NCDA WASHINGTON REPORT

DATE: January 31, 2014

National Community Development Week – April 21-26, 2014
CDBG Basics Training - May 5-7, 2014 - Augusta, GA
2014 NCDA Annual Conference - June 25-28, 2014 - Franklin County, OH

FEATURED ARTICLES

- ✓ ***Congress Passes FY14 Omnibus Spending Bill***
- ✓ ***President Delivers State of the Union Address***
- ✓ ***HUD NEWS - HUD Provides Program Update at the 2014 NCDA Winter Conference***
- ✓ ***NCDA NEWS - House Staff Provide Legislative Update at the NCDA Annual Conference; 2014 Audrey Nelson Award Winners Announced; National Community Development Week: April 21-26; 40th Anniversary Poster and Postcard Available for Purchase Through March 15, 2014; CDBG Training Available; 2014 Annual Conference - Franklin County, OH***
- ✓ ***HUD Budget Chart***

Congress Passes FY14 Omnibus Spending Bill

On January 16, the House passed the FY14 omnibus appropriations bill (H.R. 3547, the Consolidated Appropriations Act of 2014) on a margin of 359-67. The Senate followed suit on January 17, passing the bill on a vote of 72-26 and the President signed the measure shortly thereafter.

The measure includes all 12 appropriation bills and sets funding for all federal agencies through September 30, 2014.

The bill provides $3.030 billion in formula funding for CDBG in FY14, a slight decrease of 1.5 percent from the FY13 level of $3.070 billion. We consider this a victory as NCDA and other members of the CDBG Coalition fought against seemingly insurmountable odds when the House Transportation-HUD Subcommittee recommended only $1.6 billion for CDBG in FY14.

We were also successful in protecting funding for the HOME program with the program receiving $1.0 billion in FY14 compared to $948 million last year, an increase of $52 million or

5 percent.

HUD's homeless assistance programs received a 9 percent increase from last year with a funding level of $2.1 billion, an increase of $172 million from FY13. This funding level includes at least $250 billion for the Emergency Solutions Grant (ESG) program and $1.8 billion for the Continuum of Care and Rural Housing Stability Assistance Program. The measure also includes language allowing private non-profit organizations to administer FY12, 13, and 14 CoC funds for permanent housing rental assistance.

The measure provides $19.2 billion for tenant-based vouchers, $1.2 billion more than last year. The majority of the funding, $17.4 billion, goes directly to voucher renewals. The omnibus provides $75 million for new HUD-VASH vouchers targeted at assisting homeless veterans. The remainder of the funding goes primarily to administrative costs. The bill also provides $9.9 billion for project-based Section vouchers, an increase of $1.1 billion from last year.

The bill provides $384 million for Section 202 Housing for the Elderly, a slight increase of $29 million from FY13. The bill includes language to allow funds to be used to conduct demonstration programs to test housing with services models to allow the elderly to age in place. The measure provides $126 million for Section 811 Housing for the Disabled, a decrease of $30 million from last year. Funds will be used to renew project rental assistance contracts.

The measure includes $1.9 billion for the Public Housing Capital Fund, an increase of $98 million from FY13. It also provides $4.4 billion for the Public Housing Operating Fund, an increase of $346 million from last year. The bill includes languages that allows for the formation of consortiums of PHAs. It also requires PHAs to set by June 1, 2014 flat rents at no less than 80 percent of the fair market rent.

The omnibus measure provides $90 million for HUD's Choice Neighborhood Initiative. Of this amount, $55 million must be awarded to PHAs. The bill also provides $330 million for HOPWA, $45 million for Housing Counseling, and $110 million for lead-based paint hazard reduction.

Please see the attached HUD budget chart for comparison of funding levels for various HUD programs.

President Delivers State of the Union Address

President Obama delivered his fifth State of the Union Address on January 28th to Congress and the public at large. The President called on Congress to join him in a "year of action" in 2014.

Several themes emerged from the President's speech with economic inequality being the principle theme among them. The President noted that stagnant wages, unemployment, and lack of job training has hampered upward mobility in this country. His solution is to build "ladders of opportunity into the middle class" by providing economic opportunities to the underemployed, undertrained, and jobless. The White House recently organized a summit with over 150 universities, businesses, and non-profits to open up avenues to higher education. He also plans to lower tax rates for business that create and keep jobs in the U.S. as a means to spur employment opportunities. He also plans to use his executive authority to streamline the permitting process for larger infrastructure projects to get more people to work quicker. Finally, he plans to launch six new hubs for high-tech manufacturing (two hubs currently exist in Raleigh, NC and Youngstown, OH). The hubs will connect businesses to research universities to provide job training to local workers.

Vice President Biden will lead an across the board review and reform of federal training programs to make sure they train workers with the skills employers need and match them to good jobs that need to be filled. The President urged Congress to restore the unemployment insurance that just expired for 1.6 million people. A bill to extend the benefits is currently stalled in Congress. The President convened a group of CEOs this week to discuss ways of getting people back to work.

President Obama also addressed the need to provide a solid educational foundation to our children by advocating for pre-K education for all 4 year olds; 30 states have already raised pre-K funding on their own and Obama urged other States to follow since Congress is unwilling to pass legislation to make this requirement law.

Keeping with the upward mobility theme, President Obama again echoed the need for women to receive equal pay to men. Despite the passage of the Equal Pay Act in 1963, women still earn roughly 77 percent of what their male counterparts earn. He also reiterated his support for increasing the federal minimum wage to $10.10 and since Congress won't act on it, he urged cities and States to move forward on their own.

Probably the one item that will gain traction is the MyRA mentioned in the President's State of the Union Address. The MyRA is a new savings bond that encourages people to save for retirement. On January 29, the President signed a memo directing the Treasury Department to create the government-backed retirement accounts. Initial investments can be as low as $25 and people can invest up to $5,000 a year. Once the account reaches $15,000 it would have to be rolled over into a traditional Roth IRA.

The President also urged Congress to pass immigration reform legislation this year. House Speaker John Boehner (R-OH), speaking on behalf of House Republicans, says the House will not go to conference with the Senate on immigration reform until the principles laid out in the House Republican immigration plan, released today, are incorporated into a final bill. These principles include:

- Border Security and Enforcement Must Come First. According to Boehner, the borders must be secured before immigration reform can move forward. Moreover, there will be a zero tolerance policy for people who cross the border illegally in the future or overstay their visas.

- Implement an Entry-Exit Visa Tracking System. He also stressed the need to establish an electronic tracking system to identify and track persons with visas.
- Reforms to the Legal Immigration System. Republican want to see the existing system changed to allow foreign nationals pursuing degrees in American universities to stay in America to use their expertise in companies that need high-tech workers.

- Youth. Provide legal citizenship to children who were brought into this country through no fault of their own.

- Individuals Living Outside the Rule of Law. According to Boehner, there will be no amnesty, no special path to citizenship for those who broke immigration laws by entering the country illegally. However, these immigrants could be granted citizenship if they pass rigorous background checks, pay fines and back taxes, develop proficiency in English, and be able to support themselves and their families. There will be no citizenship for criminal aliens, gang members, and sex offenders.

HUD NEWS

<u>HUD Provides Program Update at the 2014 NCDA Winter Conference</u>

<u>CDBG Update</u>
Stan Gimont, Director of the Office of Block Grant Assistance, HUD provided the following update on CDBG

The FY14 CDBG formula allocations are expected to be released in mid-March. HUD is waiting for their apportionment from the Office of Management and Budget (OMB) before they can officially issue the allocations. The American Community Survey (ACS) data is expected to widely skew the allocations for some communities because the data is based on a five year rolling average of the formula factors.

The FY14 omnibus spending bill provided statutory language to establish a fee-based system to provide the credit subsidy needed for Section 108 loan guarantees.

Expect changes to IDIS in the coming year on how to account for CDBG dollars. HUD will cease to use the FIFO method to allocate funds within IDIS and disburse grant payments. Activity disbursements will be matched to the grant (budget) year.

<u>Follow-up Report on the CDBG Listening Sessions</u>
Over the past six months, HUD held 20 different sessions on moving CDBG forward. These included in-person session, field office sessions, and webinars. The listening sessions focused on the following nine topics.

- OneCPD TA

- Grantee participation (minimum threshold for receiving CDBG funds)
- Synchronization of plans and cycles
- Eligible activities
- Economic development
- Non-financial performance incentives
- Financial performance incentives
- Performance and compliance sanctions
- Green building standards

HUD received the following feedback on these topics.

- OneCPD TA. Grantees were generally favorable to the technical assistance and training being offered through OneCPD. However, grantees found the resource exchange to be difficult to navigate. Grantees also want HUD to expand targeted TA/Training to all grantees in local areas. Grantees were also concerned about the speed to which questions and TA requests are responded to.

  Grantees were concerned about the consistency of information given out by local HUD field offices. HUD will address this issue by developing training for field office staff to ensure consistent answers across the board.

- Grantee participation (minimum threshold requirement). Grantees were, overall, not supportive of this idea. Instead of a minimum threshold, grantees suggested that HUD should “cull the herd” by eliminating funding for poor performers and reallocating the money to the rest of the CDBG grantees. This would require a statutory change.

  Grantees also liked the idea of having the option to form CDBG consortia as well as the option to establish joint agreements between states and local jurisdictions. Grantees also want to see mandatory training for new grantees.

- Eligible activities. There was little support for compressing the existing eligible activities.

- Economic development. The economic development portion of the CDBG regulations have not been updated since 1995. The primary issue that arose from this topic is that job counting for national objectives is onerous and needs to be altered. HUD is in discussion with its General Counsel to figure out a way to tweak this requirement.

- Non-financial performance measures. Ideas such as national recognition programs, exceptions to documentation/reporting, and reduction of monitoring visits by HUD were suggested.

- Financial incentives. How do you fund incentives? There was strong opposition to slicing off a portion of CDBG formula grants to dedicate to financial incentives. There was support for redirecting CDBG dollars from poor performers to good performers. HUD plans to look at this as a possible alternative.

- Performance and compliance sanctions. Grantees suggested that HUD take action against bad performers since their actions taint the overall program. HUD must impose the same sanctions to States as it does to entitlements.

- Green building standards. Many grantees are already implementing green building standards into their programs and projects. HUD agrees that there may not be a one size fits all approach to this issue.

In terms of moving forward, HUD will focus on making changes through regulation and policy guidance. HUD will also focus on training. HUD plans to work on some of these items in 2014, but thinks most of the work will get started in 2015.

HOME Update
Ginny Sardone, Director of the Office of Affordable Housing Program, HUD, provided the following update on the HOME program.

The FY14 HOME program formula allocations are expected to be released in mid-March. The allocations will closely mirror the FY12 allocations, which are available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/budget/budget12

The FY14 omnibus spending bill removed the FY12/13 HOME requirements; however, the HOME final rule retains them. With the requirement now regulatory instead of statutory, HUD has more flexibility to work with grantees to grant waivers, if needed.

- 4-year project completion deadline. Requires projects to be completed within 4-years of the date the written agreement is executed.
- 6-month sales deadline for homebuyer units. Participating jurisdictions must convert unsold units to rental or repay the HOME funds. The HOME final rule extends the sales deadline from 6-months to 9-months.
- CHDO capacity. Requires CHDOs to demonstrate, through paid staff, that they have the relevant experience to undertake the project.
- Underwriting, market assessment and developer capacity assessments. Before committing funds to a project, participating jurisdictions must underwrite the project, assess the developer's capacity and fiscal soundness, and assess neighborhood market demand for the units.

The HOME final rule requirements apply to projects to which HOME funds are committed on or after August 23, 2013.

HUD plans to release a package of technical corrections to the HOME final rule in the next couple of weeks. HUD is just beginning to work on the FAQs submitted from participating jurisdictions on the rule; expect answers to some of the questions soon. HUD will answer all questions in time.

HUD is developing an applicability chart for the HOME final rule which denotes every single change in the HOME rule, along with a brief description. This document will be posted to the the onecpd section of the HUD website (www.onecpd.info/home/) in the next two weeks.

HUD is developing PJ written agreement templates which will be released later this year.

HUD will deliver 30 CHDO workshops this year; Pjs can attend the workshops, too. The workshops will be held in areas with weakened CHDO capacity.

HUD is developing new tests for its HOME certification course and is also developing quick, 3-5 minute videos on the HOME final rule.

Since HUD no longer administer the 221(d)(3) program, those limits no longer apply to the HOME program. HUD is working on interim policy and a proposed rule on maximum per unit subsidy limits for the HOME program.

NCDA NEWS

House Staff Provides Legislative Update at the NCDA Annual Conference
Joe Carlile, professional staff to the House Appropriations Committee, provided an update on the FY15 appropriations process.

In regards to FY15, the President's budget will be released late this year on March 4. Normally, the Administration's budget is released the first Tuesday in February, but given the late negotiations on the FY14 omnibus spending bill, the budget was delayed. In regards to FY15, a budget cap of $1.014 trillion has been established already through the Ryan-Murray budget (Bipartisan Budget Agreement of 2013) agreement reached in December. This budget cap is an overall spending limit that House and Senate budget cardinals -- Rep. Harold Rogers (R-KY), Chairman of the House Appropriations Committee and Senator Barbara Mikulski (D-MD), Chairman of the Senate Appropriations Committee – will use to dole out individual allocations to the 12 subcommittees.

According to Joe, we should see individual spending bills enacted this year instead of a large omnibus measure. Still, with this being an election year in the House primarily, we may not see many of the spending bills finalized until after the elections in the Fall – including the Transportation-HUD bill.

Joe offered some very good advice on advocating for CDBG and HOME in Congress. According to Joe, about one third of the House has served less than four years which means they have little knowledge of most of the federal programs, including CDBG and HOME. Please educate your Congressional members on these programs, even if they do not serve on the

Appropriation committees. Joe says that grantees need to let their Congressional members know how CDBG and HOME are used in their communities, particularly, what types of projects are being funded.

Joe also told the conference that Congress will not take on any suggested Administration changes to the CDBG program. Appropriators are loathe to take on statutory changes and instead, turn to the authorizing committees to do so. With this being an election year, Congress will have fewer days to work on legislative changes.

2014 Audrey Nelson Award Winners Announced

The following communities received the 2014 Audrey Nelson award during the NCDA Winter Meeting luncheon. Their presentations are available on the NCDA website at http://ncdaonline.org/nationalevents.asp

In 1987, NCDA established the Audrey Nelson Community Development Achievement Award to recognize exemplary uses of the Community Development Block Grant (CDBG) Program and the partnerships between local governments and non-profit organizations to assist low- and moderate-income persons. The award has been expanded in recent years to include projects funded with the HOME Investment Partnerships (HOME) Program, Neighborhood Stabilization Program, and other funding sources.

2014 Award Winners

Beaver Street Villas, Jacksonville, FL
St. Johns Village 1410 Apartments, Miami, FL
Heart to Heart, Seminole County, FL
Fairfield Community Home, Fort Wayne, IN
Harrison Lofts, Davenport, IA
Hope Connections, Shreveport, LA
Winter Gardens, Quincy, MA
Downtown Housing Initiative, Jacksonville, NC
The Transitions Homeless Center, Columbia/Lexington County/Richland County, SC
703 Fulton Street, Wausau, WI
Gertrude Flats Apartments, Wheeling, WV

2014 Honorable Mention Recipients

Portero Heights Park Community and Senior Center, Los Angeles County, CA
Desert AIDs Project Energy Efficient Upgrades, Palm Springs, CA
Northeast Iowa Food Bank, Waterloo, IA
Spicket Run Greenway, Lawrence, MA
Community Aquifer Protection Assistance Program, Spokane County, WA

National Community Development Week: April 21-26; 40th Anniversary Poster and Postcard Available for Purchase Through March 15, 2014

It's hard to believe that the CDBG program turns 40 this year. President Gerald Ford signed the bill creating CDBG on August 8, 1974; the first bill he signed when becoming President. Through the years, the program that was initially intended for cities has been expanded to counties and States; providing a strong grassroots network of support for the program.

National Community Development Week will be celebrated on April 21-26, 2014. To help you plan and implement your National CD Week activities, NCDA has developed a planning guide (attached). Since this is a special anniversary year for CDBG, we urge all of you to plan events for National CD Week. Congress needs to hear from you and your beneficiaries during this week-long celebration. Reach out now to your congressional members to invite them to your events. The CDBG Coalition has developed a special poster and postcard for communities to use in their National CD Week activities. Please order these items by March 15. You can also download the form from the NCDA website at http://ncdaonline.org/documents/2014CDBGOrderForm.pdf Using the postcards, we ask you to have your beneficiaries write a short note about how CDBG and HOME have assisted them to congressional members.

CDBG Training

NCDA will hold a three-day CDBG Basics Course in Augusta, GA on May 5-7. The training is an important primer for staff wishing to obtain a basic, but comprehensive understanding of the CDBG program. A test (optional) will be given on the third day to further measure participants' understanding of the program. The training agenda and registration form (which includes the hotel information) is attached.

2014 Annual Conference - Franklin County, OH

The 2014 Annual Conference will be held in Franklin County (Columbus), OH on June 25-28. Franklin County is excited to host this event and showcase the County, Columbus, and its surrounding community development projects. Franklin County has been diligently working on this premier event since last summer and it promises to be an educational, yet fun experience for all who attend. We have the pleasure of celebrating the 40th Anniversary of CDBG this year and the agenda includes a special opening session to honor our landmark program.

Because of Franklin County's excellent work in obtaining conference sponsors, conference participants will receive a complimentary lunch all three days of the conference as well as participation in wonderfully planned evening excursions.

The draft conference agenda is attached along with the registration form. You can also go to www.ncdaonline.org to register directly online. The agenda will feature a variety of community development and affordable housing topics including:

- Implementing the HOME Final Rule (from the perspective of participating jurisdictions)
- Implementing the eCon Planning Suite (again, from the perspective of grantees)
- Underwriting HOME and CDBG projects
- Local projects tour
- Special session for directors of departments of community development

- Working with new immigrants
- Update on the National Housing Trust Fund
- Roundtable discussions on the following topics: monitoring, economic development, housing rehabilitation, energy efficiency, local housing trust funds, and veterans
- CDBG and HOME best practices
- John Sasso National Community Development Week Awards Luncheon
- HUD Program Update

The conference fee is $350 for members and $450 for non-members. Group discounts are available. When two or more persons attend from any single community, each person receives a $25 discount. The conference will be held at the Crowne Plaza - Columbus Downtown. NCDA has secured a block of rooms at the rate of $94.00/single and $104.00/double per night, plus tax. The hotel will hold this block of rooms at this rate through **May 26, 2014**. Please book early! To make your reservation, please call the Crowne Plaza at 1-800-338-4462 and mention “NCDA Annual Conference” to receive the special room rate.

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

Program	FY13 Enacted Level	FY14 President's Request	FY14 Enacted
Community Development Fund *Set-Asides:* Disaster Assistance Native American Block Grant Integrated Planning Grants Neighborhood Stabilization CDBG Formula Grants	$3.127 billion 0 [$56 million] 0 0 $3.071 billion	$3093 billion 0 [$70 million] [$75 million] [$200 million] $2.748 billion	$3.100 billion 0 [$70 million] 0 0 $3030 billion
Section 108 Loan Guarantees	$250 million	$500 million	$250 million
Brownfields	$0	$0	$0
HOME Program	$948 million	$950 million*	$1.0 billion
Homeless Programs	$2.033 billion	$2.381 billion	$2.1 billion
SHOP	$35 million	$10 million**	$10 million
Housing Counseling	$45 million	$55 million	$45 million
Lead Hazard Control	$120 million	$120 million	$110 million
HOPWA	$332 million	$332 million	$332 million
Section 202 for the Elderly	$375 million	$400 million	$384 million
Section 811 for the Disabled	$165 million	$126 million	$126 million
Fair Housing	$71 million	$71 million	$66 million
Section 8 TBRA	$18.9 billion	$19.9 billion***	$19.2 billion***
Section 8 Project-Based Assistance	$9.3 billion	$10.2 billion	$9.91 billion
Public Housing Capital	$1.875 billion	$2.07 billion	$1.87 billion
Public Housing Operating	$4.262 billion	$4.6 billion	$4.4 billion
HOPE VI	$0	$0	$0
Choice Neighborhoods	$120 million	$400 million	$90 million

*Of this amount, $940 million would be provided to HOME formula grants and $10 million to SHOP.
**The Administration's FY14 budget funds SHOP as a set-aside within the HOME Program.
***The Section 8 TBRA total includes funding for contract renewals, tenant protection vouchers, administrative fees, family self-sufficiency coordinators, family unification program vouchers, section 811 mainstream vouchers, and veterans supportive housing vouchers.