



DATE: May 30, 2012

NCDA Annual Conference - Palm Springs, CA: June 20-23, 2012

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Appropriations Update

NCDA and other members of the CDBG Coalition wrapped up a second round of visits with members of the House Transportation-HUD (T-HUD) Subcommittee last week in hopes of shoring up support for higher funding for CDBG in the FY13 House T-HUD spending bill and quelling movement to possibly decrease the CDBG administrative cap. The House T-HUD subcommittee is expected to mark-up its FY13 HUD spending bill some time in June. Language was inserted into last year's appropriations measure requiring GAO to conduct a study on the effectiveness of the CDBG and the HOME programs (see below) and a separate study on the CDBG administrative and planning cap. The Security and Investigations arm of the House Appropriations Committee is in the process of conducting a study on the CDBG administrative cap through information obtained from HUD headquarters, field offices, and possibly grantees. The Security and Investigations arm is trying to gain a better sense of how much admin and project delivery is charge to CDBG nationally (they may also examine some grantees) as well as how HUD field offices monitor grantees on both issues. In our meetings with House T-HUD staff over the last two weeks, we provided each office with CDBG admin spending rates in their districts which varied from as low as 9% to as high as 20% indicating a need to continue the flexibility of allowing grantees to charge up to 20% of their CDBG grant towards administration and planning. All of the offices appeared supportive of the 20% administrative cap and we asked them to relay their support to the T-HUD Chairman, Rep. Tom Latham (R-IA), and ranking member, Rep. John Olver (D-MA).

We were successful in obtaining increased funding for CDBG (\$152 million) in the Senate last month. While the Senate was able to pass its FY13 Transportation-HUD spending bill out of the full appropriations committee, it is doubtful the House will be able to do so until after the November elections, according to staff. With less than twenty working days left in this congressional session, both chambers plan to turn their attention to bigger legislative items that tout the political agenda of both parties. Majority Leader Reid (D-NV) will turn the Senate's attention to tax credits for small businesses (an Obama priority). Beyond that, the chamber will try to focus on student loan legislation, the new farm bill, and reauthorization of federal flood programs, and possibly one or two spending bills. The House plans to focus on items relating to job growth and the economy, including clamor and rhetoric related to the extension of the upcoming expiring tax cuts. The House GOP also wants to line up a legislative response to the Supreme Court's expected ruling on the 2010 Obama health care law.

While one or two spending bills (likely Military/Veterans and Homeland Security) may make their way through Congress before it adjourns, the others will have to wait until after the November elections, along with negotiation on the tax cuts for the wealthy and the middle class (both of which expire at the end of December) and the sequester (mandatory cuts) to discretionary programs. Washington pundits are predicting that Congress will pass a FY13 Continuing Resolution that will last until the spring to keep those agencies without enacted spending bills operating fully. The measure will likely extend the tax cuts for a short time period and kick the sequester issue down the road until some time next year.

Another issue facing House appropriators is the amount of funding available for discretionary spending in FY13. While the Senate used the Budget Control Act (negotiated last year as part of the budget deal) cap of \$1.047 trillion in doling out spending allocations for its twelve subcommittees, the House (in a political stance) approved Rep. Paul Ryan's budget plan that allots \$1.028 trillion to its twelve spending subcommittees – leaving a gap of \$19 billion between the two chambers. While some spending measures will be negotiated fairly easily (as mentioned above), the others will have to wait until after the elections to see if there is the political will to move the remaining spending bills at a higher allocation level. In our meetings with T-HUD staff, there is a desire to provide the higher Senate allocation to the House T-HUD bill.

GAO Releases Report on CDBG and HOME

The FY12 Consolidated and Further Continuing Appropriations Act passed by Congress last Fall directed the General Accountability Office (GAO) to conduct a study on the effectiveness of the block grant programs administered by HUD's Office of Community Planning and Development. The report focused on the CDBG and HOME programs, as requested by the House Transportation-HUD Subcommittee.

GAO looked at past studies on both programs, met with HUD staff, and interviewed several national interest groups, including NCDA. In brief, the study found that information on the

overall effectiveness (or impact) of the CDBG and HOME programs is limited. Although studies have been done on both CDBG and HOME over the years, none have evaluated the overall impact of the programs. According to HUD, this would take an extensive study process that compares neighborhoods that received CDBG and HOME funds to those that did not. GAO noted in its report that those studies that have been conducted on both programs, while limited in scope, have shown that both programs have made positive contributions to communities. In a 1995 study by the Urban Institute of the CDBG program, findings suggest that the program played a role in neighborhood revitalization and stabilization in a number of cities. A 2008 study of the foreclosure and delinquency rates of the HOME program found that in comparison to FHA-insured homebuyers foreclosure rates for homebuyers who received HOME assistance were slightly lower. To read the full report, go to <http://www.gao.gov/assets/600/590845.pdf>

In all, the report is a wash. While it doesn't lay out the effectiveness of the programs, it doesn't discount their effectiveness either. Until a more indepth, long-term study of both programs is conducted, Congress does not have the ammunition to criticize the programs based on effectiveness.

HUD NEWS

HUD Publishes Guidance on FY12 HOME Appropriation Requirements

On May 8, 2012, HUD issued CPD notice 12-007 to provide operating guidance to participating jurisdictions for implementing the FY12 HOME appropriation requirements. Four statutory requirements were added to the HOME program as part of the FY12 consolidated appropriations bill passed by Congress last Fall to address issues raised in several negative *Washington Post* articles on the program. According to the notice, a FY12 HOME-funded project is defined as any HOME activity set-up in IDIS under a 2012 Consolidated Plan/Annual Action Plan project.

New HOME Statutory Requirements

1. Participating jurisdictions must repay any HOME funds invested in projects that are not completed within four years of the commitment date, as determined by the signature of each party to the written agreement. HUD may grant a one year extension upon the determination that the failure to complete the project is beyond the control of the PJ.

HUD Implementation: HUD will track this requirement through monthly, PJ-specific reports in IDIS, posted at <http://www.hud.gov/offices/cpd/affordablehousing/reports/>

2. Participating jurisdictions may only commit FY12 HOME dollars to a project after it has underwritten the project, assessed the developer capacity and fiscal soundness of the developer being funded, and examined the neighborhood market conditions to ensure that there is an adequate need for the HOME project. The PJ must certify, at the time HOME funds are committed, that these actions have been taken for each project.

HUD Implementation: Participating jurisdictions will have to certify in IDIS 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. The IDIS certification will require the PJ to enter the name of the person responsible for ensuring compliance with these requirements.

PJ Compliance: Participating jurisdictions must develop and implement written policies and procedures for underwriting projects, evaluating the development and fiscal capacity of developers, and ensuring that there is adequate need for projects based on neighborhood market conditions.

3. Participating jurisdictions must convert any FY12 HOME homeownership unit that has not been sold to an eligible homeowner within six months of construction completion to a HOME-assisted rental unit.

HUD Implementation: HUD will consider a homebuyer unit as “sold” if the PJ has a ratified sales contract for the unit within six months of project completion. Project completion means the project has received a certificate of occupancy. Using IDIS data, HUD will identify HOME homebuyer activities set-up under 2012 Consolidated Plan/Action Plan projects in IDIS that are in final draw and those HOME homebuyer activities with more than 90 percent of the HOME funds drawn yet no draws in the past six months. Reports identifying these activities will be posted monthly on the HOME Reports website (see #1). No waivers or exceptions will be made to this requirement.

4. Participating jurisdictions may only provide FY12 HOME funds for development to CHDOs that have demonstrated that they have staff with demonstrated development experience.

HUD Implementation: Any time a PJ subgrants HOME funds from its 2012 CHDO set-aside (CR) subfund to a CHDO for a project, the PJ must certify in IDIS that it has carefully evaluated the development capacity of the CHDO staff, and has determined that the CHDO staff has the knowledge, skills, and experience necessary to undertake eligible CHDO set-aside projects.

PJ Compliance: Participating jurisdictions must develop and implement written policies and procedures for assessing CHDO staff capacity, and ensure that adequate documentation of the assessment is included in the appropriate files. HUD defines CHDO staff as paid employees who are responsible for the day-to-day operations of the CHDO. Staff does not include volunteers, board members, or consultants. The IDIS certification will require the PJ to enter the name of the person responsible for ensuring compliance with these requirements.

HUD will hold the following webinars on the new HOME requirements, as follows:

- Overview of the FY12 Appropriations Law Requirements – to be recorded and posted on the HOME TA website soon
- Recent IDIS Changes Affecting HOME Pjs – June 4, 2012, 1:00 - 3:00 pm EDT
- Market Analysis – June 11, 2012, 1:00 - 2:30 pm EDT
- Underwriting and Developer Capacity for Homebuyer Projects – June 14, 2012, 1:00 - 3:00 pm EDT
- Deadline for Sale of Homebuyer Units – June 18, 2012, 1:00 - 3:00 pm EDT
- Underwriting and Developer Capacity for Rental Projects – June 21, 2012, 1:00 - 3:00 pm EDT
- For PJ: Assessing CHDO Development Capacity – June 25, 2012, 1:00 - 3:00 pm EDT
- For CHDOs: Understanding the CHDO Development Capacity Requirement – July 10, 2012, 1:00 - 3:00 pm EDT

Attendees are encouraged to log on to the HOME TA website at <https://www.hometa.info/> in advance of the sessions to download the Live Meeting software. HUD will also post the log in information for each of the sessions to the HOME TA website soon.

HUD Launches the eCon Planning Suite

HUD launched its long awaited eCon Planning Suite earlier this month after nearly three years of hard work to make the Con Plan process easier and more effective. The eCon Planning Suite is comprised of two primary components: a powerful new mapping tool and an electronic template for submitting the Consolidated Plan. The eCon Planning Suite was developed to make the Consolidated Plan process easier for grantees while providing real-time data on needs and resources and provide a process for grantees to work with the public to strategically plan and implement CPD-funded projects.

The CPD Maps will allow grantees to instantly import information on local housing and community development needs and market data directly into the Consolidated Plan template. The Consolidated Plan template will be required for all Consolidated Plans submitted on or after November 15, 2012. Grantees that are scheduled to submit Consolidated Plans to HUD after this date will use the template for both the Consolidated Plan and each Annual Action Plan. With the incorporation of the Consolidated Plan and Annual Action Plans into IDIS OnLine, the key reporting elements of the grants management cycle are integrated into a single system. According to HUD, this will help ensure cohesiveness among:

- the goals described in the Consolidated plan and Action Plan;

- the activities and accomplishments tracked in IDIS; and
- the outcomes reported in the CAPER

The Quality Check feature will allow grantees to review the plan for missing elements before submitting it to HUD. In addition to completing the minimum required elements, the template allows grantees to customize their plans by adding maps, text, tables and photos. To walk grantees through the process, HUD has created an online user manual, “Using IDIS to Prepare the Consolidated Plan, Annual Action Plan, and CAPER/PER.” The manual is available at the following link http://www.hud.gov/offices/cpd/about/conplan/pdf/conplan_manual.pdf.

NCDA Annual Conference – 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. The conference fee is \$350 for NCDA members and \$450 for non-members. The 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.

Highlights of the conference include the following:

- Two-hour training session on the e-Con Planning Suite
- Update from HUD Headquarters staff on the latest policy news on CDBG, HOME, and the HEARTH Act programs
- Plenary session with HUD staff on the necessary steps to close-out your CDBG-R and NSP1 projects
- Plenary session with the U.S. Census Bureau on the American Community Survey
- Plenary session on the National Mortgage Settlement. This \$25 billion settlement reached by the 49 state attorneys general and the federal government will provide new resources to help distressed homeowners and will allot funding to States for various housing activities, of which local governments may be eligible to apply for the funds.
- Plenary session on using CDBG for job creation – three CDBG grants will discuss their local job creation programs
- Plenary session on managing your grant programs with less funding – three grantees will discuss how they’ve changed their program operations in light of the slowing economy and reductions in funding
- Presentation on a grants management data system for grantees
- Presentation from some of the winners of the 2012 John Sasso National Community Development Week Awards and their process for planning and carrying out a successful CD Week campaign.
- Tour of the City of Palm Springs’ CDBG- and HOME-funded projects
- Best of all – networking with your fellow community development professionals

NCDA Announces the 2012 John A. Sasso National Community Development Week Award Winners

NCDA would like to congratulate the following winners of the 2012 John A. Sasso National Community Development Week Award. The communities will be honored for their 2012 Community Development Week activities at a luncheon on Friday, June 22, during the 2012 NCDA Annual Conference in Palm Springs. All of the communities incorporated their local partners, beneficiaries, and congressional members into their events, which highlighted the importance and effectiveness of CDBG and HOME at the local level.

Palm Springs, CA
Jacksonville, FL
Lake Charles, LA
Malden, MA
Newton, MA
Greenville, NC
Columbia, SC
Knoxville, TN
Arlington, TX
El Paso, TX
Wausau, WI

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.

