

Minutes of the Community Development Committee

January 18, 2001

NCDA Winter Meeting

Washington Marriott Hotel

Chaired by Jim Fackrell, Boise, Idaho

The meeting was called to order at 9:00 a.m. by Committee Chair Jim Fackrell. Jim welcomed the committee to the Winter Meeting and apologized that the committee turned into a plenary session. He explained that this was done to accommodate Congressional Staff. Those in attendance:

Jim Fackrell	Boise, ID		
Tami Cole	Chicago, IL	Bob Gehret	Boston, MA
Gas Furguson	Orange, TX	Bob Cahill	Boston, MA
Para Rosario	Bridgeport, CT	Emily Nottingham	Tucson, AZ
Frank Pondrom	Lawton, OK	Venetta Butler	Fulton County, GA
Tony E. Crapp, Sr.	Miami-Dade County	Melvin Richardson	Fulton County
Ann Yee	San Francisco, CA	Pam David	San Francisco, CA
Joseph Garcia	Aurora, CA	Brenda Montgomery	Jefferson Parish, LA
Mike Hilliard	Aurora, CA	Hazel Bang	Seattle, WA
Craig Fiels	Santa Fe, NM	Marti Luick	Albuquerque, NM
Renee Ramey	Garland, TX	Michael Passi	Albuquerque, NM
Angelito Santos	Quincy, MA	Bob Buffington	Plano, TX
Patrick Sullivan	New Bedford, MA	Steve Gartrell	Newton, MA
George Hovorka	Fall River, MA	Vicki Covey	Amarillo, TX
Barbara Ross	Denton, TX	Nancy Haney	Lubbock, TX
Tom McClosky	Fall River, MA	Mike Morrissey	Wausau, WI
Larry Wagner	Danbury, CT	Skeet Fitzgerald	Henderson, NV
Kelly Cheek	Abilene, TX	Aaron Wolfe-Berring	Ogden, UT
Michael Duff	Newton, MA	Kathy Kahoun	Des Moines, IA
Leona Plaugh	Columbia, SC	Elizabeth Neil	Weymouth, MA
Terrance Duvernay	Atlanta, GA	Amintha Cinotti	Providence, RI
Al Faella	Union County, NJ	Amy Petrone	Leominster, MA
Linda Price	Norman, OK	Melissa Berry	Louisville, KY
Dennus Thys	Long Beach, CA	Philip La Roche	Charleston County, SC
Charlene Montford	Durham, NC	David Roach	Jackson, MS
Johnny Beatty	Beaumont, TX	Leo Stevens	Jackson, MS
Tom Speakman	Denison, TX	Arnold Benavites	Edinburg, TX
Bill Lindsay	Fulton County, GA	Jose E. Saenz	Edinburg, TX
Marvin Bussey	Fulton County, GA	Aaron Longoria	Edinburg, TX
Nina Mitchell	Fulton County, GA	Gloria Coates	HUD Washington
Denise Hoover	Birmingham, AL	Otis Collins	HUD Washington
Tom Tiffin	Birmingham, AL	Steve Nasby	Iowa City, IA
Jerry Galloway	Huntsville, AL	Sue Guio	DeKalb, IL
Steve Baldwin	Johnson City, TN	Greg Hoover	Davenport, IA
Lester D. Lattany	Johnson City, TN	Larry Del Carlo	San Francisco, SD
Calvin Parker	New York, NY	Pam Barret	Reno, NV

The first order of business was to call for approval of the minutes, which were approved. Jim requested Chandra Western Committee staff brief the committee on relevant issues the Association had been working since the last committee meeting.

Ms. Western began her comments by discussing the four timeliness workshops that the Association co-sponsored with HUD during the past year. She thanked the members who acted as trainers and discussed that how successful the workshops were due to the peer-to-peer involvement. Chandra also told the group how the number of untimely communities had dropped significantly from the previous year, but that this issue would continue to be a high priority for the new administration.

Ms. Western briefed the committee on the other issues the Association continued to track which included the proposed anti-pirating rule, improvements to IDIS, the working group for DGMS and the proposed CDBG Certification Course

Ms. Western told the group that she had been asked by HUD staff to speak to the group on what they would be addressing in the upcoming year. The HUD personnel included Bob Duncan, Bob Meehan, Jan Oppen, Sue Miller, Marjorie Siegel and Todd Richardson.

HUD Discussion

Bob Duncan, Acting Director of the Office of Block Grant Assistance first acknowledged NCDA Executive Director Chandra Western for her work in co-sponsoring the four timeliness conferences. He said the Department really appreciated her and the work of the membership to make the conferences come together. Bob made some general comments on what came about as a result of those conferences.

He also spoke to the group about the anti-pirating proposed rule. He indicated that it was in Departmental review and had not moved since the final review. He said he was unsure of how or when the new Administration folks would release the rule. Mr. Duncan also spoke about a rule that was published on November 21, 2000 that clarified HUD's position on local governments using CDBG funds for new housing construction. The new rule clarifies the use of CDBG funds for homeownership activities for new construction. Bob explained that the rule provides HUD with 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.

He said the HUD previously took a very literal and conservative approach in its interpretation of this statutory provision which basically prohibited the use of CDBG funds for homeownership activities that directly assists new housing construction. HUD 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.

Bob Meehan addressed the group on a couple of issues, one included the reallocation of the FY 2001 program funds and the other on the 2000 Census and how it might affect the FY 2002 allocation counts.

Bob began his remarks discussing the problems with the FY 2001 CPD formula allocations and explained about the .02 percent across the board cut that had to be added in after the first run of numbers was made, then he discussed how a few cities had their allocation included in the county numbers and about

the HOME consortia and the issue of Carson City not being included as an entitlement community. All of these issues affected, in a very minor way, the entire process of calculating the states and localities FY 2001 formula allocations. He made available the final list and said that they would up on HUD's web site that same day. [NCDA had already put the new numbers up on its website.]

Bob also discussed another issue that the Department decided to address is that of the definition of household and its impact on low/mod numbers. He explained that within the CDBG program a household was composed of relates persons living under the same roof. Since this definition could and does allow more greater total household income to qualify as meeting the low/mod threshold. The definition has been changed so that household income does not depend on persons being related, just total household income.

The next issue that Bob discussed was the 2000 U.S. Census and its impact on the formula programs. Bob discussed the statutory requirements of including the most current population numbers into the formulas for each of CPD's programs and that the new population numbers would be included in the FY 2002 calculations. What he did not know was how the impact of the definition change to metropolitan and micropolitan cities would do to the overall pool of new entitlement communities and urban counties. He discussed that it is the practice of HUD to provide a report to Congress on the impact of the census on the CDBG formula. Todd Richardson and Marjorie Siegel have been working on this project and he commented on the formula factors and discussed the need to revisit them. Of particular concern to the statisticians is the availability of accurate and available data for the formula factors, such as pre-1940 housing stock.. The HUD staff said they would be working with NCDA and its Census Committee to provide input for statisticians working the formula report.

FY 2002 Legislative Update

Chandra Western informed the group that not much has come out on the FY 2002 Budget due to the late resolution of the elections. The only thing that is know is what the President campaigned on. The President's \$1.6 dollar tax cut. She said that as more information comes out, the Association would be alerted. She also noted that since Congress hadn't officially been sworn in yet, we don't know what their agenda will be.

Community Development Certification Course

Chandra Western updated the committee on the progress on the efforts of the Association to produce a CDBG Basics course targeted at CDBG practitioners with less than three years of administrative experience. She informed the group that a thorough discussion of the course design and subsequent delivery would take place during the Professional Development Committee Meeting.

Prioritize the FY 2001/2002 Legislative Agenda

Committee Staff, Chandra Western handed out a list of five legislative priorities for review as the issues that would comprise the work of the Association from the Community Development Committee. She asked that the committee review take action to recommend this list to the Board of Directors as the official list of priorities from the Community Development Committee.

Emily Nottingham made a motion to accept the list and it was seconded, with a requested amendment to add a sixth item to the list. See the list below.

- 1. Increasing CDBG and HOME. \$6 Billion in CDBG and \$2 Billion in HOME**

2. **A Separate Funding Source for Lead-based Paint Removal Costs.** CDBG and HOME cannot absorb these costs alone. We need a dedicated source of funding for this activity. It should be block granted just like CDBG or HOME but, it should not come out of the dedicated funds for these two programs
3. **Support Improvements to the Existing Lead-based Paint Rule.** We need to work with HUD to make the implementation of this rule more efficient and therefore more effective. If we really want to get rid of lead-based paint within the next decade, this rule needs to be re-worked in some ways for this to happen. (Elderly Exemption, Children under 6, etc.)
4. **A Housing Production Program.** Any housing new production program should go through the HOME program. Why create something new, when there is already an existing formula program that works very well? HOME funding should be increased and allow states and local governments the flexibility to determine what level of housing production they are most comfortable with. At worst, there could be a set-aside within HOME specifically for housing production activities. **THIS PROGRAM SHOULD NOT GO TO THE STATES FIRST, BUT BE SPLIT, ON A FORMULA BASIS, SIMILAR TO CDBG OR HOME.!!!**
5. **Support a statutory amendment to the CDBG program that requires technical assistance funds similar to that in the HOME program.** The HOME requirement is approximately \$5 million. Given that CDBG is approximately 2-1/2 the size of HOME, we should advocate at least \$10 million for technical assistance. These funds would come out the amount allocated for the national pot for technical assistance and not for overall technical assistance for CPD programs..
6. **Establish a subcommittee to re-evaluate the CDBG formula.** This item was suggested as an add-on to the original six suggested priorities. It was determined that the committee should be made up as follows:

Cities that use Formula A
Cities that use Formula B

Regional Representation; and
Large and Small Cities.

It was also suggested that each member of the committee commit to initially looking at the formula from a scientific approach and on the Congressional intent of the program, instead of basing comments and suggestions from a political perspective.

Being that there was no further business items to discuss, Jim Fackrell asked for a motion to adjourn.