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Happy Fourth of July!

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House Passes FY13 HUD Spending Bill; Several Amendments Offered to Strip CDBG and HOME Funding

On June 29, the House of Representatives passed its FY13 Transportation, Housing and Urban Development and Related Agencies (THUD) spending bill, H.R. 5972, on a vote of 261-163 with bi-partisan support. The House Appropriations Committee has passed 11 of its 12 spending bills and have brought six bills to the House floor – meaning they are halfway through enactment of all of their spending bills. H.R. 5972 cuts nearly \$4 billion from HUD in FY13, but increases funding for CDBG, HOME, homeless assistance, Section 202 for the Elderly, and Section 811 for the Disabled.

In a statement of Administration policy released on June 21, the President said that he would veto the bill in its current form because it does not adhere to the budget agreement reached last summer. Last summer, the Congress and the President agreed to the Budget Control Act of 2011 (BCA). The BCA provided \$2 trillion in deficit reduction and provided tight spending caps to continue to fund discretionary spending while preserving critical national priorities. The House departed from the BCA this year by passing even tighter non-defense discretionary spending caps. Passing H.R.5972 at its current level would take away resources for other forthcoming spending bills such as HHS, according to the President’s statement.

During the three-day debate of the bill on the House floor, many amendments were offered to the HUD portion of the bill, including the following:

- Rep. Tom McClintock (R-CA) offered two amendments: (1) to zero out funding for the

Community Development Block Grant Program; and (2) to zero out funding for Section 108 Loan Guarantees. Both amendments failed.

- Rep. Jason Chaffetz (R-UT) offered an amendment to decrease funding for the CDBG program by \$392 million, reducing the program to its FY12 level. The amendment failed.
- Rep. Jeff Flake (R-AZ) offered an amendment to decrease funding for the HOME program by \$200 million. Rep. Flake offered a similar amendment during the Committee mark-up of the bill. The amendment failed both times.
- Rep. Mario Diaz-Balart (R-FL) offered an amendment to increase the public services cap within the CDBG program from 15% to 25%. He withdraw the amendment before it was ruled out of order.
- Rep. Jerrold Nadler (D-NY) offered an amendment to increase funding for the HOPWA program by \$2 million by offsetting the increase with reductions in HUD salaries and expenses. The amendment passed. It restores HOPWA funding to the FY12 level.
- Rep. Hansen Clarke (D-MO) offered an amendment to increase funding for Homeless Assistance Grants by \$5 million by decreasing funding for HUD's Working Capital Fund. The amendment passed. HUD estimates that an additional \$95 million increase is needed to fully fund Continuum of Care renewals in FY13 and avoid nearly 25,000 households from losing their housing assistance.
- Rep. Scott Garrett (R-NJ) offered an amendment to prohibit HUD from formalizing in regulations its interpretation that housing practices that have a disparate impact on people who are members of a protected class violates the Fair Housing Act. The amendment is intended to exclude risk-based lending and insurance underwriting and pricing that unintentionally results in a statistically disparate outcome, according to Garrett. The amendment passed by voice vote.
- Rep. Steve Scalise (R-LA) offered an amendment to prevent the use of HUD funds to implement any law that would prohibit landlords from denying tenancy based on a prior criminal conviction. The amendment passed.

The bill includes language directing HUD to complete an analysis of how much CDBG funding has been used by grantees as matching dollars for other federal programs, which programs are being matched, the local match requirements of such programs, and what legal authority allows the use of CDBG as a local match for other federal programs. Sara Peters, T-HUD Subcommittee majority staff, wants the information in order to determine how much CDBG funding is being used as a federal match. The analysis will be directed at the last several years of CDBG funding and must be completed by HUD within 180 days of enactment of the T-HUD bill. According to the committee, "the point of a local match requirement is to have recipients of

federal funding at least “put some skin in the game” in exchange for large amounts of federal funding.”

The Appropriations Committee included language chastising HUD for the rising renewal costs in the Continuum of Care Program. The House Appropriations Committee estimates that, as written, the HEARTH Act would require \$4.4 billion each year to implement. Language in the bill reads,

“...Such cost is unreasonable in this fiscal environment. The Committee (Appropriations) will not fund everything envisioned in the HEARTH ACT. According to the committee, the number [Continuum of Care renewals] is exploding in growth – in the hundreds of millions each year – and is completely unsustainable. The Continuum of Care program is supposed to be a competitive grants program. A “renewal burden” is antithetical to the concept of competition. Competition for scarce resources is what drives better performance and leads to innovation. Automatic renewals are just the opposite, creating inefficiencies and removing all incentives to perform better.” The language goes on to read, “the committee notes that it has been over three years since the HEARTH Act was implemented and still the regulations for the Continuum of Care program have not been released. The committee directs HUD to finalize such regulations as soon as possible.” Finally, the committee added language supporting the Emergency Solutions Grant (ESG) Program and recommending increasing funding for the program to \$286 million in FY13. The language reads, “Because of the ESG’s innovative focus on preventing and solving homelessness, rather than simply managing it, the committee strongly supports this program.”

The committee directs HUD to report back to them within 90 days of enactment of the bill on how the continuum of care can be run more like a true competition– on both the national and local level – given scarce resources.

OMB Seeks Evidence of Effectiveness of Federal Programs

In a memorandum issued to all Federal Department heads, the Office of Management and Budget (OMB) is requiring federal agencies to provide evidence of effectiveness of programs in their FY14 funding requests. The memo calls upon federal departments to conduct program evaluations and measure the cost-effectiveness of programs. The memo cites a model developed by the Washington State Institute for Public Policy that ranks programs based on the evidence of their return on investment.

OMB and the Council of Economic Advisers will organize a series of discussions with senior policy officials and agency research experts this summer to focus on administrative and policy actions for increasing evidence-based practices in the FY14 federal budget process.

NCDA NEWS

NCDA Annual Conference Wrap-Up

NCDA would like to thank the City of Palm Springs, CA for hosting the 2012 Annual Conference on June 20-23. Special thanks goes out to Dale Cook and his staff. Over 110 people attended the conference which featured a wide array of sessions for grantees. NCDA member communities in Davenport, IA (Bruce Berger), Boston, MA (Bob Gehret), and Shreveport, LA (Bonnie Moore) provided a look at their efforts to create jobs using CDBG while Miami, FL (George Mensah), Los Angeles County, CA (Scott Stevenson), and Palm Springs, CA (Dale Cook) provided ideas for administering federal grant programs with less funding. Member communities in Knoxville, TN (Becky Wade), Wausau, WI (Ann Werth), and Palm Springs, CA (Dale Cook), all winners of the 2012 John A. Sasso National Community Development Week Awards, presented their strategies for planning and implementing a successful CD Week campaign. During the conference luncheon, NCDA recognized the following member communities with the 2012 John A. Sasso National Community Development Week Award: Palm Springs, CA, Jacksonville, FL, Albany, Ga, Lake Charles, LA, Malden, MA, Newton, MA, Greenville, SC, Knoxville, TN, Columbia, SC, Arlington, TX, El Paso, TX, and Wausau, WI. NCDA presented former Assistant Secretary Mercedes Marquez with a leadership award to recognize her service to grantees during her tenure at HUD. Mercedes is now the Deputy Mayor for Housing for Los Angeles, CA.

Stan Gimont, Director of the Office of Block Grant Assistance, at HUD Headquarters did a great job of providing policy updates on CDBG, HOME, and the HEARTH Act and working in tandem with Meg Barclay, Special Assistant at the Office of Community Planning and Development, HUD, Washington, DC, on the eCon Planning Suite session which provided a demonstration of the new Con Plan Template and mapping tool. For more information on these tools, go to http://www.hud.gov/offices/cpd/about/conplan/cp_idis.cfm

Chantel Walker and Alfred Cheung with Tekmeca (San Francisco, CA) provided information on its Total Grant Solution data system that allows grantees to efficiently manage grantees, from application intake through grant tracking to final reporting. For more information on this system go to www.tekmeca.org

Conference participants were treated to a local tour of CDBG and HOME funded projects by the City of Palm Springs. The highlight of the conference was a reception at the O'Donnell House overlooking the city lights of Palm Spring. Guests were treated to first-class entertainment by the nationally recognized local high school jazz band (they were terrific!). At the Saturday business meeting, NCDA welcomed a new President, Bob Gehret (Boston, MA) while we thanked President Barbara Ross (Denton, TX) for her service over the past year. The following slate of officers were elected during the business meeting.

Bob Gehret, Boston, MA, President
Al Faella, Union County, NJ, Vice-President
Willie Day, Anderson, SC, Secretary-Treasurer

The 2013 NCDA Annual Conference will be held in Horry County, SC. We hope to see you

there!

The following provides an outline of three of the conference sessions: (1) CPD Policy Update; (2) CDBG-R Closeout Procedures; and (3) the American Community Survey Data.

CPD Policy Update

Stan Gimont, Director of the Office of Block Grant Assistance, HUD, Washington, DC provided the following policy update.

- Mark Johnston, Deputy Assistant Secretary for Special Needs, has been appointed Acting Assistant Secretary for Community Planning and Development. Cliff Taffet remains as General Deputy Assistant Secretary, Yoland Chavez remains as Deputy Assistant Secretary for Grant Programs, and Ann Oliva is now the Acting Deputy Assistant Secretary for Special Needs.

CDBG

- HUD will issue guidance this year on mixed-use economic developments, activities jointly funded by entitlements and states, and use of the ACS data for low-mod area benefit
- HUD is also evaluating changes to the IDIS performance measurement structure (will probably delete some of the measures)
- HUD's Inspector General issued a report on CDBG on October 31, 2011. The report found that "HUD did not adequately use the IDIS system to provide oversight of activities under the CDBG program." According to the report, HUD was unaware of how grantees used \$67 million to fund more than 1,300 cancelled activities and lacked oversight of \$3 billion funding more than 20,000 long-standing open activities. According to HUD, 46 grantees accounted for 11,647 open activities and 64 grantees accounted for \$2 billion in open activities. HUD has worked diligently to correct this problem. The Department has reduced the long-standing open down activities to 3,409.
- FY12 allocations used American Community Survey (ACS) data for 2005-2009 in place of 2000 Census data. The Census long form has been discontinued. The new data coupled with reduced appropriations caused significant funding changes for many grantees.
- HUD needs grantees to make use of Section 108 in order to preserve it. Congress allocated \$240 million in guarantee authority in FY12 and HUD expects to receive a similar amount in FY13. HUD's Policy Development and Research Office will issue a report on Section 108 guarantee authority shortly.

- OneCPD replaces previous CPD approach to technical assistance. HUD has almost \$70 million in technical assistance available. While HUD will use the majority of the TA on highly targeted national efforts, grantees are encouraged to contact their field offices if the need arises for local technical assistance.

HEARTH

- HEARTH Act signed into law on May 20, 2009. Status of the regulations: HUD has published a final rule on the definition on homelessness, has published a proposed rule on the Homeless Management Information System (HMIS), and published an interim rule on the Emergency Solutions Grants Program with conforming amendments to the Consolidated Plan. The rule implementing the Continuum of Care program is still pending. HUD hopes to release it in the next couple of months.
- Up to date information regarding HEARTH Act implementation can be found at <http://www.hudhre.info/hearth>

HOME

- CPD Notice 12-07 provides guidance to participating jurisdictions on implementing the authorizing provisions contained with the FY12 Transportation-HUD spending bill. These provisions include: (1) PJ must evaluate developer capacity, underwriting and marketing demand before committing HOME funds; (2) homebuyer units remaining unsold 6 months after construction must be converted to rental; (3) projects not completed 4 years after commitment must be terminated and funds repaid; and (4) PJ must certify that CHDO receiving FY12 funds has staff with demonstrated development capacity. HUD is hosting a series of webinars to provide technical assistance on practical considerations for implementation of the requirements. The archived webinars can be found at <https://www.hometa.info/>
- HUD published the HOME proposed rule on December 16, 2011. HUD received 320 comments on the rule. The final rule will go into Departmental clearance this month. Expect publication this Fall.

CDBG-R Closeout Procedures

Stan also delivered this presentation. According to Stan, as of June 11, 2012, 92% of the CDBG-R funds have been drawn down. However, 16 cities and 6 counties are less than 50% drawn with 5 grantees less than 10% drawn and 1 grantee at \$0 drawn. It is imperative that you try to draw down all of your CDBG-R funds to show Congress the funds were, indeed, needed at the local level.

- All CDBG-R funds must be expended by September 30, 2012 or returned to the Treasury

- Final draw down request must be submitted in LOCCS before 8 pm EDT on September 28, 2012
- HUD expects all CDBG-R grants to be closed out no later than March 31, 2013
- HUD issued closeout instructions on February 13, 2012. Those instructions are available http://portal.hud.gov/hudportal/documents/huddoc?id=cdbg_closeout_notice.pdf
- The following documentation must be submitted to your local HUD Field Office
 - (1) FederalReporting.gov – final report only
 - (2) Final Financial Report from 425
 - (3) CDBG-R Closeout Checklist
 - (4) Grant Closeout Agreement – signed and returned to HUD
- CDBG-R report cannot be final until:
 - (1) CDBG-R activities are physically complete and project status is 100% complete
 - (2) All FTE jobs, created or retained with Recovery Funds are reported
 - (3) All CDBG-R funds are expended or if there are unspent funds in LOCCS, then indicate in the “Quarterly Project Description” that no more money will be spent and the report is final
 - (4) All CDBG-R activities have been entered into IDIS and complied with all program requirements
- HUD will review and verify all submitted documents. Original copies should go to the Field Offices. The Field Office prepares a closeout agreement signed by the CPD Director and forwards it to the Fort Worth Accounting Center.
- In accordance with 24 CFR 570.502(a)(16), CDBG entitlement grantees must keep all grant records for 4 years after closeout

Keeping Up with the New Census Data

Art Cresce with the U.S. Census Bureau in Washington, DC provided an overview of the American Community Survey (ACS), ACS data quality, and reasons for variances in certain ACS measures.

- The U.S. Census Bureau annually releases 1-year, 3-year, and 5-year ACS data sets.
 - 1-year estimates provide information on areas with populations of 65,000 or more;
 - 3-year estimates provide information on areas with populations of 20,000 or more;
 - 5-year estimates provide information on all areas down to the census tract and block group level

This means that grantees will be able to obtain block group level data from the 5-year estimates.

The ACS 1-year 2011 data sets will be released in September 2012, followed by the 3-year (2009-2011) data sets in October 2012, and the 5-year (2007-2011) data sets in November 2012.

The Census Bureau expanded the sample size of the ACS from 2.90 million households surveyed in June 2010 to 3.54 million households surveyed in June 2011. These households are mailed questionnaires seeking responses to specific data sets. The Census Bureau is testing the collection of ACS data through the internet and hopes to be able to use the internet as the primary collection point for ACS starting in January 2013.

To ensure quality data collection, the Census Bureau has hired highly trained, permanent staff to conduct follow-up to ensure a high response rate. The Bureau also provides the ACS survey questions in both English and Spanish. The Bureau conducts extensive testing for new and revised questions, conducts extensive review of the data (data comparisons with previous year responses and data from other sources), and only allows household members to respond to the survey unlike the 10-year Census which allows neighbors to act as proxy respondents.

Mr. Cresce told the NCDCA conference participants that the measure for overcrowding declined from 2000 (as measured by the Census long form) vs. the 2005-2009 ACS data by nearly three percentage points (from 5.7% in 2000 to 3.0% with the 2005-2009 ACS data). The Census Bureau attributes this primarily to a lack of understanding of actual unit size by respondents (e.g., respondent may indicate a unit as a 2-bedroom when it is actually a 3-bedroom – they may be using the third bedroom as a den or office and do not count it as a third bedroom). Mr. Cresce noted that the Census Bureau may try to use local tax rolls in the future to properly assess unit size.

The estimate for the pre-1940 housing measure was 6% higher using the 2005-2009 ACS data vs. the 2000 Census estimate. Some of this increase can be attributed to the trend of converting commercial properties into residential units (e.g., mills into condominiums, large homes into two or more units, etc.), but the Census Bureau thinks it is more likely attributed to the differences in self-reporting. Again, the Bureau may try to use local tax rolls to provide more accurate data of this measure and the overcrowding measure in the future.

Both of these measures contributed significantly to the wide shifts in FY12 CDBG allocations among grantees.

Fall Regional Conference Dates

NCDA Region VI Annual Conference

Waco, TX

October 10-12, 2012

Pre-Conference training will take place on October 9. NCDA will offer a one-day CDBG Basics Training. NCDA will post the training information to its website within the next two weeks.

NCDA Region IV Annual Conference

DeKalb, GA

November 8-9, 2012

Pre-Conference Training will take place on November 6-7. NCDA will post the training information to its website once the hotel contract has been signed.

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

Program	FY12 Enacted Level	FY13 President's Request	FY13 Senate Appropriations Committee Level	FY13 House Level
Community Development Fund	\$3.308 billion	\$3.143 billion	\$3.210 billion	\$3.404 billion
<i>Set-Asides:</i>				
Disaster Assistance	[\$300 million]	0	0	0
Native American Block Grant	[\$60 million]	[\$60 million]	[\$60 million]	[\$60 million]
Sustainable Communities	0	[\$100 million]	[\$50 million]	0
SHOP	0	[\$35 million]	0*	0
University Community Fund	0	0	0	0
EDI Grants	0	0	0	9
Neighborhood Initiatives	0	0	0	0
Rural Innovation Fund	0	0	0	0
Formula Grants	\$2.948 billion	\$2.948 billion	\$3.100 billion	\$3.34 billion
Section 108 Loan Guarantees	\$275 million	\$500 million	\$500 million**	\$244 million
Brownfields	\$0	\$0	\$0	\$0
HOME Program	\$1.0 billion	\$1.0 billion	\$1.0 billion	\$1.2 billion
Homeless Programs	\$1.9 billion	\$2.2 billion	\$2.146 billion	\$2 billion
SHOP	\$53.5 million	\$35 million**	\$53.5 million	\$60 million
Housing Counseling	\$45 million	\$55 million	\$55 million	\$45 million
Lead Hazard Control	\$120 million	\$120 million	\$120 million	\$120 million
HOPWA	\$332 million	\$330 million	\$330 million	\$330 million
Section 202 for the Elderly	\$375 million	\$475 million	\$375 million	\$425 billion
Section 811 for the Disabled	\$165 million	\$150 million	\$150 million	\$165 million
Fair Housing	\$71 million	\$68 million	\$68 million	\$68 million
Section 8 TBRA	\$17.2 billion	\$17.2 billion	\$17.5 billion	\$17.2 billion
Section 8 Project-Based Assistance	\$8.94 billion	\$8.7 billion	\$9.89 billion	\$8.7 billion
Public Housing Capital	\$1.875 billion	\$2.07 billion	\$1.985 billion	\$1.985 billion
Public Housing Operating	\$3.962 billion	\$4.5 billion	\$4.591 billion	\$4.524 billion
HOPE VI	\$0	\$0	\$0	\$0
Choice Neighborhoods	\$120 million	\$150 million	\$120 million	\$0

Native American Housing Block Grant	\$648 million	\$650 million	\$650 million	\$650 million
Native Hawaiian Housing Block Grant	\$13 million	\$13 million	\$13 million	\$0
Indian Housing Loan Guarantees	\$6 million	\$7 million	\$6 million	\$0
Native Hawaiian Loan Guarantees	\$386 thousand	\$1 million	\$386 million	\$0

*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.

**The Administration's FY13 budget funds SHOP as a set-aside within the CDBG Program.