the 2005-2009 ACS 5-year estimates beginning in FY12, replacing data from the 2000 Census, which was used to calculate

the FY11 allocations. The ACS 5-year estimates will be updated every year and used in the annual updates of the CDBG formula allocation. The shifts in the CDBG formula allocation brought the following changes in FY12.

- Entitlement grantees in Puerto Rico saw their grants decrease by an average of 22.7 percent due to decreasing shares of all formula variables, but particularly due to decreasing shares of poverty and overcrowding.
- Grantees in the Rocky Mountain, Great Plains, and Midwest regions saw an increase in average grant amounts at 9.7, 6.9 and 5.2 percent respectively.
- Besides Puerto Rico, the Mid-Atlantic region saw significant decreases in average grant amounts.

While the content of the ACS is similar to the census long form, the methodology of the ACS differs from the census long form in the following ways:

- (1) Sample size. The long form of the 2000 Census was mailed to one in six households (approximately 18 million), all within several months of April 1, 2000. The ACS is mailed to 3 million households per year (250,000 households per month).
- (2) Accuracy. Unlike the decennial census, which includes no follow-up to households, the ACS provides two months of direct follow-up to households that have been surveyed, including by telephone and in-person which provides for better accuracy. However, the ACS uses a smaller sample size which can result in sampling error (e.g., the households surveyed are not representative of all households).
- (3) Period estimates v Point-in-Time. The decennial census is a point in time count, while the ACS is administered year round and provides multi-year estimates.
- (4) Residence Rule. While the ACS requires households to respond to the survey if the sampled housing unit is their “current residence,” the decennial census requires households to respond if the sampled housing unit is their “usual place of residence” as of April 1. This rule can affect the population being surveyed in places with a large percentage of seasonal residents.

For detailed information, please go to

http://www.huduser.org/portal/publications/commdevl/cdbg_redis_eff.html

NCDA NEWS

NCDA is Accepting Comments on the HOME Proposed Rule and the ESG Interim Rule

If your community receives HOME Program funds or ESG funding, we would like to hear from you on the HOME proposed rule and the ESG Interim Rule. While NCDA is working jointly with the National Association for County Community and Economic Development (NACCED) through a group of members to provide comments on both regulations, we want to make sure that every member has an opportunity to comment. Please send any comments you may have to Vicki Watson at vicki@ncdaonline.org by February 1st for the ESG rule and by February 8th for the HOME rule.

2012 Winter Conference Review

NCDA would like to thank all of you who participated in the 2012 NCDA Winter Conference. The Conference provided the opportunity for participants to hear directly from HUD staff on important issues, learn new programs ideas from fellow practitioners, hear about strategies for working with your congressional members, and comment directly on important policy issues. The following sessions were held: Using Group Workcamps to Stretch Local Dollars, Decennial Census and the American Community Survey, Social Networking, CDBG Data Clean-Up, CDBG, HOME, and Con Plan Briefing, Promoting CDBG and HOME, and the Audrey Nelson Award Best Practices. The conference presentations will be posted to the NCDA website within the next day or so. NCDA congratulates the following winners of the 2012 Audrey Nelson Award for excellence in community development and affordable housing.

- Orlando, FL: **The Village Square**, acquisition and rehabilitation of a commercial site
- Hialeah, FL: **Villa Teresita**, a 33-unit affordable rental elderly housing development
- Davenport, IA: **Downtown Davenport Jobs Program**, downtown redevelopment and job creation
- Malden, MA: **The John and Christine Markey Malden Senior Center**, development of a state-of-the-art community center for seniors
- Gresham, OR: **The Rockwood Building**, mixed-used project
- Quincy, MA: **Housing First for Families**, affordable housing development for very low-income families
- Murfreesboro, TN: **The 100th Rutherford County Habitat House**, partnership between the City of Murfreesboro and the local Habitat affiliate

NCDA also bestowed an honorable mention on the Hispanic Center in Danbury, CT for its use of CDBG funds to make ADA improvements.

National Community Development Week – April 9-14, 2012

NCDA will celebrate National Community Development Week the week of April 9-14, 2012. Our primary focus this year is having our members conduct a tour of local CDBG- and HOME-funded projects for their congressional delegation. It is imperative that congressional members experience first-hand the work of both programs in order to understand how both programs work

at the local level to improve the lives of low- and moderate-income people. Please use the attached National CD Week Guide in planning your CD Week activities. Appendix A of the guide provides step-by-step information on scheduling a meeting with your congressional members. Please use it in scheduling the CD Week projects tour for your congressional delegation. We urge you to reach out to your congressional members immediately to ensure the CD Week projects tour is placed on their calendar.

Join Us in Beautiful Palm Springs for the NCDA Annual Conference

NCDA will hold its 43rd Annual Conference in Palm Springs, CA on June 20-23, 2012. The conference will be held at the Riviera Palm Springs, 1600 North Indian Canyon Drive, Palm Springs, CA. NCDA has secured a hotel rate of **\$82.00 per night plus tax**. To make your reservation call 1-866-588-8311. Be sure to mention “NCDA Annual Conference” to receive this special rate. The conference fee is \$350 for NCDA members and \$450 for non-members. A registration form is attached. A draft conference agenda will be posted to the NCDA website by the end of next week.

Do You Need CDBG or HOME Training?

Please let us know if your community needs CDBG Basics Training, HOME Basics Training, or Advanced CDBG Training. With travel budgets being cut, it’s becoming more difficult for grantees to travel, so NCDA would like to hold training in areas where there is great interest. If your community would like to host a training, please contact Vicki Watson at vicki@ncdaonline.org or 202-887-5532.

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

Program	FY11 Enacted Level	FY12 President's Request	FY12 Enacted Level
Community Development Fund	\$3.5 billion	\$3.804 billion	\$3.308 billion
<i>Set-Asides:</i>			
Disaster Assistance	0	0	[\$300 million]
Native American Block Grant	[\$65 million]	[\$65 million]	[\$60 million]
Sustainable Communities	[\$100 million]	0	0
University Community Fund	0	[\$23 million]	0
EDI Grants	0	0	0
Neighborhood Initiatives	0	0	0
Rural Innovation Fund	0	[\$25 million]	0
Formula Grants	\$3.335 billion	\$3.684 billion	\$2.948 billion
Section 108 Loan Guarantees	\$275 million	\$500 million	\$275 million
Brownfields	\$0	\$0	\$0
HOME Program	\$1.606 billion	\$1.650 billion	\$1.0 billion
Homeless Programs	\$1.9 billion	\$2.372 billion	\$1.9 billion
Housing Counseling	\$0	\$88 million	\$45 million
Lead Hazard Control	\$120 million	\$140 million	\$120 million
HOPWA	\$335 million	\$335 million	\$332 million
Section 202 for the Elderly	\$400 million	\$757 million	\$375 million
Section 811 for the Disabled	\$150 million	\$196 million	\$165 million
Fair Housing	\$72 million	\$72 million	\$71 million
Section 8 TBRA	\$16.6 billion	\$16.3 billion	\$17.2 billion
Section 8 Project-Based Assistance	\$9.3 billion	\$9.4 billion	\$8.94 billion
Public Housing Capital	\$2.04 billion	\$2.04 billion	\$1.875 billion
Public Housing Operating	\$4.616 billion	\$4.829 billion	\$3.962 billion
HOPE VI	\$35 million	\$0	\$0
Choice Neighborhoods	\$65 million	\$250 million	\$120 million
Native American Housing Block Grant	\$649 million	\$700 million	\$648 million

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

