NCDA Washington Report

December 23, 2016

Congress Approves Long-Term CR before Leaving Washington

After returning to Capitol Hill following the election for the “lame duck” session, Congress only had one must-pass item on its agenda: approval of a spending bill to avoid a government shutdown. Hopes of finalizing FY 2017 spending during the lame duck session dissipated shortly after the election when President-Elect Donald Trump indicated to lawmakers that he preferred they wait until after his inauguration to complete FY 2017 spending, making the passage of a second continuing resolution (CR) necessary. Appropriators debated for weeks the length of a CR, but early in December they finally settled on Friday, April 28, 2017 to allow the Senate ample floor time early in the year to work on Presidential cabinet nominations.

Just days before the expiration of the first CR, the text of a second continuing resolution of the fiscal year was introduced that included additional emergency funding for Flint, MI, Hurricane Matthew, and Louisiana flooding. The House approved the bill by a vote of 326-96, sending the bill to the Senate with only a single day to approve it before a government shutdown was triggered. Senate procedures to requires unanimous consent of Senators to expedite passage of legislation and the question for much of the day on Friday was whether Sen. Joe Manchin (D-W.V.) would hold up the bill due to an issue with coalminer health care. Ultimately, Sen. Machin backed down and the CR was approved by 64-36 with just 45 minutes to spare.

The CR provides FY 2016-level funding through late April of next year. The CR has many drawbacks; HOME and Community Development Block Grant (CDBG) funding is typically not awarded until a final bill is in place. This creates much uncertainty in communities, as they don’t know when or how much funding they’ll be receiving from the federal government for critical projects.

The new, 115th Congress swears into office on Tuesday, January 3, 2017. Tell your lawmakers that the 115th Congress should address a full-year FY 2017 spending bill quickly and not wait until April 28, 2017 to make these critical spending decisions. Below is a sample letter, but please edit it to include the impact in your community of delaying final spending decisions until the end of April.

Dear Representative/Senator,
The 2017 calendar year may have just begun, but the 2017 fiscal year is now entering its fourth month without a full-year spending bill in place. This has a huge negative impact on our community and I urge

you to approve a full-year 2017 spending bill as quickly as possible and not wait until the expiration of the current continuing resolution on April 28.

As a member of the National Community Development Association and an administrator of Community Development Block Grant (CDBG) dollars in your state/district, I know personally the impact that longterm continuing resolutions have on our neighborhoods and communities. CDBG funding is typically not awarded until a full-year spending bill is in place, leaving our community in budgetary limbo until we know exactly how much CDBG funding we'll be receiving. This has a huge impact on our ability to effectively and efficiently plan projects using that funding.

CDBG provides critical infrastructure and housing dollars to communities across the country. CDBG is arguably one of the federal government's most successful domestic programs, providing communities with flexible dollars to address a myriad of local needs, such as affordable housing, anti-poverty programs, and infrastructure development. Every $1.00 of CDBG funding leverages another $3.65 in private and public dollars. A study by HIS Global Insights found that the $3.9 billion invested in CDBG in FY 2010 generated 120,000 jobs and contributed $10.7 billion in gross domestic product to our nation. The effectiveness of CDBG is contingent on the consistency and reliability of dollars. Operating the government on a CR for seven months of the fiscal year hurts the ability of communities like ours to budget properly and effectively use CDBG dollars. Please help ensure that our community will be able to utilize its FY 2017 CDBG dollars soon by prioritizing finalizing FY 2017 spending as quickly as possible.

Thank you,

Successful National Community Development Week Project Spotlight: Burlington, VT

National Community Development Week is April 17-22, 2017 and is rapidly approaching- the time to start planning is now. One of the winners of the 2016 John A. Sasso National Community Development Week Award, the City of Burlington, VT offers a great example for communities with any amount of capacity to get engaged during CD week.

During its third year of participation, the City of Burlington had a simple goal: expand upon the success of previous years and add concrete events. The city began their planning process with Vermont's Federal Legislative Delegation during the NCDA winter conference and coordinated with the mayor's office to get public appearances on his schedule early. They also engaged local television and radio media through press releases, public service announcements, and a mayoral proclamation.

Marcy Esbjerg, Assistant Director for Community, Housing and Opportunity Programs, and City of Burlington staff assessed what assets they already had available to them and got creative with how to use them during CD week. The city began its celebration with four different public service announcements focusing on CDBG as a program and its impact in Burlington. The ads aired on radio 50 times between March 28 and April 2. Additionally, CBDG subrecipient, Homeshare Vermont, was interviewed on a local television station about the work they do to help seniors and those with disabilities live independently.

"Use what you have and what you have available," said Esbjerg. "I have access to a local radio station so we produced PSAs that aired all week! The same radio station has a morning talk show so I asked to go on with two of our current projects – I try to bring in programs that have some synergy and don't get a lot of press. The city has a local TV station and program and I booked that for CD week and brought in some of our seniors – it made for a great program. And then we used our Facebook page to highlight programs. I sent an email out to our partners and asked them to send me pictures and explanations and we posted a new one each day, tagging the agency."

Additionally, the city coordinated events during CD week, each attended by the mayor of Burlington. The mayor attended a lunch with seniors and other city council members at a City of Burlington congregate meal site. After the lunch, the mayor helped break ground on a project that used CDBG and HOME dollars to provide 14 permanent supportive housing units for the homeless. The Chittenden Foodshelf hosted a "Rock N'Rolls and Pack N' Sack" event where volunteers packaged hundreds of meals and bagged groceries for homebound residents, and cut vegetables in preparation for meals served at the Community Kitchen. At this event, the mayor announced an upcoming CDBG award would be used to improve accessibility to the Foodshelf.

This was all done with a very limited staff. "I relied on our partners and, again, on things that were already happening and made it a CD event," said Esbjerg. "Senior congregate meals happen daily, but add the Mayor and announcing a CDBG award – you have an event. A child care center was doing a Make Way for Ducklings Parade and we joined in. Finally, our Foodshelf wanted to do a volunteer event and we worked with them to volunteer. The work was minimal on our end but a great way to celebrate CD week."

Sign-On to the NDD United Letter

President-Elect Trump recently announced the appointment of Rep. Mick Mulvaney (R-SC) to the position of Director of the Office of Management and Budget. Mulvaney is a deficit hawk. He is the founder of the ultra-conservative Freedom Caucus in the House of Representatives which advocates for spending austerity. Sequestration is upon us again as the temporary and partial relief of the Bipartisan Budget Act of 2015 expires in FY 2017. The letter developed by Non-Defense Discretionary (NDD) United, of which NCDA is a member, seeks support of repealing sequestration and the protection of non-defense discretionary programs from further cuts. Please sign-on to the letter. The letter is for national, state, and local organizations only. Individuals will not be listed.

HUD Guidance on Submitting Consolidated Plans and Annual Action Plans for FY 2017

Congress is expected to finalize all of the FY 2017 spending bills by late April, meaning grantees will, once again, receive their FY 2017 program allocations late. Once a final spending bill is enacted HUD still needs time to compute the allocations and wait for OMB's sign-off before sending out the grant letters. Many grantees will be well into their FY 2017 program year without knowing their allocation amounts when developing and submitting their consolidated plan and annual action plan.

According to CPD Notice 16-18, HUD will not execute a grant agreement with a grantee until HUD has received a plan (or amended plan) which incorporates the *actual* FY 2017 allocations. Further, HUD cannot provide estimated FY 2017 allocation amounts for grantees to use for planning purposes.

Grantees are advised not to submit their consolidated plan/action plan until after the FY 2017 allocations have been announced. Once HUD informs grantees of their FY 2017 allocations, each grantee should, prior to submission, ensure that the actual FY 2017 allocation amounts are reflected in form SF424, in the description of resources and objectives, and in the description of activities to be undertaken. It may be necessary for a grantee to revise its action plan before submission to HUD.

Development of Proposed Action Plans and Citizen Participation During the Interim
A grantee may conduct citizen participation on its draft plan (with estimated funding amounts) according to its normal timetable and citizen participation procedures. Grantees are cautioned, though, that they should not submit their plan until allocation amounts are known. A grantee doing so should make clear that the funding levels shown are estimated amounts In addition, the grantee should include “contingency provision” language in its action plan which explains how it will adjust its proposed plan to match its actual allocation amounts, once actual amounts become known. By including contingency language a grantee can avoid the need to make significant revisions to its plan beyond incorporating the final allocation amounts into the plan and the SF-424 form. The grantee may also avoid the potential need to conduct additional citizen participation on a plan that has to be significantly revised in order to reflect actual allocation amounts. Notice CPD-16-18 provides examples for contingency provisions.

Pre-Award Costs
The Notice provides instructions on classifying and authorizing pre-award costs. Guidance unique to each CPD program (CDBG, HOME, ESG, HOPWA) is provided in the Notice, so please review it carefully. The Notice allows HUD approval to incur pre-award costs based on certain requirements (see page 8 of the attached Notice).

HUD Publishes HOME Interim Final Rule

On December 2, HUD published an interim final rule on the HOME program commitment and expenditure requirements. The rule becomes effective on January 3, 2017, but since it is an interim rule, HUD is requesting comments on the material contained in the rule. NCDA will work through its Housing Policy Subcommittee to provide comments.

What’s in the Rule?
Beginning with FY 2015 HOME allocations, HUD will no longer use the cumulative method for measuring compliance with the 24-month commitment obligation and will start measuring compliance based on a grant-specific basis. Also, beginning with the FY 2015 allocations, the 15% CHDO set-aside requirement will also be applied on a grant-specific basis. Any HOME or CHDO funds not committed by the deadline will be de-obligated. The requirements for FY 2014 HOME allocations and earlier allocations *remain unchanged* – the cumulative method will be used.

The interim rule changes the requirements for committing and expending funds in the local account to ensure that appropriated funds are not de-obligated as a result. Under the rule, participating jurisdictions may accumulate program income, repaid funds, and recaptured funds received during the program year, rather than being required to expend them for the next eligible draw. The PJ is now required to include any uncommitted program income, repaid funds, or recaptured funds it received during the previous program year in the resources it describes in its annual action plan. These funds reported in the annual action plan will have a commitment deadline that is the same as the 24-month commitment deadline that is applicable to the HOME allocations the PJ receives for that fiscal year, establishing a single deadline for both the HOME allocation and accumulated funds. PJs must commit the funds in its local account before committing the appropriated HOME funds.

For FY 2015 and subsequent years' HOME allocations, the rule eliminates the 5-year expenditure deadline for HOME funds and the separate 5-year expenditure deadline for CHDO set-asides.

Clarification of the Definition of "Commitment"

- The reference in previous regulations to an agreement with a contractor constituting a commitment has been eliminated.

- Language has been added to state that executed agreements for CHDO operating expenses, CHDO capacity building services, and CHDO project-specific technical assistance and site control constitute commitments.

- Language has been added to the definition to clarify that the amount of each HOME allocation that is set-aside in IDIS for the PJ's administrative and planning costs are considered to be committed at the time the set-aside is established.

The provision in the HOME regulations that authorized the automatic cancelation of projects that had been committed in IDIS for more than 12 months without an initial disbursement of funds has been eliminated. The definition of commitment require that HOME funds may only be committed to a specific project if the PJ has a reasonable expectation (as demonstrated by completed underwriting and subsidy layering, secured financing, and a final budget and construction schedule) that construction will begin within 12 months. While HUD will no longer automatically cancel projects, it will continue to monitor projects for timely disbursement of funds and to evaluate the appropriateness of project commitments based on compliance with the 12 month standard.

HUD staff will be available during NCDA's Winter Conference to discuss these changes.

Changes to the Consolidated Plan

HUD published a final rule on December 16, 2017, amending the Con Plan regulations to require grantees to consider two new planning directives: broadband access and disaster resilience. The rule becomes effective on January 17. The rule requires grantees to describe in their plan broadband access in housing occupied by low- and moderate-income households and to also consider investing their CPD program funds to provide broadband internet access. Secondly, grantees are required to consider incorporating resilience planning in order to mitigate natural hazard risks. HUD staff will be available during NCDA's Winter Conference to provide an overview of these changes.

New Housing Counseling Rule Affects CDBG and HOME

The newly published Housing Counseling Certification Requirements Final Rule implements statutory requirements that housing counseling required under or provided in connection with all HUD programs (including CDBG and HOME funded housing counseling programs) must be provided by a HUD-certified housing counselor. CPD is working with the Office of Housing Counseling to host a webinar or conference call on the new rule for CPD grantees sometime in January. The Housing Counseling site provides an overview of the rule and updates.

Section 108

HUD has released information on existing borrowing capacity for CDBG grantees interested in pursuing a Section 108 loan. These borrowing calculations are based on the FY 2016 CDBG grant awards as well as grantees' outstanding Section 108 guaranteed loans and commitments.

Environmental Review Training

HUD's Office of Environment and Energy has released a new web-based tutorial that provides information to grantees and subrecipients on conducting an Environmental Review.

2017 Audrey Nelson Award

NCDA is accepting applications for the 2017 Audrey Nelson Community Development Achievement Award. The award recognizes exemplary uses of CDBG funds. This year marks the 30th anniversary of the award and we encourage members to submit an application (attached). The submissions will be reviewed and rated by NCDA's Planning and Professional Development Subcommittee and the top five applicants will receive an award. *The deadline to apply for the award is January 13, 2017*.

2017 NCDA Winter Conference; General Registration Ends on January 20

The 2017 NCDA Winter Conference will be held February 15-17 in Washington, DC at the Holiday Inn Capitol Hill. General registration ends on January 20. The general registration fee is $500 for members and $550 for non-members.

While the conference will provide legislative and policy updates, it is primarily focused on professional development. The attached agenda was developed based on member feedback and will focus on eight areas: community development, housing, planning, financial, technology/systems development, compliance, homelessness, and management.

Why You Should Attend. Why You Should Bring Staff.
•Professional development

- Learn the latest trends, best practices, and program regulations
- Hear directly from HUD and Congressional staff
- Network with peers

NCDA has reserved a block of rooms at the Holiday Inn Capitol Hill, 550 C Street, SW, Washington, DC at the rate of $199 per night plus tax **through January 13**. Reservations received after this date will be based on availability at the best available rate offered by the hotel. Book early! To make your reservation call 877-572-6951 and reference booking code N9D.

Need Onsite CDBG and HOME Training?

If you would like NCDA to provide on-site CDBG and HOME training to your staff, please contact Steve Gartrell at sgartrell@ncdaonline.org. A minimum of 25 people is required. The host is also required to provide the training space and a/v (screen, projector, mic). NCDA is in the process of developing a schedule of classes for 2017. Please review the attached RFP, if you are interested in hosting a class.

Save the Date for the NCDA Annual Conference: June 14-17 in Miami, FL

Join us in Miami for the 48th NCDA Annual Conference.

2017 NCDA 48th Annual Conference
Hyatt Regency Miami
June 14-17, 2017
Miami, FL

Early Registration Ends April 1, 2017: $450 members/$550 non-members
Conference Registration Form

To make your hotel reservation, please call 888-421-1442 and reference the NCDA Room Block to receive the special rate of $119.00 per night plus tax.

Department of Housing and Urban Development Budget Chart

Program	FY16 Enacted Funding Level	President's FY17 Budget Request	Senate FY17 Request	House Appropriations Committee FY17 Request
CDBG Formula Grants	$3.0 billion	$2.8 billion	$3.0 billion	$3.0 billion
HOME Formula Grants	$950 million	$950 million	$950 million	$950 million
Homeless Assistance Grants	$2.25 billion	$2.664 million	$2.330 billion	$2.487 billion
Section 108	$300 million	$300 million	$300 million	$300 million
Choice Neighborhoods	$125 million	$200 million	$80 million	$100 million
HOPWA	$335 million	$335 million	$335 million	$335 million
Lead Based Paint Hazard Reduction	$110 million	$110 million	$135 million	$130 million
Elderly Housing (Section 202)	$433 million	$505 million	$505 million	$505 million
Housing for Persons with Disabilities (811)	$151 million	$154 million	$154 million	$154 million
Housing Counseling	$47 million	$47 million	$47 million	$55 million
Housing Choice Vouchers	$19.629 billion	$20.854 billion*	$20.432 billion**	$20.189 billion***
Project-Based Section 8	$10.62 billion	$10.816 billion	$10.901 billion	$10.901 billion
Public Housing Capital Fund	$1.9 billion	$1.865 billion	$1.925 billion	$1.900 billion
Public Housing Operating Fund	$4.5 billion	$4.569 billion	$4.675 billion	$4.500 billion

*includes $18.447 billion for voucher renewals, $110 million for tenant protection vouchers, $2 billion for administrative fees, $88 million for new/restored vouchers, and $110 million for Section 811 Mainstream Vouchers

**includes $18.355 billion for voucher renewals, $110 million for tenant-protection vouchers, $1.769 billion for administrative fees, $20 million for new/restored vouchers, and $110 million for Section 811 Mainstream Vouchers

***Includes $18.312 billion for voucher renewals, $110 million for tenant-protection vouchers, $1.650 billion for administrative fees, $7 million for new Tribal HUD-VASH vouchers, and $110 million for Section 811 Mainstream Vouchers.