



Charlotte City Council
Housing and Neighborhood Development Committee
Summary
March 18, 2013

COMMITTEE AGENDA TOPICS

- I. **FY2013-2017 Capital Investment Plan (CIP) Follow-Up - Affordable Housing Strategies**
- II. **Rental Subsidy Update**

COMMITTEE INFORMATION

Council Members Present:	Michael Barnes, Patrick Cannon, John Autry, Warren Cooksey, Mayor Anthony Foxx, LaWana Mayfield
Staff Resources:	Eric Campbell, Assistant City Manager Pat Mumford, Neighborhood & Business Services Pamela Wideman, Neighborhood & Business Services
Speakers:	Liz Clasen-Kelly, Urban Ministries Brian Collier, Foundation for the Carolinas
Meeting Duration:	12:05 PM – 1:10 PM

ATTACHMENTS

- 1. Agenda Packet – March 18, 2013
- 2. Presentation – Capital Improvement Plan Affordable Housing Strategies
- 3. Presentation – Local Rental Assistance Program Serving Families

DISCUSSION HIGHLIGHTS

Mayfield: Council member Kinsey is out sick and will not be attending today's meeting. Introductions and welcome of attendees.

Capital Investment Plan Follow-up

Wideman: We have looked at these programs a number of times. Last week there was some confusion on the amount of the CIP. We are proposing what was in the Manager's recommended CIP. I have laid out the cost and the number of units that could be yielded from each program. It is about \$10,000 per unit for each of the programs, which is consistent with what we have done for the last couple of years through the use of Housing Trust Fund dollars.

Presentation

Cannon: How do tenants prove they have experienced long term homelessness? How do we establish this for individuals in a shelter or under a bridge?

Clasen-Kelly: I am Liz Clasen-Kelly with the Urban Ministries Center. There is an official eligibility package when people apply for Moore Place. One piece is verification of chronic homeless, which is a year or longer of homelessness or four episodes in the last three years. There is documentation that has to be signed by someone in the community, most often the shelter. Many of those on the street would have had contact with outreach workers who could verify they have seen their long-term experience with homelessness. Because this is government funded it has to be documented, verified and audited.

Cannon: In being homeless, I am opting out of going to a shelter because of the perception or fact that some of my belongings won't be able to stay with me while I am there. I have been out there for a year but, how would I prove my case?

Clasen-Kelly: There are options for people to make their own statements to verify homelessness. We ask for specificity and they need to be able to document their own experience (self-document). In the end there has to be some signature by a service provider. Many people camp in areas for a long time and those cases are easier to verify. We do due diligence to ensure that people are in fact experiencing chronic homelessness.

Cannon: I want to be sure we are closing the gap for those potentially out on the street without any shelter. To make sure they know there is room for them even if they haven't been at a shelter.

Clasen-Kelly: I could follow up and give you details of the percentage of people who were on the streets vs. in shelters before they came to Moore Place.

Wideman: Presentation

I also spoke to the Women's Shelter and they said that 50% of women in the shelter move to transitional housing and from that transitional housing about 80% move on to self-sufficiency.

Barnes: Did you collect the questions the Committee asked individually? There was a reason we bumped this.

- Wideman: Your specific concern was the \$80M vs. the \$60M and that the amount had been increased. We are not increasing what was in the Manager's recommended CIP. On the chart today I added the number of units.
- Autry: The current AMI is \$64,000 for a family of four? (Yes). The Noell Study's recommendation was to concentrate on those 30% or below AMI?
- Wideman: It was between 30% to 50% of AMI. We have sought to create mixed income communities. We are getting away from the notion of old public housing, which is having all 30% or below AMI in one location.
- Autry: In our recommendation how do we address that?
- Wideman: All our programs, except for supportive services which is for 30% or below AMI, we are proposing developments have a mixed of incomes. Our recommendations look at mixed incomes by integrating affordable housing in a market rate property. Acquisition is about neighborhoods, removing them from blighted conditions and serves those at 60-80% AMI. The Rental subsidy, which is not part of the CIP, is proposed to serve those at 30-50% AMI.
- Foxx: In our retreats earlier in the year we had conversations of a comprehensive affordable housing strategy that would have amplified the programs that the Manager recommended last year, has the committee made a disposition on that?
- Barnes: I thought that these items were a part of the comprehensive approach.
- Wideman: These proposed programs do most of what the Committee talked about in an amplified comprehensive strategy with a cost of \$80M. The Council asked us to look at programs that included tax credit set aside, rental subsidy, land banking, supportive housing and neighborhood stabilization. Essentially these proposed strategies would do that, but they don't yield as many units because you don't have the \$80M. We talked about creating four more supportive housing developments. The funding we have proposed and if the City were to bear the entire capital cost of about \$60M, would only yield two facilities as opposed to the four.
- Foxx: The additional cost to the budget would be \$8M. To get to the \$80M you would be leveraging the existing unencumbered dollars we have today.
- Wideman: With the rental subsidy you would be adding that to the \$60M, which is \$10M, that is operational and not part of the capital. The existing Trust Fund money \$10M, would get you to your \$80M.
- Foxx: The problem we started out with a year ago with housing is only going to get worse. The State is peeling back unemployment insurance for a lot of people and some of the challenges we had so far since the regular session, I would expect to get a lot worse. I would hate to see us putting money to help solve a problem thinking we are going to see a net benefit, but continue backsliding in terms of managing our lowest income

population. Meanwhile the ranks of our homeless and those seeking affordable housing could grow.

I am concerned even more than last year that this is something that will be a challenge for us. The comprehensive approach was creating a situation where we could do more supportive housing, land banking, and neighborhood stabilization to try to take a bigger bite out of the problem. Not knowing where the budget is going to land in terms of the aggregate amount, my suggestion would be to push all of this forward to the Council and see where we land. Things that were in the budget last year may not be in the budget this year. The concern about the overall size of the budget is a conversation we could have as a group later.

Mayfield: Just for clarification, what dollar amount are you suggesting since we were discussing \$60M of eight years?

Foxx: I sent a letter with the comprehensive approach and asked the Committee to consider pulling that into the conversation on the capital budget. I am asking the Committee to consider that additional amount of \$8M that would come out of the CIP, but also the other pieces of the strategies that could come from other funds that exist today. I would like to see this kicked to the full Council so there can be some conversation.

Mumford: The strategy helps us with future CIP dollars and also helps with existing dollars. We have about \$10M in HTF and \$3M carryover funds from HOME and CDBG that can go towards housing. With a CIP that gives us the components of a strategy, we can then bring forward existing money for projects that fit into that strategy. I think we are all saying the same thing. If you take the \$60 million proposed in the CIP, add to that the \$10M of HTF and the \$10M proposed to go into an endowment for a rental subsidy program, we really hit all the components of the strategy to get to that \$80M.

Foxx: You are saying the \$8M that was in the CIP is no longer necessary? It was going from the \$60M to \$68M and on top of that there would be additional funds.

Mumford: Yes, it is all in there. You know how difficult it is to get these capital projects sited and to be built. To approve the \$60M is one thing, but to actually carry out that volume of work in that short period of time is politically difficult.

Campbell: I was going to ask Bill Parks from Budget & Evaluation to speak to the \$8M the Mayor mentioned.

Parks: During the fall workshops there was discussion about the cost of the comprehensive program. The amount identified was \$81.9M. We did the math from that with \$60M to the CIP, \$11.3 from existing funds, left us shy of that \$81.9M by about \$8M. There wasn't discussion at the time to add it to the CIP; it was a discussion of what we would need to reach that full cost.

Mumford: That was prior to this more defined rent subsidy program and the allocation of \$10M to that. There was a previous rental subsidy component in the strategy, but not a funding source.

- Autry: I move that we move forward with the \$60M recommendation for an 8 year CIP.
- Mayfield: I second that motion. All in favor?
Yes (2), No (2)
- Mayfield: Is there any discussion?
- Barnes: The information and items contained in these updated slides are the same as or slightly different from the recommendations from the City Manager. I say that because I wonder if Mr. Autry's motion is accurate because of what was in Curt's budget and what is in there now. Are they the same?
- Wideman: The number of units might be slightly different, but the programs and dollar amounts are the same.
- Barnes: It would be your recommendation that in order to create as much specificity as possible, that we indicate we are talking about this. For the sake of a recommendation that is as accurate as possible coming from the Committee should we reference the slide?
- Mumford: There are a lot of assumptions that go into these recommendations. These are cost per unit assumptions. We used broad numbers, so the intent is to use the exact same strategic components that were in the previous Manager's recommendation. That didn't include all the way down to unit counts on an annual basis. We will maximize the money to the extent we can to get the most units we can. The \$60M is finite.

After more discussion the Committee voted unanimously to move the items forward to the full Council.

Rental Subsidy

- Mumford: This is totally different from capital and CIP discussion we just had. It is different for the City to be talking about a rental subsidy program. Historically, the City has been involved in capital programs, building affordable housing. This isn't a capital program it is an operating program. It is important to get a green light today to continue discussions because it will come up in your operating budget discussions. It is important to understand that the rental subsidy is an additional approach to address the issues identified in this community for those at 30-50% of AMI. These are people who are working and are at risk of being homeless. They need a little help to get stabilized to then get back to the private market.

The Noell Study says there is a large number in the community spending more than 30% of their annual income on housing. 30% is the benchmark for the maximum people should spend for housing. The request that has come from the Foundation for the Carolinas, with much support from the community, has already had some private money promised. An endowment would be set up, the interest will go towards funding this action and the other component of the interest would go back into the endowment and continue to build. At some point it would be large enough to support itself. The

Endowment needs seed money, capital dollars, that are not committed and have no strings attached.

The request will be for the full Council during the budget discussion to support general fund money from some source and not committed to anyone else, to go towards this endowment request. We support this as an appropriate approach for this segment of the population that has this need. We have other tools to help those this program won't fit. We know self-sufficiency, the location of affordable housing and disbursing throughout the community is important. We know it is important to leverage our money and we know that you are interested in supporting families and veterans. We have a lot of different populations and economic strata solved here with different area median incomes. This is an AMI between 30-50% and it is about families. Families can include veterans. We have narrowly tailored the discussion of rent subsidy to identified needs.

Presentation

If you were to look at just the number of units we could build, that doesn't get to the point of this. This is recycling units that currently exist today with some subsidy. We are talking about the numbers of families that are impacted. We are not just focusing on capital.

Barnes: Talk to us about self-sufficiency. What happens at the end of 24 months when families say they can't move? We talked about building up various parts of the community in various ways, I would like to see the endowment money put with a Mechanics & Farmers, a historically underutilized financial institution. They could for example put it in a minority institution to help create jobs in the community. I would like you to talk about where the \$20M will be held for the purposes of the endowment. Is a family a husband, wife and kid, what will be the definition?

Mumford: We are not talking about individuals. This is multiple members of a family. We don't have all the details worked out. We started with families with children, but the definition would have to be worked through. The \$20M could be managed by the Foundation for the Carolinas since they have been driving this, but they don't have to manage it. The idea is that there is a fund in this community with a growing principle. Where that ends up being we don't know today.

Collier: We have a lot of different mechanisms which we invest the money. Some of which are held by private financial institutions, some are in our pools (it would have had a return of about 14.5% if invested in our diversified funds). But we have other kinds of relationships where money is held at other institutions, but the fiduciary responsibility roles up to the Foundation.

Mumford: What happens after the 24 months? We are selective on the way in; there is a supportive service component that would be funded primarily through the County. The County would be involved with these families every month and could understand where we are headed. The idea is that a very nominal number would not be able to be self-sufficient in 2 years. The key is to have a relationship built with these families through

the supportive service piece. The idea isn't to be punitive; it is to help families early so they don't get into a situation that is worse.

Autry: Talking of veterans, we aren't talking about families in that situation?

Mumford: We could be talking about a veteran that is returning to their family. Family is a broad category, if we just say veterans then we get into the individual issue. This family approach can include veterans with families.

Mayfield: We have an agency that identifies housing for veterans; this could support for that type of agency?

Mumford: The Charlotte Bridge Home had gained a lot of traction. This fund isn't meant to be a stand-alone, it would partner with agencies and organizations that are supporting housing.

Presentation

We are intrigued and encouraged by this type of program.

Barnes: You talked about the fact that there are a few funds that we are engaged in that do similar things. We are trying to avoid unnecessary duplication and would like your help to identify where we are spending money now that might be conflicted with this type of effort and perhaps find ourselves able to combine resources from a defined set of funds.

Mumford: The endowment funds have to come from general fund because federal HOME fund dollars cannot be used for the endowment. We are asking if this is something that has merit to continue throughout the budget process. The City is the driver of this.

Barnes: It strikes me that the full Council should weigh in on this. We know there will be cost escalations in the capital budget if we move forward; it might be helpful to have full Council involved to avoid the \$10M surprise.

Mumford: We are not asking the Committee to approve anything. This needs to go forth to the full Council in the budget discussion.

Mayfield: You are asking this Committee if we are in support to continue the conversation.

Unanimous vote to continue the conversation.

Wideman: The next committee meeting will be on April 10th.

Meeting adjourned.




CHARLOTTE.
 NEIGHBORHOOD & BUSINESS
 SERVICES

**Preliminary FY2013-FY2017
 Capital Investment Plan
 Affordable Housing Program**

**March 18, 2013
 Housing and Neighborhood Development
 Committee**

CHARMECK.ORG


CITY OF CHARLOTTE

**Improving Communities
 Affordable Housing**

The City can increase the supply of affordable housing by:

- Housing Locational Policy Land Acquisition Program
- Tax Credit Development Program
- Supportive Services Program
- Incentive-Based Inclusionary Housing Program
- Single Family Foreclosure Acquisition Program
- Multi-Family Rehabilitation and Acquisition Program



The Chimneys Apartments - North Sharon Amity Road



Ashley Square at South Park - Broad Street

CHARMECK.ORG



Manager's Recommended CIP (\$60M)

Proposed Strategy	Estimated Costs (eight years)	Funding Source	Potential Units (eight years)
Housing Locational Policy	\$ 5,400,000	HTF	960
Tax Credit Development	\$16,000,000	HTF	1,920
Supportive Services Housing	\$12,000,000	HTF	680
Incentive Based Inclusionary Housing	\$8,160,000	HTF	272
Single Family Foreclosure/Blighted Acquisition and Rehab Program	\$ 6,000,000	HTF	400
Multi-Family Rehabilitation and Acquisition Program	\$12,000,000	HTF	1,600
Total	\$59,560,000	HTF	5,832

CHARMECK.ORG



Housing Locational Policy Land Acquisition Program

- Purpose:
Funds would be used to support the development of new assisted housing in the permissible areas as defined in the revised Housing Locational Policy.
- Population Served:
Families
- Proposed Costs:
 - \$5,400,000 over 8 years

CHARMECK.ORG



Tax Credit Set Aside Program

- Purpose:
Funds would be made available to developers receiving a North Carolina Low-Income Tax Credit Award from the North Carolina Housing Finance Agency (NCHFA) for the construction of new or rehabilitated multi-family housing developments serving households earning 60% (\$39,100) or less of the area median income.
- Population Served:
Seniors
- Proposed Costs:
\$16,000,000 over 8 years



CHARMECK.ORG



Supportive Services Program

- Purpose:
Funds would be made available to developers for developments that further the goals of the Ten Year Plan to End and Prevent Homelessness.
- Population Served:
Chronically Homeless
- Proposed Costs:
\$12,000,000 over 8 years



CHARMECK.ORG



Incentive-Based Inclusionary Housing Program

- Purpose:
Funds would be made available to developers to encourage the development of affordable housing by the private sector.
- Population Served:
Families/Seniors
- Proposed Costs:
 - \$8,160,000 over 8 years



CHARMECK.ORG



Single Family Foreclosure/Blighted Acquisition and Rehabilitation Program

- Purpose:
Funds would be made available to developers or homeowners to acquire/rehabilitate and re-use foreclosed and blighted single-family properties to expand the supply of affordable housing in targeted locations throughout the City.
- Population Served:
Families
- Proposed Costs
 - \$6,000,000 over 8 years



CHARMECK.ORG



Multi-Family Rehabilitation and Acquisition Program

- Purpose:
Funds would be made available to developers and multi-family owners to acquire and renovate housing units in areas of the City where there are high vacancy rates, making all or a portion of the development available for the provision of affordable housing.
- Population Served:
Families
- Proposed Costs:
 - \$12,000,000 over 8 years



Woodlawn House
Multi-Family
Neighborhood Stabilization

CHARMECK.ORG



Six Year CIP Costs (\$45M)

Proposed Strategy	Estimated Costs (Six Years)	Funding Source	Potential Units (Six years)
Housing Locational Policy	\$ 4,000,000	HTF	720
Tax Credit Development	\$12,000,000	HTF	1,440
Supportive Services Housing	\$9,000,000	HTF	510
Incentive Based Inclusionary Housing	\$6,120,000	HTF	204
Single Family Foreclosure/Blighted Acquisition and Rehab Program	\$ 4,500,000	HTF	300
Multi-Family Rehabilitation and Acquisition Program	\$9,000,000	HTF	1,200
Total	\$44,620,000	HTF	4,374

CHARMECK.ORG



February 27, 2013 Committee Questions

- What is the current Area Median Income?
 - The current Area Median income is \$64,100.
- What would the costs be for a six year and an eight year CIP?
 - See Slides
- How do we address placing current residents compared to new residents in supportive housing?
 - Moore Place – Tenants must demonstrate that they have experienced long-term homelessness.
 - Women's Shelter – Must provide proof of Mecklenburg County residency for at least 90 days.
 - Men's Shelter – Must provide proof of Mecklenburg County residency for at least 14 days.

CHARMECK.ORG



February 27, 2013 Committee Questions

- How many people transfer from Moore Place to Self Sufficiency?
 - Moore Place – Approximately 15% of the residence move on to other types of housing

CHARMECK.ORG

 CITY OF CHARLOTTE

Recent Housing Developments



McCreesh Place
Permanent Supportive
Housing



Woodlawn House
Multi-Family
Neighborhood Stabilization



Habitat for Humanity
Single-Family
Neighborhood Stabilization



Cherry Gardens
Tax Credit Development



Moore Place
Permanent Supportive
Housing



Ashley Square
Tax Credit Development

CHARMECK.ORG

 CITY OF CHARLOTTE

Next Steps

- March 20
 - Council Committees report out at Budget Workshop
- April 10
 - Last Budget Workshop opportunity for Council to direct inclusion of a new General CIP in the City Manager's recommended FY14 budget.

CHARMECK.ORG 61




CHARLOTTE.
NEIGHBORHOOD & BUSINESS
SERVICES

**Local Rental Assistance Program
Serving Families**

March 18, 2013

CHARMECK.ORG

 CITY OF CHARLOTTE

Proposed Program Design

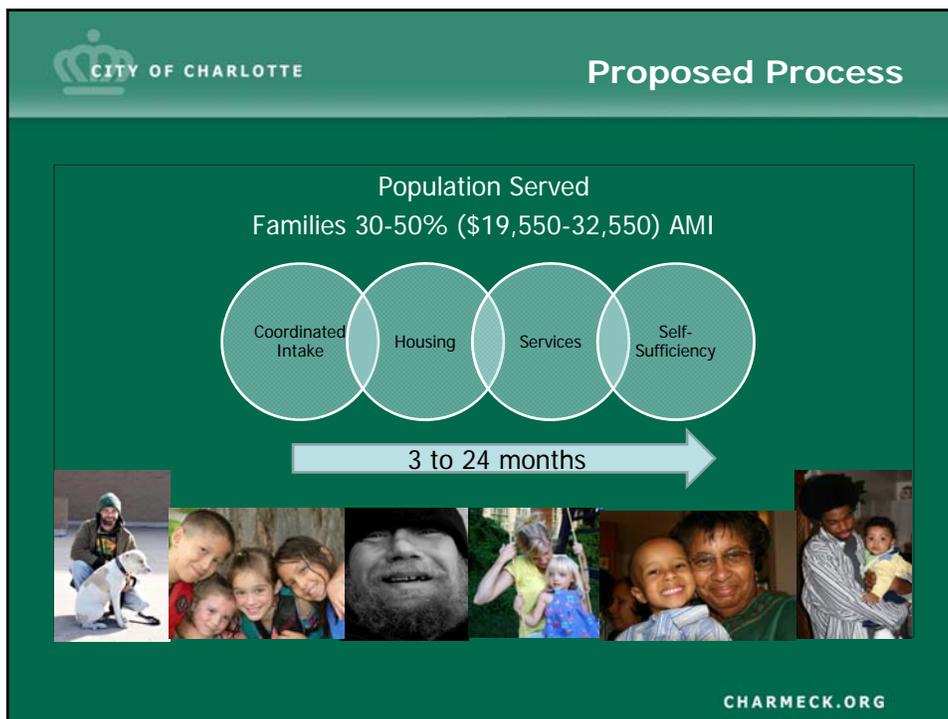
Mission:
To provide homeless families, including veterans, a structured program that values personal accountability resulting in self-sufficiency

Structure:

- Endowment funded by the City and Private Sector
- Supportive Services funded by Mecklenburg County
- Program model based on national best practices

CHARMECK.ORG



-
- CITY OF CHARLOTTE** **Proposed Performance Metrics**
- Housing**
- Number of individuals housed and able to maintain housing
 - Length of time it took to provide housing
- Employment**
- Maintain consistent employment
 - Achieve increased wages
- Financial Stability**
- Establish personal savings
- Child wellness**
- Increased/Consistent school attendance and performance
- CHARMECK.ORG**

 CITY OF CHARLOTTE **Proposed Program Funding**

\$20M Endowment to generate 4.5% or \$900,000 annual return on investment

Entity	\$ Commitment
Private Sector	\$10M (\$3M committed to date)
City	\$10M (\$2M annually for 5 yrs)
Mecklenburg County	\$1.4M recommended in FY14 budget for all housing stability programs (includes a portion for rental assistance program)

CHARMECK.ORG

 CITY OF CHARLOTTE **Next Steps**

Continue to develop:

- Program dimensions
- Collaboration with FFTC to ensure overall outcomes
- Commitment from faith community and other affordable housing advocates
- Community commitment for the endowment
- Engagement of City and County budget consideration

CHARMECK.ORG

City Council

Housing and Neighborhood Development Committee

Monday, March 18, 2013

12:00 p.m.

Charlotte-Mecklenburg Government Center

Room – 280

Committee Members: Patsy Kinsey, Chair
LaWana Mayfield, Vice-Chair
John Autry
Michael Barnes
Warren Cooksey

Staff Resource: Eric Campbell, Assistant City Manager

AGENDA

I. FY2013-2017 Capital Investment Plan (CIP) Follow-Up - Affordable Housing Strategies (Action Required)

Staff will review and seek a Committee recommendation on the affordable housing portion of the CIP.

II. Rental Subsidy Update (Indicate willingness to continue discussion of a possible local Rental Subsidy Program and contribution to an endowment)

The Committee will continue the discussion on a local rental subsidy program and indicate their willingness to continue discussions with the full Council on the possibility of making a contribution toward a local rental subsidy program, as part of their FY14 budget deliberations.

Future Topics:

- **FY14 Action Plan**
- **FY14 Housing Trust Fund Tax Credit Requests**
- **FY14 Focus Area Plan Discussion**

Next Committee Meeting: April 10, 2013 at 12:00 p.m.

Distribution:

Mayor/Council
Julie Burch, *Interim City Manager*
City Leadership Team
Corporate Communications
Debra Campbell – *Planning Department*
Anna Schleunes- *City Attorney's Office*
Charlotte-Mecklenburg Coalition
for Housing

Randy Harrington
Phyllis Heath
Fulton Meachem
Fred Dodson
Pat Garrett
Kim Graham
Chief Rodney Monroe

Willie Ratchford
Ledger Morrisette
Patrick Mumford
Steve Allen
Jamie Banks
Brad Richardson
Pamela Wideman
Tom Warshauer

**FY2013-2017 Capital Investment Plan Follow-Up (Affordable Housing)
Housing and Neighborhood Development Committee Meeting
March 18, 2013**

Committee Discussion:

Continue the review of the Affordable Housing component of the Capital Investment Plan (CIP) as referred to the Housing & Neighborhood Development Committee.

Explanation:

- At the December 17, 2012 Special CIP meeting, the Mayor and Council did not reach agreement on a new CIP funding proposal. Therefore, the Mayor and Council unanimously voted to defer any capital budget actions until their spring budget workshops.
- In the meantime, each of the projects in the City Manager's recommended CIP were referred to Council Committees for review and consideration of funding options. The Comprehensive Neighborhood Improvement Projects (CNIP) and the Affordable Housing portion of the CIP were referred to the Housing & Neighborhood Development Committee.
- On January 23, 2013, the Housing & Neighborhood Development Committee reviewed the CNIP and Affordable Housing components of the CIP. The Committee unanimously voted to recommend the CNIP component, in its entirety, to Council for inclusion in the CIP.
- On February 27, 2013, the H&ND Committee continued their discussion on the Affordable Housing component.
- On March 18, 2013, the H&ND Committee will continue their discussion on the Affordable Housing component of the CIP and make a recommendation on what should be included in an upcoming CIP.

Next Steps:

- March 20, 2013 - Council Committee's report out at Budget Workshop

Proposed Rental Subsidy Program
Housing and Neighborhood Development Committee Meeting
March 18, 2013

Committee Discussion:

Receive an update on the proposed rental subsidy program. The proposed Rental Subsidy Program was included in the affordable housing strategies presented to City Council during their October 10, 2012, Affordable Housing Strategy discussion and would be funded outside of a proposed CIP.

Explanation:

- On June 27, 2012 and October 12, 2012 City Council held a broad Affordable Housing Discussion.
- The Housing & Neighborhood Development Committee is tasked with reviewing the proposed Affordable Housing Strategies, presented to the Council on October 10, 2012.
- During the Affordable Housing discussions, a local rental subsidy program was proposed. This program would provide a temporary subsidy to households with incomes too low to pay full market-rate rent from their own resources with the ultimate goal of moving the household to self-sufficiency.
- A rental subsidy program would pay the owner of a multi-family housing development or an agency the difference between the tenant's contribution (30 percent of adjusted income) and the monthly rental rate over a pre-determined period of time with the ultimate goal of moving the household to self-sufficiency.
- Some of the possible benefits of a rental subsidy program are:
 - Stabilize Neighborhoods
 - Disperse geographically
 - Generate private investment to assist in addressing the need for affordable housing
 - Reduce vacant/foreclosed units and improve housing quality
 - Leverage local dollars against private investment
- The Foundation for the Carolinas (FFTC) is working with the philanthropic and the business communities to determine the feasibility of creating a Rental Subsidy Endowment with participation from the City, County and CHA
- During the February 27, 2013 meeting, Vi Lyles, on behalf of the FFTC will shared some national models of successful rental subsidy programs.
- On March 18, 2013, the Committee will continue the discussion on a proposed local rental subsidy program and indicate their willingness to continue discussions with the full Council on the possibility of making a contribution toward a local rental subsidy endowment, as part of their FY14 budget deliberations.