NCDA
WASHINGTON REPORT

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FEATURE ARTICLES

CONGRESS WORKS TO COMPLETE REMAINING APPROPRIATIONS BILLS

To date, the President has signed five of the thirteen appropriations bills (Energy, Transportation, Legislative Branch, Military Construction, and Treasury/Postal). With the October 21st deadline looming to have all of the bills completed, it appears Congress will have to forward another Continuing Resolution to the President to keep the programs of those federal agencies that do not have signed appropriations bills operating. Congress still has to conference the Commerce-Justice-State, Interior, and Labor/HHS/Education bills, and has to re-draft the District of Columbia bill that was vetoed by the President.

Congressional leaders are finding it difficult to adequately fund all of the spending measures, especially the Labor-HHS-Education spending measure, which has been cut deeply to fund other appropriations bills. Congressional Republicans are touting the possibility of a one percent across-the-board cut for all 13 spending bills in order to stay within the spending caps and not tap the Social Security surplus. The across-the-board cut would be implemented through an amendment in the next Continuing Resolution that is forwarded to the President or as an amendment to an appropriations bill that has not yet been forwarded to the President. It is not known if the President will accept such a strategy; however, both the President and the Congressional Republicans have publicly supported leaving the Social Security surplus intact.

HOUSE AND SENATE CONFEREES AGREE ON VA-HUD APPROPRIATIONS BILL

After two days of discussion, the House and Senate conferees agreed on a $26.3 billion FY 2000 spending bill for HUD. This HUD budget is $1.7 billion below the President's request, but $2.2 billion more than the agency received in FY 1999. Conferees used $1.3 billion in excess Section 8 funds; $500 million in Section 8 carryover funds; $4.2 billion in advance appropriations in Section 8 and $440 million in unobligated Section 8 balances to provide the funds needed to fund the VA-HUD bill. NCDA is happy to report the measure includes $4.8 billion in funding for CDBG, $1.6 billion for HOME, and $1.02 billion for HUD's homeless assistance programs.

The measure provides $4.8 billion for the CDBG program in FY 2000, $50 million above the FY 1999 funding level. Set-asides under the program total $545 million and include $67 million for Native Americans; $36.5 million for section 107 grants; $45 million for Public Housing social services; $23.750 million for Capacity Building (which includes $3.750 million for Habitat for Humanity and $4 million for rural areas); $275 million in Economic Development Initiatives; $30 million for the Neighborhood Initiative Program; $3 million for the Housing Assistance Council; $2.2 million for the Native American Housing Council; $42.5 for YouthBuild; and $20 million for Self-Help Housing. Even with the set-asides, the formula allocation for CDBG is $4.26 billion in FY 2000, slightly higher than the $4.22 billion level in FY 1999.

The measure provides $1.6 billion for the HOME program in FY 2000, the same level as in FY 1999. Of this amount, $15 million is set-aside for Housing Counseling and $5 million is set-aside for information systems. The measure also provides $2 million under the HOME program in FY 2000 for a demonstration program to promote non-profit financing of multi-family housing.

HUD's homeless assistance grants received an increase of $45 million to $1.02 billion in FY 2000. The bill includes several authorizing provisions related to HUD's homeless assistance programs, including: (1) a requirement that not less than 30% of the funds be used for permanent housing (this is an across-the-board requirement for all of HUD's homeless assistance programs, not a 30% requirement for each grantee); (2) a provision that requires a 25% match for all services; and (3) a provision that directs HUD to ensure that State and local jurisdictions pass on at least 50% of all administrative funds to nonprofit organizations administering the homeless assistance programs. This provision pertains to HUD's competitive homeless assistance programs, not the Emergency Shelter Grants Program. NCDA and other national interest groups fought to have this provision removed from the bill.

The measure provides $11.03 billion for HUD's Housing Certificate Fund to renew existing Section 8 contracts, provide "enhanced" Section 8 vouchers, fund new incremental vouchers, fund Section 8 administrative fees, and provide for relocation assistance under Section 8. A total of $4.2 billion of this level will be deferred until FY 2001. Of the $11.03 amount, $40 million will be used to provide rental assistance to disabled families. The measure includes a provision which requires HUD to provide a proposal to contract out the administration and the operations of the section 8 tenant-based rental assistance program by January 5, 2000. The measure also provides funding for 60,000 new incremental housing vouchers. The President had requested 100,000 vouchers.

The measure provides $2.9 billion for HUD's Public Housing Capital Fund, $100 million below the FY 1999 level, but $300 million above the President's request. The measure provides $3.003 billion for HUD's Public Housing Operating Fund for FY 2000, $185 million above the FY 1999 level. Also included is $310 million for the Drug Elimination Grants program, the same level as in FY 1999. The bill provides $575 million for the HOPE VI program, which focuses upon the revitalization of severely distressed public housing. This level is $50 million below the FY 1999 allocation for HOPE VI.

HUD's Section 202 elderly housing program received $710 million, an increase of $50 million from FY 1999. Of this amount, $50 million will be used to fund service coordinators and provide supportive services for the elderly. An additional $50 million will be used to convert existing section 202 projects to assisted living facilities. The bill provides $201 million for HUD's Section 811 disabled housing program, an increase of $7 million from FY 1999.

HUD's Office of Fair Housing and Equal Opportunity received $40 million, the same level as in FY 1999. It also provides $80 million for HUD's Office of Lead Hazard Control, the same level as in FY 1999. This amount includes $10 million for HUD's Healthy Homes Initiative. It directs HUD to provide $750,000 for grants or contracts to train sampling technicians in lead-safe repainting and remodeling and provides $750,000 for the National Center for Lead-Safe Housing.

HUD's Office of Rural Housing and Economic Opportunity received $25 million. A total of $232 million is provided for the HOPWA program in FY 2000, $17 million above the FY 1999 funding level for the program.

FY 2000 HUD FUNDING LEVELS

PROGRAM	FY 1999 ENACTED	PRESIDENT'S REQUESTED LEVEL FOR FY 2000	CONFERENCE RECOMMENDATION FOR FY 2000
CDBG	$4.750 billion	$4.775 billion	$4.8 billion
HOME	$1.6 billion	$1.610 billion	$1.6 billion
Homeless Assistance Grants	$975 million	$1.025 billion	$1.020 billion
Section 202 (elderly)	$660 million	$660 million	$710 million
Section 811 (disabled)	$194 million	$194 million	$205 million
Housing Certificate Fund	$9.6 billion	$11.522 billion	$11.03 billion
Public Housing Operating Fund	$2.818 billion	$3.003 billion	$3.003 billion
Public Housing Capital Fund	$3 billion	$2.555 billion	$2.9 billion
Lead-Based Paint	$80 million	$80 million	$80 million

PROGRAM	FY 1999 ENACTED	PRESIDENT'S REQUESTED LEVEL FOR FY 2000	CONFERENCE RECOMMENDATION FOR FY 2000
HOPWA	$225 million	$240 million	$232 million
HOPE VI (Severely Distressed PH)	$625 million	$625 million	$575 million
Native American Housing Block Grants	$620 million	$620 million	$620 million
Drug Elimination Grants	$310 million	$310 million	$310 million
Brownfields Redevelopment	$25 million	$50 million	$25 million
Fair Housing	$40 million	$47 million	$40 million
Rural Housing and Economic Development	$25 million	$20 million	$25 million

Title V of the VA-HUD bill contains provisions from several housing bills that were introduced earlier this year, including H.R. 202–Preserving Affordable Housing for Senior Citizens and Families into the 21st Century (introduced by Reps. Leach and Lazio), H.R. 1336 – Emergency Resident Protection Act of 1999 (introduced by Reps. Leach, Lazio and Walsh), and H.R. 1624 – Elderly Housing Quality Improvement Act (introduced by Reps. LaFalce, Frank, and Vento). Some of the provisions include:

1. The establishment of a Commission on Affordable Housing and Health Care Facility Needs into the 21st Century which is responsible for providing an estimate of the future affordable housing needs of seniors and identifying methods for encouraging private sector participation and investment in affordable housing.

2. A requirement for HUD to renew expiring Section 8 properties that have rents below comparable market rents at market level.

Provides "enhanced" Section 8 vouchers to low-income households residing in projects where owners have chosen to opt-out of the Section 8 program in lieu of charging market rents on their units. The enhanced voucher would pay the market rent on the unit, thereby allowing the resident to remain in the unit.

A provision that allows an elderly recipient of Section 8 housing assistance to use the assistance in an assisted living facility.

A provision which directs HUD, in instances where Section 202 borrowers choose to prepay and refinance their mortgages, to share at least 50% of any section 8 savings that might become available as a result of the prepayment with the borrower.

A provision which directs HUD to streamline and reduce the cost of refinancing Home Equity Conversion Mortgages for elderly homeowners. The bill also directs HUD to evaluate and report on the lending practices of the reverse mortgage industry by June 30, 2000.

A provision that allows HUD to renew section 8 contracts for any number of years, subject to appropriations (as opposed to mandatory renewals of one year).

PRESIDENT CLINTON PROPOSES TAX INCREASE ON CIGARETTES

With the Continuing Resolution eight days from expiring, President Clinton and the Congress scramble for ways to fund the 13 appropriations bills without a one percent across the board cut. In a move to push spending bills through without more cuts, President Clinton has suggested an almost $90 billion package of tax increases that has virtually no chance of passing. Clinton has proposed 75 different tax increases totaling $89.7 billion over a ten year period, in a move to generate more needed revenue for increased spending on health, education and other areas. Chief among the tax increases is the 55 cents per pack tax on cigarets, aimed largely at curbing teen smoking. This tax alone will generate $7.8 billion in revenue, just enough to fill the shortfall in funds needed to finish up the FY 2000 appropriations bills, without having to institute a one percent across the board cut on all 13 appropriations bills. Republicans and Democrats from southern, tobacco-growing states held a news conference strongly denouncing the tax increase as "poor budget policy." These lawmakers claim that not only will this cigaret tax hurt tobacco farmers, but it will also harm low-to middle income workers who chose to use tobacco products. The Republican leadership is more likely to institute a one percent across the board cut on all 13 appropriations bills if budget gimmicks and forwarding can't get them within the $792 billion in domestic discretionary spending.

CONFEREES CLOSE TO FINAL COMPROMISE ON CRA/FINANCIAL MODERNIZATION BILL

Tuesday evening, details were leaked of an emerging final compromise between the House and Senate Banking Committee conferees working to reconcile H.R. 10 and S. 900, the two versions of sweeping financial services reform legislation that passed both houses of Congress earlier this year. Along with a coalition of low income housing and community development interest groups, NCDA has been paying close attention to these negotiations in order to assess just how the conferees plan to alter the Community Reinvestment Act (CRA) in any final banking reform measure.

With respect to the changes the compromise bill would make to CRA, thus far we have learned that the draft version does not do away with the CRA's requirement that banks "have and maintain" a satisfactory community reinvestment rating in order to expand their business or merge with another bank. The emerging draft does not, however, extend CRA to cover all the financial services–insurance, securities, thrift lending–that would be offered by the new wholesale financial institutions that would be created under the legislation. A goal that had been sought by Senate

Banking Committee Chairman Phil Gramm (R-TX) is a blanket CRA exemption for small, rural banks with assets under $100 million. So far, this has been rejected. Instead, the Committee is proposing to ease some of the regulatory burden for small banks under CRA. Rather than being subject to CRA review every two years, rural and urban banks with assets under $250 million would only be subject to CRA review every five years. Also, the bill includes a CRA "sunshine" provision which bars banks and community groups from striking confidential deals in which banks agree to give loans or grants to community groups in exchange for their support on regulator evaluations of the banks CRA performance.

So far no information is available on how the conferees plan to deal with those provisions from S. 900 that place a host of new, onerous CRA reporting on banks and community groups while explicitly prohibiting federal regulators from using the data to engage in any oversight or enforcement of CRA.

Democrats on the committee have complained bitterly that they are being shut out of the process. And last night, White House staffers indicated that unless the CRA provision in the compromise draft were strengthened to cover the new wholesale financial institutions and maintain the integrity of federal CRA oversight, the President would veto the bill.

The Committee meets again today, and the bill's CRA language remains very much on the table. Jim Leach (R-IA), the leading House member on the conference committee wants to have a draft of the bill that is ready to be voted on by next Wednesday, October 20, 1999. After that vote, the conference committee should release its official report including all of the bill's specific provisions. As always, we will do our best to keep you informed of all of the bill's pertinent changes.

INCREASES TO LIHTC AND BOND CAP SEEM UNLIKELY IN FY 2000

In the midst of this summer's rancorous debate over the Republican's $792 billion tax cut proposal, low income housing advocates held out the hope that when the dust finally settled they might walk away with a victory in the form of long sought after increases in the low-income housing tax credit and private activity bond caps. More than three weeks after President Clinton vetoed the GOP tax plan, however, prospects for getting even so much as a simple tax credit extender bill out of the 106th Congress is beginning to look disturbingly bleak.

When the end of the federal fiscal year came and went at midnight on September 30th, 1999 with Congress and the President not having enacted the necessary legislation to fund FY 2000 operations, a three week Continuing Resolution was approved to keep the federal departments and agencies funded at FY 1999 levels until the present budget showdown is resolved. Unfortunately, no such provision has been enacted with respect to federal tax credit programs. And until Congress passes and the President signs a tax credit extender bill, the low-income housing tax credit, private activity bond cap, historic homes preservation tax credit, and research and development tax credit will remain non-functional and inaccessible. So, for the time being, no new federal tax credits are available to finance any housing development for low-to-moderate income Americans, not even at FY 1999 levels.

Arguably, what is most frightening about this situation is as that as each day passes it is only becoming more difficult to find funds in the FY 2000 federal budget to renew the existing tax credit programs, much less adopt any desired increases. Perhaps the biggest sticking point that has emerged where tax credit funding is concerned is both parties' sacrosanct approach toward the Social Security Trust Fund. For example, in late September, House Ways and Means Committee Chairman Bill Archer (R-TX) introduced a measure to extend all existing tax credits at FY 1999 levels for one more year. The bill has an estimated price tag of $23 billion. Although the bill has passed out of Committee, it did so with absolutely no Democratic support. Democrats on the Committee rejected the measure on the grounds that, as drafted, there would be no way to pay for it without breaking into the Social Security trust fund. This is the exact same argument the President used to explain his veto of the Republican's $792 billion tax plan. On the Senate side, things aren't looking much better. Senate Finance Committee Chairman William Roth (R-DE) is reported to be in the process of drafting a $78 billion dollar tax credit extender package which is believed to contain, among other things, the same provisions for LIHTC and bond cap increases that were in the Republican's $792 billion tax cut plan. But even though an official Committee draft has not been published yet, rumors are already circulating that many key Republican and Democratic Senators on the Committee think it is simply too large to afford under the current budgetary and "political" constraints. And it's pretty much a foregone conclusion that any new tax bill that doesn't garner significant bi-partisan support is likely to be vetoed by the President.

While no one is willing to say that increases in the low- income housing tax credit or private activity bond cap are absolutely dead for this year–after all, there are still proposals are still floating around to attach such increases to legislation to hike up the minimum wage--there is a growing concern among interest groups that the zeal among Republicans and Democrats alike to wall of the Social Security Trust Fund could prevent Congress from taking any definitive steps to alleviate the nation's affordable housing crisis.

INCREASINGLY PARTISAN CLIMATE FACES BROWNFIELDS-SUPERFUND REFORM BILL

This week the House Commerce Committee finally began holding hearings on H.R. 1300, The Recycle America's Land Act. Originally passed out of the House Transportation and Infrastructure Committee with broad bi-partisan support (the vote was 69-2 in favor of the bill), H.R. 1300 is encountering a far more bumpy ride in the House Commerce Committee. Because H.R. 1300 contains sweeping reforms of the nation's existing Brownfields-Superfund clean-up liability and financing regulations, it must be considered by three separate House committees–Transportation & Infrastructure, Commerce, and Ways and Means–before it can move to the floor of the full House for an up or down vote.

Ever since H.R. 1300 moved into the Commerce Committee's jurisdiction, the level of partisan rancor over some of the bills liability reform provisions has increased steadily. In particular, Committee Democrats, buttressed by a host of environmental interest groups and concerns being voiced by the Environmental Protection Agency, have begun to scrutinize some of the ways in which the bill does not clearly delineate between liability protections for "innocent" third party purchasers who inadvertently came into possession of brownfields or Superfund NPL sites and and large corporate polluters that may have transferred such sites to their subsidiaries for purposes of evading clean-up liability under the new law. (For a detailed overview of H.R. 1300's liability provisions see, "House Acts on Superfund Reauthorization Bill," archived at **www.ncdaonline.org** in the September 17, 1999 issue of NCDA Washington Report.)

There is a growing fear among the legislation's proponents that both sides might be gearing up to demagogue the issue in order win points with the voters instead of working together to actually do something that will help communities redevelop the hundreds of thousands of polluted, undeveloped and *undevelopable* sites scattered across the nation. Even though H.R. 1300 is the only reform bill with significant bi-partisan support, a number of Commerce Committee Democrats and Republicans have plans to introduce their own versions of Brownfields-Superfund reform legislation as substitutes to H.R. 1300. Additionally, a growing chorus of environmental groups are beginning to grumble about going to the voters with the news that H.R. 1300 is riddled with loop holes that will allow big polluters to get off scot free.

The U.S. Conference of Mayors, National League of Cities, National Governor's Association and a host of municipal associations are strong supporters of H.R. 1300. Admitting that the bill does have its flaws, still, lobbyists for these organizations insists that right now this is the only measure that has both strong bi-partisan support in the full House (at last count H.R. 1300 has over 96 co-sponsors, evenly split between Republicans and Democrats) and adequately deals with the liability crisis stymieing the efforts of local government to redevelop brownfields into productive properties. The Conference of Mayors in particular is calling on all local government officials what deal with brownfields to contact their U.S. Representative and urge s/he to sign on as a co-sponsor of H.R. 1300.

HUD NEWS

HUD ISSUES ANOTHER SET OF CONSOLIDATED PLAN GUIDANCE

NCDA staff is ever vigilant in providing its members with the most up-to-date information on pressing issues. The consolidated plan is no exception. However, HUD seems to be outdoing itself by in putting out consolidated plan guidelines to grantees. NCDA has received yet another set of guidelines, charts and tables to better assist grantees in putting together their consolidated plans. These new guidelines are substantially the same as the last set we forwarded, with the exception that pages 17 and 18 are more clearly stated. There are a few changes to the charts, but nothing that is required. If members want additional hard copies of the new consolidated plan guidelines, please contact Carla Sauls at 202-293-7587.

LEAD-BASED PAINT TRAINING UPDATE

HUD has informed NCDA that the Lead-Based Training dates and locations will be finalized and forwarded to CDBG and HOME grantees the week of October18th. NCDA will post the training dates and sites to its web site (**www.ncdaonline.org**), as soon as HUD makes the information available.

HUD ANNOUNCES $132.9 MILLION IN RENTAL ASSISTANCE VOUCHERS

HUD announced the award of $132.9 million to fund approximately 17,800 Section 8 vouchers. At least 10,800 of the vouchers will be distributed to persons with disabilities to assist them in renting apartments in the private market. The remaining 7,700 vouchers will be directed towards HUD's Family Unification Program, which provides housing assistance to families facing the possibility of foster care for their children due to a lack of housing. The program primarily benefits homeless families, battered women with children, and families living in unfit conditions.

NCDA NOTES

THANKS FOR ALL YOUR HARD WORK ON THE FY 2000 HUD APPROPRIATIONS BILL

NCDA's staff and its partners want to thank the membership for the great help with the passage of an outstanding HUD/VA FY 2000 budget. This budgetary year had been very trying for advocates and the Congress alike. With the imposed spending caps, preserving the Social Security Trust Fund, and adding increases to the education and defense budgets, getting adequate or increased funding for traditionally popular programs and agencies has been a challenge. All of your hard work– the phone calls, cards, letters, e-mails and particularly the visits gave the appropriators on the HUD/VA subcommittee something to think about. Although the entire HUD/VA subcommittee received about one billion dollars less than the President requested, community development and housing supporters did better than expected, much better.

Advocacy groups throughout the city know that the hard work at the local level wins the day. NCDA's members have a lot to be proud of. Keep up the good work!!!!!

FEDERAL REGISTER NOTICES

October 12, 1999. Notice of Responsibility Within HUD for Civil Rights Front-End Reviews of HUD Programs. The purpose of this notice is to advise public housing agencies, community planning and development entitlement jurisdictions, owners and managers of assisted housing, other interested parties and members of the public of the change of responsibility within HUD for civil rights front-end reviews for HUD programs. On August 12, 1999, HUD published a rule that makes technical amendments to its regulations in 24 CFR part 108 to reflect the transfer of responsibility of front-end reviews from the Office of Fair Housing and Equal Opportunity to the 18 HUD Monitoring Offices (Boston, Buffalo, New York, Philadelphia, Baltimore, Greensboro, Atlanta, Jacksonville, Chicago, Columbus, Detroit, Fort Worth, Kansas City, Minneapolis, Denver, Los Angeles, San Francisco, and Seattle). This notice also designates the following HUD Office as HUB's for the Office of Fair Housing and Equal Opportunity: Boston, New York, Philadelphia, Atlanta, Chicago, Fort Worth, Kansas City, Denver, San Francisco, and Seattle. The offices are charged with carrying out the civil rights compliance review responsibilities in 24 CFR part 108. For further information, contact Pamela Walsh, Office of Fair Housing and Equal Opportunity, HUD, 202-708-2288.

October 12, 1999. Announcement of Funding Awards for the Brownfields Economic Development Initiative Program; Fiscal Year 1999. In accordance with section 102(a)(4)(C) of the Department of Housing and Urban Development Reform Act of 1989, this announcement notifies the public of funding decisions made by the Department in a competition for funding under the Super Notice of Funding Availability (SuperNOFA) for the Brownfields Economic Development Initiative (BEDI) Program. The following jurisdictions received awards: Phoenix, AZ; Los Angeles, CA; Richmond, CA; Los Angeles County, CA; New Haven, CT; St. Petersburg, FL; Dade County, FL; New Orleans, LA; Shreveport, LA; Baltimore, MD; Boston, MA; Everett, MA; Jersey City, NJ; Rochester, NY; Syracuse, NY; Yonkers, NY; Winston-Salem, NC; Lorain, OH; Oklahoma City, OK; Seattle, WA; Wheeling, WV.

October 6, 1999. Announcement of Funding Awards for Fiscal Year 1999 Community Outreach Partnership Centers. This notice notifies the public of funding awards for HUD's FY 1999 Community Outreach Partnership Center Program. The purpose of this document is to announce the names and addresses of the award winners and the amount of the awards which are to be used to establish and operate Community Outreach Partnership Centers that will conduct research and investigation on theoretical or practical problems in large and small cities; and facilitate partnerships and outreach activities between institutions of higher education, local communities, and local governments to address urban problems. The following educational institutions received awards: Springfield College (Springfield, MA); University of Vermont (Burlington, VT); Cornell University (Ithaca, NY); Pratt Institute (Brooklyn, NY); Rowan University (Glassboro, NJ); State University of New York College at Cortland (Cortland, NY); Georgetown University (Washington, D.C.); Howard University (Washington, D.C.); Lynchburg College (Lynchburg, VA); Mercer University (Macon, GA); University of South Florida (Tampa, FL); University of Tennessee (Chattanooga, TN); University of Tennessee (Knoxville, TN); University of West Florida (Pensacola, FL); Butler University (Indianapolis, IN); Loyola University (Chicago, IL); University of Michigan (Flint, MI); University of Toledo (Toledo, OH); Valparaiso University (Valparaiso, IN); University of Texas-Pan American (Edinburg, TX); Occidental College (Los Angeles, LA); University of Oregon (Eugene, OR).

October 4, 1999. Section 8 Moderate Rehabilitation Program; Executing or Terminating Leases on Moderate Rehabilitation Units. The current program regulations for the Section 8 Moderate Rehabilitation Program state that the initial lease term between an owner and a family must be for at least one year. The regulation is silent on the requisite lease term when the Housing Assistance Payments (HAP) contract term expires in less than one year. The purpose of this interim rule is to implement the statutory language that requires that any initial lease term not extend beyond the term of the HAP contract. This interim rule also revises the program regulation to allow an owner and a public housing agency (PHA) to mutually agree to terminate a unit from the HAP contract if a unit becomes vacant and the term of the HAP contract is for less than one year.

JOB OPPORTUNITIES/ATTACHMENTS

- **NCDA 2000 Winter Meeting Draft Agenda and Registration Form**
- **Board of Directors Minutes and FY 2000 NCDA Budget (revised)**
- **Party for John Sasso**
- **Annual Conference Proposal for 2002-2003**