NCDA Washington Report
July 31, 2018

Appropriations Update

With the end of the federal fiscal year looming before them, the Senate is trying to pass as many spending bills as possible before September 30. Senate Majority Leader Mitch McConnell (R-KY) is supporting passage of the less controversial bills in small tranches, known as minibuses, before the end of the federal fiscal year. The Senate will vote this week on a minibus spending bill – HR 6147 -- that includes four stand-alone spending measures: Interior, Environment, and Related Agencies; Financial Services and General Government; Transportation, Housing and Urban Development (THUD), and Related Agencies; and Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. The measure maintains the funding increase provided to CDBG and HOME in the FY18 omnibus spending measure - $3.3 billion for CDBG (increase of $300 million from FY17) and $1.362 billion for HOME ($412 million from FY17).

Before voting on the final bill, Senators will have to slog through a ton of proposed amendments including SA 3518, an amendment introduced by Senator Pat Toomey (R-PA) to withhold CDBG and Economic Development Administration grants from sanctuary cities (states and local jurisdictions) that do not comply with immigration requests from the Department of Homeland Security. NCDA urges its members to contact their senators to ask them to oppose this amendment. Other important amendments include the following:

Amendment 3545 introduced by Senator Bill Nelson (D-FL) would make the Disaster Housing Assistance Program (DHAP) available to people affected by Hurricanes Maria, Irma, and Harvey. DHAP provides temporary rental assistance and case management services.

The program hasn't been used in many years and FEMA has argued the program isn't necessary because its Direct Lease Program provides the same benefits to the survivors more efficiently and in a cost-effective manner. According to the Office of Inspector General, administrative costs for DHAP accounted for about 40 percent of the program.

Amendment 3634 introduced by Senator Ted Cruz (R-TX) would allow HUD to waive the requirements that disaster funding approved last year and this year in the FY18 omnibus spending bill primarily benefit low and moderate-income people. The amendment allows for 50% of the funds to benefit low and moderate-income people but gives HUD the discretion to allow the remainder of the funds to be used to assist hurricane survivors regardless of income level.

Amendment 3520 introduced by Senator Mike Lee (R-UT) would bar HUD from using FY19 funding to implement the Affirmatively Furthering Fair Housing (AFFH) final rule or the AFFH Assessment Tool.

Amendment 3550 introduced by Senator Todd Young (R-IN) would establish a bipartisan task force to evaluate and create national recommendations on the affordable housing crisis.

A few other amendments are discussed further in this newsletter.

In terms of next steps, the House has not scheduled a vote on its FY19 THUD spending bill. The bill passed the House Appropriations Committee on May 23rd and awaits House floor action. According to appropriations staff, if the Senate passes the minibus spending bill, the House will likely immediately begin to conference the two bills (without the House considering its version on the floor). The goal would be final passage of the bill sometime in September. While the House measure provides $3.3 billion for CDBG, it cuts HOME by $162 million, to $1.2 billion. The House measure also includes an amendment championed by NCDA that extends the HOME program's 24-month commitment deadline suspension through 2021 and makes Community Housing Development Organizations (CHDOs) eligible for suspension from 2018 to 2021. The Senate measure does not include the CHDO provision, but Senate staff is amenable to supporting the provision in the final bill.

Please see the budget chart at the end of this newsletter for Senate and House proposed FY19 funding levels for other HUD programs.

Connect with Your Congressional Members in August

August provides the perfect opportunity for you to connect with your Congressional Members to make them aware of the importance of CDBG, HOME and HUD's Homeless Assistance Programs to your community. This outreach can take various forms, but the best one is face-to-face interaction through a meeting, projects tour, ribbon cutting or other event. If your Congressional Member is unavailable to meet, then meet with their district office staff. Focus on the following points.

- Thank them for their support of the programs
- Talk with them about the importance of the programs to your community; how the funds are being used in the community
- Let them know why more funding is needed; discuss unmet need

If possible, bring a sub-recipient or beneficiary to the meeting with you. Congressional Members like to hear directly from the organizations or people the programs serve. To arrange an appointment, contact their scheduler. Go to the following sites for their contact information.

https://www.senate.gov
https://www.house.gov

Transitional Housing for Substance Use Recovery Legislation Approved by the House

Introduced by Rep. Andy Barr (R-KY), the Transitional Housing for Recovery in Viable Environments (THRIVE) Act of 2018 (H.R. 5735) creates a demonstration program in which 10,000 vouchers would be set-aside for the support of transitional housing for those individuals undergoing opioid use disorder or other substance use disorder recovery. These vouchers would be limited to 12-24 months and only available for people in programs that provide evidence-based treatment and job skills training according to standards established by the HUD Secretary. The THRIVE Act creates a pilot program to allocate Section 8 Housing Choice Vouchers to transitional housing non-profits with evidence-based models of recovery and life skills training. Rather than administering vouchers through public housing authorities, vouchers would be allocated directly to qualified non-profits in regions of the country with the highest rates of opioid-related deaths. The House passed the bill by a vote of 230-173 on June 14. The bill has been referred to the Senate for further consideration.

House Passes Voucher Demonstration Bill; Senate Amendment Introduced

On July 10, the House passed a housing voucher demonstration bill introduced by Reps. Sean Duffy (R-WI) and Emanuel Cleaver (R-MO). The Housing Choice Voucher Mobility Demonstration Act of 2018 (HR 5793) authorizes HUD to carry out a demonstration program to encourage voucher holders to move to lower poverty areas with expanded access to opportunities. The measure requires PHAs participating in the demonstration to band together to form a regional consortium and develop a regional mobility plan. Participating PHAs must have moderately-priced rental units for families to move to in higher-opportunity areas.

The bill does not provide additional funding for the demonstration program but does allow PHAs to use their existing administrative fees, administrative fee reserves, funding from other entities to provide mobility related services, and use of Housing Assistance Payments to provide security deposits when moving the families to higher opportunity areas. The House FY19 THUD spending bill includes $50 million for a voucher mobility demonstration. Up to $20 million is earmarked for new voucher assistance. The remaining $30 million can be used for services including rent deposits and administrative costs of operating the demonstration program.

Senators Young (R-IN), Blunt (R-MO) and Van Hollen (D-MD) have introduced companion language in the Senate through Amendment 3549 to the FY19 minibus spending bill. The amendment is expected to be voted on this week.

Credit Access Legislation Moves in Congress

The House has approved H.R. 435 – the Credit Access and Inclusion Act of 2017. Introduced by Rep. Keith Ellison (D-MN) last year and approved by the Financial Services Committee in December, the measure amends the Fair Credit Reporting Act to allow PHAs and other entities to report on positive consumer credit information, such as timely rent and utility payments, to credit bureaus.

A similar bill, S.3040 – Credit Access and Inclusion Act of 2018 – was introduced in the Senate by Senator Tim Scott (R-SC) and approved by the Senate Banking, Housing and Urban Affairs Committee on July 12. Senator Scott introduced an amendment (SA 3593) to the FY19 minibus spending bill to try to gain quick approval of the measure by the Senate. While the amendment language allows PHAs, landlords and other entities to report on timely payments, it also allows them to report on late payments to credit bureaus. The amendment is expected to be voted on this week.

Congress Passes Temporary Extension for the National Flood Insurance Program

Today, Congress sent legislation to the President to extend the National Flood Insurance Program (NFIP) for another four months. The program was set to expire at midnight. Congress has passed seven short-term extensions for the program in the last year. The federally-subsidized program has been running deficits since 2005 but major program reforms have stalled in Congress. More than 5 million people rely on the program to provide flood coverage. Louisiana, Texas and Florida have the most NFIP insurance policies.

HUD NEWS

HUD Secretary Announces Choice Neighborhoods Grants

On July 20, 2018, HUD Secretary Ben Carson announced the award of $144 million in Choice Neighborhoods Initiatives grants to the following communities: Baltimore, Phoenix, Shreveport, Tulsa, and Flint. According to the HUD announcement, the funds will be used to replace 1,788 severely distressed public housing units with 3,800 new mixed-income, mixed-use housing units.

OIG Report Recommends HUD Codify the CDBG-DR Program

The HUD Office of Inspector General (OIG) released an audit report on July 23, 2018 citing the need for HUD to codify the Community Development Block Grant Disaster Recovery (CDBG-DR) Program. The OIG chastised HUD for using Federal Register notices to operate the program because of the difficulty it poses for grantees. According to the OIG, 59 grantees with 112 active CDBG-DR grants totaling more than $47.4 billion (as of September 2017) had to follow requirements contained in 61 separate Federal Register notices to manage the program. Besides reducing the need for Federal Register notices, the OIG notes that codification of the program will provide a permanent regulatory framework for future disasters, standardize the rules for all grantees, and ensure that existing grants are closed in a timely fashion. The OIG believes HUD has the authority under the Housing Act of 1974 to codify the program and the report recommended that the Acting Director of the Office of Block Grant Assistance, Jessie Handforth Kome, work with the Office of General Counsel to do so.

Last 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. 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 is awaiting House floor action. Similar legislation has not been introduced in the Senate.

Local Government Groups Provide Joint Comment Letter to HUD on the Local Government Assessment Tool Notice

HUD issued a notice on May 23, 2018 announcing withdrawal of the Local Government Assessment Tool requirement. In the notice, HUD sought comment on the Local Government Assessment Tool. NCDA, U.S. Conference of Mayors, National Association of Counties, and the National Association for County Community Economic Development sent a joint letter to HUD on July 23rd with the following recommendations.

- Exempt Small Grantees. Exempt small CDBG and HOME grantees that receive $2 million or less in federal CDBG or HOME dollars from the requirement to develop the Assessment Tool. Instead, these grantees would continue to develop an Analysis of Impediments to Fair Housing Choice.

- Further Reduce the Administrative Burden and Financial Cost for Consolidated Plan Participants. Further streamline the Assessment Tool for those grantees that receive more than $2 million annually in CDBG or HOME funds, by reducing the administrative burden and cost of developing the Tool. Recommendations include: avoiding duplication of content with the Con Plan, incorporate the Tool into the Con Plan, require PHAs to complete Section C of the Tool, streamline the user interface, correct data issues, improve the approval process, and provide ongoing technical assistance. The letter is attached.

NCDA Training Schedule
NCDA is offering the following CDBG-related courses in September and October. Please go here to obtain the brochure and registration information on each of the courses.

CDBG Basics: Training for Practitioners
Jersey City, NJ
September 4-6, 2018

Advanced CDBG: Managing an Effective Program/CDBG Underwriting (3 Days)
Las Vegas, NV
September 10-12, 2018

CDBG Basics: Training for Practitioners
Aurora, CO
September 19-21, 2018

CDBG Basics: Training for Practitioners
Caldwell, ID
September 26-28, 2018

CDBG Subrecipient Management
Aurora, CO
October 3-5, 2018

Advanced CDBG: Managing an Effective Program/CDBG Underwriting (3 Days)
Duluth, MN
October 17-19, 2018

CDBG Subrecipient Management
Corpus Christi, TX
October 23-23, 2018
(held in conjunction with the NCDA Region VI Conference)

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