



## **NCDCA Washington Report**

### **October 27, 2020**

#### **Appropriations Update**

The federal government is operating under a Continuing Resolution (CR) through December 11, 2020. While the House managed to pass its 12 spending bills for FY21, the Senate has not passed any. Congress plans to revisit the FY21 spending bills after the November election.

The CR provides more time for Congressional leaders and the White House to either negotiate a spending deal by mid-December or pass another stopgap bill into next year. Securing agreement on 12 spending bills during a lame duck session following an election is a tall order and many pundits predict Congress will choose to pass another CR and leave the FY21 spending decisions to the next Congress and Administration.

#### **Coronavirus Relief Negotiations**

Coronavirus relief talks have faltered in recent days due to disagreement on language on a national Covid-19 testing and tracing plan. House Democrats passed their \$2.2 trillion coronavirus relief package five months ago and have waited for the Senate and the Administration to come to the negotiation table, which they have done in recent weeks. The House coronavirus package, approved in May, includes \$5 billion for the regular CDBG program (advocated for by NCDCA), \$11.5 billion for the ESG Program to support additional homeless assistance and prevention activities to mitigate the impact of COVID-19, \$100 billion for emergency rental assistance to help low-income renters at risk of eviction due to the economic impacts of COVID-19, and \$375 billion to help state and local governments replace lost revenue due to the negative economic impacts of COVID-19. The measure also includes another round of the \$1,200 economic impact payments and federal enhanced unemployment benefits.

The Trump Administration is offering \$1.8 trillion to support another coronavirus relief package and is willing to go higher, but Senate Majority Leader, Mitch McConnell and other conservative Senate Republicans do not support such a high price tag. Senate Democrats were able to block a vote last week on the Senate Republicans' \$500 billion relief bill as the White House and House Speaker Nancy Pelosi continued negotiations on a larger package for families and businesses.

House Speaker Nancy Pelosi has been pushing for expansion of the child tax credit and the earned income tax credit, both of which benefit low-income Americans, as part of the negotiations. The Administration has resisted the proposal until recently. From the onset of the negotiations, Pelosi has

also been pushing for aid to state and local governments and while the Administration initially did not want to provide any funding for revenue aid to state and local governments, they have recently agreed to \$300 billion. Without a deal in place soon, Pelosi has warned it will be too late to pass anything by Election Day and has hinted that a relief bill will not be passed until the new Congress is inaugurated at the end of January.

## **CDC Eviction Moratorium FAQs**

The U.S. Centers for Disease Control and Prevention (CDC) published an updated set of national eviction moratorium [frequently asked questions](#) earlier this month, outlining renter and landlord rights under the national moratorium order. The moratorium, which went into effect on September 4, 2020 and lasts through December 31, 2020, was meant to prevent a massive wave of evictions during the coronavirus-induced economic downturn. The moratorium's protections were not automatically granted to all tenants. Tenants must opt in by notifying their landlord via a signed affidavit that they cannot afford their monthly rent. The new FAQs from the Trump administration states that landlords are not required to make their renters aware of the moratorium. The guidance also states that the moratorium does not prevent landlords from starting eviction proceedings so long as the eviction does not occur before the end of the year.

## **Section 3 Final Rule Released**

On September 29, 2020, HUD published a [final rule](#) implementing the Section 3 requirement for CDBG and other HUD programs. The rule becomes effective on November 30, 2020. HUD is working on a guidance memo for grantees.

HUD issued a proposed Section 3 rule on April 4, 2019. The U.S. Conference of Mayors joined with NCDCA on its [comment letter](#). Several recommendations from this letter are adopted in the final Section 3 rule.

- HUD adopted NCDCA's recommendation to allow grantees to determine the Section 3 reporting requirements for subcontractors.

*"The rule implements the suggestion provided in the comments that the recipient be allowed to decide on the extent of the Section 3 reporting requirements for subcontractors where the statute does not constrain HUD from providing this flexibility."*

- HUD adopted NCDCA's recommendation that HUD monitoring and enforcement of Section 3 for CPD grantees be moved from the Office of Fair Housing and Equal Opportunity to the Office of Community Planning and Development.

*"HUD believes Section 3's objectives will be better achieved by moving Section 3 oversight into the program offices so that HUD staff who are actively engaged with recipients in the program planning and activities will bring Section 3 concerns and considerations into their routine interactions with the recipients."*

- NCD A strongly recommended replacing the current separate Section 3 SPEARS data collection by integrating Section 3 data collection into existing IDIS reporting for CDBG and HOME. HUD indicated their support for this proposal.

*“HUD agrees that the Integrated Disbursement and Information System (IDIS) and DRGR should be modified to ensure accurate Section 3 compliance reporting for CDBG and HOME recipients. HUD will also adjust our data collection systems as necessary to ease administrative burden for grantees and to eliminate redundancy.”*

- NCD A recommended that reporting for CPD grantees be through the CAPER rather than SPEARS. HUD indicated their support of this recommendation.

*“HUD supports efficient and effective Section 3 compliance reporting through current mechanisms, such as the Annual Action Plan and/or CAPER, for applicable HUD programs. HUD may also look into reporting into other existing systems rather than requiring recipients to log into and report under a separate system, such as the existing SPEARS.”*

- HUD adopted NCD A’s recommendation that Section 3 reporting be limited to completed projects.

*“HUD believes that CPD project reporting should be based on those projects completed during a program year.”*

### **Move to Labor Hours**

HUD will use labor hours worked, instead of new hires, as the measurement for assessing Section 3 compliance. The final rule allows for good faith reporting for those contractors and subcontractors that do not have an existing time and attendance reporting system. CDBG recipients must comply with the reporting requirements beginning with the first full program year for projects committed or awarded after November 30, 2020.

### **Section 3 Project Threshold**

The final rule increases the per project threshold from the current \$100,000 to \$200,000. The final rule clarifies that HUD may change the threshold later via Federal Register notice, subject to public comment, based on updated data and accounting for inflation. A project is defined as the “site or sites together with any buildings or improvements located on the site(s) that are under common ownership, management, and financing.”

The final rule adopts a \$100,000 project threshold regarding application of Section 3 to Lead Hazard Control and Health Homes programs.

### **Section 3 Worker**

The final rule replaces the term “Section 3 resident” with “Section 3 worker” defined as someone hired within the past five years that meets one of the following criteria:

- Has an income level that is less than the income level for the program triggering Section 3 (80% or less of the AMI for CDBG and HOME); or

- The worker is employed by a Section 3 business, or
- The worker is a Youth Build participant

### ***Section 3 Business***

The final rule defines “Section 3 Business” as one that meets one of the following criteria, documented within the last six months:

- At least 51% of the business is owned and controlled by low- or very-low income people; or
- Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers, or
- At least 51% of the business is owned or controlled by public housing or Section 8 residents.

### ***Section 3 Geographic Area***

Recipients (grantees) must “to the greatest feasible” provide employment and training opportunities to Section 3 workers in the metropolitan area. “Where feasible” recipients should give priority to Section 3 workers who live in a project’s service area or neighborhood and to Youth Build participants.

The final rule defines “service area or neighborhood” as an area within a one-mile radius of the Section 3 project. If fewer than 5,000 people live within that one-mile radius, the circle may be expanded outward until that population (at least 5,000 people) is reached.

### ***Targeted Section 3 Worker***

This is a new category of work. The final rule defines a Targeted Section 3 Worker as:

1. A worker employed by a Section 3 business, or
2. A worker who currently meets or will meet when hired one of the following categories, as documented within the past five years:
  - Living in the service area or neighborhood of a Section 3 project, or
  - A Youth Build participant

### ***Section 3 Benchmarks***

The final rule replaces the existing Section 3 “goals” with the following benchmarks.

1. Section 3 workers make up 25% of the total number of labor hours worked by all workers, *and*
2. Targeted Section 3 workers make up 5% of the total number of labor hours worked by all workers.

### ***Safe Harbor***

The final rule includes a “safe harbor” provision. Once a recipient certifies that it has met the Section 3 benchmarks and other program requirements, then HUD will presume the jurisdiction is complying with Section 3. Recipients will not have to continue reporting any additional Section 3 employment or contracting activities.

## ***Reporting***

Recipients must report the following information to HUD.

- Total number of labor hours worked; and
- Total number of labor hours worked by Section 3 Workers, and
- Total number of labor hours worked by Targeted Section 3 Workers

## **HUD Releases Homelessness Program Waivers**

HUD has released the following [waivers](#) for the regular Emergency Shelter Grants (ESG), Continuum of Care (CoC), and Youth Homelessness Demonstration programs to assist with the coronavirus pandemic. Grantees wishing to use these waivers in their program operations must notify their HUD Field Office CPD Director in writing.

The following waivers are available to the CoC and YHD Programs:

### Third-Party Documentation of Income

The CoC and YHD programs require records be kept of a program beneficiary's income (including back-up documentation). This requirement is waived through December 31, 2020. Grantees may accept a written self-certification without source income documentation.

### Initial Unit Inspection for HQS

The requirement that the recipient or subrecipient physically inspect each unit to assure the unit meets HQS before providing program assistance is waived through December 31, 2020, if:

1. An owner certifies they have no reasonable basis to have knowledge that life-threatening conditions exist in the unit(s); and
2. A recipient or subrecipient has written policies to physically inspect the unit(s) within 3-months after health officials determine special measures are no longer needed to prevent the spread of coronavirus.

### Suitable Dwelling Unit Size

The requirement that units assisted with CoC or YHD program funds must have at least one bedroom or living/sleeping room for each two persons is waived for recipients providing Permanent Housing-Rapid Re-Housing assistance for leases executed between September 30, 2020 and December 31, 2020.

### CoC Program Only: Coordinated Entry - Annual Ongoing Planning and Stakeholder Consultation

The requirement that CoCs seek annual feedback from stakeholders on the implementation of coordinated entry is waived for one year from September 30, 2020.

### Assistance Available at Time of Renewal

The CoC program requirement that the renewal grant amount be based on the budget line items in the final year of the grant being renewed is further waived for all projects that amend their grant agreement between October 1, 2020 and December 31, 2020 to move funds between budget line items in a project in response to the COVID-19 pandemic. Recipients may then apply in the next FY CoC program funding

cycle based on the budget line items in the grants before they were amended. HUD will consider any grant agreement amendment executed between March 31, 2020 and December 31, 2020 to move funds between budget line items in response to COVID-19 as notification to HUD.

#### Permanent Housing-Rapid Re-Housing Monthly Case Management

The requirement that recipients must require people assisted in permanent housing-rapid re-housing projects meet with a case manager at least monthly is waived through December 31, 2020.

#### Fair Market Rent (FMR)

The requirement that rent payments not exceed the FMR is waived through December 31, 2020.

#### Disability Documentation for Permanent Supportive Housing

The requirement that recipients obtain documentation of a program participant's disability within 45 days of application is waived until public health officials determine that no additional special measures are necessary to prevent the spread of the coronavirus. A written certification by the program participant that they have a qualifying disability will be acceptable documentation.

#### One-Year Permanent Supportive Housing Lease Requirement

The one-year lease requirement for Permanent Supportive Housing is waived for leases executed between September 30, 2020 and December 31, 2020, as long as the initial term of all leases is at least one month.

The following waiver is available to the ESG program.

#### Homeless Definition - Temporary Stays in Institutions for 90 Days or Less

The definition of homeless (an individual who is exiting an institution where they have resided for 90 days or less and has resided in an emergency shelter or place not meant for human habitation immediately before entering the institution) is temporarily changed to allow people to reside in an institution for up to 120 days. This waiver is in effect from September 30, 2020 through March 30, 2021.

### **MORE HUD NEWS**

#### **CDBG CARES Act Webinar: Using CDBG-CV to Address Housing Instability**

November 3, 2020

2:00 pm – 3:30 pm ET

Follow these [instructions for registering](#)

#### **HUD Launches CDBG-CV Website**

Go [here](#) to view the site. The site houses CDBG-CV resources and training. Grantees can ask basic program questions and request TA for more complex issues.

#### **HOME Four-Year Project Completion Deadline Webinar Materials Posted**

The webinar was held in September, but the full webinar and materials can be viewed [here](#).

## **NCDA NEWS**

### **Upcoming CARES Act Webinars**

NCDA is pleased to announce the following webinars.

#### **CDBG-CV Webinar**

October 28, 2020

2:00 pm – 3:30 pm ET

Speaker:

Jessie Handforth Kome

Director of the Office of Block Grant Assistance, HUD, Washington, DC

Register [here](#)

#### ***CDBG-CV – Ideas and Lessons Learned From The Field***

November 9, 2020

2:00 pm – 3:00 pm ET

Register [here](#)

### **NCDA 2021 Audrey Nelson Community Development Award**

The 2021 Audrey Nelson Community Development Award competition is now open. We encourage members to apply for this prestigious award which recognizes outstanding community development projects and programs across the country. NCDA created the award 34 years ago in honor of NCDA's first Deputy Executive Secretary, Audrey Nelson. Audrey was the first Deputy Executive Secretary of NCDA. She grew up in an inner-city Chicago neighborhood which was a target area for the local Model Cities Program, a precursor to the CDBG program. Her intense commitment to her neighborhood, her local program efforts, and her drive to serve low-income people was cut short by death from cancer at the age of 29. NCDA is proud continue these awards in honor of Audrey. The award application is available at the following link.

<https://www.surveymonkey.com/r/PHGSYYT>

The application deadline is **December 16, 2020**. NCDA's Planning and Professional Development Subcommittee will rate and rank the applications. The five highest ranked applications will receive the award. Winners will be recognized on January 29, 2021, during the NCDA Virtual Winter Conference. Please contact Vicki Watson at [vwatson@ncdaonline.org](mailto:vwatson@ncdaonline.org) with any questions.

### **NCDA 2021 Virtual Winter Conference – January 27-29, 2021**

[Registration](#) is now open for NCDA's 2021 Virtual Winter Conference. The Conference will be held online on January 27-29, 2021. The draft agenda is available [here](#). Please contact Steve Gartrell at [sgartrell@ncdaonline.org](mailto:sgartrell@ncdaonline.org) regarding registration. Please contact Vicki Watson at [vwatson@ncdaonline.org](mailto:vwatson@ncdaonline.org) regarding the agenda and if you are interested in participating as a speaker in a session.

### **NCDA Training**

NCDA is pleased to offer the following online training.

***CDBG Primer – On Demand***

This training covers the fundamentals of the CDBG program. View the course at your convenience.

Registration fee: \$50 members/\$100 non-members

Register [here](#)

***Subrecipient Management Primer – On Demand***

This training is a condensed version of NCDA's three-day Managing Subrecipients Course. View the course at your convenience.

Registration fee: \$50 member/\$100 non-members

Register [here](#)

***IDIS Primer – On Demand***

This training provides an overview of IDIS for CDBG grantees and HOME participating jurisdictions. View the course at your convenience.

Registration fee: \$50 members/\$100 non-members

Register [here](#)

***HOME Primer – On Demand (coming soon)******IDIS Basics***

November 16 through December 9, 2020

Mondays and Wednesdays

3-5 pm ET each day

Agenda [here](#)

Register [here](#)

Please contact Steve at [sgartrell@ncdaonline.org](mailto:sgartrell@ncdaonline.org) with any questions.

**NCDA is Collecting CDBG and HOME Stories of Impact**

To promote our core programs – CDBG and HOME, NCDA is collecting stories of impact. The stories will be used in our efforts to promote the programs with Congress and the Administration. Please use the following link to share your story of impact.

<https://www.surveymonkey.com/r/CDBGHOMEImpact>

Please contact Vicki Watson at [vwatson@ncdaonline.org](mailto:vwatson@ncdaonline.org) with any questions.



## Department of Housing and Urban Development Budget Chart

<i><b>Program</b></i>	<i><b>FY20 Omnibus Spending Measure (12/23/2019)</b></i>	<i><b>President's FY21 Budget Proposal (2/10/2020)</b></i>	<i><b>House FY21 THUD Bill (7/31/2020)</b></i>
CDBG Formula Grants	\$3.4 billion	\$0	\$3.5 billion
HOME Formula Grants	\$1.35 billion	\$0	\$1.7 billion
Homeless Assistance Grants	\$2.777 billion	\$2.77 billion	\$3.45 billion
Section 108	\$300 million	\$0	\$300 million
Choice Neighborhoods	\$175 million	\$0	\$250 million
HOPWA	\$410 million	\$330 million	\$430 million
Lead Based Paint Hazard Reduction	\$290 million	\$360 million	\$340 million
Elderly Housing (Section 202)	\$793 million	\$853 million	\$893 million
Housing for Persons with Disabilities (811)	\$202 million	\$252 million	\$227 million
Housing Choice Vouchers (Tenant-Based Rental Assistance)	\$21.5 billion	\$18.8 billion	\$25.7 billion
Project-Based Rental Assistance	\$12.170 billion	\$12.6 billion	\$13.4 billion
Public Housing Operating Fund	\$4.549 billion	\$3.6 billion	\$4.649 billion
Public Housing Capital Fund	\$2.869 billion	\$0	\$3.18 billion

