NCDA Community Development Committee Meeting
Co-Chair: Scott Stevenson; Los Angeles County, California
Co-Chair: Ellen Lee; New Orleans
Wednesday, June 12, 2002
(1:00 - 2:30 p.m)

A G E N D A

A. ROLL CALL

B. REVIEW MINUTES OF THE JANUARY 24, 2002 COMMITTEE MEETING

C. LEGISLATIVE UPDATE

1. Hearing on HR 1191 and HUD's Wealthy Communities Proposed Cut
2. HR 2941 Brownfields De-Coupling Bill
3. News on HUD's FY 2003 Budget
4. Census Data Released

D. HUD UPDATE

Richard Kennedy, Director of the Office of Block Grant Assistance

2. CDBG Timeliness. How many grantees remain untimely? How are the proposed sanctions proceeding? Has HUD made any adjustments to this policy?

2. HUD's CDBG Formula Study. How has the newly released information from Census 2000 affected the direction of the study? How many formula studies is HUD undertaking? Will there be an opportunity for Interest Group Participation in these studies?

3. Consolidated Plan Streamlining Update. What's New? Will the September Deadline be Met?

4. IDIS/DMGS. Has CPD been allocated the necessary funding for the proposed upgrades to IDIS? Will each office in HUD be required to donate its fair share of funding for the new DGMS? Has a new contract be let for the new system?

5. How does HUD's FY 2003 Budget look? Does HUD have enough support for the $195 million proposed increase to CDBG?

E. PROGRAMMATIC ISSUES, TRAINING NEEDS AND TECHNICAL ASSISTANCE

1. Report on CD Basics Course

F. OTHER BUSINESS

1. CDBG Formula Committee: Set schedule for Conference Calls

G. ADJOURN

NCDA Community Development Committee Meeting Minutes
Wednesday, June 12, 2002 – 1:00 - 2:30 p.m
Providence, Rhode Island

A. ROLL CALL AND APPROVAL OF THE MINUTES FROM THE JANUARY 24, 2002 MEETING.

Committee Chairs Scot Stevenson from Los Angeles County and Ellen Lee from New Orleans called the meeting to order, and recognized all those in attendance. A call for a motion for the approval of the Minutes from Committee Meeting held in conjunction with the 2002 Winter Meeting was made and seconded, with all in favor, the motion passed.

B. LEGISLATIVE UPDATE

NCDA Committee staff Chandra Western provided the legislative briefing on those issues pertaining to the CD Committee. Chandra noted that NCDA Housing Committee Staff Vicki Watson had already provide a legislative overview, which dealt with the President's Budget for HUD and the ongoing debate over a housing production program. Chandra confined her comments only to those legislative issues identified on the agenda.

1. **Hearing on HR 1191 and HUD's Wealthiest Communities Proposed Cut.** On March 14, NCDA President Greg Hoover testified before the House Financial Services Committee in opposition to Representative Carrie Meek's Community Development Block Grant Renewal Act (HR1191) and on the President's proposed 50% cut to the CDBG allocations of the nation's 1% wealthiest communities. A copy of the testimony was included in the conference packets. NCDA along with its sister organizations testified in opposition to these proposed changes to the CDBG program. Chandra reminded the committee that NCDA has provided testimony on several previous occasions opposing HR 1191 and would continue to do so. She reminded the group that HR 1191 would increase the overall low-mod benefit requirement to 80% of total funds expended and would institute the notion of proportionate accounting, which would take away the 51% low-mod project requirement to guarantee 100% low-mod to the exact low-mod proportion for area based projects. Specifically, this amendment would make it more difficult for counties and rural areas to do water/sewer projects and still meet the 70% or in this case, 80% overall low-mod threshold. Chandra also reminded the committee that last year Carrie Meek managed to get a "friendly amendment" included in the FY 2002 HUD bill for a study to be completed to show her just how effective communities are in meeting the 70% low-mod requirements. According to HUD's report, approximately 84% of CDBG funds are being spent on low-mod activities. Therefore, there is no need to legislate a higher low-mod threshold. Chandra also told the group that Representative Barney Frank assured us that neither of these amendments would make it out of the subcommittee. They haven't.

   HUD's Wealthiest Communities Proposed Cut. As part of the President's budget to Congress, there was proposal to cut by 50% the CDBG allocations of the top 1% of the wealthiest communities and put these savings in a dedicated fund targeted for community development activities within colonias. Representative Sue Kelly from Westchester County, New York, represents one of the wealthiest communities that would be subjected to this cut, was outraged that HUD would consider such an amendment without first consulting Congress. Assistant Secretary Bernardi had the unenviable task of testifying and being grilled before Ms. Kelly and the rest of the subcommittee on the why's and what for's of this proposal. It was clear that this proposal did not have the support from the HUD staff and that it was the "brain child" of some politically uninformed and definitely unsavvy people at OMB. Suffice it to say, the members of the Subcommittee were not supportive of HUD's proposal and agreed that the best way to get additional funds for colonias was to ask for more money for CDBG. As Barney Frank aptly put it, "neither proposal would see the light of day."

2. **Brownfields De-Coupling Bill.**

3. **FY 2003 Appropriations Update.** Chandra told the group that due to the events of September 11, and the debate on the FY 2002 Supplemental Appropriations Bill, progress on the FY 2003 appropriations process had been slow. In fact the 302b allocations that define what each subcommittee will have to work with in dollars had not been completed. There had been no joint budget resolution and that each house of Congress would set its own subcommittee limits and attempt to conference all the bills at the end of the Congressional Session. The only information we have received from Congressional staff was to expect level funding for our programs.

   It was also feared that because of the Enron debacle and the hearings on Arthur Anderson that the time for working on legislation would be increasingly short, and the possibility of a lame-duck session after the elections was very likely. This means that a continuing resolution would be enacted to keep the government operating until all the appropriations bills are finalized. As far as any new housing legislation getting enacted this year, we can safely say, it is not likely.

   The House has repeatedly said that it would hold HUD's bill until all the other bills are completed and use it as the "piggy bank" for "getting things done." On a more positive note, the Senate had indicated that it will pass all of the appropriations bills out of Committee before the August recess. We shall see if this happens. Whatever the case, we will see some very strange things during this funding cycle. The best guess is; should we receive level funding and HUD includes the new data elements within the CDBG formula, combined with the number of new entitlement communities, everyone will most likely lose funding this year.

4. **2000 Census Data Released.** Chandra informed the committee that all the 2000 data elements needed to calculate the CDBG formulas had been released by the U.S. Census Bureau. The remaining data elements; poverty, overcrowded housing, and age of housing have been released which would allow statisticians to use the most recent data to provide the most accurate formala for the CDBG program. Chandra produced a letter that NCDA and COSCDA had written to Assistant Secretary Bernardi requesting that a calculation be made, using the FY 2002 CDBG allocations and the most complete census data. She indicated that

HUD had provided us with the same type of calculation in previous years, but that HUD was reluctant provide us with the calculations this year. Chandra told the group that NCDA's formula committee was prepared to use this information to make recommendations to the Board on suggested changes to the CDBG formula should shifts in funding deem it necessary. She said the most important issue is to ensure that what ever happened, we need to ensure overall support of the program, so that any shifts in funding should be equalized so that the gains or loses are minimized. Chandra told the group that HUD's strategy on the release of the requested information would be to brief the Secretary first, then members of Congress, and lastly, provide the data to the interest groups. NCDA would be there and would pass along the information as soon as it is received.

C. HUD UPDATE

Richard Kennedy, Director of the Office of Block Grant Assistance was invited to attend the meeting, but unfortunately, he could only come to the HUD Briefing session on Friday morning. Prior to the meeting Chandra requested that Dick provide updates on the five issue areas outlined on the agenda. She asked the group to hold most of their questions until Friday for Dick Kennedy to respond to. She provided an update based on what she knew to be the most current information.

1. CDBG Timeliness. The grantees are doing an excellent job of becoming timely. There are only 69 untimely communities, which is down from a high of 320. So far every untimely community has managed to get into compliance without losing any funding. It remains to be seen if they all will. The down side of this figure is that 18 new communities found their way onto the list. It these folks had remained timely, the number of untimel communities would have been only 51. She said that we must continue to be vigilant on this issue, we must spend the money or we will not have a program to worry about.

2. HUD's Formula Study. Chandra told the group that Congress had not specifically ordered a study of the CDBG formula. HUD has chosen to undertake this on its own. We know that the Office of Policy Development and Research (PDR) is undertaking a study and that CPD is working with them. Nothing new has come out of it, or we have not be alerted to any news on this study. That is to say that NCDA knows of no new information on what PDR has concluded. Chandra asked the group to pose these questions to Dick Kennedy on Friday.

3. Consolidated Plan Steamlining Update. Jeff

4. IDIS/DGMS Update. Jeff

5. How does the FY 2003 Budget Look? Chandra told the group that this would have to be another question for Dick Kennedy and that what she had already told the group during her legislative update was about as much as she could impart.

D. PROGRAMMATIC ISSUES, TRAINING NEEDS AND TECHNICAL ASSISTANCE

1. Report of CD Basics Course. Chandra brought the group up to date on the success of NCDA's *CDBG Basics: Training for Practitioners* course. She explained that she was very pleased at the overwhelmingly good responses NCDA has had received on the quality of the course. She told the group that many thought the course was funded by HUD. She also indicated that she had been "strong armed" by HUD staff to allow additional people into the course when the class was full. Presently the Association has completed two courses. After the first course, the materials were modified and improved slightly and based on the information on the evaluations, these refinements were highly successful. Chandra said that NCDA plans to do five more classes before the end of the year. The schedule included courses in: McAllen, Texas; Charleston, SC; Phoenix, AZ, Sacremento, CA Hyannis, MA; and Sante Fe, NM. *[At this writing, the courses in Sacremento and Sante Fe have been cancelled as HUD is conducting training in San Francisco and the first CDBG course was held in conjunction with the Region VI meeting and they opted for an Advanced HOME training in Sante Fe instead]* A question was asked about the budget for the training; Are we on budget? The answer was NO. At this time we were over budget, however, the Board of Directors had made a decision that the Association could absorb the overages and that NCDA would revisit the costs after the first year. Chandra noted that she expected to see the course pay for itself after the first year. NCDA President Greg Hoover suggested that the fees for the course should be doubled for members and tripled for non-members which would raise the costs to $200 for members and $300 for non-members. The fees for the Course Manual would also increase from $100 to $150 for members and to $200 for non-members. This motion was approved.

E. OTHER BUSINESS

1. CDBG Formula Committee: Set Schedule for Conference Calls. Chandra discussed the possibility of receiving the requested Census information from HUD during the summer months and activating the committee through a series of conference calls to make recommendations to the Board on the direction the Association should take should the data indicate a significant impact on a large number of communities. She told the group that until we get the data, we could not act. So, until that happens, we are in a wait a see mode.

Being that there was no further discussion, the meeting was adjourned.