NCDA
WASHINGTON REPORT

DATE: February 28, 2014

Order Your CDBG 40th Anniversary Poster/Postcards by March 15
National Community Development Week – April 21-26, 2014
CDBG Basics Training - May 5-7, 2014 - Augusta, GA
HOME Basics Training - May 28-30, 2014 - Champaign, IL
Advanced CDBG Training - June 9-10, 2014 - Murfreesboro, TN
2014 NCDA Annual Conference - June 24-28, 2014 - Franklin County, OH

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- ✓ ***Senate Budget Committee Holds Hearing on Budget Outlook Over the Next Ten Years***
- ✓ ***Tax Reform Draft Released; Terminates the Tax-Exemption for Private Activity Bonds and Eliminates the 4 Percent Housing Credit***
- ✓ ***Senate Passes Flood Insurance Bill; House Works Behind the Scenes to Tweak its Bill***
- ✓ ***HUD NEWS - FY14 Allocations to be Released Soon; CPD Maps Desk Guide Released***
- ✓ ***NCDA NEWS - Call for CDBG Projects; Please Sign the THUD 302(b) Letter by March 12; National Community Development Week: April 21-26; 40th Anniversary Poster and Postcard Available for Purchase Through March 15, 2014; Training Available; 2014 Annual Conference - Franklin County, OH***
- ✓ ***HUD Budget Chart***

Senate Budget Committee Holds Hearing on Budget Outlook Over the Next Ten Years

Douglas Elmendorf, Director of the Congressional Budget Office (CBO), testified before the Senate Committee on the Budget on February 11. According to Elmendorf, the federal budget deficit has fallen sharply in the last few years and is on a continued path to decline over the next year. CBO estimates that the deficit will total $478 billion in FY15 compared with $1.4 trillion in 2009. However, deficits will begin to increase in FY16 due to increased costs in three major areas: Social Security (due to the aging of the population), health care (Medicare, expansion of Obamacare), and mounting interest costs on federal debt. According to Elmendorf, spending for Social Security, Medicare, Medicaid, the Children's Health Insurance Program, and subsidies for health insurance purchased through Obamacare will rise from 9.7 percent in 2014 to 11.7 percent by 2024. By contrast, all other federal spending is expected to drop in 2015 to its lowest level since 1940 and continue to decline through 2024. According to CBO, all other federal spending will decrease from 9.7 percent of Gross Domestic Product (GDP) in 2014 to 7.3 percent of GDP in 2024. Moreover, CBO estimates the expected increase in the federal deficit will continue to stymie the economy by slowing growth (because of less federal spending)

FY15 Budget/Appropriations Process Set to Begin
The President will release his FY15 budget on March 4 that outlines recommended funding levels for all federal programs. The House is expected to approve a FY15 budget resolution in early April that will follow the $1.014 trillion budget cap established by the Ryan-Murray budget agreement in December but will include policy recommendations for spurring jobs and the economy. Appropriators will likely start marking up spending bills beforehand since Rep. Harold Rogers (R-KY), Chairman of the House Appropriations Committee, wants to complete all 12 spending bills by September 30 for the first time since 1994. It appears the Senate Democrats will not undertake a budget resolution. Senate appropriators will follow the top line budget cap of $1.014 trillion established by the Ryan-Murray budget agreement.

Tax Reform Draft Released; Terminates the Tax-Exemption for Private Activity Bonds and Eliminates the 4 Percent Housing Credit

Rep. Dave Camp (R-MI), Chairman of the House Ways and Means Committee, released draft legislation, the Tax Reform Act of 2014, on February 26. The legislation will simplify the existing tax code, lower tax rates, increase the standard deduction, repeal the personal exemption, expand the child tax credit, reduce the mortgage interest deduction, and set-aside a portion of corporate tax revenue for the Highway Trust Fund.

- The top individual tax rate would drop from 39.6 percent to 25 percent.

- The plan reduces tax rates and collapses the tax brackets into three brackets of 10, 25, and 35 percent; with most taxpayers falling into the first two categories. According to Camp, 99 percent of all taxpayers would pay taxes at the 25 percent rate or less. The plan also reduces the corporate rate to 25% (from 39%).

- The plan would allow nearly 95% of tax filers to get the lowest rate possible by simply claiming the standard deduction, instead of itemizing. The standard deduction will increase to $11,000 for individuals and $22,000 for married couples

- The plan reduces the size of a mortgage eligible for the mortgage interest deduction from $1 million to $500,000

- The plan increases the child tax credit to $1,500 per child and adjusts it for inflation going forward and also expands the tax credit to more families

- The richest 1 percent of workers would face a 10% surtax on their salaries

- A surtax would be levied on the six largest banks.

- The plan dedicates $126.5 billion of corporate tax revenue to the Highway Trust Fund to fund highway and infrastructure improvements for eight years

- Most worrisome for local governments is the termination of the tax-exemption for private activity bonds issued after 2014. While the draft legislation suggests that private activity bonds are used solely for private businesses that is not the case, since many communities rely on the bond for affordable housing development, libraries, schools, and other important activities.

- The plan would retain the 9 percent Low-Income Housing Tax Credit, but would repeal the 4 percent Housing Credit, a concern for housing advocates.

- The plan makes permanent an improved Research and Development Tax Credit to increase innovation.

- The plan would require the IRS to develop a simplified tax form for seniors, known as Tax Form 1040SR.

- The plan taxes long-term capital gains and dividends as ordinary income, but exempts 40 percent of such income from tax – resulting in a three percentage point decrease from the maximum rates to individuals pay today

- The plan repeals the Alternative Minimum Tax.

- The plan would crack down on the ability of investments firms and wealthy individuals to limit their taxes through investments by expanding requirements that investors pay tax, at ordinary income rates, on the increase in derivatives that they hold at the end of the year

The draft legislation was developed over a three year period using feedback received from 30 Congressional hearings, 11 separate bipartisan tax reform working groups, three discussion drafts, and more than 14,000 comments at www.TaxReform.gov. According to Camp, The plan would generate $3 billion more in tax revenue over the next decade.

While many question why Camp released the draft legislation now, particularly during an election year, his motive may lie in the fact that his role as Chairman of the Ways and Means Committee expires at the end of this year. While the draft bill has no chance of making it to the House floor this year, it does provide a discussion framework against which all future tax proposals will be compared.

To review the tax reform plan, go to www.tax.house.gov

Senate Passes Flood Insurance Bill; House Works Behind the Scenes to Tweak its Bill

Flood insurance legislation has taken center stage in recent weeks as homeowners have seen sharp increases in their premiums over the last year or so. The premiums have become an issue as many homeowners have been unable to sell their properties and communities are worried that homeowners will walk away from their properties, leaving them vacant.

The Senate passed the Homeowners Affordability Insurance Act, S. 1926, on January 30. The legislation was introduced in reaction to the Biggert-Waters Flood Insurance Reform Act of 2012, fondly known as BW-12, which resulted in homeowners and businesses facing drastic premium increases due to the phase-out of subsidized premiums. In an effort to buy some time for Congress to enact legislation to remedy this situation, the FY14 Omnibus Appropriations Act included language to block premium rate increases for one year.

House members are working behind the scenes to tweak H.R. 3770, the Homeowner Flood Insurance Act of 2014, which was introduced earlier this year. H.R. 3770 takes action beyond S. 1926 to further help homeowners. The measure would retroactively refund policy holders if they paid a higher premium under BW-12. The House is expected to vote on its bill next week under a maneuver known as suspension of the rules which requires a 2/3 majority vote and does not allow for the consideration of amendments.

Both the House and Senate bills require FEMA to complete an affordability study on homeowner premiums over the next year.

HUD NEWS

FY14 Allocations to be Released Soon

The FY14 CPD allocations will be released on or about March 20, if not sooner. HUD has received its apportionment from OMB and is now working on the formula 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 averages of the formula factors.

CPD Maps Desk Guide Released

The guide provides step-by-step instructions on how to use CPD Maps to display data and create maps in the Consolidated Plan. The guide is available at www.onecpd.info/resources/documents/CPD-Maps-Desk-Guide.pdf

NCDA NEWS

Call for CDBG Projects

The CDBG Coalition will begin making visits with members of the House and Senate Transportation-HUD (THUD) subcommittee members very soon. In advance of these visits, the Coalition is collecting CDBG project information to share with Congressional members and their staff to educate them on how CDBG is being used in their districts. If you are located in one of the following jurisdictions and/or states, please use the attached HUD template to provide information on at least one CDBG project.

Jurisdictions
Des Moines, IA; West Des Moines, IA; Council Bluffs, IA; Fairfax County, VA; Dauphin County, PA; Harrisburg, PA; Berks County, PA; Lehigh County, PA; Allentown, PA; Lebanon, PA; Bethlehem, PA; Northampton, PA; Fort Worth, TX; Tarrant County, TX; North Richland Hills, TX; Vancouver, WA; Thurston County, WA; Clark County, WA; Boise, ID; Idaho Falls, ID; Pocatello, ID; Phoenix, AZ; Glendale, AZ; Maricopa County, AZ; Burlington, NC; Chapel Hill, NC; Durham, NC; Raleigh, NC; Cary, NC; Fayetteville, NC; Chicago, IL; Cook County, IL; Akron, OH; Youngstown, OH; Warren, OH; Barberton, OH; Alliance, OH; Cuyahoga Falls, OH

States
Washington, Maryland, Illinois, Vermont, Iowa, California, South Dakota, Arkansas, Rhode Island, New Mexico, Maine, Alabama, Tennessee, South Carolina, Indiana, Missouri, and Kansas

Please send your projects to vicki@ncdaonline.org on or before **March 5**.

Please Sign the THUD 302(b) Letter by March 12

As Congress begins the FY15 budget cycle, housing and transportation organizations want to strongly convey to Congress that the Transportation-HUD (THUD) Subcommittee allocation needs to be increased in order to restore the 25% cut in funding that the subcommittee has experienced since FY12. More than 2,400 organizations signed the FY14 letter to Congress. The FY15 letter now stands at 1,156 signers, so we have a long way to go to exceed the 2,400 signatures from last year. We need your agency's support on the FY15 letter.

Here are the links:

Letter: http://bit.ly/1gAmxvP

Link to sign on: https://nlihc.wufoo.com/forms/thud-302b-signon-letter/

(1) Please sign on to the letter
(2) Please send the letter to your network of local organizations and sub-recipients to sign.
(3) Please reach out to local transportation groups to sign the letter.

Please see the attached FAQs. Contact vicki@ncdaonline.org with any questions.

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

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, available at www.ncdaonline.org. Since this year marks a special anniversary 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.** Download the order form at http://ncdaonline.org/documents/2014CDBGOrderForm.pdf Using the postcards, we ask you to have your beneficiaries write a short note to their Congressional members on how CDBG and HOME have assisted them.

Training Available

CDBG Basics: Training for Practitioners
Augusta, GA
May 5-7, 2014
Cost: $250 for members/$350 for non-members
For more information, go to www.ncdaonline.org/cdbg.asp

HOME Basic Course Training
Champaign, IL
May 28-30, 2014
Cost: $250 for members/$350 for non-members
For more information, go to www.ncdaonline.org/home.asp

Advanced CDBG Training
Murfreesboro, TN
June 9-10, 2014
Cost: $200 for members/$250 for non-members
For more information, go to www.ncdaonline.org/cdbg.asp

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.

To view the draft agenda, go to http://ncdaonline.org/events/2014annualmeetingdraftagenda.pdf

To register for the conference, go to
http://ncdaonline.org/events/14annualconferencebrochure.pdf

The conference 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.