NCDA WASHINGTON REPORT

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DATE: December 7, 2000

SECTION 108 TRAINING: Mark Tigan Associates– January 16, 2000– See Attached Flyer
NCDA WINTER MEETING: January 17-20, 2001– MAKE YOUR RESERVATIONS NOW!!

FEATURE ARTICLES

CONGRESS RECONVENES; COMPLETION OF APPROPRIATIONS BILLS AND POWER SHARING TOP NEXT YEAR'S AGENDA

Power Sharing

Congress reconvened this week to an atmosphere of uncertainty, over the Presidency, completion of spending bills, and the sharing of power next year. With Maria Cantwell's (D-WA) recent victory in Washington state, the Senate now stands at 50 Republican members and 50 Democratic members. It's been more than a century since the Senate was evenly divided.

With this shift in power, Democrats in the Senate are calling for an even share of seats on committees, larger staffs, co-chairmanships on committees, and more control over the Senate agenda. "The prevailing mood is that there is no majority and there is no minority," John Kerry (D-MA), said after a late afternoon meeting with Democrats on Monday. Some Republicans, however, like Phil Gramm (R-TX) and Don Nickles (D-OK), say Republicans deserve a one seat majority on all committees and subcommittees, since the Vice-President will likely be a Republican and will have the power to cast any tie-breaking votes in the Senate. Gramm and other Republicans have railed against sharing the chairmanship of the committees with Democrats as well as a 50-50 share in representation on the committees. "It's very hard to drive a car if two people are steering the wheel," said Majority Whip Don Nickles in response to the Democrats' request for power sharing. In the end, Senator Trent Lott (R-MS), Senate Majority Leader, and Senator Tom Daschle (D-SD), Senate Minority Leader, will negotiate the ratio of the committees and select the chairman. A resolution will be needed to set committee ratios and memberships, and either party could halt such a resolution with a filibuster, creating the ultimate Senate gridlock.

Change in Chairmanships

Unlike the Senate, the Republicans hold a slim majority in the House. Republican members are spending this week and next vying for chairmanships on 12 committees. Rep. Marge Roukema and Rep. Richard Baker are challenging one another for chair of the House Banking and Financial Services Committee, which is being vacated by Rep. Jim Leach, due to the 6-year term limits imposed by the Republicans after their takeover of the House in 1994. Leach will remain on the committee as a member. Roukema is considered the favorite, with her 20-year history in the House and her work on the committee in past years, especially in working on the Gramm-Leach-Bliley Act, which permits banks, insurance companies and securities firms to merge. Rep. Bob Ney (R-OH) and Rep. Peter King (R-NY) are vying for the position of chair of the House Subcommittee on Housing, a position held by Rep. Rick Lazio, who resigned to campaign for the Senate. It is expected that Rep. LaFalce (D-NY) will remain as ranking member of the full committee and Rep. Barney Frank (D-MA) will remain as ranking member of the subcommittee.

The Senate is expected to remain unchanged. Senator Ted Stevens (R-AK) will remain as chair of the Appropriations Committee and Senator Robert Byrd (D-WV) will remain as the ranking member of the committee. Senator Kit Bond will likely remain as chair of the VA-HUD-IA Appropriations Subcommittee, with Senator Barbara Mikulkski (D-MD) remaining as ranking member. Senator Phil Gramm (R-TX) will remain as chair of the Senate Committee on Banking, Housing and Urban Affairs and Senator Wayne Allard (R-CO) is expected to remain as chair of the Subcommittee on Housing and Transportation.

Unfinished Bills

Congressional leaders and President Clinton met on Monday, December 4, to discuss movement of the remaining FY 2001 appropriations bills and other legislation, including tax and Medicare legislation. Spending measures that still need to be enacted include, Commerce-Justice-State, Energy & Water, Labor-HHS-Education, Legislative Branch, and Treasury/Postal. The government will continue to operate under short-term continuing resolutions until agreement is reached on these measures. To date, 18 continuing resolutions have been passed this year, an all-time record. Some Democratic staff have voiced support for President Clinton to halt all future continuing resolutions, and shut down those agencies that do not have FY 2001 spending bills in place, to encourage Republicans to negotiate on year end legislation. The major negotiating point for both sides is over the level of funding for education. Clinton wants to see a $7.5 billion increase to the Department of Education in FY 2001 (the most the department has received in its 21-year history) enacted during his term, while Republicans want this number scaled back.

HOMEOWNERSHIP BILL PASSES HOUSE

Incredibly, Rep. Lazio's homeownership bill -- the American Homeownership and Economic Opportunity Act -- is getting a second chance for enactment this year. A scaled-down version of (H.R. 5640) passed the House on Tuesday. Originally, the House passed a similar version in October, but the measure failed to receive passage in the Senate due to opposition from Senator Gramm (R-TX) and Senator Allard (R-CO) over a provision that would have allowed teachers and law enforcement officers to purchase HUD-owned homes at a 50 percent discount. This provision has been removed from the version passed by the House on Tuesday in hopes of gaining quick passage by the Senate.

The bill includes incentives to increase homeownership, improves housing programs for Native Americans, and makes changes to the nation's manufactured housing regulations. The bill incorporates provisions from several housing bills, including H.R. 1776 – The American Homeownership and Economic Opportunity Act, H.R. 202 – Preserving Affordable Housing for Seniors and Vulnerable Families into the 21st Century Act, and S. 1452 – The Manufactured Housing Improvement Act of 2000. Highlights of the bill include:

- Authorizes $15 million for FY 2001 through FY 2005 for grants to States, local governments, and eligible consortia for regulatory barrier removal strategies. *This provision would require action by the appropriations committees in the House and Senate.*

- Allows PHAs to use Section 8 tenant-based assistance for downpayment assistance in the form of a single grant, in lieu of monthly assistance received by the tenant for the first year of assistance.

- Permanently authorizes the 184 Loan Guarantee Program for Indian housing.

- Establishes a consensus committee that would submit recommendations to HUD for developing, amending and revising both the Federal Manufactured Home Construction and Safety Standards Act and the enforcement regulations. The consensus committee would be composed of 21 voting members (7 producers of manufactured housing, 7 users of manufactured housing, and 7 general interest groups and/or public officials), and one additional non-voting member to represent the Secretary of HUD.

- Gives states five years to adopt a manufactured housing installation program. During this five year period, HUD and the consensus committee are charged with constructing a "model" manufactured housing installation program. In states that choose not to adopt an installation program, HUD may contract with an appropriate agent in those states to implement the "model" installation program.

- Gives states five years to adopt a dispute resolution program for the timely resolution of disputes between manufacturers, retailers, and installers regarding the correction of defects in manufactured homes up to one year from the date of installation of the home.

- Requires HUD to approve the pre-payment of mortgages for Section 202 properties if the owner continues the low-income use restrictions.

- Allows Section 202 and Section 811 program sponsors to form limited partnerships with for-profits (but the nonprofit must be the controlling partner) to compete for the Low-Income Housing Tax Credit.

- Allows Section 202 and Section 811 sponsors to use their project reserves to retrofit or reduce the number of obsolete or unmarketable units, such as converting efficiencies to 1 or 2 bedroom apartments, or to make room for a community space.

- Allows owners of Section 236 projects to retain excess income (which results when 30% of a tenant's income exceeds the base rent established by HUD) to assist in repairing aging projects.

- Extends the loan terms for manufactured home lots financed by insured financial institutions from 15 years, 32 days to 20 years, 32 days.

- Allows HOME funds (in rental units otherwise not eligible for HOME funds) to be used for facilities with units with low-income families where a grandparent, great-grandparent, or great-great grandparent is the care giver of the grand-children.

Removed from the original version of H.R. 1776 were two provisions related to the HOME program, which NCDA and other national interest groups supported. One provision would have created a HOME Loan Guarantee Program to allow communities to leverage future HOME grants for affordable housing development. The other provision would have allowed communities to create mixed-income loan pools with HOME funds, up to ten times the HOME funds invested, without imposing Federal income restrictions on the entire pool for the construction of affordable housing. Also removed from H.R. 1776 is a controversial provision, not supported by NCDA, that would have allowed CDBG and HOME funds to be used to provide homeownership assistance for teachers and uniformed municipal employees earning up to 115% of the area median income. This bill heads to the Senate next, where it is expected to be approved.

CDBG/ HOME RE-ALLOCATION ALERT

Late last month, NCDA received an e-mail from HUD detailing some re-allocations that are in progress for the CDBG and HOME programs.

(1) HOME:

We were informed that it would be late in November before we knew how much HOME money was available for re-allocation. It was determinated that $2,748,000 would be reallocated to the total available for HOME nationally in FY2001. Of this, $2,711,000 is entitlement side money and $37,000 is available for reallocation among states.

HUD is also revising the allocation to the Holyoke Consortium in Massachusetts which originally did not get credit for a new member of the consortium.

On the entitlement side, no community is getting less than it got in the revised HOME alloca-tions we distributed to you and posted on our web site a few weeks ago. On the state side of the equation, however, the Governor of Massachusetts loses the value of the community added to the Holyoke Consortium and therefore has a reduced allocation. The money lost by the Common-wealth of Massachusetts is redistributed to the other non-minimum states.

(2) CDBG

The CDBG allocations for FY2001 are being revised to remove Carson City, Nevada as a grantee. This is being done because the amendment to CPD's regulations that would have permitted us to recognize Carson City as a metropolitan city has not been approved and we have concluded that it will take at least six months before this regulation change can be finalized. We cannot wait that long to finalize the FY2001 allocations.

For background, Carson City went over the 50,000 population threshold on the1999 population estimates that the Census Bureau made available to us for FY2001. Carson City is not in an OMB designated Metro-politan Area which is a requirement of the CDBG statute. By going over the 50,000 population threshold, the City would have been designated this past June as a new Metropolitan Area by OMB except that OMB has suspended such designations. OMB will not make new Metropolitan Area designations until May, 2003. They will be based on data from the 2000 census. HUD is working to amend our regulations so that Carson City would not need to wait until FY2004 to become CDBG entitled. Moreover, over the next few years there may be several other communities that join Carson City in the waiting room. Census 2000 population counts will come out in 2001 (total population will be available but not poverty population or the housing data elements) and HUD expects to factor the new population totals into the FY2002 allocations. There may be some communities that have population over 50,000 in the year 2000 and that are not in an existing Metropolitan Area.

The main point again is that CPD will continue working on OMB to get Carson City and other non-metropolitan cities that go over 50,000 into the statistically qualified category for FY 2002, but for FY2001, Carson City is not going to be a participant.

Taking away the $429,000 allocation from Carson City means that its money is disbursed among other entitlements---a few thousand dollars here and a thousand there. But the removal of Carson City from the universe of Metropolitan Cities also affects the "national population growth rate from 1960 to 1999 for all Metropolitan Cities" that is used in calculating the growth lag values for CDBG Formula "B." This in turn affects the level of funding for some communities and results in their allocation being reduced a $1,000 or $,4000 from what was initially announced.

For states, the Governor of Nevada will get credit for Carson City and will get a larger allocation. The allocation for other states is reduced to offset that increase. The states and the three HUD Administered County grantees in

Hawaii need to be advised by you of the reduction in their CDBG allocation amounts.

The CDBG allocations listed in the reports described below do not include any reallocated funds. As usual, only a small number of grantees are receiving CDBG reallocations. The calculations for reallocation of CDBG funds has been done and the Office of Block Grant Assistance is notifying each Field Office of any amounts that will be available from that source. These funds will be included in the HUD 185's that are being prepared..

(3) Reports

Attached are three reports. One of them shows the difference between the original and revised CDBG allocations. The second report shows the difference between the final HOME numbers with reallocation amounts and the previous HOME amount. The third report lists the final allocation amounts in each of the four formula programs. This will be posted to the CPD WEB page over the next few days. These files are available on NCDA's web site (http://ncdaonline.org).

(4) HUD 185's

HUD is working on their 185's to make the formula grant money available for obligation. The Department expects to have the documents ready around the middle of December.

CENSUS BUREAU TO RELEASE POPULATION COUNTS BY DECEMBER 29, 2000

According to Census Bureau Director Kenneth Prewitt, the U.S. Census Bureau is on track to release the official decennial apportionment of U.S. House seats by the end of December. Prewitt said that the Bureau will release total population counts by state, along with the number of U.S. House seats each state will hold for the next decade. The Census Bureau has a nine month deadline, from April 1, 2000 to release the population counts.

As with everything in Washington, there is a process, which is also true for releasing population counts of the decennial census. Once the numbers are released, the Secretary of Commerce will deliver the population counts to the president, who will report them to the new Congress when it convenes in January. The Clerk of the House will officially inform each governor how many seats their state will receive.

The reapportionment of the House of Representatives is performed once every 10 years to adjust for population shifts in states. It is based on a complex formula called the "method of equal proportions." Once each state is assigned on representative, the formula assigns "priority values" to distribute to distribute the remaining 385 seats. Because the number of seats in the House is fixed at 435, states that experience rapid population growth gain seats at the expense of states that do not.

In recent decades states in the West and South have gained seats and those in the Midwest and Northeast have lost seats. Census Bureau estimates show that states likely to gain seats in this years reapportionment include Arizona, Georgia and California. States likely to lose seats include New York and Pennsylvania.

The release of the official reapportionment is the first step in the redistricting process to begin next year. Because state legislatures are charged with the task of redrawing congressional districts, redistricting can be a highly partisan activity, which the general public is not often privy to.

Still unresolved is whether the Census Bureau will adjust the population counts to compensate for undercounts. Prewitt says the Bureau will decide by the end of February whether to adjust the data using a technique called statistical sampling. Most Democrats support sampling primarily because they feel that the unadjusted data undercount racial minorities, who are a solid bloc of votes for their party. Most Republicans disagree, noting the Constitution mandates an "actual enumeration" of residents.

The Supreme Court ruled in 1999 that using statistically sampled data to reapportion the House is unconstitutional. It did not rule on the constitutionality of using the data to redraw the lines.

The decision of using sampled counts will ultimately be that of the person who is finally determined to be President. Since the President elect nominates the Secretary of Commerce, where the Census Bureau resides, the new Commerce Secretary will make that decision.

HUD NOTES

HUD RELEASES NEW INTER-PRETATION ON THE USE OF CDBG FUNDS FOR HOMEOWNERSHIP ACTIVITIES

On November 21, 2000, HUD released a rule that clarifies the use of CDBG funds for homeownership activities for new construction. This rule can be found in the Federal Register; Volume 65, Number 225, on Tuesday, November 21. Since the rule is only two pages length, we have included it as an attachment to this issue of the Washington Report.

What this rule does is to allow HUD more leniency of its interpretation of statutory language regarding the use of CDBG funds for new housing construction. It gives HUD greater discretion to allow grantees more creativity and flexibility in providing homeownership opportunities to lower income persons. Previously, HUD took a very literal and conservative approach in its interpretation of this statutory provision. This provision basically prohibited the use of CDBG funds for homeownership activities that directly assists new housing construction. HUD has reconsidered this interpretation "...because of the important role that CDBG assistance can play in the development of new affordable housing with increased opportunities for homeownership for low-and moderate-income persons." HUD has determined that the statute nor the legislative history behind using CDBG funds for homeownership assistance require that this assistance be affected by whether the home was previously constructed. Therefore outside of the city directly building houses for sale, anything goes, as long as it is currently eligible under the program.

NCDA NOTES

Transition Implementation Plans Due to HUD by December 15

HUD authorized a six-month transition period from the lead-based paint regulation for jurisdictions which submitted a Statement of Inadequate Capacity (SIC) to HUD by November 15, 2000. HUD received over 650 Statements of Inadequate Capacity from States and local jurisdictions. If you are one of the jurisdictions that submitted a SIC, the deadline for submitting the accompanying Transition Imple-mentation Plan (TIP) to HUD is December 15, 2000. If the Transition Implementation Plan is not submitted to HUD by this date, the Statement of Inadequate Capacity will be null and void, according to HUD. A copy of the guidance and format needed in completing the plan is enclosed. Please contact HUD's Lead Paint Compliance Assistance Center, toll free, at 1-866-HUD-1012 (1-866-483-1012) for any questions you may have on the plan.

Send in Your Questions for the Lead-Based Paint Forum at the Winter Conference

NCDA will hold a half day Lead-Based Paint Forum during the Winter Conference. The session will be held the afternoon of Wednesday, January 17. Part of this session will feature a roundtable Q & A session with senior HUD officials on the regulation. In preparation for this session, NCDA is collecting questions from members on the regulation to provide to HUD staff for discussion at the forum. Please submit your questions to Vicki Watson at vicki@ncdaonline.org or 202-887-5532. NCDA will collect questions through December 29.

Lead-Based Paint Survey

NCDA has enclosed a Lead-Based Paint Survey for its members to complete by January 10. The survey will assist NCDA in identifying the lead-based training needs of its members and the programmatic changes that need to be made to the regulation. Members can either fax the survey to NCDA at 202-887-5546 or complete the survey online at www.ncdaonline.org

NCDA 2001 WINTER MEETING

Attached to this newsletter is a draft agenda and order form for the upcoming **Winter Meeting,** being held on January 17-20, 2001. The cut off date for hotel rooms is December 26, 2000. It is imperative that members make their hotel reservations as soon as possible. This year is an inaugural year and our meeting comes right during that time. Hotel space will become increasingly **scarce. Do not miss out on this important meeting!!! Make your reservations soon!!!!**

NCDA National and Regional Events

Section 108 Training (Tigan Associates) – January 16, 2001
Washington Marriott Hotel
1224 22nd Street, NW
Washington, DC 20037
202-872-1500
Registration Fee $135

NCDA Winter Meeting-January 17-20, 2001
Washington Marriott Hotel
1224 22nd Street, NW
Washington, DC 20037
202-872-1500
Cut Off Date: December 26, 2000

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

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

OTHER NEWS

This is to alert the membership that NCDA Past Presidents, Terrence Duvernay and Dr. James Huger have been under the weather recently. NCDA has already sent get well wishes to both, however, we are sure that they would love to hear from their friends from NCDA . You can reach Terry and Dr. Huger at the following addresses:

Terrence Duvernay
4740 Guilford Foerest Drive
Atlanta, GA 30331
404-505-0207

Dr. James E. Huger
935 Sycamore Street
Daytona Beach, FL 32114
904-253-2135

FEDERAL REGISTER NOTICES

December 6, 2000. Deployment of the FHA TOTAL Mortgage Scorecard. This notice announces HUD's intention to deploy the FHA TOTAL Mortgage Scorecard for mortgage industry use. The FHA TOTAL Scorecard, developed by HUD, assesses the credit worthiness of FHA borrowers by evaluating certain mortgage application and borrower credit information that has been statistically proven to accurately predict the likelihood of borrower default.

November 29, 2000. Consortia of Public Housing Agencies and Joint Ventures. This final rule implements a 1998 law that authorizes public housing agencies (PHAs) to administer any or all of their housing programs through a consortium of PHAs. The law also authorizes PHAs to use subsidiaries, joint ventures, partnerships or other business arrangements to administer their housing programs or to provide supportive or social services. This final rule specifies minimum requirements relating to formation and operation of consortia and minimum contents of consortium agreements, as required by the statute and reflects consideration of public comments received on the proposed rule.

November 28, 2000. Notice of Funding Availability: Resident Opportunities and Self-Sufficiency (ROSS) Grants to Support Public Housing Apprenticeship Activities. The Resident Opportunities and Self-Sufficiency (ROSS) Program links services to public housing residents by providing grants for supportive services, resident empowerment activities and activities to assist residents in becoming economically self-sufficient. This NOFA announces HUD's intention to award to eligible housing authorities grants to support employment and training opportunities for residents living in public housing through apprenticeship activities and programs. The public housing apprenticeship related grants will provide job training and ensure bonafide apprenticeship and employment opportunities in the construction trades and public housing operations that will lead to self-sufficiency for public housing residents.

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

- **Winter Meeting Brochure**
- **2001 National Community Development Week Promotional Items Flyer**
- **Section 108 Training Flyer**
- **Lead-Based Paint Survey**
- **Transition Implementation Plan Guidance**