



DATE: April 26, 2012

John Sasso CD Week Awards Due May 4, 2012
NCDWA Annual Conference - Palm Springs, CA: June 20-23, 2012

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House and Senate Make Spending Allocations

On April 19, Senator Daniel Inouye (D-HI) announced the FY13 302(b) allocations (budget amount) for each of the appropriation subcommittees. Inouye used the Budget Control Act (negotiated last August as part of the budget deal) cap of \$1.047 trillion in making the allocations. The total allocation provided to the Senate Transportation-HUD (T-HUD) Subcommittee for FY13 is \$53.4 billion, which is \$3.9 billion or 7 percent less than last year's allocation of \$57.3 billion. The Senate Appropriations Committee approved the two spending bills – the T-HUD bill (S. 2322) and the Commerce-Justice-State spending bill – both of which had been marked-up and approved in subcommittee two days prior.

The House budget resolution passed in March (H. Con. Res. 112) provides \$1.028 trillion for discretionary spending in FY13, a level that is \$19 billion below the Senate's cap of \$1.047 trillion. House Budget Committee Chairman, Rep. Paul Ryan (R-WI), tasked six House committees, including the House Financial Services Committee which oversees HUD's programs, with developing recommendations for program cuts for FY13 and beyond. The

Financial Services Committee was instructed to approve \$30 billion in budget savings over ten years. On April 18, the Committee approved legislation that cuts the deficit by more than \$35 billion over ten years by eliminating the Dodd-Frank bailout authority estimated at \$22 billion. Other eliminations include the Home Affordable Modification Program (HAMP), an Obama Administration foreclosure prevention program that has received national criticism, resulting in a savings of nearly \$3 billion. The Committee also approved legislation eliminating the Office of Financial Research (saving \$270 million) and legislation to reform the National Flood Insurance Program (saving \$4.9 billion). The Committee forwarded the recommendations to the House Budget Committee which is expected to assemble them into a single bill for House passage. The Senate will not consider the measure and President Obama has vowed to veto the legislation if it reaches his desk.

Rep. Rogers (R-KY), Chairman of the House Appropriations Committee, unveiled the House 302(b) allocations this week. Working off of the spending cap of \$1.028 put forward by Budget Committee Chairman, Rogers allocated \$51.6 billion to the Transportation-HUD subcommittee, a reduction of nearly \$2 billion from the Senate recommendation and nearly \$6 billion less than last year's allocation of \$57.3 billion. Other subcommittees fared worse, however; with the Labor-HHS-Education subcommittee receiving an allocation of \$150 billion, nearly \$9 billion less than the Senate's allocation and nearly \$7 billion less than last year. All but one subcommittee, Military Construction-VA, received some cuts.

Even though the two chambers appear to be going in different spending directions, consensus could be reached on some of the FY13 spending bills, such as the Commerce-Justice-Science, Agriculture, Transportation-HUD, Homeland Security, Legislative Branch, and Interior-Environment. The spending bills could be packaged into one or two mini-bus appropriations measures, like last year, leaving the more thorny spending bills – Defense, Labor-HHS-Education, and State-Foreign Operation – until after the November elections.

Senate Begins Appropriation Process; CDBG Funding Increased

Despite a lower allocation for the T-HUD bill in the Senate, CDBG received an increase of \$152 million from last year. This increase can be directly attributed to the efforts of the CDBG Coalition, of which NCDA is the coordinating member, and to the efforts of our members and other communities in reaching out to members of the T-HUD subcommittee over the past few months. The Coalition met with every member of both the House and Senate T-HUD subcommittees urging them to speak directly to the subcommittee chairperson to increase funding for CDBG in FY13. Moreover, the Coalition worked with Senator Patrick Leahy (D-VT) on a dear colleague letter to Senate members seeking increased funding for the program; 33 Senators signed on to the letter. Senator Tim Johnson (D-SD), Chairman of the Senate Committee on Banking, forwarded a letter to the leadership of the T-HUD subcommittee seeking support for all of HUD's programs, including an increase in CDBG funding in FY13. Senator Susan Collins (R-ME), ranking member of the T-HUD subcommittee, is an ardent support of CDBG and advocated behind the scenes for the program. Finally, the Senate mark-up of the T-

HUD bill occurred just two days after communities across the country celebrated National Community Development Week; T-HUD subcommittee members heard loud and clear from CDBG grantees back home on the importance of the program.

Community Development Fund

The committee approved \$3.2 billion for the Community Development Fund in FY13. Of this amount, the committee provided \$3.1 billion for CDBG block grants, an increase of \$152 million from last year. In the report language, the committee pointed out that it believes that investments through CDBG are important to creating jobs and improving communities. In addition to CDBG formula funding, the committee approved \$50 million for HUD's Sustainable Communities Initiative in FY13. The initiative was not funded in FY12.

Section 108

For the first time, the committee approved HUD's recommendation to establish a fee-based system for Section 108 loans. The committee supports a loan level guarantee of \$500 million in FY13.

HOME

The committee recommends an appropriation of \$1 billion for the HOME program in FY13, the same level as FY12. The FY13 T-HUD spending bill retains the HOME statutory provisions from the FY12 bill. Once HUD publishes a final HOME rule, the committee will evaluate if the reform provisions are still necessary. As part of last year's T-HUD spending bill, HUD was required to submit a report to Congress on the steps being taken to improve data quality and management in the HOME program as well as grantee oversight and accountability. As part of the FY13 T-HUD spending bill, the committee directs HUD to submit a follow-up report to Congress by February 15, 2013 outlining the status of the implementation of the HOME program reforms. The following statutory provisions will remain in place:

- Before committing HOME funds, a participating jurisdiction (PJ) must certify that it has conducted an underwriting review, assessed developer capacity and fiscal soundness, and examined neighborhood market conditions to ensure adequate need for the project.
- A PJ may not commit FY13 funds to a Community Housing Development Organization (CHDO) unless it has determined that the CHDO has staff with demonstrated development experience.
- Pjs must repay funding expended on projects that are not completed and ready for occupancy within four years of the date the written agreement is executed. HUD may grant a one-year extension.
- If a homeownership unit has not been sold to a homebuyer within six months of completion of rehabilitation or construction, it must be rented to an eligible tenant.

Homeless Assistance Grants

The committee approved \$2.146 billion for HUD's homeless assistance grants in FY13, an increase of \$245 million from last year. At least \$1.84 billion will be allocated to the Continuum of Care Program, including the renewal of existing projects. At least \$286 million will be allocated to the Emergency Solutions Grant Program.

HOPWA

The committee provided \$300 million for the HOPWA program in FY13, \$2 million less than the FY12 level. The committee continues to include language requiring HUD to allocate HOPWA funds in a manner that preserves existing HOPWA programs to the extent that those programs are meeting the needs of persons with AIDS. The program currently provides short-term and permanent housing assistance and services to nearly 57,000 households in 134 eligible areas nationwide.

Lead-Based Paint Hazard Reduction and Abatement

The committee approved \$120 million for HUD's Office of Healthy Homes and Lead Hazard Control, the same level as last year. Of this amount, \$30 million is allocated to the Healthy Homes Initiative and \$48.5 million is allocated to the Lead Hazard Reduction Program which was established in FY03 to focus attention on lead hazard reduction in urban areas where children are disproportionately at risk for lead poisoning.

Section 8 Project-Based Rental Assistance

The committee provided \$9.9 billion for the annual renewal of HUD's Section 8 project-based contracts, an increase of \$536 million from last year. Section 8 project-based contracts provides rental subsidies to private landlords to house more than 1.2 million low-income households. The committee rejected the Administration's budget proposal to provide partial funding for the contracts in FY13. The committee also directs HUD to take action against landlords that fail to maintain their properties in accordance with HUD standards and directs the agency to submit bi-annual reports to Congress on the number of projects that receive multiple health and safety violations, low physical inspection scores, and HUD's actions against landlords.

Section 8 Tenant-Based Rental Assistance

HUD's Section 8 tenant-based rental assistance program provides housing assistance to nearly 2.2 million Americans. The T-HUD subcommittee approved \$19.4 billion for the program in its FY13 spending bill. This amount is nearly \$500 million higher than last year. This request includes \$75 million to support more than 10,000 additional HUD-VASH vouchers to house chronically homeless veterans. Veterans homelessness declined by 12% from 2010 to 2011 and many attribute this decrease to the HUD-VASH vouchers. HUD and the VA have a goal to end veterans homelessness by 2015. The subcommittee rejected the Administration's proposal to require Section 8 tenants to pay a higher minimum rent. The committee directed HUD to provide a report to Congress that assesses regulatory changes that PHAs are currently using or could use to improve program management and control costs.

Public Housing Capital Fund

This account provides funds for the maintenance of public housing units including the modernization of units. It also includes funding for management improvements and resident relocation and security improvements to public housing developments. The committee approved \$1.9 billion for the Public Housing Capital Fund in FY13, an increase of \$110 million from FY12.

Public Housing Operating Fund

This account provides funding for the payment of operating subsidies to the nearly 3,100 public housing authorities that operate and manage nearly 1.2 million units. The committee approved \$4.59 billion for this program in FY13, an increase of \$629 million from last year.

Choice Neighborhoods Initiative

The Choice Neighborhoods Initiative provides competitive grants to help transform poverty stricken neighborhoods into sustainable, mixed-income neighborhoods through concentrated investments of public services, access to jobs, access to public transportation, good housing options, and access to quality public schools. The initiative replaces the HOPE VI program. The committee approved \$120 million for this initiative in FY13, the same level as FY12.

Section 202 Housing for the Elderly

The Section 202 program provides grants to non-profit organizations for the acquisition, rehabilitation, and construction of housing for seniors and provides project-based rental assistance to support the costs of the units. The committee approved \$375 million for the program in FY13 to renew existing contracts, a slight increase above the FY12 level. No funds are provided for capital assistance to construct new affordable housing units.

Section 811 Housing for Persons with Disabilities

Like the Section 202 program, the 811 program provides grants for the acquisition, rehabilitation, and construction of housing for persons with disabilities and provides project-based rental assistance to support the operational costs of the units. The committee recommended a funding level of \$150 million for the program in FY13, a slight decrease of \$15 million from last year. According to the committee, this level of funding will support the renewal of existing contracts. No funds are provided for capital assistance to construct new affordable housing units at this time.

Housing Counseling

HUD's Housing Counseling Assistance Program provides grants to entities to provide counseling services to homeowners and tenants. Eligible counseling activities include pre- and post-purchase education, personal financial management, reverse mortgage product education, foreclosure prevention, and rental counseling. The committee approved \$55 million for the program in FY13, an increase of \$10 million from FY12. The committee directs HUD to allocate the funds within 120 days of enactment of the FY13 T-HUD spending bill.

Fair Housing

The committee approved \$68 million for HUD's fair housing activities in FY13, a decrease of \$3 million from last year. Of this amount, \$24 million is allocated to HUD's Fair Housing Assistance Program (FHAP) and \$42.5 million is allocated to HUD's Fair Housing Initiatives Program (FHIP). Both programs help fund the activities of State and local fair housing agencies.

NCDA Members Celebrate National Community Development Week

NCDA would like to thank its members for celebrating National Community Development Week on April 9-14, 2012. Please see below a sample of the communities which celebrated National CD Week along with their activities.

Wausau, WI conducted a tour of CDBG-funded projects for its House member, Rep. Sean Duffy (R-WI).

Richland County, SC opened its CD Week with a press conference and created a video of CDBG-funded activities that included remarks by the County Executive and the Community Development Director. The local NBC and Fox affiliates profiled two CDBG-funded projects that featured comments by beneficiaries on the positive change the projects have brought to the community. Most importantly, the County forwarded letters of support for CDBG, from beneficiaries and community members that told of the direct impact on their lives, to their congressional delegation.

The **City of Malden, MA** conducted a guided tour of CDBG and HOME funded projects for elected officials and the press. CD Week activities also included the ribbon cutting of a transitional housing development.

The **City of College Station, TX and the City of Bryan, TX** joined together to educate their congressional delegation about CDBG and HOME during National CD Week which included a meeting at Congressman Flores' district office. Local community development staff from both cities provided information on the impact of CDBG in the community, discussed ongoing projects, and provided information on how each community leverages other sources of funding in conjunction with CDBG.

Madeline Rogero, Mayor of **Knoxville, TN** (and former Community Development Director for the city), along with Becky Wade, the current Community Development Director for the city, kicked off CD Week with a ribbon cutting at the official opening of the Dutch Valley Apartments, an affordable housing development. The city also conducted a projects tour for local officials and representatives from Senator Bob Corker (R-TN), Senator Lamar Alexander (R-TN), and Rep. Jimmy Duncan (R-TN). All three local television stations ran stories on CDBG.

The **City of Newton, MA** hosted a tour and a roundtable with regional mayors in a CDBG-supported facility. A video profiling the stories of CDBG beneficiaries was developed and the city held an event to recognize local sub-recipients.

The **City of Greenville, NC** hosted state and local elected officials on a tour of CDBG-funded projects. Tour participants were able to meet program beneficiaries and see the results of CDBG first-hand. Two local television stations provided coverage of the event.

The **City of Albany, GA** developed a video of CDBG-funded projects and sent it to their congressional representatives wrapped in red, white and blue ribbons. A nice touch.

The **City of Quincy, MA** held nine events during National CD Week. One such event was the celebration of Winter Gardens a 24-unit affordable housing project for families.

The **City of Arlington, TX** conducted a tour of both CDBG and HOME-funded projects which included the development of a brochure with a description of each project. Projects highlighted during the tour including a HOME-funded new construction project, the adaptive re-use of Arlington's oldest commercial building using CDBG funds, a partnership with the University of Texas to develop a technology incubator, the development of a workforce development center using CDBG funds, the funding of a dental clinic for low-income residents using CDBG funds, and many, many others.

Each year the **City of New Bedford, MA** awards a member of the local Continuum of Care with an outstanding achievement award (the Sister Rose Award) during National CD Week. The event was televised on a local cable access channel. Senators Kerry (D-MA) and Brown (R-MA) along with Congressman Barney Frank (D-MA) were invited to the event.

The **City of Irving, TX** developed a CD Week video which provided an overview of how CDBG funds are being used within the City.

Rep. David Loebsack (D-IA) spoke at the CD Week event held by the **City of Davenport, IA**. The event included a downtown jobs celebration.

Union County, NJ held a CD Week event that included the participation of Senator Robert Menendez (D-NJ).

The **City of Lowell, MA** kicked off CD Week with an open house at the Metta Health Center, a non-traditional medical center which serves the needs of the large Southeast Asian population in the city. The local newspaper profiled CDBG and its benefit to the community.

Congressman Ruben Hinojosa (D-TX) spoke at the **City of McAllen's** CD Week event which included the presentation of keys to new homeowners.

HUD NEWS

Mercedes Marquez Announces Her Resignation

Assistant Secretary for Community Planning and Development, Mercedes Marquez, will be leaving HUD on May 18, 2012, after nearly three years of service. In her announcement she said, “As Assistant Secretary, my commitment has been not just to focus on the short-term, but on achieving enduring change. In government, this sort of deep change is only achieved by supporting the people who do the work every day.”

Assistant Secretary Marquez has been a strong advocate of our core programs – CDBG and HOME. She fought to protect the HOME program last year from attacks by the *Washington Post* and underwent grilling from House members during several hearings on the program. She made the streamlining of the Consolidated Plan a priority and will release the Con Plan enhancements next month. She has also fought for funding within HUD to improve IDIS and has been successful in gaining increased funding for the system annually. She met with NCDA and other national interest groups at least bi-annually to hear concerns and be proactive on behalf of grantees within the Department.

We have no word on her future plans, except that she will move back to Los Angeles with her family. We wish her all the best and thank her for her commitment to local communities.

Consolidated Plan Enhancements to be Released Soon

HUD’s Office of Community Planning and Development (CPD) is designing Consolidated Plan enhancements to better support grantees’ planning efforts. This nearly two-year effort is nearing completion and HUD expects to roll out the new enhancements next month through a webinar for grantees. HUD has also developed a training manual for grantees on the enhancements. The enhancements will include a web-based mapping tool to help grantees collect local demographic and market data. CPD is also creating an electronic submission template that will be incorporated into IDIS to simplify Consolidated Plan preparation and reporting.

HUD Issues Revised Labor Standards Handbook

HUD has released Revision 2 of its Handbook, “Federal Labor Standards Requirements in Housing and Urban Development Programs.” This replaces Revision 1 which was issued in December 1986. Major changes include the following:

- Clarifies HUD staff responsibilities and grantee responsibilities
- Updates and enhances Labor Relations policies and procedures concerning day-to-day program administration and enforcement
- Streamlines labor standards administration and compliance review requirements

The handbook is available at the following link:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/sch/13441

NCDA NEWS

NCDA and NACCED Provide Joint Comments to HUD on Improving IDIS

The National Community Development Association (NCDA) and the National Association for County Community and Economic Development (NACCED) worked collectively with members over the past two months on the development of recommendations for improving IDIS. NCDA worked with its Technology Subcommittee on the development of an IDIS survey to members to collect feedback on recommendations for making the system easier to use and more efficient. The attached document provides an outline of the major survey areas and detailed comments and recommendations on improving IDIS from grantees who operate and use the system at the local level. The survey results and recommendations were forwarded to Assistant Secretary Marquez on April 19.

Updated Annual Conference Agenda – Join Us in Beautiful Palm Springs!

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**. The cut-off date for making your room reservation is **May 29**. The rooms are selling out quickly, so register soon! 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. An updated conference agenda is attached along with a registration form and information on the airlines that serve Palm Springs International Airport. You can also register online at www.ncdaonline.org.

2012 John A. Sasso National Community Development Week Award

NCDA is accepting submissions for its John A. Sasso National Community Development Week Award through May 4, 2012. The award recognizes those communities which participated in the 2012 National Community Development Week campaign on April 9-14. Activities should have involved local partners and citizens and received media attention. Special preference will be given to those communities that conducted on-site tours of CDBG-funded projects for their congressional delegation or provided videotaped copies of the tour to their congressional delegation. We understand that congressional members cannot attend every CD Week celebration, so sending in a video of your CDBG-funded projects is just as effective.

The criteria for the 2012 John A. Sasso National Community Development Week Award is attached. To be eligible for consideration of an award, communities must be a member of NCDA. NCDA will select the winners by May 18, 2012. Winners will be notified no later than May 25, 2012.

Call for CDBG and HOME Best Practices

NCDA is developing a CDBG and HOME best practices document to share with congressional members. There are many new members in Congress who are not aware of CDBG and HOME and others who need to be reminded of the great projects being developed with CDBG and

HOME dollars. Please use the following criteria when submitting your best practice(s) narrative and information.

- discuss the amount of CDBG and/or HOME dollars committed to the project and the amount of dollars leveraged from other resources;
- discuss the population served (veterans, elderly, youth, working families, homeless, victims of domestic violence, etc.);
- discuss how the project helps to meet a critical need in the community;
- discuss partnerships forged with other organizations in developing/operating the project;
- discuss any special recognition bestowed upon the project, if any (e.g., award, city council recognition, press articles, etc.); and
- discuss any other noteworthy aspects of the project

The first draft of the document will be compiled by May 5 so send your best practice(s) to Vicki Watson at vicki@ncdaonline.org before that date.

On-Site CDBG and HOME Training Available Through NCDA

With the cuts to CDBG and HOME, many communities are scaling back on their travel budgets. To help grantees with their training needs, NCDA has decided to provide on-site CDBG and HOME training, with the following parameters:

- There must be a minimum of 20 persons to be trained. Multiple communities may want to join together to hold a single training to meet this minimum number.
- The grantee will provide the training room and audio-visual equipment.
- The training fee for the CDBG and HOME Basic courses is \$250 for members and \$350 for non-members. The training fee for the Advanced CD Course is \$150 for members and \$250 for non-members. These are the lowest fees in the industry.

If you would like NCDA to provide on-site training in any of these areas, please contact Vicki Watson at vicki@ncdaonline.org

CDBG Basics Training in San Diego, CA

NCDA will hold a three-day CDBG Basics Course in San Diego, CA on May 21-23, 2012. The training is being held at the request of the City of San Diego to train city staff on the program; however, we have at least 20 slots available (as of today) for other grantees interested in attending the training. For more information on the training, including the course agenda and registration form, go to www.ncdaonline.org/cdbg.asp.

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

Program	FY11 Enacted Level	FY12 Enacted Level	FY13 President's Request	FY13 Senate Appropriations Committee Level
Community Development Fund	\$3.5 billion	\$3.308 billion	\$3.143 billion	\$3.210 billion
<i>Set-Asides:</i>				
Disaster Assistance	0	[\$300 million]	0	0
Native American Block Grant	[\$65 million]	[\$60 million]	[\$60 million]	[\$60 million]
Sustainable Communities	[\$100 million]	0	[\$100 million]	[\$50 million]
SHOP	0	0	[\$35 million]	0*
University Community Fund	0	0	0	0
EDI Grants	0	0	0	0
Neighborhood Initiatives	0	0	0	0
Rural Innovation Fund	0	0	0	0
Formula Grants	\$3.335 billion	\$2.948 billion	\$2.948 billion	\$3.100 billion
Section 108 Loan Guarantees	\$275 million	\$275 million	\$500 million	\$500 million**
Brownfields	\$0	\$0	\$0	\$0
HOME Program	\$1.606 billion	\$1.0 billion	\$1.0 billion	\$1.0 billion
Homeless Programs	\$1.9 billion	\$1.9 billion	\$2.2 billion	\$2.146 billion
Housing Counseling	\$0	\$45 million	\$55 million	\$55 million
Lead Hazard Control	\$120 million	\$120 million	\$120 million	\$120 million
HOPWA	\$335 million	\$332 million	\$330 million	\$330 million
Section 202 for the Elderly	\$400 million	\$375 million	\$475 million	\$375 million
Section 811 for the Disabled	\$150 million	\$165 million	\$150 million	\$150 million
Fair Housing	\$72 million	\$71 million	\$68 million	\$68 million
Section 8 TBRA	\$16.6 billion	\$17.2 billion	\$17.2 billion	\$17.5 billion
Section 8 Project-Based Assistance	\$9.3 billion	\$8.94 billion	\$8.7 billion	\$9.89 billion
Public Housing Capital	\$2.04 billion	\$1.875 billion	\$2.07 billion	\$1.985 billion
Public Housing Operating	\$4.616 billion	\$3.962 billion	\$4.5 billion	\$4.591 billion
HOPE VI	\$35 million	\$0	\$0	\$0
Choice Neighborhoods	\$65 million	\$120 million	\$150 million	\$120 million
Native American Housing Block Grant	\$649 million	\$648 million	\$650 million	\$650 million

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

*SHOP is funded at \$53.5 million as a separate account.

**The Senate Appropriations Committee supports a loan level guarantee of \$500 million for Section 108 in FY13, but does not provide any subsidies. The Committee supports HUD's proposal to make Section 108 a fee-based program.

