NCDA
WASHINGTON REPORT

DATE: **January 31, 2015**

National Community Development Week – April 6-11, 2015
NCDA CDBG Basics Training – Nashville, TN – May 13-15, 2015
NCDA Annual Conference – Arlington, TX – June 24-27, 2015

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NATIONAL NEWS

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President's FY16 Budget to Be Released on Monday

President Obama will release his FY16 budget on Monday, February 2. The budget is expected to exceed the budget caps established by Congress by nearly $74 billion -- or 7 percent. The additional funding would put the bottom line for discretionary spending at about $1.08 trillion for FY 2016. Non-Defense discretionary spending would increase to $530 billion ($37 billion over the spending caps) and $561 billion for Defense programs ($38 billion increase). The increased spending will be offset by cuts to some programs and by closing tax loopholes for the wealthy.

The budget deficit has been shrinking in recent years due mainly to program cuts and an improving economy. As of September 30, 2014, the budget deficit was $483 billion, down from a record of $1.42 trillion in 2009. Still, many conservatives in Congress want to continue to cut programs until the federal budget is fully balanced; bottom line, the President's proposed budget increases will not be supported by Congressional Republicans.

The budget will call for an end to sequestration (automatic across-the-board spending cuts) that is set to resume in FY17. Senator Patty Murray (D-WA) and Rep. Paul Ryan (R-WI) were able to stave off sequester cuts through FY16 through a bi-partisan budget agreement, but that runs out in October. An estimated $91 billion in discretionary spending cuts -- $54 billion for Defense and $37 billion for non-Defense programs will kick in unless the President and Congress reach a deal this year to prevent them.

HUD Secretary Julian Castro will hold a briefing on the proposed FY 2016 HUD budget on Monday, February 2, from 4:00 – 5:00 pm EST. The briefing can be viewed via the web at http://portalapps.hud.gov/HUDMediaChannel/liveplayer.jsp

NCDA will provide an alert to members on Monday, February 2, outlining the proposed FY16 budget levels for HUD's programs in the President's budget.

National Effort Underway to Amend the U.S. Constitution to Require a Balanced Budget

A national effort is underway to pass state resolutions calling for a constitutional convention to rewrite the U.S. Constitution to require a balanced budget, reduced federalism, and limit the terms of Congressional members. This effort is being led by the American Legislative Exchange Council (ALEC) and other groups aligned with Tea Party members. The problem with a constitutional convention is that it opens up the Constitution to whatever amendments delegates choose to propose, which may go well beyond a balanced budget amendment. Furthermore, a balanced budget amendment would force cuts in discretionary programs.

Congress is required to call for a convention if at least two-thirds of the states (34) request one. There are now 31 states with Republican-controlled legislatures, 11 Democrat controlled legislatures, and 8 split legislatures. Proponents claim they have the support of legislative leadership in the 31 Republican-controlled states to enact resolutions.

Even some conservatives are opposed to the idea of a constitutional convention, including Justice Antonin Scalia and the John Birch Society, because such a convention could spiral out of control and make radical changes to the U.S. Constitution.

We urge you to track this movement in your state by following closely the actions of your state legislature.

Hill Staff Predicts Tricky Budget Year for HUD Programs

Hill staff provided a frank overview of the budget year ahead during the NCDA Winter Conference in Washington, DC. Joe Carlile, Minority Professional Staff, with the House Committee on Appropriations, told conference participants that profits derived from the Federal Housing Administration (FHA) have been used in recent years to offset the HUD budget, but that FHA receipts declined last year and will do so in the future; meaning less funding on hand to offset HUD programs and the greater likelihood of cuts. Furthermore, beginning in FY16 all project-based section 8 contracts will begin to be renewed on a calendar year basis resulting in a one-time increase of between $1.3 billion-$1.6 billion in FY16. And, another $1 billion will be needed in FY16 just for rent and utility increases. Since the first priority in the HUD budget is renewal of project-based and tenant-based contracts, ensuring families remained housed, other HUD programs are at risk of budget cuts – in particular, HOME and CDBG, according to the Hill staff present at the NCDA conference.

The HOME program, in particular, appears to be on the losing end of the budget saga. Jason Woolwine, Majority Professional Staff, with the Senate Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, told the audience that the HOME program is seen as redundant. His exact words were, "…with the Housing Trust Fund, is the HOME program needed?" Jason further posed the question, "…with a very flexible CDBG program, why the need for HOME?" This line of questioning – and thinking – is very troublesome. If the HOME program is cut further or eliminated altogether, local governments will lose their sole source of federal, formula-allocated funding. NCDA will work hard to educate Congress on the merits of a stand-alone HOME program and we urge our membership to do the same. As soon as the members of the House and Senate Transportation-HUD subcommittees have been named, NCDA will send out a template to collect HOME and CDBG project information for the subcommittee members.

Update on the Texas Department of Housing and Community Affairs v. The Inclusive Communities Project, Inc. Case

On January 21, 2015, the U.S. Supreme Court heard oral arguments in the case *Texas Department of Housing and Community Affairs v. The Inclusive Communities Project, Inc.* on the following questions.

1. Are disparate-impact claims cognizable under the Fair Housing Act?
2. If disparate-impact claims are cognizable under the Fair Housing Act, what are the standards and burdens of proof that should apply?

In March 2008, the Inclusive Communities Project (ICP) filed suit against the Texas Department of Housing and Community Affairs (TDHCA) claiming the agency engaged in disparate impact discrimination in violation of the Fair Housing Act by disproportionately approving tax credit units in minority-concentrated neighborhoods and disproportionately disapproving tax credit units in predominantly Caucasian neighborhoods, thereby creating a concentration of the units in minority areas, a lack of units in other areas, and maintaining and perpetuating segregated housing patterns. The District Court agreed with ICP that the allocation program had a disparate impact on minorities. TDHCA appealed the decision to the

Fifth Circuit. On March 24, 2014, the Fifth Circuit remanded the case to the District Court with instructions to use the disparate impact analysis developed by HUD in its February 2013 rule. The concurring opinion recognized that the analysis must take into account the positive impacts of the LIHTC. TDHCA filed a petition on May 13, 2014 asking the U.S. Supreme Court to hear the case.

According to the ICP, "At issue is whether the Fair Housing Act of 1968 bars not only intentional discrimination, but also policies and practices that have a disparate impact – that do not have a stated intent to discriminate but that have the effect of discriminating against the Fair Housing Act's protected classes – race, color, national origin, religion, sex, familial status, or disability."

To read the oral arguments in the U.S. Supreme Court case, go to:
http://www.supremecourt.gov/oral_arguments/argument_transcripts/13-1371_g4ek.pdf

The U.S. Supreme Court will render a decision by March 24, 2015.

HUD NEWS

HUD Releases Housing Trust Fund Interim Rule

HUD's Office of Affordable Housing Programs released an interim rule [FR-5246-I-03] implementing the Housing Trust Fund (HTF}. Congress established the HTF in 2008 as part of the Housing and Economic Recovery Act. The HTF will provide grants to States or their designated entities to primarily increase and preserve the supply of rental housing for extremely low-income households. The Federal Housing Finance Agency (FHFA) – the entity which oversees the Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, announced in December 2014 that the GSEs would start contributing 4.2 basis points (.042 percent) on new business purchases. These fees will be directed to the Housing Trust Fund and to the Capital Magnet Fund. Funds will not be distributed until January 2016 and would be split evenly between the Housing Trust Fund and the Capital Magnet Fund. The Capital Magnet Fund will be administered by the Department of Treasury and will be available to community development financial institutions (CDFIs). Estimates indicate that $300 million or more could be collected in the first year.

States and state-designated entities serve as HTF-eligible grantees. States are required to submit an allocation plan to HUD, which must describe the distribution methodology they intend to use. States must provide for public feedback on the plan. States may distribute the funds through eligible sub-grantees, which may include state agencies, local governments, or non-profits. Despite their eligibility there is currently no program or statutory requirement that local governments be provided a direct allocation of HTF monies or that a direct allocation to local governments be an element of a state's allocation plan. NCDA and other interest groups do not want the HTF to compete with the HOME program, which is allocated directly to both states and local governments. And, based on the interim rule released by HUD, the HTF mirrors HOME in many respects. NCDA urges members interested in receiving HTF monies to reach out to their state agency immediately to seek possible funding. HUD does not have a list of the state agencies selected to administer the funds yet, but we advise that you check first with your state housing finance agency (the agency that administers LIHTC). This entity will most likely administer the HTF in your state.

The interim rule becomes effective on March 31, 2015. HUD will open the rule for public comment once funds are available and grantees gain experience administering the HTF. HUD has launched an HTF resource page at https://www.hudexchange.info/htf

The launch of the regulations and implementation of the HTF may be short-lived if Rep. Ed Royce (R-CA) makes headway in the enactment of a bill, the Pay Back the Taxpayer Act of 2015, that prohibits contributions by Fannie Mae and Freddie Mac to the Housing Trust Fund and the Capital Magnet Fund while they are in conservatorship. Royce introduced a similar bill last year

Moreover, Rep. Jeb Hensarling (R-TX), Chairman of the House Financial Services Committee, voiced his opposition to the funding of the Housing Trust Fund in opening remarks at a hearing on January 27, 2015.

OMB Publishes Federal Contracting and Procurement Rule

OMB published a rule on December 19, 2014 that made changes to federal grant administration, procurement, and contracting requirements; streamlining eight Federal regulations into one comprehensive policy guidance. The rule repealed requirements found at Part 84 (Subparts B, C, D, E, and Appendix A) and Part 85 (Subparts B, C, D, and E) and replaced them with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") found at 2 CFR Part 200. The changes will affect state and local governments as well as nonprofit organizations and public housing agencies that receive federal awards. According to OMB, these changes will reduce existing federal financial management regulations by nearly 75% and reduce administrative burdens.

The normal 30-day waiting period for implementing a new regulation has been waived, making the rule effective December 26, 2014. The Council on Financial Assistance Reform will have responsibility for implementing and monitoring the guidance. Go to the Council's web site at https://cfo.gov/COFAR/ to obtain information on the Uniform Guidance and web casts on the implementation.

Updated eCon Planning Suite Troubleshooting Guide and FAQ's Now Available

HUD has released an updated version of the eCon Planning Suite, removing many of the issues users experienced early on. HUD has updated the eCon Planning Suite troubleshooting guide with interim solutions for removing system defects in IDIS. HUD has also updated the eCon Planning Suite's FAQ resources to reflect common questions grantees have about the system. The troubleshooting guide is attached.

The FAQs are available at
https://www.hudexchange.info/resource/3177/econ-planning-suite-faqs/

HUD Announces FY 2014 Continuum of Care Program Awards

HUD announced the awards for the FY 2014 Continuum of Care program on January 26, 2015. Over $1.8 billion in grants were awarded to over 8,400 local homeless housing and service programs. Most of the funding went to renewing existing project contracts, but HUD was able to siphon off enough money to fund 25 new projects that will provide permanent supportive housing to the chronically homeless.

To view a list of the award winners go to:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/homeless/budget/2014

NCDA NEWS

CDBG Coalition Gears Up for the Year Ahead

The CDBG Coalition held a kick-off meeting on January 28, 2015, to begin to outline a work plan to support CDBG and HOME funding in the year ahead. The Coalition supports $3.3 billion for CDBG and $1.2 billion for HOME in FY16. Over the next several weeks, the CDBG Coalition will meet with Congressional appropriators, marshal House and Senate Dear Colleague letters in support of the programs, conduct Hill briefings, and send out a CDBG survey to gather important information on community development need.

The CDBG Coalition consists of the following national groups: U.S. Conference of Mayors, National Association of Counties, National League of Cities, National Community Development Association (organizing entity for the Coalition), National Association for County Community and Economic Development, National Association of Local Housing Finance Agencies, National Association of Housing and Redevelopment Officials, Council of State Community Development Agencies, Feeding America, Rebuilding Together, YWCA USA, Habitat for Humanity International, Local Initiatives Support Corporation, National Association of Development Organizations, National Urban League, National Rural Housing Council, International Economic Development Council, and Housing Assistance Council (new member).

National Community Development Week

The 2015 National Community Development (CD) Week will be celebrated **April 6-11, 2015.** NCDA has developed guidance and sample documents to help you plan and implement your National CD Week activities. The guidance is attached and available on the NCDA website.

This year marks the 29th anniversary of the National Community Development Week campaign. National Community Development Week provides an ideal opportunity to educate members of Congress and your community on CDBG and HOME and the importance of both programs on the lives of low- and moderate-income citizens. Please join us in the 2015 National CD Week campaign. NCDA is, once again, proud to lead the National Community Development Week campaign.

With the continued reduction in federal discretionary funding, we need all members to participate in

National Community Development Week. We are requesting all NCDA members to, at the minimum, issue a proclamation and press release during National Community Development Week, outlining the benefits of CDBG and HOME in their community. A sample press release and proclamation is included in the attached guidance. The proclamation and press release should then be sent to your Congressional Members and to the local press. See the attached guidance on tips for sending information to your Congressional Members.

We are also asking members to keep us abreast of their CD Week activities by sending a brief overview of planned activities to Vicki Watson at vicki@ncdaonline.org.

NCDA Annual Conference

The 2015 Annual Conference will be held in Arlington, TX at the Arlington Hilton on June 24-27, 2015. Sheryl Kenny and staff have been working very hard to develop an excellent conference program and activities for conference participants. The draft Annual Conference agenda and registration form will be posted to the website in the next week.

Upcoming NCDA Training

NCDA will hold a three-day CDBG Basics Course in Nashville, TN on May 13-15, 2015. NCDA extends its thanks and appreciation to the Nashville Metropolitan Development and Housing Agency for hosting the training.

CDBG Basic Training
Course Fee: $250 members/$350 non-members
Location: Nashville, TN
Dates: May 13-15, 2015
To register for the course, go to http://www.ncdaonline.org/cdbg.asp

The National Community Development Association (NCDA) is pleased to announce the delivery of a three-day basic course on the Community Development Block Grant (CDBG) Program. The course will provide a basic, but comprehensive overview of the CDBG program. This course will provide a hands-on approach to learning the program through lecture and in-class exercises. Course participants will learn how to read the regulations, how to determine timeliness in spending CDBG funds, what activities are eligible under the program, how to document national objectives, and how to calculate Low-Mod Income (LMI) benefit. Participants will also learn important program definitions, the components of the Consolidated Plan and the Annual Action Plan, what's covered under the administration and planning activities, and grantee responsibility for monitoring sub-recipients. Class participants will also learn the difference between a sub-recipient, contractor, and a Community-Based Development Organization (CBDO) and their roles, as outlined in the regulations. Class participants will learn important financial administration information related to program management and other federal cross-cutting regulations related to the program.

For questions concerning the training, please contact Vicki Watson at vicki@ncdaonline.org

NCDA Winter Conference Presentations Available

NCDA held its 2015 Winter Conference on January 21-23 in Washington, DC. Over 100 conference participants attended the event which featured presentations from HUD staff on CPD program updates, a demonstration of HUD's ACS-based mapping tool, demonstration of HUD's Environmental Review Online (HEROs) tool, a frank discussion with Hill staff, and many informational sessions featuring grantee presenters.

The presentations are posted to the website at http://ncdaonline.org/nationalevents.asp

NCDA is Relocating

NCDA is in the process of relocating. Please send future correspondence to:

NCDA
1825 K Street
#515
Washington, DC 20006

You can reach staff at the following phone numbers.

Cardell Cooper
Executive Director
202-253-0789

Vicki Watson
Assistant Director
240-601-9356

Karen Parker
Operations Manager
240-601-9366

Department of Housing and Urban Development
FY14/15 Budget Chart

Program	FY14 Enacted Funding Level	President's FY15 Budget Request	FY15 Enacted Funding Level
CDBG Formula Grants	$3.030 billion	$2.800 billion	$3.000 billion
HOME Formula Grants	$1.000 billion	$900 million	$900 million
Homeless Assistance Grants	$2.105 billion	$2.406 billion	$2.135 billion
Section 108	$500 million	$500 million	$500 million
Choice Neighborhoods	$90 million	$120 million	$80 million
HOPWA	$330 million	$332 million	$330 million
Lead Based Paint Hazard Reduction	$110 million	$120 million	$110 million
Elderly Housing (Section 202)	$384 million	$420 million	$420 million
Housing for Persons with Disabilities (811)	$126 million	$160 million	$135 million
Housing Counseling	$45 million	$60 million	$47 million
Housing Choice Vouchers	$19.177 billion	$20.045 billion	$19.304 billion*
Project-Based Section 8	$9.917 billion	$9.746 billion	$9.730 billion
Public Housing Capital Fund	$1.875 billion	$1.925 billion	$1.875 billion
Public Housing Operating Fund	$4.400 billion	$4.600 billion	$4.440 billion

*Includes $75 million for HUD-VASH Vouchers, $83 million for Section 811 Vouchers, and $17.486 billion for Section 8 Voucher renewals.