WASHINGTON REPORT

DATE: March 4, 2015

National Community Development Week – April 6-11, 2015
NCDA HOME Basics Training – Milwaukee, WI – April 21-23, 2015
NCDA CDBG Basics Training – Nashville, TN – May 13-15, 2015
NCDA Annual Conference – Arlington, TX – June 24-27, 2015

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House THUD Subcommittee Holds Hearing on HUD's FY16 Budget Request

On February 25, 2015, the House Transportation-HUD-Related Agencies (THUD) Subcommittee held a hearing on HUD's FY16 Budget. HUD is requesting $49.3 billion in new budget authority in

FY 2016 – a 9 percent increase over 2015. In his opening remarks, Chairman Mario Diaz-Balart (R-FL) told Secretary Castro that "I don't see any agency receiving a 9% increase over the prior year under the current law." Diaz-Balart was referencing the fact that Congress has to adhere to the Budget Control Act sequester requirements which requires strict spending caps. Compounding the budget problems for HUD is the decrease in FHA receipts, estimated to be a reduction of $1.4 billion from last year, according to the Office of Management and Budget. Moreover, as reported in the last Washington Report, the shifting of the tenant-based rental assistance programs to a calendar year and the inflationary costs associated with the programs will add another $1.6 billion to HUD's budget woes.

The hearing focused primarily on the internal workings of HUD and the findings of several OIG audits that found the department lacking in basic administrative controls such as questionable hiring, lax oversight of grantees, and poor IT management and systems. A recent OIG report highlighted a conflict of interest concern in the department's hiring of the deputy director of the Council of Large Public Housing Authorities to be the deputy assistant director of the Office of Public and Indian Housing which oversee the development of regulations that govern PHAs. The person hired set about deregulating the oversight and reporting requirements of PHAs, according to the OIG.

Diaz-Balart told the Secretary that, "We need to come together and straighten this department out to be a quality, high-functioning organization that can effectively and efficiently deliver and oversee these important programs. But if the department is dysfunctional, there's no hope we can expect and demand more from stakeholders."

The CDBG Coalition sent a letter (attached) to Chairman Diaz-Balart (R-FL) on February 24 and asked that it be entered into the record.

The House THUD Subcommittee will hold two more hearings this spring on HUD's FY16 budget; one on March 24th that will focus on HUD's CPD programs and another in April that will focus on public housing and section 8.

House Committee on Financial Services Sends its "Views and Estimates" to the Budget Committee

Annually, the House Budget Committee seeks input – known as "views and estimates" – from all House committees on federal departments and programs for which they have oversight responsibility. On February 12, the House Financial Services Committee held a mark-up of its views and estimates on the Administration's FY16 budget. The views and estimates highlighted HUD and several of its programs for closer scrutiny.

The Committee criticized HUD for recommending new program initiatives in its FY16 budget as well as a proposed 9% budget increase. The Committee also criticized the department for being "overly bureaucratic, failing to set priorities that defines its mission, and not delivering measurable results."

The Committee recommended comprehensive reform of the Section 8 voucher program, given the growth of the program in the HUD budget, a pattern which is "unsustainable." The program was funded at $19.304 billion last year and the Administration seeks $21.124 billion for the program in its FY16 budget. The Committee believes that the public is better served not by expanding Section 8 but by reforming the program to target need so that PHAs can serve more people within existing funding levels. According to the Committee, the program is plagued by two problems: (1) HUD does not keep track on how Section 8 funds are used; and (2) Because HUD does not track how the funds are used it cannot assess whether the program is effective.

The Committee sees the Housing Trust Fund as duplicative of other HUD programs, including the HOME program and CDBG, and thereby rejects the need for a new program. The Committee also disagrees with the decision to collect assessments from the GSEs in order to fund the Housing Trust Fund.

The Committee's views and estimates were approved along a party line vote and forwarded to the Budget Committee.

HUD NEWS

Castro Testifies on FHA Reserve Shortfall

HUD Secretary Castro was challenged during a recent House Financial Services Committee hearing on his recent decision to lower FHA mortgage insurance premiums despite the FHA falling short of its capital reserve requirement. Several Republican members of the Committee, including Chairman Jeb Hensarling (R-TX), told Castro he is breaking the law by not meeting the 2 percent reserve requirement. The last time FHA was at the required level was six years ago. Committee Republicans told Castro that the move to lower mortgage insurance premiums to 0.85 percent from 1.35 percent would hamper the FHA's ability to meet its reserve requirement. Currently, the Mutual Mortgage Insurance Fund holds 0.41 percent of the required 2 percent in capital reserves. Castro told the Committee that the reserve fund should reach its required 2 percent goal by 2016. Chairman Hensarling followed up by saying, "This Committee has been told that once, twice, three times (by other HUD officials) and it hasn't proven true."

FY15 CDBG Allocations

According to HUD, there will be 1205 entitlement communities receiving CDBG funding in FY15. This includes 185 urban counties and 1,020 cities. The following communities accepted entitlement status this year: Fairhope, AL, Casa Grande, AZ, Clermont County, OH, Grants Pass, OR, Chambersburg, PA, and Hilton Head, SC. They were previously non-entitled and funded through their state.

Westchester County, NY, one of the largest CDBG entitlements in the nation, has decided to drop out of the program for now, opting instead for the chance for its jurisdiction to be funded through the State. HUD has withheld the County's CDBG grants over the last three years due to disagreement over compliance with a 2009 fair housing settlement.

HUD's Office of Community Planning and Development announced the FY 2015 formula allocations on February 10. The allocations are posted at the following link.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/budget/budget15

The CDBG allocation amounts will be affected by a 1% funding reduction from last year and the use of the new American Community Survey (ACS) data. The FY 2015 allocations were computed using 2008-2012 ACS data while last year's allocations were computed using the 2007-2011 data.

NCDA NEWS

National Community Development Week: April 6-11, 2015

The 2015 National Community Development (CD) Week will be celebrated **April 6-11, 2015.** We hope that you are well underway in planning your activities. The NCDA National Community Development Week Guidebook is available on our website at www.ncdaonline.org.

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. With the continued reductions 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 National Community Development Week Guidebook. The proclamation and press release should then be sent to your Congressional Members and to the local press. The Guidebook includes 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.

House CDBG Dear Colleague Letter; Deadline is March 13

The CDBG Coalition is working with the Northeast-Midwest Congressional Coalition to circulate a CDBG support letter in the U.S. House of Representatives. A copy of the letter is attached. The final letter will be sent to House THUD leaders –Chairman, Mario Diaz-Balart (R-FL) and Subcommittee Ranking Member, David Price (D-NC).

The letter has started circulating and has a very short turnaround time for signatures – March 13. The letter is being led by four Democrats and three Republicans: Rep. Robert Brady (D-PA); Rep. James P. McGovern (D-MA), Rep. Chaka Fattah (D-PA), Rep. Maxine Waters (D-CA), Rep. Peter King (R-NY), Rep. Lou Barletta (R-PA), and Rep. Chris Gibson (R-NY). The letter supports $3.3 billion for CDBG in FY16.

It is imperative that we have a strong showing of support for this letter, so please reach out to your House Members and ask them to sign-on to the letter today. To contact your House Member, go to www.house.gov. If your're not sure who your member is, then go to http://whoismyrepresentative.com/

To add their name to the letter, your House Member needs to e-mail Samuel Breene, Legislative Director, Northeast-Midwest Congressional Coalition at samuel.breene@mail.house.gov.

Please feel free to contact Vicki Watson at vicki@ncdaonline.org with any questions.

Coalition Survey Underway; Please Respond by March 17

The CDBG Coalition has designed a survey to generate information on the consequences that continuous reductions in CDBG formula funding will have in your community. It is an effort to raise awareness of the real-world impact of CDBG program funding cuts. The information you provide will assist members of the CDBG Coalition as we are working to restore CDBG formula funding for FY 2016.

The survey is a collaborative effort involving all of the organizations comprising the CDBG Coalition. The final online version of the survey was designed by the National Association of Housing and Redevelopment Officials (NAHRO). If you have any questions or require assistance in completing the survey, please e-mail NAHRO Housing and Community Development Policy Analyst, Jenny Hsu at jhsu@nahro.org.

The survey will close on March 17, 2015. It is imperative that we have a good response rate to the survey in order to demonstrate the need for more funding for CDBG. To complete the survey go to the following link:

https://www.surveymonkey.com/s/2015CDBGsurvey

The survey may take as long as 45 minutes to complete, but it is critical to the advocacy efforts of the CDBG Coalition this year and in the end will benefit you and your fellow grantees.

Thank you for taking the time to complete the survey. The survey results will be unveiled during a CDBG briefing for House and Senate Members in April.

302(b) Letter Underway; Please Sign on by March 13

NCDA has been working with several other national associations to develop the attached 302(b) letter which seeks the highest possible funding for the House and Senate Transportation-HUD subcommittees in FY16. The THUD subcommittee oversee all of HUD's programs.

What are the 302(b) allocations?
In both the House and Senate, the Appropriations Committee receives a single 302(a) allocation for all of its programs. It then decides on its on how to divide the funding among its 12 subcommittees, creating what are known as 302(b) allocations. The 302(b) allocations set by the appropriation leaders represent a crucial decision point in determining HUD funding each year.

The letter urges Congressional appropriation leaders to increase the overall allocation for the Transportation-HUD (THUD) subcommittees in FY16. More funding for the subcommittees means more funding for the federal programs funded by the THUD subcommittees. The letter also urges Congress to reverse the sequestration cuts put in place by the Budget Control Act.

So far, over 1,200 organizations have signed the letter. The deadline for signing on to the letter is March 13. To sign on, go to http://nlihc.org/issues/budget/302b

Please also forward the link to your sub-recipients and other program partners and ask them to sign the letter. Last year, over 3,200 national, state, and local entities signed the letter. With your help, we would like to exceed that number this year.

Please feel free to contact Vicki Watson at vicki@ncdaonline.org with any questions.

Local Government Groups Provide Joint Response to the Re-Opened AFFH Rule

On January 15, 2015, HUD released a supplemental notice of proposed rulemaking to re-open the public comment period for an additional 30 days on the Affirmatively Furthering Fair Housing (AFFH) proposed rule that was published on July 19, 2013. The rule was re-opened to seek comments on whether States, Insular Areas, qualified PHAS, and small CDBG entitlements should be given the flexibility to submit their Assessment of Fair Housing at a later date than would otherwise be required for entitlement jurisdictions. The rule also sought comments on an appropriate minimum threshold for small CDBG grantees.

The comment letter, prepared by NCDA and NACCED, is attached. NCDA thanks those members who provided comments.

Upcoming NCDA CDBG and HOME Training

HOME Basic Training
Course Fee: $250 members/$350 non-members
Location: Milwaukee, WI
Dates: April 21-23, 2015
To register for the course, go to http://www.ncdaonline.org/home.asp

NCDA is pleased to announce the delivery of a three-day basic course on the HOME Investment Partnerships (HOME) Program. NCDA extends its thanks and appreciation to the City of Milwaukee for hosting the training. The course will provide a basic, but comprehensive overview of the HOME program, including the final rule requirements. This course will include information on:

- The fundamentals of the program (history, reading the regulations, and a general overview of the course materials);
- Eligible and prohibited activities;
- Eligible costs (eligible project costs, CHDO costs, eligible planning and administrative costs, tenant-based rental assistance, and pre-award costs);
- CHDOs (overview of the role of CHDOs, certifying CHDOs, special CHDO costs, other special requirements);
- General program requirements (program-wide income targeting, distribution of assistance)
- Project requirements (general project requirements, rental housing, homeownership, rehabilitation of owner-occupied housing, tenant-based rental assistance).

- Match requirements
- Program administration (consolidated plan, financial management, working with sub recipients, CHDOs, contractors, owners, developers, and sponsors, monitoring, record keeping, reporting performance);
- Complying with other federal requirements
- Achieving quality administration

The course will be reinforced through in-class exercises. Course participants will also receive a comprehensive training manual that includes the HOME program regulations and important HOME notices. And, for those wishing to receive a "Certificate of Completion," there will be a course exam (which must be taken on site) on the final afternoon of the course. The exam is not mandatory, however, it is an excellent barometer of one's understanding of the program as a whole. For questions concerning the training, please contact Vicki Watson at vicki@ncdaonline.org

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. NCDA extends its thanks and appreciation to the Nashville Metropolitan Development and Housing Agency for hosting the training. 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

2015 NCDA Annual Conference – Arlington, TX

The 2015 NCDA Annual Conference will be held on June 23-26 in Arlington, TX. HUD Secretary Castro has been invited to speak at the conference as well as other high-level HUD staff to discuss the latest program and policy updates concerning CDBG, HOME, and HUD's homeless assistance programs. Sheryl Kenny (Arlington, TX) has been working extremely hard on the agenda and conference events to make sure that everyone who attends the conference has a great learning experience and a good time.

The conference agenda is attached and will feature workshops and sessions on the following topics.

-neighborhood revitalization strategies
-innovative CHDO housing projects
-continuum of care
-regional planning/transportation/high speed rail
-leveraging CDBG for high impact results
-developing a coordinated response to natural disasters
-using HUD's HERO system for environmental reviews
-anti-poverty strategies
-community advisory boards

Conference participants will have the opportunity to tour local community development projects and participate in roundtable discussions on (1) consolidated planning and the e-con planning suite, (2) housing rehab software demo, (3) mental health connections, and (4) coordinated services for veterans.

Please feel free to contact Sheryl Kenny at sheryl.kenny@arlingtontx.gov with questions regarding the agenda. To register for the conference go to http://ncdaonline.org/events/Annual15_Regform.asp

NCDA has reserved a block of rooms at the Hilton Arlington Hotel, 2401 East Lamar Blvd., Arlington, TX, where the conference will be held. The block is available through **June 9**. After that date, reservations will be based on room availability and the best available rate. To make your reservation, call the hotel at 817-640-3322 Ext. 6606. Be sure to mention "NCDA Annual Conference" to receive the special rate of $139/single/double per night plus tax. Please contact Karen Parker at karen@ncdaonline.org with any questions concerning the hotel.

Department of Housing and Urban Development
Budget Chart

Program	FY15 Enacted Funding Level	President's FY16 Budget Request
CDBG Formula Grants	$3.000 billion	$2.800 billion
HOME Formula Grants	$900 million	$1.060 million
Homeless Assistance Grants	$2.135 billion	$2.480 billion
Section 108	$500 million	$500 million
Choice Neighborhoods	$80 million	$250 million
HOPWA	$330 million	$332 million
Lead Based Paint Hazard Reduction	$110 million	$120 million
Elderly Housing (Section 202)	$420 million	$455 million
Housing for Persons with Disabilities (811)	$135 million	$177 million
Housing Counseling	$47 million	$60 million
Housing Choice Vouchers	$19.304 billion*	$21.123 billion*
Project-Based Section 8	$9.730 billion	$10.760 billion
Public Housing Capital Fund	$1.875 billion	$1.970 billion
Public Housing Operating Fund	$4.440 billion	$4.600 billion

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