NCDA Washington Report

May 15, 2018

FY19 Appropriations Update

Congress is ramping up its work on FY 2019 appropriations with several scheduled markups in the coming days and weeks. The House Appropriations Subcommittee on Transportation, Housing and Urban Development (THUD) will markup the FY 2019 spending bill tomorrow evening, Wednesday, May 16. The House Appropriations Committee is expected to markup the bill next week.

The Senate Appropriations Subcommittee on THUD will markup the FY 2019 THUD spending bill the week of June 4. Please continue to reach out to your Congressional Members to urge support of at least $3.5 billion for CDBG and $1.5 billion for HOME. The Administration's proposed budget zeroes out both programs in FY 2019, so Congress needs to hear from constituents on the importance and need for the programs.

NCDA and CDBG Coalition members have met with all House and Senate THUD Member offices to advocate for increase funding for CDBG and HOME in FY 2019. Besides the meetings, the CDBG Coalition sent a national support letter to appropriation leaders seeking at least $3.5 billion ($200 million increase) for CDBG in FY19. A total of 2,283 national, state and local organizations signed the letter. The HOME Coalition sent a national support letter to appropriation leaders seeking $1.5 billion ($138 million increase) for HOME in FY19. A total of 1,627 national, state and local organizations signed the letter. We will continue our advocacy efforts until the FY19 THUD spending bill has been finalized.

Administration Sends Rescissions Package to the Hill

The Trump Administration sent a $15 billion package of proposed cuts to the Hill to assuage the anger of conservative House members who are livid at Trump for signing off on the FY18 omnibus spending package that included billions of dollars of increased spending for non-defense programs. The rescissions package calls for $15.4 billion in spending to be voided. Much of the spending was approved in previous years.

The proposal rescinds $41 million from prior year's budget authority from HUD's Public Housing Capital Fund. No other HUD programs are affected. The proposal also rescinds $151 million from Treasury's Capital Magnet Fund, $23 million from the CDFI Fund, and $40 million from USDA's Section 521 Rural Rental Assistance Program. The funds are from old accounts that haven't been obligated.

The package is expected to bypass the House Appropriations Committee and go directly to the House floor for a vote. The package only needs 51 votes to pass in the Senate. No action has been taken by Congress yet to enact the rescissions.

Trump Administration Proposes Work Requirements, Rent Increases to Federal Housing Programs

The Trump Administration issued a proposal to impose work requirements and rent increases on people receiving federal housing assistance – Public Housing and Section 8. The proposal would require families receiving federal housing assistance to pay 35% of their gross income instead of the current 30% of adjusted income. Any family with a person younger than 65 who is not considered disabled would have to pay a new mandatory minimum rent of at least $150 each month (if higher than the 35% of gross income). Currently, the minimum rent is $50 each month. The proposal would also eliminate income deductions for medical and childcare expenses which is currently allowed. The proposal also provides public housing agencies and project-based Section 8 owners with the option to impose work requirements. HUD would be responsible for developing regulations establishing the work requirements. Congress has not introduced legislation yet to make the changes.

Opportunity Zones Update

The Treasury Department and the IRS have designated Opportunity Zones in 20 states and four territories: Alabama, American Samoa, Arizona, California, Colorado, Delaware, Georgia, Idaho, Kentucky, Michigan, Mississippi, Missouri, Nebraska, New Jersey, Northern Mariana Islands, Ohio, Oklahoma, Puerto Rico, South Carolina, South Dakota, Texas, Vermont, Virgin Islands and Wisconsin. The Tax Cuts and Jobs Act, enacted in December 2017, created Opportunity Zones to spur investment and job creation in economically depressed areas (Opportunity Zones) across the county. Investments in Qualified Opportunity Zones may be eligible for preferential tax treatment by the IRS. The Treasury Department and the IRS will issue guidance on the certification of Qualified Opportunity Funds and eligible investments in Qualified Opportunity Zones in the coming months.

HUD NEWS AND RESOURCES

Groups Sue HUD Over AFFH Rule Suspension

The National Fair Housing Alliance, Texas Low Income Housing Information Services, and Texas Appleseed filed a legal complaint in federal court on May 8, 2018 against HUD for suspending the Assessment of Fair Housing rule on January 5, 2018. The complaint alleges that HUD had no authority to suspend the rule. The plaintiffs are seeking preliminary and permanent injunctive relief including rescission of HUD's January notice and full reinstatement of the AFFH Rule. Stay tuned.

FY18 CPD Allocations

HUD announced the FY 2018 allocations for CPD's grant programs – CDBG, HOME, ESG and HOPWA – on May 1. As mentioned in previous NCDA alerts, FY 2018 CDBG appropriations increased by $300 million while 2018 HOME appropriations increased by $412 million. Grantees are reminded to refer to CPD Notice 18-01 for guidance on submitting consolidated plan and action plans for FY 2018. See below for more information

CPD Notice 16-18 - Submitting Consolidated Plans and Action Plans for FY 2018

Notice CPD-16-18 provides guidance for CPD grantees on the timing and submission of FY 2018 consolidated plans and action plans including costs that can be incurred prior to execution of a grant agreement. Grantees should submit their consolidated plan to HUD at least 45 days before the start of its program year. The latest submission deadline is August 16, 2018. HUD will not execute a grant agreement with a grantee until HUD has received a plan (or amended plan) which incorporates the actual FY 2018 program allocation amounts. Once the allocations have been announced grantees need to ensure that the actual FY 2018 allocation amounts are reflected in form SF-424, in the description of resources and objectives, and in the description of activities to be undertaken. Grantees may delay submission of its consolidated plan or action plan until 60 days after the date the FY 2018 allocations are announced or until August 16, 2018 (whichever comes first). Failure to submit an action plan for FY 2018 by August 16, 2018 will result in the automatic loss of FY 2018 CDBG funds to the grantee. Please see the notice for guidance on incurring pre-award costs prior to the grant award.

FY 2018 Consolidated Plans and Action Plans Updates

SF-424 Form

According to HUD, grantees should submit one SF-424 and one SF-424D for each CPD grant program (CDBG, HOME, ESG, HOPWA) under the consolidated plan.

Broadband and Resiliency Requirements

According to HUD, broadband and resiliency requirements are now required for all consolidated plans submitted on or after January 1, 2018.

- Annual action plans are not impacted.
- Grantees submitting new consolidated plans must consult and encourage participation in the development of the con plan with the following stakeholders:

  - For broadband: public and private organizations, including broadband internet service providers and organizations engaged in narrowing the digital divide.
  - For resilience: agencies whose primary responsibilities include the management of flood prone areas, public land, or water resources, and emergency management agencies.

AFH Requirements

According to HUD, grantees with a HUD-accepted AFH should continue to incorporate AFH specific requirements into their consolidated plan and annual action plans. Grantees that have not submitted an AFH are not required to incorporate AFH requirements into annual action plans.

HUD Releases FY 2018 Housing Trust Fund Allocations

On May 7, HUD issued $266.8 million in Housing Trust Fund (HTF) allocations to all 50 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, and insular areas. The FY 2018 allocations represent a 22% increase above the FY 2017 allocations due to an increase in the volume of business conducted by Fannie Mae and Freddie Mac – the government sponsored enterprises which fund the HTF. The HTF is principally used for the production, rehabilitation and operation of rental housing for extremely low-income households (people with income less than 30% of AMI).

HUD Publishes 2018 Income Limits

HUD published the 2018 income limits for the following programs on May 11.

- CDBG
- HOME
- HOPWA
- Housing Trust Fund
- NSP

The limits become effective on June 1 and can be viewed here.

CPD Funding Matrix and Dashboard Reports Released

HUD has posted updated CPD Funding Matrix and Dashboard reports on the HUD Exchange. These reports provide funding information for each grantee that receives CPD program funds. The reports detail the size of each grant received over the past several years as well as the total amount of funds currently available to be spent on community development and affordable housing activities.

NCDA NEWS

NCDA Provides Comments to HUD on the Con Plan, Annual Action Plan and CAPER

NCDA sent a letter to HUD yesterday in response to a recent Federal Register Notice requesting comments on the Consolidated Plan, Annual Action Plan and CAPER. In the letter, we urged HUD to streamline its reporting systems, ensure the full integration of all HUD reporting systems, ensure consistency among all systems, avoid duplication, and auto-populate reports to improve the quality and clarity of the reports and lessen the administrative burden for grantees. HUD collects an enormous amount of information via its reporting systems and we also urged HUD to work with grantees to purge and streamline the data collected in IDIS to ensure its necessity and usefulness. The letter includes many concrete suggestions from NCDA members for improving the current system. Thanks to those of you who provided comments for the letter. The full letter is attached.

New Members

NCDA held a month-long membership campaign in April and we are excited to welcome the following new member communities.

- Minneapolis, MN
- Anaheim, CA
- Indio, CA
- Pittsburg, CA
- Oxnard, CA
- Sacramento, CA
- San Bernardino, CA
- Fort Lauderdale, FL
- Peoria, IL
- Urbana, IL
- Bloomington, IN
- Plymouth, MA
- Waterford Township, MI
- Missoula, MT
- Suffolk, VA

In addition, the following communities joined NCDA from January to March of this year and we are excited to welcome them to the association.

- American Samoa
- Alameda, CA
- Carson, CA
- Chino, CA
- Gardena, CA
- Menifee, CA
- Deerfield Beach, FL
- Owensboro, KY
- Lewiston, ID
- Kannapolis, NC
- Utica, NY
- Dayton, OH
- Middletown, OH
- Summit County, OH
- Marshall, TX
- Mesquite, TX

NCDA Training

NCDA is pleased to offer the following training courses.

CDBG Basics: Training for Practitioners
May 23-25, 2018
Lewisville, TX

CDBG Subrecipient Management
July 24-25, 2018
Woodstock, IL

CDBG Basics: Training for Practitioners
August 8-10, 2018
Norfolk, VA

Advanced CDBG: Managing an Effective Program/CDBG/HOME Underwriting/Subsidy Layering (3 Days)
August 21-23, 2018
Hosted by Sonoma County, CA

HOME Basics Course
June 27-29, 2018
Austin, TX

HOME Basics Course
July 16-18, 2018
Hosted by McHenry County, IL

Please go to the following link to register and download the course brochures.
http://ncdaonline.org/training/

Please contact Steve Gartrell at sgartrell@ncdaonline.org with any questions.

NCDA Annual Conference – Long Beach, CA

The 49th Annual Conference will be held in Long Beach, CA on June 13-16, 2018 with a full day of pre-conference training on June 12th that will include the following free courses. The updated conference agenda is attached.

- CDBG Primer
- CDBG Subrecipient Management Primer
- Disaster Recovery with CDBG and CDBG-DR

The registration fee is $550 for members and $650 for non-members through June 1. After June 1, the registration fee will increase to $700 for members and $800 for non-members. To register for the conference, please go to the following link:

https://ncdaonline.regfox.com/ncda-annual-meeting-2018

The conference will be held at the Renaissance Long Beach Hotel, 111 E. Ocean Blvd., Long Beach, CA. NCDA's room block is sold out. We have arranged for additional rooms for June 12-15 at the Courtyard Long Beach Marriott Downtown at the rate of $189/night plus tax. The hotel is within walking distance of the Renaissance Long Beach Hotel. You can reserve your room here or you can call the hotel at 1-866-

440-3390 to reserve your room. Please contact Steve Gartrell at sgartrell@ncdaonline.org with any questions.

Proposed Slate of Officers

Pursuant to Section 3.06 of the NCDA By-Laws, the Nominations and Elections Committee met recently and is recommending that the membership adopt the following slate of officers for 2018/2019:

President – George Mensah (Miami, FL)
Vice-President – Dale Cook, Jr. (Palm Springs, CA)
Secretary – Sheryl Kenny (Arlington, TX)
Treasurer – Anne Marie Belrose (Boston, MA)

The slate will be voted on during the annual business meeting on June 16, 2018.

FY19 Membership Invoices Coming to You Soon

Membership invoices covering FY19 (July 1, 2018 – June 30, 2019) will be sent out in late May/early June. Please complete the Membership Commitment Form that will be included with your invoice. The form is used to update NCDA's online Membership Directory and database.

Department of Housing and Urban Development
Budget Chart

Program	***FY17 Funding***	***President's FY18 Budget Proposal***	***FY18 Omnibus Spending Measure***	***President's FY19 Budget Proposal***
CDBG Formula Grants	$3.0 billion	$0	$3.3 billion	$0
HOME Formula Grants	$950 million	$0	$1.362 billion	$0
Homeless Assistance Grants	$2.383 billion	$2.25 billion	$2.513 billion	$2.383 billion
Section 108	$300 million	$0	$300 million	$0
Choice Neighborhoods	$138 million	$0	$150 million	$0
HOPWA	$356 million	$330 million	$375 million	$330 million
Lead Based Paint Hazard Reduction	$145 million	$130 million	$230 million	$145 million
Elderly Housing (Section 202)	$502 million	$510 million	$678 million	$563 million
Housing for Persons with Disabilities (811)	$146 million	$121 million	$229.6 million	$132 million
Housing Counseling	$55 million	$47 million	$55 million	$45 million
Housing Choice Vouchers	$20.292 billion	$19.318 billion	$22.015 billion*	$20.093 billion
Project-Based Section 8	$10.816 billion	$10.351 billion	$11.515 billion	$10.952 billion
Public Housing Operating Fund	$4.4 billion	$3.9 billion	$4.550 billion	$2.975 billion
Public Housing Capital Fund	$1.941 billion	$628 million	$2.75 billion	$0

Rental Assistance Demonstration (RAD)	$0	$0	$0**	$100 million

*Of this amount, $19.6 billion is for renewal of existing Section 8 tenant-based contracts, $40 million for VASH vouchers, $5 million for new vouchers to Native American veterans, $20 million for Family Unification program vouchers, and $505 million for Section 811 mainstream vouchers.

**The number of public housing units that can convert under RAD is increased from 225,000 to 455,000. The program's sunset date is extended through 2024. Under RAD, public housing agencies can leverage public and private debt and equity to rehabilitate public housing stock and make capital improvements.