



NCD A Washington Report

August 5, 2019

Spending Deal Enacted; Reach Out to Your Congressional Members

On August 2, President Trump signed into law the *Bipartisan Budget Act of 2019* (H.R. 3877), a \$1.3 trillion budget deal that lifts the spending caps imposed by the Budget Control Act of 2011. House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin negotiated the deal which provides increased spending for federal programs, permanently eliminates the spending caps, includes \$77 billion in offsets, and suspends the federal debt ceiling through July 31, 2021. As part of the agreement, House Democrats have agreed to exclude policy riders from any of the FY20 spending bills.

The budget agreement increases non-defense domestic spending above FY19 levels by \$27 billion in FY20 and \$29 billion in FY21. While the budget deal is good news, the reality is that the House-passed appropriations bills were marked up to a non-defense level of \$631 billion, which is \$9 billion higher than the amount available with the new spending caps. This means the House will have to make spending cuts in some domestic programs.

The enactment of the budget agreement allows the Senate to move forward with its 12 spending bills that have been in limbo while awaiting the budget deal. The Senate is expected to announce its subcommittee allocations in early September. The House and Senate will then need to negotiate final program allocations and pass the 12 spending bills by September 30, the end of the federal fiscal year, or face a possible government shutdown. More than likely, Congress will pass a short-term continuing resolution if more time is needed to finalize the spending bills.

We are coming down to the wire on the final decisions for FY20 funding for CDBG and HOME so it is imperative that you reach out to your Congressional Members that serve on the [Senate Transportation- HUD Subcommittee](#) during the August recess to urge them to fund CDBG at \$3.8 billion in FY20 and HOME at \$1.750 billion. Please send the attached sample letter to your Senate THUD member as soon as possible. Please e-mail the letter to their DC office and drop it off at their nearest district office. This information is available on their websites which can be accessed by going to the following link:

<https://www.senate.gov/senators/index.htm>

Both chambers are in recess until September 9. The recess period provides the opportunity for you to urge your members of Congress to support increased funding for CDBG, HOME and other HUD programs. It also provides the opportunity for you to meet with your Congressional members to showcase your CDBG and HOME funded projects and discuss the need for more program funding. We urge you to do so.

CDBG Coalition Unveils CDBG Report on Program Impact and Funding Need

The CDBG Coalition hosted a congressional briefing on July 23, 2019 to unveil a new national report on CDBG, *CDBG: Impact and Funding Need*, and urge congressional support for increased funding for the program. NCDCA's Executive Director, Vicki Watson, provided an overview of the report including findings from a CDBG Needs Survey. The following state and local officials participated in the briefing to discuss the impact of CDBG on their community and to urge Congress to increase funding for the program.

- The Honorable Patrick L. Wojahn, Mayor of College Park, Maryland
- The Honorable Larry Nelson, Supervisor, Waukesha County, Wisconsin
- Erik Johnston, Director, Virginia Department of Housing and Community Development, Richmond, VA

The CDBG Coalition, a network of 32 national organizations, led by the National Community Development Association, developed the report to educate Congress and the public on the impact of the CDBG program and the need for more program funding. The report provides an overview of the CDBG program; how it works and program impact. The report also discusses the erosion of program funding and examines CDBG funding need across the country including the results of a *CDBG Needs Survey*.

Important report findings include the following:

- **The CDBG program is impactful.** CDBG has invested nearly \$64 billion in local economies since 2000. Further, every \$1.00 of CDBG funding leverages another \$4.09 in public and private funding.
- **The need for the CDBG program has increased.** In 1975, 594 grantees received an allocation of CDBG funds. Today, 1,268 grantees receive an allocation of funds.
- **Program funding has not kept pace with program need.** CDBG funding has declined. Since FY 2001, CDBG formula funding has been reduced by \$1.1 billion, from \$4.4 billion in Fiscal Year 2001 to \$3.3 billion in Fiscal Year 2019. Further, program funding has increased very little since the inception of the program. In 1975, Congress allocated \$2.4 billion to the program. In 2019, Congress appropriated \$3.3 billion to the CDBG program.
- **The program has never been adjusted for inflation.** If resources were maintained with inflation, \$2.4 billion in 1975 would have the same buying power as \$11.2 billion today.
- **Local projects have been cancelled, delayed, reduced and eliminated due to a lack of CDBG funding.** Over 92% of the 253 local governments that responded

to the *CDBG Needs Survey* have reduced local CDBG-funded programs because of a lack of CDBG funding and nearly 70% have eliminated some programs altogether because of a decrease in CDBG funding.

Nearly 45 years after its enactment, the CDBG programs remains one of the most important resources for states and local governments and their non-profit partners to use in devising flexible solutions to meet community development needs for low- and moderate-income neighborhoods and people. CDBG is an important investment tool for communities and neighborhoods, but program funding has significantly declined while the need for the program has increased. Program funding must increase to meet local need to ensure CDBG grantee communities are healthy, vibrant and thriving.

The CDBG Coalition hopes the survey results will raise awareness of the decline in CDBG funding, educate the Administration, policy makers and others on the importance and impact of CDBG nationally, the need for increased program funding, and help turn the tide on disinvestment in the program and communities.

The report is available at the following link. Please share the report on your social media sites and with your Congressional members.

<https://ncdaonline.org/wp-content/uploads/2019/07/CDBG-Report-72019.pdf>

For more information, please contact Vicki Watson, Executive Director, National Community Development Association, at vwatson@ncdaonline.org.

CDBG-DR Authorization Legislation Introduced in the Senate

Senators Brian Schatz (D-HI) and Todd Young (R-IN) have introduced the *Reforming Disaster Recovery Act of 2019* to permanently authorize the Community Development Block Grant – Disaster Recovery (CDBG-DR) program. The measure is a companion bill to the House measure (of the same name) introduced by Representatives Ann Wagner (R-MO) and Al Green (D-TX) and which passed the House Financial Services Committee last month. The measure helps communities plan for and recover from major disasters. The measure has been referred to the Senate Committee on Banking, Housing, and Urban Affairs. NCDA participates in the Disaster Housing Recovery Coalition and supports both measures.

Bill Highlights

- The measure requires HUD to allocate federal disaster money within 60 days after Congress approves CDBG-DR funding.
- The measure requires FEMA, HUD and the Small Business Administration to develop a common application.
- The measure requires federal agencies to share all data to help coordinate disaster recovery efforts.
- The measure allows HUD to provide housing assistance to people experiencing homelessness and at risk of homelessness who are not receiving housing assistance from FEMA.

- The measure requires rebuilt or substantially repaired structures located in flood areas to meet mitigation standards.
- The measure requires any infrastructure repaired or constructed with federal recovery dollars to have the minimum standard of protection from floods and storm waters.
- The measure requires a one-for-one replacement of damaged or destroyed public or federally subsidized rental housing.
- The measure improves federal coordination of disaster funding by establishing an office within HUD devoted to disaster recovery and resilient communities.
- The measure directs HUD and the Government Accountability Office to submit reports to Congress on how to improve the federal government's efforts to provide housing in the wake of a natural disaster.

House Passes Two Bills to Improve Disaster Recovery Reporting

On July 24, the House passed the *Post-Disaster Online Accountability Act* and the *Disclosing Aid Spent to Ensure Relief (DISASTER) Act*. Both measures were introduced by Representatives Mark Meadows (R-NC) and Scott Peters (D-CA). The first measure would direct the Office of Management and Budget (OMB) to collect and post online quarterly data on all currently funded federal disaster recovery projects. The second measure would require OMB to submit an annual report to Congress on all disaster-related assistance provided by the federal government including mitigation spending, loans, grants, obligations and administrative costs associated with disaster relief.

Similar legislation has not been introduced in the Senate.

HUD NEWS

HUD Expected to Release New Fair Housing Rule

HUD is expected to publish a fair housing rule in the Federal Register in the coming weeks to amend the final rule put in place by the Obama Administration on February 15, 2013, which implemented the Fair Housing Act's disparate impact standard. This rule set the stage for HUD's development of the Assessment of Fair Housing Tool which has been suspended by the Trump Administration. The new proposed rule is expected to change the interpretation of the disparate impact standard. We will provide more information once the rule has been published.

HUD Develops Online CHDO Course

HUD has developed an online [course](#) for CHDOs and participating jurisdictions on the CHDO regulatory requirements in the HOME program. The course covers the following topics.

- CHDO set-aside requirement
- CHDO organizational structure
- CHDO eligible activities
- CHDO as owner, sponsor, or developer of housing
- CHDO incentives (operating assistance, predevelopment assistance, and CHDO proceeds)

HUD Publishes HEROS Quick Guides and Latest Update to the User Guide

HUD has created the following HEROS [quick reference guides](#) for grantees.

- HEROS Assigning Reviews
- Environmental Review Troubleshooting and Best Practices
- Completing a Request for Release of Funds/Authority to Use Grants Funds for Part 58 Reviews
- Setting Up a Broad-Level Tiered Environmental Review
- Completing a CEST Broad-Level Tiered Environmental Review

HUD has also updated its [HEROS User Guide](#) to reflect changes made to the HEROS system since August 2016 which include changes on the following topics: implementation of partner use roles, addition of the assign review feature, and modification of the new request for release of funds and authority to use grant funds screens.

NCDCA NEWS

Upcoming NCDCA Training

NCDCA is pleased to offer the following training in the coming weeks and months. Please go to the following link to obtain course information and to register: <https://ncdaonline.org/training>

Managing CDBG Subrecipients

August 6-8, 2019

Santa Rosa/Sonoma County, CA

HOME Basics

August 6-8, 2019

Deerfield Beach (Broward County), FL

CDBG Disaster Recovery

September 10-11, 2019

Baytown, TX

Advanced HOME/Underwriting

September 18-20, 2019

Fort Worth, TX

CDBG Basics

September 24-26, 2019

Deerfield Beach, FL

Advanced CDBG/Underwriting

September 25-27, 2019

Coeur d'Alene, ID

HOME Basics

October 8-10, 2019

St. Paul, MN

Managing CDBG Subrecipient

October 15-17, 2019

Horry County, SC

Advanced HOME/Underwriting

October 16-18, 2019

Skagit, WA

Please contact Heather Johnson at hjohnson@ncdaonline.org 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**

<i>Program</i>	<i>FY18 Omnibus Spending Measure</i>	<i>FY19 Omnibus Spending Measure</i>	<i>President's FY20 Budget Proposal</i>	<i>House Approved Levels</i>
CDBG Formula Grants	\$3.3 billion	\$3.3 billion	\$0	\$3.6 billion
HOME Formula Grants	\$1.362 billion	\$1.25 billion	\$0	\$1.750 billion
Homeless Assistance Grants	\$2.513 billion	\$2.636 billion	\$2.599 billion	\$2.8 billion
Section 108	\$300 million	\$300 million	\$0	\$300 million
Choice Neighborhoods	\$150 million	\$150 million	\$0	\$300 million
HOPWA	\$375 million	\$393 million	\$330 million	\$410 million
Lead Based Paint Hazard Reduction	\$230 million	\$279 million	\$290 million	\$290 million
Elderly Housing (Section 202)	\$678 million	\$678 million	\$644 million	\$804 million
Housing for Persons with Disabilities (811)	\$229.6 million	\$184 million	\$157 million	\$259 million
Housing Choice Vouchers	\$22.015 billion	\$20.3 billion	\$22.24 billion	\$21.4 billion
Project-Based Section 8	\$11.515 billion	\$11.347 billion	\$12.021 billion	\$12.590 billion
Public Housing Operating Fund	\$4.550 billion	\$4.653 billion	\$2.86 billion	\$4.753 billion
Public Housing Capital Fund	\$2.750 billion	\$2.775 billion	\$0	\$2.855 billion

