NCDA Washington Report

September 29, 2017

Appropriations Update

The House approved a full year FY18 omnibus spending measure (HR 3354) earlier this month that includes all 12 of its spending bills. As mentioned in a previous NCDA alert, CDBG is funded at $3.01 billion in the House measure, an increase of $10 million from last year, while HOME is funded at $850 million, a decrease of $100 million from last year.

The House Appropriations Committee approved only $2.9 billion for CDBG, but funding was restored (and bumped up by $10 million) on the House floor because of an amendment from Rep. Knight (R-CA) to increase the program by $100 million and an amendment from Reps. LoBiondo (R-NJ) and Tenney (R-NY) to increase the program by $10 million.

The House measure also includes an amendment from Rep. Jason Smith (R-OH) that prohibits HUD funds from being used for a state or local government that refuses to provide information to the Immigration and Naturalization Service (INS) on the citizenship status of individuals.

The Senate Appropriations Committee has approved eight of its FY18 spending bills (including Transportation-HUD), but still have four remaining bills to work on. None of the eight approved bills have been brought to the Senate floor for a vote. With the Senate entrenched in a battle earlier this month to repeal Obamacare and now pivoting to focus on tax reform, it is unclear when it will wrap up its spending bills. The Senate THUD bill fully funds CDBG at $3.0 billion and HOME at $950 million.

The federal government is currently operating under a continuing resolution through December 8.

Disaster Recovery Funding; National Flood Insurance Program

President Trump signed into law on September 14th a $15 billion disaster recovery package for areas affected by natural disasters in 2017. The package includes $7.4 billion for FEMA, $7.4 billion for CDBG-DR, and $450 million for the Small Business Administration. It also extends the National Flood Insurance Program (NFIP), which provides affordable insurance to property owners, through December 8. The program has roughly 5 million policy holders. FEMA sent notice to Congress this month that the NFIP has depleted its borrowing authority, using $5.8 billion to fund losses incurred by Hurricanes Harvey, Irma and other natural disasters this year. FEMA estimates that Hurricane Harvey alone will cost the NFIP $11 billion. Congress last raised the borrowing cap for the program to $30 billion after Super Storm Sandy. Congress is working to reauthorize the program by December 8th and will likely extend the borrowing authority for the program as part of the reauthorization or part of a second disaster recovery package that is expected to be approved by December 8, if not sooner.

Trump Administration and Republican Leaders Release Tax Reform Plan

On Wednesday, Treasury Secretary Steve Mnuchin and chairmen of the Congressional tax writing committees released a framework for overhauling the current tax code. The plan would preserve the Low-Income Housing Tax Credit, but is silent on the New Markets Tax Credit which provides financing for economic development and private activity bonds which provide critical financing for multifamily housing. The framework will now have to be worked out through regular order with the House Ways and Means Committee and the Senate Finance Committee and approved by Congress.

Congress is expected to use the budget reconciliation process to advance the tax reform plan. Under budget reconciliation, only 51 votes are needed to pass tax reform, not the standard 60 votes.

Secretary Carson Outlines HUD Reform Plan

In an op-ed in *The Hill* newsletter, Secretary Ben Carson provided a brief overview of a plan to reform HUD that will focus on efficiency, homeownership, and expanding community investment through public/private partnerships. While HUD has not released any information on the reform plan, rumors are the plan will include several recommendations for improving HUD operations, including the following.

- The possible closing of field offices that have a small number of staff
- Addressing the rising cost of HUD's rental assistance programs by reforming the programs to focus on serving the most vulnerable and incentivizing work. HUD will release a comprehensive rental reform proposal by 2019.
- Rethinking monitoring. HUD will look at best practices utilized by other federal agencies to create greater efficiency, effectiveness and cost savings in the monitoring of grantees.

Guidance on Submitting FY18 Consolidated Plans and Action Plans

HUD is working on a notice that will provide guidance on submitting FY18 consolidated plans and annual action plans. Until then, HUD advises grantees to continue to use CPD Notice 16-18 for guidance on submitting these documents.

HUD Releases FMR Notice

Earlier this month, HUD released a notice announcing the FY18 Fair Market Rents (FMRs) and solicits public comments including a request for reevaluation of specific area FMRs through October 2.

HUD Announces Target Closeout Dates for CDBG-DR Grants Originating in 2006 – 2010

The following target closeout dates will apply for CDBG-DR grants originating in 2006 through 2010. Please contact HUD if you are having difficulty completing your recovery activities by these dates. HUD can provide technical assistance.

•2006 CDBG-DR grants (grant numbers begin with B-06-) **December 31, 2018**
•2008 CDBG-DR grants (grant numbers begin with B-08-) **December 31, 2017**
•2010 CDBG-DR grants (grant numbers begin with B-10-) **December 31, 2018**

HUD Releases FY18 Section 108 Loan Fee Notice

HUD released a notice this week in the Federal Register announcing a 2.365% fee for Section 108 loans in FY 2018. The fee takes effect on October 25, 2017. The fee is applied to the principal amount of the Section 108 loan and is used to offset the credit subsidy costs of the guaranteed loans.

HUD Staffing News

Stan Gimont has been named the Deputy Assistant Secretary for Grant Programs within the Office of Community Planning and Development. In this capacity, Stan will oversee the CDBG, HOME, CDBG-DR, and Environment and Energy programs. He previously served as the Director of the Office of Block Grant Assistance, overseeing the CDBG program.

Pamela Hughes Patenaude was sworn in earlier this week as the Deputy Secretary of HUD, the number two position at the Department. Patenaude was confirmed by the Senate on September 14. She previously served as the Assistant Secretary for Community Planning and Development under the George W. Bush Administration. She will lead HUD's Disaster Management Group and play a pivotal role in coordinating long-term disaster recovery efforts following Hurricanes Harvey, Irma and Maria.

On September 13, President Trump nominated Brian Montgomery to lead the Federal Housing Administration (FHA) at HUD. Montgomery previously served in the same position under the George W. Bush Administration.

Hurricane Recovery News

- CDBG-DR grantees affected by Hurricanes Harvey, Irma and Maria can obtain FEMA individual assistance data by submitting a written request to the Federal Coordinating Officer at the FEMA Joint Field Office. See the attached sample request letter.

- The House approved a bill this week introduced by House Ways and Means Committee Chairman, Rep. Kevin Brady (R-TX), to provide tax relief to households affected by Hurricanes Harvey, Irma and Maria. The legislation allows for larger deductions of property losses and allows for the withdrawal of funds from 401(k) plans without the normal 10% penalty. Senate Finance Committee Chairman Orrin Hatch (R-UT) is working on a similar bill.

- President Trump waived the Jones Act of 1920 that restricts foreign ships' transport of cargo to Puerto Rico.

- Residents of Puerto Rico are suffering greatly following Hurricane Maria; most residents have no potable water and few food and medical supplies. Over 80 percent of long-distance transmission lines have been decimated. It is estimated that more than half of homeowners were uninsured. NCDA and other groups will send a letter to the White House and Congress next week calling for swift assistance to Puerto Rico and the U.S. Virgin Islands.

- FEMA has approved the following aid for Florida: 144,407 Individual Assistance applications; over $124 million Individual and Household Program applications; over $56 million Housing Assistance applications; and over $68 million Other Needs applications

- Members of the Texas Congressional delegation sent a letter to HUD Secretary Carson requesting the immediate release of CDBG-DR funds for Texas and requesting waivers of the following CDBG-DR program requirements: lower the 70% LMI area benefit requirement to 50%, shorten the public comment period from 30 days to 14 days, and provide maximum flexibility by eliminating the percentage of funds that must be spent on housing, infrastructure and mitigation.

- FEMA has approved the following aid for Texas: 213,062 Individual Assistance applications; over $407 million Individual and Housing Program applications; over $276 million Housing Assistance applications; over $131 million Other Needs Assistance applications; and over $203 million Public Assistance Grants applications

Groups Send Disaster Recovery Recommendations to Congress, HUD and FEMA
NCDA and other national, state and local organizations, as part of a Hurricane Housing Recovery Coalition, sent recommendations to Congress, HUD and FEMA for improving the disaster recovery process for areas hit by Hurricanes Harvey, Irma and Maria. Many of the recommendations put forward by NCDA's Disaster Recovery Working Group were included in the national recommendations. NCDA thanks the following members for their participation in NCDA's working group: George Mensah (Miami, FL), Charles Garren (Lexington County, SC), LaParry Howell (Tuscaloosa, AL), Stacy Brown (San Marcos, TX), Sonia Carnaval (Orlando, FL), Jared Jakubowski (Moore, OK), Calvin Johnson (New York, NY) and Ellen Lee (New Orleans, LA).

Local CDBG Projects Needed
The CDBG Coalition is in the process of developing a national report on CDBG and is seeking CDBG projects from every state to include in the report. Please share your outstanding CDBG projects by sending the below information to Vicki Watson at vwatson@ncdaonline.org **no later than October 27**. The report will be used to educate Congressional Members on the program.

<u>CDBG Project Template</u>
Project name
Project year
Project description
Amount of CDBG funds
Use of CDBG funds
Target population
Leveraging of other funds
Jobs created (temporary or permanent)
Project impact
Project contact information
Quote from a beneficiary
High-Resolution photos

NCDA Training
NCDA will hold the following training in the coming months. Please contact Steve Gartrell at sgartrell@ncdaonline.org with any questions.

Advanced CDBG (1-1/2 Days) and CDBG/HOME Underwriting/Subsidy Layering (1/2 Day)
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

Registration: http://ncdaonline.org/cdbg/

Managing Subrecipients (*new course*)
San Diego, CA – November 1-2
Registration: http://ncdaonline.org/cdbg/

NCDA Regional Conferences
October 11-13 – NCDA Region IV Conference – Greensboro, NC
See attached agenda. Contact Mark Haga at markhaga@kingsporttn.go regarding registration.

October 25-27 – NCDA Region VI Conference – Laredo, TX
Go to: http://ncdaregionvi.weebly.com/

November 2-3 – NCDA Region I Conference – Portsmouth, NH
Go to http://ncdaregion1.yolasite.com/

Department of Housing and Urban Development Budget Chart

Program	*FY17 Funding*	*President's FY18 Budget Proposal*	*FY18 House Approved Level*	*FY18 Senate Appropriations Committee Recommendation*
CDBG Formula Grants	$3.0 billion	$0	$3.01 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	$375 million	$330 million
Lead Based Paint Hazard Reduction	$145 million	$130 million	$130 million	$160 million
Elderly Housing (Section 202)	$502 million	$510 million	$575.5 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	$1.852 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.