NCDA Community Development Committee Minutes
Co-Chair: Scott Stevenson; Los Angeles County, California
Co-Chair: Ellen Lee; New Orleans
Thursday, January 24, 2002
(9:00 to 10:30 am)

A. Roll Call

Everyone in attendance signed in and introduced themselves. Eighty persons were in attendance, including NCDA staff and guest speakers from HUD, including Dick Kennedy, Sue Miller, Laura Marin, and Bob Meehan.

B. Approval of the Minutes from May 24, 2001.

The Minutes from the May 24, 2001 Committee Meeting were unanimously approved.

C. Legislative Update

Chandra Western provided the legislative update and touched on the highlights since the May meeting in Corpus Christi.

On November 6, conferees came to agreement on the FY 2002 HUD/VA appropriations bill. HUD received a total of $30 billion an increase of $1.8 billion over FY 2001. The CDBG Program received $5 billion, $57 million below FY 2001. The formula allocation for FY 2002 is $4.341 billion, approximately $59 million below FY 2001. Set-asides for FY 2002 increased approximately $21.45 million from FY 2001 to $659 million. The HOME Program received an allocation of $1.846 billion with a $50 million set-aside for the President's down payment assistance program.

Chandra also briefed the group on the status of proposed legislation the Association had been tracking throughout the summer and fall; HR 1191 the Carrie Meek Bill, the Community Development Block Grant Renewal Act, and the Brownfields Reform Act..

The Meek Bill. Representative Carrie Meek (D-FL) introduced legislation last session that would significantly change the CDBG program. Mrs. Meek believes that the program is not deeply targeted enough and that the over all low-mod benefit should be raised to 80% from 70%. Since Ms. Meek did not have the support for this change, a friendly amendment was added to the final bill that required HUD to report to Congress on the percentage of low income persons actually assisted with CDBG funds by February 2002.

Brownfields Reform. On December 20, both the House and the Senate passed HR 2869, the Small Business Liability Relief and Brownfields Revitalization Act. Sponsored by Rep. Paul Gillmor (R-OH). HR 2869 resulted from combining previously introduced legislation (HR 1831 and S 350) and contains two titles, the "Small Business Liability

Protection Act" and the "Brownfields Revitalization and Environmental Restoration Act of 2001." HR 2869 included most provisions from both earlier bills, but became bogged down in a debate over labor issues. Although the bill did not directly address the issue, House Democrats demanded that the EPA clarify that the 1931 Davis-Bacon Act's prevailing wage requirements apply to all government-funded programs under the cleanup measure, including programs funded through state grants. In the final days of the session, House Republicans agreed to insert language applying the wage requirements to all of the programs. The House then passed the bill by voice vote early in the morning of December 20. After securing a letter from the EPA clarifying whether the Davis-Bacon Act would apply to contracts under loans made from a Brownfields Revolving Loan Fund entirely with non-federal funds, the Senate approved HR 2869 by voice vote. For a complete synopsis of this bill, please refer to the December 21 issue of *The Washington Report.*

After the legislative update and the discussion of the cut to the CDBG program, Chandra provided the group with what little information was available on the FY 2003 Budget. Chandra said that she did not expect any serious problems with the new budget except that with the war on terrorism and a sluggish economy, things did not look good for HUD programs. She said she had no predictions on how things might go. She also indicated that the formula cut to the CDBG program in FY 2002 came out of nowhere, she would not provide any estimates this year. She said she would defer to HUD to fill in the blanks.

D. HUD UPDATE

After Chandra finished the Legislative Update, Dick Kennedy, Director of the Office of Block Grant Assistance, brought the group up to date on the issues that he and his staff would be addressing this year.

Dick Kennedy began his comments by saying that he could not speak about the budget, but said that it didn't appear to be as bad as he originally thought it would be. He also suggested that questions on the budget would be better left to Assistant Secretary Bernardi who would be attending on Friday morning during the HUD brief policy briefing. Dick then turned his attention to CDBG timeliness and applauded NCDA for its efforts in getting the number of untimely communities down to 139 from an all time high of 330. He still stressed that he was concerned about new communities coming on the list. Dick went into how HUD would sanction communities with program year start dates of May 1, 2002 and estimated that there could be as many as seven, but most likely the number would be four, given their current rates of expenditure. *[At this writing, that number is down to two. These two communities will lose 15% of their FY 2002 allocations.]* Dick congratulated Los Angeles and New Orleans who had become timely after several years being on the list. Dick was asked about the Meek study on the low-mod benefit question. He said that Bob Duncan, Deputy Director of the Office of Block Grant Assistance has been working on it and that it was scheduled to be shipped to Congress in February. He indicated that he was surprised by the actual low-mod numbers and remarked that they were even higher than anticipated well above the 70 % mark. The report was headed for internal clearance and a review by HUD's lawyers before going to Congress. *[At this* *writing, HUD's report is still in the building and the Office of Congressional Affairs has signed off on it. I have been told, that as soon as it gets released, NCDA will get a copy]*

Bob Meehan from the office of Systems Development discussed HUD's formula study. He spoke in some detail that the office of Policy Development and Research would be doing most of the work, however it would definitely be a joint effort between CPD and PDR. Bob also mentioned that the HOME formula would be looked at as well. Bob spoke of the oft discussed issue of the disparity of CDBG funds for east coast communities as compared to those on the west coast. It is assumed that the older housing stock and overcrowded conditions as well as population gives the east coast a slight edge in funding. Bob said that HUD would be looking at all the formula factors, but would not be making any decisions without serious considerations from the interest groups. He also said that nothing would happen until all the 2000 Census data was released. As to the data elements added to the CPD formula program, HUD has chosen not to delay adding them in. In fact, as they become available, they will get computed into the formula programs. The only glitch in this scenario is the issue of new metropolitan area delineations. There has been no resolution on this issue as of yet, which means that those cities that would have become entitlements under the current definition will have to wait.

As most are aware, each decennial census requires a revisit of the MSA definition. OMB has been given the Census Committee's determinations but has not made a decision, most likely because this year the definition change is significant, instead of two classifications there are three, which does not easily fit within the CDBG formula. By statute the definitions of an "metropolitan area" comes from the census committee and OMB. Now, instead of two definitions, there are three. As always, Bob indicated that he would keep us informed and involved in this discussions. Bob was asked about IDIS and DGMS. Bob said that IDIS/DGMS would be discussed at the Technology Committee Meeting and suggested that all questions and issues should be held until then

Laura Marin, Director of the Office of Technical Assistance and Information Management spoke about HUD's efforts to revisit the Consolidated Plan and implement the program performance measures outlined in GPRA. Ms. Marin said that she would be looking to NCDA and other interest groups for assistance. She asked that we query our members to get a sense of the usefulness of the consolidated plan and how would the communities go about assessing performance. Program performance measures would be defined as more than just the accomplishment data that is now entered into IDIS. She said that HUD, as well as the rest of the federal government is being highly scrutinized to ensure that existing programs are performing as intended. OMB is looking to assess program performance to keep the good ones and eliminate those that are poor or non-performers. Ms. Marin indicated that she did not know how all of this would end up but that our input would be greatly appreciated. Ms. Marin was asked about the 2020 software and would HUD be addressing that issue as well. She said it would, and that HUD would be looking for suggestions on that as well.

Sue Miller talked briefly about the IDIS data cleanup and that she had forwarded guidelines to grantees on how and why this was needed. Good data is important to the sustainability of the programs. She indicated that the HOME program had been undertaking data clean-up for months. The CDBG program needed to have good data so that all the hard work that practitioners are doing is recognized by OMB and the Congress. The HOME program with is required data elements is the main reason for its popularity. Being able to "see where the money is going" on monthly statements is invaluable. CDBG needs to have this ability too.

E. PROGRAMMATIC ISSUES, TRAINING NEEDS AND TECHNICAL ASSISTANCE

Chandra briefly described the Association's efforts to produce a CDBG Basics course designed for practitioners with less than three years of CDBG program experience. She told the group that the program had been designed and the first outing was held in Kenner, LA in October of 2001. She said that a thorough discussion would be held at the Professional Planning and Development Meeting that afternoon.

Chandra also discussed the need for Economic Development training and told the group that the CDBG Basics course would be expanded after the first full year had been completed. She explained that the Association needed to get a handle on the Basics course first then explore expanding the training into other areas.

F. OTHER BUSINESS

NCDA FY 2002 Legislative Priorities

Chandra Presented the group with a list of Legislative and Regulatory Priorities that the Association, with its sister associations, would pursue this legislative cycle. The list was approved with one addition. The additional item charged staff to work with HUD on its Consolidate Plan Streamlining and Program Performance Measurement initiative. See the attached list. There being no other business, the meeting was adjourned.