NCDA
WASHINGTON REPORT

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OMB BEGINS EVALUATION OF THE CDBG PROGRAM

Contrary to what we had been told, HUD has already responded to a questionnaire that is the first stage in OMB's initial review of the CDBG program. We were told at NCDA's Winter Meeting that it was unlikely OMB would begin its review of the CDBG program for approximately two years to allow time for the improved data that a revamped IDIS is expected to produce. Officials from OMB who participated in the various legislative conferences offered the same scenario that was presented at NCDA's meeting. In subsequent meetings, including one held last Friday, the message was still the same. Nevertheless, CPD officials informed us last Friday that "reams of data" had been submitted to OMB to review as HUD's response to the Performance Assessment Rating Tool (PART).

The PART process includes meetings between OMB and HUD/CDBG officials designed to produce a thorough understanding of what information is required and in what format that information should be transmitted. NCDA and the other public interest groups suggested that our members could assist in providing OMB with data that may not be readily available from IDIS. Such an effort might serve to produce an even clearer picture of the program's performance. OMB rejected this suggestion. Of course, since the same suggestion was rejected for the HOME program, we are doubtful that a request from CDBG advocates would carry as much or any more weight than a request from the HOME advocates.

According to the HUD officials that were involved in providing OMB with the requested data, even these officials were surprised at the volume of the great numbers that the program has generated over the years. They were also surprised at the value of today's "CDBG dollar" compared to the 1975 "CDBG dollar." For example, in 1975 the CDBG formula program received $2.473 billion, and in 2001 the formula program received $4.341 billion. In 1975 this represented $11.75 per capita as compared to $4.55 per capita in 2001. They also found that for every job the CDBG program creates under the economic development category, the actual cost per job in 2001 was $3,272 per job. This is a much better value that the cost per job in the President's jobs and growth package. We have also found that CDBG is a much better value that most other federal program because of the amount of program income it generates, which of course must be spent on eligible activities and before any funds can be drawn for the U.S. Treasury. According to HUD, CDBG generates approximately $640 million in program income annually, which, in a sense, represents a 14.7 percent return on the initial federal investment. No other federal program is structured to achieve this kind of result.

When HUD is able to release more of its response to OMB's PART, NCDA will provide a fact sheet for members to take on their Hill visits during the Annual Meeting. These numbers are very important as OMB and the White House will be scrutinizing these PARTs very carefully. To review the questions in the PART go to: www.whitehouse.gov/omb/part, then click on "block grant."

Congress needs to know this information on the CDBG and HOME programs, particularly during the appropriations process. The Congressional Budget Office is projecting an FY 2003 budget deficit in excess of $400 billion, and this figure does not take into account the recently passed tax cut. If the economy does not improve, and by all accounts it will not improve enough to offset the projected deficit, programs will continue to be cut. Regardless of the process's original intent, programs that do not "score" well during the PART process could be especially vulnerable to cuts.

We saw across-the-board cuts during the FY 2003 appropriations process and we can expect more. Even if there is not an across- the-board cut of all domestic discretionary programs, CDBG and HOME will be stretched even thinner if appropriations remain level, due to the reclassification of the MSA definition that is due before the 2004 fiscal year begins. As many as 100 new communities could be eligible entitlement grantees beginning in October of this year, and the Census population updates will be included in the CDBG and HOME formula calculations. We can all do the math on that one. That is why it is imperative that your

Congressional Delegates and your locally elected officials fully understand the situation local governments will face in the near future.

NCDA AND PUBLIC INTEREST GROUPS MEET WITH OMB

Vicki Watson and Jeff Falcusan of NCDA, along with representatives from several other public interest groups, met with Office of Management and Budget (OMB) staff on Friday, May 30, for an off-the-record discussion of HUD's community and economic development programs. As soon as the meeting began, an OMB official, who asked not to be identified, told the assembled groups that one of the "ground rules" for the meeting would be not to discuss increased funding for these programs (I guess it is a given that we want the funding for these programs increased!). The meeting centered mainly on OMB's rating of CDBG and HOME. Apparently the HOME program is being rated again this year, although OMB staff would not discuss the process or the performance indicators with which the program is being rated. However, OMB staff seemed pleased with the HOME program, particularly the management of the program by HUD staff (kudos to Mimi!). They did say, however, that the program needs to develop long-term outcome measures. This appears to be OMB's mantra for all of HUD's program. This is a difficult task, however, and one that may not be as useful as OMB thinks. Vicki Watson told the OMB staff that Congress is primarily interested in output data (i.e., the number of jobs created by the CDBG program, etc.), rather than outcome data. She also argued that in order to solicit outcome data, a project or community in question would have to be studied over a long period of time, not just one year. How could a program like CDBG be rated fairly by OMB on a yearly basis looking at outcome data? It could not. Jeff pointed out the problems inherent in imposing national performance measures on a program where success should be judged by how well locally designed strategies address locally identified challenges.

In discussing the CDBG program, OMB told the assembled groups that they are very concerned that the program does not have adequate data in place to measure the success of the program. Vicki told the OMB staff that NCDA and other interest groups have been pushing for the establishment of good data systems within HUD (mainly IDIS), but that the process is extremely slow within HUD. Vicki then told the OMB staff that until systems are in place within HUD to provide more useful data on the program, it would be unfair to rate the CDBG program. Jeff argued that until the ConPlan Improvement Initiative's recommendations are fully implemented and IDIS reform is complete, a PART rating of the program would be premature, since it seems likely that the logical conclusion of such a rating would be that the program needs better planning processes and data collection systems.

OMB staff told the groups that programs such as HUD's homeless assistance programs have established the goal of ending chronic homelessness and that advocates to rid the nation's housing of lead-based paint have established a goal of lead-free housing. They suggested that programs like CDBG could do the same. Vicki reminded the OMB staff that both of these goals are attainable, while trying to place such perimeters on a program like CDBG is undoable because you have over 1,000 communities and 50 states that need ongoing community development assistance. This seemed to fall on deaf ears. The bottom line is that OMB is looking for ways to cut these programs, either by using poor data or by creating other justifications on their own. That's why it is so important for you to be in constant contact with your congressional delegation to let them know how the program is working in their community. In the end, Congress makes the decision about how much funding the program will receive, not OMB. **Please take the opportunity to contact your congressional delegation today, and throughout the appropriations process. We are seeking at least $5.0 billion in CDBG formula funding in FY 2004 and $2.25 billion in formula funding for the HOME program.**

FINANCIAL SERVICES COMMITTEE APPROVES THE AMERICAN DREAM DOWNPAYMENT ACT

As projected, H.R. 1276 – The American Dream Downpayment Act – is moving swiftly through the House. The Subcommittee on Housing and Community Opportunity marked up the measure earlier this month and the Committee on Financial Services marked up the bill on Wednesday, May 21. H.R. 1276 was introduced by Rep. Katherine Harris (R-FL) on March 13. The bill authorizes $200 million in grant funds to provide downpayment assistance to first-time homebuyers. Although separate from the HOME program, the grants would be distributed based on the HOME program formula, with consideration of other resources for downpayment assistance, such as CDBG funding, MRBs, and other State and local funding.

During the mark-up of the bill by the committee, two amendments were adopted. The committee accepted an amendment offered by Rep. Nydia M. Velazquez (D-NY) that requires grantees to address in their Consolidated Plan the manner in which homebuyer counseling will be provided to prospective participants prior to their purchase of a home with these funds. The committee also accepted an amendment offered by Rep. Michael Capuano (D-MA) that makes municipal employees, such as police, firefighters and teachers, who earn up to 115% – and up to 150% in high cost areas – of area median income eligible for down payment assistance through the program. We are very concerned about this amendment because of the high income targeting. HUD and several other interest groups are also opposed to this amendment.

The bill now moves to the House floor for a vote. The bill is expected to be marked up swiftly in the Senate.

CONGRESS APPROVES TAX BILL

President Bush finally got his wish with Congress approving a tax cut package on May 23. The cost of the final package is much lower than the package Bush had originally requested. Bush had originally requested $749 billion in tax cuts. Congress approved about half of the President's initial request, $349.7 billion, with $20 billion of this amount for direct aid to States, leaving approximately $330 billion in tax cuts. Some moderate Republicans refused to agree to a tax cut package higher than $350 billion, unless the additional costs were offset by other spending cuts or new revenue sources. In the end, the President and Vice President had to step into the debate in order to get the House and Senate to agree on a final bill. Bush realized that he was not going to get a package above $350 billion in the Senate, so he forced the House to go along with that amount. The House voted 231 to 200 in favor of the bill, while Vice-President Cheney had to break a 50-50 tie in the Senate. Senators Lincoln Chafee (R-RI), John McCain (R-AZ) and Olympia Snowe (R-ME) voted against the bill, while Senators Zell Miller (D-GA) and Ben Nelson (D-NE) crossed the aisle to vote in favor of the bill.

According to the Center on Budget and Policy Priorities (CBPP), the $330 billion tax cut package–the package also includes $20 billion in aid for states–could end up costing nearly a $1 trillion dollars if, as is expected, many of the tax provisions are extended in future years. Most of the provisions of the package expire between 2004 and 2008, but Congress could extend the provisions as soon as they expire. Also, according to the CBPP, if all of the tax provisions are extended, the bill will raise the cost of interest payments on the national debt by $300 billion to $400 billion through 2013. This would increase the deficit by $1.1 trillion to $1.5 trillion during that period.

The bill provides little tax relief for most Americans. According to CBPP, 53 percent of all U.S. households will receive less than $100 dollars in tax relief in 2003. Moreover, 36% of all households will receive no tax relief in 2003. As first thought, the bill is skewed to higher-income households. According to CBPP, households earning more than $1 million will receive approximately $93,500 in tax relief in 2003. Many low-income advocates are angry at the fact that the tax package expands the child tax credit from $600 to $1,000 per child, but not for low-income families earning between $10,500 and $26,625. This segment of society is already burdened with high housing costs, medical costs, and other regressive living expenses. Congress chose not to expand the child tax credit for this segment in lieu of not reducing the tax cuts on dividends and capital gains, in order to keep the tax package at $350 billion.

FINANCIAL SERVICES COMMITTEE MARKS UP BILLS IMPACTING CDBG AND HOPE VI

On May 21 the House Financial Services Committee marked up three bills that will affect HUD programs. The bills, HR 23, HR 1276, and HR 1614, impact CDBG, HOME, and HOPE VI, respectively. HR 23 is known as the "Tornado Shelters Act," while HR 1614 is the "HOPE VI Program Reauthorization and Small Community Main Street Rejuvenation and Housing Act of 2003." Please see the related article in this edition of the Washington Report for additional information on HR 1276, the "American Dream Downpayment Act." The committee's Housing and Community Opportunity Subcommittee had previously approved the bills on May 7.

HR 23, the "Tornado Shelters Act," amends the Housing and Community Development Act of 1974 to allow for the use of CDBG funds in the construction and improvement of tornado-safe shelters for residents of manufactured housing parks. The bill would also permit the use of CDBG funds for the "provision of assistance (including loans and grants) to nonprofit and for-profit entities (including owners of manufactured housing parks) for such construction or improvement." To be eligible for CDBG dollars, a shelter would have to be located in a neighborhood that contains at least 20 manufactured housing units. Eligible neighborhoods must consist predominantly of persons of low and moderate income, and these neighborhoods must be within states in which a tornado occurred during the fiscal year for which funds were made available, or during any of the three preceding fiscal years, "as determined by the Secretary (of HUD) after consultation with the Director of the Federal Emergency Management Agency." The shelter must comply with standards for construction and safety, and it must be large enough to accommodate all the occupants of the neighborhood in which it is located. CDBG dollars may not be used for shelter construction or improvements unless there is a warning siren within 1500 feet of the neighborhood in which the shelter is or will be located.

HR 23 authorizes a $5,000,000 set-aside for fiscal year 2004 for the construction or improvement of tornado-safe shelters for residents of manufactured housing. This amount is in addition "to any amounts otherwise made available under title I of the Housing and Community Development Act of 1974." Several members of the committee from both sides of the aisle expressed strong support for the measure. Representative Spencer Bachus (R-AL), the bill's sponsor, spoke about the glaring need for the legislation in the wake of recent catastrophic tornadoes in Alabama, Kansas, Missouri, and several other states throughout the Midwest and South. No amendments were offered, and the bill was approved by the full committee and ordered to be reported to the full House.

Despite strong bipartisan support for the program in Congress, the President's FY 2004 budget proposal sought no funding for HOPE VI. HR 1614, the "HOPE VI Program Reauthorization and Small Community Main Street Rejuvenation and Housing Act of 2003," authorizes funding for the program for fiscal years and 2004 and 2005, and the bill extends the program through September 30, 2005.

HR 1614 also modifies the HOPE VI program by authorizing "grants for assisting affordable housing through main street projects in smaller communities." Smaller communities would be able to apply for grants of up to $1,000,000 for affordable housing activities within projects that involve the revitalization or redevelopment of historic or traditional commercial areas. Affordable housing under the Main Street Rejuvenation section of the bill is defined as rental or homeownership dwelling units that "are made available for initial occupancy subject to the same rules regarding levels of income and income mix as dwelling units in public housing projects," and are "subject to the same rules regarding occupant contribution toward rent or purchase and terms of rental or purchase as dwelling units in public housing projects." Eligible "smaller communities' are units of local government with populations of 30,000 or fewer. These communities are not served by public housing agencies, or are served by a single public housing agency that administers 100 or fewer public housing dwelling units." The measure sets aside up to 5 percent of HOPE VI funding for Main Street housing grants. No amendments were offered, and HR 1614 was approved and ordered to be reported to the full House.

HOUSE SUBCOMMITTEE HOLDS HEARING ON SECTION 8 BLOCK GRANTING LEGISLATION

On May 22 the Housing and Community Opportunity of the House Financial Services Committee held the first in a series of hearings on the Bush administration's proposal to replace the Housing Choice Voucher (Section 8) program with the Housing Assistance for Needy Families (HANF) block grant program. HUD's Michael Liu, Assistant Secretary for Public and

Indian Housing, was the only witness. The hearing focused on HR 1841, the "Housing Assistance for Needy Families Act," which was introduced by Subcommittee Chairman Ney (R-OH) at the administration's request.

During his prepared testimony, Liu asserted that the Section 8 program suffers from "serious shortcomings." He argued that "two troubling figures" prove his case: 1) more than a billion dollars of tenant-based assistance have been annually recaptured by Congress, and 2) HUD pays more than one billion dollars in over-subsidy errors as a result of restrictive and unnecessarily complicated program rules. Liu summed up what he believes to be Section 8's major flaws thusly: "On one hand the money goes unused and thousands of eligible low-income families do not receive subsidies, while on the other hand, the government is paying too much for what is used." Liu portrayed HANF as the best way to reform and simplify the program so that it can "provide more, not less housing to those in need." Under HR 1841, according to Liu, HUD would no longer contract directly with local public housing agencies to administer the tenant-based assistance program. HUD would instead send grants to states, which would in turn provide tenant-based rental and homeownership assistance to eligible families, either directly or through local entities.

Liu acknowledged concerns that some have expressed about block grants being more susceptible to budget cuts, but he dismissed those concerns. "The funding history of HUD's HOME block grant for housing doesn't support this argument," he claimed. He argued that the HOME program's appropriation will be 14 percent higher (after adjusting for inflation) in FY 2004 than in its first year, if Congress grants the President's budget request. Liu made no mention of CDBG when arguing against the veracity of the so-called "block and cut" phenomenon.

The Center for Budget and Policy Priorities has a different take on what block granting the Section 8 program would mean for future appropriation levels. According to a recently released analysis of the HANF proposal (available online at http://www.cbpp.org/5-21-03hous.htm), the Center offered the following findings:

- *An analysis of 11 block grants that serve low-income people in the areas of housing, health, and social services shows that, when adjusted for inflation, funding for those programs fell by an average of 11 percent from 1982 (or the first year the program was funded as a block grant, if later) through 2003.*

- *Inflation-adjusted funding for the nine block grants in areas other than child care fell by an average of 22 percent from 1982 (or the first year the program was funded as a block grant, if later) through 2003.*

According to the Center's analysis of the HANF proposal, there could be serious consequences for eligible families if voucher funding falls below what is needed to meet the program's needs. The analysis lists a number of possible outcomes: 1) Reducing the number of families that receive housing vouchers, 2) Shifting housing assistance to higher-income families, 3) Shifting rent burdens to families participating in the program, and 4) Limiting opportunities to use vouchers to escape high-poverty areas. Alternatively, states would be forced to supplement federal dollars with their own funds, an unlikely scenario given the budget crises currently affecting most states. The analysis also points out that the bipartisan, Congressionally-chartered Millennial Housing Commission strongly endorsed the Section 8 program in its May 2002 report, describing it as "flexible, cost-effective, and successful in its mission."

Members of the subcommittee expressed skepticism about the HANF proposal's prospects for improving the voucher system. Ranking member Maxine Waters (D-CA) argued that "the states are broke" and there would be no money available to subsidize state-run programs if necessary. Waters stated that the HANF proposal, if implemented, "would be one of the greatest shifts in a program I've ever seen, perhaps historically."

Mel Watt (D-NC) said that he is in favor of fixing Section 8, but "I'm not sure I understand how simply passing the problem along to the states addresses that." Nydia M. Velazquez (D-NY) expressed "serious concerns" about block grants being particularly susceptible to inflation and wondered whether funds for vouchers would erode over time. William Lacy Clay (D-MO) asked Liu if HUD is interested in sustaining the program, or if the HANF proposal is simply a mechanism that will allow the program to erode over a period of years, since states "don't have the funds to pick up the slack." Bernie Sanders (I-VT) used the hearing as an opportunity to promote the National Affordable Housing Trust Fund. He repeatedly asked Liu if he thought the nation faced an affordable housing crisis. Liu would not characterize the current situation as a crisis, which led Sanders to state, "My deep impression is that this Administration is not strongly supportive of affordable housing."

The Republican members of the subcommittee were not as openly critical of the HANF proposal, but there were no notably enthusiastic statements of support. Even Chairman Ney, who introduced the bill, repeatedly made the point that he had done so only because the administration had asked him. Chairman Ney indicated that he will hold several additional hearings on the bill. It is expected that public interest groups will have the opportunity to testify at one of these future hearings.

AMERICAN COMMUNITY SURVEY WOULD REPLACE CENSUS LONG FORM; HOUSE SUBCOMMITTEE HOLDS HEARING

On May 13 the House Committee on Government Reform's Subcommittee on Technology, Information Policy, Intergovernmental Relations and the Census held a hearing on the American Community Survey (ACS). Since 1996, the Census Bureau has been testing the ACS program's ability to meet and exceed the obligations of the decennial census long form by producing accurate, census-tract level data on an annual basis, instead of every ten years. The Census Bureau has plans in place to fully implement the ACS beginning with the 2010 Census. Implementation of these plans, however, depends in part on Congress' willingness to fully fund the initiative.

Witnesses at the hearing included Kathleen Cooper, Under Secretary for Economic Affairs, U.S. Department of Commerce; Dr. Charles Louis Kincannon, Director, U.S. Bureau of the Census; Thomas Reardon, Executive Director, Fulton County (PA) Partnership, Inc.; Joseph J. Salvo, Director, Population Division, Department of City Planning, City of New York; Joan Gentili

Naymark, Director, Research and Planning, Target Corporation, on behalf of the U.S. Chamber of Commerce; Ken Hodges, Director Demography, Claritas Inc., and Richard F. Ogburn, Principal Planner, South Florida Regional Planning Council. Subcommittee Chairman Adam Putnam (R-FL) and Representative William Lacy Clay (D-MO) were the only subcommittee members present.

Chairman Putnam (R-FL) opened the hearing by challenging the witnesses to address several issues related to new federal programs. He indicated that Congressional support for ACS implementation depends in part upon the Census Bureau's ability to demonstrate that taxpayers will realize savings. He also stressed the importance of eliminating duplicative surveys at the Census Bureau. Putnam expressed interested in hearing more about the strategies the Census Bureaus has developed to convince people to participate in the ACS, as well as the Bureau's thoughts on how to address privacy concerns.

In her prepared testimony, Kathleen Cooper asserted that the "old system is just not good enough." She asked the subcommittee to consider all the ways in which New York City has changed since data was collected during the 2000 Census. It simply does not make conceptual sense, she argued, to continue using 2000 data to make funding and planning decisions in the aftermath of the September 11 terrorist attack. Moreover, it does not make sense to continue to use that data until 2012 or 2013, or whenever data from a 2010 long form finally becomes available. "The data that Joe Salvo of the New York City Planning Department must use from Census 2000—the most accurate source of detailed, small area data—are now essentially a matter of history," Cooper said. (Chairman Putnam echoed this sentiment later in the hearing when he asked the audience to consider the recent spate of catastrophic tornadoes in the South and Midwest.) According to Cooper, the Census Bureau has 31 ACS test sites located throughout the nation in which the ACS is at full implementation. Local governments and planning organizations in those communities are already using ACS data for planning and decision-making. The Bureaus examines the data and the data collection methods and believes that the ACS "has delivered consistently high data in these test programs."

Kincannon, the Director of the Census Bureau, called the ACS "a critical component for a successful census in 2010." Since the ACS would eliminate the long form in the decennial census, the Bureau would be able "to focus its entire effort in 2010 on the complete and accurate enumeration of every person living in America." Kincannon pointed out that approximately $200 billion of the money that Congress appropriates is allocated through funding formulas that rely in part on decennial census data. The CDBG program, of course, makes use of one such formula. "The question for today is whether the existing system of delivering data for every state, reservation, county, city, town, and census tract only once a decade can meet the expectations of demands of this nation." Kincannon and his fellow witnesses clearly believe that the answer to this question is a resounding "No." As Kincannon said, "This is a rapidly changing nation with urgent needs for timely data."

According to Kincannon, the ACS is the best method for meeting those urgent needs. By 2006, the ACS will provide data for areas and groups of 65,000 persons or more. In 2008, the ACS will begin providing data for every county, town, and community between the sizes of 20,000 and 65,000 people. By 2010, the ACS will provide updated data every year for every neighborhood in the country. And unlike the long form's data collection process, which relies on temporary employees hired and quickly trained every ten years, the ACS uses permanent, experienced employees for telephone and field non-response follow-up. Full implementation of the ACS by 2010 depends on Congress fully funding the administration's request for FY 2004. If the Bureau is able to go ahead with the ACS and abandon the long form, the 2010 Census should cost approximately $11.2 billion. However, according to Kincannon, "if we change course right now and revert to a traditional census, the cost will increase to more than $12 billion and perhaps much more."

All of the witnesses praised the ACS and encouraged Congress to support it. At one point in the hearing, Chairman Putnam candidly asked the witnesses if they could provide the names of any prominent individuals or organizations that oppose replacing the long form with the ACS. No one was able to offer even a single name. Ken Hodges, Director of Demography for Claritas, "a company that provides information products to a wide range of large and small businesses," said that he had initially been skeptical of the ACS and its potential to provide accurate data but is now nearly evangelical in his support of the program. "Support and even enthusiasm for the ACS are growing in the private sector," according to Hodges. Despite some lingering concerns about estimates and group quarters data, Hodges believes that "ACS data would significantly improve the quality of the…information products we provide to so many businesses." Joan Gentili Naymark, whose job involves selecting locations for new Target stores, stated that "the business community is united in its view that the American Community Survey has strong appeal for public and private use." According to Naymark, "The ACS will help all of us make smarter, more cost-effective decisions."

Thomas Reardon and Joseph Salvo provided the local government perspective. Reardon's Fulton County Partnership, Inc. serves Fulton County, an extremely rural county in South Central Pennsylvania. As an ACS test site, the county has had up-to-date data since 1996. Fulton described an influenza vaccination program that has benefitted greatly from the availability of current data. "We must purchase our vaccine months in advance, and in order to be good stewards of our resources, we have to make an educated guess of how many vaccine doses we need." Reardon also described a Partnership program called the Employment Transportation Assistance Program (ETAP), which is designed to help low-income working residents keep working by helping them with their transportation needs. Fulton County's economy depends largely on the financial fortunes of its largest employer, JLG Industries. Due to JLG layoffs, Fulton County has in the past gone from having the state's lowest unemployment rate to the highest unemployment rate. "Thanks to the clear picture presented by the ACS data, the Partnership was able to justify an increase in funding for the ETAP Program in the fiscal year 2000-2001 from $6000 to $60,000 each year. A funding increase for ETAP was denied for 1995-1996 because we could not demonstrate a need for increased funding with the data that was available."

The Bronx has served as a test site for the ACS, and Salvo testified that "comparisons between the ACS and the decennial census in the Bronx show that the ACS was more effective in collecting vital socioeconomic information than the 2000 Census." Salvo discussed the glaring need for up-to-date data in the aftermath of the September 11 attacks. The Bronx ACS pilot aside, "we have no means to update the picture. The 2010 decennial census data…will not be out until 2013." Salvo discussed the severe consequences that outmoded data can have for those teetering on the brink of poverty: For "families that are economically marginal, small changes in the economic cycle can put them below the poverty line. Addressing the needs of the population below poverty is a critical mission for all local governments…Without an idea about the current distribution of poor persons, it becomes virtually impossible for local agencies to intercede effectively to buffer the impacts of an economic slowdown through investments in programs aimed at enhancing job skills, such as education and job training."

In these challenging economic times, local governments are being asked to do more with less. From the perspective of the community development practitioner charged with administering the CDBG program at the local level, the ACS could have positive consequences in at least two areas. First, timely data facilitates effective planning. Reliable, current data will allow community development agencies to target limited resources to those low- and moderate-income neighborhoods, families, and individuals that need them most. As Salvo pointed out in his testimony, "What we do not have in dollars, we must at least partly make up for with wise decisions." The second benefit would come in the form of annual CDBG allocations that better reflect the current statistical realities in grantee communities. Every ten years, many grantees must absorb substantial drops in their CDBG allocations due to the infusion of new data from the decennial census. The ACS could ameliorate these shocks to the system, since annual data would allow communities to monitor closely any significant declines or increase in formula factors over time and plan accordingly.

A September 2002 study commissioned by HUD (available in PDF format at http://www.huduser.org/publications/pdf/ACS_FINAL_REPORT.pdf) examined the impact of the ACS on the "most important HUD applications," including CDBG, HOME, and ESG. Although the study points out several areas in which integrating ACS data into funding formulas could prove challenging, it concludes that "none of the issues is sufficiently serious to call into question the superiority of the ACS over the long form for formula allocation purposes." Unfortunately, certain statutory requirements could prevent HUD from using annually produced ACS data. Once the ACS is fully implemented, data for jurisdictions with populations less than 20,000 will be produced only on a five-year moving average basis. Data for jurisdictions with populations between 20,000 and 65,000 will be produced on both a three-year and five-year moving average basis. For jurisdictions over 65,000, data will be produced on an annual, a three-year moving average basis, and a five-year average basis. Section 102 of the CDBG statute requires that each formula factor be calculated for all recipients "referable to the same point or period of time." Since some central cities within metropolitan areas have populations below 20,000, the statute would seem to require that HUD use only the five-year moving average data for all jurisdictions, even though annual data would be available for a substantial portion of all grantees. That statute also prohibits the use of ACS data in the CDBG formula until 2008, since that is the first year that five-year moving averages will be available for all communities. Deciding whether to recommend and pursue a statutory change that would allow HUD to use the most current ACS data available for each individual grantee will be an important policy decision for NCDA and its members in the coming years.

NCDA NOTES

NCDA REQUESTS THAT MEMBERS SEND IN CONFERENCE AND TRAINING FEES ASAP

The end of NCDA's fiscal year is fast approaching - June 30, 2003! Therefore, we request that all payments for outstanding membership dues, training and conference fees, as well as payments for National Community Development Week promotional items be received by NCDA not later than June 27, 2003 so that all monies can be attributed toward the current fiscal year. Thank you. If you have any questions or need additional information, please contact Karen Parker via e-mail or at (202) 293-7587.

NATIONAL COMMUNITY DEVELOPMENT WEEK MERCHANDISE AVAILABLE

Although National Community Development Week may, technically, be over, NCDA members can still purchase promotional items. Please see the attached list of these item. Items will be delivered on a first come, first served basis. So, don't miss out, and fax in your orders NOW!!!

JOB ANNOUNCEMENTS AND ATTACHMENTS

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

- Updated Annual Conference Agenda
- Regulatory Barriers Clearinghouse Brochure
- Letter to Steve Redburn, OMB
- CD Week Items

FY 2003 HUD PROGRAM FUNDING

Program	FY 2002 Enacted	FY 2003 President's Request	FY 2003 Enacted	FY 2003 (-).65% Cut
Community Dev Fund (CDBG)	$5.0 billion	$4.732 billion	$4.937 billion	$4.9049 billion
Set-asides:				
Indian Block Grant	$70 million	$73 million	$71 million	$70.5385 million
Housing Asst. Council	$3 million	$3 million	$3.3 million	$3.2785 million
Nat. Am. Indian Council	$3 million	$2 million	$2.4 million	$2.3844 million
Tribal Colleges/Univ.	$3 million	$3 million	0	0
Wellstone Comm. Center	0	0	$9 million	$8.9485 million
Capacity Building-NCDI	$29 million	$30 million	$32.5 million	$32.287 million
Section 107	$43 million	$39 million	$49.1 million	$48.780 million
Technical Assistance	0	$3 million	0	0
EDI Spec. Purpose Grts.	$294 million	0	$261 million	$259.303 million
Youthbuild	$65 million	$65 million	$60 million	$59.610 million
Neighborhood Init. .	$42	0	$42.1 million	$41.826 million
Self Help Housing	$22 million	$65 million	$25.25 million	$25.233 million
Habit for Humanity	[$4 million]	[$5 million]	[$4 .25million]	[$4.222 million]
National Hous. Dev.	$5 million	0	$5 million	$4.967 million
National La Raza.	$5 million	0	$5 million	$4.967 million
Hawaii Homeland	$10 million	0	0	0
Working Capital Fund	$14 million	$3 million	$3.4 million	$3.3379 million
Colonias Gateway Init.	0	$16 million	0	0
Section 108 Credit Limit	{$609 million}	{$275 million}	{$275 million}	{$273.2 million}
*Section 108 Operating	$15 million	$7 million	$6.325 million	$6.283 million
Total Set-asides	**$659 million**	**$303 million**	**$569 million**	**$565.371 million**
Net Formula Allocation	***$4.341 billion***	***$4.429 billion***	***$4.368 billion***	$4.339 billion
HOME	$1.846 billion	$2.084 billion	$1.925 billion	$1.9124 billion
Set-asides:				
Downpayment Assist.	$50 million	$200 million	$75	$74.512 million
Housing Counseling	$20 million	0	$40 million	$39.740 million
Information Systems	$17 million	$1 million	$1.10 million	$1.0928 million
TA	$12 million	$12 million	$12 million	$11.922 million
Total Set-asides	$87 million	$213 million	$128.1 million	$127.267 million
Net Formula Allocation	***$1.747 billion***	***$1.871 billion***	***$1.7969 billion***	***$1.7851 billion***
Homeless grants	$1.123 billion	$1.130 billion	$1.225 billion	$1.217 Billion
Set-asides	$ 119 million	$ 7 million	$ 221.1 million	$ 219.6 million
Total Homeless Grants	***$1.00 billion***	***$1.123 billion.***	***$1.0039 billion***	***$997.374 million***
Housing Certificate Fund	$15.641 billion	$17.527 billion	$17.223 billion	$17.111 billion
Brownfields	$25 million	$25 million	$25 million	$24.837 million

Program	FY 2002 Enacted	FY 2003 President's Request	FY 2003 Enacted	FY 2003 (-).65% Cut
Smart Growth	0	$25 million	0	0
HOPWA	$277 million	$292 million	$292 million	$290.102 million
Rural Housing and Economic Dev.	$25 million	0	25 million	$24.837 million
Public Housing Capital Fund	$2.843 billion	$2.843 billion	$2.730 billion	$2.7122 billion
Public Housing Operating Fund	$3.5 billion	$3.530 billion	$3.6 billion	$3.577 billion
HOPE VI	$574 million	$574 million	$574 million	$570.269 million
Section 202 Elderly	$783 million	$783 million	$783 million	$777.910 million
Section 811 Disabled	$241 million	$251 million	$250 million	$248.375
Lead Hazard Control	$110 million	$126 million	176 million	$174.856 million
EZ/EC	$45 million	0	$ 30 million	$29.805 million

[ ] included in NCDI amount
** Not classified as a set-aside*

For a complete list of the CDBG set-asides, go to the NCDA web site, click on Important Links and go the Thomas Congressional site. Click on Congressional Record Text. Go to the search window and type in: H707-1276. This will get you to a page that shows the Congressional Record. Go to the House of Representatives section and click on H707-1276. This will direct you to a page that shows the Conference report. Click on Conference Report. Scroll down to page 1240. This begins the section where you find CPD programs. Pages 1240-1252 are the set-asides.