



WASHINGTON REPORT

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### **CPD ALLOCATIONS DUE OUT ON DECEMBER 16**

According to HUD officials, the 2000 CDP allocations will be released on or about December 16, 1999. The delay from the original date of November 29 is a result of the .38 percent across the board cut the Congress and the President agreed upon to complete the FY 2000 budget process. Word from HUD is that the possibility of CPD programs receiving cuts is remote, and that any budget cuts will most likely come from Section 8 reserves and other recaptured program funds. As always, NCDA will get the CPD allocation figures to members as soon as we get them. They will be simultaneously posted on our web site and mailed to those that who receive the Washington Report in hard copy, at the same time.

### **CONGRESS ADJOURNS**

After a seemingly endless session, Congress finally wrapped-up its business and left town in time for the holidays. The House completed its work on Thursday, November 18, leaving the Senate to debate several items, before adjourning on Friday, November 19. Congress is not scheduled to return until

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January 27, when the 2<sup>nd</sup> session of the 106<sup>th</sup> congress will begin. The five remaining appropriations bills (District of Columbia, Interior, Foreign Operations, Commerce-Justice-State, and Labor-HHS-Education) were wrapped into a \$385 billion omnibus spending measure (HR 3194) and forwarded it to the President for his signature. Both sides conceded on some items in order to move the measure forward. The President vowed not to support an across-the-board spending cut, but backed away on this position in order to get concessions in other areas. The package includes a 0.38% across-the-board spending cut in all discretionary programs. Each federal agency will decide where the cut within their agency should come from. No single program within an agency can receive more than 15% of the overall 0.38% cut.

Clinton can claim credit for securing funding for the hiring of more teachers and police officers, protecting more environmentally sensitive land, and securing some funding for the debt owed to the United Nations by the United States. Congressional Republicans are claiming credit for holding tough on protecting the Social Security surplus, even though “smoke and mirror” accounting gimmicks were used in all of the appropriations bills. These gimmicks included designating \$11.5 billion of the FY 2000 budget as “emergency” spending, including \$4.1 billion for the Census, and deferring \$16 billion of the budget as “advance appropriations” for next year. “Emergency” spending is considered off budget and not counted towards the spending cap. The “advance appropriations” will ultimately reduce the amount of funds available in FY 2001, including \$4.2 billion in Section 8 renewal funds that were designated as advance appropriations.

Several major pieces of legislation were not enacted this year, including legislation to increase the minimum wage, legislation to overhaul campaign finance reform, managed health care legislation, overhaul of bankruptcy laws, milk pricing reform, and a major tax reform package. These issues will likely surface again next year when the 106<sup>th</sup> Congress returns. “It’s going to be hard to get big things done in the year 2000,” says Senator Trent Lott (R-MS).

### **TAX BILL PASSES BY WIDE MARGIN AT END OF SESSION**

Defying skeptics and nay-sayers on both sides of the partisan divide, Congress managed to fit in the passage of a scaled down tax credit extender package just before adjourning for its long winter break. On a vote of 98-1 in the Senate and 418-2 in the House of Representatives, the \$18 billion tax measure was attached to H.R. 1180, another piece of legislation with strong bi-partisan support which protects federal health benefits for disabled citizens who choose to work.

Some of the major provisions of the tax bill include a very popular five-year extension (through June, 2004) of the research and development tax credit, as well as a three year extension of a provision in the tax code allowing middle-income families subject to the alternative minimum tax to claim child care and other tax credits. The cost of these two provisions alone is \$13.4 billion.

Other portions of the bill continue existing business tax breaks through 2001, including the welfare-to-work and work opportunity tax credits. The bill also extends an existing school construction bond program and a business tax deduction for the costs of cleaning up brownfields through January of 2002. All but \$2.8 billion of the \$18 billion cost of the tax package will be met by projected budget surpluses.

The rest will come from other off-sets in next year's federal budget. Senate Finance Committee Chairman William V. Roth (R-DE) was able to secure a controversial tax credit for interests in his state that use "closed-loop" biomass facilities to generate electricity. The poultry industry in Delaware is involved in schemes to use naturally occurring methane and other gases in chicken manure as a "clean" energy resource for electricity plants. President Clinton has indicated that he will sign the tax bill along with the overall budget agreement for FY 2000.

### **ELIGIBILITY CHANGES ACHIEVED FOR WELFARE-TO-WORK BLOCK GRANT PROGRAM**

Responding to a flurry of activity from community development, anti-poverty, and faith based interest groups, Congress attached a number of technical amendments to a foster care bill which ease some of the eligibility restrictions on who can qualify for assistance under the Welfare-to Work block grant, Workforce Investment Act, and TANF programs. Local and state governments complained loudly that one of the reasons so much Welfare-to-Work dollars have gone unspent is because the restrictions on who the program dollars could be spent on were so tight as to make the monies practically inaccessible. Estimates suggest that thus far only 20% or \$600 million of the \$3 billion originally appropriated for the Welfare-to-Work block grant program has been drawn on by state and local governments. Faced with spending caps, Congress was eyeing the unspent dollars as a resource for balancing the federal books. But rather than rescind funding for the program outright, Congress opted to simply not authorize any additional dollars for new Welfare-to-Work initiatives.

Formerly, in order to qualify for program support, participants had to either have been on welfare for 30 months or be within 12 months of losing eligibility because of a time limit and meet at least two of the following criteria: (a) no high school diploma or GED, (b) extremely low math and reading skills, (c) have poor work histories, and (d) evidence of substance abuse. Under the new rules, participants only have to meet one of these criteria.

Projects may now also spend up to 30% of their funds on non-custodial parents who are unemployed, underemployed, or have difficulty paying child support and meet other miscellaneous qualifications (This was done to make it easier to help indigent fathers of children receiving TANF benefits.); on recipients of cash welfare who have the characteristics of long-term welfare dependency; as well as on young adults between 18 and 25 who were formerly in foster care; and on custodial parents with incomes below 100% of the poverty level; or, finally, on recipients of cash assistance who are determined by their local workforce investment boards to have significant barriers to self-sufficiency.

The effective date for the determination of eligibility for competitive Welfare-to-Work grants is January 1, 2000. But remaining unspent formula funds may not be drawn down before October 1, 2000.

Softening the work first bias of the TANF program, limited vocational education and job training for a maximum of 6 months is now defined as an allowable Welfare-to-Work activity. Also, entities other than the Workforce Investment Boards that conduct Welfare-to-Work projects are authorized to provide direct services under the new rules. Lastly, states are now permitted to release basic Child Support Enforcement Information to local Workforce Investment Boards that are conducting projects under the

Welfare-to-Work program. Information that can be shared is restricted to the name, address, phone numbers, and case identifying information of non-custodial parents residing in the Workforce Investment area for the purpose of contacting these parents in order to encourage them to participate in the local Welfare-to-Work programs.

### **CAMPAIGN FOR HOUSING AND COMMUNITY DEVELOPMENT FUNDING SIGN-ON LETTER**

NCDA is a partner in the Campaign for Housing and Community Development Funding (CHCDF), an organization which advocates for federal housing and community development funding. Every year CHCDF sends a letter to the President and to members of Congress supporting a strong budget for HUD in the next fiscal year. All of the organizations represented by CHCDF are asking their member organizations to sign-on to the this year's letter. Please take the time to send in your sign-on response form to the person and fax number on the attached sign-on form **by December 8**. This kind of effort makes a difference in securing higher budget requests and funding levels for HUD in the coming year. Make your organization's voice heard, sign-on today!

### **OMB REQUESTS COMMENTS CONCERNING NEW STANDARDS FOR DEFINING METROPOLITAN AREAS**

OMB is requesting comments on recommendations that it has received from the Metropolitan Areas Standards Review Committee (MASRC) for changes to OMB's definition of metropolitan area (MA) standards. MASRC's report and recommendations are the result of a comprehensive review of the MA concept and current standards that began 1990. This review, which is completed prior to each decennial census has been conducted on five prior occasions. The last change to the metropolitan area terminology occurred prior to the 1980 census when "Standard Metropolitan Statistical Areas" was changed to "Metropolitan Areas." Given the dramatic population changes that have occurred over that past two decades and the need for more useful and relevant demographic information, the MASRC has submitted its report, based on public comment and the review committee's recommendations for proposed changes to the definition of metropolitan area.

#### **Why is this relevant to Community Development Practitioners?**

For the 1950 Decennial Census "Standard Metropolitan Statistical Area" was used to define an area of large population. Since then, vast numbers of directly comparable MA data products have been made available to government, business, scholars, citizens' organizations and others interested in studying various aspects of MA's. Throughout government and legislation the term "metropolitan area" defines and describes population delineation which directly relates to formula funding allocations for programs. In today's radically changing demographic climate, to describe a metropolitan area as one in which more than 50,000 people live and work is meaningless. According to the 1990 census there are 35 metropolitan areas where more than 1,000,000 people

reside, containing 45 percent of the nation's population. There needs to be further delineation of population centers to get a real understanding of the nation's population.

For those interested in understanding demographics and, subsequently, how to best allocate resources, the need to understand how we live and work is vital. This report makes recommendations to OMB on proposed changes to delineating population throughout the nation for statistical purposes. This report does not make policy recommendations on how Congress or federal, state or local governments should use them. It simply is a method for more accurately defining the size of population centers based on county delineation and commuting patterns. (County delineation is the current format for geographic delineation)

Of course each Federal agency is reviewing MASRC's recommendations to determine how these new definitions will impact their programs and operations. A thorough review of the statutes governing their programs will be required for agencies to understand the impact of new definitions for metropolitan areas. Specifically for CPD and HUD formulae programs, units of governments (cities, counties and states) will more than likely continue to be the funding conduit, however when "metropolitan area" is redefined, the level of funding to each governmental entity may change.

MASRC recommends a Core-Based Statistical Area classification to replace the current metropolitan area classification. MASRC further recommends the following terms and levels, based on the total population in the cores of CBSAs (and not based on the total population of the CBSA):

<b><u>Core-Based Statistical Area</u></b>	<b><u>Population in Cores</u></b>
Megapolitan Areas	1,000,000 and above
Macropolitan Areas	50, 000 to 999,999
Micropolitan Areas	10,000 to 49,000

Territory not included in the CBSAs would be designated as outside Core-Based Areas (currently the non-metropolitan areas.)

The 2000 census will provide much information on the demographics of the nation's population. It will also provide a rationale for groups, and particularly Congress to re-address formula programs such as CDBG. If, as MASRC believes, populations have shifted to an even more urbanized condition, the CDBG formula should be adjusted to consider population shifts. Conditions of housing stock, commuting patterns, and the extent to which rural poverty is determined to be more severe than urban poverty will also be major issues to consider as we revisit the CDBG formula, and others. The time may have come to reexamine whether the CDBG formula is still relevant 25 years after its inception, given a vastly different population. The best way for community development practitioners to have an impact on how the upcoming census data is gathered and used is to become involved in the data gathering.

During 2000, NCDA will work with other national public interest groups to take an active role in encouraging members to work with their constituents to ensure a more accurate count than was achieved in the 1990 census. A more accurate count could mean more federal dollars for communities. And, if community development practitioners are seen as “players” in getting those accurate counts, we will be a readily identifiable source of information (as we already are) on the needs of our communities. In short, it could pay to get involved. And, assisting with the Census is already a CDBG eligible expense.

In its report, MASRC makes 12 recommendations and provides the rationale for these recommendations for the proposed changes to redefining metropolitan areas. To review the entire report, please consult the October 20, 1999 issue of the *Federal Register*, or contact Carla Sauls at NCDA and she will send you a copy.

## **HUD NEWS**

### **CUOMO ANNOUNCES AWARDS IN TWO CATEGORIES**

Secretary Cuomo formally announced on November 19 the award of \$792 million to non-profit groups to create approximately 8,943 subsidized apartments for low-income senior citizens and persons with disabilities through HUD’s Section 202 elderly housing program and the Section 811 disabled housing program. The funds will be used to construct new units as well as acquire and rehabilitate existing units.

Secretary Cuomo announced on November 16 the release of \$261 million in grants to fight drugs and crime in public and assisted housing nationwide. Of this amount, \$226.6 million in Drug Elimination Program grants will be distributed to 891 public housing authorities across the country. Another \$18.6 million will be allocated to privately owned, federally-subsidized housing developments in 26 states for a similar program called the New Approach Anti-Drug Program (formerly known as the Safe Neighborhood Grant Program). The remaining \$16.2 million in funds will be distributed to 124 privately owned, federally-subsidized apartment developments in 38 states from the Multifamily Drug Elimination Program. These funds will be used to provide extra police officers to patrol housing developments, hire private security firms, fund resident anti-crime patrols, and provide physical improvements to enhance security at these developments, such as fencing, lighting, and improved locks. The funds will also be used to provide drug education, counseling and treatment programs to residents, including job training and recreational activities as alternatives to drug abuse and crime.

### **LEAD-BASED PAINT TRAINING UPDATE**

HUD held its first lead-based paint training session in Baltimore, MD on November 15, and staff from NCDA were invited by HUD to attend the training. The three-day course provides CPD grantees with information on why the final rule is being implemented and what grantees need to do to ready themselves and their programs for the September 15, 2000 start date of the regulation. The final Lead-Based Paint regulation implements Title X of the 1992 Housing and Community Development Act, which mandated that HUD take action to address lead-based paint in housing receiving Federal assistance. The CPD

programs affected by the new regulation include: CDBG, HOME, ESG, HOPWA, Shelter Plus Care, Supportive Housing Program, and Youthbuild. The changes enacted by the new regulation affect the following activities: rehabilitation, tenant-based rental assistance, acquisition, leasing, support services, and operations.

The new regulation makes changes in Federal lead-based paint requirements for CPD programs by modernizing the terminology used, the work practices deemed acceptable, and the activities required. It also expands requirements to protect occupants and workers from lead-based paint hazards based on current knowledge and technology of lead-based paint hazards.

The lead-based paint requirements established by the new regulation fall into five major categories: notification of information on lead-based paint and lead-based paint hazards, lead hazard evaluation, lead hazard reduction, ongoing maintenance, and response to children with high lead blood levels. Grantees already have to contend with some of these requirements, such as notification (providing residents and purchasers with the Lead Hazard Information Pamphlet, ensuring that property owners disclose the existence of lead-based paint to purchasers or tenants and its dangers), and identifying and treating lead-based paint.

Some general issues of concern by the participants who attended the training included, finding qualified contractors to conduct the lead assessment and abatement; the cost of the new regulation on grantees (i.e., paying for the assessment and abatement and other costs associated with administering a lead-based paint program); education of sub-recipients and the public at large on the issue of lead-based paint; and training of staff, sub-recipients, contractors and their subcontractors. HUD told the participants that the training of contractors, staff, and subcontractors can be paid for from CDBG and HOME administration funds. Grantees also might want to consider having in-house staff conduct the lead-based paint assessments, instead of hiring an outside contractor to do the job. These and other issues are discussed throughout the three-day course. In terms of additional funding sources, HUD awards funds annually through its Lead Hazard Grant Control Program which provides funding to grantees to develop demonstration programs to identify successful ways of reducing the risks of lead-based paint hazards in housing. Notice of this program funding is normally published in the spring.

Grantees are strongly encouraged to have their sub-recipients attend the training. Grantees should include these people on their Priority Enrollment Form in order for them to be able to attend the training session. Remember, only a certain number of slots are awarded to each jurisdiction, so make sure that only necessary staff attend (i.e., those staff that will directly be involved in administering and implementing the lead-based paint regulation, such as rehabilitation specialists and supervisors).

This regulation is only 10 months away from being implemented. Grantees are strongly encouraged to attend one of HUD's training sessions on the regulation as soon as possible. The quicker grantees attend the sessions, the sooner you can start developing an action plan to carry out the regulation, and field testing the regulation on some projects. Grantees can contact the lead-based paint final regulation hotline at 202-755-1822, ext. 104 with questions on the regulation, or by sending an e-mail to [lead\\_regulation@hud.gov](mailto:lead_regulation@hud.gov). In addition, the web site for HUD's Office of Lead Hazard Control provides information on the training, including registration information. Their web site address is [www.hud.gov/lea/leahome.html](http://www.hud.gov/lea/leahome.html)

## **HUD UNVEILS DGMS AND THE EMPOWERMENT INFORMATION SYSTEM**

Flanked on either side by Terry Nicolosi, Director of the Office of Grants, Management and Compliance and General Deputy Assistant Secretary for Community Planning & Development Joseph D'Agosta, HUD Deputy Secretary Saul N. Ramirez unveiled the working prototype for the Departmental Grants Management System (DGMS) on Thursday, November 18, 1999.

Speaking to an audience composed of representatives from the major community development and housing interest groups and career HUD staffers involved with the creation of DGMS, Deputy Secretary Ramirez explained that HUD intends to begin the full conversion of all its grantees to the new system soon after July 1, 2000. However, the Department will continue developing its working prototype from November 30, 1999 to July 1, 2000. In order to ensure that DGMS receives significant real world testing before the conversion of all its grantees, HUD has enlisted the aid of five pilot grantees to run the system through its paces. Two states, Texas and Maryland, one entitlement city, Seattle, and two counties, Anne Arundel County, MD and Jacksonville-Duval County, FL, have volunteered to begin using the DGMS prototype ahead of time. These communities will provide the Department with feedback on how using DGMS day- to-day compares to the existing IDIS system, and alert HUD to any glitches in the system. Acknowledging the great frustration that many grantees encounter when using IDIS, Associate Assistant Deputy Secretary for Operations, Rich Burk, quipped, "HUD couldn't make DGMS more cumbersome than IDIS even if it tried."

Unlike IDIS, the new Departmental Grants Managements System is a world wide web-based program. When the user browses on to the new system, the DGMS program will look and function like any other average web page. This means the myriad program matrix codes grantees have come to know (and love) will be a thing of the past. Grantees can just use their mouses to point and click to the functions and forms or screens they want. Also, grantees will be able to instantaneously register and receive their User IDs online. In fact, DGMS puts complete control of access to the system in the hands of grantees, not the HUD field offices. Supervisors can authorize members of their staff to have access to the system by registering them online as Grantee Security Administrators with their HUD Program Area Security Administrator.

All required HUD reports will be built into DGMS. With respect to plans, DGMS will accept Community 2020 software, MS Word and WordPerfect, as well as MS Excel, MS Access, and FoxPro table formats. To see a more detailed overview of how HUD expects DGMS to stack up with IDIS, see the attached HUD screens contrasting the major features of the two systems.

To access DGMS, grantees will need a personal computer that has access to the internet, a 56k modem (\$100.00), and either Netscape 4.5 (HUD standard) or MS Internet Explorer 4.0 browser software. The browser software is available for free from HUD.

Throughout the briefing, the senior HUD officials stressed that even though the Department is committed to bring DGMS online in July of 2000, HUD is dedicated to working with grantees to ensure a smooth transition. In the words of Terry Nicolosi, HUD has no intentions of "ramming anything through indiscriminately." Terry Nicolosi further promised that ample support will be provided to grantees to



make sure that they have adequate training and technical capacity to make an efficient transition from IDIS to DGMS.

The conversion will begin first with the state agencies and then with all the other grantees within a given state for all programs. States with pilot grantees will be the first to be fully converted. Thereafter, all other IDIS states will be converted. After that, conversion with all other grantees will take place on a first come first serve basis. HUD wants to have all grantees fully converted no later than December 31, 2001. Grantees will receive training one month prior to their conversion. The conversion process will take 48 hours. HUD promises that it is taking steps to ensure that in the 48 hour transition period between the move from IDIS to DGMS, any old IDIS data will automatically and accurately be transferred into the new DGMS format.

Since NCDA is fortunate to have a member community serving as a pilot participant, we will be in close contact with the Jacksonville Community Development Department in order to update everyone on how life with DGMS is going throughout the demonstration project.

In addition to its overview of DGMS, HUD used the November 18 press briefing to announce the creation of its Empowerment Information System (EIS). EIS is essentially a massive data collection and mining tool HUD contracted in response to an order from Congress to provide more accurate information about how its grant funds are spent. EIS will mine information from DGMS and IDIS and other required HUD data reporting mechanisms to provide comprehensive reports on all of HUD's physical assets, financial assets, performance information, program information, grants information, and household information. EIS is designed to make sure that whatever information it collects will not only be available to the Department and Congress, but to all HUD grantees and relevant. HUD promises that grantees and stakeholders will be able to log into the EIS "datamart" to produce detailed, specialized reports on how HUD funds are being used in their jurisdiction. One unresolved issue, however, is whether or not EIS reports will function on the same platform as the reporting functions in DGMS. We strongly encourage all NCDA members and all other HUD grantees to urge the Department to make sure that EIS and DGMS operate together seamlessly. It would be a colossal waste of time for grantees to have to provide one set of information for EIS, only to replicate the same process for DGMS.

### **The Future of IDIS**

Although HUD will begin the transition to DGMS in July of 2000, the Department said it has no plans to suspend the pre-existing plan to convert all of its state grantees to IDIS. In fact, IDIS will remain in operation for at least two more years. HUD is promising, however, that when a jurisdiction is converted to DGMS, all of its old IDIS data will seamlessly convert to the new web-based format.

### **HUD AND MBA CREATE NEW HOMEOWNERSHIP INITIATIVE**

HUD and the Mortgage Bankers Association (MBA) will work together to educate consumers about the mortgage lending process in order to assist more people in becoming homeowners. Known as the Passport to Homeownership initiative, HUD and MBA will launch a consumer education campaign to

help people better understand all aspects of the home loan process. HUD and MBA will spend more than \$1 million to educate consumers on how to obtain FHA mortgage insurance, how FHA's automated underwriting system works, how to maintain good credit, how to save for a down payment, and how to successfully navigate through the entire home loan process.

### **ANTI-PIRATING RULE MAKES MOVES TO INTERNAL HUD CLEARANCE**

HUD officials report that some progress has been made in moving the proposed anti-pirating rule through the department. When it is out of HUD internal clearance, it will be forwarded to OMB, and then to Congressional review. Odds are, we will not see this proposed rule before the new millennium. With any luck, this proposed rule will be a topic of discussion at the Community Development Committee meeting at the Winter Meeting.

### **NCDA NOTES**

#### **NCDA 2000 WINTER MEETING: January 26-29, 2000**

Don't forget to make plans and reservations for the NCDA 2000 Winter Meeting!! As we have been reporting, this meeting will include a special recognition ceremony for Former Executive Secretary John A. Sasso. This is an event members won't want to miss. Besides the party for John, the Winter Meeting will include an economic development workshop and a special overview on the newly finalized lead-based paint regulations.

### ***FEDERAL REGISTER NOTICES***

***November 24, 1999. Public Housing Agency Plans; Option to Extend First Submission Due Date of Certain Public Housing Agencies.*** This document provides notice to those public housing agencies (PHAs) that must submit their first Annual Plans in December 1999 or January 2000, that they have the option to submit their first plans between December 1, 1999 and January 31, 2000, or January 15, 2000 and February 29, 2000. HUD will soon be publishing additional information and direction to PHAs on their plan submissions.

***November 22, 1999. Community Development Block Grant (CDBG) Program; Clarification of the Nature of Required CDBG Expenditure Documentation; Final Rule.*** On July 15, 1999, HUD published an interim rule that clarifies the level of expenditure documentation that Community Development Block Grant (CDBG) grantees and subrecipients must maintain to identify the use of CDBG funds provided for assisted activities. This change provides the public with more assurance that CDBG funds are used only for allowable purposes. This rule makes final the amendments made by the July 15, 1999 interim rule.

***JOB OPPORTUNITIES/ATTACHMENTS***

- 1. Campaign For Housing and Community Development Funding: Sign-on Letter**
- 2. Special Reception Memo**
- 3. Memo From John Sasso**
- 4. Winter Meeting Brochure**
- 5. Best Practices Presenters Wanted for Economic Development Workshop**