NCDA
WASHINGTON REPORT

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NCDA WINTER MEETING JANUARY 23-26, METRO CENTER MARRIOTT
NATIONAL COMMUNITY DEVELOPMENT WEEK FOR 2002 IS APRIL 1-7

FEATURE ARTICLES

- *FY 2002 HUD Appropriations Update*
- *Economic Stimulus Package*
- *U.S. Census Bureau Elects to use Raw Data for 2000 Census*
- *Bush Administration Proposes Homeowner ship Tax Credit*
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FY 2002 HUD APPROPRIATIONS UPDATE

Congress passed, and the President signed, a second continuing resolution (H J Res 68) on October 12 that keeps the federal government operating through October 23. The first continuing resolution (H J Res 65) expired on October 16. A third continuing resolution will be necessary in order to wrap up all of the spending measures, especially since the both the House and the Senate closed its offices from Thursday, October 18 through Monday, October 22 to allow for a security search of the chambers for the Anthrax virus, leaving just one day to work on the spending measures before the second continuing resolution ends. So far, none of the 13 spending measures have been forwarded to the President.

In speaking with House and Senate appropriations staff this week, NCDA was told not to expect the FY 2002 VA-HUD-IA appropriations bill (H.R. 2620) to make it out of conference committee this week. Some staffers speculate that the bill will be on the President's desk the following week (the week of October 22).

Discussion of the bill has remained at the staff level and no formal date for the conferees to meet has been scheduled. The Senate conferees are: Barbara Mikulski (D-MD), Chair of the Senate VA-HUD-IA Appropriations Subcommittee; Patrick Leahy (D-VT), Tom Harkin (D-IA), Robert Byrd (D-WV), Herbert Kohl (D-WI), Tim Johnson (D-SD), Ernest Hollings (D-SC), Daniel Inouye (D-HI), Christopher "Kit" Bond (R-MO), Conrad Burns (R-MT), Richard Shelby (R-AL), Larry Craig (R-ID), Pete Domenici (R-NM), Mike DeWine (R-OH), and Ted Stevens (R-AK).

The House conferees are: Rep. James Walsh (R-NY), Chairman of the House VA-HUD-IA Appropriations Subcommittee, Rep. Tom DeLay (R-TX), Rep. David Hobson (R-OH), Rep. Joe Knollenberg (R-MI), Rep. Rodney Freylinghuysen (R-NJ), Rep. Anne Northup (R-KY), Rep. John Sununu (R-NH), Rep. Virgil Goode (R-VA), Rep. Robert Aderholt (R-AL), Rep. C.W. "Bill" Young (R-FL), Rep. Alan Mollohan (D-WV), Rep. Marcy Kaptur (D-OH), Rep. Carrie Meek (D-FL), Rep. David Price (D-NC), Rep. Robert "Bud" Cramer (D-AL), Rep. Chaka Fattah (D-PA), and Rep. David Obey (D-WI). **We urge you to contact your congressional members represented on this conference committee to voice your support for the higher funding levels for CDBG and HOME.**

The Senate has approved $5.1 billion for CDBG, with $566 million in set-asides, leaving $4.5 billion in formula funding. NCDA supports the Senate version since it provides a slightly higher amount for formula funding. We would like to see the $5.1 billion for CDBG, with no set-asides, but realize that this is not possible in the current budget climate. The House has approved $4.8 billion for CDBG, with $403 million in set-asides, leaving $4.4 billion in formula funding. In terms of the HOME program, the Senate has approved $1.796 billion for HOME, with $37 million in set-asides, leaving $1.759 billion in formula funding. The House has approved $1.996 billion for HOME, with $237 million in set-asides (including $200 million for a downpayment assistance initiative), leaving $1.759 billion in formula funding. NCDA would like to see the $200 million for the downpayment assistance initiative added back to the regular HOME formula funding, leaving $1.959 in formula funding for the program.

The House Budget Committee approved legislation on October 11, to increase the FY 2002 discretionary budget caps from $661.3 billion to $686.2 billion. The bill (HR 3084) approved by voice vote reflects an agreement among GOP leaders, appropriators and the White House to increase the $661.3 billion spending level approved in the FY 2002 budget resolution to provide additional funding for defense, education, natural disaster relief, and increase the statutory limit on this year's discretionary spending.

ECONOMIC STIMULUS

The bi-partisan mood seems to have changed on Capitol Hill as Democrats and Republicans continue battling over what to include in the economic stimulus package. The Congress and the White House are still trying to reach agreement on an economic stimulus package for the nation. The House Ways and Means Committee approved a $99.5 billion Republican-written economic stimulus (H.R. 3090) on October 12 that focuses solely on tax cuts as a way to stimulate the economy. It is expected to be passed by the House this week.

The package has very little backing from the Democrats because it focuses on tax cuts and provides no spending increases.

The White House has signaled its desire to approve a stimulus package that is closer to $75 billion. Bush would like to see tax cuts made in the following areas: an acceleration of the tax cuts from the $1.35 trillion tax cut package enacted in June (not every household has received their rebate check yet), a repeal of the alternative minimum tax, an increase in the amount of expenses a business can immediately write off, and a tax rebate to those households who did not benefit from the $300 to $600 billion refund checks sent out this summer. H.R. 3090 includes these same proposals as well as an expansion in unemployment benefits for workers who have been laid off. House Democrats support some of the same tax breaks [tax rebate to the 34 million low-income workers who did not receive one from Bush's tax cut, increased expensing for small businesses, allowing corporations to carry forward their net operating loss into future tax years, and extending employment benefits nationwide beyond the existing 26-week limit and making part-time and temporary workers eligible to receive benefits], but would like to see at least $35 billion go towards spending for the following: $25 billion for enhancing security programs, $3 billion for school construction, and $7 billion for economic development programs and training.

Several Democratic members of the House Financial Services Committee forwarded a letter to Rep. Dick Gephardt [copy attached] on October 5 seeking $6 billion for housing and community development funding. Specifically, the letter requested $2 billion for CDBG, $2 billion for HOME, and $2 billion for public housing. The letter states, "...we urge that $2 billion be made available to the community development block grant program which can once again be quickly spent by a variety of communities on important projects that cities might otherwise have to forego given their revenue crunch and finally we ask for $2 billion for the HOME program for the expansion and rehabilitation of our housing supply..." Keep in mind that the House has pretty much completed their version of the economic stimulus package. All that is needed is a vote on the House floor, which is expected shortly, and since the House is controlled by a Republican majority, there is little of hope of seeing any spending added to the bill. However, Rep. Gephardt will be involved in negotiations on a final bill between the House and Senate. The members who forwarded this letter to Gephardt hope that he will "carry the water" on this issue and that at the end of the day some additional funding for CDBG, HOME, and public housing may be added to a final economic stimulus package, especially if the Senate's economic stimulus bill includes some funding for these programs.

The Senate is still in the process of drafting their economic stimulus package. This effort may be put on hold temporarily with the Anthrax scare to Senator Tom Daschle's office this week. Senate Democrats would like to see a stimulus package that is evenly divided between spending and tax cuts. Daschle has asked some of his chairmen to compile a list of spending options. Senator Sarbanes (D-MD), Chairman of the Senate Committee on Banking, Housing, and Urban Affairs, Senator Jack Reed (D-RI), member of the Senate Committee on Banking, Housing, and Urban Affairs, Senator John Kerry (D-MA), Chairman of the Small Business and Entrepreneurship Committee and member of the Finance Committee, and Senator Patrick Leahy (D-VT), Chairman of the Judiciary Committee, forwarded a letter to Daschle and Sen. Robert Byrd (D-WV), Chairman of the Senate Appropriations Committee seeking funding for HOME, public housing, and FEMA, as part of the economic stimulus. The letter requests $3 billion for the HOME program for construction of affordable housing, $1 billion for the Public Housing Operating Fund, and $100 million for FEMA's Emergency Food and Shelter Program. The letter also requests a waiver of the match requirement under the HOME program. The letter states, "...HOME is currently HUD's most significant affordable housing construction program. An additional $3 billion for the HOME program will help provide low-income Americans with affordable housing, and will create millions of needed employment opportunities..." NCDA has been working with Senator Reed's and Senator Sarbanes' staff on this package. We had also requested that in addition to providing funds for HOME, that some additional funds be provided to CDBG and the Emergency Shelter Grants program within HUD. In drafting their letter, the four senators decided to focus on housing, instead of a broad community development focus. They view housing, particularly the construction of housing, as a quick mechanism for spending the funds within one year [the time required to spend this stimulus funding], thereby stimulating the economy quickly through the activities associated with housing construction, such as the creation of jobs, the purchase of the raw materials needed to build the housing, and finally, providing a net benefit to low-income and working families through the availability of affordable housing. We are very pleased to see such a large sum proposed for HOME and know that our members can use these funds in their communities, but would like to see some additional funding for CDBG. A copy of the letter from the senators to Daschle is attached. This is not a done deal. Senator Daschle will have to approve the inclusion of the funding in the Senate's proposed stimulus package. If he approves it, it will still need to win approval in negotiations with the House and, finally, with the White House. **Please contact your congressional member today to support this $3 billion funding level for HOME and to support additional funding for CDBG in the economic stimulus package. If they hear from enough constituents on this issue, they will view it as important enough to include in the stimulus package.**

SIGN ON TO NATIONAL CAMPAIGN TO FOCUS ATTENTION TO AFFORDABLE HOUSING

NCDA, and several other national organizations, have agreed to sign-on to the attached *Now More Than Ever, All Americans Need a Place to Call Home* message that is being spearheaded by the Enterprise Foundation. The one page flyer calls attention to the need, now more than ever, for decent, safe, and affordable housing for all Americans. The Enterprise Foundation plans to use the message in an advertisement campaign to call attention to the shortage of affordable housing. The message will likely be posted in such Capitol Hill journals as *Roll Call* and the *CQ Monitor*, and will likely be sent directly to congressional members as well. If you are interested in signing on to the message, please forward your organization's name, city, and state to rchew@enterprisefoundation.org or fax it to the Enterprise Foundation at (202) 543-8130.

U.S. CENSUS BUREAU ELECTS TO USE RAW DATA IN 2000 CENSUS

The following is a statement by New Orleans Mayor Marc Moral, President, U.S. Conference of Mayors (USCM) in response to the Bush Administration's decision to use the unadjusted 2000 Census data: "The nation's mayors strongly disagree with the Administration's decision not to use adjusted census data in determining how to allocate federal funds. It is unfair and unwise.
The unadjusted data excludes approximately 3.3 million people. Most are city residents; many are minorities. Cities now stand to lose hundreds of millions of dollars in federal funds as well as state aid over the next decade. This decision comes at a critical time, as cities work to meet essential security, law enforcement, and public health needs. It means that America's cities will get the short end of the stick."

The following article is take from the an Associated Press news bulletin. *The Bush administration ruled against releasing statistically adjusted census data to help distribute billions of dollars in federal aid across the country, government sources said Wednesday. The decision means the federal government will use the raw head count available now to divvy up over $185 billion for Medicaid, foster care and other social service programs. Bureau officials weighed whether adjusting population figures with statistical sampling would improve the already completed raw head count. Most Democrats and civil rights groups said it would, by offering a better tally of minorities, the poor and children - groups typically missed in higher numbers. Many Republican opponents claimed sampling would insert more errors into a 2000 census that already was better than the one in 1990, because of a lower national net undercount. They have also said that while adjustment may count people originally missed, it may not place them in the neighborhoods where they actually live. The bureau's decision came as Commerce Secretary Don Evans was in Russia for his first foreign trade mission.*

The bureau faced a similar decision in March, recommending against adjusted data as the basis for redrawing congressional, state and local political districts. There were too many discrepancies between adjusted data, the actual count and a third survey used to measure accuracy, and not enough time for further analysis, Acting Census Director William Barron said then. Evans agreed. Commerce oversees the Census Bureau. House Republicans praised the earlier decision, which angered Democrats and civil rights groups. Groups like the U.S. Conference of Mayors also supported sampling, which could boost population figures for cities with larger minority populations, and likewise, federal dollars into those cities. Specifically, Wednesday's decision determined whether adjusted *population counts would be used for purposes other than drawing new political boundaries. The information includes 2000 census data yet to be released, as well as various other population estimates and surveys the Census Bureau conducts in between head counts. The results from many of those estimates and surveys are used in federal funding formulas.*

NCDA has gone on record with (USC) in supporting using the adjusted data. It is no surprise to anyone that the Bush Administration has chosen to use the raw head counts instead of statistical sampling to correct for undercounts in certain areas. The only good thing about this decision is that we (grantees) may be able to get the census information sooner. Another implication of the use of the raw data is related to the consolidated plan. HUD has indicated a willingness to amend their current consolidated plan schedule to coincide with the release of the new census data. If a community chooses to wait until the new census data is released before they begin preparing their five year consolidated plan, HUD may favorably consider the request. The question now seems to be, will this be necessary since there will be no more of a wait to receive the 2000 census data?

BUSH ADMINISTRATION PROPOSES HOMEOWNERSHIP TAX CREDIT

The Homeownership Tax Credit (HOTC) proposed by the Bush Administration would work similarly to the Low-Income Housing Tax Credit (LIHTC) program. It would be a capped program, administered by state housing finance agencies, according to a qualified allocation plan that takes into account the homeowner ship needs of the state.

The HOTC is designed to bridge the gap between the cost of housing development and the price at which the home can be sold to low-income buyers in census tracts with average incomes at or below 80% of the statewide median. Census tracts in rural areas that are eligible to participate in RHS housing programs would also be eligible. The allocating agency would determine the census tracts across the state that would qualify for participation in the program based on median household income and the presence of a financing gap. Then, working with local governments and other organi-zations, the allocating agency would deter-mine where priority should be given to using the credit based on the need to expand home-ownership and revitalize low-income areas. The qualified allocation plan would be required to identify certain development priorities and take into account: 1) the contribution of the development to com-munity stability and revitalization; 2) the community and local government support for the development; 3) the need for homeowner-ship development within the area; 4) the developer's capability;

and 5) the long-term sustainability of homeownership for the purchasers.

Based on that assessment of homeownership credit priorities, housing developers would submit proposals in competition for an allocation of tax credits that would enable them to build new homes or substantially rehabilitate existing homes. The state allocation agency would award only so much credit as is necessary for the financial viability of the property. The HOTC could not exceed 50% of the development cost.

Like the LIHTC, the HOTC allocated to the property would be a financing tool that will enable the developer to raise capital to help fund the cost of development. Typically, the developer and investors would form a partnership to build or substantially rehabilitate homes (including condominiums and cooperatives) for sale to qualified homebuyers. The investors will provide capital, assume the risk of construction and marketing, and then sell the homes for less than the cost of development because they will be compensated with tax credits. The HOTC will be provided over a period of five years, starting when the completed homes are sold to eligible buyers. Eligible buyers would have incomes below 80% of the area or state median, whichever is higher, or 100% of the median in very low-income "qualified census tracts." As LIHTC, the rate of return an investor earns on the tax credits will be established in the market-place. Therefore, the precise amount of HOTCs needed to bridge the gap between development cost and market value will depend on the price investors are willing to pay for each dollar of tax credit– subject to the 50% credit limit in the law.

This program, should it get support, approval and funding, would be a great asset to local housing projects and a perfect compliment to the LIHTC. The question is, why not lot to a different formula and allocate a proportion of the available tax credits to local govern-ments, without the need for a competition? Since this program will not see the light of day before the second session of the 107th Congress, we, local government advocates, have some time to put together a proposal.

BROWNFIELDS LEGISLATION REFERRED TO SUBCOMMITTEES

In the September 21st issue of the WASHINGTON REPORT, we reported that Congress was ready to take action and pass a brownfields bill (HR 2869) the Small Business Liability Relief and Brownfields Revitalization Act. This bill would take the provisions of S 350 and add funding for limiting the liability of small businesses and local governments. It would also include funding for brownfields remediation, however, it hasn't happened yet. One of the reasons for the lack of action stems from the terrorists acts of September11, and the recent Anthrax scares. However, the most important reason for the lack of action is the bill being referred back to committee. It was sent to the Committee on Energy and Commerce, then to the Subcommittee on Environment and Hazardous Materials, and then to Transportation and Infrastructure and its Subcommittee on Water Resources and Environment. We are told that there arose a debate on the application of Davis-Bacon and related Acts on the funding provided in this bill. It is unclear whether these laws would affect these funds. The questions seems to be is remediation considered construction and would or should the construction be classified? This turn of events would be a severe blow to all of us who have been working very hard to get some relief from the liability issues surrounding the redevelopment of brownfield sites. And, now with the pending legislation that would separate the Brownfields Economic

Development Initiative (BEDI) from the Section 108 Loan Guarantee Program, this snag might mean an even longer delay in out-right grant money just for brownfields from HUD.

*****NCDA NOTES*****

TOM MCCLOSKEY RECEIVES THE PAUL POULOS COMMUNITY DEVELOPMENT AWARD AT THE REGION I ANNUAL CONFERENCE

The National Community Development Association is pleased to announce that Thomas M. McCloskey, Executive Director of the Fall River (MA) Community Development Agency was the proud recipient of this year's *Paul Poulos Community Development Award*, which is given out annually by NCDA's Region I (New England Region). The award was given to Tom during the NCDA Region I Annual Conference in New London, CT on September 25, 2001.

The *Paul Poulos Community Development Achievement Award* is an annual award that was established by the NCDA New England chapter in honor of the late Executive Director of the Fall River Community Development Agency, who was also a former national President of NCDA. The award is given to recognize individuals for their long term achievements and contributions in housing and community development. Award recipients from prior years include: Sara Wallace (Brookline, MA), Edward Handy (Cambridge, MA), and Tom McColgan (Springfield, MA).

Tom's career in community development has spanned 32 years. Between 1969 and 1975, Tom was Assistant Director for the Fall River Model Cities Program. He continued on as Assistant Director for the Fall River Community Development Agency in 1975 until 1998 when he took over as Executive Director. Barney Heath, Assistant Director for Planning and Community Development in Pawtucket, Rhode Island and chairman of the selection committee, in announcing the award, said, "Tom McCloskey has toiled in the field of community development for 32 years, and under more than a few mayoral administrations, which in an of itself is a great accomplishment. Also, for many years, he has served as NCDA's unofficial ambassador of class, dignity, professionalism, and steadiness, which in our hectic, upside down tumultuous environment is not an easy thing to do."

We extend our congratulations to Tom in receiving this prestigious award and recognize his many years of service and dedication to the field of community development. Well done, Tom!
We have posted some pictures from the awards ceremony on our web site at www.ncdaonline.org

NCDA WINTER MEETING

Attached to this newsletter is a draft agenda for the NCDA 2002 Winter Meeting, being held in Washington at the Marriottat Metro Center Hotel. Given the events of September 11, and the difficulty of many members are having in securing permission to travel, especially to Washington, NCDA staff has reduced the normal number of sleeping rooms in our room block. Therefore, we encourage you to make your reservations as soon as possible. We believe that there will be adequate space available, however, NCDA does not want to be in a position to be forced to pay meeting room rental if we don't have to. **MAKE YOUR RESERVATIONS EARLY!!!**

AUDREY NELSON AWARDS APPLICATIONS DUE NOVEMBER 30, 2001

NCDA invites members to submit applications for the annual Audrey Nelson Community Development Achievement Awards competition. Next year marks the 16th Anniversary of the Awards. The awards will be presented at the luncheon on Friday, January 25, 2002 at the Marriott at Metro Center Hotel in Washington, D.C. in conjunction with NCDA's 2002 Winter Meeting - January 23-26, 2002.

FEDERAL REGISTER NOTICES

October 17, 2001, Docket No. FR-4663-C-05. Designation of Forty Renewal Communities; Technical Correction: Office of the Assistant Secretary for Community Planning and Development, HUD. ACTION: Interim rule; technical correction. SUMMARY: On July 9, 2001, HUD published an interim rule to govern the designation of Renewal Communities nominated by States and local governments. This document corrects an error in the interim rule by removing arson from the list of offenses counted in determining the Crime Index and the Local Crime Index. DATES: Effective Date: August 8, 2001.
FOR FURTHER INFORMATION CONTACT: John Haines, Renewal Community Initiative, Office of Community Planning and Development, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 7130, Washington, DC 20410, (202) 708-6339. Persons with hearing or speech disabilities may call (800) 877-8339 (the Federal Information Relay service-TTY).

SUPPLEMENTARY INFORMATION:

On July 9, 2001 (66 FR 35850), HUD published an interim rule for the designation of Renewal Communities (RCs) and Round III urban Empowerment Zones (EZs). The preamble, at 66 FR 35853, cited the Crime Index (CI) of the FBI's Uniform Crime Reporting (UCR) as including the
offense of arson. The rule, in Sec. 599.107(a)(3) at 66 FR 35858, includes arson in the list of offenses that must be included when determining the Local Crime Index (LCI) in a nominated area for purposes of comparing the LCI to the CI.

Although the offense of arson is included as part of the UCR, it is not included in the CI determination because the reporting for arson is not as consistent as for other offenses. The references to arson in the interim rule are, therefore, being removed. In addition, a correction to make conforming changes to the August 7, 2001 (66 FR 41432) Notice Inviting Applications for Designation of Forty Renewal Communities is published elsewhere in this issue of the Federal Register.
Accordingly, FR Doc. **01**-17011, Designation of Round III Urban Empowerment Zones and Renewal Communities, (FR-4663-I-**01**), published in the Federal Register on July 9, 2001 (66 FR 35850), is corrected as follows:

1. On page 35853, second column, the second complete sentence is revised to read as follows: ``The offenses included are the violent crimes of murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault, and the

property crimes of burglary, larceny-theft, and motor vehicle theft."

PART 599--RENEWAL COMMUNITIES Sec. 599.107 [Corrected]

2. On page 35858, second column, the last complete sentence of Sec. 599.107(a)(3) is revised to read as follows: ``The offenses used in determining the LCI are the violent crimes of murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault, and the property crimes of burglary, larceny-theft, and motor vehicle theft.

September 25, 2001, Docket No. FR-4663-N-04. Notice of Extension of Application Due Dates for Third Round Designation of Seven Urban Empowerment Zones and Designation of Forty Renewal Communities: Office of the Assistant Secretary for Community Planning and Development, HUD. ACTION: Extension of application due dates.

This notice extends by 15 business days the application due date for the designation of seven Round III Empowerment Zones (EZs), from September 28, 2001, to October 22, 2001. This notice also extends the application due date for the designation of 40 Renewal Communities (RCs) by 15 business days, from October 12, 2001, to November 2, 2001. For more information please contact the EZ/EC web site; http://www.hud.gov/offices/cpd/ezec.

JOB ANNOUNCEMENTS AND ATTACHMENTS

To access the attachments below, please go to http://ncdaonline.org.

- FY 2002 Audrey Nelson Awards Application
- Daschle Letter
- Membership Update Forms
- Winter Meeting Draft Agenda
- Gephardt Letter
- “Now More than Ever” Sign-on Letter