



**DATE: November 5, 2012**

**Advanced CDBG Training, Portsmouth, NH: November 13-14**

**Call for CDBG Best Practices/Projects**

**Audrey Nelson Awards Application Due on December 7**

**NCDA 2013 Winter Conference: January 30-February 1**

**Share your Program Documents through the NCDA Archives**

### ***FEATURED ARTICLES***

- \* ***Lame Duck Set to Begin***
- \* ***Senator Coburn Releases Report on Government Waste; CDBG Projects Highlighted***
- \* ***GAO Launches Study on the Use of CDBG Administrative Funds***
- \* ***HUD NEWS – Relief for Homeowners and Renters Hit by Hurricane Sandy; New CPD Eligibility Calculator***
- \* ***NCDA NEWS – Call for CDBG Best Practices/Projects; CDBG Training Available Through NCDA; NCDA Announces Audrey Nelson Award Application; 2013 NCDA Winter Conference; NCDA Documents Archive***
- \* ***HUD Budget Chart***

### **Lame Duck Session Set to Begin**

The end of the Presidential race signals the beginning of the lame duck session. It appears that we will have a politically divided Congress once again forecast to be more ideologically divided than the departing 112<sup>th</sup> Congress which was the least productive in modern times. Whatever the differences, the two sides face two important issues when they return to office on November 13 for the lame duck session: the expiration of the Bush-era tax rates for the wealthy (and the payroll tax cut for the middle class) and sequestration. Unemployment benefits also expire on December 31st if Congress does not act to extend the benefits.

#### ***Sequestration***

The Budget Control Act of 2011 required the administration to sequester FY13 discretionary funds, which means making across-the-board cuts to achieve \$1.2 trillion in savings over a ten year period beginning in January 2013. Congress must act on sequestration during the lame duck

session or face \$54 billion in non-defense cuts and \$54 billion in defense cuts.

Business leaders, state and local officials, and the administration have urged Congress to deal with the so called “fiscal cliff” upon their immediate return to the lame duck session. Rep. Norm Dicks (D-WA), Ranking Member of the House Appropriations Committee, sent a “dear colleague” letter to House members urging them to deal with the issue in the lame duck session. Wall Street executives are also pushing Congress to deal with the so called “fiscal cliff” in the upcoming lame duck session. Sixteen CEOs sent an open letter to Congress in October urging them to act sooner than later on the expiring tax cuts and federal program cuts due to take place as part of the sequestration. From the letter:

“We write today to you to work together to reach a bipartisan agreement to avoid the approaching “fiscal cliff,” and take concrete steps to restore the United States’ long-term fiscal footing. The consequences of inaction – for stability in the global financial markets, economic growth, for millions of Americans without work, and for the financial circumstances of Americans businesses and households would be very grave.[...]”

Moody’s Investors Services has warned it would lower the U.S. Credit rating if lame duck negotiations do not produce a plan to reduce the national debt. Moody’s might be willing to hold off on this action if Congress decides to hold off on sequestration for a period of time until a grand bargain is reached on program cuts.

#### Impact of Sequestration on Core HUD Programs in 2013

- \$241 million cut from CDBG formula grants
- \$156 million cut from homeless assistance
- \$82 million cut from HOME
- \$1.5 billion cut from Section 8 vouchers (up to 180,000 families could lose their vouchers in 2013)
- \$772 million cut from Section 8 project-based assistance

#### *Other Items for the Lame Duck Congress*

Besides sequestration, Congress must deal with other issues during the lame duck session, such as supplemental disaster funding for areas hit by Hurricane Sandy, possible long-term action on FY13 spending, the federal debt ceiling, the Defense Authorization Bill, and a possible re-write of the Farm Bill.

#### *Disaster Funding*

According to the Director of FEMA, Craig Fugate, there are adequate funds in the Disaster Relief Fund (DRF) to pay for the costs associated with Hurricane Sandy. He has left open the possibility that more funds may be needed at a later date. The DRF was exempted from the spending caps in the Budget Control Act of 2011, meaning that future disaster funds do not need to be offset by other programs. Congress may try to beef up the DRF during the lame duck to ensure adequate funding for Hurricane Sandy and other future natural disasters.

### *FY13 Spending*

On September 13, the House passed a six-month continuing resolution to fund the federal government through March 27, 2013. The stopgap funding measure set government spending at \$1.047 trillion, as established by the Budget Control Act of 2011. The \$1.047 trillion cap represents a slight 0.6 percent across-the-board increase to FY12 spending levels. In addition, the CDBG Coalition was successful in obtaining an additional \$248 million increase in CDBG by convincing appropriators not to fund disasters out of the Community Development Fund. We have heard that congressional staffers are working behind the scenes on a long-term continuing resolution or omnibus bill for FY13 spending and it could be voted on during the lame duck session.

### *Federal Debt Ceiling*

The government will reach its borrowing limit sometime in December, however, the Treasury may be able to use various cash management techniques to extend the need until the middle of February.

Congress will also try to push through the 2012 Defense Authorization Bill to ensure that the Defense Department's programs are protected. It is doubtful they will have time to reach consensus on the Farm Bill.

## **Senator Coburn Releases Report on Government Waste; CDBG Projects Highlighted**

Senator Tom Coburn (R-OK) one of the most conservative members of the United States Senate released his annual report on government waste. "Wastebook 2012," as he calls it took aim at most federal departments and featured several CDBG-funded projects. At first glance, the projects indeed seem wasteful, but upon closer inspection, you realize the CDBG projects went to eligible activities and met national objectives with most focusing on economic development.

While some of the other projects in the report appear wasteful, such as non-profit tax loopholes for the NFL, a league that generates billions in revenues annually, the majority of projects highlighted in the report deserve further investigation.

Unfortunately, CDBG does not need such negative scrutiny, particularly by a report that garners national press attention and the attention of members of Congress. The CDBG Coalition is in the process of drafting a rebuttal letter to the report. To review the report go to Senator Coburn's web page at [www.senate.gov](http://www.senate.gov).

## **GAO Launches Study on the Use of CDBG Administrative Funds**

The U.S. General Accountability Office (OMB) was directed by Congress in the FY12 HUD spending bill to conduct a study on the use of CDBG administrative funds by grantees. GAO will be looking at the types of activities that are subject to the 20% administrative cap and the impact of the cap on grantees. They will also look at the types of activities grantees are funding

through project delivery costs. The study arises from the concern of one appropriations staffer that too much of CDBG funding is going to pay for administrative and planning costs and that grantees may be directing a large portion of their grant to pay for administration through project delivery..

NCDA and NACCED met with GAO via conference call on October 15. They posed the following questions to our organizations:

- What types of activities do grantees typically support with planning and administration funds?
- What types of activities are considered delivery costs and are therefore not subject to the cap?
- Do grantees have sufficient guidance on how to report administrative costs in IDIS?
- How, if at all, does the 20 percent cap impact the types of projects grantees choose to fund?
- Given the current budget environment there has been some discussion of reducing the amount of CDBG funds that grantees may use toward planning and administration. What are your views on the impact lowering the cap would have on grantees and the activities they provide?

We went through a list of activities typically supported with CDBG planning and administration funds and asked them to contact grantees directly for activities funded through project delivery. We told GAO that grantees need more technical assistance and training on IDIS, including the reporting of administrative costs, and mentioned that our groups have been asking for this assistance for quite some time from HUD. We asked GAO to contact grantees directly to determine if the 20 percent cap impacts the types of projects they fund. We told them that lowering the cap would have devastating financial and staff impacts on local grantees that are already suffering with program cuts and lay-offs.

GAO will interview 12 randomly selected grantees (7 entitlement cities, 2 urban counties, and 3 states) for the study. The study will be completed early next year.

## **HUD**

### **Relief for Homeowners and Renters Hit by Hurricane Sandy**

HUD Secretary Shaun Donovan announced this week that the following relief will be provided to residents living in New York, New Jersey, and Connecticut following the aftermath of Hurricane Sandy.

- All three states, along with the entitlements located within their boundaries, will be

allowed to re-allocate CDBG and HOME funds towards the disaster. According to Donovan, “HUD is currently exploring streamlining the CDBG and HOME programs in order to expedite the repair and replacement of damaged housing [...]”

- HUD has granted a 90-day moratorium on foreclosures and forbearance on foreclosures of FHA-insured mortgages.
- HUD’s Section 203(k) program provides FHA insurance to disaster victims who have lost their homes and are facing the task of rebuilding or buying another home. Borrowers from participating FHA-lenders are eligible for 100 percent financing. The 203(k) program also allows homeowners who have damaged homes to finance the rehabilitation of their single-family home.
- HUD will offer state and local governments assistance through the Section 108 loan guarantee program for housing rehabilitation, repair of infrastructure, and economic development.

### **HUD Announces New CPD Income Eligibility Calculator**

HUD has announced a new tool to help grantees determine income eligibility for most CPD programs and assistance amounts for beneficiaries for most CPD programs. HUD has announced an upcoming webinar series to help grantees use the calculator. Go to OneCPD Resource Exchange for more information on the webinars.

- *November 13, 2-4 pm EST, Using the Income Calculator to Determine Annual Income.* This webinar is designed for grantees receiving HOME, CDBG, CDBG Disaster Recovery, Section 108, BEDI, NSP, and SHOP. For more information and to register for this webinar, go to <https://www.onecpd.info/news/upcoming-webinar-using-the-income-calculator-to-determine-annual-income/>
- *November 15, 2-4 pm EST, Using the Income Calculator for Rental and TBRA Programs.* This webinar is designed for grantees receiving HOME, HOPWA, CDBG, CDBG Disaster Recovery, BEDI, Section 108, and/or NSP for rental housing activities where adjusted income is used.

## **NCDA NEWS**

### **CDBG Training Available Through NCDA**

The following CDBG training course is available through NCDA. Please go to [www.ncdaonline.org/cdbg.asp](http://www.ncdaonline.org/cdbg.asp) to register for the course.

#### *Advanced CD Course*

One and a Half Day Course  
Portsmouth, NH

November 13-14, 2012

**Call for CDBG Best Practices/Projects**

NCDA and the National Association for County Community and Economic Development have worked together with a group of members over the past few months to develop templates to identify “best practices” and “best projects” related to the Community Development Block Grant Program. We need this information to better tell the story of the positive impact CDBG funds are having in communities and neighborhoods.

A best practice is defined as a method or technique that is used as a benchmark, one that demonstrates collaboration, cost effectiveness, benefit to low- and moderate-income residents and neighborhoods, leveraging, replicability, sustainability, and also shows consistent results over time. A best project (success story) describes a positive change; how CDBG made a difference to an individual or neighborhood and also presents a compelling story.

Using the attached templates please submit your candidate(s) for best practice and best project. The best practices and best projects will be peer-reviewed by the NCDA/NACCED Working Group.

**NCDA Announces the 2013 Audrey Nelson Award Application**

NCDA is pleased to announce its 2013 Audrey Nelson Award application process. NCDA member communities will have until December 7 to nominate noteworthy CDBG- and HOME-funded projects for consideration. The application is attached. We urge you to submit an exceptional project from your community for consideration of this prestigious award.

Winners will be notified no later than December 14 and will be honored at a luncheon during the 2013 Winter Conference on Friday, February 1. We look forward to your submission. Please feel free to contact NCDA staff at 202-293-7587 with any questions.

**2013 Winter Conference**

The 2103 NCDA Winter Conference will be held in Washington, DC on January 30 - February 1. The updated conference agenda and registration form are attached. Please make your hotel reservation on or before January 4, 2013.

**NCDA Document Archive; Send in your Program Documents**

In the past few weeks there has been a flurry of requests on the NCDA Forum for examples of internal policy documents. To help provide one collection point for the documents, NCDA is asking members to send any documents they would like to share with other NCDA members to [vicki@ncdaonline.org](mailto:vicki@ncdaonline.org). We will post the documents to the NCDA website.

As HUD monitors grantees for updated policy and procedures manuals and other documents, it would be helpful to share already updated documents with one another. Please note that we are only seeking documents that have been recently updated (in the last three years). In particular, the following CDBG, HOME, ESG, HOPWA, Continuum of Care documents would be helpful:

- internal policy and procedures manuals
- subrecipient documents (applications, grant agreements, etc.)
- procedures and policies for conducting a market analysis under the HOME program
- underwriting procedures and policies for HOME projects
- section 3 compliance procedures and documents
- procedures and policies for conducting an analysis of impediments to fair housing choice
- Davis-Bacon compliance procedures and documents
- rehabilitation policy and procedures and documents (including lead-based paint policy)

Thank you in advance for sharing your program documents with your fellow grantees.

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

Program	FY12 Enacted Level	FY13 President's Request	FY13 Six Month CR (Through 3/27/13)*
Community Development Fund	\$3.308 billion	\$3.143 billion	\$3.308 billion
<i>Set-Asides:</i>			
Disaster Assistance	[\$300 million]	0	0
Native American Block Grant	[\$60 million]	[\$60 million]	[\$60 million]
Sustainable Communities	0	[\$100 million]	0
SHOP	0	[\$35 million]	0
University Community Fund	0	0	0
EDI Grants	0	0	9
Neighborhood Initiatives	0	0	0
Rural Innovation Fund	0	0	0
Formula Grants	\$2.948 billion	\$2.948 billion	\$3.248 billion
Section 108 Loan Guarantees	\$275 million	\$500 million	\$275 million
Brownfields	\$0	\$0	\$0
HOME Program	\$1.0 billion	\$1.0 billion	\$1.0 billion
Homeless Programs	\$1.9 billion	\$2.2 billion	\$1.9 billion
SHOP	\$53.5 million	\$35 million**	\$53.5 million
Housing Counseling	\$45 million	\$55 million	\$45 million
Lead Hazard Control	\$120 million	\$120 million	\$120 million
HOPWA	\$332 million	\$330 million	\$332 million
Section 202 for the Elderly	\$375 million	\$475 million	\$375 million
Section 811 for the Disabled	\$165 million	\$150 million	\$165 million
Fair Housing	\$71 million	\$68 million	\$71 million
Section 8 TBRA	\$17.2 billion	\$17.2 billion	\$17.2 billion
Section 8 Project-Based Assistance	\$8.94 billion	\$8.7 billion	\$8.94 billion
Public Housing Capital	\$1.875 billion	\$2.07 billion	\$1.875 billion
Public Housing Operating	\$3.962 billion	\$4.5 billion	\$3.962 billion
HOPE VI	\$0	\$0	\$0

**The Washington Report**  
**November 6, 2012 – Page 9**

Choice Neighborhoods	\$120 million	\$150 million	\$120 million
Native American Housing Block Grant	\$648 million	\$650 million	\$648 million
Native Hawaiian Housing Block Grant	\$13 million	\$13 million	\$0
Indian Housing Loan Guarantees	\$6 million	\$7 million	\$0
Native Hawaiian Loan Guarantees	\$386 thousand	\$1 million	\$0
<b>Program</b>	<b>FY12 Enacted Level</b>	<b>FY13 President's Request</b>	<b>FY13 Six Month CR (Through 3/27/13)*</b>
Community Development Fund	\$3.308 billion	\$3.143 billion	\$3.308 billion
<i>Set-Asides:</i>			
Disaster Assistance	[\$300 million]	0	0
Native American Block Grant	[\$60 million]	[\$60 million]	[\$60 million]
Sustainable Communities	0	[\$100 million]	0
SHOP	0	[\$35 million]	0
University Community Fund	0	0	0
EDI Grants	0	0	9
Neighborhood Initiatives	0	0	0
Rural Innovation Fund	0	0	0
Formula Grants	\$2.948 billion	\$2.948 billion	\$3.248 billion
Section 108 Loan Guarantees	\$275 million	\$500 million	\$275 million
Brownfields	\$0	\$0	\$0
HOME Program	\$1.0 billion	\$1.0 billion	\$1.0 billion
Homeless Programs	\$1.9 billion	\$2.2 billion	\$1.9 billion
SHOP	\$53.5 million	\$35 million**	\$53.5 million
Housing Counseling	\$45 million	\$55 million	\$45 million
Lead Hazard Control	\$120 million	\$120 million	\$120 million
HOPWA	\$332 million	\$330 million	\$332 million
Section 202 for the Elderly	\$375 million	\$475 million	\$375 million
Section 811 for the Disabled	\$165 million	\$150 million	\$165 million
Fair Housing	\$71 million	\$68 million	\$71 million

***The Washington Report***  
**November 6, 2012 – Page 10**

Section 8 TBRA	\$17.2 billion	\$17.2 billion	\$17.2 billion
Section 8 Project-Based Assistance	\$8.94 billion	\$8.7 billion	\$8.94 billion
Public Housing Capital	\$1.875 billion	\$2.07 billion	\$1.875 billion
Public Housing Operating	\$3.962 billion	\$4.5 billion	\$3.962 billion
HOPE VI	\$0	\$0	\$0
Choice Neighborhoods	\$120 million	\$150 million	\$120 million
Native American Housing Block Grant	\$648 million	\$650 million	\$648 million
Native Hawaiian Housing Block Grant	\$13 million	\$13 million	\$0
Indian Housing Loan Guarantees	\$6 million	\$7 million	\$0
Native Hawaiian Loan Guarantees	\$386 thousand	\$1 million	\$0

\*The CR provides a 0.6 percent increase for all federal programs. This increase has not been calculated in the chart.

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