NCDA
WASHINGTON REPORT

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NCDA Executive Symposium (Updated Agenda): September 24-27, 2003– Hilton Head, SC
CDBG Basics: Training for Practitioners: September 22-24, 2003– Hilton Head, SC (Closed)

FEATURED ARTICLES

- ***Senate Appropriations Committee Passes VA/HUD Bill***
- ***HUD News: HUD's Notice on Local Performance Measurement Systems; HUD Seeks More Grantees for a ConPlan Improvement Initiative Pilot***
- ***NCDA Notes: CDBG Basics: Training for Practitioners Course in Hilton Head is Closed!!***
- ***Job Announcements/Attachments***

SENATE APPROPRIATIONS COMMITTEE PASSES VA/HUD SPENDING BILL

The Senate Committee on Appropriations completed its mark-up of S 1584 – The FY04 VA-HUD-Independent Agencies bill – on Thursday, September 4. The bill now awaits full Senate approval. The House approved its version on July 25 [see the August 1st edition of the *Washington Report* for full details of the House bill].

In this tough budget year, HUD's programs did exceptionally well, particularly the programs our members administer, CDBG and HOME. Thanks to all of you who contacted – or visited – your congressional members to seek increases in these programs. Even though both the House and Senate have recommended an increase in formula funding for CDBG, we are deeply concerned that the set-asides proposed in both chambers could, in the end, reduce the formula allocation. **Please contact your congressional members on the House and Senate VA-HUD-IA Appropriations Committees immediately to seek at least $4.5457 billion in formula funding for CDBG in FY04, the level proposed by the Senate.**

CDBG

The Senate Appropriations Committee approved $4.950 billion for the Community Development Fund. Of this amount, the Committee provided $4.5457 billion for formula grants for the Community Development Block Grant (CDBG) Program. This is an increase of $71 million above the House-approved level of $4.5386 billion, and $206.7 million above last year's level of $4.339 billion in formula grants. Set-asides under the program were down from last year. Under CDBG last year, set-asides totaled $565 million. This year, the House approved $420 million in set-asides, while the Senate Appropriations Committee approved $404 million. The House approved $137.5 million in EDI set-asides for FY04, while the Senate Appropriations Committee has recommended roughly the same number, $140 million. Unfortunately, the House and Senate EDI set-asides will likely be combined during conference committee, creating a possible total of $277.5 million in EDI set-asides, an increase of $18.2 million from last year. If this occurs, the formula allocation for CDBG in FY04 could be as low as $3.978 billion, if the House proposal of $4.5386 billion minus set-asides of $560 million (this includes the EDI set-asides proposed by both the House and Senate) prevail. **We cannot let this happen. Again, contact your congressional members on the House and Senate VA-HUD-IA Appropriations Subcommittees and ask them to seek at least $4.5457 billion in CDBG formula funding.** Please see the chart at the end of the newsletter for information on the other set-asides within CDBG approved by the Senate Committee.

Unfortunately, we were not successful in convincing Congress to provide technical assistance funds for CDBG. For the past several years, we have been seeking $3 million in TA for CDBG. We will keep trying, but also implore you to continue to contact your congressional members to seek this funding in next year's budget. This funding is needed to provide ongoing training to new and seasoned administrators of the program.

We were successful in convincing the Senate to provide $6.325 billion for the Section 108 loan guarantee program. The House did not provide any funding for the program, so we will continue our push to ensure that the Senate level holds during conference committee. Again, we need your help in this effort. **We ask that you contact your congressional members on the House and Senate VA-HUD-IA appropriations subcommittees immediately to voice support for the Senate level of $6.325 billion, particularly if you have an upcoming 108 project that you need funded.**

HOME

The Senate Committee on Appropriations recommended $1.975 billion for the HOME program in FY04, $89.1 million less than the House approved level of $2.0641 billion. Of the $1.975 billion approved by the Senate Committee, $1.867 billion is provided in formula funding for the program. This is a slight decrease of $12 million below the House approved level of $1.879 billion in formula funding, but an increase of $81.9 million above last year's formula allocation of $1.7851 billion. The Senate recommended set-asides under the program total

$108 million and include $40 million for housing counseling, $50 million for the President's American Dream Downpayment Initiative, and $18 million in technical assistance. The House recommended set-asides under the program total $185.1 million and include $40 million for housing counseling, $125 million for the President's American Dream Downpayment Initiative, $18 million in technical assistance, and $2.1 million for HUD's Working Capital Fund. **Please contact your congressional members on the House and Senate VA-HUD-IA appropriations subcommittees immediately to voice your support for at least $1.8791 billion in formula funding for HOME in FY04, the level recommended by the House.**

Homeless Assistance

The Senate Committee approved $1.325 billion for HUD's homeless assistance programs. Of this amount, $194 million is provided to fully fund all expiring Shelter Plus Care renewals on an annual basis. Of the $1.325 billion, the Committee set-asides $12 million for technical assistance and management information systems.

As in previous years, the Committee has included the following authorizing provisions: (1) a minimum of 30 percent of the funds appropriated must be allocated to permanent housing; and (2) all funds awarded for services must be matched by 25 percent in funding by each grantee. In addition, the House approved the following authorizing provisions: (1) all homeless programs funded through HUD must coordinate their programs with mainstream health, social services and employment programs, and (2) allows grantees two years for obligation of funds, except for the SRO program.

Other Program Areas

Lead Hazard Reduction

The Committee approved $175 million for lead-based paint hazard reduction and abatement activities. Of this amount, $10 million is set-aside for HUD's Healthy Homes Initiatives, the same amount as last year. HUD uses these funds to identify and address other housing-related illnesses, such as black mold, asthma causing pathogens, etc. The Committee also approved $50 million for the Lead Hazard Reduction Demonstration Program, the same amount as last year. NCDA and NACCED worked hard to have this program implemented last year as part of the Senate VA-HUD appropriations bill. We are glad to see the Senate recommend funding for this program again this year. The House, however, has not recommended funding for the program. This competitive program provides grants to cities and counties for lead-based paint abatement, inspections, risk assessments, relocation costs, and interim controls. **Please ask your congressional members on the House and Senate VA-HUD-IA appropriations subcommittees to seek $50 million for the Lead Hazard Reduction Program in FY04.**

Brownfields

The Senate Committee on Appropriations approved $25 million for the Brownfields program, the same level approved by the House. The President had recommended no funding for this program in FY04.

Empowerment Zones/Enterprise Communities

Like the Administration, the Senate Committee has proposed the elimination of this program in FY04. The House has recommended $15 million for the program in FY04. Last year, the program was funded at $29.8 million. The Senate Committee wants to see the program funded as a mandatory item [tax item] from the Senate Finance Committee. The Committee does note, however, that it "remains concerned over accountability in this program and notes that the HUD Inspector General has been critical about how many communities have implemented this program and used EZ funds."

HOPWA

The Senate Committee on Appropriations approved $291 million for the Housing Opportunities for Persons with AIDS program, the same level approved for the program in FY03. Of this amount, the Senate Committee provides up to $3 million for training, oversight, and technical assistance, while the House proposes $2 million for these activities. The Committee's recommended level is $7 million below the House approved level of $297 million.

HOPE VI

While the Administration proposed elimination of this program in FY04, both the House and Senate have rallied to provide some funding for the program this year. The House approved $50 million for the program, while the Senate Committee approved $195 million. The program was funded at $570 million in FY03. The Committee sunsets the program as of September 30, 2006. The Senate Committee noted in its VA-HUD appropriations report that, "This is an important program that has revitalized many distressed properties as well as being the anchor for the revitalization of many communities in which these properties are located. The Committee expects the Department to identify those practices used by PHAs that have successfully implemented the HOPE VI program and either work to extend the HOPE VI program or develop appropriate alternative authorities that will continue the efforts of PHAs to develop mixed income /public housing developments that can continue to anchor the redevelopment of their communities. The Committee stresses the importance of a meaningful reauthorization process, and urges the Department to work with the appropriate authorizing committees to make HOPE VI or a successor program a meaningful program for the future."

Fair Housing and Equal Opportunity

The Senate Committee recommended $50 million for HUD's fair housing programs, including $23 million for the Fair Housing Assistance Program (FHAP) and $27 million for the Fair Housing Initiatives Program (FHIP). FHAP helps State and local fair housing agencies implement title VIII of the Civil Rights Act of 1968, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of brokerage services. FHIP provides funds to public and private organizations to assist in eliminating or preventing discrimination in housing.

Working Capital Fund

The Committee recommends $240 million for HUD's Working Capital Fund, the same level approved by the House. This is $36.3 million below the Administration's request and $34.5 million below last year's funding level. This Fund finances information technology and office automation initiatives within HUD, including IDIS.

Emergency Food and Shelter Program

Like the House, the Senate rejected the Administration's proposal to transfer the Emergency Food and Shelter Program to HUD. Instead, both chambers have recommended that the program remain at FEMA, which is now part of the Department of Homeland Security.

Housing Certificate Fund

The Committee recommended $18.4 billion for HUD's Housing Certificate Fund, including $4.2 billion as an advance appropriation. This is the same amount approved by the House, and an increase of $1.3 billion above last year's level of $17.1 billion. This account provides funding mainly for the section 8 programs, including tenant-based and project-based rental assistance. Like the House, the Committee rejected the idea of block granting HUD's Section 8 programs, as recommended by the Administration.

Public Housing Capital Fund

The Committee approved $2.641 billion for HUD's Public Housing Capital Fund, a decrease of $71.244 million from last year's level of $2.712 billion and the same level approved by the House for FY04. Like the House, the Senate Committee rejected the Administration's Public Housing Reinvestment Initiative, a proposal to privately finance the capital needs of public housing with section 8 funds. The Senate Appropriations Committee did set-aside $125 million for grants and credit subsidy to support a public housing capital loan guarantee program.

Public Housing Operating Fund

Like the House, the Committee approved $3.6 billion for HUD's Public Housing Operating Fund, the same level approved for the program in FY03.

Rural Housing and Economic Development

The Senate Committee on Appropriations approved $25 million for HUD's Office of Rural Housing and Economic Development. This is the same level approved by the House. This funding is awarded competitively to Indian tribes, State housing finance agencies, State community and/or economic development agencies, local rural non-profits and community development corporations to support innovative housing and economic development activities in rural areas. The President had recommended no funding for this line item in his FY04 budget.

Housing for Special Populations

Like the House, the Committee consolidates HUD's Section 202 Program for the Elderly and the Section 811 Program for the Disabled into one account. The Committee approved $1.03 billion for the account. Of this amount, $783.2 million is provided for the section 202 program, which provides capital grants to private, non-profit organizations to finance the acquisition, rehabilitation or construction of housing intended for low-income elderly people and $250.5 million is provided for the section 811 program, which provides capital grants to private, non-profit organizations to finance the acquisition, rehabilitation or construction of supportive housing for the disabled and also provides project-based rental assistance to support operational costs for the units. The House has approved $773 million for Section 202 and $250 million for Section 811. Last year, the Section 202 program was funded at $778 million, while the Section 811 program received $248.3 million.

HUD NEWS

HUD RELEASES NOTICE ON LOCAL AND STATE PERFORMANCE MEASUREMENT SYSTEMS

On September 3, HUD released Notice: CPD – 03-09

SUBJECT: Development of State and Local Performance Measurement Systems for Community Planning and Development (CPD) Formula Grant Programs.

This notice is part of HUD's and the rest of the Federal Government's effort to comply with the President's Management Agenda, which has determined that federal funds and programs should be in administered in a more results-oriented fashion. In the case of HUD/CPD**,** this means that programs are to be more productive and provide a measurable level of impact, i.e. change and improvement on conditions that lead to the need for federal funds. In the case of HUD/CPD funds, programs must measure impact and allow for flexible, locally driven programs and activities based on identifiable needs determined through a public process.

Points

- The notice makes it ***very clear*** that its purpose is ***not to require*** grantees to develop and use a performance measurement system, but emphasizes that measuring performance is critical in formula-based programs.

- The notice discusses how the ConPlan improvement project, the modernization of IDIS and the development of local performance measurement systems are interconnected and will proceed on a time-path that should see completion and integration of all three tracts.

- The notice specifically details how its message is an attempt to comply with the President's Management Agenda, which in essence, calls upon the grantees to design the system– in this case a performance measurement system that tells HUD in yet another way how and on what we are spending CPD funds.

- The notice goes into great detail spelling out how a performance measurement system can be a beneficial program management tool for the locality. It also identifies (without requiring) some measures that grantees can use in determining program performance, and explains that if there are other measures that are better suited to an individual program, then it would be acceptable to use these alternative measures.

Background

NCDA, NAHRO, NACCED, and COSCDA have been working with HUD to determine what a performance measurement system should look like, and to ensure that grantees will not be forced to tailor programs to fit a "cookie cutter" model in order to receive high performance ratings. All the groups understand the need for reporting on performance and support using funds from the four formula programs to pay for the improvements IDIS needs to accommodate the new data. However, we don't want to be forced to undertake activities that HUD or OMB determine to be more relevant than the grantees determine them to be. We also want HUD to follow through on the modernization of IDIS so that when grantees get to the point where they are reporting on program performance, there is a reliable mechanism in place that is able to generate meaningful performance data based on what the grantees have entered into the system.

We also support the notion that if HUD requires reporting on performance measures, all CPD grantees and programs must be required to report at the same time. We don't want a repeat of what happened with the CDBG program, when grantees were allowed to enter accomplishments into IDIS at the end of the program year instead of during the program like the HOME program requires. We are still recovering from that fiasco and according to HUD, the data that measures outputs within the CDBG program is still not at the level it should be.

The groups overwhelmingly agree that HUD should focus its efforts in getting the best ***output*** data to show Congress, locally elected officials, the general public and lastly OMB, just what CDBG, HOME, ESG and HOPWA are doing in communities all across American. We believe that this kind of output data is more valuable than perceived changes in people's lives or in the general conditions of neighborhoods. An enumeration of how many housing units were assisted with HOME dollars, either through rehab, downpayment assistance or rental assistance is great data. Counting the number of jobs and cost per job gained through a business loan is meaningful in measuring the increase in number of jobs attributable to CDBG opposed to what happened to those persons who got the jobs and how they now feel about being employed.

The next position shared by all the interest groups is that a standardized measurement system is not realistic for the CDBG program. There are many reasons that can be cited to prove this. First, there are too many eligible activities. Second every program is different and focuses on different community needs. Lastly and probably most importantly, how is it possible to accurately measure the impact of CDBG funds on individuals, neighborhoods and communities, if we are to consider only the CDBG funds and perhaps those funds that are directly leveraged for these projects? Can we be certain that CDBG played a part in reducing crime because of a neighborhood revitalization project? Do we know for a fact that the housing rehab program in conjunction with the neighborhood revitalization program caused kids to stay in school? Of course the answer to these questions is oftentimes "No." There can be any number of factors, inputs, and influences that cause change in people's lives, in their neighborhoods, and cities besides CDBG or CPD funds.

Because the groups agree that a standardized measurement system is not realistic, a direct correlation is that performance measurement data cannot be aggregated for the CDBG program as a whole because indices are different for every region of the country: High cost areas versus low cost areas, big cities versus smaller cities, percentage of CDBG funds to city budgets, etc. It is almost impossible to determine on a national level the impact that CPD funds have on individuals, absent of every other possible factor (including other federal funds from other programs) that could cause change.

The problems that are identified above are the reasons that performance measurement for these programs, in terms of outcomes versus outputs, has taken so long to be incorporated into the data gathering exercises that localities are accustomed to. Congress recognizes this, as does HUD along with the grantees. However, it is OMB that is leading the charge to force HUD as and other federal agencies to develop a new system that will demonstrate good program performance and accountability.

Other Thoughts to Consider

There is a raging debate between and amongst interest groups, HUD, and OMB over whether the entire performance measures exercise will take us where we want to go. The mystery remains, however: Where do we want to go? This is the question that needs to be answered. Do we as interest groups and individual grantees want to support HUD in its efforts to comply with the President's Management Plan, a plan that is spearheaded by OMB, which truly does not get what we do? Is it worth the effort to appear to be cooperative by cataloging "bogus" data, knowing full well that we cannot possibly prove a causal relationship between a jump in a locality's tax base or a reduction in crime rates, reduction in teen pregnancy rates, or an increase in graduation rates and CPD programs? If the answers to any of these questions is "yes," what is the benefit to grantees and the people we are trying to help? Will "good performance ratings" ensure that the Administration will be satisfied that these formula programs deserve to be maintained, that they really have value and the nation would be significantly worse off without them? Probably not. This debate will undoubtedly rage on. Whatever happens in terms of performance measures, having good data is the ultimate goal. Being able to show the nation the great work we do, in a way that makes the most sense to everyone, can only benefit these programs, our cities and the people we serve.

HUD ASKS MORE CITIES TO PARTICIPATE IN THE CONPLAN STREAMLINING INITIATIVE

As part of the Consolidated Plan Improvement Initiative, HUD isconducting a number of pilot rograms in an effort to "develop, test, and evaluate strategies, methods, and models on components of the existing Consolidated Plan for possible implementation to streamline it, make it more results-oriented, and make it more useful to communities."

HUD is still actively seeking participants for one of these pilots. This pilot proposes to coordinate the ConPlan (or at least components of the ConPlan) with the PHA Plan, including submission dates. A description of the pilot is outline below. If your community would be interested in participating, please contact HUD CPD Policy Director Nadab Bynum at (202) 708-0614, ext 4630 or at: nadab_bynum@hud.gov

Pilot No. 6: Coordinate ConPlan and PHA Plan
Focus: Consolidated Plan Document and Performance Reporting

Purpose:

To allow grantees who also submit PHA plans with the same program-year start dates to submit both plans at the same time. To coordinate other aspects of the process, such as consultation, data sharing, and citizen participation.

Pilot Description:
Certain grantees must submit both a ConPlan and PHA Plan to HUD. Although these plans can have different formats and submission dates, they often contain similar data and information on programs designed to assist similar client groups. The goal of this pilot is to allow grantees that have to submit both plans, to follow the same schedule for the public review process and submission. The pilot group would consist of one or more grantees whose ConPlan and PHA Plan have the same program-year start date.

CPD agrees to coordinate with PIH to revise submission requirements and develop a consolidated template that these grantees could use to meet ConPlan requirements. The template would include check boxes and other simplifications modeled after the existing PHA Plan template. Because it is important that HUD does not mandate a one-size-fits-all approach, each template developed for the pilot would contain the minimum requirement for the communities to build upon. For example, participating grantees would be free to add additional text or material to meet local needs, including innovative citizen participation strategies.

NCDA NOTES

CDBG Basics Training for Practitioners in Hilton Head is Closed!!!

If you have not registered for the CDBG Basics Training in Hilton Head, South Carolina, you will not be able to participate in this course. The course is full and registration is closed.

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

- HUD/CPD Performance Measures Notice
- HOME Training Info: Region I and Region VI

FY 2004 HUD BUDGET

Program	FY 2003 Enacted (Includes Recision)	FY 2004 President's Request	FY 2004 Passed the House	FY 2004 Senate Appro. Committee
Community Dev Fund **(CDBG)**	$4.9049 billion	$4.732 billion	$4.959 billion	$4.950 billion
*Section 108 Credit Limit	$273.2 million	$0	$0	*$275 million
Section 108 Operating	{$6.283 million}	$0	$0	{$6.325 million}
Set-asides:				
Indian Block Grant	$70.5385 million	$73 million	$72 million	$72.5 million
Housing Asst. Council	$3.2785 million	$3 million	$3.3 million	$3.3 million
Nat. Am. Indian Council	$2.3844 million	$2 million	$2.4 million	$2.6 million
Tribal Colleges/Univ.	$0	$3 million	$0	$0
Wellstone Comm. Center	$8.9485 million	$0	$0	$0
Capacity Building-NCDI	$32.287 million	$30 million	$33.25 million	$35.5 million
Section 107	$48.780 million	$38 million	$43 million	$52.5 million
Technical Assistance	$0	$3 million	$0	$0
EDI Spec. Purpose Grts.	$259.303 million	$0	$137.5 million	$140 million
Youthbuild	$59.610 million	$65 million	$65 million	$60 million
Neighborhood Init. .	$41.826 million	$0	$21 million	$21 million
Self Help Housing	$25.233 million	$65 million	$28 million	$12 million
Habit for Humanity	[$4.222 million]	[$5 million]	[$5 million]	$0
National Hous. Dev.	$4.967 million	$0	$5 million	$0
National La Raza.	$4.967 million	$0	$5 million	$0
Hawaiian Block Grant	$0	$0	$9.5 million	[$10 million]
Working Capital Fund	$3.3379 million	$5 million	$4.9 million	$4.9 million
Colonias Gateway Init.	$0	$16 million	$0	$0
Total Set-asides	**$565.371 million**	**$303 million**	**$420 million**	**$404.3 million**
Net Formula Allocation	*$4.339 billion*	*$4.429 billion*	*$4.53865 billion*	*$4.5457 billion*
HOME	$1.9124 billion	$2.197 billion	$2.0641 billion	$1.975 billion
Set-asides:				
Downpayment Assist.	$74.512 million	$200 million	$125 million	$50 million
Housing Counseling	$39.740 million	[$45 million]	$40 million	$40 million
Information Systems	$1.0928 million	$2 million	$2.1 million	$0
TA	$11.922 million	$16 million	$18 million	$18 million
Lead Hazard Demo.	$0	$25 million	$0	$0
Total Set-asides	$127.267 million	$ 243 million	$185.1 million	**$108 million**
Net Formula Allocation	***$1.7851 billion***	***$1.954 billion***	*$1.8791 billion*	***$1.867 billion***

Program	FY 2003 Enacted (Includes Recision)	FY 2004 President's Request	FY 2004 Passed the House	FY 2004 Senate Appro. Committee
Homeless grants Set-asides ***Total Homeless Grants***	$1.217 billion $ 219.6 million ***$997.374 million***	$1.325 billion $ 211 million ***$1.114 million***	$1.242 billion $1.242 billion	$1.325 billion $1.325 billion
Housing Certificate Fund	$17.111 billion	$16.864 billion	$18.431 billion	$18.4336 billion
Brownfields	$24.837 million	$0	$25 million	$25 million
HOPWA	$290.102 million	$297 million	$297 million	$291 million
Rural Housing and Economic Dev.	$24.837 million	$0	$25 million	$25 million
Public Housing Capital Fund	$2.7122 billion	$2.641 billion	$2.712 billion	$2.641 billion
Public Housing Operating Fund	$3.577 billion	$3.574 billion	$3.6 billion	$3.576 billion
HOPE VI	$570.269 million	$0	$50 million	$195.115 million
Section 202 Elderly	$777.910 million	$783 million	$773 million	$783.286 million
Section 811 Disabled	$248.375 million	$251 million	$251 million	$250.515 million
Lead Hazard Control	$174.856 million	$136 million	$130 million	$175 million
EZ/EC	$29.805 million	$0 million	$15 million	$0

[ ] included in Section 107 TA account
() Part of the CDBG Formula, not a set-aside
* *Not classified as a set-aside, Section 108 Loan Authority*