NCDA Washington Report

April 8, 2015

National Community Development Week: Let Your Voice Be Heard

National CD Week affords the opportunity for all of us to bring attention to the significance of CDBG and HOME to local communities, to vocalize the need for increased program funding and reduced program regulations that often delay and increase project costs. It affords us the opportunity to let our Congressional Members know that CDBG and HOME have never been adjusted for inflation which has drastically lessened the buying power of the programs and hampered their accomplishments. In the end, our low-income citizens are the ones that are directly affected because less funding leads to fewer projects and programs and diminishes the ability to provide basic human needs to our communities.

On another note, let's all support one another. Do not support proposals to eliminate small communities from the CDBG and HOME programs. Small grantees have strong backing from Republican members which lends heavily to the bi-partisan support of the programs in Congress. More importantly, small entitlements have community development and affordable housing needs that would likely be unmet if they did not receive a direct allocation from HUD. The funding issue lies with the continued reduced allocations, a lack of an inflation factor in the programs, and increased regulatory burden; not with the number of entitlements. The expanding number of entitlements simply means the need for the programs is growing nationwide and that more funding is needed to meet that need. National CD Week provides the opportunity for you to communicate this to your Congressional Members and your local elected officials, who need to be vocal in supporting the programs.

As National CD Week continues, please take the time to reach out to your Congressional Members to remind them of the good work of the programs in your community and the need for increased funding.

House and Senate GOP Release Budget Outlines

The House and Senate Budget Committees released their perspective 10-year fiscal blueprints last week. For FY 2016, both the House and Senate propose spending of about $492 billion for domestic programs and $523 billion for defense spending – both in line with sequestration levels – plus an additional $98 billion for defense spending through the Overseas Contingency Operations fund -- an off-budget, mandatory account.

The budget resolution has no force of law but provides an opportunity for the GOP to outline their values and priorities. The budget resolution make use of a procedure known as "reconciliation" to provide instructions to the authorizing committees to develop legislation to carry out important the priorities of the GOP. Like the budget resolution, a reconciliation bill cannot be filibustered by the Senate and only requires a majority vote to pass. Reconciliation instructions in the House budget resolution call for the repeal of ObamaCare and cuts in mandatory and non-defense spending. The resolution would also repeal parts of the Dodd-Frank reform law, include a reserve fund to better address the approaching insolvency of the Highway Trust Fund (which is expected to run out of money in May), and convert the Supplemental Nutrition Assistance Program (SNAPs) to a block grant run by states.

A House-Senate conference committee must now resolve the differences in the two measures. The starkest difference lies in the cuts to domestic programs. The House resolution calls for cuts of $760 billion over 10 years while the Senate resolution trims domestic programs by about $236 billion over a decade. Congress is supposed to pass the budget resolution by April 15, but it usually happens later, if at all. Since 2000, Congress has failed to pass a budget resolution seven times.

Most importantly, the budget resolution provides a single allocation for the House and the Senate appropriations committees to use in doling out funding among their 12 subcommittees (including Transportation-HUD), known as the 302(b) allocations. President Obama has vowed to veto any spending bill that sticks to the sequester-level cuts.

CDBG Coalition

The CDBG Coalition is in the process of meeting with the Transportation-HUD subcommittees members to seek higher funding for CDBG and HOME in FY16. NCDA would like to thank those communities that sent in project information to share with the THUD members. It's a very effective way of communicating how the programs work at the local level. The House THUD meetings have been completed. The Coalition will begin meetings with the Senate THUD members next week. If your Senator serves on the THUD subcommittee and you would like to share CDBG and HOME project information from your community, please send it to vicki@ncdaonline.org.

Besides holding meetings with appropriators, the CDBG Coalition has sent letters to all THUD members asking that they prioritize funding for both CDBG and HOME in the FY16 spending bill. The Coalition also worked with the House Northeast-Midwest Congressional Coalition on a CDBG Dear Colleague Letter that garnered support for $3.3 billion for CDBG and $1.2 billion for HOME in the FY16 spending bill from 116 House Members. Senator Leahy's office worked with the Coalition on a similar letter in the Senate that garnered support from 36 Senators.

In the coming weeks, the Coalition will finish up the appropriations visits, submit testimony to the THUD subcommittees, wrap-up a CDBG survey on the cuts to the program, and hold a CDBG briefing on the Hill.

Section 3 Proposed Rule
HUD released a proposed rule that would update the regulations implementing Section 3. The program has operated under an interim rule for the last 20 years. Section 3 of the Housing and Urban Development Act of 1968 provides that employment and economic opportunities generated by federal housing and community development programs be directed at low-income persons, particularly persons who receive federal housing assistance, and the businesses that employ them.

The Section 3 proposed rule would make the following changes.

- The proposed rule clarifies that HUD recipients are required to demonstrate compliance with Section 3 "to the greatest extent feasible," meaning recipients will undertake their best efforts to provide economic opportunities to Section 3 residents and businesses, which includes establishing and implementing policies and procedures designed to achieve compliance with the Section 3 regulations.

- The rule would redefine the definition of a Section 3 "new hire" for contractors or subcontractors as a person who works a minimum of 50 percent of the average staff hours worked for the job category. For example, if a Section 3 resident is hired as a painter, and painters typically work 40 hours each week, the Section 3 resident must work a minimum of 20 hours each week during their employment on the project.

- The rule would also redefine the definition of "Section 3 business" to specify a preference for public housing resident-owned businesses, contractors that sponsor Section 3 residents to attend apprenticeship programs, or whose employees are recent participants in the Youthbuild program.

- The rule makes the applicability of Section 3 to demolition activities explicit.

- The rule proposes a new threshold requirement that would be based on the aggregate expenditure of $400,000 in housing and community development funding on construction related activities.

- The rule instructs recipients in jurisdictions that are governed by agreements with Labor Unions to ensure Section 3 requirements are incorporated into amended agreements.

- Recipients as well as their sub-recipients, contractors, and subcontractors must, to the greatest extent feasible, award at least 10 percent of the total dollar amount of all contracts to Section 3 businesses.

- The rule allows PHAs and other grantees to either accept self-certification from Section 3 residents and businesses or presume that they are Section 3 eligible if they reside, or are located in, distressed communities.

NCDA and NACCED will work together to provide comments on the rule. To view the rule and other accompanying documents, please go to http://www.huduser.org/portal/economicOpportunities.html

HUD Releases Income Limits

HUD released the FY 2015 income limits (Section 8, Section 221(d)(3) BMIR, Section 235 and Section 236) on March 6. The data is used to qualify households for federal housing and community development assistance. The limits and accompanying materials are available at http://www.huduser.org/portal/datasets/il/il15/index.html.

Public Offering for Section 108 Guaranteed Loans Announced

HUD has scheduled a Section 108 loan guarantee public offering during the last week in May. The public offering will enable Section 108 borrowers to obtain long-term, fixed rate financing. Borrowers with interim loans will be able to convert variable rate financing to permanent fixed rate financing.

Contact the Section 108 Loan Guarantee Program staff at 202-402-4654 for more information.

VAWA Proposed Rule

HUD has issued a proposed rule implementing the requirements of the Violence Against Women Reauthorization Act (VAWA) of 2013. The rule expands HUD's authority to protect survivors of domestic and dating violence, stalking, and sexual assault who are residing in housing assisted by HUD. Previously, only residents of public housing and Section 8 tenant-based and project-based programs were covered through VAWA. The following programs are now also covered by the Act: HOME, Section 202, Section 236, Section 811, HOPWA, HUD's homeless assistance programs, LIHTC, Section 221(d)(3) BMIR, and USDA's rural housing programs.

The rule now extends housing protections to survivors of sexual assault and requires agencies to adopt a plan to respond to tenants' requests to be transferred to a different housing unit if they believe they are in danger. According to HUD, the rule continues to prohibit a tenant who is a domestic violence victim from being denied assistance, tenancy, or occupancy rights based solely on domestic violence having been committed against them.

The rule is available at http://www.gpo.gov/fdsys/pkg/FR-2015-04-01/pdf/2015-06781.pdf Comments are due on June 1. Please send your comments to HUD Vicki Watson at vicki@ncdaonline.org by May 15.

Measure to Protect Renters of Foreclosed Properties Introduced in Congress

Legislation (H.R. 1354) to permanently extend the Protecting Tenants at Foreclosure Act (PTFA) has been introduced by Rep. Keith Ellison (D-MN) in the House and by Senator Richard Blumenthal (D-CT) in the Senate. The PFTA expired in December 2014 leaving tenants of foreclosed properties vulnerable to immediate eviction and homelessness. H.R. 1354 would revive the requirements of the PFTA; providing most renters with a 90-day notice to vacate.

NCDA Annual Conference

NCDA invites you to join other community development professionals at the 46th Annual Conference in Arlington, TX on June 24-27. The three-day conference is filled with educational sessions on issues of importance to community development practitioners. Get ideas, expand professional contacts, and explore new topics. A copy of the agenda is attached. To register for the conference, go to http://ncdaonline.org/events/Annual15_Regform.asp

NCDA HOME and CDBG Training Available

NCDA will deliver a three-day HOME Basic Course training in Milwaukee, WI on April 21-23 and a three-day CDBG Basic Course training in Nashville, TN on May 13-14. Both courses will provide a comprehensive overview of the programs through lecture and in-class exercises. The courses are filling up quickly, so we advise you to register immediately. Go to http://www.ncdaonline.org/home.asp to register for the HOME course and go to http://www.ncdaonline.org/cdbg.asp to register for the CDBG course.

John A. Sasso National Community Development Week Award

As a means of recognizing community efforts to promote and celebrate the Community Development Block Grant (CDBG) Program and the HOME Investment Partnerships (HOME) Program during the 2015 National Community Development Week, April 6-11, NCDA is announcing its 2015 John A. Sasso National Community Development Week Awards. This year marks the 15th year of the John A. Sasso National CD Week Awards. Please see the attached award information for submission criteria. Submissions are due to NCDA by the **COB, May 15, 2015**. Please e-mail your submission to vicki@ncdaonline.org. The awards will be presented during a special luncheon on Friday, June 26, 2015, at the NCDA Annual Conference in Arlington, TX.