

Washington Friday Report

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The most important events shaping the future of federal urban policy took place, ironically, outside of the nation's capitol this week. Wall Street's continued descent and the frenetic activities along the presidential campaign trail all helped to provide a framing for what our programs and policies will look like come next year. All we need now is for voters to draw the picture inside that frame, and for this economic shakeout to subside so that our fiscal picture is a bit more clear. But as we head toward that point in time, signs of change are all around us. The Inaugural stand along the west front of the Capitol is under construction, and even more significant, President Bush has created the Presidential Transition Coordinating Council to begin the formal process of the orderly transfer of power to the yet undetermined recipient. Meanwhile, we have reports for you on implementation of the Neighborhood Stabilization Program, possible new life for the stimulus, passage of the homelessness assistance reauthorization, details on the homeland security appropriations and a few other highlights for you from this very interesting week.

HUD Summit Rolls Out Neighborhood Stabilization

On Tuesday we participated in a **Summit on Housing** sponsored by HUD here in Washington. The principal objective of the Summit was to assist recipients in the implementation of the \$3.92 billion Neighborhood Stabilization Program (NSP) funding under the Housing and Economic Recovery Act of 2008 (HERA), enacted July 30th. HUD made the funding allocations public September 26th (we emailed this information to most of you that day), and published the regulations to guide recipients in obtaining and implementing that funding this past Monday, October 6th.

The core purpose of NSP is to provide funding for local governments to purchase abandoned and foreclosed properties, rehabilitate or rebuild them if necessary, and then sell them to new owners to ensure the stabilization of the neighborhood in which that home is found. Some related economic

development work, such as land banks, is also permitted to be undertaken in connection with the recycling of those homes.

During the meeting Len had the opportunity to speak briefly with HUD Secretary **Steve Preston** and thank him for the speed in which HUD has moved the program to the implementation stage and for their outreach efforts in connection with it.

Some cities are direct recipients of the funding because the complicated HUD allocation formula deemed their foreclosure problem severe enough, in comparison to other cities, to meet their baseline thresholds for direct allocation. The cities that did not receive direct allocations can seek funding from their state, each of which received an allocation for this purpose.

We know your City's housing staff will be examining the material from HUD very closely to determine the next course of action with respect to this program. We thought it would be additionally helpful to highlight some major points which were emphasized during the Summit: (1) The CDBG system is the basic tool for implementation of the program. Applications will be "amendments" to the FY08 CDBG Action plan; (2) HUD is using its disaster recovery system for administering the program which allows public hearings to be avoided and the program generally to fast track all projects submitted to HUD; (3) Applications are due into HUD by **December 1**, and will be approved by HUD by February 13th. Please note, any plan submitted *after* 12.1.08 will *not* be eligible for consideration. However, eligible plans can be modified throughout the life of the program; (4) A recipient has 18 months to execute the grant, funds must be fully obligated but not necessarily spent by that time; (5) All funds must be spent on individuals or families whose income does not exceed 120 percent of area median income, in other words, all funding must be in low or moderate income areas of the City; (6) 25 percent of the funding must be used to purchase and redevelop homes to benefit persons at or below 50 percent of the area median income; (7) No funding can be used for foreclosure prevention; (8) A maximum of 10 percent of NSP funding can be used for planning and administration; (9) The purchase of the foreclosed home from the bank must be at a discount from the current market rate and the sale of the house to the new owner must be below market cost; (10)

Revenue generated by NSP activity must be recycled back into the program so that it acts like a revolving fund.

Please let us know if your or the City's housing staff has any questions or if we can help with HUD in any way. *Attached is the Federal Register Notice from Monday which gives complete information on the program. This link below provides the Federal Register information from Monday:* <http://edocket.access.gpo.gov/2008/pdf/E8-23476.pdf>.

Progress in Homeless Assistance

Last week the House passed HR 7221, the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH), which reauthorizes the McKinney-Vento Homeless Assistance Act, in a 355 to 61 vote. Speaker **Nancy Pelosi** (CA) released a statement regarding HEARTH expressing her dedication to decreasing and eventually eliminating the issue of homelessness. Pelosi said, "*Reducing homelessness is the top priority for the City of San Francisco, and it is a priority for me in Congress.*" The HEARTH Act, consolidates the competitive grants for homeless assistance offered by HUD into a single program. The Act authorizes \$2.2 billion in grants for emergency homeless shelter, and amends the definition of homeless to include individuals and families who are within 14 days of losing their homes due to eviction, ejection or the end of a motel stay. The measure experienced strong support in the House, it is hoped that the Senate will maintain the bill's current momentum. We will continue to follow HR 7221 as it progresses. *Statements from Speaker Pelosi and HUD Secretary Steve Preston are attached.*

http://www.endhomelessness.org/section/policy/legislature/mckinney_vento
<http://www.house.gov/pelosi/press/releases/Oct08/homeless.html>

FY09 Homeland Security Appropriations

As we mentioned last week, Homeland Security was one of the few Appropriations bills to actually pass with new and full funding for FY09. The bill, which focuses on our nation's security needs, including preventing and responding to emergencies such as terrorist attacks and natural disasters, allocated funds as follows, total funding for the bill was \$39.98 billion. (1) First Responder and Port Security Grant Programs received \$4.2 billion, (2) Customs and Border Protection received \$9.82 billion, (3) Operation Stonegarden received \$60 million, (4) Immigration and Customs Enforcement received \$4.99 billion, (5) Federal Law Enforcement Training Center received \$333 million, (6) Maritime Security, Safety and Environment Protection received \$9.76 billion, (7) 9/11 Act Aviation Security Mandates received \$4.62 billion, (8) REAL ID received \$100 million, (9) Emergency Food and Shelter received \$200 million, (10) Cyber Security received \$315.5 million, (11) FEMA Management received \$943 million, (12) Disaster Relief Fund received \$1.4 billion, (13) Flood Map Modernization received \$220 million, (14) Science and Technology received \$933 million. *We have attached a*

summary that breaks down the sub groups under each program for your reference.

<http://appropriations.house.gov/pdf/DHSFY09CONFSummary09-22-08.pdf>

Stimulus Talk Continues

Over the past few months there has been great support for and resistance against a second economic stimulus package. As a result the bill has been tossed back and forth, undergone amendments, passed in one chamber and failed in another. Speaker of the House, **Nancy Pelosi** (CA), has been a consummate supporter of a second stimulus that focuses more on funding projects for infrastructure, health care, emergency food programs and extended unemployment insurance benefits, than on placing checks in the hands of citizens. Although last week it seemed that the stimulus would remain in a holding pattern until a new administration, this week it is experiencing a possible post election revival. Speaker Pelosi is calling upon President Bush to acknowledge the overwhelming and ever increasing unemployment rate in the U.S. The Speaker is urging the President to take action, in the form of a second stimulus to boost the economy and create much needed jobs. In addition, with some cities and states experiencing cash-flow problems resulting from a frozen municipal bond market, it is possible that the lame-duck session could be used to address that problem with some form of short-term assistance program. We will keep you informed. More attached.

<http://www.speaker.gov/newsroom/pressreleases?id=0857>

Where Will We Go On Infrastructure?

The current state of our infrastructure is one of the biggest issues facing our nation today. Almost every city is facing outdated, deteriorating and incomplete roadways, bridges and public transportation systems. Unfortunately, the issue of infrastructure is not only pressing, but complicated. Building and improving upon our nation's land transportation system is an extremely expensive endeavor and the current economic climate and failing Highway Trust Fund (HTF) do not support the necessary undertaking. Neither presidential candidate has outlined an extensive plan for tackling land transportation, however both are aware that, if elected, it is a challenge they will inherit and carry throughout their administration. One proposed but failed measure for refueling the HTF was an increase on the gas tax. Although the gas tax has not been raised since 1993, the Bush Administration strongly opposed its increase in SAFETEA-LU, and \$4 a gallon gasoline makes it a difficult choice. The idea of increasing State tolls and administering fees for "congestion travel" during peak periods have been raised, but have not gained broad support. Chairman of the House Transportation and Infrastructure Committee, **James Oberstar**, (MN) has said "We're going to have to change the revenue model and our investment in surface transportation, and expand our investment". We are not likely to see action on this issue before institution of a

new administration, but we will keep you informed. *More attached.*

Please contact Len Simon, Haley Detwiler or Rukia Dahir if you have any questions.