NCDA Washington Report
June 28, 2018

OMB Reorganization Plan Threatens CDBG

In its newly released reform plan, "Delivering Government Solutions in the 21st Century," the Office of Management and Budget (OMB) proposes moving CDBG from the Department of Housing and Urban Development (HUD) to the Department of Commerce under a new Bureau of Economic Growth. Under the proposal, CDBG would be moved to Commerce and combined with EDA's Economic Development Assistance Program, USDA's rural business and community facility grants, Delta Regional Authority, Denali Commission, and Northern Border Regional Commission. The combined programs would focus solely on economic development. By stripping CDBG of most of its eligible activities and moving and combining its economic development activities with other programs at the Department of Commerce, presumably under a new program name, this proposal kills CDBG as we know it.

CDBG is much more than economic development. The *majority* of CDBG funding is allocated to affordable housing, public services and public improvements/infrastructure. The 1,268 CDBG grantees (every Congressional district) would be deprived of these critical resources if this proposal moves forward.

The Bush Administration put forward a similar proposal, the Strengthening America's Communities Initiative (SACI), in 2005. The SACI proposal would have eliminated funding for CDBG and moved the program's eligible activities to the Department of Commerce. NCDA and other groups were successful in fighting back the SACI proposal; however, CDBG suffered deep funding cuts in the process.

While this proposal doesn't seem to have much traction yet, it will, most certainly, be included in President Trump's FY2020 budget. NCDA urges its members to reach out to their Congressional offices to seek support in opposing this proposal. Please see the attached proposal overview and talking points prepared by the CDBG Coalition.

Appropriations Update

Both the House and Senate Appropriations Committees have approved the FY19 Transportation-HUD (THUD) spending bill. The House Appropriations Committee approved the FY19 THUD spending measure by a vote of 34-17 last month. The measure maintains the FY18 increase for CDBG ($3.3 billion) but cuts the HOME program by $162 million, from $1.362 billion in FY18 to $1.2 billion in FY19. The measure continues to extend the HOME 24-month commitment deadline suspension through 2021 and for the first time suspends the CHDO 24-month commitment requirement through 2021, a provision championed by NCDA. The House bill increases HUD's homeless assistance grants by $58 million. The measure provides $20.107 billion for renewal of existing tenant-based rental assistance contracts. Project-based Section 8 is funded at $11.7 billion, enough to fully renew all existing contracts. The measure provides $393 for HOPWA, an increase from last year. The measure now awaits floor action.

On June 7, the Senate Appropriations Committee unanimously approved the FY19 Transportation-HUD (THUD) spending measure, providing $44.5 billion for HUD programs, a slight 4% increase from last year. The Committee kept the increases provided to CDBG ($3.3 billion) and HOME ($1.362 billion) in the FY18 omnibus spending measure. In addition, the Senate bill provides $2.612 billion for HUD's homelessness assistance programs, an increase of $99 million from last year. This increase includes $50 million for new vouchers for youth exiting foster care and $25 million for rapid rehousing assistance for victims of domestic violence. The measure fully funds all tenant- and project-based rental assistance renewals, providing $22.78 billion for Housing Choice Vouchers (11 percent increase) and $11.7 billion for project-based rental assistance. The Committee also approved a $30 million increase to HUD's lead hazard grants. The measure now awaits a vote by the full Senate.

Both measures reject the Administration's proposed rent policy changes to increase tenant rent contributions from 30% to 35% of gross income, eliminate income deductions for childcare and medical expenses, increase minimum monthly rents, and impose more rigid work requirements.

Please see the budget chart at the end of the newsletter for numbers on all of HUD's programs.

Senate Rejects Rescissions Package

The Senate last week rejected billions in spending cuts proposed by the Trump Administration. Two Senate Republicans – Richard Burr (R-NC) and Susan Collins (R-ME) – joined with Senate Democrats to rebuff the package. The package, which was approved by the House, would have rescinded funds from several federal programs and agencies including the Children's Health Insurance Program, Economic Development Administration, Energy Department, and Forest Service, among others. The measure would have cut $40 million from public housing and $40 million from USDA's rural rental housing assistance programs.

House Financial Services Committee Passes Bill to Permanently Authorize the CDBG-DR Program

Earlier this month, the House Financial Services Committee passed the Reforming Disaster Recovery Act (HR 4557) on a bipartisan vote of 53-3. Sponsored by Rep. Ann Wagner (R-MO), the measure codifies HUD's CDBG-DR program, providing a statutory framework for HUD to develop a set of program regulations. Currently, HUD uses the federal rule making process to provide program guidance and waivers. The codification of the program relieves HUD of this excessive work load. House Financial Services Ranking Member Maxine Waters (D-CA) offered two amendments passed by the Committee. The first would prioritize the one-for-one replacement of federally subsidized housing that is destroyed or damaged during a natural disaster and the second would require communities to create a credible plan for meeting their fair housing obligations. The bill now moves to the House floor for a vote.

House Approves Measure to Provide Housing Assistance for Persons with Substance Abuse

On June 14, the House approved the Transitional Housing for Recovery in Viable Environments Demonstration Program (THRIVE) Act (HR 5735). The measure authorizes HUD to create a five-year demonstration program to provide 10,000 Section 8 vouchers to people recovering from substance abuse. The vouchers must be provided through programs that provide substance abuse treatment and in coordination with local workforce development providers. Some advocates oppose this measure because it does not provide funding for the proposed Section 8 vouchers, fearing other households may lose their Section 8 assistance to fund this initiative. Other advocates oppose it because the funding would be directed to non-profit organizations that provide drug treatment services and not through public housing authorities.

NCDA Seeks Comments on HUD's Local Government Assessment Tool

HUD issued a notice on May 23, 2018 announcing withdrawal of the Local Government Assessment Tool requirement. In the notice, HUD pointed out that, "in the case of the Local Government Assessment Tool, HUD has determined that the current iteration of the Tool is substantively deficient and unduly burdensome because it has resulted in great expense to program participants and HUD, yet is it is not adequately guiding participants through the creation of acceptable AFHs."

The notice provides NCDA and other interest groups with a final opportunity to provide substantive comments to HUD on the Local Government Assessment Tool – what elements of the current Tool need to be changed to make it workable and less burdensome for CDBG grantees. Please provide your detailed recommendations to vwatson@ncdaonline.org by **July 11**.

HUD Issues Notice Seeking Comments on the Disparate Impact Rule

On June 20, HUD released an advanced notice of proposed rulemaking inviting public input on whether its 2013 Disparate Impact Rule should be revised in light of the 2015 U.S. Supreme Court ruling in *Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc.* Comments are due by August 20, 2018.

The 2013 Disparate Impact Rule provides that liability may be established under the Fair Housing Act based on a practice's discriminatory effect (i.e., disparate impact) even if the practice was not motivated by a discriminatory intent. In the *Inclusive Communities* ruling, while the Supreme Court held that disparate impact claims may be brought under the Fair Housing Act, it also provided limitations on such claims "to protect potential defendants against abusive disparate impact claims."

In the notice, HUD notes that a report issued by the Treasury Department in October 2017 recommended that HUD reconsider applications of the Disparate Impact Rule as it relates to the insurance industry.

Please provide input to vwatson@ncdaonline.org by August 3, 2018.

NEPA Notice Issued in the Federal Register

Through a notice published in the Federal Register on June 20, the Council of Environmental Quality (CEQ) is considering updating its implementing regulations for the National Environmental Policy Act (NEPA). CEQ is seeking comments on twenty questions that cover the NEPA process, the scope of NEPA review, and general regulatory items. This notice provides an important opportunity for NCDA to submit recommendations for changing the NEPA regulations. Please solicit comments from your staff who oversee NEPA and forward the comments to Vicki Watson at vwatson@ncdaonline.org **by July 13** for incorporation into NCDA's comment letter to CEQ. Please also submit your comments directly to CEQ by June 20. Please see the Federal Register notice for more information.

IDIS 11.16 Release

The 11.16 system release for IDIS Online includes new matrix codes to better define housing counseling activities. For a complete list of all IDIS enhancements, including for all CPD programs, please go here.

IDIS TA Review for Section 108

According to HUD, Financial Management Division staff are in the process of reviewing all CDBG grantees who have a Section 108 loan for compliance with guidelines on IDIS data tracking. Grantees should review program guidance, including the IDIS Manual and CPD Notice 17-04 and review their loan portfolio for compliance. Questions and concerns should be e-mailed to Section108@hud.gov.

HUD Launches Envision Centers in 17 Communities

HUD Secretary Ben Carson recently announced the launch of Envision Centers in 17 communities. The centers will be located near public housing developments and will offer supportive services to assist HUD-assisted families in the areas of employment, education, health, and mentoring. The designated centers are tasked with working with other stakeholders and resident councils to determine the services to be offered at each center and to leverage public-private partnerships and resources. HUD is expected to launch centers in other cities in the coming months.

NCDA Elects New President and Executive Officers

The National Community Development Association (NCDA) is pleased to announce the selection of George Mensah, City of Miami, FL, as its new President and the following members as executive officers for 2018/2019. The selection of officers was made at the NCDA 49th annual business meeting on June 16, 2018 in Long Beach, CA.

<u>2018/2019 NCDA Executive Committee</u>
George Mensah, Miami, FL, President
Dale Cook, Jr., Palm Springs, CA, Vice President
Sheryl Kenny, Arlington, TX, Secretary

Anne Marie Belrose, Boston, MA, Treasurer

The executive officers are recommended through the NCDA Nominations and Elections Committee, a council of their peers, and approved by the NCDA membership. It is quite an honor to serve on the Executive Committee. The Executive Committee is the leadership arm of the Board of Directors and monitors the activities and financial functions of the Association.

George Mensah, NCDA's newly elected President, is the Director of the City of Miami's Community & Economic Development Department. The Department oversees the Community Development Block Grant (CDBG) Program, HOME Investment Partnerships Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA) Program and the Section 8 Program (vouchers and moderate rehabilitation). Mr. Mensah has worked in the housing sector for three decades and prior to joining the City, worked for the Florida Housing Finance Corporation and Neighborhood Housing Services in New York City. In taking the helm as NCDA President, Mr. Mensah said, "It is an honor to be the President of NCDA for the 2018-2019 year and I look forward to continuing the work NCDA has done for the last 49 years. While our different communities grapple with tough issues including poverty and homelessness, housing affordability and economic inequality, working together collectively allows us to have a strong, unified voice in Washington, DC, advocating for community development programs that have helped the country's most vulnerable populations for decades." .

Eight Communities Receive the 2018 John A. Sasso National Community Development Week Award

On June 15, 2018, the National Community Development Association (NCDA) recognized the following communities with the 2018 John A. Sasso National Community Development Week Award during a luncheon at the 49th NCDA Annual Conference in Long Beach, FL.

- Jacksonville, FL
- Shreveport, LA
- Quincy, MA
- St. Louis, MO
- Columbia, SC
- Richland County, SC
- San Antonio, TX
- Burlington, VT

The award recognizes NCDA member efforts to promote and celebrate the Community Development Block Grant (CDBG) Program and the HOME Investment Partnerships (HOME) Program during National Community Development Week celebrated on April 2-6, 2018. National Community Development Week provides the opportunity for grantees, sub-recipients, beneficiaries, State and local partners, and the community to unite to celebrate and recognize CDBG and HOME by showcasing projects and educating the community and Congressional Members on program benefit and needs. This year marks the 32nd anniversary of National Community Development Week and the 18th anniversary of the John A. Sasso National Community Development Week Award. The award is named in honor of NCDA's founder, John A. Sasso.

Summer Training Schedule

Please go here to obtain the brochure and registration information on each of the following courses.

CDBG Subrecipient Management
McHenry County (Woodstock), IL
July 24-25, 2018

Advanced HOME/Underwriting Course
Aurora, CO
August 8-10, 2018

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

Advanced CDBG
Sonoma County (Santa Rosa), CA
August 21-23, 2018

CDBG Basics: Training for Practitioners
Austin, TX
August 29-31, s018

Please contact Steve Gartrell at sgartrell@ncdaonline.org with any questions regarding the above training courses or if you would like to host a course in your community.

Department of Housing and Urban Development
Budget Chart

Program	***FY18 Omnibus Spending Measure***	***President's FY19 Budget Proposal***	***House Appropriations Committee Approved FY19 Bill***	***Senate Appropriations Committee Approved FY19 Bill***
CDBG Formula Grants	$3.3 billion	$0	$3.3 billion	$3.3 billion
HOME Formula Grants	$1.362 billion	$0	$1.2 billion	$1.362 billion
Homeless Assistance Grants	$2.513 billion	$2.383 billion	$2.571 billion	$2.612 billion
Section 108	$300 million	$0	$300 million	$300 million
Choice Neighborhoods	$150 million	$0	$150 million	$100 million
HOPWA	$375 million	$330 million	$393 million	$375 million
Lead Based Paint Hazard Reduction	$230 million	$145 million	$230 million	$260 million
Elderly Housing (Section 202)	$678 million	$563 million	$632 million	$678 million
Housing for Persons with Disabilities (811)	$229.6 million	$132 million	$154 million	$154 million
Housing Counseling	$55 million	$45 million	$55 million	$45 million
Housing Choice Vouchers	$22.015 billion	$20.550 billion	$22.476 billion	$22.781 billion
Project-Based Section 8	$11.515 billion	$11.147 billion	$11.347 billion	$11.747 billion
Public Housing Operating Fund	$4.550 billion	$2.975 billion	$4.550 billion	$4.756 billion

Public Housing Capital Fund	$2.750 billion	$0	$2.750 billion	$2.775 billion
Rental Assistance Demonstration (RAD)	$0**	$100 million	$0	$0