



WASHINGTON REPORT

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**HAPPY HOLIDAYS!!!!**

*FEATURE ARTICLES*

- *CPD Allocations*
- *HUD and OMB Continue FY 2001 Budget Negotiations*
- *US. Conference of Mayors Holds Annual Meeting for Housing/Community Development Working Group*
- *Senator Kerry Proposes the Creation of a National Housing Trust Fund*
- *Mayors Release Annual Hunger and Homelessness Report*
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**CPD ALLOCATIONS WILL NOT BE RELEASED UNTIL CHRISTMAS**

According to HUD officials, the 2000 CDP allocations will be released after Christmas. The reason for this delay is that, as of December 16, language for the letters that accompany the CPD allocations to Mayors, Governors, and County Executives was still under review. However, the calculation for funding levels was completed in November. Since the across-the-board .38 percent funding cut that each agency made adjustments for did not come out of the four formula programs in CPD, the release of the grant amounts only awaits the accompanying letters to the jurisdictions' CEO. As soon as they are made available, NCDA will get the allocation numbers online and in hard copy to those members who receive the Washington Report via regular mail

## **HUD AND OMB CONTINUE FY 2001 BUDGET NEGOTIATIONS**

The Office of Management and Budget (OMB) and the U.S. Department of Housing and Urban Development (HUD) are continuing to negotiate the FY 2001 budget for HUD. No final numbers have been released yet, but NCDA has heard that HUD requested \$5.3 billion for CDBG in FY 2001 and \$1.6 billion for HOME. OMB “passed back” a budget figure of \$4.9 billion for CDBG, and HUD has sent back an appeal asking for higher funding for the program. We have no other word on HUD’s other program areas. We hope to have more information on HUD’s proposed FY 2001 budget in the next issue of the *Washington Report*.

## **MAYORS HOLD ANNUAL MEETING FOR HOUSING/COMMUNITY DEVELOPMENT WORKING GROUP**

With NCDA President Para Rosario and NCDA senior staff in attendance, on the morning of Friday, December 10, 1999, the U.S. Conference of Mayors opened the annual Working Subcommittee Meeting of its Community Development and Housing Committee. The meeting took place at the Conference of Mayors Washington, D.C. headquarters and was co-chaired by Marcia Rosen, Director of the Mayor’s Office of Housing for the City of San Francisco, and Eugene Lowe, Associate Director for Housing and Community Development at the U.S. Conference of Mayors.

Topping the agenda was a progress report on the Section 8 housing voucher program, new initiatives being considered to strengthen CRA in the aftermath of the recently passed financial modernization bill, and an overview of HUD’s budgetary and policy priorities for the coming year. Also discussed was HUD’s newly released report on Homelessness in America and the structure of the America’s Private Investment Companies or APIC program. The meeting closed with a focus group conversation on HUD’s mission, vision, strategic goals, and strategic objectives for the future.

With respect to the Section 8 program, Shaun Donovan, Special Assistant to the FHA Commissioner, reported that within the Administration and Congress “the tide has turned on the voucher issue.” Apparently, this year’s budget tussle to find money for 60,000 new incremental housing vouchers, coupled with the acute nature of the nation’s “worst needs” housing crisis has finally impressed upon lawmakers the need to not only preserve the affordable housing units which already exist but also generate significant new production. Mr. Donovan went on to say that, in the future, one can expect greater receptivity on the part of Congress and the President toward funding more project based Section 8 vouchers. It remains to be seen, however, whether the optimism inside HUD on this front will be justified by the numbers in the President’s FY 2001 budget request.

Other Section 8 concerns put on the table by Mr. Donovan included HUD’s plans for dealing with the surge in expiring Section 8 contracts. Along with the current strategy of striving to mark-up to market rate soon to expire Section 8 contracts with landlords, the Department has initiated a set of reforms designed to provide a more long-term solution to the problem of landlords opting-out of the program. For one, HUD is requiring all renewing landlords to sign longer term commitments of at least five-years. Moreover, the Department is using its funds to subsidize mortgages in multi-family developments in order to make more market based affordable housing available. Finally, when opt-outs do occur, HUD is replacing the project based subsidies with an equal amount of individual based vouchers. Thanks, in part, to these and other related reforms, HUD reports that there has been a 75% drop in the rate of opt-outs in the last 6 months alone.

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In his remarks, National Community Reinvestment Coalition President & CEO, John Taylor, called for a renewed effort to expand the Community Reinvestment Act's scope and strength in light of the changes to the nation's financial system brought about by the passage of the Financial Services Modernization Act of 1999 (formerly S. 900). When it takes effect in January of 2000, provisions of the Financial Services Modernization Act allow 80% of banks to go at least four years without having to be subjected to a CRA examination. Under current rules, most banks are subject to CRA compliance reviews at least once every 1½-to-2 years. It is feared that the Financial Services Modernization Act's relaxation of CRA compliance standards, coupled with its permissiveness toward banking industry mega-mergers and consolidation, will lead to a marked decline in the availability of credit and investment capital for low-income communities.

Some of the specific things the NCRC, the Conference of Mayors, and other community development interests would like to see happen, is the passage of a bill in the next session of Congress to strengthen CRA by making it applicable not only to banks but all other types of financial services entities—insurance companies, stock brokerages—that are permitted to offer banking services under the new the law; also, there is a desire to see the U.S. Federal Reserve do more to combat grade inflation in the CRA exam process (currently, over 95% of banks receive satisfactory ratings); and, finally, NCRC hopes to start a push for legislation that will compel banks to report on the race and gender of their small business loan recipients. The small business loan tracking initiative is modeled on legislation that all already affects the home mortgage industry. The hope is tracking by race and gender will be as successful in eliminating racial and gender discrimination in the small business lending arena as it was in the home mortgage business.

According to Nancy Kirschner Rodriguez, Director of HUD's Office of Intergovernmental Relations, HUD's main administrative priorities for FY 2000 all boil down to furthering its efforts to right itself with Congressional overseers. Key departmental objectives include completing a comprehensive assessment of the nation's public housing stock and any other real estate assets either fully owned or partially subsidized by the Department; also, HUD will push ahead with an array of internal management reforms, many of which are designed to make the Department better able to respond to Congressional and Presidential requests for information about program assets and outcomes.

After two brief presentations on HUD's nationwide study of homelessness in America and the outlines of the APIC initiative, this year's Working Subcommittee Meeting ended with a structured conversation on HUD's goals and vision for the future. Betsy Keeler, Special Assistant to the Secretary in the Office of Policy Development and Research, passed out a draft copy of a document outlining HUD's strategic goals in the areas of affordable housing, economic development and internal departmental reforms. Ms. Keeler then solicited comments from the meeting attendees about whether or not they felt HUD had accurately defined its goals and selected appropriate outcome indicators.

HUD defined its strategic goals as: (1) increase the availability of safe, decent affordable housing in American communities; (2) ensure equal opportunity in housing for all Americans; (3) promote self-sufficiency and asset development of families and individuals; (4) improve community quality of life and economic vitality; (5) and restore public trust in HUD. Some of its strategic objectives for achieving these goals include, increasing home ownership among low-to-moderate income Americans, making sure low-income people are not geographically isolated, helping poor and disadvantaged families and individuals to develop assets, ensuring safety in communities, and seeing that HUD's workforce and partners are empowered, capable, and accountable for results.

Anyone wishing to receive a copy of this document or make comments about HUD's strategic objectives and

goals should contact Betsy Keeler at 202-708-1600, Extension 5911.

### **SENATOR KERRY PROPOSES THE CREATION OF A NATIONAL HOUSING TRUST FUND**

In a speech before the Citizens Housing and Planning Association in Boston, MA on November 16, Senator John Kerry (D-MA) recommended the creation of a National Housing Trust Fund. The following is an excerpt from Senator Kerry's speech:

“The truth is, housing is the forgotten stepchild in the policy debate at the national level. Unfortunately, the only time it gets any focus is when the Congress is trying to balance the budget or look for a way to pay for other programs. Need disaster relief? Cut housing. Need to pay for the space station? Cut housing. Need to pay for peacekeeping troops? Cut housing. It is unfair to take billions of dollars of savings generated from HUD programs and then steer them away from the housing needs of the country, especially when those needs are so acute. We need to get the federal government back into the business of building affordable housing in a way which leverages state and local resources. To that end, I intend to file legislation to create a new National Housing Trust Fund paid for with the earnings from the Federal Housing Administration (FHA) and the Government National Mortgage Association (Ginnie Mae).”

Kerry's National Housing Trust Fund would focus solely on affordable housing production. Currently, FHA and Ginnie Mae generate approximately \$2 billion in earnings every year. Kerry intends to direct these funds into the National Housing Trust Fund. These funds would be matched from contributions from state and local governments through such resources as the Low-Income Housing Tax Credit, state and local housing trust funds, land banks, rental assistance programs, and other available resources, including reducing regulatory barriers to affordable housing development. Projects financed through the Fund must be mixed-income and must provide for long-term affordability of its clients.

NCDA will have someone from Kerry's staff at the upcoming Winter Conference to discuss the National Housing Trust Fund in more detail.

### **MAYORS RELEASE ANNUAL HUNGER AND HOMELESSNESS REPORT**

The U.S. Conference of Mayors released its annual *A Status Report on Hunger and Homelessness in America's Cities* on December 16. The report assesses the extent of hunger and homelessness in 26 major cities during 1999.

Some of the findings of the survey include:

- During the past year, requests for emergency food assistance increased by an average of 18 percent, with 85 percent of the cities registering an increase. On average, 21 percent of the requests for emergency food assistance are estimated to have gone unmet during the last year.
- Low-paying jobs lead the list of causes of hunger identified by the city officials. Other causes cited, in order of frequency, include unemployment, high housing costs, poverty or lack of income, substance abuse, and food stamp cuts.

- During the past year, requests for emergency shelter increased in the survey cities by an average of 12 percent, with 69 percent of the cities registering an increase. An average of 25 percent of the requests for emergency shelter went unmet.
- Lack of affordable housing lead the list of causes of homelessness identified by the city officials. Other causes cited, in order of frequency, include substance abuse and the lack of needed services, low paying jobs, domestic violence, mental illness and the lack of needed services; poverty, changes and cuts in public assistance, and the lack of access to affordable healthcare.
- Officials estimate that, on average, single men comprise 43 percent of the homeless population, families with children 37 percent, single women 13 percent and unaccompanied minors 7 percent.
- Officials in the survey cities report that the Federal Government's Continuum of Care policy has made a difference in their community's effort to address homelessness, and that the increase in HUD funding to address homelessness has resulted in more homeless families and individuals accessing transitional and permanent housing and reaching self-sufficiency in their cities.
- Requests for assisted housing by low-income families and individuals increased in 79 percent of the cities during the last year. City officials estimate that low-income households spend an average of 49 percent of their income on housing.
- Applicants must wait an average of 19 months for public housing in the survey cities and 33 months for Section 8 vouchers.

The 26 cities that responded to the survey comprise the membership of the U.S. Conference of Mayor's Task Force on Hunger and Homelessness, and include: Boston, MA, Burlington, VT, Charleston, SC, Charlotte, NC, Chicago, IL, Cleveland, OH, Denver, CO, Detroit, MI, Kansas City, MO, Los Angeles, CA, Miami, FL, Minneapolis, MN, Nashville, TN, New Orleans, LA, Norfolk, VA, Philadelphia, PA, Phoenix, AZ, Portland, OR, Providence, RI, St. Louis, MO, Saint Paul, MN, Salt Lake City, UT, San Antonio, TX, San Francisco, CA, Seattle, WA, and Trenton, NJ.

For a complete copy of the report, you can access the U.S. Conference of Mayors web site at [www.usmayors.org](http://www.usmayors.org) or contact them directly at 202-293-7330.

### **NCDA MEETS WITH CENSUS TEAM ON THE PROPOSED NEW STANDARDS FOR DEFINING METROPOLITAN AREAS**

On December 8, NCDA met with representatives from the Census Bureau to get a briefing on the proposed changes to the definition of metropolitan areas. [See the November 15, 1999 Washington Report.] As we have reported, OMB has requested 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,” but the definition of what a metropolitan area is did not change. Given the dramatic population increases and shifts from one region to another that have occurred over the 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.

### **What do Community Development Practitioners Really Need to Be Aware Of??**

After a two-hour briefing on the proposed changes to the definition of metropolitan area, the most important information is that not much will change in terms of the actual delineation and aggregation of county data, besides the obvious. There will be more counties and communities that are larger. There will be more combined areas, as well as a few combined areas that will change.

All things considered, the briefing with the Census group included much of the same information contained in the Federal Register Notice of October 20, 1999. However, better explanations were given for the relevancy of the process and the rationale for the proposed changes to the definition of metropolitan area.

For example, the purpose of defining a MA is to have a nationally consistent set of area definitions for collecting, tabulating, and publishing federal statistics. The major questions that need to be addresses in any revision of this process are:

- S The geographic units (“building blocks”) to be used in defining areas
- S What criteria would be used for aggregating the building blocks
- S Should the territory covered be increased?
- S What kinds of jurisdictional distinctions—cities, towns, counties, etc.—should be used? Or should multiple sets of areas be used?
- S What types of jurisdictional entities should receive recognition?
- S How often should the information that is collected be updated?

After the 2000 Census, County governments will have the opportunity to determine if they want to be part of a new CBSA or combined CBSA if the 2000 Census determines they could be (see description of CBSA below.). This is the only area of public comment that is allowed after the Census is completed.

The other relevant concern is how Federal Agencies will use the new data. Will there be a need to include in the Metropolitan Area definition communities from 10,000 to 50,000 in population? This is the primary concern for community development public interest groups. If OMB accepts the “micropolitan” definition of a CBSA to include populations of cities from 10,000 to 50,000, the share of federal funds to communities currently in the Metropolitan Area classification of 50,000 and over will be greatly reduced. The state share of funds to smaller cities will also be greatly reduced, which would be sure to put great strains on rural programs and their resource distribution steams.

Furthermore, practitioners need to consider how the statutes governing programs might be impacted with a change of this magnitude. There is no doubt that change is coming, the question is how to make changes that reflect demographic realities but at the same time continue to safe guard the original Congressional intent of programs. As always, NCDAs will keep members abreast of the issue. There will be a plenary session on

the Census and the proposed changes to the Metropolitan Area reclassification at the Winter Meeting in January.

### **Core-based Statistical Area (CBSA) Classification**

A CBSA consists of the county or counties containing one or more cores of at least 10,000 population each, plus adjacent counties have a high degree of social and economic integration with the cores(s) as measured by commuting ties.

<u>Core-Based Statistical Area</u>	<u>Population in Cores</u>
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 a CBSA is designated as Outside Core -Based Statistical Areas.

### **Merging and Combining Adjacent CBSAs**

A merger of counties reflects strong commuting ties between the central counties of two CBSAs. Adjacent CBSAs merge to form a single CBSA when the central county or counties of one area qualify as outlying to the central county or counties of another county.

A combination reflects less intense, but still significant commuting ties between adjacent CBSAs. Adjacent CBSAs become a Combine Area based on commuting ties between the entire areas, and areas that combine retain separate identities within the larger Combined Area. For more information on this issue, please consult the October 20, 1999 *Federal Register* notice.

## **HUD NEWS**

### **HUD RELEASES HOMELESSNESS REPORT**

HUD recently released its report on *Homelessness: Programs and the People They Serve, Findings of the National Survey of Homeless Assistance Providers and Clients*. The report reports findings from the 1996 National Survey of Homeless Assistance Providers and Clients, a survey of the 28 largest metropolitan statistical areas (MSAs), 24 small and medium-sized MSAs randomly selected, and 24 groups of rural counties randomly selected from all rural counties. The survey was conducted over a one year period from October 1995 to November 1996. The survey provides information about the providers of homeless assistance and the characteristics of homeless persons who use services. The survey was designed and funded by 12 federal agencies under the auspices of the Interagency Council on the Homeless. The survey does not provide a national count of the number of homeless people. Representatives of 11,909 programs were interviewed as well as 4,207 clients who use the programs.

Some of the findings from the survey include:

- Most homeless clients are single (85%), with 77% of this population being male, 41% being White,

40% Black, 10% Hispanic, and 8% Native American. Of this single population, 81% are between the ages of 25 to 54.

- 66% of the homeless population have alcohol, drug, or mental health problems
- There are homeless clients in every type of community. The majority of homeless clients, 71 percent, are in central cities, while 21 percent are in the suburbs, and 9 percent are in rural areas.
- 29 percent of homeless families and 46% of single homeless clients are not living in the same city or town where they became homeless. Major reasons cited for coming to the city or town where they were interviewed are the presence of relatives or friends, the possibility of work, and the availability of shelters, missions, and other services.
- 49 percent of homeless clients are in their first episode of homelessness, while 34 percent have been homeless three or more times.
- 23 percent of homeless clients are veterans
- The study estimates that there are about 40,000 homeless assistance programs in the United States, offered at an estimated 21,000 service locations. Food pantries are the most numerous type of program, estimated to number 9,000, followed by emergency shelters (5,700), transitional housing programs (4,400), soup kitchens (3,500), outreach programs (3,300), and voucher distribution programs (3,100).

To obtain the full detailed technical report *Technical Report – Homelessness: Programs and the People They Serve* (which is approximately 575 pages in length), contact HUD User at 1-800-245-2691.

## **HUD RELEASES SECTION 8 GUIDANCE**

HUD released notice 99-32 on December 1, 1999 to implement provisions of the FY 2000 HUD appropriations bill relating to project-based Section 8 projects. HUD intends to issue more detailed guidance on the implementation of the Section 8 renewal provisions in the FY 2000 HUD appropriations bill in the near future.

Notice 99-32 outlines several changes in the existing program. First, it allows owners of Section 8 multifamily assisted projects to renew their expiring contracts for five year terms, instead of the existing one year term. This, of course, is subject to the availability of appropriations. In cases where the owner is renewing a contract without restructuring, the notice allows the owner to use only the Section 8 units that are expiring for rent comparability purposes, instead of all Section 8 units in the project. In terms of tenant notification, the law no longer provides that owners must provide notification in cases where they intend to renew. It does require each owner that intends to terminate a Section 8 contract to provide a one-year notice of termination to both HUD and the tenants. The notice must include statutory language that states "...If Congress makes the funds available, the owner and the Secretary may agree to a renewal of the contract, and that in the event of termination, HUD will provide tenant-based assistance to all eligible residents..."



## LEAD-BASED PAINT TRAINING UPDATE

The Lead-Based Paint training sessions scheduled for Hartford, CT on January 19, and for Jersey City, NJ on January 25-27 have been cancelled due to low registration. HUD hopes to reschedule these training sessions for later next year. NCDA encourages its members to register for a Lead-Based Paint training session before the September 15, 2000 effective date of the final rule. A list of the training sites and dates are posted to NCDA's web site at [www.ncdaonline.org](http://www.ncdaonline.org).

## 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.

### CALL FOR AGENDA ITEMS FOR NCDA BOARD OF DIRECTORS MEETING ON WEDNESDAY, JANUARY 26, 2000

In order to encourage and extend opportunities to the general membership to bring issues of interest or concern to the attention of the Board of Directors, we hereby issue a **CALL FOR AGENDA ITEMS**, in anticipation of the next Board meeting scheduled for Wednesday, January 26, 2000 in Washington, D.C.

Those members who wish to place items on the Board of Directors meeting agenda may do so in one of two ways: 1) through sponsorship by a current NCDA Board member in your region, who in turn should submit the item to the NCDA staff, or, 2) through the concurrence of three active members who sign onto a proposed agenda item and submit it to the NCDA staff.

*(NOTE: The sponsoring Board member or NCDA members proposing the item should be prepared to present the issue(s) and a broad written position statement at the Board meeting.)*

The NCDA president will make the final decision as to which items to include on the Board agenda based upon national implications for the membership. Should an item be considered inappropriate for inclusion, the Board will be advised of the item along with the reason it was not included.

All proposed items for the Board of Directors meeting must be received at the NCDA office by **Monday, January 10, 2000**.

**REMINDER:** Please don't forget that all text, pictures, announcements, etc. to be included in the Memorabilia Book are due by **Friday, January 7, 2000**. This is an extension of the December 1, 1999 due date.

## FEDERAL REGISTER NOTICES

*December 7, 1999. Teacher Next Door; Notice.* HUD announces the creation of the Teacher Next Door Initiative (TND Initiative). This initiative, modeled after HUD's successful Officer Next Door Sales Program, will help more teachers become homeowners and help revitalize economically distressed neighborhoods by enabling eligible teachers to purchase HUD-acquired homes located in HUD-designated revitalization areas at a 50% discount from list prices. The goal of the TND Initiative is to encourage teachers to live and work in urban school districts, where they are needed most, and to enhance the community's quality of life by promoting the integration of dedicated role models and mentors into the community.

***JOB OPPORTUNITIES/WINTER MEETING BROCHURE***