NCDA

WASHINGTON REPORT

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FEATURE ARTICLES

- ***NCDA and Local Government Groups Testify on HUD FY 2003 Appropriations***
- ***NCDA and Local Government Groups Testify on behalf of HR 3995***
- ***Senate Committee Holds Hearing on Section 8 Reform***
- ***Incoming USCM President Menino Holds Affordable Housing Strategy Session***
- ***Brownfields Bill Clears House Committee***
- ***NCDA Staff Meets with Congressman Clay's Legislative Assistant***
- ***NCDA Notes: The CDBG Basics Training Course in Providence, RI is Full!!!***
- ***Federal Register Notices***
- ***Attachments***

NCDA AND LOCAL GROUPS TESTIFY ON HUD'S FY 2003 APPROPRIATIONS

After a two week "spring break" Congress returned to Washington and began a series of hearings on everything from Enron, to dumping nuclear waste in Yucca Mountain. Our legislators also settled into the appropriations process for FY 2003. True to form, yesterday, April 16, the HUD/VA Appropriations Subcommittee held its first hearing with public witnesses. These witnesses included representatives from every constituency that is, or could be a recipient of HUD funds, and also local, county and state governments. Representing the local government groups this year was Melvin Richardson, Assistant Director for Environment and Community Development in Fulton County, GA. It is always a good idea to get a representative from two or more of the local governments groups testifying on behalf of the same programs and issues.

The groups included under our local government testimony umbrella were the U.S. Conference of Mayors, the National League of Cities, and the National Association of Local Housing Finance Agencies. Melvin was a great choice because he represented three of the groups identified in our testimony; National Association of Counties, National Association for County Community and Economic Development and NCDA.

As usual, our appropriations testimony centers on CDBG, HOME, ESG and the homelessness programs. However ,this year we also included our Housing Production Proposal. Melvin did an outstanding job. Given that he only had approximately five minutes to get through a document that could have easily gone twenty minutes, he did wonderfully. Even Chairman Aderholt (R -AL) indicated how impressed he was that Melvin was able to touch on all the most important issues in the time allotted. He also indicated that our entire written testimony would be included in the Congressional Record. The following are some highlights from our testimony. Please see the full testimony as an attachment to the newsletter.

CDBG

We requested a minimum of $5 billion in CDBG formula funding which would mean a $695 million increase from FY 2002 levels and requested that Congress restore CDBG technical assistance to the program. We also requested that for all earmarks within the CDBG program, that local government be notified of the projects and that administration funds come with these earmarks so that community development practitioners can undertake the federal requirements of these projects, such as the environmental reviews and the Davis Bacon Wage Rate process and interviews.

We indicated that we are still opposed to HR 1191 and to the Administration's proposed 50% cut to the top one percent wealthiest communities. We recommended that any thoughts to revisit the CDBG formula should not be considered until after all the Census data has been disseminiated and after the OMB has made a determination of the definition of a metro city.

HOME

We requested $2.25 billion for the formula funding, and an increase to the HOME technical assistance line. We told members of the subcommittee that we are opposed to set-asides, especially when they duplicate eligible activities, such as the downpayment assistance program. We also told them that we opposed any program that would compete against the highly successful HOME program.

HOUSING PRODUCTION: HOME-*Plus*

We asked for an additional $2 billion for our Housing Production proposal (which is contained in HR 3995) to be added to the HOME program.

We discussed the rational for this request as using the already existing infrastructure, i.e. formula within the HOME program as the means for distributing funding for the creation of affordable rental housing that would include preservation and new construction components. We also told them that there was no need to create a whole new program, one that could be directed to states only.

IDIS

We asked that Congress appropriate at least $6 million for the enhancement and maintenance of the IDIS system. We told them that good quality data is imperative for the successful continuation of these programs and the IDIS system has come a long way in providing it.

MCKINNEY/ESG HOMELESS PROGRAMS

Once again, we asked that Congress look at rolling HUD's homeless programs under one formula-driven block grant. We noted that the Administration has included this proposal in its FY 2003 budget request. We also indicated that we supported the continuum of care process and that we would work with the committee to come up with a block grant program that would maximize the good things from the existing process but would jettison the problems, such as getting the money into the hands of practitioners in a more timely manner.

NCDA AND LOCAL GOVERNMENT GROUPS TESTIFY ON BEHALF OF HR 3995

NCDA and our local governmental advocacy partners testified before the House Subcommittee on H.R. 3995 – The Housing Affordability for America Act of 2002. The House Financial Services Housing Subcommittee, chaired by Rep. Marge Roukema (R-NJ), held a hearing on April 10 on the HOME Housing Production piece of H.R. 3995 – The Housing Affordability for America Act of 2002. Javier Gonzeles, County Commissioner from Santa Fe, New Mexico, and President of the National Association of Counties, presented testimony before the Subcommittee on behalf of the National Association of Counties, U.S. Conference of Mayors, National Association for County Community & Economic Development, National Association of Local Housing Finance Agencies, and NCDA. In the testimony before the Subcommittee, the local government groups extolled their support for Section 101 of Title I of the bill, which creates a program for the production and preservation of rental housing within the HOME program. This section of the bill was created by the local government groups and inserted into the bill by Rep. Roukema. The proposal seeks to increase the production and preservation of affordable mixed-income rental housing, while relying on the current infrastructure of the HOME program. In our testimony, we told the Subcommittee that we are opposed to any legislation that would direct all or most of the resources to States or other entities [National Housing Trust Fund proposals], while providing no direct allocation for local governments. Section 101 of Title I would apportion the funds based on the HOME program, with 60 percent of the funds directly allocated to local participating jurisdictions and 40 percent directly allocated to States.

H.R. 3995 would rely on the Section 8 project reserves to fund this new affordable housing production and preservation element within HOME. We told the Subcommittee that we would prefer to see a specific authorization for the production element within the annual appropriations bill, rather than using the Section 8 reserves, which creates funding uncertainty from year to year.

Both the National Council of State Housing Agencies and the Council of State Community Development Agencies testified at the hearing against using the HOME program as the vehicle for new housing production. Instead, both organizations support a new, separate rental production program that would target 100% of the funds directly to States to administer. Both organizations view States as in the best position to judge and allocate the assistance. NCSHA goes a step further in stating that "only state government has the capacity in every state to administer sophisticated multifamily financing," ignoring the fact that local governments undertake sophisticated multifamily financing on an ongoing basis. Neither organization promotes the idea of having local governments receive a direct allocation of any new affordable housing production funds. Section 101 of Title I of H.R. 3995 would allocate new rental production funding directly to both local governments and States. We view this as a fair allocation. We urge you to contact your congressional members in both the House and Senate to support this section of H.R. 3995. We particularly urge you to contact your Senator to urge introduction of Rep. Roukema's bill and passage this year in the Senate.

We have heard that Senator Gramm (R-TX) [ranking member of the Senate Banking Committee] is opposed to new production of affordable housing units, instead favoring the funding of more Section 8 tenant-based vouchers. We all know that tenant-based vouchers are useless in many areas of the country due to the tight rental markets and that more funding is needed to produce and preserve affordable housing. We urge our members in Texas to contact Senator Gramm's staff [the person to contact is Mark Calabria at 202-224-2934], particularly those areas that are unable to use their Section 8 tenant-based vouchers, to push Gramm to support Section 101 of Title I of Rep. Roukema's bill.

We also told the Subcommittee that we support the creation of the Thrifty Production Voucher, a project-based voucher proposed within H.R. 3995, that can be used with capital subsidy programs, such as HOME, the Low-Income Housing Tax Credit and CDBG to support new construction or substantial rehabilitation of affordable housing. This type of voucher would assist greatly in serving households at or below 30% of median income.

H.R. 3995 also makes several changes to the HOME program. We asked the Subcommittee to amend Section 103 of the bill, to take into account the needs of those jurisdictions with high housing costs and tight housing markets. Section 103 would remove the Fair Market Rent (FMR) as a component of calculating the HOME rents. This would greatly help those areas with depressed markets, mainly rural areas, where the FMRs are low in relation to incomes, but would be detrimental to areas with tight markets and high costs, where FMRs are well above the income-based HOME limits. We asked the Subcommittee to allow jurisdictions to use the higher of the 30% of 65% standard or the FMR, to allow all localities the flexibility to establish their own reasonable limits.

In our testimony, we also asked the Subcommittee to include a provision creating a loan guarantee program within HOME, similar to CDBG's Section 108-loan guarantee program. This provision was originally included in the bill, but was subsequently dropped due to the objections of the Office of Management and Budget (OMB). A HOME loan guarantee program would allow jurisdictions to use up to five times their annual HOME allocation to undertake large-scale affordable rental housing production, rehabilitation, and other HOME-eligible activities. It would allow jurisdictions to address their affordable housing needs more quickly, rather than waiting years to address them on a piece meal basis.

Besides these concerns, we asked the Subcommittee to include the following changes to the HOME program within the final bill:

- Allow the date of the termination of a lease that involves health or safety concerns to be based on State or local lease termination laws, instead of the current 30-day notice to terminate a lease required under the HOME program statute;

- Allow participating jurisdictions to substitute environmental reviews, including State and local reviews, which are substantially equivalent to HOME standards for the HOME environmental review;

- Allow participating jurisdictions the ability to use risk management techniques to determine when, and how often, they should conduct on-site monitoring of projects, with projects being monitored at least every three years. H.R. 3995 would allow participating jurisdictions to use this approach for HOME projects that are financed with the Low-Income Housing Tax Credit; however, we would like to see this approach used for all HOME projects; and

- Allow participating jurisdictions to waive the HOME rent restrictions in cases where the tenant was receiving a Section 8 voucher or State or local rent subsidy. Thisive would mirror an existing provision in the Low-income Housing Tax Credit Program.

Finally, we told the Subcommittee that we are very supportive of the provision within H.R. 3995 that would shift the Supportive Housing Program permanent housing rent subsidy renewals and the Shelter Plus Care rent subsidy contract renewals to HUD's Housing Certificate Fund. This shift will allow more of HUD's homeless assistance funding to be used to create new permanent housing for the homeless, as well as provide a consistent source of renewal funding.

The Subcommittee will hold two more hearings on the bill next week to focus on other sections of the bill, such as public housing, FHA, Section 8 and elderly housing. Rep. Roukema has been given a commitment by the House Speaker, Rep. Dennis Hastert, that the bill will be approved by the House before Memorial Day. The Senate does not have a companion bill yet, but we have heard that Senator Santorum (R-PA) may introduce Roukema's bill in the Senate. NCDA plans to meet with Santorum's staff next week to pursue the matter -- **we urge you to contact your Senators to urge introduction and passage of Rep. Roukema's bill, particularly Section 101 of Title I.** This legislation will provide the mechanism for both State and local governments to create and preserve affordable housing. The legislation will never be enacted unless congressional members hear from you that it is needed! Please contact your congressional members today!! Please feel free to contact Vicki Watson at 202-887-5532 with any questions.

INCOMING US CONFERENCE OF MAYORS PRESIDENT HOLDS AFFORDABLE HOUSING STRATEGY SESSION

NCDA was one of several organizations represented at a March 27 affordable housing strategy session convened by Boston Mayor Thomas Menino. Mayor Menino, the incoming president of the United States Conference of Mayors, has announced he will devote his term as president to addressing the affordable housing crisis in America. The March 27 meeting provided interest groups an opportunity to advise the Mayor on a major policy and lobbying event he and the USCM have planned for May 20-22 in Washington, DC.

Mayor Menino spent a few minutes bringing the group up to speed on the National Housing Summit planned for May. The event, which will be either two or three days in length, will center around raising the profile of affordable housing and will kick off a year-long campaign by the Mayor to lobby Congress for more resources. According to Mayor Menino, the idea behind the summit is to move past the status quo in which the same interest groups–or the "usual suspects" as they were called more than once–are the only ones that show up to meetings or join task forces. Mayor Menino is adamant about identifying and engaging new "partners and players," including organizations from the education, business, environmental, and health care sectors. For the summit, Mayor Menino envisions one or two days of breakout sessions and deliberations, culminating in the formulation of a set of agreed-upon policies. The final day of the summit would involve Hill visits in which summit attendees would present a united front to key members of Congress. Some themes expected to emerge at the May summit include facilitating preservation, boosting production, increasing homeownership, and creating a broader coalition of organizations.

Attendees at the March 27 meeting spent a substantial amount of time discussing strategies for energizing constituencies that have not traditionally participated in advancing the affordable housing agenda. Several participants expressed concern that the recent surges in home sales have lulled the general public into believing that an affordable housing crisis does not exist.

A few attendees were concerned that the summit might produce new recommendations at the expense of expressing support for existing programs such as CDBG and HOME. Those in attendance seemed to agree that the best possible outcome would be a policy that proposes both the creation of new initiatives and the expansion of existing, successful programs.

SENATE COMMITTEE HOLDS HEARING ON SECTION 8 REFORM

On April 11, the Senate Committee on Banking, Housing, and Urban Affairs held a hearing on proposals to improve the Section 8 Housing Choice Voucher Program. The hearing revolved around a discussion draft of an upcoming bill to be released by Committee Chairman Sarbanes (D-MD). Witnesses included Ophelia Basgal, executive director of the housing authorities of the County of Alameda and City of Dublin in California (representing NAHRO); Benson "Buzz" Roberts, Vice President for Policy at the Local Initiatives Support Corporation; Scott Gardner, President of Crosshaven Properties in Tulsa, Oklahoma (representing the National Apartment Association); and Ann O'Hara, Associate Director of the Technical Assistance Collaborative (representing the National Low Income Housing Coalition).

Chairman Sarbanes began the hearing by stating that previous hearings had conclusively demonstrated that housing is becoming less affordable for working families and low-income families. Sarbanes said that vouchers should and will be an important part of any policies designed to address the affordable housing crisis facing America. Sarbanes' upcoming bill would include funds for outreach by administrators to landlords, funds to help voucher holders with searches, and voucher holder application aid. The bill will also include Thrifty Production Vouchers (TPVs), mirroring the proposal set forth in Rep. Roukema's bill, HR 3995 (see related article). Assuming that the proposals are identical, the TPVs in the Sarbanes bill would be project-based vouchers intended to assist extremely low-income persons. Vouchers could be used only for new construction or substantial rehabilitation.

Ophelia Basgal expressed NAHRO's tentative support for TPVs, saying that the proposal makes conceptual sense. Basgal indicated that NAHRO would support a limited demonstration of the TPV proposal, as long as it does not divert funds from HUD's existing assisted housing programs. Ann O'Hara's testimony reflected some concerns that the National Low Income Housing Coalition has regarding TPVs. O'Hara indicated that the proposal's provisions for managing waiting lists for TPVs might "fail to alert adequately eligible people on the existing tenant-based list[s] of new opportunities." O'Hara did testify that the Coalition generally supports the creation of TPVs, however. (Buzz Roberts' testimony was basically a comprehensive overview of TPVs and how they would function. If you would like to read his written testimony, you can access it online at http://www.senate.gov/~banking/02_04hrg/041102/gardner.htm).

Sarbanes' bill includes a proposal to allow local housing agencies to raise their voucher payment standards to 120 percent, without HUD approval, so long as they have been at the 110 percent payment standard for six months and provide an initial housing search period of at least 90 days or as a reasonable accommodation for a person with disabilities. Basgal indicated that NAHRO supports this proposal. Basgal also expressed support the bill's proposal to allow use of unutilized housing assistance funds to assist families in their housing searches.

Scott Gardner's testimony provided the perspective of apartment executives and professionals. Saying that Sarbanes' proposed bill "falls short of fully incorporating the reforms necessary to generate broader market support for the Section 8 program," Gardner encouraged the committee to seek changes in four areas: improving the Housing Quality Standards Unit Inspection Process, improving the Subsidy Payment System, increasing the Payment Standard, and amending the Lease Addendum. Gardner argued that the current Fair Market Rent level of the 40th percentile is a primary reason many apartment owners do not participate in the Section 8 program. He recommended increasing the FMR to at least the 50th percentile Gardner also recommended that the payment standard be raised to 120 percent of FMR in high-cost areas, and that "PHAs be given the flexibility to raise the level to 150 percent in areas where the voucher utilization rate isles than 80 percent and the market occupancy rate is greater than 95 percent."

BROWNFIELDS BILL CLEARS HOUSE COMMITTEE

On Thursday April 11, the House Committee on Financial Services voted by voice vote to report out HR 2941. Received from the Subcommittee on Housing and Community Opportunity on March 14, this bill would decouple the Brownfields Economic Development Initiative (BEDI) from the Section 108 loan guarantee program. As previously reported in the *Washington Report*, "The Brownfields Redevelopment Enhancement Act" (HR 2941), offered by Rep. Gary Miller (R-CA), includes language that would prohibit the Secretary of HUD from requiring that BEDI grant amounts be used only in connection or conjunction with projects and activities assisted with a loan guaranteed under section 108. This would, of course, provide communities with opportunities to pursue brownfields redevelopment without having to pledge future CDBG allocations as collateral. The bill would also amend the Housing and Community Development Act of 1974 to "guarantee financing by eligible public entities for projects and activities to assist the environmental cleanup and economic development of brownfield sites." It is also important to note that the CDBG regulations would still apply for brownfields clean-up activities, even though these funds would not to tied to the Section 108 program. NCDA sent a letter of support to Housing and Community Opportunity Subcommittee Chairwoman Marge Roukema before the bill had been reported out to the full committee.

NCDA STAFF MEETS WITH CONGRESSMAN CLAY'S LEGISLATIVE ASSISTANT

On April 14, Vicki Watson and Jeff Falcusan met with Frank Davis, Legislative Assistant in the office of Congressman William Lacy Clay (D-MO). Vicki and Jeff visited Rep. Clay's office on behalf of the Campaign for Housing and Community Development Funding. They met with Frank Davis, Rep. Clay's Legislative Assistant for housing issues, who communicated the Congressman's commitment to addressing the affordable housing crisis facing America. Rep. Clay sits on the Financial Services Committee and its Subcommittee on Housing and Community Opportunity. Davis indicated that renewed partisanship on the Hill is making it hard to move bills through both houses, and the Democratic leadership has requested that Democratic members not sign on to Republican bills in the Financial Services Committee. Davis also said that he expects Roukema's housing bill (HR 3995) to move through the House, but not the Senate. According to Davis, too many members have concerns about the bill's potential for "the blurring of separation of church and state."

NCDA NOTES

NCDA SEEKS RESPONSES TO HOME SURVEY

NCDA is asking for members' opinions on whether the association should push for an increase in the HOME administrative cap, currently set at 10%. If your community has not yet responded, please complete the attached survey. You can fax the survey to Jeff Falcusan at (202) 887-5546.

NCDA ANNUAL CONFERENCE - JUNE 12-15, 2002 PROVIDENCE, RHODE ISLAND

This year's Annual Conference will be held in Providence, RI. It promises to be a wondrous event with project tours, pre-conference workshops and social events that would charm anyone. See the attached flyer for more details on what will be one of the best Annual Conferences of all time. Get your registrations in early.

THE "CDBG BASICS: TRAINING FOR PRACTITIONERS" COURSE BEING HELD IN PROVIDENCE, RI IN CONJUNCTION WITH THE NCDA ANNUAL CONFERENCE ON JUNE 10-12, 2002 IS FULL!!!!

We are sorry to inform you that the "CDBG Basics: Training for Practitioners" course being held in Providence is full. If you have not already registered for this training, and still wish to take the course, please check the NCDA website for a schedule of upcoming courses.

FEDERAL REGISTER NOTICES

April 9, 2002. Notice of Proposed Information Collection: Comment Request, Consolidated Planning. HUD and the Office of Management and Budget (OMB) are "seeking comments from members of the public and affected agencies" concerning a proposed collection of information. This information collection effort is intended to help HUD make improvements to the Consolidated Planning process; this announcement will generate feedback to improve the mechanisms by which relevant information is collected to facilitate that process. The main emphasis of this notice is to improve HUD's estimate of how much time entitlement communities and other recipients spend on producing the Consolidated Plan.

ATTACHMENTS

Please go to NCDAonline (http://ncdaonline.org) to access the files below.

- Annual Conference Brochure
- Testimony of Melvin Richardson
- Testimony of Javier Gonzales
- City of Providence Brochure
- HOME Survey
- Mitas Group Technology Brochure