NCDA
WASHINGTON REPORT

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NCDA 2002 ANNUAL CONFERENCE: JUNE 12-15, PROVIDENCE, RI

CDBG BASICS COURSE IS FULL!!!

FEATURE ARTICLES

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THE ADMINISTRATION'S DOWNPAYMENT ASSISTANCE INITIATIVE LEGISLATION INTRODUCED

On April 16, Rep. Mike Rogers (R-MI), working with the Administration, introduced H.R. 4446 – The American Dream Downpayment Act – a bill which would authorize HUD's downpayment assistance initiative under the HOME program, if enacted. The Administration first proposed the downpayment assistance initiative as part of its FY 2002 budget, requesting $200 million for the initiative. The FY 2002 VA-HUD-IA Appropriations bill included $50 million for the initiative, but included language stipulating that the program be authorized by June 30, 2002. Otherwise the funds revert back to the HOME program to be re-allocated within the HOME formula.

The Administration has proposed an allocation of $200 million for the initiative in FY 2003. Given the very tight budget, the initiative will be lucky to receive any funding at all this year. Still, H.R. 4446, if enacted, would make permanent the downpayment assistance initiative within the HOME program. Essentially, the initiative would become a permanent set-aside within the HOME program, providing funds for activities that are already eligible under the HOME program.

Mimi Kolesar, Director of the Office of Affordable Housing Programs and other HUD officials have worked very hard with the Office of Management and Budget (OMB) to make this initiative as easy as possible on participating jurisdictions, and we appreciate these efforts. H.R. 4446 would provide grants to participating jurisdictions to assist low-income families (those at 80% of area median income or below) become first-time home buyers. "Down payment assistance" is defined very flexibly as "assistance to help a family acquire a principle residence." So, a participating jurisdiction could use their grant funds for direct down payment assistance, closing cost assistance, interest rate buy downs, second mortgages, etc.– basically any form of assistance that enables a low-income family to purchase a home. H.R. 4446 also waives the Uniform Relocation Assistance (URA) requirements for this down payment initiative.

In allocating the grants to participating jurisdictions, HUD will develop a formula that takes into account community need [based on the amount of HOME funds a participation jurisdiction receives annually] and the past efforts of the jurisdiction in providing down payment assistance *through* the HOME program. HUD will measure past commitment by dividing each participating jurisdiction's number of completed home buyer units by the participating jurisdiction's total number of completed HOME units.

According to HUD, the $50 million allocation will look different from future allocations provided through this initiative. For the $50 million initiative, HUD will use the full life of the HOME program to measure past commitments to home buyer assistance. For subsequent funding rounds (if there are any), HUD will use the most recent 36 months of data in IDIS regarding home buyer assistance provided through the HOME program. The $50 million allocation will be based on IDIS data as of the end of January 2002, while future allocations will be based on IDIS data through September 2002. Also, the FY 2003 allocation will be calculated using 2000 census data, while the FY 2002 allocation ($50 million) will use 1990 census data. Finally, the allocations will be adjusted to factor in new consortiums and new participating jurisdictions. Because the $50 million allocation is so small, not every participating jurisdiction will receive funds. The funds that are received by jurisdictions will be nominal. With a $200 million allocation, HUD says that all participating jurisdictions will receive an allocation; however, the amount of the funds will be based on a community's need and their past efforts in providing down payment assistance through the HOME program. HUD also places a cap, 2 percent of the amount being allocated, on the amount of grant funds that a jurisdiction can receive under the initiative. So under the $50 million allocation, a participating jurisdiction could receive a maximum allocation of $1 million, while under a $200 million allocation, a participating jurisdiction could receive a maximum of $4 million.

A companion bill to authorize the down payment assistance initiative within HOME has not been introduced in the Senate. H.R. 4446 will likely end up in Rep. Roukema's omnibus housing bill – H.R. 3995 – which has enough votes to pass the House, but no companion bill in the Senate. In speaking to Senator Santorum's (R-PA) staff, Mr. Santorum will likely introduce parts of H.R. 3995. Still, Senate Appropriations staff see the down payment assistance initiative as dead on arrival. With the tight budget, they are not willing to fund any set-asides this year. Plus, with the Democrats in control of the Senate, they are not anxious to fund any of the Administration's initiatives. Bottom line: it will be a miracle if this down payment assistance initiative is authorized at all this year, least of all by June 30, 2002. A copy of H.R. 4446 is attached to this newsletter.

GROUPS MEET ON CONSOLIDATION OF THE MCKINNEY-VENTO HOMELESS ASSISTANCE PROGRAMS

Yes, believe it or not, NCDA and other national interest groups are still trying to reach some consensus on consolidating HUD's homeless assistance programs. In this continuing saga, several State and local government interest groups have developed a draft set of *Key Principles for Consolidation and Formula Allocation of the McKinney-Vento Homeless Assistance Programs [copy attached]*. The groups involved in developing these draft principles include the Council of State Community Development Agencies, National Council of State Housing Agencies, National Association of Counties, National Association of Local Housing Finance Agencies, National League of Cities, National Association for County Community & Economic Development, National Association of Housing and Redevelopment Officials, and of course NCDA. In drafting these principles, we tried to compromise in may areas in order to address the concerns of the homelessness advocacy groups, while still retaining the flexibility needed by State and local governments.

The State and local government interest groups met with the National Coalition for the Homeless (NHC) on April 22 to gauge their interest in supporting some – or all – of the principles. While NHC is supportive of some of the principles, such as codification of the "Continuum of Care" planning process, the focus on the prevention of homelessness, and allowing soft money to be used as a match resource, they remain hesitant about others, principally the consolidation of the McKinney-Vento homeless assistance programs into a formula-allocated block grant (even though our approach is more of a modified block grant). Rather than being outright opposed to a block grant, NHC prefers the approach that Senator Reed (D-RI) is proposing in his draft homelessness bill which combines the existing competitive homelessness programs into a single competitive program with the same eligibility criteria and program requirements. While we agree that this approach will significantly streamline the application process, and while we support such an approach, the State and local government interest groups continue to realize that *it is still a competitive process*. There are no assurances that communities will continue to receive funds from year to year under this competition and no assurances that the funds will be received in a timely manner. Our approach is more of a modified formula-based approach (see attached principles) which requires that certain criteria be met by a State or local government in order to receive the formula-allocated funds (i.e., performance measures, creation of a "continuum of care" planning approach, etc). We have also included a "hold harmless" clause into our principles that grandfathers those cities and States that have received funds under the competitive process into the formula-allocated block grant. In order to provide funding for new communities through the block grant, we propose that the allocation for HUD's homeless assistance programs be increased to *at least* $1.6 billion in FY 2003. We also recommend that the renewal of all permanent housing projects under HUD's homeless assistance programs be funded through HUD's Housing Certificate Fund, or as a separate fund.

While we support the creation of permanent housing, we do not propose a set-aside nor do we recommend that any permanent housing that is developed be targeted to any particular group (i.e., chronically homeless). This, again, is focusing on providing flexibility to communities in deciding their homelessness needs. NHC is also very supportive of this approach. We also recognize the need to prevent homelessness, and therefore, support a ten percent cap for prevention. We include a principle that supports a 25 percent match requirement that includes both hard and soft money, while recommending that no match be required for permanent housing. Finally, we include a principle that supports a ten percent administrative fee (rather than the current five percent), with 50% being passed through to non-profit partners and service providers.

NHC plans to present our key principles to its Board, which will be meeting in Washington, D.C. this week. In addition, the State and local government interest groups agreed to work with NHC, the National Law Center on Homelessness and Poverty, and several other groups on a letter to HUD and Congress opposing the 30 percent permanent housing set-aside within HUD's homeless assistance programs. This cap takes away the flexibility of jurisdictions to design projects based on community need. Usually, this 30% requirement is placed in the VA-HUD Appropriations bill every year. With this much broad-based support, we may be able to eliminate it this year.

BROWNFIELDS BILL CLEARS SENATE COMMITTEE

On April 25 the Senate Committee on Environment and Public Works voted to report out S.1079, the Brownfield Site Redevelopment Assistance Act of 2001. This bill would amend the Public Works and Economic Development Act of 1965 to provide assistance to communities for the redevelopment of brownfield sites. S.1079 was introduced by Carl Levin (D-MI) last June. The bill has fifteen cosponsors, all of which are Democrats except for Senator Jim Jeffords (I-VT), who caucuses with the Democrats.

Unlike some other recent brownfields-related bills, S.1079 is concerned not with HUD, but with the Department of Commerce's Economic Development Administration (EDA). This piece of legislation would authorize the Commerce Secretary to make grants for projects to alleviate or prevent conditions of excessive unemployment, underemployment, blight, and infrastructure deterioration associated with brownfield sites. S.1079 defines a "brownfield site" as "real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence" of hazardous substances or other pollutants or contaminants. The usual exceptions to brownfield status apply, but the bill would, on a site-by-site basis, include sites normally excluded if financial assistance would protect human health and the environment and promote economic development or facilitate the protection of parks, greenways, or other property used for nonprofit purposes.

S.1079 authorizes $300 million over five years, and gives EDA the authority to provide grants for projects such as the development of public facilities, business development (including revolving loan funds), technical assistance and training activities to help communities diversify their economies and encourage infill development, and collaborative economic development planning.

U.S. CONFERENCE OF MAYORS HOST NATIONAL HOUSING FORUM

In his first meeting as President of the U.S. Conference of Mayors, Boston Mayor Thomas M. Menino will host a two-day housing summit on May 20-22 in Washington, DC, which should be not surprising as affordable housing is the Maoyors highest priority. The summit will focus on the housing needs of working families, and one of his highest priorities will be to increase the production of affordable or workforce housing. Mayor Menino has included some of the most respected individuals in the housing field to assist him with this task. The information and recommendations from the summit will be used as the basis for developing a new housing agenda that will be adopted at Mayors Annual Meeting in Madison, WI in June, which will then serve a policy document to take to the Congress. Attached is the agenda for the meeting, which is by invitation only. NCDA Executive Director Chandra Western and Legislative Counsel Jeff Falcusan will be attending.

CDBG SET-ASIDES: A DISTURBING TREND EMERGES

In the last issue of *The Washington Report* it was reported that NCDA member Melvin Richardson of Fulton County, GA testified before the HUD/VA House Appropriations Subcommittee, and he did an excellent job on behalf of local and county governments. However, as with all things related to Congress, especially public hearings, the participants must adhere to a strict schedule and often the "whims" of Congressional staff. Chief among these whims is sitting around the corridors of the U.S. Capitol waiting to be called to testify before the Subcommittee. This hearing held true to form. During the "waiting period" NCDA staff and Melvin had the opportunity to hear others testify. Most of the people that came before Melvin and presumably after him, spoke eloquently on the need to increase HUD's budget in all areas, as did we. There were some that openly supported Representative Barney Frank in his efforts to increase HUD's budget by $15 billion this year, which we whole heartedly agree. However, the disturbing part of the hearing came from individual, local non-profit representatives appearing before the Subcommittee to request a set-aside specifically from the CDBG program for their programs or projects. This was not the ususal "back door" pork projects that we have come to expect during the conference committee negotiations in August and September. They were outright requests for funding dedicated for specific projects or on-going, existing programs to be taken directly from the CDBG program. It was the first time any of the local government representatives, i.e NCDA, NACCED, USCM or NLC had witnessed testimony from local non-profits requesting funding from a specific program at a national public hearing. Base on the oral testimony, the idea of working through the local government or the state small cities program, or seeking foundation funding was not a viable option.

Also disturbing was the request of additional funding ($15 million) for the Neighborhood Initiatives Program that received $42 million, in FY 20020 which is also a set-aside within the CDBG program. Instead of limiting the number of set-asides, Congress appears to be supporting groups in their efforts to secure funding directly from the CDBG programs. This is not a good for the program. In fact, there is a deadline that has been announced by the HUD/VA Subcommittee when requests for projects must be in to the Subcommittee. So it appears that the list of "pork" will continue to grow.

Over the past couple of years, NCDA and the other local public interest groups have gone on record with a general statement in opposition to set-asides. Our most recent testimony concurs with this. However, given the ever increasing number of entitlement communities, the cut the program formula took last year and the proliferation of pork projects, it may be time for the local groups to revisit their stance on set-asides. Then again, this could be all due to the fact that it is an election year, and Congress does its best spending during election years.

NCDA staff have unsuccessfully tried to get comment on this issue from the HUD/VA Subcommittee staff. It is hoped that we can get a sense of where this disturbing trend is going, but it is unlikely that set-asides within the CDBG program will be reduced this year.

There is a bit of good news on the set-asides issues; the Administration has submitted a budget that proposes many fewer set-asides than in recent history, at least those within the CDBG program.

HUD NEWS

CONSOLIDATED PLAN IMPROVEMENT INITIATIVE MOVES FORWARD

HUD's Consolidated Plan Improvement Initiative (CII) is gaining momentum. As reported in a previous edition of the Washington Report, Jeff Falcusan and Karen Means represented NCDA at a March meeting at which local interest groups and HUD officials brainstormed possible reforms to the consolidated planning process. A recent flurry of emails from HUD and an April 23 conference call have clarified next steps and fleshed out the role NCDA and its members will play as this process moves forward.

A recent letter from HUD Assistant Secretary Roy Bernardi outlined a plan to establish a five working groups; this plan resulted from discussions at the March meeting. Each working group will have members from a particular type of community: states, consortia, counties, CDBG-only cities, and cities that receive federal funding from CDBG and other HUD programs. Each working group will have the following composition: six grantee representatives, two public interest group staffers, four HUD staffers (from HQ and/or field offices, and two members representing "other stakeholders." HUD also plans to form two separate "cross-cutting task forces." One of these task forces will focus on pilot programs, while the other will concern itself with technology-related issues. As per HUD's request, NCDA issued a broadcast email inviting members to volunteer for the working groups. We submitted a list of all interested parties to HUD's contractor on April 26.

NCDA also participated in an April 23 conference call with other members of the steering committee that has been established to assist HUD with the ConPlan improvement process. The main purpose of this call was to discuss HUD's timeline for the process. A number of actions related to the improvement process are coming down the pike. HUD is developing a website devoted to the improvement process; this should be up and running sometime in May. Working group members are scheduled to be announced during the second week of May. Guidelines for the working groups will also be disseminated at that time. Working groups will conduct meetings (in person or through conference calls) from May until September. The working groups will first focus on identifying performance measurement and streamlining pilots, possible pilot community candidates, and issues that require legislative change. HUD hopes to receive recommendations on those topics as soon as possible. The working groups will give the rest of their recommendations to the steering committee in September.

The steering committee will sort through these recommendations and make formal recommendations to HUD by October. HUD also expects to name pilot project candidates at that time. From September to December, HUD will review the steering committee's recommendations, share them with the Office of Management and Budget, and recommend possible actions. Possible actions include: revising ConPlan guidelines, developing waivers, revising ConPlan regulations, revising statutory provisions, and developing new software tools. Any actions that HUD decides to adopt would be completed by June of 2003, with the exception of developing new software tools, which would take until December of 2003. The ConPlan improvement process is expected to result in HUD-sponsored training for grantees in the first half of calendar year 2004.

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 completed survey to Jeff Falcusan at (202) 887-5546.

NCDA 2002 ANNUAL CONFERENCE:

The 2002 NCDA Annual Conference is fast approaching. If you have made your reservations with the hotel, you must also make them with NCDA. Please fax your registration forms in to Karen Means at 202-887-5546. We need to get an accurate count of participants so that we have enough materials and space for all.

The "CDBG Basics: Training for Practitioners" course is completely full. In fact it is oversold. We will be conducting other courses throughout the remainder of the year. We hope to have at least one more course in addition to those listed below. The tentative schedule for upcoming courses is:

McCallen, TX	June 26-28, 2002
Charleston, SC	August 7-9, 2002
Hartford, CT	No Date Set

ATTACHMENTS
The following attachments may be accessed through NCDA*online* (http://ncdaonline.org).

- HR 4446: The American Downpayment Act
- U.S. Conference Housing Forum Agenda
- McKinney-Vento Homeless Assistance Program Consolidation Principals
- *The Washington Report* Survey
- HOME Survey