



DATE: January 4, 2013

HAPPY NEW YEAR!

**NCDA 2013 Winter Conference: January 30-February 1
Share your Program Documents through the NCDA Archives
Call for CDBG Best Practices/Projects**

FEATURED ARTICLES

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- ✓ ***New Congress Convenes***
- ✓ ***Super Storm Sandy Disaster Recovery Approved***
- ✓ ***HUD NEWS – CDBG Changes in IDIS; When will HUD Release New Low/Mod Income Summary Data?; Upcoming Webinar: NSP Expenditures, DRGR; HOME Reports Available***
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Tax Deal Reached; Debt-Limit and Sequestration Remain

President Obama signed into law late Wednesday night the American Taxpayer Relief Act of 2012 (HR 8), a bill that raises income taxes on the wealthiest Americans, while averting a tax increase on most households. The House approved the measure late Tuesday night on a vote of 257-167.

The plan, brokered by Vice-President Joe Biden and Senate Minority Leader Mitch McConnell (R-KY), would raise nearly \$600 billion in taxes over the next ten years by permanently increasing the marginal tax rate from 35% to 39.6% on persons earning \$400,000 or more annually and on couples earning \$450,000 or more annually. Capital gains (gains on investments) will rise to 20% from 15% for the same income thresholds. While the President had hoped to raise nearly \$2 trillion in taxes over the same period by increasing income taxes on persons earning \$200,000 or more annually (and on couples earning \$250,000 or more) that deal fell short when the two sides could not reach compromise.

The measure also extends unemployment benefits for a full year, preserving benefits for nearly two million Americans who are out of work. Several tax credits aimed at helping low- and moderate-income households were preserved temporarily including the Child Tax Credit, the Earned Income Tax Credit, and the Obama Opportunity Tax Credit (college tuition credits).

The deal also postpones the enactment of sequestration cuts until March 1. 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 (now March 2013). The FY13 sequestration cuts are expected to take \$54 billion from non-defense programs and \$54 billion from defense programs.

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

The deal did not address the debt limit which was reached a few days ago, however, the Treasury can move funds around in various accounts to avoid the need for Congress to vote on a formal increase in borrowing authority for several weeks.

The tax deal also included the following changes.

- A nine-month extension of the farm bill. The extension means negotiations will begin on a new, five-year farm bill immediately.
- Elimination of a two percent payroll tax holiday for everyone.
- The Alternative Minimum Tax (AMT) will be permanently indexed for inflation thereby avoiding any impact on the middle class.

New Congress Convenes

On January 3, the first session of the 113th Congress officially convened with both Chambers installing newly elected members. The balance of power remains the same, with the Republicans controlling the House and the Democrats controlling the Senate. The House now has 234 Republicans and 201 Democrats, with Democrats having picked up seven new seats. Senate Democrats will now have a caucus of 55 which includes the two Senate Independents. Senate Republicans will have a caucus of 45 members.

The new Congress faces the same disputes that helped characterize the last Congress, the 112th, as one of the most dysfunctional in history. The Tea Party remains a small, but vocal part of the

Republican bloc in the House and is sure to put up roadblocks in front of any legislation that attempts to increase federal spending or create new programs. The Senate Democrats still need 60 votes (they have 55 caucus members) to end debate on legislation, a tactic which Senate Republicans used effectively in the 112th Congress to stall legislation. Rumor has it that Senate Democrats will vote on January 22 to amend this rule to 51, thereby allowing a simple majority vote to end debate, which the Democrats can easily handle with 55 members.

113th Congress Facts

- 90% of House members running for re-election regained their seats
- A record number of women will serve in the 113th Congress; 20 in the Senate and 81 in the House
- The Senate welcomes 14 new members, while the House has 87 new incoming freshmen.
- According to CQ Roll Call newspaper, the average age of House members in the 113th Congress is 57 and the average age of Senate members is 62.

Super Storm Sandy Disaster Recovery Approved

Today, Congress approved \$9.7 billion to replenish the National Flood Insurance Program, which is running out of money, to help pay claims in areas hit by Super Storm Sandy. Congress plans to vote on the remaining \$51 billion aid package later this month which is expected to mimic the disaster bill passed by the Senate this Fall. The measure is expected to include \$17 billion in CDBG funds for the States hit by Super Storm Sandy. The funds will help with long-term recovery efforts, including new infrastructure and housing, and economic revitalization assistance. Recipients of CDBG disaster funding will be required to submit plans of approval on how funding will be used to ensure funds are addressing the most pressing needs of impacted areas. A total of \$10 million has been set-aside within the bill for HUD's Office of Inspector General to monitor the use of the funds.

In addition to the CDBG funds, the measure will likely include \$12 billion to the Department of Transportation most of which will go to a Emergency Relief Fund for Public Transportation to pay for the repair and restoration of public transit systems and to support mitigation projects that make transit systems better able to resist future storms. In addition, nearly \$12 billion will likely be allocated to FEMA to support disaster response and recovery

HUD NEWS

CDBG Changes in IDIS

HUD has developed guidance on the CDBG system changes launched with IDIS Release 11.4 on November 26, 2012. IDIS Release 11.4 introduces new edits, screens and reports to assist

CDBG grantees in preventing long-standing open activities, reducing the number of activities that are cancelled with draws and providing explanations for revised draws. The changes were implemented as the result of an audit by the Office of Inspector General of the CDBG Program last year which found that HUD did not have adequate controls in place within IDIS to effectively monitor CDBG grantees.

To view the guidance, please go to
<https://www.onecpd.info/onecpd/assets/File/CDBGGranteeInstructionsIDISRelease.pdf>

When will HUD release new Low/Mod Income Summary Data?

HUD anticipates being able to generate new, 2006-2010 ACS-derived Low/Mod Income Summary Data (LMISD) early in calendar year 2013. LMISD is a HUD-produced data set which shows the estimated percentage of low/mod income residents in each block group, census tract, and unit of local government. According to the HUD Office of Block Grant Assistance, HUD computes these percentages by obtaining a special data tabulation from the Census Bureau and matching household level Census data to the Section 8 income limits.

When the new data is available, HUD will issue new CPD notices explaining how and when to begin using the new LMISD data. According to HUD, the effective date that HUD sets for using the new data may depend in part on when HUD is able to compute the FY13 formula allocation amounts and that depends on when Congress will enact a final FY13 HUD spending bill.

Since the ACS data will be updated every year, the percentage of low/moderate income persons for a given geographic area could change every year as well. HUD agrees that having this data change every year inhibits long-term planning by grantees. According to Steve Johnson, Director of the Entitlements Division, HUD will need to design changes to the IDIS system to accept multiple years' worth of LMISD data for grantees. HUD also plans to update CPD Notice 05-06, regarding methodologies for conducting local surveys in lieu of LMISD.

Upcoming Webinar: NSP Expenditures, DRGR

HUD will hold a webinar on January 17, 2013, at 2 pm EST for NSP1, NSP2, and NSP3 grantees on expenditures in DRGR. The webinar will discuss how to report expenditures, accomplishments, program income, and other funds in DRGR. To register for the webinar, please go to the NSP Resource Center at
<https://hudnsphelp.info/index.cfm?do=viewLearningCenter>

HOME Reports Available

The HOME Program's monthly reports are now posted on the HUD website on the HOME reports page at <http://www.hud.gov/offices/cpd/affordablehousing/reports/>

Expiring Funds Report, as of 10/1/12 is now available
Deadline Compliance Status Report, as of 11/30/12 is now available
HOME PJ Open Activities Report, as of 11/30/12 is now available

HOME PJ Vacant Unit Report, as of 11/30/12 is now available
HUD Initiated Activity Cancellation Report, as of 12/14/12 is now available

NCDA NEWS

2013 Winter Conference

The 2103 NCDA Winter Conference will be held at the Washington Court Hotel in Washington, DC on January 30 - February 1. The updated conference agenda is attached. We urge you to attend – and bring staff – to the conference. It offers the opportunity to converse with HUD staff and learn from your fellow community development practitioners. To register for the conference, please go to www.ncdaonline.org and click on the registration form. To make your hotel reservation, please call the hotel at 1-800-321-3010. Mention Reservation ID: NCDA to receive the special rate of \$189 per night plus tax.

NCDA Document Archive; Send in your Program Documents

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. 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.

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.

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
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.

