



## **NCDCA Washington Report**

**August 31, 2017**

### **Appropriations Update**

Congress returns from its August recess next week facing several large agenda items including increasing the debt limit and funding the federal government beyond September 30. Congress will be in session for only 12 days in September which provides very little time to try to wrap up spending negotiations and raise the debt limit to avoid defaulting on borrowing obligations. President Trump will meet with Congressional leaders next week to discuss FY18 spending, raising the debt ceiling, stalled Senate nominations, and an emergency funding bill for areas hit by Hurricane Harvey.

The House will try to move seven of its spending bills en masse (including the Transportation-HUD bill) when Congress returns by attaching them to the FY18 Interior spending bill as one large omnibus measure. Before voting on the bill House Members will need to slog through hundreds of amendments, including the following related to HUD. The House Rules Committee will ultimately decide which amendments will be offered during the House debate of the omnibus spending bill. Several amendments have been offered to increase FY18 CDBG and HOME funding, but we are unsure at this point if they will be voted on. NCDCA is opposed to any amendments that reduce HUD programs. Stay tuned.

Rep. Knight (R-CA) – Amendment to increase the Community Development Fund (CDBG) by \$100 million by reducing HUD's Information Technology Fund by the same amount.

Rep. Kildee (D-MI) – Amendment to increase funding for CDBG by \$100 million by reducing FAA funding by the same amount.

Rep. Tenney (R-NY) – Amendment to increase funding for CDBG by \$10 million by reducing the Public Housing Operating Fund by \$10 million.

Rep. Courtney (D-CT) – Amendment to use the CDBG program to examine the application of grant funds to mitigate and remediate the effects of pyrrhotite-related residential damage.

Rep. Kildee (D-MI) – Amendment to increase funding for the HOME program by \$100 million by reducing FAA funding.

Rep. King (R-IA) – Amendment to ensure that no funds are used to implement, administer, or enforce the Davis-Bacon Act.

Rep. Soto (D-FL) – Amendment to increase funding for the Section 202 Housing for the Elderly Program by \$2.5 million.

Rep. Nadler (D-NY) – Amendment to increase funding for HOPWA by \$19 million by reducing HUD's Information Technology Fund.

Rep. Waters (D-CA) – Amendment to provide an additional \$5 billion for Homeless Assistance Grants.

Rep. Velazquez (D-NY) – Amendment to increase the Public Housing Capital Fund by \$2 billion.

Rep. Lee (D-CA) – Amendment to increase the U.S. Interagency Council on Homelessness (USICH) by \$3.03 million by reducing HUD's Information Technology Fund. The amendment also eliminates the sunset date on the USICH.

Rep. Crist (D-FL) – Amendment to provide \$250 million for studying HUD program impacts on LGBT youth homelessness.

Rep. Grothman (R-WI) – Amendment to reduce funding for the Department of Housing and Urban Development by two percent.

Rep. Grothman (R-WI) – Amendment to reduce funding for Project-Based Rental Assistance by \$266 million.

Rep. Grothman (R-WI) – Amendment to reduce funding for Public and Indian Tenant-Based Rental Assistance by \$177,362,500, excluding veterans, the elderly, and the disabled.

Rep. Hanabusa (D-HI) – Amendment to provide \$2 million for the Native Hawaiian Housing Block Grant.

Even if the House manages to pass this omnibus bill, they will need a continuing resolution (CR) to finish up their remaining spending bills and while the House has made great strides in moving its spending bills, the Senate has not and will certainly need a CR to wrap-up its spending bills. Bottom line: expect Congress to pass a short-term CR (2 or 3 months in length) in September. With Hurricane Harvey having wreaked havoc on Texas, Congress is much more amenable to combining a short-term CR, hurricane relief funding, and an increase in the debt limit into one package.

Leadership of the conservative House Freedom Caucus recently indicated that they will not push for border wall funding as part of the continuing resolution expected to be passed by Congress in the next few weeks. This stance juxtaposes Trump's rhetoric to shut down the government in September over funding for a border wall with Mexico. However, the Freedom Caucus may use the time provided by a short-term CR to try to push for border wall funding in a final FY18 spending measure.

## **Hurricane Harvey Disaster Relief Bill**

Federal, state and local leaders are still assessing how much funding Texas will need following Hurricane Harvey, but Rep. Sheila Jackson Lee (D-TX) estimates that at least \$150 billion will be needed in the aftermath of the destruction. To date, President Trump has issued a disaster declaration for the following Texas counties (with more likely to be added): Aransas, Bee, Brazoria, Calhoun, Chambers, Fort Bend, Galveston, Goliad, Harris, Jackson, Kleberg, Liberty, Matagorda, Nueces, Refugio, San Patricio, Victoria and Wharton. After FEMA and HUD assess the damage from Hurricane Harvey, they will work with the Office of Management and Budget (OMB) to submit a formal request to Congress for disaster aid. The package will likely include a request for CDBG-DR funds, Section 8 vouchers and a disaster LIHTC allocation (to help construct new rental housing).

Congress will more than likely attach a Harvey relief package to the planned CR that Congress is expected to pass by September 30 to avoid a government shutdown. The bottom line is that no one really knows how much aid the affected areas will need. Congress may provide an initial package of disaster relief funding attached to the CR and then provide more funding later in the fall as part of the final FY18 omnibus bill.

According to sources, FEMA's Disaster Relief Fund contained about \$2.2 billion at the end of July and is drying up quickly as Houston area residents apply for funding. FEMA has already approved more than 45,000 applications (\$23 million in individual assistance) to help families in the Houston area with rental assistance, home repairs, transportation and medical expenses, and other uninsured expenses. The Fund is expected to be increased to \$6.7 billion once Congress reaches agreement on a final FY18 spending measure.

## **HUD/IRS Disaster Assistance for Hurricane Harvey Victims**

In the coming weeks, once FEMA has finished with the immediate task of assisting disaster victims, HUD will contact State and local governments affected by Hurricane Harvey to explore streamlining of the CDBG and HOME programs to expedite the repair and replacement of damaged housing and infrastructure.

As is standard, HUD is also granting a 90-day moratorium on foreclosures of FHA-insured mortgages. HUD's [Section 203\(h\) program](#) provides FHA insurance to those who have lost their homes. [HUD's Section 203\(k\) loan program](#) can assist with rebuilding or purchase of a new home.

Novogradac has put together a good [summary](#) on how LIHTC properties can assist those displaced by Hurricane Harvey.

The IRS will grant tax extensions to people living in the Presidentially-declared disasters areas through January 31, 2018.

## **National Flood Insurance Program**

Hurricane Harvey's record level flooding in Texas will put enormous pressure on FEMA's National Flood Insurance Program (NFIP) which is already \$24.6 billion in debt. NFIP provides flood coverage to more than 4.9 million policyholders, including nearly 600,000 in Texas alone. According to FEMA, Harris County has nearly 250,000 policy holders with a total coverage value of \$69.3 billion.

Congress is in the process of reauthorizing the NFIP program which is set to expire on September 30, 2017. Given Harvey's wrath, Congress may need to boost funding for the program immediately and provide a short-term reauthorization of the program to allow more time to debate how best to improve the program, including possibly allowing participation of private insurers in the program to spur competition and lower premiums, more funds for flood mitigation programs, accurate flood zone mapping, and caps on customer premiums. Without the program, homeowners in flood zones are unable to obtain federally-backed mortgages.

### **CPD Notice 17-06: Using CPD Programs for Disaster Response**

The attached HUD notice provides information on how HUD's CPD programs can be used in the aftermath of a natural disaster to assist with recovery efforts. The notice also details necessary program requirements and examples of statutory and regulatory requirements that HUD has suspended or waived in past disasters.

### **HUD News: Setting Up and Completing a CAPER**

HUD's Office of Block Grant Assistance has created a [webinar](#) to instruct CPD grantees on how to set up and create a CAPER in the e-Con Planning Suite.

### **Urgent: Cut-Off Date for FY 2010 CPD Drawdown – September 15, 2017**

According to HUD, funding for FY10 grants under the following programs will expire at the end of this federal fiscal year, September 30, 2017. You must drawdown FY10 funds no later than **September 15, 2017**.

- CDBG
- CDBG-DR
- HOME
- HOPWA
- ESG

Funds remaining in your Line of Credit after September 30 will be transferred to the Department of Treasury. Note: this only applies to FY10 grant funds, not other years. NSP is not affected.

### **Save the Date: VA Rapid Re-Housing Institutes**

For those of you involved in the Continuum of Care (CoC) program and the Emergency Solutions Grant (ESG) program, the Veterans Administration (VA), with the support of HUD, is planning the following workshops on rapid re-housing to bring together practitioners and planners for an intensive, two-day

training that will focus on a wide range of topics (creating housing plans, evaluating and improving performance and system planning, community coordination, coordinated entry/prioritization, etc.). The training is free and is tentatively scheduled for the following dates.

- East Coast Rapid Re-Housing Institute, October 24-25 (City TBD)
- West Coast Rapid Re-Housing Institute, October 31-November 1 (City TBD)

Questions related to these events can be sent to [ssvf@tacinc.org](mailto:ssvf@tacinc.org).

### **HUD Appointees Clear Final Confirmation**

On August 3, 2017, the Senate approved the nomination of Neal Rackleff as the Assistant Secretary for Community Planning and Development and Anna Maria Farias as the Assistant Secretary of Fair Housing. The nomination of Pam Patenaude to serve as Deputy Secretary (the number two position at HUD) was rejected by the Senate because not all Senate Banking Committee members supported her nomination.

Neal Reckleff previously served as the City of Houston’s community development director and Anna Maria Farias previously held several roles at HUD under the George W. Bush Administration.

### **HUD Delays Implementation of the Small Area Fair Market Rent (SAFMR) Rule**

HUD has delayed implementation of the Small Area Fair Market Rent Rule which was slated to take effect on October 1; citing the need for more time to evaluate the costs and benefits of the program. Over 200 housing authorities in 23 metropolitan areas were sent notice to cease implementation of the program. The program would have allowed more housing choice voucher holders to move into higher cost areas.

### **FHFA Extends the HARP Program**

The Federal Housing Finance Agency announced that it is extending the Home Affordable Refinance Program (HARP) an additional 15 months, through December 31, 2018. Freddie Mac and Fannie Mae will implement a new streamlined refinancing option in October targeted to borrowers with high LTV ratios.

### **HUD Expands the RAD Program**

HUD recently released a Federal Register [notice](#) addressing the expansion of the Rental Assistance Demonstration (RAD) program from 185,000 to 225,000 public housing units. Public housing authorities that have submitted letters of interest to reserve their position on HUD’s RAD waiting list are eligible for award under this expansion. The existing RAD eligibility and selection criteria will remain in place.

### **NCDA Welcomes New Board Members**

The following members have been appointed to the NCDA Board of Directors. NCDA welcomes the new

Board members and looks forward to their participation. NCDA is governed by a 42-member Board that consists of local government community development leaders from across the country. Board members assist in advancing NCDA's initiatives by serving on subcommittees and aiding in the implementation of the Association's strategic plan.

Region 2 (New York/New Jersey) – Carmen Gandulla (Jersey City, NJ)

Region 3 (Mid-Atlantic) – Eric Keeler (Alexandria, VA)

Region 5 (Midwest) – Caroline Gregerson (La Crosse, WI) and Rollin Seward (Canton, OH)

Region 7 (Great Plains) – Alana Green (St. Louis, MO)

Region 8 (Rocky Mountain) – Charles Tarver (West Jordan, UT)

Region 9 (Pacific/Hawaii) – Anastacia Wyatt (Salinas, CA)

Region 10 (Northwest/Alaska) – Alan Trunnell (Beaverton, OR)

### **NCDA Training**

NCDA will hold the following CDBG and HOME training courses in the coming months. Please contact Steve Gartrell at [sgartrell@ncdaonline.org](mailto:sgartrell@ncdaonline.org) with any questions.

#### HOME Basics Course

Fort Worth, TX – September 18-20

Registration: [ncdaonline.org/home/](http://ncdaonline.org/home/)

#### Advanced CDBG (1-1/2 Days) and CDBG/HOME Underwriting/Subsidy Layering (1/2 Day)

Madison, WI – October 10-11

Laredo, TX – October 23-24 (in conjunction with the NCDA Region VI Conference)

Arlington, MA – October 25-26

Naples, FL (Collier County) – November 14-15

Registration: [ncdaonline.org/cdbg/](http://ncdaonline.org/cdbg/)

#### Managing Subrecipients (new course)

San Diego, CA – November 1-2

Registration: [ncdaonline.org/cdbg/](http://ncdaonline.org/cdbg/)

### **Membership Dues**

NCDA member invoices for the FY18 dues year (July 1, 2017 – June 30, 2018) have been sent out. If you have not received your invoice yet, please contact Mike Lightfield at [michael@ncdaonline.org](mailto:michael@ncdaonline.org). NCDA dues are a good value and have not increased in the last twelve years to ensure continued affordability for member communities. All members must complete the Membership Commitment Form that was included with your invoice. The form is used to update NCDA's online Membership Directory. To complete the form electronically, please go to the following link.

[ncdaonline.org/membership-commitment-form/](http://ncdaonline.org/membership-commitment-form/)

## Department of Housing and Urban Development Budget Chart

<i>Program</i>	<i>FY17 Funding</i>	<i>President's FY18 Budget Proposal</i>	<i>FY18 House Appropriations Committee Recommendation</i>	<i>FY18 Senate Appropriations Committee Recommendation</i>
CDBG Formula Grants	\$3.0 billion	\$0	\$2.9 billion	\$3.0 billion
HOME Formula Grants	\$950 million	\$0	\$850 million	\$950 million
Homeless Assistance Grants	\$2.383 billion	\$2.25 billion	\$2.383 billion	\$2.456 billion
Section 108	\$300 million	\$0	\$0	\$300 million
Choice Neighborhoods	\$138 million	\$0	\$20 million	\$50 million
HOPWA	\$356 million	\$330 million	\$356 million	\$330 million
Lead Based Paint Hazard Reduction	\$145 million	\$130 million	\$130 million	\$160 million
Elderly Housing (Section 202)	\$502 million	\$510 million	\$573 million	\$573 million
Housing for Persons with Disabilities (811)	\$146 million	\$121 million	\$147 million	\$147 million
Housing Counseling	\$55 million	\$47 million	\$50 million	\$47 million
Housing Choice Vouchers	\$20.292 billion	\$19.318 billion	\$20.486 billion*	\$21.365 billion**
Project-Based Section 8	\$10.816 billion	\$10.351 billion	\$11.082 billion	\$11.507 billion
Public Housing Operating Fund	\$4.4 billion	\$3.9 billion	\$4.4 billion	\$4.5 billion

Public Housing Capital Fund	\$1.941 billion	\$628 million	\$1.850 billion	\$1.945 billion
Rental Assistance Demonstration (RAD)	\$0	\$0	\$0	\$4 million***

\*Includes \$18.709 billion for contract renewals, \$60 million for tenant protection vouchers, \$1.550 billion for administrative fees, \$7 million for Tribal Vouchers, \$150 million for Section 811 mainstream vouchers, and \$10 million for PHA modernization of information technology systems.

\*\*Includes \$19.370 for contract renewals, \$75 million for PHA allocation adjustments, \$40 million for VASH vouchers, \$1.725 billion for administrative fees, \$5 million for Tribal Vouchers, \$130 million for Section 811 mainstream vouchers, and \$20 million for Family Unification Program vouchers.

\*\*\*The funding is limited to providing additional rental subsidy for Section 202 PRAC properties converting to Section 8 contracts that will not be able to successfully convert at the current subsidy amounts.