National Community Development Association

NCDA Washington Report

February 29, 2016

FY17 Appropriations Update

NCDA has been meeting with House and Senate appropriators over the past couple of weeks; pushing for an increase in funding for the CDBG program in FY17. The following synopsis provides you with an outline of what we're hearing in terms of FY17 funding for HUD programs and the timing of the FY17 Transportation-HUD (THUD) spending bill.

- Appropriators need an additional $1.5 billion - $1.8 billion for HUD funding in FY17 due to rising rents and utilities in the Section 8 and public housing programs as well as the decline in FHA receipts which are used to offset costs in the HUD budget.

- A strong 302(b) allocation is needed to plug this hole as well as provide enough resources to fund all THUD programs. The House/Senate appropriations chairmen are charged with doling out the 302(b) allocations to each of the 12 spending subcommittees. In FY16, THUD received a lower increase compared to most of the other appropriation subcommittees (as seen below). Because there will be pressure once again on leadership to increase funding for the more popular spending bills, THUD may be at risk for a lower 302(b) allocation in FY17.

  FY16 Funding
  Energy & Water – 12% increase
  Veterans Affairs – 9.9% increase
  Financial Services – 7.1% increase
  State, Foreign Operations – 6.9% increase
  Commerce, Justice, Science – 6.3% increase
  Interior, Environment – 5.7% increase
  Agriculture – 4.5% increase
  Transportation, HUD – 3.6% increase
  Labor, HHS, Education – 3.6% increase
  Homeland Security – 3.1% increase
  Legislative Branch – 1.5% increase

- The 2015 Bipartisan Budget Act provided partial sequestration relief for 2016 and 2017 by including an additional $80 billion in funding ($50 billion in 2016; $30 billion in 2017) equally divided between defense and non-defense appropriations. Even with the increase of $30 billion for 2017, programs are expected to remain flat given the rise in inflation.

- With the impending elections and few legislative days to work on legislation, expect Congress to enact a Continuing Resolution (CR) sometime this summer that will extend until after the November 2 elections. Appropriators plan to report all 12 spending bills out of subcommittee and, hopefully, through the full Appropriations Committee, but will likely not have to time to take all of the 12 spending bills to the floor for a vote; ergo, the need for a short-term CR. Congressional leadership will consider the outcome of the election and determine next steps. If a Republican wins the White House, it is likely there will be another CR until March to allow for the next Administration to make the final funding decisions for FY17 spending.

CDBG Coalition Update

2016 CDBG Coalition Survey. The CDBG Coalition released its final CDBG survey, *Consequences for American Communities: A National Survey on the Impact of Recent Reductions in Community Development Block Grant Funding*. NCDA would like to thank Jenny Hsu at NAHRO for developing the survey report on behalf of the CDBG Coalition. The report provides responses from 161 CDBG grantees (representing 13% of all CDBG grantees) of the real-world impact of the decline in CDBG funding on local communities. The report is attached. The Coalition is using the report to educate Congress and raise awareness on the impact of the program reductions. NCDA would like to thanks those members who responded to the survey.

National Sign-On Letter due March 9. The Coalition launched a national CDBG sign-on letter seeking support of at least $3.3 billion in program funding in FY17. Please sign the letter and ask your sub-recipients and other local partners to sign the letter. The deadline is March 9. You can read and share the letter here.

Prioritization of CDBG Funding. The Coalition developed a second letter asking THUD appropriators to prioritize CDBG funding in the FY17 THUD bill and provide at least $3.3 billion in FY17.

HUD Budget Hearing. On March 1, the House Subcommittee on Transportation-HUD will hold a hearing on the FY17 HUD Budget. HUD Secretary Castro will testify.

THUD Meetings. The CDBG Coalition has met with staff from the offices of House THUD Chairman Mario Diaz-Balart (R-FL), Ranking Member David Price (D-NC), Rep. Tim Ryan (D-OH), Rep. David Joyce (R-OH), Senate THUD Chairperson Susan Collins (R-ME), and Senator Roy Blunt (R-MO).

Senate Drinking Water Safety and Infrastructure Act

On February 25, the Senate Committee on Environment and Public Works introduced legislation that responds to the nationwide crisis of unsafe drinking water and infrastructure. The legislation is expected to pass Congress.

- The measure provides $70 million in Water Infrastructure Finance and Innovation Fund credit subsidies to finance up to $700 million for water infrastructure projects across the country.

- The measure provides $10 million for the HUD Healthy Homes Program which provides grants to states to identify and mitigate a variety of environmental health and safety issues such as lead, mold, carbon monoxide, and radon.

- The measure provides $2.5 million to create an advisory committee to review federal efforts related to lead poisoning, research, and services, and to make recommendations to Congress and the Administration on how to improve health, education, and nutrition responses.

- The measure provides $17.3 for the Department of Health and Human Services to conduct a health registry to monitor health in a community with lead contamination in the local drinking water system, through the Agency for Toxic Substances and Disease Registry, or to support an existing registry via a grant or contract.

Additional Funds Available for the Hardest Hit Fund

The Treasury Department established the Hardest Hit Fund (HHF) in 2010 to provide assistance to 18 states (including the District of Columbia) that were adversely impacted by the foreclosure crisis through the development of the Troubled Asset Relief Program (TARP) for use in preventing foreclosures and removing blighted properties.

Despite reducing foreclosures and an improvement in the overall housing market, some areas still remain vulnerable. Congress included a provision in the Consolidated Appropriations Act of 2016 to provide an additional $2 billion in TARP funds.

Treasury will allocate the $2 billion using a two phase process. Phase 1 will allocate $1 billion among the 18 states (and the District of Columbia) based on a formula that looks at the utilization of prior HHF funds and the state's population. Treasury announced the allocations for each of the 18 states on February 19 (please see below). Each state must confirm that they intend to accept some or all of the formula-based allocation by March 4. They must also amend their existing HHF contract with Treasury. Treasury expects this process to be fully completed by the summer. Phase 2 will allocate $1 billion based on an application process that considers the state's current housing market needs and the ability to effectively utilize additional funds. States will have until March 16 to apply for Phase 2 funds. Treasury will review the applications and announce final decisions by the end of April. States will have until December 31, 2020 to use all HHF funds.

Phase 1: $1 billion formula-allocated to the following 18 states (including the District of Columbia):

Arizona: $28.2 million
California: $213.4 million
Washington, DC: $4.9 million
Florida: $77.8 million
Georgia: $30.8 million
Illinois: $118.1 million
Indiana: $28.5 million
Kentucky: $30.1 million
Michigan: $74.4 million
Mississippi: $19.3 million
North Carolina: $78 million
New Jersey: $69.2 million
Nevada: $8.8 million
Ohio: $97.5 million
Oregon: $36.4 million
Rhode Island: $9.6 million

South Carolina: $22 million
Tennessee: $51.9 million

The funds are to be used to support locally-tailored programs designed to prevent foreclosure and stabilize housing markets. If you are located in one of the 18 states, we suggest you reach out to your state housing finance agency to learn how they plan to allocate the funds and how your local jurisdiction might be able to receive some of the funding.

According to the Treasury, states have disbursed nearly $4.5 billion in previous HHF funding to provide assistance to nearly 250,000 homeowners and help remove approximately 7,000 blighted properties.

March 28 – April 2 is NCDA National Community Development Week

NCDA will celebrate National Community Development Week on March 28 – April 2, 2016. Now in its 30th year, the celebration is focused on bringing attention to our core programs – CDBG and HOME. It is intentionally held during the height of the Congressional appropriations season to allow a concerted focus on increasing funding for the programs. Grantees are expected to reach out or interact with their Congressional Members during the week to promote both programs. Outreach can take many forms, such as an invitation to tour local CDBG and HOME-funded projects, a meeting with Congressional Members or their staff at their District office, a letter or fact sheet e-mailed to Congressional Members that outline the accomplishments of both programs, completion of a YouTube video that showcases projects funded with CDBG and HOME and the link e-mailed to your Congressional Members, proclamation of support for CDBG and HOME approved by your local elected body and e-mailed to your Congressional Members, and other local outreach. The 2016 National Community Development Week Planning Guide is attached for your use in organizing your activities.

NCDA Training

NCDA will hold four training courses over the next few months. The HOME Basics Course is filling up quickly, so if you have staff who need training, please register as soon as possible. This will be our only HOME course offered in the spring/summer.

HOME Basics Course
April 13-15
Austin, TX
http://ncdaonline.org/home.asp

CDBG Basics: Training for Practitioners
May 4-6
Nashville, TN
http://ncdaonline.org/cdbg.asp

CDBG Basics: Training for Practitioners
May 23-25
Seattle, WA
http://ncdaonline.org/cdbg.asp

CDBG Basics: Training for Practitioners
July 27-29
Austin, TX

http://ncdaonline.org/cdbg.asp

Save the Date: 2016 NCDA Annual Conference – June 22-25, 2016; Register Early!

NCDA will hold its 2016 Annual Conference in Milwaukee, WI on June 22-25, 2016 at the Hyatt Regency Milwaukee. Early registration ends on April 1. The registration fee will increase to $500 for members and $550 for non-members after this date. To register for the conference go to http://ncdaonline.org/events/annual16_regform.asp. To view the draft agenda go to http://ncdaonline.org/

Department of Housing and Urban Development
Budget Chart

Program	FY15 Enacted Funding Level	President's FY16 Budget Request	FY16 Enacted Funding Level
CDBG Formula Grants	$3.0 billion	$2.8 billion	$3.0 billion
HOME Formula Grants	$900 million	$1.060 million	$950 million
Homeless Assistance Grants	$2.135 billion	$2.480 billion	$2.25 billion
Section 108	$500 million	$500 million	$300 million
Choice Neighborhoods	$80 million	$250 million	$125 million
HOPWA	$330 million	$332 million	$335 million
Lead Based Paint Hazard Reduction	$110 million	$120 million	$110 million
Elderly Housing (Section 202)	$420 million	$455 million	$433 million
Housing for Persons with Disabilities (811)	$135 million	$177 million	$151 million
Housing Counseling	$47 million	$60 million	$47 million
Housing Choice Vouchers	$19.304 billion	$21.123 billion	$19.629 billion*
Project-Based Section 8	$9.730 billion	$10.760 billion	$10.62 billion
Public Housing Capital Fund	$1.875 billion	$1.970 billion	$1.9 billion
Public Housing Operating Fund	$4.440 billion	$4.6 billion	$4.5 billion

*includes $17.681 billion for voucher renewals and $60 million for new Veterans Affairs Supportive Housing (VASH) vouchers