NATIONAL COMMUNITY DEVELOPMENT ASSOCIATION

NCDA Washington Report
May 6, 2019

Appropriations Update

The FY20 appropriations mark-up officially began last week with the mark-up of the following three spending bills at the subcommittee level in the House.

- Labor, Health and Human Services, Education
- Military Construction-Veterans Affairs
- Legislative Branch

The Transportation-HUD spending bill is expected to be marked-up in the House later this month. House Appropriations Committee Chairwoman Nita Lowey (D-NY) plans to complete action on all 12 spending bills by the end of June. HUD will need a boost in spending to cover annual rent and utility costs in the Section 8 contracts and to offset a decline in FHA receipts. The CDBG Coalition is advocating an increase of $3.8 billion in the CDBG program for FY20 and the HOME Coalition is advocating an increase of $1.5 billion for the HOME program. Funding for both programs was zeroed out in the President's FY20 budget.

House Budget Committee Chairman, Rep. John Yarmuth (D-KY), and House Appropriations Committee Chairwoman, Nita Lowey (D-NY) unveiled a bill – Investing for the People Act (HR 2021) – to lift the federal budget caps for FY 2020 and FY 2021 to increase spending for defense and non-defense discretionary programs. The measure was approved by the House on a vote of 219-201. Defense spending would be increased from $647 billion in FY19 to $664 billion in FY20, an increase of $17 billion or 2.6 percent. Non-defense discretionary spending would be increased from $597 billion to $631 billion, an increase of $34 billion or 5.7 percent, but only 3.2 percent after adjusting for inflation.

Unlike the House, the Republican-controlled Senate will likely not act on its own to increase the budget caps. This means Senate appropriators are faced with using the very low federal funding caps set under the 2011 Budget Control Act (BCA) to mark-up their FY20 spending bills, which means cuts for federal programs unless a budget agreement is reached by Senate leaders and the White House. Absent a budget deal that raises the BCA caps, non-defense discretionary programs would be cut by $54 billion and defense by $71 billion. The Senate is expected to start marking-up their spending bills this month.

House Financial Services Committee Holds Hearing on Housing as Infrastructure

Last week the House Financial Services Committee held a hearing to examine a discussion draft of legislation put forward by Chairwoman Maxine Waters (D-CA). The Housing is Infrastructure Act of 2019 would authorize $92 billion for various programs to fund affordable housing and related infrastructure activities.

The draft bill includes the following provisions:

- $70 billion to address the public housing capital backlog
- $10 billion for a CDBG set-aside to incentive grantees to eliminate impact fees and streamline the process for the development of affordable housing. The CDBG funds would be targeted at affordable housing.
- $5 billion for the Housing Trust Fund to develop new affordable housing units for the lowest-income households
- $100 million for low-income, rural, elderly individuals to age in place.

While NCDA supports this measure, we would like to see the CDBG component changed from a competitive application process to a formula-based allocation and flexibility to fund a broad range of infrastructure activities. In March, the CDBG Coalition sent the attached letters to the leaders of the House and Senate infrastructure and HUD authorizing committee touting CDBG as a successful infrastructure program and one that can be used to funnel infrastructure resources.

While the bill is likely to be passed by the House, the Senate will not take up the measure. While enactment of the legislation is unlikely, it does provide a framework for discussion of a larger infrastructure bill and it provides support for CDBG as infrastructure; a message that NCDA and the CDBG Coalition have been advocating in our Hill visits.

Congressional Leaders Meet with President Trump on Infrastructure

House Speaker Nancy Pelosi and Senate Majority Leader Chuck Schumer met with President Trump last week to begin discussions on a comprehensive infrastructure bill. The Democratic leaders set forth three requirements:

- The infrastructure package must provide enough resources to meet the nation's infrastructure needs with substantial, new revenue.

- The infrastructure package must be comprehensive and include clean energy and resiliency priorities. The package needs to go beyond transportation and look at broadband, water, energy, schools, housing and other initiatives. The package must also include resiliency and risk mitigation funding.

- The plan must have Buy America, labor, and women, veterans and minority-owned protections to provide jobs in the sectors.

Disaster Aid Package

The Senate is close to reaching agreement on a $17 billion disaster aid package for those states hit by natural disasters in the last few years and Midwestern states hit recently with flooding. According to sources, the package would add $431 million in new CDBG funds, of which $304 million would be earmarked for Puerto Rico. The bill includes an amendment requiring HUD to release previously appropriated funds to Puerto Rico within 90 days. The Senate could vote on the package as early as this week. The House plans to vote on a similar $17.2 billion disaster aid package this week.

Senators Rubio and Scott Introduce Legislation to Create Disaster Opportunity Zones

Senators Marco Rubio (R-FL) and Rick Scott (R-FL) introduced the Disaster Opportunity Zone Act to allow governors in Florida, California, Georgia, South Carolina, and North Carolina to nominate areas affected by natural disasters in 2018 to be designated as Disaster Opportunity Zones. The governors would select the greater of 25 census tracts or 25 percent of all low-income census tracts in their state affected by natural disasters from January 1, 2018 to March 1, 2019 to become Disaster Opportunity Zones.

White House Releases Opportunity Zone Implementation Plan

The White House Opportunity and Revitalization Council (Council) published a work plan on how the Council (which is chaired by HUD Secretary Ben Carson) will accomplish the goals set out in the executive order establishing the Council last December. According to the plan, four subcommittees will focus on reforms and initiatives to target, streamline and coordinate federal resources and leverage private capital to stimulate economic development, encourage entrepreneurship, expand education and workforce development opportunities, and promote safe neighborhoods. The fifth subcommittee, led by the Council of Economic Advisers (HUD, Treasury, Commerce), will develop and implement measurement and analysis tools to gauge the effectiveness of the Opportunity Zone tax incentive and the Council's work plan.

The National Council of State Housing Agencies (NCSHA) is tracking the number of Opportunity Zone Funds that have been formed for the purpose of attracting investment in Opportunity Zones. According to NCSHA, nearly 60 percent of the currently established Opportunity Funds plan to invest in affordable and workforce housing or community revitalization.

Section 3 Proposed Rule

On April 4, HUD published a proposed rule on the Section 3 program. The program has operated under the same interim rule since 1994.

Proposed Rule Changes

- The grantee threshold would be eliminated.
- The proposed rule would establish a $200,000 per project threshold.
- The proposed rule proposes the tracking and reporting of labor hours instead of new hires.
- In place of the term "Section 3 resident," the rule creates the term "Section 3 worker."
- The proposed rule replaces the current 30% employment "goals" with benchmarks that look at the total number of labor hours worked by Section 3 workers.
- Section 3 monitoring and enforcement would be moved from the Office of Fair Housing and Equal Opportunity to the Office of Community Planning and Development and the Office of Public and Indian Housing.

HUD is collecting public comments on the rule. NCDA has formed a working group of members and will provide comments on the proposed rule by the June 3 deadline.

New IDIS Training Modules

HUD has added the following new training modules for CDBG grantees on using IDIS. Each module allows you to follow along as IDIS expert users show you how to navigate through screens and enter your data correctly.

- Introduction to Low Mod Area Activities provides information on the eligible uses of CDBG for LMA activities, the Low Mod Area national objective, and common mistakes to avoid when reporting on those activities.

- Adding LMA Activities provides step by step instruction on adding a new LMA activity, so that you can commit program funds to it and use IDIS to draw funds from your grant allocation.

- Reporting on LMA Accomplishments provides instruction on the data entry process of reporting accomplishment data for an LMA activity, which must be done annually although more frequent reporting is encouraged.

To view all modules, including an introduction to IDIS and Low Mod Housing modules, as well as the new LMA modules, go here.

Opportunity Zones Notice

On April 17, HUD published a Request for Information (RFI) on HUD's involvement in Opportunity Zones. The notice seeks comments on the use of HUD-administered programs and resources in Opportunity Zones. According to the RFI, HUD is reviewing its existing policies, practices, planned actions, regulations, and guidance regarding HUD-administered programs and laws to identify actions HUD can take to encourage investment in Opportunity Zones.

NCDA has formed a working group of members and will provide comments on the proposed rule by the June 17 deadline.

CDBG Entitlement FAQs

HUD has published a set of Frequently Asked Questions for the CDBG Entitlement Program. The FAQs address a series of topics such as code enforcement, urban county status, assisting the homeless, job training, homebuyer assistance, overall benefit, consolidated plan and many more topics.

National Community Development Week Recap

Members used a variety of platforms – Twitter, YouTube, Facebook, Instagram, and LinkedIn – to market and celebrate National Community Development Week. Thanks to Melissa Pond (Quincy, MA) for compiling the following stats on the use of the hashtag #CDWeek2019 during National Community Development Week.

Facebook
- 4,226 people reached through posts on NCDAonline Facebook page compared with a reach of 2,803 in 2018 and 2,792 in 2017.

Twitter
- 451 tweets compared with 114 tweets in 2018 and 96 tweets in 2017
- 838,763 potential reach (potential number of unique users that could have seen the hashtag)
- 1.5 million potential impacts (potential number of times someone could have seen the hashtag)

Share your National CD Week Documents, Videos and Pictures
Although National Community Development Week is over, we are still collecting member documents, videos and photos for our database. Please go to the following link to download your items.

https://www.dropbox.com/request/0YESxrCalKAnqnpGRE6j

John Sasso National Community Development Week Award Application
To recognize outstanding local National CD Week activities conducted by members, NCDA is accepting applications for the 2019 John Sasso National Community Development Week Award through May 17. The top five applicants will receive an award. The awards will be given out at a special awards luncheon on Friday, June 21, during NCDA's 50th annual conference in Jacksonville, FL. The application is attached.

50th Annual Conference Update; Hotel Sold Out

We are up to 254 registrants for the annual conference. The conference will be held at the Omni Hotel, 245 Water Street, Jacksonville. Please note that our room block at the Omni is sold out. We have overflow rooms available at $94/night plus tax at the Lexington Hotel which is across the river. Please ask for the National Community Development Association rate. The local Water Taxi docks at the hotel and lands ½ block from the Omni. Reservations at the Lexington Hotel may be made, modified or cancelled by calling the hotel directly at 904-396-5100. Reservations cannot be made for this group when calling our toll-free number. The reservation cut-off date is May 18, 2019. After this date, the group rate can no longer be guaranteed; any additional reservations will be made based on room availability and the best available rate.

The general conference registration rate of $650 for members/$750 for non-members expires on June 1. Please go here to register for the conference. Please contact Steve Gartrell at sgartrell@ncdaonline.org with any questions.

Upcoming NCDA Training
NCDA is pleased to offer the following training in the coming months. Please go to the following link to obtain course information and to register: https://ncdaonline.org/training

Managing CDBG Subrecipients
May 21-23
Boise, ID

Advanced HOME/Underwriting
July 17-19
Columbus, GA

Managing CDBG Subrecipients
August 6-8
Santa Rosa/Sonoma County, CA

CDBG Disaster Recovery (coming soon)
September 10-11, 2019
Baytown, TX

Advanced HOME/Underwriting (coming soon)
September 18-20
Fort Worth, TX

HOME Basics (coming soon)
October 8-10, 2019
St. Paul, MN

Please contact Heather Johnson at austaus@aol.com regarding the above training courses or If you are interested in hosting a training course in your community.

Department of Housing and Urban Development
Budget Chart

Program	***FY18 Omnibus Spending Measure***	***President's FY19 Budget Proposal***	***FY19 Omnibus Spending Measure***	***President's FY20 Budget Proposal***
CDBG Formula Grants	$3.3 billion	$0	$3.3 billion	$0
HOME Formula Grants	$1.362 billion	$0	$1.25 billion	$0
Homeless Assistance Grants	$2.513 billion	$2.383 billion	$2.636 billion	$2.599 billion
Section 108	$300 million	$0	$300 million	$0
Choice Neighborhoods	$150 million	$0	$150 million	$0
HOPWA	$375 million	$330 million	$393 million	$330 million
Lead Based Paint Hazard Reduction	$230 million	$145 million	$279 million	$290 million
Elderly Housing (Section 202)	$678 million	$563 million	$678 million	$644 million
Housing for Persons with Disabilities (811)	$229.6 million	$132 million	$184 million	$157 million
Housing Choice Vouchers	$22.015 billion	$20.550 billion	$20.3 billion	$22.24 billion
Project-Based Section 8	$11.515 billion	$11.147 billion	$11.347 billion	$12.021 billion
Public Housing Operating Fund	$4.550 billion	$2.975 billion	$4.653 billion	$2.86 billion
Public Housing Capital Fund	$2.750 billion	$0	$2.775 billion	$0