



DATE: August 3, 2012

Upcoming NCDAA Training

One-Day CDBG Basics Training, Waco, TX: October 9; register at www.ncdaonline.org/cdbg.asp

Three-Day CDBG Basics Training, DeKalb, GA: November 5-7 (information to be posted soon)

Advanced CDBG Training, DeKalb, GA: November 5-6 (information to be posted soon)

Advanced CDBG Training, Portsmouth, NH: November 13-14 (information to be posted soon)

FEATURED ARTICLES

- ✓ *Congress Recesses; Punts on Spending Bills*
- ✓ *Key Decisions on Tax Cuts, Sequestration Remain*
- ✓ *HUD NEWS – Annual Action Plans Due by August 16; Continuum of Care Interim Rule Released; Environmental Review Webinars*
- ✓ *NCDA NEWS – Tekmeca Offers Total Grant Solution Discount to NCDA Members; Fall Regional Conference Dates*
- ✓ *HUD Budget Chart*

Congress Recesses; Punts on Spending Bills

Congress left town yesterday evening for a five week summer recess leaving key decisions at bay until after they return in September or until after the elections in November. Senate Majority Leader Reid (D-NV) and House Speaker Boehner (R-OH) reached an agreement this week on a six-month Continuing Resolution (CR) to kick debate on the spending bills down the road until next March. Boehner approached Reid with the deal to avoid any hints of a government shutdown and to allow the newly elected Congressional members to take up the issue next year hedging bets that the GOP will control both the House and Senate. In return for acquiescing to the deal, Reid gets his \$1.047 trillion budget level (agreed to as part of the Balanced Budget Act last August) that House Budget Chairman Paul Ryan (R-WI) and others lowered in the House Budget Resolution passed earlier this year. The White House has blessed the deal, but ultimately Congress will have to pass the Continuing Resolution when it returns in September and who knows what may happen between now and then to upset the apple cart.

If the CR is ultimately passed by Congress and signed by the President, it will be a real kick in the teeth to appropriators who worked in earnest for the past several months to craft their FY13 spending bills. Congressional appropriators are furious with Reid and Boehner over the deal which effectively makes the appropriations process look insignificant and unnecessary. It wipes

out months of work by the Appropriations committees since their bills won't have standing in the new congressional session which begins in January. It sets up another showdown next Spring much like the one we went through in 2011 when a final budget deal was not reached until mid-April. To date, the House has approved seven spending bills (including the Transportation-HUD bill) while the full Senate has not considered any spending bills. This deal keeps federal programs operating at their FY12 funding level – \$2.948 billion in formula funding for CDBG and \$1 billion for HOME. The deal, if enacted, would wipe away any expected increases to CDBG and HOME for FY13 which the CDBG Coalition and other groups have fought for the last seven months.

Key Decisions on Tax Cuts, Sequestration Remain

On December 31, 2012, tax cuts for the wealthy as well as the payroll tax cut will expire. Earlier this week, House Republicans voted to extend the Bush tax cuts for the wealthy as a message to their constituents that they do not favor tax increases. The Senate passed their own bill last week to extend the tax cuts only to individuals earning less than \$200,000 and to married couples earning less than \$250,000. The differences in the two bills show the chasm that has existed all year between the two sides.

On January 13, 2013, sequestration will take effect – across the board cuts estimated at between 8-10% to both Defense and non-Defense discretionary programs. These two major events – dubbed “the fiscal cliff” by Washington pundits – will ultimately show – or not – how much Congress is willing to compromise and much of this will rest on who is elected in November. While the GOP is confident in their prospects for maintaining leadership of the House, taking control of the Senate, and winning the Presidency, other indicators point to a divided electorate with the Democrats keeping the White House and the Senate. Both sides agree on one thing – deficit reduction, but differ on their strategy for just how to accomplish it. Republicans want to keep the tax cuts and reduce the deficit by cutting federal programs. Democrats want to keep the tax cuts only for middle-income earners and avoid deep slashes to federal programs. Clearly, there will never be meaningful deficit reduction without getting rid of the tax cuts for the wealthy and reforming Medicaid and Social Security at some level. Discretionary spending makes up a minute portion of the overall budget and cutting federal programs – even to the core – will only go so far. Tax cuts and reforming Medicaid and Social Security are sensitive issues that Congress are loathe to discuss, but will be forced to discuss before the tax cut and sequestration deadlines. In the end, this do nothing Congress will morph into next year's do nothing Congress that will likely kick the issue down the road because neither side will hold enough of a majority to get anything done.

Sequestration was a bad idea to begin with and many Congressional members are ruing their decision to vote for it. Still, the tea party bloc which seems to be gaining momentum with their recent primary victories want to see spending reductions. If President Obama remains in power, he will likely hold a stronger line against such reductions since he is term limited and doesn't have to worry about trying to appease both sides of Congress.

In a memo released this week, Acting OMB Director Jeffrey Zients announced his agency would start working with federal agencies shortly to address issues raised by sequestration. The memo comes a week after the Senate passed a bill that would require the Administration to report to Congress with details on how it would absorb the more than \$100 billion in cuts set to take place on January through sequestration. In the memo, Zients tells the heads of the federal agencies that OMB would be consulting with them in the coming months to determine how much money would be trimmed from their spending accounts. Zients noted the need to prepare for the sequestration, but also said that, "...sequestration is bad policy, was never meant to be implemented and should be avoided through the enactment of bipartisan, balanced deficit legislation."

HUD

Action Plan Deadline for CDBG Grantees

HUD has asked NCDA and other groups to remind CDBG grantees that in order to receive its annual allocation HUD regulations require that grantees submit their Annual Action plan no later than August 16 of the federal fiscal year for which the funds were approved. Since the deadline is set in statute, it cannot be waived. A grantee that does not submit its Annual Action plan by August 16, 2012, will not receive its FY12 CDBG annual allocation. Funding under other CPD programs is not subject to this deadline, but since virtually all CPD grantees receive CDBG funding, the CDBG submission requirement effectively sets the deadline for all Action Plans. The requirement is that HUD must receive a grantee's Action Plan by August 16, it cannot be postmarked by this date.

Continuum of Care Rule Released

HUD published the Continuum of Care interim rule in the Federal Register on July 31. The rule implements the new Continuum of Care program authorized as part of the Homeless Emergency Assistance and Rapid Transition to Housing Act or HEARTH Act. The interim rule becomes effective on August 31, 2012 and the deadline for public comments is October 1, 2012. HUD will use the comments to publish a final rule.

The HEARTH Act was enacted into law on May 20, 2009. It has taken HUD's Office of Special Needs Assistance Programs (SNAPs) over three years to develop this interim rule something that has projected criticism by Congress and national organizations. The HEARTH Act consolidated three programs – the Supportive Housing program, Shelter Plus Care program, and the Moderate Rehabilitation SRO program – into the Continuum of Care (CoC) program. It also codified the Continuum of Care planning process.

The interim rule sets forth regulations on how to establish and operate a CoC, how to apply for funds under the program, and how to use the funds for projects approved by HUD. The final Homeless Definition is in effect for administration of the CoC interim rule. Under the interim rule HUD focuses on the rules and responsibilities of those involved in the CoC planning process

and describes how applications and grant funds will be processed.

NCDA has asked its Housing and CD subcommittees to develop comments on the rule. The rule is available at <http://www.hudhre.info/documents/CoCProgramInterimRule.pdf>

Environmental Review Webinars

HUD's Office of Community Development and Planning, Office of Energy and the Environment, is offering a series of webinars to explain and explore how to conduct an environmental review. Topics and dates include:

August 8: Clean Air Act Compliance

August 22: Hazardous/Toxic Substances

August 29: Environmental Justice

The webinars will be held from 1:00 pm ET to 2:30 pm ET. The register for the webinars go to <http://learning.center4si.com/course/webinar.php?id=96>

NCDA

Tekmeca Offers Discount to NCDA Members

Tekmeca, a non-profit technology development company, located in California has developed a grants management system for local governments and their subrecipients. Known as Total Grants Solution or TGS the system allows grantees and their subrecipients to manage their grants from beginning to end with a unified data approach to support each step in the grant making process. From initial RFP to funding to final project completion TGS minimizes tedious data input by deploying scheduled auto-reporting capabilities and other companion tools that make grant compliance easy for grantees and their grant recipients. At the Annual Conference in Palm Springs, CA, NCDA challenged Tekmeca to provide better pricing and access to its Total Grants Solution technology for small- and medium-sized communities. Tekmeca rose to the challenge by offering the following discount to NCDA members.

- NCDA members receive a 10% discount on the annual subscription fee
- Small communities (with an annual CDBG allocation of less than \$2 million) receive an additional 30% discount on the annual subscription fee
- Mid-size communities (with an annual CDBG allocation of between \$2 million and \$5 million) receive an additional 20% discount
- All Palm Spring Conference attendees receive a 50% discount on the initial set-up fee if they sign up by October 31, 2012.

For more information and pricing contact Tekmeca at info@tekmeca.org or contact Alfred Cheung at alfred@tekmeca.org

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. The training agenda and registration form are available at www.ncdaonline.org/cdbg.asp

NCDA Region IV Annual Conference

DeKalb, GA

November 7-9, 2012

Pre-Conference Training will take place on November 5-7. NCDA will offer a three-day CDBG Basics Course as well as an Advanced CD Course. NCDA will post the training information to its website once the hotel contract has been signed.

NCDA Region I Fall Conference

Portsmouth, NH

November 15-16, 2012

Pre-Conference Training will take place on November 13-14. NCDA will offer an Advanced CD Course. 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 million
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.

