NCDA
WASHINGTON REPORT

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NCDA Executive Symposium, October 12-15, 2000, Tucson, AZ

FEATURE ARTICLES

APPROPRIATIONS UPDATE

Congress remains in recess until September 5. Congress will return to the daunting task of passing the 11 remaining appropriations bills and sending them to President Clinton in a form that he will sign. We have heard from Congressional staff that the FY 2001 budget caps will likely be broken in order to add more funding to the appropriations bills to ensure easy passage by President Clinton. NCDA continues to advocate for $5.0 billion for CDBG and $2.0 billion for HOME. We encourage you to speak with your congressional representatives while they are in their home districts to seek these increases in CDBG and HOME in FY 2001.

We will know more regarding the FY 2001 VA-HUD appropriations bill when Congress returns from its summer recess and continues action on the measure next month.

LEAD-BASED PAINT UPDATE: WHERE ARE WE?

Recap
NCDA and other state and local interest groups have been meeting with HUD, congressional staff, and advocates of lead-free housing over the past few months to reach agreement on the final Lead-Based Paint regulation, which becomes effective on September 15, 2000. As reported in past issues of the *Washington Report*, NCDA and the other state and local interest groups' primary concerns with the regulation fall into the following categories: (1) The added cost of the rule on grantees. To reduce the cost, the interest groups asked HUD to phase-in the regulation, initially applying the regulation to units only where children six years of age and under resided. The interest groups requested that this phase-in continue until the national interest groups and HUD had jointly completed a cost study of the regulation (expected to take atleast a year) and sufficient appropriations had been allocated by Congress to grantees to fully implement the regulation (based on the estimates from the cost study); (2) Another issue of major concern has been the lack of available contractors to implement the regulation. The interest groups asked HUD to provide waivers to those jurisdictions that do not have an adequate supply of certified contractors until they have been able to build capacity in this area, with HUD's assistance.

The interest groups also asked HUD to provide funding to train more contractors in order to build the capacity in this area, and to continue to provide training to grantees on the regulation; (3) Because of the issue of relocation, and to further reduce the cost of the regulation on grantees, another major issue has been to exempt the elderly from the rule altogether.

These have been and continue to be the major concerns for NCDA's members. As you can see from the following update, HUD has agreed to work with NCDA and the other interest groups in some of these areas, but not in all areas.

Letter to Congress
NCDA, the National Association of Housing and Redevelopment Officials, Association of Local Housing Finance Agencies, U.S. Conference of Mayors, National Association of Counties, National Association for County Community Economic Development, and COSCDA forwarded a letter to Congress on May 12 on the Lead-Based Paint regulation. In the letter, the groups asked for a delay in implementation of the lead-based paint final regulation until the cost of the regulation could be determined and sufficient funding provided by Congress to pay for the additional cost of the regulation. In the letter, the groups also re-stated the concerns mentioned in the previous paragraph. Because of this letter and meetings with congressional staff, House staff inserted language in the FY 2001 House VA-HUD appropriations bill requiring HUD to work with the interest groups in changing the regulation. This gave HUD the push needed to sit down at the table and begin negotiations with us.

HUD Makes An Offer
After numerous meetings, HUD finally submitted its initial proposal to interest groups at a meeting on August 8. In this meeting, HUD officials agreed to provide state and local governments with a 6-month transition

(deferment) period in situations where jurisdictions lacked contractors to carry out the rule, or where the cost estimates submitted by the contractors were unreasonable. According to HUD's proposal, State and local jurisdictions would have to submit a request to HUD certifying that they lacked capacity in these areas, along with a plan of action to build capacity during this transition period. The local jurisdiction's letter requesting this transition period would have to be signed by the chief elected official, and by the state agency responsible for lead-based paint issues. In response to this offer, the national interest groups forwarded a letter to HUD on August 14 that requested the following changes to this initial proposal:

- After the initial 6-month capacity deferment, HUD should tie the deferment to a jurisdiction's annual plan submission for its consolidated plan.

- Delete the requirement from the certification form that requires state certification.

- Exempt the elderly from the rule entirely.

- HUD needs to work with stakeholder groups in re-calculating the cost estimates and arriving at a dollar figure upon which we will base our collective funding request for FY 2001 appropriations.

- HUD needs to commit to a cost study to be conducted during the first fiscal year of implementation of the rule.

- Increase the $5,000 threshold for emergency work items that is currently in the regulation to $10,000.

At its final meeting with the interest groups on August 22, HUD responded to our concerns and agreed to the following:

1. HUD will provide grantees with a 6-month transition (deferment) period from the regulation. The transition period will begin on September 15, 2000 and end on March 15, 2001. Grantees must submit a Statement of Inadequate Capacity (copy attached), which certifies that the jurisdiction does not have enough, or any, personnel or firms to carry out the regulation, or those that are available are not available at a reasonable cost to carry out the regulation. If the claim is based on unreasonable cost, the request must be documented by analysis of actual bids. During this transition period, the grantee will comply with those lead-based paint regulations in place before September 15, 2000. HUD will provide grantees with a two month period (from September 15 to November 15) to send in their Statement of Inadequate Capacity (deferment request). Grantees will have an additional month, until December 15, to prepare the plan that accompanies the Statement. Please refer to the attached Statement of Inadequate Capacity for the items to be included in the plan.

   Additional time may be granted at the end of the six month period, in areas where the initial transition period has not yet yielded sufficient capacity. After the six-month period, those grantees that need an additional transition period will submit their Statement of Inadequate Capacity as part of their annual consolidated plan process. The Statement of Inadequate Capacity must address the following items: (1) A statement of the lack of capacity to meet specific requirements of the rule and which portions of the rule can be met using existing capacity during the transition period; (2) An analysis of actual bids submitted, if the claim of inadequate capacity is based on the lack of reasonably priced contractors in the jurisdiction; (3) Steps that will be taken by the jurisdiction to address capacity; and (4) A statement acknowledging that the lead-based paint regulations that were in place before September 15, 2000 will remain in effect during the transition period. Each jurisdiction will submit *one* plan, so community development agencies must coordinate this effort with their public housing authority counterpart.

2. HUD will not require state certification on a local jurisdiction's Statement of Inadequate Capacity. Instead, local grantees must send a copy to the State Environmental agency having jurisdiction for lead hazard compliance or the Regional EPA office at the same time it is sent to HUD.

3. HUD has not agreed to exempt the elderly from the rule entirely. NCDA will continue to push this issue with HUD. HUD did agree to some concessions regarding the elderly. In regards to relocation of the elderly, HUD will not require that an elderly occupant be relocated, provided that informed consent is obtained from the elderly resident. HUD also agreed that properties receiving federal rehabilitation assistance greater than $25,000 that are occupied by the elderly, where no child resides or is expected to reside, will have a twelve month transition period from abatement. During this 12 month transition period, these properties will adhere to the interim control requirements of the regulation.

4. HUD has worked with the interest groups in the past two weeks to develop a cost estimate to seek additional FY 2001 appropriations. HUD and the interest groups have agreed on a figure of $189 billion for FY 2001. The interest groups will forward a letter to appropriators next week requesting this allocation in HUD's FY 2001 budget.

5. HUD agreed to work with the interest groups in developing a cost study over the next year.

6. HUD did not agree to increase the threshold for emergency work items from $5,000 to $10,000, but remained open to discussion of this issue in the future.

7. To improve infrastructure and local capacity, HUD will provide technical assistance to grantees. HUD will target resources to those areas that have submitted a Statement of Inadequate Capacity. HUD's attached Transition Strategy provides further details on the technical assistance that HUD will provide to grantees.

The Statement of Inadequate Capacity and the Transition Strategy may change slightly as NCDA and other interest groups continue to provide comments to HUD on these two documents. One suggestion both NCDA and NAHRO have made is that the Transition Strategy needs to make clear that HUD will provide funds to CDBG and HOME grantees to pay for the cost of training for risk assessors, inspectors, abatement contractors, and whatever other training might be needed by the local jurisdiction. Currently, the document only agrees to pay for clearance testing and the cost of training clearance technicians. HUD will post these two documents to their Office of Lead Hazard Control web site at http://www.hud.gov/lea/leahome.html, once they are in final form. NCDA and the other interest groups think that the 6-month deferment period is a good compromise. We still have work to do in changing portions of the regulation, and in continuing to seek an elderly exemption.

Other
As reported previously, HUD has issued a new set of Interpretive Guidance on the rule. You can obtain a copy of this guidance through HUD's Office of Lead Hazard Control's web site at http://www.hud.gov/lea/leahome.html. This guidance will remain in effect for those jurisdictions that implement the regulation on September 15, 2000, and choose not seek a 6-month deferment. Also available on this site is information on various training courses that are available currently, including an online visual assessment training, HUD's Lead-Based Paint training for remodelers and renovators, and EPA's sampling technician training course, and training for CPD grantees.

OMB RELEASES ITS FINAL REPORT ON CHANGES TO THE STANDARDS FOR DEFINING METROPOLITAN AREAS

On August 22, 2000, the Office of Management and Budget (OMB) released its final report and recommendations from the Metropolitan Area Standards Review Committee stemming from a request for public comment on proposed changes to the definition of metropolitan areas for the 2000 Census. OMB is seeking public comment on the final report and recommendations, by **October 6, 2000.**

Decisions on changes to the metropolitan area standards will not affect the collection, tabulation, and publication of data from Census 2000 and other current Federal data collections for geographic areas such as states, counties, county subdivisions, and municipalities. The Census Bureau will tabulate and publish data from Census 2000 for all metropolitan areas in existence at the time of the Census.

The report, published in the August 22, 2000 *Federal Register,* describes the process of redefining the term "metropolitan area," as well as the number of comments received, the rationale for accepting changes to the committee's initial proposal, and provides specific areas the OMB seeks comment on.

NCDA has been reporting on the Census Bureau's effort to redefine the term Metropolitan Area for approximately one year. Just in case you have forgotten the reasons for the proposed changes, we have included a summary from our initial article on the issue.

On October 20, 1999, OMB requested comments on recommendations that it received from the Metropolitan Areas Standards Review Committee (MASRC) for changes to OMB's definition of metropolitan area (MA) standards. MASRCs 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.

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):

Core-Based Statistical Area	**Population in Cores**
Megapolitan Areas	1 million and above
Macropolitan Areas	50,000 - 999,999
Micropolitan Areas	10,000 - 49,000

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

The August 22, 2000 *Federal Register Notice* makes available for comment the committee's final recommendations to OMB on how the current metropolitan area standards should be revised. The committee recommends a classification based on densely settled concentrations of population called "cores." The cores for this classification would be Census Bureau defined urbanized areas of 50,000 or more populations and smaller urban clusters of 10,000 to 49,999 population that will be identified using Census 2000 data. Defining a Core Based Statistical Area (CBSA) would require the presence of at least one core of 10,000 or more population.

The recommended classification has two categories of areas:

(1) Metropolitan Areas defined around at least one urbanized area of 50,000 or more;

(2) Micropolitan Areas defined around at least one urban cluster of 10,000 to 49,999.

The title for the new classification would be "Standards for Defining Metropolitan and Micropolitan Areas."

These recommendations change the committee's initial recommendation to identify "megapolitan areas" based on one or more cores with a total core population of at least 1,000,000 and "macropolitan areas," based on one or more cores with a total core population of 50,000 to 999,999. The committee recommends that additional research be undertaken to study the analytical utility of various categories based on population size, and more specifically, to determine meaningful size thresholds for such categories. In addition, these recommendations include a change from the committee's initial recommendation to base categories of areas on the total population in all cores within a CBSA.

Other recommendations of the Committee;

- the use of counties and equivalent entities as the building blocks for CBSAs throughout the U.S., Puerto Rico, and Island Areas, including the use of counties as building blocks for CBSA's in New England;

- that civil divisions be used as building blocks for the set of statistical areas conceptually similar to CBSAs for New England States only;

- identifying principal cities within CBSAs and that component entities comprising one ore more counties within a CBSA that contain a single core with 2,500,000 or more would be determined to be a "metropolitan division."

The committee made other recommendations that included:

- titling each metropolitan division using the names of up to three principal cities within the metropolitan division, in order of descending city population size. If there are no principal cities within the metropolitan division, the title would use three counties in order descending population size; and

- combining adjacent CBSAs when their employment interchange rate is at least 15. The areas that combine also would retain their identities as separate metropolitan and micropolitan areas.

OMB is seeking comment on this notice, by October 6, 2000, on those areas that it did not change its original position and additional recommendations that did not appear in the first notice. The standards recommended for OMB for adoption appear in this notice in Section C of the appendix. Section A of the appendix provides a discussion of the recommendations on the various issues considered by the committee. Section B of the appendix presents a comparison of the 1990 metropolitan area standards with the recommended Metropolitan and Micropolitan Area Standards.

- Number of categories of CBSAs and the terms by which they would be identified (Section A.1)

- Categorization of CBSAs on the basis of population in cores (Section A.1)

- Identification of New England City and Town Areas (NECTAs) to indicate that NECTAs are conceptually similar to CBSAs (Section A.2)

- Criteria for qualifying a central county (Section A.3);

- Identification of metropolitan division within CBSAs with a core of 2.5 million or more population and NECTAs divisions within NECTAs that have a core of that size; and

- Criteria for titling Combined Areas, which would now require that the second and third largest CBSAs in a Combined Area each have at least one-third then population of the largest area for their single largest principal cities to appear in the title (Section A.9).

For a complete copy of this notice, go to www.ncdaonline.org and click on **Important Links.** Go to the *Federal Register* and type in August 22, 2000 and print the text or PDF file of this notice. It is the only one for OMB on that date. If you do not have access to the internet please contact NCDA staff and we will get you a copy. **Please forward a copy of your comments on this notice to NCDA staff by September 29, 2000. We will summarize them and get them to OMB by October 6, 2000.**

FREDDIE MAC WILL HOLD *PURCHASE...REHAB...REVITALIZE* SEMINAR IN JACKSONVILLE, FL

Please mark your calendar to attend a highly informative forum on purchase-rehabilitation financing sponsored by Freddie Mac. *Purchase...Rehab...Revitalize* will be held on Tuesday, September 19, 2000, in Jacksonville, Florida. This one-day forum 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 in home financing that 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 Homebuyer; and Rehab/Construction Management.

The forum is intended for local government housing agencies, non-profit housing organizations, community development agencies, state housing agencies, public housing authorities and other housing providers. REGISTRATION IS FREE, but participation is limited to two hundred (200) registrants.

To register, please call 1-800-FREDDIE. For more information, contact Freddie Mac's

Community Development Lending Department at (703) 918-5087.

HUD NEWS

HUD PROPOSES MINOR ADJUSTMENT IN CALCULATING LOW-MOD FOR INDIVIDUALS

HUD is considering changing the methodology for calculating low-mod non-related persons living in the same dwelling. This will require a change in the CDBG regulations and HUD is seeking NCDA's support on this. The following is an explanation of the proposed change.

The Housing and Community Development Act of 1974, as amended defines the term "persons of low and moderate income" in Section 102(a)(20). It describes the income limits applicable to families and individuals. When implemented in the CDBG regulations at Section 570.3, the definition of Low- and moderate-income person is defined to be... "a member of a family having an income equal to or less than the section 8 low-income limit established by HUD". It goes on to state, "Unrelated individuals will be considered as one-person families for this purpose."

The concept of Unrelated Individuals was used in the decennial census of 1980 and 1970 to cover people who were not in a family and not living in group quarters. The unrelated individual concept was dropped from the 1990 census and replaced by the concept of persons in non-family households.
Approximately 10 years ago, CPD initiated an effort to change the CDBG regulations to use the persons in non-family households in place of unrelated individuals. Due to the political climate, this endeavor was never finished. So HUD implemented the 1990 census and based this particular calculation of low-mod using a special tabulation of unrelated individuals income data. HUD also tabulated but did not use low-mod data calculated using non-family households.

Looking ahead to census 2000, HUD would like to avoid the extra cost of buying and processing the non-standard data on unrelated individuals. Aside from the dollar outlay, this will also require extra time and would most likely delay the release of low-mod data by 6 to 9 months.

Aside from the savings in cost and time, HUD feels it is desirable to recognize that all unrelated individuals do not live alone and so they are not one person families in the aggregate of the CDBG definition. Many unrelated individuals live together in households of two, three, or more. This reality ought to be reflected in the CDBG data.

At this point, we cannot predict the effect of this change to the low-mod methodology on specific areas. To do that would require the acquisition of the regular data from census 2000 and the buying and processing of the unrelated individuals special tabulation. The cost of this endeavor is not acceptable.

A review of the 1990 census based low-mod data to see the effects of the change. The MetroCity/Urban County data universe was reviewed separately from the State jurisdictions.

For states, the low-mod eligibility test is 51.0 percent. They do not have the exception percentage option. The test for states is usually not run at the block group level. They seem to do it more often at the municipal, township, or county level. I tallied the numbers for each of the options:

In the table below, PP means that the area passes the low mod eligibility test both on a the Family/Unrelated Individuals basis and using the Household basis. FF means failed on both methods. PF means passed on the Family Unrelated Individuals basis only. FP means passed on the Household basis only. ***PF might be interpreted as the losers and FP as the winners.***

	Block Group	City	TWP	County
PP	40,091	4,243	4,132	270
FF	61,927	13,917	19,153	2,792
PF	3,493	482	342	24
FP	622	73	62	2

For Entitlements, HUD used the Block Group level. To be sure that the comparison was unbiased, the calculation was made on the new First Quartile values for the Household method so that the application of the First Quartile concept is consistent to each technique.

The results are:

PP	51,796
FF	107,751
PF	5,197
FP	1,471

Conclusions. Switching methods of calculating low-mod will reduce slightly the number of areas that would qualify. For the entitlement communities in the aggregate, there are 3,726 (5,197-1,471) fewer eligible block group areas. In states, the reduction in eligibility also is modest.

NCDA would like your comments on this issue. Please call, fax or e-mail your comments to Chandra Western at 202-293-7587 or at chandra@ncdaonline.org Thanks.

CDBG TIMELINESS CONFERENCES RESCHEDULED AGAIN

According to HUD, the following date is set for the last CDBG timeliness conference. Grantees located in the regions 5-8 that have received a letter from Assistant Secretary Cardell Cooper, will be strongly encouraged to attend. Others will be able to attend if space is available. As NCDA is one of the official co-sponsors of all four of these conferences, we look forward to seeing you there.

September 26-27
Regions 5-8
Chicago, IL

Holiday Inn Chicago Mart Plaza
350 New Orleans Street
Chicago, IL 60654
312-836-5000

HOME 2000 CONFERENCES

Register now for HUD's HOME 2000 Conferences! These conferences will examine PJ performance issues and provide information to improve local program operations. Participants can choose among three concurrent tracks of workshops: Construction Management, CHDOs, or Preserving Your Investment in Affordable Housing. Up to three senior staff members from each PJ may attend the conference in their region. The registration fee is $95.00 per person. You can register online for the conferences at http://www.hud.gov/cpd/home/homeweb.html

HUD held its first HOME 2000 Conference in Washington, D.C. on July 11-12. The remaining two conferences will be held in the following locations:

September 19-20 San Antonio, TX

Four Points Riverwalk North
(210) 223-9461; $91 single, $111 double
Cut-off date for special room rate is August 19, 2000.

November 14-15 Berkeley, CA

Radisson Berkeley Marina
(800) 243-0625; $111 single or double
Cut-off date for special room rate is October 16, 2000

NCDA NOTES

NCDA EXECUTIVE SYMPOSIUM: OCTOBER 12-15, 2000 TUCSON, AZ

The 2000 NCDA Executive Symposium will be held in Tucson, AZ at the Westward Look Resort. ***We have recently learned that this same weekend is parent's weekend at the University of Arizona. Hotel rooms will become scarce as the summer progresses. Get your reservations in as soon as you can.*** For more information, members can contact Jan Shapin at CDTI in Newport (401-849-7053) for Karen Means at NCDA (202-293-7587.

NCDA REGIONS IX AND X TO HOST SECOND REGIONAL MEETING

Stephen Young, President of Region IX and Community Development Director for the Sacramento Housing & Redevelopment, and NCDA invites all communities in HUD's Pacific-Hawaii/Northwest-Alaska Region to participate in a one-day conference geared toward issues that affects Western cities and counties.

Among the topics discussed will be the analysis of the CDBG allocation formula, lead-based paint, CHDO/CDBO capacity building, and citizen participation. There will also be a legislative update provided by Chandra Western and Vicki Watson of NCDA staff.

The conference will be held at the Westward Look Resort in Tucson, Arizona on Wednesday, October 11, 2000. This event will precede the NCDA Executive Symposium that is scheduled for October 12-14, 2000.

Register now and be a part of an informative, yet informal discussion on issues related to Western communities! For more information regarding the regional conference, please contact Stephen Young at (919) 440-1338 and/or Karen Means at NCDA, (202) 293-7587 or via e-mail at karen@ncdaonline.org.

FEDERAL REGISTER NOTICES

August 14, 2000. Public Housing Agency (PHA) Plan: Streamlined Plans. This final rule adopts the amendment concerning streamlined PHA Plans that was published for public comment in an April 17, 2000 HUD proposed rule. The April 17, 2000 rule also proposed amendments to the deconcentration of poverty component of the PHA's admission policy, which is part of the PHA Plan submission. The proposed amendments concerning a PHA's policy on deconcentration of poverty, and the public comments received on these amendments, are still under consideration, and will be addressed in a separate rulemaking. No public comments were received on the proposed amendment concerning submission of streamlined PHA Plans, and therefore, this rule makes final that amendment.

August 10, 2000. Notice Concerning Use of Remaining Unobligated Funds Under HUD's Designated Housing and Certain Developments Funding Availability Announcements.
On February 24, 2000, HUD published its FY 2000 Super Notice of Funding Availability for HUD's Housing, Community Development, and Empowerment Programs and Section 8 Housing Voucher Assistance. The Fiscal Year 2000 SuperNOFA included three funding availability announcements for Section 8 voucher assistance for persons with disabilities. HUD advised that any funds remaining unobligated under two of the Section 8 voucher programs would be used to fund applications for the third program. This document notifies the public that HUD now intends to use a portion of these remaining unobligated funds to provide vouchers to non-elderly persons with disabilities who are seeking to move from nursing homes and other institutional settings to housing in their local communities.

JOB OPPORTUNITIES/ATTACHMENTS
To access the files below, please go to http://ncdaonline.org

- Transition Strategy to Implement HUD's Lead Safety Regulations

- Local or State Government Statement of Inadequate Capacity to Comply with Lead-Based Paint Rule