NCDA
WASHINGTON REPORT

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FEATURED ARTICLES

CONGRESS CONSIDERS LONG-TERM CR THROUGH SEPTEMBER 30, 2003

In true Washington fashion, late breaking events could permanently stall the FY 2003 appropriations process. The inability of the conferees to come to agreement and the theat of a Presidential veto is causing some in Congress to consider a long-term continuing resolution that would expire on the last day of the FY 2003. On Wednesday, February 5, the House of Representatives passed and the Senate cleared the eighth CR to keep the government operational at FY 2002 levels until February 20. Conferees plan to formally meet again on February10 to finish work on the mammoth omnibus appropriations bill which includes 11 of the 13 spending bills. The Defense and Military Construction bills were passed before the 107th Congress adjourned in December. Senate Appropriations Chairman Ted Stevens has indicated that if the conferees cannot settle their differences by February 14, he is willing to support a long-term CR through the end of the fiscal year.

Last week House Budget Committee Chairman Jim Nussle (R-IA), threatened the same thing in an effort to put pressure on the conferees. Considering that FY 02 appropriations level are generally lower that the FY 03 proposed levels, a long-term CR would be fine with hard line conservatives. The Democrats are playing the blame game to the hilt by charging the Republicans with poor leadership because the deadlock undermines vital programs including homeland security.

Stevens is adamant that if the Senate- approved spending increases are not enacted soon to help states overhaul election procedures and to provide drought relief to Western and Southern farmers, the funding will come too late to do any good this year. The funding for election overhaul is to be used in part for new voting machines for the 2004 elections.

On February 4, the President issued what many believe to be a veto threat to appropriators if they don't keep discretionary spending at or below $755 billion with the additional funding for intelligence activities requested by the White House.

The really sticky issues are the Senate's more generous numbers for education, Medicare drought assistance and election overhaul. The House conferees are insisting that the 2.9 percent across-the-board cut in other programs that the Senate included in its bill to offset the other spending increases be held to no more than 1 percent. Stevens recognizes that some of the Senate's education spending will have to be reduced if they want to reduce the across-the-board cut. There is also the issue of whether and how to fund $3.1 billion in Senate-approved drought assistance. The White has warned that it will only support drought assistance if it is off-set by mandatory spending reductions. The Senate voted to use the across-the-board cut to offset the cost of aiding farmers and Stevens is holding firm on that decision, despite opposition from House conferees. If conferees don't come to a decision on how to fund $1 billion in Medicare adjustments, including payments to doctors, they agree, "...it's going to have to come out." Stevens says he will guarantee that such programs as Head Start and Veterans benefits are spared the across-the-board cuts, which means that the additional funding added by the Senate including community health programs, and famine aid in Africa will have to be reduced. The FY 2003 appropriations saga continues.

PRESIDENT BUSH RELEASES HIS FY 2004 BUDGET

HUD's Budget Level Remains Virtually Unchanged; Some Programs Reorganized

Last week, during the State of the Union Address, President Bush told the nation that the economy was strong, in spite of the recession and the anticipated record deficit in FY 2003 of $304 billion, which surpasses the previous record of $290 billion set in 1992. On Monday, February 3rd, President Bush released his third budget with great fanfare. Mr. Bush proposed the largest federal budget in history, at $2.23 trillion. This budget included increases for defense, veterans, homeland security, NASA, education programs and surprisingly, it also proposed a $500 million increase to HUD programs from his FY 2003 proposed levels. The most telling or significant fact about the budget is the proposed $307 billion budget shortfall, which is also the largest in the history of the nation. The President explained at the news conference when the budget was presented that "...a recession and a war we did not choose have led to a return to deficits." The FY 2004 proposed budget is unique in so many other ways besides its size and weight which stands at 13.5 pounds and five volumes, it is also the first budget in 12 years that was proposed with deficit spending.

Many might recall during the Clinton administration, the Democrat-controlled Congress passed a $505 billion deficit- reduction law aimed at reducing deficit spending and paying down the national debt. When asked about a budget that projects deficit spending, Budget Director Mitch Daniels' comment was that the deficit would be manageable given the size of the economy. He said "...compared with the overall federal budget and the $10.5 trillion national economy, our budget gap is small by historical standards." When asked why the budget contained no specific funding for the impending war with Iraq, even though the budget document provides an estimate of the cost of the war at $50-60 billion by Daniels himself, his response was that it would be "unnatural" to budget for a war with Iraq that may not occur. "There is no number because there's been no decision." It is assumed that the war with Iraq is already accounted for with the record 4.2 percent increase to the Defense Department's budget, and the huge build-up of military personnel in Persian Gulf, but this is not the case.

The deficit figure of $307 billion was based on projected federal revenues of $1.92 trillion and the proposed budget of $2.23 trillion. To understand budgetary numbers, there are three items one must become familiar with; budget authority, budgetary outlays and revenues. Budget authority is the total amount that Congress approves for a particular fiscal year. Budgetary outlays is the amount that is actually spent during the fiscal year, which includes funds not spent from previous years. An example of this is the CDBG program. Congress provides approximately $5 billion in CDBG funding annually, however it can take five years for one year's appropriation to be completely expended, all the while the program continues to receive annual appropriations. Lastly, there are the revenues, income that comes to the federal government. These are represented by personal income taxes, social security taxes, corporate taxes, estate taxes, and other taxes that go directly to the U.S. Treasury to operate the government. Budget deficits are based on actual expenditures (outlays) over revenues rather than on budget authority granted from Congress. Therefore, for the 2004 budget the numbers look like the Bush administration is projecting deficit spending of $1.39 trillion over the next six years ***(See the table below)*** This is assuming that revenues keep pace with the projections. If revenues fall and there are no tax increases, the deficits will be even bigger. If the economy does not pick up, i.e. generate more tax revenue, resulting from increased personal and corporate incomes, greater deficits could be on the horizon. It is assured that the President will push very hard for his tax cut, and there will also be a supplemental funding measure in 2003, to pay for the war with Iraq, the cost of which was not included in the budget, all of which will mean greater deficits and/or a reduction on domestic spending.

FEDERAL BUDGET: AUTHORITY, OUTLAYS, AND REVENUES

	Estimated (trillions)	Proposed (trillions)				
	2003	**2004**	**2005**	**2006**	**2007**	**2008**
Budget Authority	**2.154**	**2.243**	**2.363**	**2.496**	**2.622**	**2.753**
Outlays	**2.140**	**2.229**	**2.343**	**2.464**	**2.576**	**2.711**
Revenues	**1.836**	**1.922**	**2.135**	**2.263**	**2.398**	**2.521**
Balance	**$ -304**	**$ -307**	**$-208**	**$-201**	**$-178**	**$-190**

Insights On the Budget

This budget can be categorized as being as faithful to the Republican platform as possible, with the exception of proposing a budget that includes deficit spending. It is composed of tax cuts that largely benefit the wealthy, provides increases to defense and homeland security, keeps non-defense discretionary spending level or awards minuscule adjustments, zeros out "non-effective" programs, (Section 108, Hope VI and Brownfields) provides incentives to faith-based groups, promotes marriage as a cure for poverty, and block-grants the Section 8 housing voucher program to the states. Still, it could be worse. HUD programs, particularly CDBG and HOME received proposed increases in formula amounts from the President's FY 2003 requests. Luckily for us, Congress makes the allocation decisions, and lawmakers have consistently provide higher levels in HUD's budget than this administration requests.

The President's budget proposes a 10- year, $695 bill tax package aimed at spurring the sluggish economy, a three percent growth in all government spending and an overhaul of Medicare that would boost spending by $400 billion over the next decade, with taxes cut $1.3 trillion as the 2001 tax cuts will be accelerated and made permanent.

The President has proposed a record $380 billion in spending for the Defense Department. According to the Pentagon's Budget Chief, Dov Zakheim, this budget represents a "peacetime budget." Operations in Afghanistan will add more than $1 billion a month to the budget. Even with the record Defense Department's 4.2 percent increase from FY 2003's budget request, the Department of Homeland Security's increase from FY 2003's request compared to FY 2004 is higher at 5.5 percent. These figures really don't mean all that much because we cannot compare the actual appropriations levels for programs/ agencies other than Defense and Military Construction, because we still don't have FY 2003 appropriations figures yet. It is estimated that the FY 2003 appropriations process will be completed at mid-February if the conferees can come to agreement and the President doesn't veto the bill. HUD is expected to get the allocations out not later than mid-March. NCDA will post the FY 2003 allocations as soon as HUD makes them available to us.

What the Budget Means for the HUD Programs

CDBG

The President proposed $4.745 billion in funding for the CDBG program, with 4.436 in formula grants for FY 2004. This is $1 million higher than was proposed in FY 2003. FY 2003 also included $783 million for the World Trade Center that was not factored in or compared to the FY 2004 proposal.

The number one issue within the CDBG program is the administration's continued desire to shift more funding to poorer communities. The budget document states, "In 2003, as new Census data are incorporated in the CDBG formula, funding for grantees will shift. If the formula is not changed, funding will shift from poorer to wealthier communities...To continue the commitment in the 2003 Budget to 'develop proposals for a new CDBG allocation formula and a process to allocate more to those who need these funds and will use them effectively,' the Administration is reviewing the impact of the 2000 Census on CDBG. Measures of need and fiscal capacity will be considered in guiding revised formula allocations."

HUD is currently in the midst of finalizing its review of the CDBG formula. It is expected to be released sometime this fall. It is not clear whether the Department will make any formal proposals to Congress to change the formula, however, it is very clear that the Administration, particularly OMB, does not believe that CDBG is an effective program. Even though the HOME program received what was considered to be a good score, it was officially classified as "moderately effective." At this point, we do not know how and what the rating process consists of. It is our understanding that HUD Headquarters set the measures of performance without consultation with grantees or their advocates. It appears that HUD is having a more difficult time assigning measures of performance for CDBG and has invited NCDA and other advocates to help them define measures of performance so that CDBG can be rated fairly.

The administration continues to stress the need to ensure that programs perform as they were intended. These programs must continue to justify their existence with good, effective performance, otherwise they will be considered for elimination.

The Section 108 Loan Guarantee Program is the most pressing example for the CDBG program.. President Bush has recommended zero funding for the 108 program for FY 2004. The administration feels that this reduction in funding is justified, because there is still untapped budget authority from previous years that has not been utilized and therefore the program is not needed. If Congress agrees with the President on the 108 program, HUD will propose elimination of the program. In fact, HUD will propose zero funding for the Section 108 program though 2008.

For the second year in a row, the Bush Administration has included the Colonias Gateway Initiative as a $16 million set-aside within CDBG. This year, however, it was decided not to fund this initiative by cutting 50 percent of the wealthiest communities CDBG allocations.

It should be noted that the President's budget does include $3 million for CDBG technical assistance, which is something we have been requesting for a long time.

HOME

The President has recommended an increase of $113 million to the HOME program in FY04, increasing the program from $2.084 billion (President's recommended funding level in FY03) to $2.197 billion in FY04. Included in this increase is $200 million for the American Dream Downpayment Assistance Fund, $25 million for the Innovative Lead Hazard Demonstration program, $2.1 million for systems development, including improvements to IDIS, and $16 million for technical assistance, an increase of $4 million from last year. For the second year in a row, housing counseling is not included as a set-aside within HOME. Instead HUD proposes to fund this program as a set-aside within FHA. The budget provides little information on the $25 million Innovative Lead Hazard Demonstration, except to say it is, "...a new competitive set-aside to demonstrate innovative local strategies targeted at making homes lead safe for low-income children." After deducting the set-asides, the recommended formula funding for the HOME program in FY04 is $1.954 billion, an increase of $83 million from the President's recommended funding level of $1.871 billion in FY03. Again, we must take into consideration the fact that HUD's FY03 appropriations bill has not been approved by Congress. Whatever the final funding level for HOME, and the program's set-asides, is what we will base the proposed increase on. For example, the House has recommended $1.9575 in formula grants for the HOME program in FY03. If this is the amount approved by Congress, then HOME will actually not realize an increase in formula funds in FY04, based on the President's request. Instead, the formula grants will decrease slightly by $3.5 million, based on what the President has recommended for the program in FY04. Of course, Congress can approve a higher level for FY04 (and, of course, the President can veto this level). Are you getting a headache after reading this?

Homeless Assistance Programs

The President has proposed $1.325 billion for HUD's homeless assistance programs, an increase of $195 million from last year's budget request. This request includes set-asides of $194 million to renew the Shelter Plus Care rental housing contracts, $2 million for the Interagency Council on the Homeless, $12 million for technical assistance, and $3 million for the Working Capital Fund (for systems development), leaving $1.114 billion in program funding for HUD's competitive homeless programs and its formula-allocated Emergency Shelter Grants Program.

The Administration proposes to combine HUD's three competitive homeless assistance programs – Supportive Housing, Shelter Plus Care, and Section 8 SRO – into a single competitive program. The Administration has also requested funding of $50 million for the Samaritan Housing Program, a competitive grant program targeted at ending chronic homelessness within a decade. The $50 million will be used by HUD to provide housing grants, while the Veterans Administration, Dept. of Health and Human Services, and other federal agencies will contribute resources for supportive services. This is the same initiative that HUD launched this year with these same federal agencies (see the January 31st issue of the *Washington Report* for the Federal Register notice).

Tenant-Based Rental Assistance

Perhaps the most startling proposal within HUD's FY03 budget is the recommendation by the Administration that HUD's current tenant-based Housing Choice Voucher Program be consolidated into a block grant to be administered by States. Currently, local public housing agencies (PHAs) administer the tenant-based vouchers and allocate the subsidies to low-income households based on local priorities. Some PHAs have had difficulty allocating the vouchers based on various factors, but mainly because there are not enough affordable housing units available for rent in most housing markets. Congress and HUD have been concerned with the underutilization of rental vouchers for the past few years now and have called for a revamp of the program.

This new block grant would be called Housing Assistance for Needy Families (HANF), [which rhymes with Temporary Assistance to Needy Families (TANF) – kind of catchy]. According to the Administration, "...converting the current program to a block grant approach is necessary to improve the delivery of rental and homeownership subsidies for low-income families and eliminate the significant utilization and recapture problems that plague the current tenant-based program." HUD will seek authorizing legislation to convert the program this year.

HUD hopes that by providing the voucher authority directly to States that there will be better coordination with other State programs such as TANF, Medicare, and other mainstream programs. At a HUD budget briefing on Monday, February 3, Michael Liu, Assistant Secretary for Public and Indian Housing said that it is, "administratively challenging for HUD to work with 2,600 PHAs," inferring that transferring the program to the 50 States and various U.S. territories will be less administratively draining for HUD. He also told the audience that at least 35 State agencies administer some portion of Section 8, so the infrastructure is already in place for administration of the block grant. What Mr. Liu and others in the Administration have not considered is the fact that most State agencies do not coordinate their programs together. In fact, most State agencies do not even communicate with one another [this is coming from some one who worked with State agencies for almost five years]. Furthermore, this block grant will only add another layer of bureaucracy at the local level, since States will have to contract with entities to administer these vouchers at the local level. Moreover, this policy sets a precedent that could lead to more Federal programs being transferred to the States, a precedent that we have to stop. NCDA and other local government groups have had to fight very hard in the past year for Congress to include local governments in any new housing production legislation that was developed. NCDA has already been in touch with the other local government groups and we plan to vigorously oppose the HANF proposal. We suggest you contact your Congressional representatives to stop this devolvement of federal programs to the States.

HOPE VI

The Administration has proposed elimination of the HOPE VI program in its FY04 budget. At HUD's budget briefing, Assistant Secretary Liu told the audience that the HOPE VI program was only intended to run for ten years (1992-2002). While this is true, there are many more obsolete and dilapidated public housing developments that need to be redeveloped. During this ten year period, the program has demolished 90,000 units of dilapidated public housing, with another 50,000 units in the pipeline. Liu also said that HUD has not been impressed with the program's spend-out rate. The program has over $2.5 billion in unexpended funds, with only 14 of the 165 approved projects completed so far. We have to remember, however, that these type of projects spend-out very slowly, given the extensive demolition and construction that takes place. The program does have its supporters on the Hill. Both Senator Bond (R-MO) and Senator Mikulski (D-MD), the chair and ranking member, respectively, of the Senate Subcommittee on VA-HUD-IA, strongly support the program.

Public Housing Capital Fund/Public Housing Operating Fund

The Administration proposes $2.64 billion for HUD's Public Housing Capital Fund in FY04, an increase of $215 million from the Administration's FY03 recommended budget level. Of this amount, $131 million is being set-aside for a new loan guarantee initiative for public housing authorities to privately finance some of their properties, $40 million is set-aside for the ROSS initiative to provide supportive services to public housing residents, up to $40 million is set-aside for emergencies or disasters, up to $40 million for technical assistance, up to $30 million for demolition, site revitalization, replacement housing, and tenant-based assistance grants, and $10.61 million for the Working Capital Fund.

Under the new loan guarantee initiative, HUD would provide a loan guarantee of 80% as a credit enhancement for private lenders to provide loans to public housing authorities for capital needs. Public housing properties that utilize this approach would be converted to HUD's project-based voucher program, and out of public housing. According to HUD, "...conversion would allow capital needs to be financed on a property basis as is done in the private sector, and the project-based voucher program gives additional choice and mobility to residents in the selection of their housing."

The Administration proposes funding HUD's Public Housing Operating Fund at $3.574 billion in FY04, a slight increase of $44 million from the Administration's FY03 budget recommendation. Of this amount, $15 million would be set-aside for resident services.

HUD Economic Development Programs Fare Poorly in President's Budget

The President's FY 2004 budget proposal includes no funding for the Brownfields Economic Development Initiative (BEDI). When this was brought to Assistant Secretary Roy Bernardi's attention during a February 3 budget briefing at HUD HQ, he offered an explanation that seemed to be at odds with recent HUD statements.

During the Environmental Protection Agency's Brownfields 2002 conference, held in Charlotte, NC, last November, HUD officials reaffirmed the Department's commitment to the redevelopment of brownfield sites for economic development purposes. More than one HUD official pointed out that, while the EPA is the leader in the assessment and remediation of brownfields, HUD is the agency that takes the lead in supporting communities in the economic redevelopment of such sites. It was even announced that the President's FY 2004 budget would propose a doubling of BEDI funding, from $25 million to $50 million. HUD also announced that the budget would include a proposal to decouple

BEDI from Section 108 so that smaller communities would be better positioned to compete for the larger pot of BEDI money. (Not surprisingly, the proceedings of the conference are not yet available to the general public, despite announcements that they would be placed online in January.)

Now, instead of proposing twice as much money for BEDI, the Administration has essentially proposed killing the program. Bernardi explained this about-face by claiming that the Administration wants to transfer all responsibility for brownfields to the EPA. Bernardi argued that the EPA's new $200 million brownfields program, signed into law by the President 13 months ago, will provide more than enough resources to fill the void that would be created by zeroing out BEDI. This is a tenuous conclusion at best. The new EPA program provides grants for "assessment and cleanup." There is little mention of economic development in the new EPA program, because the new program was never intended to replace HUD's efforts in this area.

The recently released *Brownfields Federal Partnership Action Agenda* details "commitments, new initiatives, events, and activities that…participating federal agencies will undertake in partnership to help communities deal with brownfields and associated problems." In its section of the document, HUD makes three commitments:

> 1) Emphasizing brownfields redevelopment activities through the utilization of tax incentives within Renewal Communities, Urban Empowerment Zones, and Enterprise Communities, and through funding provided to **Brownfields Economic Development Initiative** and Rural Housing and Economic Development grantees. This effort includes enhancing the participation of HUD field staff in the development and implementation of brownfields redevelopment projects and identifying available sources of funds that can be used for brownfields activities;
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> 2) Enhancing access by smaller communities to brownfields redevelopment funds by working to secure legislation that will allow for the award of **Brownfields Economic Development Initiative** funds as direct grants, with **no requirement for the concurrent use of Section 108 loan guarantees** and no required pledge of a community's CDBG funds to ensure repayment of the guaranteed loans; and
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> 3) Providing timely and useful information about successful brownfields redevelopment efforts through the development of new data and information systems to gather and disseminate information on brownfields project outcomes, and through the inclusion of brownfields redevelopment information in communication and educational materials and activities.

With the release of the President's FY 2004 budget, HUD has positioned itself to renege on two of its three commitments just three months after the release of the action agenda. And the news gets worse.

In the President's 2004 Budget Request, the Section 108 Loan Guarantee program is recommended for zero funding. At the budget briefing Assistant Secretary Bernardi suggested that this funding level was proposed because of existing unobligated budget authority remaining in the 108 line. This means that over the past several years, Congress has been allocating funding that has gone unused. HUD has approximately five years (for each fiscal year's allocation) to encumber those funds or risk losing the authority to use them.

Because the Section 108 program is something of a "niche" program and used by fewer grantees than other eligible activities, it does not enjoy the same amount of attention that other parts of the program generate. It will be up to the grantees and NCDA's members to remind Congress what an incredibly valuable economic development and affordable housing production tool the Section 108 program is. According to HUD data, approximately $310 million in 108 loans were made during FY 2002. And, over the past few years, more than 300 communities have utilized Section 108 loan guarantees to make possible a variety of important economic development initiatives, initiatives that have revitalized communities and created needed jobs. Nevertheless, Mel Martinez and OMB apparently believe that Section 108 benefits too few communities to justify its continued existence. We will work with Congress and the grantees to ensure the survival of BEDI and the Section 108 program, both of which play crucial roles in the economic development strategies of communities across the country.

FY 2003 APPROPRIATIONS UPDATE

The FY04 budget process is officially underway with the release of the President's budget on Monday, February 3, yet we are still waiting for completion of the 11 remaining FY03 spending bills. Congress had hoped to complete the spending measures this week, but this now appears highly unlikely. Congress has passed another CR this week that will keep the Federal government operating through February 20.

On January 29, the House named the following congressional members to the conference committee: Bill Young (R-FL), Chair of the House Appropriations Committee; Ralph Regula (R-OH); Harold Rogers (R-KY); Frank Wolf (R-VA); Jim Kolbe (R-AZ); James Walsh (R-NY), Chair of the House Subcommittee on VA-HUD-IA; Charles Taylor (R-NC); David Hobson (R-OH); Ernest Istook (R-OK); Henry Bonilla (R-TX); Joe Knollenberg (R-MI); Jack Kingston (R-GA); David Obey (D-WI); John Murtha (D-PA); Norm Dicks (D-WA); Martin Olav Sabo (D-MN); Allan Mollohan (D-WV); Marcy Kaptur (D-OH); Peter Visclosky (D-IA); Nita Lowey (D-NY); Jose Serrano (D-NY) and James Moran (D-VA). The Senate named the following conferees last week: Ted Stevens (R-AK), Chair of the Senate Appropriations Committee; Thad Cochran (R-MS); Arlen Specter (R-PA); Pete Domenici (R-NM); Christopher Bond (R-MO), Chair of the Senate Subcommittee on VA-HUD-IA; Mitch McConnell (R-KY); Conrad Burns (R-MT); Richard Shelby (R-AL); Judd Gregg (R-NH); Robert Bennett (R-UT); Ben Nighthorse Campbell (R-CO); Larry Craig (R-ID); Kay Bailey Hutchison (R-TX); Mike DeWine (R-OH); Sam Brownback (R-KS); Robert Byrd (D-WV); Daniel Inouye (D-HI); Ernest F. Hollings (D-SC); Patrick Leahy (D-VT); Tom Harkin (D-IA); Barbara Mikulski (D-MD); Harry Reid (D-NV); Herb Kohl (D-WI); Patty Murray (D-WA); Barbara Feinstein (D-CA), Richard Durbin (R-IL); Tim Johnson (D-SD); and Mary Landrieu (D-LA).

A major sticking point is the 2.9% across-the-board cut included in the Senate-passed omnibus spending measure (H J Res 2). The Senate included this cut in order to offset increases in funding for education, drought assistance, Medicare adjustments, and election overhaul. Conferees hope to shrink this cut to less than 1%. If so, the proposed increases in the Senate measure would also have to shrink, since President Bush is sticking to a tight budget limit. NCDA and several other interest groups forwarded a sign-on letter (attached) to the House and Senate Chairs of the Appropriations Committee and VA-HUD-IA Subcommittee requesting the higher funding levels proposed for CDBG and HOME and seeking funding for the proposed $75 million lead hazard block grant to local governments.

US CONFERENCE OF MAYORS OFFERS ALTERNATIVE STIMULUS PACKAGE

The US Conference of Mayors has countered the President's "growth and jobs plan" with their own economic stimulus proposal. During the Conference's Winter Meeting, the Mayors outlined a plan that calls for immediate federal spending on housing, brownfields redevelopment, accelerated transportation funding, job training initiatives, and general economic assistance to local governments. The plan does not specify how much funding should be spent on each activity, but according to an article from the *Housing Development Reporter*, USCM President Tom Menino of Boston said the Mayors plan to work with Congress and the Administration to design a comprehensive stimulus package.

Other parts of the Mayors plan call for supporting the President's homeownership tax credit proposal, school construction bonds for new and renovated facilities, brownfields redevelopment tax credits and the expansion of the earned income tax credit for working families. The Mayors also support the increase in the

volume cap for tax-exempt private activity bonds to spur economic development.

HUD NEWS

HUD MOVING FORWARD WITH IDIS MODERNIZATION PLAN

During her appearance at NCDA's Winter Meeting, Robyne Doten confirmed that HUD is now prepared to implement an aggressive plan for bringing the Integrated Disbursement Information System (IDIS) into the 21st Century. Appearing before NCDA's technology committee, Doten, who is the director of CPD's Systems Development and Evaluation Division, informed those present that the delivery of a requested report has led the Department to give the ambitious plan a green light.

A study by the Gartner Group was commissioned by HUD's CIO to investigate the relationship between a modernized IDIS and eGrants, which is the federal government-wide grants system. The Gartner Group recently provided its report to HUD's Senior Review Board (SRB); the report recommended moving forward to modernize IDIS. HUD's Senior Review Board (SRB) has agreed to release 10% of the IDIS development funds to begin work on implementing the plan. The Gartner Group report recommended that HUD should align IDIS with eGrants even though it is not known when HUD's formula grants will be incorporated into eGrants. Doten has assured us that this can be done without negatively impacting CPD's goals to fix IDIS.

CPD expects to award the necessary contract by February 28, which means that implementation of the IDIS migration plan should begin by March 1 (This is contingent in part upon the long-delayed release of FY 2003 appropriations). Implementation of the plan will proceed along two parallel timelines. During the first phase of the implementation, the familiar IDIS "green screens" will be replaced by a web-based front end. This change will be mostly cosmetic in nature, as the underlying technological architecture will initially remain the same. Doten said the first phase should be completed no later than nine months after implementation begins. The Gartner Group study endorsed the project's timelines and even suggested that they might be more than is actually needed.

The second phase of the IDIS migration plan will streamline all system processes and complete the installation of a new technological architecture. Doten emphasized that IDIS users will be getting a Windows/web-based, scalable architecture to enable future technologies and add-ons. This means that, in the future, the addition of new features will not require a major system overhaul because the new version of IDIS will be built in such a way that upgrades can be performed seamlessly. This second phase of the project will take no longer than twenty eight months from start to finish. Keep in mind that the first nine months of the second phase overlap with the nine months budgeted for the first phase. Doten has indicated that grantees should start seeing tangible improvements to the system as soon as April of this year. Doten assured those present that the conversion to the new IDIS, which has not yet been given an official name, will not require double data entry, nor is there any chance that important data will be lost during the transition.

Doten also informed NCDA members that CPD is developing a communications plan that will support implementation of the IDIS migration plan. Doten spoke of the need to develop a suite of tools that will facilitate bidirectional communication between HUD and IDIS users. The communications structure will include the ability to view prototypes and submit comments that will automatically download into a database. We will provide you with more information on this communications strategy as it becomes available. NCDA staff and representatives from other public interest groups will resume their regularly scheduled monthly meetings with Doten next week.

NCDA NOTES

NCDA AND OTHER GROUPS MEET WITH OMB

The Campaign for Housing and Community Development Funding comprises over 100 national organizations that advocate for increased funding for HUD's programs. The Leadership Committee (of which NCDA is a member) of the Campaign met with Steve McMillon, the Associate Director of the Office of Management and Budget (OMB) this week. Mr. McMillon is second in command to Mitch Daniels, Director of OMB. Vicki Watson sits on the Leadership Committee of the Campaign on behalf of NCDA. Other Leadership Committee members present at the meeting included representatives from the National League of Cities, the Enterprise Foundation, the Local Initiatives Support Corporation, National Alliance to End Homelessness, National Association of Housing and Redevelopment Officials, National Council of State Housing Agencies, National Housing Conference, National Low-Income Housing Coalition, Council of State Community Development Agencies, and many others. The major concern that the Leadership Committee communicated to Mr. McMillon and his staff was the continued stagnant funding level for HUD in the FY04 budget. Mr. McMillon told the group that the Administration had to respond to a number of other priority issues, such as the war on terrorism, the new Department of Homeland Security, and the sluggish economy. We were told that if it was any consolation that HUD actually fared better than most agencies. We were not consoled by that point.

Some groups also communicated their disappointment with the reorganization of the tenant-based voucher program, to which Mr. McMillon responded that the proposed new Housing Assistance for Needy Families (HANF) program will hopefully be a more efficient mechanism for allocating HUD's tenant-based housing vouchers. He told the group that, "...it's a new way to get better value for the dollar....States will be able to get the dollars out more quickly and more efficiently... and the new program will also encourage statewide mobility." Those facts provided little consolation to the local agencies that were present.

Vicki Watson asked which of HUD programs would be rated by OMB this year – and why OMB was rating the performance of HUD's programs when the data is not in place to provide a real assessment of each program's performance at this time. Mr. McMillon told the group that, "one of the great challenges in working with HUD is the quality of data." This elicited a giggle from all present as we know these challenges very well. He did say that OMB had to start rating some of HUD's programs because all federal agencies were being rated against one another. They are trying to hold off rating those programs that don't have adequate data at this time. He did say that HOME and the other programs that were rated in 2002 will likely be re-rated again this year. After the meeting, Steve Redburn of OMB said that CDBG will likely not be rated for a couple of years. This gives us time to make sure that HUD has good data in place for the program's assessment.

Finally, Mr. McMillon said that he welcomed a collaborative relationship with the Leadership Committee on the assessment of HUD's programs and program funding. We agreed to meet again in June, prior to the start of the federal agencies submitting their FY05 budgets to OMB.

CDBG BASICS TRAINING

During the regular meeting held in conjunction with the Association's Winter Meeting, the NCDA Board of Directors determined that while the *CDBG Basics: Training for Practitioners* courses have been highly successful, with 323 persons trained, the program continues to lose money. To remedy this situation and to break even on conducting the training , the Association's *CDBG Basics: Training for Practitioners* course will be held four times during a calendar year, with a minimum of 35 persons trained per course. The Board also determined that the fee structure would change from $200 to $250 per person, for members, and from $300 to $350 per person for nonmembers. In addition to the fee increase, NCDA staff was instructed to hold these courses in conjunction with regional or national meetings. In cases where a regional or national meeting is not being held and a member community requests training, the Association would consent to conducting the training only with guaranteed financial support from the requesting entity and with the minimum number of participants, so that a "break even" figure can be assured.

Presently, the only *CDBG Basics: Training for Practitioners* course scheduled is for June 23-25, 2003. These dates directly precede the

Association's Annual Conference being held in Washington, DC on June 25- 28, 2003 at the Washington Marriott Hotel at 1221 22nd Street, NW. See the registration and training agenda on the web site. Fax all registration forms to Tamara Jackson at 202-887-5546.

HOME TRAINING

NCDA, in conjunction with the National Association for County Community & Economic Development (NACCED) and the National Association of Counties (NACo), will hold a one-day training for local participating jurisdictions on "*Managing the PJ-CHDO Relationship*" on Tuesday, June 24, 2003, in Washington, D.C. The training will provide information on analyzing CHDO capacity, recruiting CHDOs, overseeing CHDO project implementation, monitoring and other CHDO issues facing local governments. A draft agenda will be forthcoming in the next few weeks. Please contact Vicki Watson at 202-887-5532 with any questions.

FEDERAL REGISTER NOTICES

Proposed Rule: Changes to the Public Housing Assessment System (PHAS). This proposed rule would amend the Public Housing Assessment System (PHAS) regulation at 24 CFR part 902 to provide additional information, revise certain procedures and establish others for the assessment of the physical condition, financial condition, management operations, and resident services and satisfaction with services provided to public housing residents. This proposed rule takes into consideration additional examination of the PHAS by HUD, as well as comments and suggestions on the PHAS provided through research conducted with representatives of public housing agencies (PHAs) and public housing residents. The purpose of the PHAS is to function as a management tool that effectively and fairly measures a PHA's performance based on standards that are uniform and verifiable.
DATES: Comment Due Date: April 7, 2003.

Interested persons are invited to submit comments regarding this interim rule to the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-0500. Communications should refer to the above docket number and title. Facsimile (FAX) comments are not acceptable. A copy of each communication submitted will be available for public inspection and copying between 8 a.m. and 5 p.m. Eastern time weekdays at the above address.

ATTACHMENTS
Please log on to NCDAonline (http://ncdaonline.org) to access the files below.

- *2003 National Community Development Week Guidebook Action Plan and Products Flyer*
- *Appropriations Letter to the Conferees*
- *Member Listserv Announcement*
- *CDBG Basics: Training for Practitioners Agenda and Registration Form*