NCDA Washington Report

May 11, 2015

House THUD Subcommittee Marks Up FY 2016 Spending Bill

The House Subcommittee on Transportation, Housing and Urban Development, and Independent Agencies (THUD) marked up its FY 2016 spending measure on April 29, 2015. The bill includes a total of $42 billion for the Department of Housing and Urban Development (HUD), an increase of $1 billion above the FY 2015 level, but $3 billion below the President's FY 2016 request. The bill adheres to the FY 2016 budget caps imposed by the Budget Control Act of 2011. Rep. Hal Rogers (R-KY), Chairman of the House Appropriations Committee, provided his support of the bill and remarked, "These are tight budget times and this legislation makes the most of each and every transportation and housing dollar."

In good news for the CDBG and HOME programs, the measure does not cut either program, but provides level funding from last year. The bill provides $3.0 billion for CDBG and $900 million for HOME, with $133 million coming from the Housing Trust Fund. Moreover, the measure provides a $200 million increase above the President's FY 2016 request for CDBG.

The measure provides $300 million for Section 108 loans to be guaranteed by a fee paid for by Section 108 loan borrowers. NCDA is opposed to the establishment of a fee in the Section 108 loan program and has sent a letter to Senate THUD members asking them to oppose a fee in their bill.

The measure provides $2.185 billion for HUD's homeless assistance grants, an increase of $50 million above last year's level. This amount includes at least $250 million for the Emergency Solutions Grant (ESG) Program and at least $1.905 billion for the Continuum of Care and Rural Stability Assistance programs.

Much of HUD's budget is consumed by Section 8 and Public Housing. The measure provides $18.151 billion for renewals of expiring Section 8 tenant-based contracts, a slight decrease from last year. The bill provides $10.254 billion for Project-Based Rental Assistance for expiring Section 8 project-based subsidy contracts, an increase of $524 million from FY 2015.

The bill provides $1.681 billion for the Public Housing Capital Fund, a decrease of $194 million below FY 2015 levels. The measure also provides $4.440 billion for the Public Housing Operating Fund, level funding from last year.

The measure provides $20 million for Choice Neighborhoods for competitive grants to transform distressed neighborhoods, a reduction of $60 million from FY 2015. Choice Neighborhoods replaced the HOPE VI program several years ago.

The bill provides $414 million for the Section 202 Housing for the Elderly Program and $152 million for the Section 811 Housing for Persons with Disabilities Program, an increase of $17 million above last year.

The bill provides $332 million for the HOPWA Program, an increase of $2 million above FY 2015. Housing Counseling is level funded at $47 million. The bill reduces funding for Lead Hazard Reduction, providing $75 million, a decrease of $35 million from last year.

The House Committee on Appropriations is expected to mark-up the THUD bill on May 13.

Congress Approves Concurrent Budget Resolution; Deep Cuts Imposed on Non-Defense Discretionary Programs

After weeks of negotiations, the House and Senate ironed out the differences in their respective budget resolutions by passing a concurrent budget resolution (S.Con.Res.11) that aims to eliminate the deficit by 2025 solely through spending cuts. The plan also adheres to the spending caps imposed by the Budget Control Act of 2011 and includes instructions to repeal Obama Care.

The House adopted S. Con Res. 11 on April 30 on a party-line vote of 226-197. Fourteen Republicans joined all Democrats in opposing the budget plan. The Senate passed S. Con. Res 11 on May 5 by a vote of 51-48. Two Senators (Ted Cruz and Rand Paul) joined all Senate Democrats in voting against the budget agreement.

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 these priorities. S. Con. Res. 11 provides reconciliation instructions to several Senate committees to report deficit-reducing legislation by July 24, 2015.

S. Con. Res. 11 does not delete or reduce the spending caps put in place through sequestration that curbs domestic programs in 2016. Yet, the agreement circumvents the cap on defense spending by providing additional funding into an Overseas Contingency Operations (OCO) account meant to plus up defense spending in 2016.

The budget hurts low- and moderate-income people; deriving more than two-thirds of the non-defense spending cuts from programs that assist low- and moderate-income people. The plan would convert Medicaid and the Children's Health Insurance Program (CHIP) into a single block grant with reduced funding levels. It would appeal the Affordable Care Act (Obama Care) including subsidies to make coverage affordable for low- and moderate-income people. The plan would allow certain provisions of the Earned Income Tax Credit (EITC) and the Child Tax

Credit (CTC) to expire at the end of 2017, increasing the number of people in poverty by an estimated 1.8 million, including 1.0 million children.

The plan cuts non-defense discretionary programs by approximately $496 billion from 2017-2025 in addition to the sequestration cuts instituted through 2021. Sequestration is expected to cut non-defense discretionary programs by $37 billion per year from 2016-2021. The budget agreement's $496 billion in cuts imposes additional annual cuts of about $50 billion per year from 2017-2025.

CDBG Coalition Holds Briefing on the Hill

The CDBG Coalition hosted a briefing on the Community Development Block Grant (CDBG) program on April 28. The CDBG Coalition, which consists of 20 national organizations and is led by NCDA, supports $3.3 billion for CDBG in FY 2016.

The briefing was held to educate House and Senate staffers on the program. Elected officials and experts spoke about the program, including Newton, MA Mayor Setti Warren, Dauphin County, PA Commissioner, George P. Hartwick III, and Tim Ware, Executive Director of the George Washington Regional Commission, Fredericksburg, VA. Rep. Joe Kennedy (MA-04) and Representative James McGovern (MA-02) also participated in the briefing to demonstrate their strong support of the program.

The briefing provided a brief overview of the program, which has been cut by nearly $1 billion since FY10. The CDBG Coalition also discussed the results of their recent survey of the program, which shows that the 25% reduction in funding from FY 2010 through FY 2015 is having a negative impact communities' ability to serve low- and moderate-income people, strengthen infrastructure, and assist businesses.

CDBG Coalition Survey

Consequences for American Communities: A National Survey on the Impact of Recent Reductions in Community Development Block Grant Funding was released by the CDBG Coalition on April 28. The survey generated 131 valid responses from CDBG formula grantees in 38 States and the Commonwealth of Puerto Rico. These respondents represent 10 percent of all CDBG formula grantees, including 18 percent of all CDBG State programs and 10 percent of all entitlement communities.

The survey asked respondents to provide projections of what they will be able to achieve with their reduced FY 2015 formula allocations as compared to the results they achieved using their FY 2010 grants. The results of the survey suggests that the 25 percent reduction in formula funding for CDBG over the last five fiscal years is having a substantial negative effect on the collective ability of States, cities, and counties to serve Americans in need, promote homeownership, grow local economies, and strengthen the nation's infrastructure.

Some of the projected reductions from States, cities, and counties include:

-968 fewer businesses to be assisted
-497,809 fewer low- and moderate-income persons to be served
-45,379 fewer elderly persons to be served
-55,813 fewer children and youth to be served
-51,490 fewer homeless persons to be served
-20,053 fewer persons with special needs to be served
-204 city and county public improvement projects to be canceled or delayed that would have served 626,782 people

The survey asked entitlement respondents to consider all of their significant unmet community development needs in their communities. Respondents were instructed to select up to five most significant unmet needs. The top five unmet needs were:

(1) Affordable housing
(2) Home repair and rehabilitation
(3) Homeless shelter and services
(4) Employment supports and job training
(5) Senior and elderly services

The survey asked entitlement respondents to select all the types of community development programs that has been eliminated altogether, due to a reduction in CDBG funding. The following five were identified by the respondents.

(1) Economic development programs
(2) Homeownership assistance
(3) Rental rehabilitation
(4) Homeowner rehabilitation
(5) Public services

Respondents were asked to share additional information about the impact of recent CDBG cuts and some of the comments are listed as follows:

"An understanding of the impact of CDBG budget reductions is incomplete without incorporating inflation and population growth. The reductions are much larger than a simple reading of the allocation amounts Continual budget reductions over many years and a failure to maintain pace with inflation and population growth has "dampened" expectations of what the CDBG program can achieve. We receive many fewer applications and plan far fewer projects because we have limited funds to distribute."

"Cuts have had a significant effect on staffing levels which makes it more difficult to comply with HUD regulations on smaller projects."

"In a small community, these funds cannot be made up with general fund or other budget funding. Infrastructure crumbles, houses go into disrepair. No one wins in this environment."

“We are effectively unable to undertake infrastructure projects which are critical to community development needs in low income areas. These projects typically serve as important catalysts for private sector housing improvement and business investment.”

“When you cut funding or reduce funding you stop the momentum of bringing progress to the community. We have yet to cross the finish line of solving and providing basic human needs to our community.”

The survey results were provided to House and Senate staffers on April 28 during the CDBG briefing. The results will also be provided to appropriators.

NCDA and NACCED Provide Joint Comments on the Section 3 Proposed Rule
Over the past few weeks, a joint NCDA/NACCED working group comprised of Bob Gehret (Boston, MA), George Mensah (Miami, FL), Patrick Sullivan (New Bedford, MA), Jim Johnson (Allegheny County, PA) and Harry Conard (Cuyahoga County, OH) have worked with Vicki Watson and Jason Boehlert (NACCED) to provide comments on the Section 3 Proposed Rule, released by HUD on March 27, 2015. Highlights of the comments include the following.

- The regulations go beyond the statutory requirements and are unnecessarily complicated and administratively burdensome.
- We recommend HUD streamline reporting for Section 3 by building reporting into existing systems such as IDIS.
- We recommend HUD simplify the compliance requirements for determining Section 3 residents and Section 3 businesses by establishing a “presumed eligibility” criteria for businesses or residents located in HUD-approved NRSAs, Choice Neighborhood target areas, Promise Zones, Empowerment Zones and Enterprise Communities and other areas defined at 24 CFR 570.208(a)(1)(vii).
- Requirements regarding hiring and contracting under Section 3, Davis-Bacon and MBE/WBE goals should be better aligned. It would be extremely helpful if these requirements could have a common small project exemption and reporting was built into existing reporting systems such as IDIS rather than requiring separate reports with separate reporting thresholds and timelines.
- The proposed rule introduces a new term “Section 3 local area” to clarify that in order for Section 3 residents and businesses to receive priority consideration they must be residing or located within the metropolitan area or non-metropolitan county where the Section 3 assistance is spent. We do not agree with this new definition. In many areas of the country, Section 3 contractors are difficult to find. Inclusion, not exclusion, should be the principle followed.
- The proposed change to implement a uniform 10% goal for both construction and non-construction covered contracts may result in difficulty for non-construction contractors to comply with this new standard. The current standard for non-construction contracts of 3% represents a fair and reasonable goal.

- We agree with the proposed threshold of $400,000 to determine if a grantee is covered by Section 3, but we believe there is a need to set a minimum threshold of $100,000 for individual projects.
- To be considered a new hire under Section 3, the proposed rule would require a resident to work a minimum of 50 percent of the average staff hours worked for the job category. This provision will impose an enormous additional administrative burden on grantees. It is unclear where grantees would obtain reliable data on the number of hours worked for any hundreds of possible trades. We are opposed to this provision.
- The rule would require recipients to incorporate compliance with Section 3 into procurement procedures for responsive and responsible bidders raises legal and cost concerns which may cause undue burden on recipients. We are opposed to this provision.
- The Section 3 Business Registry has challenges. Allowing businesses to self-certify results in an accurate list of qualified businesses as some non-qualified businesses inevitably add their name to the list. In order to make the Registry an effective and accurate tool for recipients, HUD must certify the businesses as being qualified. HUD must also devote resources to the ongoing recruitment of qualified businesses to the list and to marketing the list to recipients, many of which are unaware of the Registry.

The full letter is attached.

HUD Announces Eight More Promise Zones
HUD announced the designation of eight new Promise Zone areas last week. Promise Zones are high poverty communities where the federal government partners with local leaders to increase economic development, improve education, leverage private investment, reduce violent crime, improve health, and address other community priorities.

The following areas received the Promise Zone designation. (1) Camden, NJ; (2) Hartford, CT; (3) Indianapolis, IN; (4) Minneapolis, MN; (5) Sacramento, CA; (6) St. Louis/St. Louis County, MO; (7) Pine Ridge Indian Reservation, South Dakota; and (8) South Carolina Low Country. The communities were selected from 123 applications. HUD will be the lead federal agency for the six cities, while the USDA will serve as the lead federal partner to the tribal and rural areas. All Promise Zones will receive priority access to federal investments that further their strategic plans, federal staff on the ground will help them implement their goals, and five full-time AmeriCorps VISTA members will help recruit and manage volunteers that strengthen the capacity of the initiatives.

HUD Invites HOPWA Grantees to Join Working Group on Determining Unmet Need
In the coming weeks, HUD's Office of HIV/AIDS Housing will solicit the interest of grantees to participate in a small working group to develop a framework toward implementation of a standard methodology for calculating unmet housing needs.

For more information and/or to submit your interest in joining the working group, contact Eric Pfeifer, Management Analyst, Office of HIV/AIDS Housing at Eric.M.Pfeifer@hud.gov

HUD Releases ESG Guidance
Last week HUD released, *ESG and Consolidated Plan Conforming Amendments: An Overview of Changes*, to help ESG grantees and sub-recipients in understanding the Con Plan requirements related to the program. The document identifies changes to the Con Plan requirements that were made by the ESG interim rule, provide quick reference to the requirements, and provide guidance on the requirements.

To view the guidance go to https://www.hudexchange.info/resource/4478/esg-and-consolidated-plan-conforming-amendments-overview-changes/

HUD Announces FY15 CoC Registration
On April 28, HUD published the FY 2015 Continuum of Care (CoC) Registration Notice that announces the availability of CoC Registration in e-snaps. The Notice is intended to provide Collaborative Applicants with an outline of the functions and requirements of the registration process in e-snaps. The FY 2015 CoC Program Registration and Review will close on **May 18, 2015.**

For FY 2015, HUD requires each Continuum of Care Collaborative Applicant to register in advance of applying for the approximately $1.89 billion of funding available under the FY 2015 CoC program competition. Collaborative Applicants must complete the registration using e-snaps, a web-based portal accessible at www.hud.gov/esnaps. CoC registration will not be available at www.grants.gov.

The notice also includes information about policies being implemented for the FY 2015 CoC Program Competition and requirements that all applicants should consider.

The notice is available at https://www.hudexchange.info/resource/4464/fy-2015-coc-program-registration-notice/

2015 HOME Income and Rent Limits Published
On May 8, HUD released the 2015 HOME Rent and Income limits. The limits are effective on June 1, 2015. The limits are available at https://www.hudexchange.info/news/2015-home-income-and-rent-limits-published/

NCDA Annual Conference
NCDA and Arlington, TX invite 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. The updated annual conference agenda is attached. The host city has developed a website that provides combined information on the conference. The site is available at http://www.arlington-tx.gov/ncda/. The conference will provide learning opportunities in the following areas:

-HUD Update from Headquarters
-Section 3 Proposed Rule
-Best practices, data products to implement effective neighborhood revitalization
-Continuum of Care local examples
-Innovative CHDO projects
-Economic impact potential of transit lines
-ZoomGrants – grant monitoring and tracking system demo
-Local projects tour
-Leveraging private sector dollars with HOME
-Disaster planning
-Fair housing in action – local examples
-Housing rehab software demo
-Con Plan/e-Con Planning Suite roundtable discussion
-American Community Survey roundtable discussion
-Section 108 roundtable discussion
-Implementing the HOME final rule roundtable discussion
-Coordinated community development services
-Alternatives to payday and auto-title loans
-Community advisory boards

The following six sessions are approved for AICP Certification Maintenance Credits by the American Planning Association – Midwest Texas Chapter: Directing Community Need with Data-Driven Results, Innovative CHDO Housing Projects, On the Tracks: How Converging Rail Impacts Development in Dallas, Leveraging Private Sector Dollars with Federal HOME Funds for Multi-Family Projects, Coordinated Response to Disasters.

The deadline to sign-up for the Texas Rangers baseball game is May 22. The game and the "All You Can Eat Porch" at the game is free of charge to conference registrants as it is being sponsored by BBVA Compass Bank. Please make sure to mark your attendance for the game on the conference registration form which is available at 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.

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.

Send Us Your Program Documents, Please

NCDA is in the process of updating its documents archive and would like to receive program documents from members. The archives is a service to members that provides easy access to documents used by other agencies in their program administration. If you have CDBG, HOME, Continuum of Care, ESG, HOPWA, Lead Hazard Reduction, Fair Housing, Davis-Bacon, Environmental Review, and other program documents that you think would be helpful for other members to duplicate and use, please share them with us. Please send the documents to Jim Welfley at jim@welfley.com to post to the NCDA Documents Archive on the website.

Post Your Events on the NCDA Calendar

We encourage members to use the NCDA Calendar available at http://ncdaonline.org/regionalevents.asp to post regional and local events of interest to the NCDA members. The calendar is particularly useful for posting regional conference events and National Community Development Week events.

NCDA will begin posting its CDBG and HOME training and other events on the calendar as well.

New Contact Information

To contact Vicki Watson, Acting Executive Director, please call 540-656-9552.

Department of Housing and Urban Development
Budget Chart

Program	FY15 Enacted Funding Level	President's FY16 Budget Request	House THUD Subcommittee
CDBG Formula Grants	$3.0 billion	$2.8 billion	$3.0 billion
HOME Formula Grants	$900 million	$1.060 million	$900 million
Homeless Assistance Grants	$2.135 billion	$2.480 billion	$2.185 billion
Section 108	$500 million	$500 million	$300 million
Choice Neighborhoods	$80 million	$250 million	$20 million
HOPWA	$330 million	$332 million	$332 million
Lead Based Paint Hazard Reduction	$110 million	$120 million	$75 million
Elderly Housing (Section 202)	$420 million	$455 million	$414 million
Housing for Persons with Disabilities (811)	$135 million	$177 million	$152 million
Housing Counseling	$47 million	$60 million	$47 million
Housing Choice Vouchers	$19.304 billion	$21.123 billion	$18.15 billion
Project-Based Section 8	$9.730 billion	$10.760 billion	$10.254 billion
Public Housing Capital Fund	$1.875 billion	$1.970 billion	$1.681 billion
Public Housing Operating Fund	$4.440 billion	$4.600 billion	$4.440 billion