NCDA Washington Report

July 31, 2017

Appropriations Update

House Action

The House Subcommittee on Transportation-HUD (THUD) marked-up its FY18 spending bill on July 15th followed by mark-up by the House Appropriations Committee on July 17th.

The House Appropriations Committee used the House Budget Committee's direction to cap FY18 spending at $511 billion for all 12 of its spending bills. This resulted in low budget allocations for most of the subcommittees, including THUD which received an allocation of $56.5 billion, $1 billion less than last year. Of this amount, $38.3 billion was provided to HUD, a decrease of $487 million below last year. Even with the decrease in funding, the measure approved by the THUD subcommittee and full committee rejected the Administration's proposal to eliminate CDBG and HOME and provided $2.9 billion for CDBG, $100 million less than last year, and $850 for HOME, $100 million less than last year.

The measure provides level funding for HUD's homeless assistance programs at $2.383 billion. Of this amount, at least $2.106 billion is directed at the Continuum of Care program and at least $270 million is directed at the Emergency Shelter Grants program, an increase of $20 million above FY17.

The measure provides $18.709 billion for the renewal of Section 8 tenant-based rental contracts, an increase of nearly $355 million above the FY17 level to accommodate for rental and utility increases. The measure provides $577 million to renew over 90,000 eligible VASH vouchers. Citing a concern with the number of homeless veterans on the U.S.–Mexico border, the Committee directs HUD to take action to ensure that HUD-VASH vouchers are made available to this population and that HUD develop strategies and recommendations for addressing and reducing veteran homelessness on the U.S.-Mexico border.

The Committee provides $11.082 billion for the renewal of Section 8 project-based contracts, an increase of $266 million above FY17, again, to accommodate rental and utility increases.

The measure provides just $20 million for the Choice Neighborhoods Initiative, a reduction of $117.5 million from FY17. The measure provides $130 million for HUD's lead programs, $15 million below FY17. HOPWA is funded at $356 million, level funding from FY17.

The bill recommends $573 million for the Section 202 program, an increase of $70.6 million from FY17. This includes $483 million for the renewal and amendment of project rental assistance contracts and $90 million for service coordinators and the continuation of congregate services grants. The Committee recommends $147 million for the Section 811 program, an increase of nearly $1 million from FY17.

The Committee continues to carry bill language prohibiting HUD from directing a grant to make zoning changes as part of carrying out the AFFH rule.

Senate Action

The Senate THUD subcommittee marked-up its FY18 spending bill on July 25th and the Senate Appropriations Committee marked-up the measure on July 27th, approving the funding levels recommended by the subcommittee. In his opening statement, Senator Patrick Leahy, ranking member of the Committee, applauded the restoration of the CDBG and HOME funding in the THUD bill. He went on to say that we are still not sufficiently investing in our country's future and that a bi-partisan budget deal is needed to lift the spending caps. Senator Susan Collins (R-ME), Chairperson of the THUD subcommittee, said, "The THUD bill is truly a bi-partisan product. The bill reflects the consensus of the subcommittee members. The bill rejects the administration's proposal to eliminate CDBG and HOME. Virtually every single member wrote to me in support of CDBG; one of the most flexible, effective, and popular programs, especially important to state and locals and allows for local solutions."

The bill provides $40.24 billion for the Department of Housing and Urban Development (HUD), an increase of $1.4 billion from last year. The measure fully restores funding to CDBG at $3.0 billion and to HOME at $950 million.

The measure also provides $2.456 billion for HUD's homeless assistance grants, an increase of $73 million from last year. Of this amount at least $2.099 billion is provided to the Continuum of Care (CoC) program, including renewal of existing projects and $25 million in CoC grants for rapid re-housing projects and supportive services to assist survivors of domestic violence and sexual assault. The bill provides $270 million for the Emergency Shelter Grants Program, an increase of $20 million. The bill further provides $55 million to continue implementation of comprehensive approaches to serving homeless youth and directs HUD to incorporate additional federal data on youth homelessness into the Annual Homelessness Assessment Report (AHAR) provided to Congress. The bill provides $7 million to support AHAR data collection and analysis. The measure includes language that waives the requirement that youth 24 and under provide third-party documentation to receive housing and supportive services within the CoC and directs HUD to clarify the program requirements through guidance, notice and webcasts, as appropriate. Finally, the Committee directs HUD to continue to include 5-year projections of the cost of renewing existing projects, including the renewal of permanent supportive housing, as part of the FY 2019 budget justification.

The measure provides $50 million for the Choice Neighborhoods Initiative, of which $45 million is for implementation grants and $5 million for planning grants. Priority consideration for the implementation grants is given to those grantees that have been previously awarded planning grants. This recommended funding level is $87 billion below the FY17 level.

The bill also provides $300 million for Section 108 loan guarantees, which was zeroed out in the President's FY18 budget. The measure also provides $330 million for HOPWA, a cut of $26 million from FY17.

The bill provides $19.3 billion for Section 8 tenant-based contract renewals, an increase of $1 billion from FY17, ensuring that no current voucher holders are put at risk of losing their housing assistance. The bill essentially level funds the Public Housing Capital Fund at $1.945 billion.

The measure provides $4 million for the Rental Assistance Demonstration (RAD) to provide rental subsidy for Section 202 PRAC properties converting to Section 8 contracts. The measure also eliminates the unit cap for public housing conversions.

The Committee provides $11.5 billion for Section 8 project-based contract renewals, an increase of $691 million from FY17 to accommodate rental and utility increases. The Committee rejects the Administration's rental reform proposals to raise the maximum rents to 35 percent of gross income, the establishment of mandatory rents, and the elimination of the utility allowance reimbursements. The Committee believes these types of rent reforms are best addressed by the authorizing committees.

The measure provides $573 million for the Section 202 program which provides rental assistance and services to the elderly. This is an increase of $70.6 million from FY17. The recommendation includes $483 million in new appropriations and enough funding to fully fund all annual PRAC renewals and amendments as well as $90 million to continue funding for service coordinators and existing congregate service grants.

The bill provides $147 million for the Section 811 program which provides rental assistance and services to persons with disabilities, an increase of nearly $1 million from last year.

The Committee recommends level-funding for HUD's Office of Fair Housing and Equal Opportunity, at $65.3 million. The Committee continues to include language prohibiting HUD from undertaking changes to local zoning laws as part of implementing its AFFH and the assessment tool.

The measure provides $160 million for lead-based paint hazard reduction and abatement activities, an increase of $15 million above FY17. Of this amount, $30 million is provided for the Healthy Homes Initiative. In an effort to ensure that more communities can access funding to address lead-based paint hazards, the measure consolidates HUD's two lead hazard funding programs into a single grant program with a single set of application criteria to ease the administrative burden of applicants.

Next Steps

It is unclear when the House and Senate will schedule a floor vote on their respective FY18 THUD spending bills. Given the limited number of legislative days in September, Congress is certain to pass a short-term continuing resolution to keep the federal government operating past September 30 to allow more time for spending negotiations.

Get Ready for the 2020 Census

The Census Bureau needs your help to ensure an accurate count in 2020. In past years, there has been an undercount of children, communities of color, and low income households. Much federal funding – including CDBG and HOME – is distributed based on population and income, so it's important that the Census conduct an accurate count to ensure that communities receive their fair share of federal resources. For the first time, the Census will promote the use of the Internet as the primary way to answer the 2020 census, which may further increase an undercount in low-income communities. Due to insufficient federal funding, the Census Bureau will cut the number of local area census offices by 50% as well as the number of census takers/field staff further increasing the likelihood that hard to count communities will be undercounted in the 2020 census.

Local governments need to participate in the Local Update of Census Addresses (LUCA) program. LUCA allows local governments to review and update the Census Bureau's address list and digital maps for their area. Check with your local elected official or local census designee to ensure your department has the opportunity to review the Master Address File (MAF) and related digital files that establishes the universe of living quarters for your community. The Census Bureau will not know that it has missed people who live in housing units that are not included in the MAF. The bureau can easily overlook commercial buildings that have been converted to residential units, group homes, and multiple families living in one structure, among others. The LUCA program is voluntary and according to the Census Bureau only 30% of state, local and tribal governments participated in 2010. NCDA urges you to get involved in the LUCA program to ensure the highest possible level of federal funding for your jurisdiction. According to the Census Bureau, local governments should have already received a formal invitation package with registration and procedural information for the LUCA program. Local governments have six months after receiving the MAF and digital files to submit their address updates, which can include additions, deletions, and corrections. Go to the following link to obtain more information on the LUCA program.

https://www.census.gov/geo/partnerships/luca.html

NCDA will hold a Census workshop at its 2018 Winter Conference in January.

HUD Staff Update

The Senate Banking Committee approved several HUD nominations last week including Anna Maria Farias to be Assistant Secretary for Fair Housing and Equal Opportunity, Neal Rackleff to be Assistant Secretary for Community Planning and Development, and J. Paul Compton, Jr. for HUD General Counsel. The nominees now await confirmation by the full Senate along with Pamela Patenaude, nominee for Deputy Secretary at HUD. The Senate is expected to approve these and other nominees in the next two weeks.

Congressional Republicans Call on Carson to Rescind the Fair Housing Rule

A group of twenty Congressional Republicans sent a letter to HUD Secretary Carson on July 14 asking him to rescind the Affirmatively Furthering Fair Housing rule that was finalized in 2015 and which put in place the Local Government Assessment Tool. The Congressional Members said that the rule "would extend the reach of the federal government beyond its authority and could take away state and local governments' ability to make local zoning decisions." They also voiced their concern with the potential withholding of CDBG funds from local jurisdictions if their housing plans do not conform to "disparate impact theory." In response to the letter, Carson stated that he will move to reinterpret the rule, but hasn't yet described what that reinterpretation will look like.

NCDA, USCM, and NACo sent a joint letter to HUD in May requesting that small HOME Consortia and small CDBG grantees receiving $1 million or less in annual CDBG funds be exempt from developing the Assessment of Fair Housing (AFH) Tool. The letter recommends that these entities fulfill their obligations to affirmatively further fair housing by completing an Analysis of Impediments (AI) to fair housing choice to coincide with the development of their consolidated plan. Small CDBG grantees and HOME consortia have limited staff capacity to develop the AFH Tool and the HUD data does not drill down far enough to provide useful information for these small communities.

CPD Policy Guidance

HUD's Office of Community Planning and Development would like to remind grantees of the following notices and rules.

- **5/31/17** – Federal Register Notice – announces start of the Housing Counselor Certification Exam program on August 1, 2017

- **5/1/17** – OMB Federal Register Notice – adoption of Part 200 Procurement requirements can be delayed one additional year

- **12/16/16** – Broadband Initiative – 2 Final Rules published
    - Broadband capability in all Substantial Rehabilitation and New Construction of Housing
    - Incorporating Broadband and resilience needs into your next Consolidated Plan

- **12/14/16** – Final Housing Counseling Rule published

- **10/28/16** – Proposed Rule published – minimum property standards for flood hazard exposure

- **6/14/16** – Federal Register Notice – allows NSP program income to be transferred to CDBG program income

Please go to https://www.hudexchange.info to do a search of the notices.

NCDA Training

NCDA will hold the following CDBG and HOME training courses this summer and fall. Please go to ncdaonline.org/training for more information and to register. Please contact Steve Gartrell at sgartrell@ncdaonline.org with any questions.

HOME Basics Course
Orlando, FL – August 9-11
Fort Worth, TX – September 18-20

Advanced CDBG/Underwriting
Madison, WI – October 10-11
Laredo, TX – October 23-24 (in conjunction with the NCDA Region VI Conference)
Arlington, MA – October 25-26
Naples, FL (Collier County) – November 14-15

Managing Subrecipients (*new course*)
San Diego, CA – November 1-2

Membership Dues

NCDA member invoices for the FY18 dues year (July 1, 2017 – June 30, 2018) were mailed out in May. If you have not received your invoice yet, please contact Mike Lightfield at michael@ncdaonline.org. NCDA dues are a good value and have not increased in the last twelve years to ensure continued affordability for member communities. All members must complete the Membership Commitment Form that was included with your invoice. The form is used to update NCDA's online Membership Directory. To complete the form electronically, please go to the following link.

ncdaonline.org/membership-commitment-form/

Department of Housing and Urban Development
Budget Chart

Program	*FY17 Funding*	*President's FY18 Budget Proposal*	*FY18 House Appropriations Committee Recommendation*	*FY18 Senate Appropriations Committee Recommendation*
CDBG Formula Grants	$3.0 billion	$0	$2.9 billion	$3.0 billion
HOME Formula Grants	$950 million	$0	$850 million	$950 million
Homeless Assistance Grants	$2.383 billion	$2.25 billion	$2.383 billion	$2.456 billion
Section 108	$300 million	$0	$0	$300 million
Choice Neighborhoods	$138 million	$0	$20 million	$50 million
HOPWA	$356 million	$330 million	$356 million	$330 million
Lead Based Paint Hazard Reduction	$145 million	$130 million	$130 million	$160 million
Elderly Housing (Section 202)	$502 million	$510 million	$573 million	$573 million
Housing for Persons with Disabilities (811)	$146 million	$121 million	$147 million	$147 million
Housing Counseling	$55 million	$47 million	$50 million	$47 million
Housing Choice Vouchers	$20.292 billion	$19.318 billion	$20.486 billion*	$21.365 billion**
Project-Based Section 8	$10.816 billion	$10.351 billion	$11.082 billion	$11.507 billion
Public Housing Operating Fund	$4.4 billion	$3.9 billion	$4.4 billion	$4.5 billion

Public Housing Capital Fund	$1.941 billion	$628 million	$1.850 billion	$1.945 billion
Rental Assistance Demonstration (RAD)	$0	$0	$0	$4 million***

*Includes $18.709 billion for contract renewals, $60 million for tenant protection vouchers, $1.550 billion for administrative fees, $7 million for Tribal Vouchers, $150 million for Section 811 mainstream vouchers, and $10 million for PHA modernization of information technology systems.

**Includes $19.370 for contract renewals, $75 million for PHA allocation adjustments, $40 million for VASH vouchers, $1.725 billion for administrative fees, $5 million for Tribal Vouchers, $130 million for Section 811 mainstream vouchers, and $20 million for Family Unification Program vouchers.

***The funding is limited to providing additional rental subsidy for Section 202 PRAC properties converting to Section 8 contracts that will not be able to successfully convert at the current subsidy amounts.