NCDA Washington Report

March 6, 2017

Carson Confirmed as HUD Secretary

The Senate confirmed Dr. Ben Carson last week to be the Secretary of HUD on a vote of 58-41. He was sworn into office on Friday as the 17th Secretary of HUD.

Six Democrats voted in favor of the nomination. In voicing support for Carson, Senate Majority Leader Mitch McConnell (R-KY) said, "[He] can bring much needed reforms to HUD." Carson cleared the Senate Banking Committee in late January with bi-partisan support from liberal Democrats such as Elizabeth Warren (D-MA) and Sherrod Brown (D-OH). However, Warren did not vote for him during the full Senate confirmation.

Carson has promised to conduct a national listening tour to hear directly from communities and field offices their ideas for shaping HUD and its programs.

President Trump's FY 2018 Budget Targets Non-Defense Programs

The first details of the Administration's FY 2018 budget has been leaked to the press and the plan calls for an increase in defense spending offset by reductions in non-defense discretionary programs. President Trump is proposing a $54 billion increase to defense spending at the expense of an equal cut to non-defense discretionary spending. Over the next two weeks federal agencies will be submitting budget proposals with cuts totaling $54 billion, with at least a 15% cut across most agencies. The additional $54 billion cut would come on top of sequestration cuts that are already scheduled to take effect in FY 2018 under the 2011 Budget Control Act. Non-defense discretionary programs are already at an all-time low and further cuts will cripple federal programs. Trump's FY 2018 budget outline is expected to be released on March 16 with a more detailed budget released later in the year. Over 2,000 organizations, including NCDA, signed on to a recent letter seeking budget relief for non-defense discretionary programs.

According to multiple reports, the State Department would take a big hit – with Trump proposing a 37 percent cut to the agency. Trump's budget would leave entitlement spending alone – Social Security and Medicare. House GOP fiscal hawks have indicated they will not support a budget that does not address the ballooning costs in entitlement programs. Some GOP appropriators have indicated the cuts to non-defense programs is unrealistic. Rep. Mike Simpson (R-ID) said, “There is more to the government than defense” and noted that spending cuts of the magnitude proposed by Trump could not pass the House.

Appropriations Update

The Continuing Resolution providing government funding for FY 2017 expires on April 28, 2017. There are rumors that the FY 2017 Defense spending bill could move as early as this week and might be used to move some of the FY 2017 spending bills; however, most of the FY 2017 spending bills have not been completed by both chambers and it’s more likely than not that Congress will want to move all of the bills at one time, meaning another CR is the most likely scenario. NCDA has worked very hard to ensure funding is maintained for CDBG and HOME and we’re expecting the programs will be level funded from last year: CDBG ($3.0 billion) and HOME ($950 million). Still, HUD’s housing vouchers will need a boost in funding for FY 2017 (estimated at $1.6 billion) and it’s important that you reach out to your Congressional Members to ensure this money does not come from CDBG or HOME. Bottom line: we have to continue to voice our support for full funding of CDBG and HOME until a final FY 2017 spending measure has been approved.

President Trump is expected to offer the first glimpse at his FY 2018 budget proposal in what is being referred to as a “skinny” budget on March 16. Though it is unlikely to include specific details on HUD programs, it could offer Congress a guide on spending levels for the year.

Trump is not expected to offer a detailed FY 2018 budget until May or June. By then, the FY 2018 appropriations process will be well underway.

Trump Clamps Down on Federal Regulations

On his first day in office, President Trump issued an executive order freezing all pending federal regulations until they are approved directly by his Administration. Shortly thereafter, he issued Executive Order 13771 - Reducing Regulation and Controlling Regulatory Costs -- requiring federal agencies to get rid of two existing regulations for every new regulation added. Under the Administrative Procedures Act, the repeal of old regulations requires the same bureaucratic process as the adoption of new regulations including agency analysis, legal review, and public notice and comment.

Most recently, on February 24, he signed Executive Order 13777 – Enforcing the Regulatory Reform Agenda -- requiring every federal agency to establish a Regulatory Reform Task Force by April 24, 2017, to evaluate regulations within the agency and make recommendations regarding their repeal, replacement or modification. At a minimum, each agency’s Regulatory Reform Task Force shall identify regulations that:

- Eliminate jobs, or stymie job creation
- Are outdated, unnecessary, or ineffective
- Impose costs that exceed benefit

Each agency's Regulatory Reform Task Force must provide a report by May 24, 2017 to the agency director detailing the progress made toward identifying regulations for repeal, replacement and modification.

House Committee on Financial Services Transmits Priorities to the Budget Committee

The House Committee on Financial Services met last week to approve its priorities for the coming year. The Committee will conduct hearings and may introduce legislation to address the following top-level priorities of concern.

<u>Dodd-Frank Act</u>. The Committee supports repealing and replacing the Dodd-Frank Act with the Financial CHOICE Act that would pare back important consumer protection regulations and get rid of the following federal agencies established as part of Dodd-Frank: Orderly Liquidation Authority (allows the FDIC to borrow from the Treasury to pay off creditors of a failed bank or other financial institution); Office of Financial Research (performs research and develops tools for risk measurement and monitoring); Consumer Financial Protection Bureau (regulates providers of credit and consumer financial products and services)

<u>Government-Sponsored Enterprises (GSEs) – Freddie Mac and Fannie Mae</u>. The Committee supports winding down the GSEs' operations, repealing their charters, and replacing them with a private housing finance system.

<u>HUD</u>. According to the Committee, HUD remains overly bureaucratic, fails to set priorities that define its mission and does not deliver measurable results. The Committee recommends a major overhaul of the department. According to the Committee, HUD is plagued by inefficient, outmoded programs and an inability to spend appropriated funds in a timely manner, which results in huge backlogs of unexpended taxpayer funds. This last point is factual, over 20 States have huge backlogs of unspent CDBG funds that puts the program under scrutiny and at risk of cuts. For those of you not meeting your timeliness requirement, this should be a wake-up call to do so.

Besides an overhaul of the department, the Committee seeks comprehensive reform of HUD's Section 8 tenant-based and project-based voucher programs.

Last Minute Planning Tips for National Community Development Week; Make Your Voice Heard

National Community Development Week, April 17 through 22, is only seven weeks away- it's not too late to plan to take action! National Community Development Week is happening at a critical time for both the FY 2017 and FY 2018 budgets; speak out during this important week to ensure your members of Congress know the impact of federal community development programs in their state and district.

These are a few ideas for high impact events that require minimal advance work:

- **Capitalize on local media to get the word out on the impact of community development programs in your area.** Write a letter to the editor of your local newspaper about NCDW and mention your Senators and Representative in your letter. Many Congressional offices track media mentions and your letter is likely to be noticed by the office.

- **Utilize social media to take your followers on a virtual tour of your community development project.** Prior to NCDW, take photos and videos of your project, highlighting its impact on your community. Throughout the week, post your tour on Twitter and Facebook, explaining the project and its funding sources in a series of posts. Tag your members of Congress to ensure the offices will see federal community development dollars at work in their community.

- **Write a letter to your members of Congress about National Community Development Week, detailing how you've used community development funding in their state and district.** Include photos and videos. Contact the office to get the email contact information for their housing and appropriations staff. This will ensure the right policy staff receive your email in a timely manner.

- **To make an additional impact with your letter to your members of Congress, also ask them to make a statement on the floor in support of National Community Development Week.** Congress is in recess during NCDW, but you can help continue the conversation when they return to Washington. Floor statements are a great way to get the word out about the importance of community development programs and engage your legislators on the issue. Call the offices of your members of Congress and ask for the contact information for their housing staff and work with that staffer to help them craft a message of support that includes local information about your projects.

- For more information on how to build Congressional relationships and plan an effective site visit, NCDA has prepared a video to help guide you through the process.

2017 HOME Homeownership Limits Posted

HUD has issued new HOME program homeownership value limits ("95% limits") for 2017 effective as of March 1. The HOME program requires that the initial purchase price or after-rehabilitation value of homeownership units assisted with HOME funds not exceed 95 percent of are median purchase price, as determined by HUD.

NCDA Annual Conference Survey

To make sure we're meeting your educational and professional development needs, please take a few minutes to complete the Annual Conference Agenda Survey. The survey will be used to design the conference program for the 48th annual conference in Miami, FL on June 14-17. Conference registration is open.

Sign-On to the CDBG Support Letter

The CDBG Coalition has developed a national support letter for CDBG; seeking $3.3 billion for the program in FY 2018, an increase of $300 million. The letter is seeking support from communities and organizations from across the country. Please sign on to the letter and ask your subrecipients and local program partners to sign on as well. The letter will be sent to Congressional appropriators in April.

NCDA Training

NCDA is pleased to announce the following CDBG training. Members receive a discounted rate. HOME training courses will be announced soon.

Advanced CDBG/Underwriting
March 20-21, 2017
Vancouver, WA

CDBG Basics: Training for Practitioners
April 3-5, 2017
St. Louis, MO

CDBG Basics: Training for Practitioners
May 16-18, 2017
Murfreesboro, TN

Please go here to download the course brochures and to register online.

If your city/county is interested in sponsoring a CDBG or HOME training, please contact Steve Gartrell at sgartrell@ncdaonline.org

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	Continuing Resolution through April 28, 2017
CDBG Formula Grants	$3.0 billion	$2.8 billion	$3.0 billion	$3.0 billion	$3.0 billion
HOME Formula Grants	$950 million	$950 million	$950 million	$950 million	$950 million
Homeless Assistance Grants	$2.25 billion	$2.664 million	$2.330 billion	$2.487 billion	$2.25 billion
Section 108	$300 million	$300 million	$300 million	$300 million	$300 million
Choice Neighborhoods	$125 million	$200 million	$80 million	$100 million	$125 million
HOPWA	$335 million	$335 million	$335 million	$335 million	$335 million
Lead Based Paint Hazard Reduction	$110 million	$110 million	$135 million	$130 million	$110 million
Elderly Housing (Section 202)	$433 million	$505 million	$505 million	$505 million	$433 million
Housing for Persons with Disabilities (811)	$151 million	$154 million	$154 million	$154 million	$151 million
Housing Counseling	$47 million	$47 million	$47 million	$55 million	$47 million
Housing Choice Vouchers	$19.629 billion	$20.854 billion*	$20.432 billion**	$20.189 billion***	$19.629 billion
Project-Based Section 8	$10.62 billion	$10.816 billion	$10.901 billion	$10.901 billion	$10.62 billion

Public Housing Capital Fund	$1.9 billion	$1.865 billion	$1.925 billion	$1.900 billion	$1.9 billion
Public Housing Operating Fund	$4.5 billion	$4.569 billion	$4.675 billion	$4.500 billion	$4.5 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.