NCDA
WASHINGTON REPORT

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APPROPRIATIONS UPDATE

VA-HUD Bill Stalled

Three weeks ago, the full Senate Committee on Appropriations reported out H.R. 4635, the FY 2001 funding bill for HUD, the Department of Veterans Affairs, and other independent federal agencies. This bill has not taken any concrete steps closer to becoming law since the Senate's appropriators completed their work in mid-September. (For specific details on the content of the Senate appropriators FY 2001 HUD budget, see "Appropriations Update," in the September 16, 2000 edition of *The Washington Report*.) Intra-party disputes in the Republican caucus about how much to increase federal spending, the threat of contentious amendments from Senate Democrats during floor debate, and the inability to come to a mutually satisfactory agreement with the White House over an array of funding and policy disputes has left Senate Majority Leader Trent Lott (R-MS) unwilling to bring H.R. 4635 to the Senate floor for a vote.

Instead, Lott, in conjunction with Republican leaders in the House, is attempting to bypass normal Senate budget procedures and get the final conference report on the FY 2001 VA-HUD spending bill negotiated and to the President without allowing the Senate to debate or formally act on the legislation. Senator Tom Daschle (D-SD), leader of the Democratic minority in the Senate, characterized the process Lott is employing as "violating virtually every Senate rule."

The unconventional approach to budgeting being used to advance the VA-HUD bill is just the latest innovation Senator Lott and other Republican leaders have devised to get the outstanding annual appropriations bills completed and approved by the President in time to give lawmakers time to go home and campaign for reelection. Just last week, the preferred strategy was to bundle separate spending measures into so-called "mini-omnibus" packages. Presumably, moving final appropriations bills in pairs by using one conference report to carry a second bill would protect the attached measure from lengthy debate and numerous amendments in the Senate. The leadership was forced to back away from this strategy, though, when budget hawks began to grumble that these packages were being used to conceal objectionable spending increases. Fiscal conservatives made it plain to the Republican leadership that they would rather vote down such measures than see them passed into law containing huge increases in spending. Indeed, earlier in the week, House Republican leaders suffered an embarrassing defeat when twenty Republican members joined with a majority of Democrats to defeat a Treasury-Postal-Legislative Branch mini-omnibus spending measure.

With respect to the negotiations between the Administration and congressional leaders on the FY 2001 VA-HUD bill, rumors have been circulating all week that a final deal is just around the corner. But at the start of every day, the word from the Hill remains the same: the two sides are close, but they're just not there yet. What we know so far is that, the overall size of the VA-HUD bill will be about $108 billion dollars, the Administration will get at least half of the 120,000 section 8 rental assistance vouchers it wants, and that a $1 billion housing production proposal that was being pushed by Senator Christopher "Kit" Bond (R-MO), chairman of the Senate Appropriations Subcommittee on VA-HUD-IA, has been dropped. The leaders of the Senate VA- HUD authorizing committees, Senators Phil Gramm (R-TX) and Wayne Allard (R-CO), were determined to see that authorizing language for a new housing production program was not attached to a spending bill. Their concern was that any new program of this nature should go through the normal authorizing process, which takes place in the Senate so that there is ample time for debate, consideration and most likely public hearings. It should not be attached to an appropriations bill before going through authorization.

As it stands right now, FY 2000 budget authority officially expired on October 1 and only two of the thirteen annual appropriations bills needed to fund the various federal departments and programs have been signed into law by the President. Those two bills cover the FY 2001 appropriations for the Department of Defense and Military Construction. Last week, the Congress passed and President Clinton signed a continuing resolution to keep the federal agencies funded at current levels through October 6. A second continuing resolution to keep the government running until October 14, 2000, the newest deadline for wrapping up the annual appropriations process, is slated to be submitted to President Clinton today. Under this schedule, Congress has little over a week of additional time to successfully complete its work on the remaining bills and to win President Clinton's approval. This is a daunting task at any time, but in an election year this will no doubt prove to be a singularly difficult challenge.

AMENDMENTS DELAY NEW MARKETS-COMMUNITY RENEWAL ACT

After postponing previously scheduled hearings to mark-up S.2779 three times in the space of one week, Senate Finance Committee Chairman William V. Roth, Jr. (R-DE) announced on Thursday, September 28, 2000 that he felt he had no choice but to pull the bill from consideration. Originally co-sponsored by Senators Rick Santorum (R-PA) and Joseph I. Lieberman (R-CT), S. 2779 is companion legislation to H.R. 4923, the New Markets-Community Renewal compromise package that was negotiated between the Clinton Administration and House Speaker J. Dennis Hastert. H.R. 4923 passed the House by an overwhelming margin in August. Except for a few minor provisions related to the participation of faith-based social service providers and the authorization of individual development accounts for the working poor, S.2779 largely mirrors the House bill. (Details of the House New markets-Community renewal bill can be found in the August 4, 2000 edition of *The Washington Report*.)

Because both Speaker Hastert and the White House indicated publicly that getting New Markets-Community Renewal legislation passed was a top priority, and with most other tax legislation dead for the year, from the moment the Senate Finance Committee set a date to consider S.2779 the bill became a prime target for senators looking to attach special tax provisions to something that had momentum. The original price estimate on the House bill was $17 billion over ten years. By the end of last week, the cost of S.2779 had swelled to some $38 billion as influential senators clamored to attach various pet projects to the measure. Chairman Roth himself added about $11.5 billion in additional costs by attaching a provision authorizing Amtrak to sell $10 billion worth of bonds to develop high speed rail service. Later in the week, Senator Charles Grassley (R-IA) succeeded at including a number of agriculture related tax provisions. Senators Orrin G. hatch (R-UT) and Max Baucus (D-MT) tossed in their own set of energy initiatives, including a tax credit for domestic oil and natural gas producers. And Senator Frank Murkowski (R-AK) worked diligently to attach an amendment dealing with the treatment of deregulated utilities and the decommissioning of nuclear power plants– a move that should reduce federal tax revenues by an $10 billion over the next ten years. Still others pressed for a tax credit for companies that invest in wiring rural and disadvantaged communities for the internet, a move designed to help bridge the so–called digital divide. There was even a tax credit added to encourage land conservation. It deserves to be pointed out that the New Markets-Community Renewal Act was originally conceived as a legislative package dedicated to spurring private sector investment into severely distressed low-income urban and rural communities. But before the first gavel opening hearings to consider S.2779 could be struck, Senator Roth was inundated with 72 separate amendments granting targeted benefits to one concern or another.

Having clearly failed to convince his colleagues to exercise restraint, Chairman Roth is opting to abandon S. 2779 altogether in favor of advancing a Senate New Markets-Community Renewal package based on his own 'Chairman's mark.' Formally introduced into the hopper as S. 3152, Chairman Roth's "Community Renewal and New Markets Act" is intended to be a formal stop-gap that permits U.S. senators to weigh in on the agreement that was negotiated between President Clinton and Speaker Hastert. However, senators who are not members of the Finance Committee were not allowed to offer any amendments to the bill. All fifteen members of the committee are co-sponsors to S.3152. Even though S.3152 is scaled back from the amendment free-for all that S.2779 turned into, it still contains a number of extraneous rail, environmental, agriculture, and energy tax incentives that do not exist in the House version. Just how the Administration will respond to these "improvements" remains to be seen.

Exact figures on the relative cost of S.3152 are not yet available. But during the news conference in which he introduced his plan to advance the bill, Senator Roth was careful to stress that his 'Chairman's mark' "[i]ncludes an immediate–let me emphasize immediate–increase in the volume caps for low-income housing tax credits and private activity bonds." The immediate increase Chairman Roth is referring to mirrors exactly the generous increase contained in the House bill.

WALSH, MOLLOHAN ANNOUNCE MILLENNIAL HOUSING COMMISSION

Congressman Jim Walsh (R-NY), Chair of the House Appropriations Subcommittee on VA-HUD and Congressman Alan Mollohan (D-WV), ranking Democratic member of the House Appropriations Subcommittee on VA-HUD, announced the creation of the Millennial Housing Commission, which was authorized by the FY 2000 VA-HUD appropriations bill.

The purpose of the Commission is to conduct a study to examine the importance of housing, particularly affordable housing, to the infrastructure of the United States, as well as the methods for increasing the role of the private sector in providing affordable housing, and examining HUD's existing programs to recommend ways to allow these programs to function more efficiently with one another. According to Rep. Walsh, "This commission was established to provide Congress and the next President with clear recommendations to improve our public and subsidized housing systems and to make the dream of homeownership a reality for more low- and moderate-income American families."

The Commission is composed of 22 members, including two co-chairs, former House Representative Susan Molinari (R-NJ), and Richard Ravitch, a national housing expert. The Commission is charged with reporting back to Congress within a year on its housing recommendations.

HUD NEWS

HUD Releases Final Draft of its Latest Interpretive Guidance on the Lead-Based Paint Regulation

On September 21, 2000, HUD's Office of Lead Hazard Control released the latest version of its interpretive guidance on the lead-based paint regulation (*Interpretive Guidance on the HUD Regulation on Controlling Lead-Based Paint Hazards in Housing Receiving Federal Assistance and Federally Owned Housing Being Sold).* The interpretive guidance had been in draft form since June 22, but was finalized by HUD on September 21. This 61-page comprehensive question and answer document on the lead-based paint regulation can be accessed through HUD's web site at www.hud.gov/lea The document provides guidance to HUD's grantees on the general requirements of the lead-based paint regulation as well as detailed guidance on each Subpart of the regulation, including Subpart J – Rehabilitation Assistance Programs. If you do not have access to the web site, and would like a copy of the document, please contact Vicki Watson at NCDA at 202-887-5532.

HUD has set up a special e-mail site for questions on the regulation. If you have a question that is not answered in the interpretive guidance, please send it to lead_regulations@hud.gov Expect a 5-7 day response time on your question. NCDA has asked HUD to establish a lead-based paint **listserv** to facilitate a quicker response time and to allow grantees to communicate with each other on the regulation.

HUD Plans Two Additional Lead-Based Paint Training Sessions for Grantees This Year

HUD's CPD Office is in the process of negotiating two additional training sessions on the lead-based paint final regulation to be held at the end of the year. ICF Consulting will once again conduct the sessions. HUD states that although no firm dates have been arranged, the training sessions will be held in either November or December, and will be free to all grantees. States and units of local governments will receive priority in attending the training. The training sessions will be conducted under an open registration process, so grantees will not have to go through the time-consuming priority enrollment process that HUD used with the earlier training sessions. Please check HUD's Office of Lead Hazard Control's web site at www.hud.gov/lea, or NCDA's web site for the training sessions once they have been finalized. Besides these two training sessions, HUD plans to hold another series of training sessions on the regulations next Spring.

HUD Will Reimburse Grantees for Lead-Based Paint Clearance Testing

In a regulation to be released by HUD in the next few weeks, HUD will announce that it will reimburse grantees for the cost of conducting lead-based paint clearance tests incurred beginning with the new fiscal year, October 1, 2001. The regulation will outline the process by which HUD will reimburse grantees for these costs. HUD has told NCDA that it may call upon the interest groups to assist the department in reaching a decision on the reimbursement. If so, we will call upon our members for assistance in deciding this reimbursement process.

NCDA NOTES

The Congressional Recess and the Washington Report

Once the Appropriations process is completed, and Congress goes into recess, NCDA's staff will work will be less on legislation so we will target our activities to working with HUD on any regulations, HUD's Best Practices Symposium for 2001, the annual membership drive, finalizing the agenda for the 2001 NCDA Winter Meeting, getting the FY 2001 CDBG/HOME/ESG/HOPWA allocations upon our website before HUD does, and gearing up for CD Week 2001. As this is an election year, and the anticipation of a completely new Administration, there will be a slight slow-down in activity in our nation's capitol. Given this scenario, ***The Washington Report*** will be printed on a monthly basis or when there is information that is pertinent to the membership during the Congressional Recess, which ends in January.

NCDA Calendar of Events

In the future, we hope to provide you with an events calendar as soon as we have the dates for meetings for national meetings and those held in the regions. Below, are the months of the meetings that we are aware of.

NCDA National and Regional Events

REGION 1 ANNUAL MEETING
November 7-10, 2000
Portland Regency Hotel
20 Milk Street
Portland, ME 04101
1-800-727-3436
Cut Off Date: September 30, 2000

NCDA Winter Meeting-January 17-20, 2000
Washington Marriott Hotel

1224 22nd Street, NW
Washington, DC 20037
202-872-1500
Cut Off Date: December 26, 2000

NCDA Annual Conference-May 23-26, 2001
Omni Bayfront Hotel
900 North Shoreline Blvd.
Corpus Christie, TX
361-887-1600
Cut Off Date: May 1, 2001

REGION IV ANNUAL CONFERENCE
March 10-13, 2001
Sheraton Birmingham Hotel
2101 Richard Arrington, Jr.,Drive North
Birmingham, AL 35203
205-324-5000

NCDA Calendar of Events

OCTOBER						
1	2	3	4	5	6	7
8	9	10	11	12 NCDA/	13 CDTI	14 Executive
15 Symposium	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER						
			1	2	3	4
5	6	7 NCDA	8 Region 1	9 Meeting	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

DECEMBER						
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26 Cut off Date for Winter Meeting	27	28	29	30

JANUARY						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17 NCDA	18 Legislative	19 Winter	20 Meeting
21	22	23	24	25	26	27
28	29	30	31			

MARCH						
				1	2	3
4	5	6	7	8	9	10 Region IV
11 Annual	12 Meeting	13 Birmingham	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

MAY						
		1	2	3	4	5
6	7	8	8	10	11	12
13	14	15	16	17	18	19
20	21	22	23 NCDA	24 Annual	25 Conf.	26 Corpus
27 Christi	28	29	30	31		

FEDERAL REGISTER NOTICES

October 10, 2000. Fair Market Rents: Increased Fair Market Rents and Higher Payment Standards for Certain Areas. This interim rule implements HUD's new fair market rent (FMR) policy. The new FMR policy targets relief to areas where higher FMRs are needed to help families, assisted under HUD's Housing Choice Voucher Program as well as other HUD programs, find and lease decent and affordable housing. The policy provides that where necessary to ensure the effective operation of this program, PHAs will be allowed to set their payment standards based on the 50^{th} percentile rather than the 40^{th} percentile FMR. This aspect of the policy is designed to ensure that families with housing vouchers have access to at least half of all available units in those areas.

September 28, 2000. Discontinuation of the Section 221(d)(2) Mortgage Insurance Program.
This proposed rule would discontinue HUD's section 221(d)(2) mortgage insurance program. Through this program, HUD insures mortgage loans made by private lenders to finance the purchase, construction, or rehabilitation of low-cost, one- to four-family housing. The section 221(d)(2) program is rarely used by homebuyers, primarily due to its low mortgage limits. Further, the program provides few homeownership opportunities not already made available by other HUD mortgage insurance programs.

JOB OPPORTUNITIES AND ATTACHMENTS *(To access the files below, please go to NCDAonline at http://ncdaonline.org)*:

- Announcement of Committee Chairs
- Regions 9/10 Meeting Cancellation
- *Washington Report* Hard Copy Memo