



WASHINGTON REPORT

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HOUSE VA-HUD-IA APPROPRIATIONS SUBCOMMITTEE RELEASES FY 2000 BUDGET MARK-UP

Monday night, July 26, the House VA-HUD-Independent Agencies Subcommittee completed its mark-up of the FY 2000 HUD budget. Tuesday afternoon, at national headquarters, HUD held a briefing for housing and community development national interest groups to review the specific funding allocations authorized by the subcommittee.

The \$70.456 billion spending measure includes \$3 billion in emergency funding for veterans health care and \$2.48 billion in emergency FEMA funding. Overall, HUD received an allocation of \$26.1 billion for FY 2000, \$2 billion below the President's request, but \$2 billion higher than in FY 1999. The Housing Certificate Fund, which funds Section 8 renewals and tenant protections, received an allocation of \$10.5 billion, \$1 billion more than in FY 1999. Of this amount, \$25 million is provided for section 8 tenant-based rental assistance for disabled families who choose to move from public housing complexes designated for elderly-only residents. The subcommittee did not fund the Administration's request for \$20 million for regional opportunity counseling; \$144 million for welfare to work vouchers; and \$366 million for new incremental vouchers. The

Housing Certificate Fund provides funding for the renewal of expiring Section 8 contracts, for section 8 enhanced vouchers, for the administration of section 8 contracts, and for relocation assistance in both the Housing and Public Housing programs. Funding for Section 202, Section 811, and Native American Block Grant remained stable at FY 1999 levels.

With the exception of the \$1 billion increase in the budget allocation for extending expiring Section 8 contracts, the subcommittee endorses cuts in virtually all other major HUD program areas and policy initiatives. Moreover, no new HUD initiatives proposed by the President (American Private Investment Corporations, Regional Connections, Regional Empowerment Zones, additional incremental housing vouchers, etc.) are authorized to receive any funding whatsoever. CDBG received a \$250 million cut, lowering the program from \$4.750 billion to \$4.5 billion. Overall, the set-asides within the program are reduced \$309 million, thereby increasing the formula allocation for grantees in FY 1999. Unlike past years, funds are not provided for technical assistance or information systems. HOME was reduced \$20 million, from \$1.6 billion to \$1.58 billion. The set-asides within the HOME program were reduced to \$7.5 million. The following chart provides you with a breakdown of the recommended set-asides within the CDBG and HOME programs.

Recommended House VA-HUD-IA Subcommittee Set-Asides for CDBG in FY 2000	Recommended House VA-HUD-IA Subcommittee Set-Asides for the HOME Program in FY 2000
<p>Total Recommended Set-Asides for CDBG: \$309.25 million</p> <ul style="list-style-type: none"> \$67 million for Native Americans \$55 million for the Resident Opportunity and Social Services (ROSS) Program \$3 million for the Housing Assistance Council \$3 million for the Native American Indian Housing Council \$15 million for the Self-Help Housing Opportunity Program (SHOP) \$18.75 million for the National Community Development Initiative (NCDI) \$20 million for Neighborhood Initiatives program \$20 million for Economic Development Initiative grants \$10 million for the Rural Housing and Economic Development program \$42.5 million for Youthbuild \$30 million for section 107 grants \$25 million for section 108 loan guarantees 	<p>\$7.5 million for Housing Counseling</p>

In regards to Rural Housing and Economic Development, the subcommittee recommended providing \$10 million for this program as a CDBG set-aside in FY 2000. The program was funded at \$25 million this year. The subcommittee recommends a funding level of \$70 million for the Lead Hazard Reduction Program, which provides grants to state and local governments to perform lead hazard reduction activities in housing occupied by low-income families. Of this amount, \$7.5 million will be directed to HUD's Healthy Homes Initiative, which focuses attention

on cost-effective approaches to eliminating environmental health problems created by substandard housing. In addition, \$750 million will be provided for grants or contracts to train sampling technicians in lead-safe repainting and remodeling, and \$750 million is provided to expand the National Center evaluation to examine and disseminate innovative, lower cost hazard control and educational strategies, and provide technical assistance for integrating lead safety into HUD programs.

The subcommittee recommended a funding level of \$970 million for HUD's homeless assistance programs in FY 2000, \$5 million below the FY 1999 level, and \$50 million below the President's request. HUD can use up to 1% of the funds for technical assistance and systems support. Language in the bill also requires HUD to work with a representative sample of jurisdictions to collect data on homeless clients. It requires HUD to document, within 90 days of enactment, its progress in establishing a relationship with a representative sample of approximately ten jurisdictions which can collect, at a minimum, the following information: unduplicated count of clients served; client characteristics such as age, race, sex, disability status, units (days) and type of housing received (shelter, transitional, or permanent); services rendered, and outcome information such as housing stability, income, and health status.

With respect to HUD's major non-Section 8 housing and community development programs, the subcommittee provides the following funding allocations:

(Budget Authority in Millions of Dollars)

	<u>FY 1999</u>	<u>Mark</u>	<u>Difference</u>	<u>President's FY 2000 Request</u>
CDBG	\$4,750	\$4,500	-\$250 (-5%)	\$4,775
HOME	\$1,600	\$1,580	-\$20 (-1%)	\$1,610
Homelessness Grants	\$975	\$970	-\$5 (-1%)	\$1,020
HOPWA	\$225	\$215	-\$10 (-1%)	\$240
Section 108 Loan Program	\$1,261	\$1,087	-\$174 (-14%)	\$1,261
*Housing Certificate Fund	\$10,326	\$10,540	+\$214 (+2%)	\$11,522

*Note: Additions to the Housing Certificate Fund reflect additional funding for the extension of existing Section 8 contracts only. The President's request for funding for 100,000 new incremental vouchers was not authorized in the mark-up.

Be advised, these numbers are likely to change in the near future. The full House Appropriations Committee is expected to complete its final mark-up of the VA-HUD appropriations bill this Friday, July 30, 1999. Moreover, the budget produced in subcommittee was passed out on very shaky ground indeed. Such creative budgeting techniques as, reducing the lending authority of an

agency over which the subcommittee has no jurisdiction (i.e., the Tennessee Valley Authority) and declaring \$3 billion worth of VA medical spending an emergency, were used to keep the account within the budget caps without making severe across the board cuts.

Members wishing to see a more detailed breakdown of the proposed FY 2000 HUD budget may do so by clicking on <http://www.nccdaonline.org/members/99allo.asp>. There you will find an exact copy of the budget allocation chart HUD distributed to the national interest groups during Tuesday's briefing.

While the cuts endorsed in the subcommittee's report are much smaller in most program areas than was anticipated by many interest groups, it deserves to be pointed out that these cuts are coming at a time when both the Congress and White House are predicting budget surpluses in excess of \$1 trillion over the next ten years. If there is surplus money to seriously consider tax cuts ranging from \$250 billion to \$800 billion, surely it is not asking too much of Washington to find money to fully fund programs that aid low-income Americans.

FREDDIE MAC TO HOLD TWO ADDITIONAL PURCHASE/REHAB/REVITALIZE FORUMS

The first Freddie Mac-sponsored *Purchase/Rehab/Revitalize* forum held in New Orleans was a great success with over 170 affordable housing providers present. Freddie Mac is now gearing up for the next two forums to be held in Indianapolis, IN on September 14, 1999 and in Springfield, MA on October 19, 1999. These one-day forums will explore the latest techniques in developing home purchase-and-rehabilitation and in-fill construction programs to stabilize and revitalize neighborhoods. Participants will learn about the best practices available in home financing to make mortgages available to more borrowers. Key topics that will be explored include: Financing Approaches that Work, Keys to Neighborhood Revitalization Success, Working with Lenders, In-Fill Housing, Marketing and Motivating the Home Buyer, and Rehab/Construction Management.

The forums are intended for local community development and housing agencies, non-profit housing organizations, state housing agencies, public housing authorities, and other housing providers. REGISTRATION IS FREE, but participation is limited to two hundred registrants. For more information, contact Gloria Yates at Freddie Mac at (703) 918-5087.

HUD NEWS

HUD RELEASES FURTHER GUIDANCE ON CONSOLIDATED PLAN

In the last issue of the *Washington Report*, we included a memorandum from Assistant Secretary Cardell Cooper which provided some cursory guidance on the FY 2000 Consolidated Plan submissions. Since then, HUD has provided NCDA with a copy of its draft guidelines for preparing a Consolidated Plan submission for local jurisdictions. The guidelines delve deeper into the process, the strategic plan, consolidated action plan, and the preparation of the various tables included in the Consolidated Plan submission. Although the guidelines are listed as "draft," they

are in fact the final guidance that will be provided to grantees on preparing their FY 2000 Consolidated Plan submissions. The guidelines have been attached to this newsletter for your use in preparing your FY 2000 Consolidated Plan.

FINAL LEAD-BASED PAINT RULE TO BE RELEASED IN AUGUST

Congress passed the Residential Lead-Based Paint Hazard Reduction Act, also known as Title X, in 1992. In June 1996, HUD issued a proposed rule *The Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance* to implement sections 1012 and 1013 of the Act. These sections set forth significant new requirements concerning lead-based paint hazard notification, evaluation, and reduction for federally owned residential property and housing receiving Federal assistance. After a long-awaited three year period, the final rule is due to be released by HUD by the end of August. According to HUD staff, the Office of Management and Budget (OMB) is ready to clear the rule for Secretary Cuomo's signature within the next two weeks.

HUD's Office of CPD has hired ICF Kaiser to deliver 55 training sessions across the country on the rule. The training is expected to start within two months of publication of the rule (late October) and continue for several months. It is rumored that the final rule will not be effective until one year after publication, thereby allowing grantees to get up to speed on the changes before the rule becomes effective. NCDA will keep members posted on the publication of the final rule and the proposed training. For further questions, contact Vicki Watson at vicki@ncdaonline.org or directly at 202-887-5532.

NCDA NOTES

CONGRATULATIONS ARE IN ORDER!! NCDA MEMBERS RECEIVE BEST PRACTICES AWARDS, NOMINATIONS

Selected from among more than 3,000 nominees nationwide, several NCDA member organizations were among the 100 local government agencies, not-for-profit groups, or businesses to receive prestigious Secretary's Awards at HUD's 1999 Best Practices Symposium, which was held last week in Kansas City, Missouri.

Best Practices Awards were given in the following categories: Fighting for Fair Housing, Increasing Affordable Housing and Homeownership, Reducing Homelessness, Promoting Jobs and Economic Opportunity, Empowering People and Communities, and Restoring Public Trust.

HUD's selection committee defined a best practice as a program or project, management tool, or technique that meets at least two of the following criteria: (1) Generates a significant positive impact on those it is intended to serve or manage; (2) Can be replicated in other areas of the country, region, or local jurisdiction; (3) Demonstrates the effective use of partnerships among government agencies, non-profit organizations, or private businesses; or (4) Exhibits creativity in

addressing a problem, and demonstrates effective leveraging of resources. The following provides you with a quick breakdown of the award winning NCDA member-city community development/housing agencies and the names of the illustrious projects they were involved in:

Atlanta, GA:	Fulton Bag & Cotton Mill Housing Redevelopment
Charlotte, NC:	Housing Charlotte Mixed-Income Homeownership Initiative
Denver, CO:	“Rent Start” Program and Crooked Tree Transitional Housing SRO Development
Ft. Meyers, FL:	“Rental Appraisal Committee” for the Section 8 Program
Ft. Worth, TX:	Minyard Foods Section 108 Economic Development Project
Los Angeles, CA:	Casa Heiwa Low- to Moderate-Income Housing Development
New York, NY:	Neighborhood Entrepreneurs Program and ANCHOR Partnership
San Francisco, CA:	Heritage House/Geneva Towers Low-Income Housing Redevelopment
Sioux City, IA:	Microenterprise Development Program

In addition to these Secretary’s Award winners, numerous other NCDA member organizations received one or more Best Practices Award nominations for a variety of innovative community development and housing-related activities. More information about the Best Practices Award winning projects and award nominees can be found on the HUD website (www.hud.gov). Simply click the link labeled “Best Practices Symposium.”

CDBG 25TH ANNIVERSARY SPOTLIGHT: REGION VIII-X

This issue’s spotlight is the final installment in a three-part series highlighting some of the CDBG activities being undertaken by the member communities that received “Excellence in CDBG” awards at NCDA’s annual meeting in Washington, D.C.

Awardees were selected based on their success in administering CDBG programs at a high level and their participation in 25th anniversary promotional activities.

Denver, CO– In order to demonstrate the marked flexibility of how CDBG funds can be used to improve the lives of low-income people at the neighborhood level, on August 25, 1999, Denver will be holding a CDBG 25th anniversary event at a local charter school which benefitted from a \$500,000 CDBG grant. Denver’s Wyatt-Edison Charter School was resurrected, so to speak, out of the ashes of an historic, old school building that was abandoned after the city instituted a court ordered busing plan. Thanks to CDBG funds and contributions from local non-profits and other state and local agencies, a building that was once a source of terrible blight is now once again a fully functioning school, serving a 99% very low-income student body and generally acting as a hub for all sorts of neighborhood educational and recreational activities. In addition to highlighting the Wyatt-Edison project, Denver will also display 25 historical story-boards and a commemorative ledger detailing the name of every single neighborhood development project CDBG has made possible in Denver since its inception 25 years ago.

Tucson, AZ– Tucson has been devoting CDBG dollars to its Oracle Road Homeownership Zone, a five year program to place in-fill single family housing developments for low-income people in an area of the city saturated with multifamily rental housing, as well as a HOPE VI revitalization plan to resurrect another severely low-income neighborhood. In addition, when its not coordinating an effort to get local home builders to produce affordable housing on vacant city owned land, Tucson' CD agency is thoughtful enough to hold 25th anniversary CDBG promotional events at a neighborhood center that was built with CDBG funds during the very first year of the program.

HAVE YOU SIGNED UP TO PARTICIPATE IN AN NDA COMMITTEE OR TO BE A STATE WHIP????

NDA committee assignments for 1999-2000 went into effect this July. Any members with an interest on serving on any of the program and policy committees–Community Development, Economic Development, Housing, Membership/Professional Development, Technology, or International–but are still holding on to their Committee Participation response sheets, please mail or fax them back to the Washington office as soon as possible. Or, if you prefer, you may simply e-mail your committee preferences to us.

The final list of Committee members will be published in our next mailing, so those who have an interest in serving on a committee but have not yet declared their preferences, please do so as soon as possible. **The publication of the NDA final committee lists will coincide with the creation of the specialized committee e-mail lists intended to simplify communication between committee members and/or state whips, the national office, and the general membership.**

CDBG 25th ANNIVERSARY/NATIONAL CD WEEK PRODUCTS INFORMATION

CDBG 25th Anniversary products are still available to assist communities with their celebrations. Please note that **25TH ANNIVERSARY LOGO STICKERS ARE STILL AVAILABLE** for purchase at \$100 per roll of 1,000 stickers. NDA has depleted its supply of CDBG postcards and posters. T-shirts, hats, mugs, sweat-shirts, tote-bags and puzzles are still available. It will take approximately 30 days to receive products.

PUBLICATIONS ON THE INTERNET: UPDATE

Enclosed with this newsletter is the new membership dues schedule for the period July 1, 1999 through June 30, 2000. Please note that NDA members who wish to continue receiving the *Washington Report* via regular mail will incur an additional charge of \$250. Non-entitlement communities will not be subject to the \$250 fee. All other entitlement communities will be charged \$250 for receiving a hard copy of the *Washington Report*. For those members who will be accessing the newsletter via the Internet and have not established permanent user IDs and passwords, the NDA website address is www.ncdaonline.org/members/asprogin/input.asp.

The temporary user ID and password is “temporary” in both fields, after which you will be prompted to another screen to input your permanent information.

Please complete the enclosed form and return it to NCDA. If you have questions, please contact Karen Means or Carla Sauls at (202) 293-7587.

FEDERAL REGISTER NOTICES

July 27, 1999. Second Notice of Funding Availability; Family Self-Sufficiency (FSS) Program Coordinators for the Section 8 Rental Certificate and Rental Voucher Program.

This second FSS Program Coordinators NOFA announces the availability of approximately \$9 million remaining in Fiscal Year 1999 to fund Section 8 FSS program coordinators. Housing agencies that applied for funding under the March 8, 1999 FSS Program Coordinators NOFA will not receive additional funding under this NOFA. The Section 8 FSS program is intended to promote the development of local strategies to coordinate the use of assistance under the Section 8 rental certificate and rental voucher programs with public and private resources to enable participating families to achieve economic independence and self-sufficiency. An FSS program coordinator assures that program participants are linked to the supportive services they need to achieve self-sufficiency.

June 23, 1998. Notice of Funding Availability for the HUD Healthy Homes Initiative. This notice announces the availability of \$3.5 million for HUD’s Healthy Homes Initiative. The purpose of the Healthy Homes Initiative is to demonstrate cost effective, preventive measures to correct multiple safety and health hazards in the home environment which produce serious diseases and injuries to children. The deadline for application submission is September 23, 1999.

June 23, 1999. Required Conversion of Developments from Public Housing Stock. This proposed rule implements a recent revision to the statute that authorizes the public housing and Section 8 housing assistance programs. The revision requires Public Housing Agencies (PHA) to identify distressed public housing developments that must be converted to tenant-based assistance. If it would be more expensive to modernize and operate a distressed development for its remaining useful life than to provide tenant-based assistance to all residents, or the PHA cannot assure the long-term viability of a distressed development, then it must develop and carry out a five-year plan to remove the development from its public housing inventory, and convert it to tenant-based assistance.

July 23, 1999. Voluntary Conversion of Developments From Public Housing Stock. This proposed rule implements a recent revision to the statute authorizing the public housing and Section 8 housing assistance programs to allow a Public Housing Agency (PHA) to convert any public housing project it owns to tenant-based assistance where the conversion would satisfy statutory objectives. If, after conducting a conversion assessment, the PHA determines that the following conditions are met, it may convert the project: Conversion will not be more expensive than continued operation of the project conversion will benefit residents and the community; and

conversion will not adversely affect the availability of affordable housing in the community. The statute requires every PHA to conduct and submit to HUD a conversion assessment for its projects no later than October 1, 2001. However, HUD has the authority to exclude developments or categories of developments from the assessment requirement, or to streamline the conversion assessment requirements, and this rule does include streamlining for specified categories of developments.

July 23, 1999. One-Strike Screening and Eviction for Drug Abuse and Other Criminal Activities. This proposed rule would amend the regulations for the public housing and Section 8 assisted housing programs, and for other HUD assisted housing programs, such as the Section 221(d)(3) below market interest rate (BMIR) program, Section 202 for the elderly, and Section 811 program for persons with disabilities, and Section 236 interest reduction program. All of these programs were affected by recent statutory amendments. These amendments give Public Housing Agencies (PHAs) and assisted housing owners the tools for adopting and implementing fair, effective, and comprehensive policies for denying admission to applicants who engage in illegal drug use or other criminal activity and for evicting or terminating assistance of persons who engage in such activity.

JOB OPPORTUNITIES/ATTACHMENTS

**DRAFT GUIDELINES FOR PREPARING A CONSOLIDATED PLAN
SUBMISSION FOR LOCAL JURISDICTIONS
NCDA DUES SCHEDULE**

