NCDA WASHINGTON REPORT

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SENATOR REED SET TO INTRODUCE HOUSING BILL

Senator Jack Reed (D-RI) plans to introduce legislation this session aimed at creating a national housing production program. NCDA staff have been working with Senator Reed's staff and with members to make refinements to the draft legislation. The bill is expected to be introduced within the next week or so. Unfortunately, the bill has no hope for passage this year, but is still important because it continues the debate on a new housing production program and lays the foundation for discussion on the issue, and possible passage, in the next session. If enacted, the bill still has to overcome the hurdle of being funded. Senator Reed proposes to fund the program with appropriations from Congress. However, with the soaring budget deficit and continued occupation of Iraq and Afghanistan, no new programs are being funded. Budget hawks are seeking funding from any source they can find to reduce the deficit.

The proposed legislation would create a dedicated housing production account within the U.S. Department of the Treasury that will provide a direct formula allocation to States and local governments to develop, rehabilitate, and preserve affordable housing. The funds would be administered by the U.S. Department of Housing and Urban Development (HUD) under the HOME program rules. States would receive 40% of the funds and local governments would receive 60%. The legislation establishes a minimum allocation threshold of $500,000 for local participating jurisdictions, meaning that a jurisdiction must receive at least $500,000 based upon the formula established under this program before they can be allocated funds directly. Grantees would receive a 10% administrative fee.

Focus on Extremely Low-Income Families and Mixed-Income Developments

The primary focus of the bill is to create rental housing for extremely low-income families in mixed-income projects. At least 75% of the funds allocated to a grantee must be used for rental housing for families earning no more than 30% of area median income. These funds can be used to assist families at up to 60% of area median income if a project being assisted is located in a community revitalization area. The remaining 25% of the grant can be used for either rental housing or homeownership for families at up to 80% of area median income. Grantees can use the funds for the following activities: construction of new housing; acquisition; site preparation and improvement, including demolition; rehabilitation; project-based rental assistance for up to 12 months for a unit assisted through this program; the capitalization of an operating fund; and providing incentives to maintain existing housing as affordable and to establish or extend any low-income affordability restrictions for such housing, including covering capital expenditures and operating costs. To ensure that extremely low-income families are incorporated into mixed-income projects, the legislation caps the percentage of extremely low-income rental units that can be assisted in any one project at 33%, unless the project is elderly-only, disabled-only, or located in an area where the poverty rate is less than 15 percent. Furthermore, extremely low-income families cannot be charged more than 30% of their income for rent.

Formula Factors

The legislation establishes a formula different from the HOME program that incorporates numerous factors, including: the number of low-income renters, the percentage of households living in substandard housing, the percentage of households paying more than 50 percent of their annual income for housing costs, the percentage of households that have an income at or below the poverty line, the cost of developing or carrying out rehabilitation of housing, the percentage of housing stock that is extremely old housing (more than 45 years old), the ratio of jobs to housing units in the jurisdiction, the percentage of households on the waiting list for public housing and section 8, and the percentage of households with housing crowding problems.

Reallocated Funds

Any reallocated funds will pooled and distributed through a competitive process to “eligible entities,” defined as a local government; public or private nonprofit or for-profit; regional planning entity; and other organization engaged in the development, rehabilitation, or preservation of affordable housing and “eligible intermediaries,” defined as a community development financial institution; a State, county or local trust fund; a national, regional or State-wide nonprofit organization with demonstrated capacity; LISC; and the Enterprise Foundation.

Remaining Concerns

We have two remaining concerns with the bill: the formula allocation and the requirement that grantees develop an allocation plan. The bill contains a very confusing and not very rational formula allocation scenario. Under the legislation, grantees will receive the *lesser of* the amount allocated to them by the formula or four times the amount of match they are able to collect annually from non-federal sources to be used for this program. Fortunately, the legislation allows a broad range of sources to be used as "non-federal" match, including: Low-Income Housing Tax Credit, Mortgage Revenue Bonds, tax-exempt bond proceeds, CDBG, HOME, project-based voucher assistance, Temporary Assistance for Needy Families (TANF), Rural Housing Assistance, Rehabilitation Tax Credits, Section 202 Elderly Housing Program, Section 811 Disabled Housing Program, HUD's homeless assistance programs, HOPWA, general state revenue, general local government revenue, private financing, and the value of services provided to any housing development assisted with grant funds.

The general state revenue, general local government revenue, and private financing will be weighted more highly than the other sources. Even though this is a very broad match requirement, it is still difficult for many jurisdictions to collect sources for match. Besides the fact that jurisdictions already have to collect match for many other programs, many State and local governments are facing severe budget shortfalls where obtaining match for new programs will be difficult. In addition, many local jurisdictions do not receive some of the sources mentioned above – or the sources are controlled by a separate agency or entity. For example, Section 202 funds are allocated to non-profit agencies. We have asked Reed's staff to incorporate a 25% match into the program, as required under the HOME program, but allow the sources above to be used.

In terms of an allocation plan, each grantee would have to develop a plan that outlines the requirements for eligible entities to apply for funds, the priority housing needs of the community, a certification that the funds will be used in mixed-income developments, and a certification to affirmatively further fair housing. Grantees must provide an opportunity for the public to comment on the allocation plan. Does this process sound familiar? We have asked Senator Reed's staff to incorporate these requirements into the Consolidated Plan process, so that grantees will not have to duplicate their efforts.

SENATE COMMITTEE HOLDS HEARING ON ALPHONSO JACKSON NOMINATION

Acting HUD Secretary Alphonso Jackson, nominated by President Bush to replace former Secretary Mel Martinez as HUD's 13th Secretary, appeared before the Senate's Banking, Housing, and Urban Affairs Committee on February 26. Jackson's first nomination hearing was relatively congenial until Senator Wayne Allard (R-CO) decided to publicly upbraid Jackson and HUD over a perceived lack of willingness to consult with Congress over RESPA reform.

Three Senators testified before the committee in support of Jackson's nomination. Senator Kit Bond (R-MO), Chairman of the VA/HUD Appropriations Subcommittee, said he was "delighted that the President has made such an excellent choice." Bond called HUD a deeply troubled Department with problems in almost every program. These challenges are amplified, Bond implied, by an inadequate FY 2005 budget proposal masterminded by the Office of Management and Budget. Bond stated that in Jackson HUD would be getting a "powerful combination of experience, knowledge, and ability." Senator Kay Bailey Hutchison (R-TX) characterized Jackson as a "recognized leader" who has been active as a member of several boards. Senator John Cornyn (R-TX) hinted that he might have something critical to say about Jackson, but allowed only that the nominee is "not a very good golfer."

In his opening statement, Ranking Member Paul Sarbanes (D-MD) expressed his belief that the position of HUD Secretary may well be one of the most challenging positions in the Cabinet. Despite its past management problems, Sarbanes expressed support for the Department's programs including CDBG, which "helps transform neighborhoods and communities." Sarbanes was critical of the FY 2005 budget's proposed elimination of BEDI, HOPE VI, Section 108, and Rural and Economic Development. Senator Wayne Allard said that as Chairman of the Subcommittee on Housing and Transportation, he follows HUD closely. Somewhat ominously, Allard stated that he is supportive of efforts to "devolve some of HUD's functions and reduce bureaucracy." Allard called the Government Performance and Results Act a powerful tool for gauging long-term effectiveness of programs, and referred specifically to the low Performance Assessment Rating Tool (PART) ratings received by some HUD programs.

During his testimony, Jackson reviewed his background and emphasized his experience in the fields of community development and housing as well as the private sector. In 1977, Jackson became the Director of Public Safety for the City of St. Louis. Jackson also served as executive director for the St. Louis Housing Authority; a director of consultant services for the certified public accounting firm of Laventhol and Horwath-St. Louis; and special assistant to the chancellor and assistant professor at the University of Missouri. Jackson went on to serve as Director of the Department of Public and Assisted Housing in Washington, DC as well as Chairperson for the District of Columbia Redevelopment Land Agency Board. From January 1989 until July 1996, Jackson was President and CEO of The Housing Authority of the City of Dallas, Texas. Before becoming HUD's Deputy Secretary in 2001 Jackson served as the President of American Electric Power-TEXAS, a utility company located in Austin, Texas. Jackson has served on numerous boards and Presidential commissions; a complete listing can be found on HUD's website at http://www.hud.gov/about/secretary/jacksonbio.cfm.

After he finished his prepared statement, Jackson faced more or less benign questioning from a handful of committee members. Chairman Richard Shelby (R-AL) pressed Jackson to provide an update on the hiring situation within HUD's manufactured housing office since Congress had recently agreed to temporarily lift the hiring ceiling in an effort to help HUD address staffing shortfalls. After some brief back and forth, Jackson conceded that HUD had done very little to address this particular personnel shortage. Shelby also asked about the Administration's continued insistence on eliminating funding for HOPE VI. Jackson claimed to have been involved in writing the original authorizing legislation for the program, but argued that the program has not been successful because out of the over 200 programs that have been funded, only 21 have been completed. "Do we continue to fund programs that are not efficient and effective?" Jackson asked.

Sarbanes asked Jackson about a 2002 HUD decision allowing Section 8 owner refinances to opt out of affordability restrictions. Sarbanes said this decision could affect up to 100,000 affordable housing units and wanted to know whether Jackson thought the nation could afford to lose that many affordable units. Jackson said that whatever the Department's position may have been in the past, he believes "we can't afford to lose these units." Sarbanes also wanted to know why no guidelines had been issued regarding the ability to use up to 25% of Section 811 funds for tenant-based rental assistance. Jackson said he would get an answer. Sarbanes went on to criticize the Administration's proposal to block grant the Section 8 program, asserting that the FY 2005 budget proposal would immediately create a $1.7 billion shortfall and cause funding for the program to spiral downward over time. Jackson defended the proposal and insisted that the budget's funding level is adequate to address existing need.

At this point, it was Allard's turn to question Jackson, and the hearing's only serious fireworks began. Allard began his questioning by stating that he would "like to hear just briefly what you view as the relationship between the Congress, and HUD for example, or the Executive Branch, and what you feel are the proper roles for each."

Jackson:

"Senator, I have a very simple answer to that. I believe that Article 1, Section 7 says that Congress is the appropriators, and our relationship with them is that they appropriate the funds that are necessary for us to carry out the responsibilities you have given us, the guidelines to carry out. And that is the mission at HUD, to provide decent, safe, and sanitary housing, and if we do not carry out that mission, we're not carrying out the edict that you've set for us to do."

This was clearly not the answer for which Senator Allard had hoped. Allard asked Jackson a series of questions concerning the input HUD had received from Congress during the comment periods associated with HUD's recently issued rule on RESPA reform. At every stage of the rulemaking process, it was clear that nearly every member of Congress that commented on the rule was opposed to the direction in which HUD seemed to be heading. Jackson was unable to cite any examples of members of Congress expressing support for the RESPA rule as it was being formulated.

Allard:

"I do have some concerns about HUD being responsive to members of Congress. The most controversial thing is…HUD's RESPA proposal…I for one find this situation incredible. In taking on RESPA reform, HUD managed to come up with a proposal that was unanimously opposed by industry and consumer groups. I can't fathom…the arrogance of an agency that yet again is blatantly disregarding clear Congressional direction. As evidenced by the response to my question, there is no room for ambiguity in Congressional opinion of the direction in which HUD is headed. So why does HUD persist? Do you believe that HUD is not accountable to the Congress, or do you somehow believe that HUD has judgment superior to that of Congress? As Chairman of the Housing Subcommittee, I take my responsibilities as an authorizer very seriously, and I fail to understand why you would believe it appropriate for me or any of my colleagues to concede that power to the Department. HUD is a troubled agency and merits very careful scrutiny and an extremely high threshold of Congressional accountability. Unfortunately I have not seen any evidence of such understanding, and in fact, quite the opposite. HUD continues to press forward with the RESPA proposal and thumb its nose at Congress. At a very minimum, HUD must have leadership that clearly understands the Constitutional framework in which it is charged with implementing the laws written by Congress, not in implementing its own version. There is no uncertainty in this, and in continuing to move forward, HUD has

demeaned the Congress as an institution and belittled the Constitutional process. As a result of the concerns I have raised here today and the answers I have received on those concerns, ***I will be unable to support this nomination at this time****, Mr. Chairman.*"

After finishing his comments (which had clearly been prepared ahead of time), Allard suggested that Jackson be given the chance to respond. Jackson's only reply was "No thank you. I understand." After a few moments of silence, Chairman Shelby ended the exchange by saying, "I think Mr. Jackson got the message."

Senator Tom Carper (D-DE) used his time to discuss Section 8 reform and expressed some openness to the idea that the program might do more to foster self-sufficiency. The Senator asked Jackson to compare the Administration's proposal to block-grant Section 8 to the welfare reforms brought about by the Temporary Assistance to Needy Families (TANF) act. Jackson stated that something must be done to restrain the Section 8 program from consuming an ever-greater percentage of the overall HUD budget. Somewhat incredibly, Jackson argued that "Even if we allocated $40 billion more, we would still have a problem." (Undoubtedly local governments and the public interest groups would be thrilled to test that theory.) After some additional comments in that vein, Senator Carper said, "That's an eloquent statement. I'm not sure it answers my question." Senator Sarbanes chimed in, "We've been handed a budget cut and seem to be searching for a policy rationale."

The Committee then dismissed Mr. Jackson and went into recess. We have not yet received any information on the next steps in Jackson's nomination or what consequences Allard's opposition might have for it.

HUD ISSUES A FOLLOW-UP FAITH-BASED PROPOSED RULE

Mere months after publishing a controversial final rule reflecting President Bush's 2002 Executive Order, HUD has issued a new proposed rule on the "Equal Participation of Faith-Based Organizations." The new rule appears in the March 3 *Federal Register* and is intended to "implement executive branch policy that, within the framework of constitutional church-state guidelines, faith-based organizations should be able to compete on an equal footing with other organizations for Federal funding."

The proposed rule seeks to add a new § 5.109 to HUD's regulations in 24 CFR part 5, subpart A. The place of the new section is intended to ensure "the broadest application of the faith-based requirements of Executive Order 13279." In other words, the proposed rule appears to put Department-wide language in place, whereas the previous final rule was more concerned with codifying polices and requirements on a program-by-program basis.

Specifically, the proposed rule clarifies that "faith-based organizations are eligible, on the same basis as any other organization, to participate in HUD's programs and activities." The language is intended to make clear that HUD "programs and activities" include not just programs that provide direct funding, but also programs that involve other forms of benefit or resources even in the absence of direct funding. The proposed rule states that organizations receiving direct HUD funds under a HUD program or activity may not engage in inherently religious activities as part of the programs or services funded. If an organization conducts such activities, the activities must be offered separately, in time or location, and participation must be voluntary for the beneficiaries of HUD-funded programs, activities, or services.

The proposed rule also clarifies that "a faith-based organization's exemption from the Federal prohibition on employment discrimination on the basis of religion…is not forfeited when the organization participates in a HUD program." In other words, as long as an organization receiving HUD dollars claims to be a faith-based organization, it is free to discriminate in its hiring practices on the basis of religion. We remain deeply troubled by this exemption, since in the original final rule, HUD declined to create any definitions or guidance designed to assist grantees in determining which organizations are legitimate faith-based organizations. The proposed rule does clarify, however, that faith-based organizations must comply with any other applicable fair housing and/or nondiscrimination requirements.

The proposed rule includes similar language to the final rule when it comes to the acquisition, construction, and rehabilitation of structures. The proposed rule also discusses the commingling of Federal funds with State or local dollars. If a State or local government chooses to contribute its own funds to supplement federally funded activities, the State or local government has the option to segregate the Federal funds or commingle them. If the funds are commingled the requirements of proposed § 5.109 will apply to all of the funds. Matching funds provided by State and local governments, if required to supplement federal funds, are considered commingled with the Federal assistance and would therefore be subject to the requirements of the proposed § 5.109.

The proposed rule also clarifies that the amendments made by HUD's September 30, 2003 final rule apply to the State CDBG Program. The comments due date for the proposed rule is May 3, 2004.

THE FUTURE OF CDBG QUESTIONED: THE PROGRAM CONTINUES TO BE A TARGET

August 22, 2004 will mark the 30th anniversary of the signing of the Housing and Community Development Act of 1974 by President Gerald R. Ford. With more that $100 billion expended in cities across the nation, hundreds of thousands of jobs created, hundreds of thousands of homes built and rehabilitated, miles upon miles of streets, sidewalks, water and sewer systems constructed, hundreds of thousands of meals provided to seniors, and hundreds of thousands of child care slots made available for working families, we– practitioners and advocates– are still being pressured to defend this program's effectiveness. CDBG created what local community development is in this country today. It is the foundation for virtually all of the development in America's urban centers, for without CDBG dollars many other local, state or federal programs would not be as effective. Just think of the projects and programs that would not have been possible without the funding and flexibility of CDBG.

The program has always had its critics, particularly those who feel that it should be an anti-poverty program. It is a program designed to address the needs of *communities,* as identified by their citizens, with its funding targeted primarily but not exclusively to low- and moderate income persons, those whose incomes are below 80% of the area median income for each community. And, "primarily targeted to" is defined as the local government spending a minimum of 70% of its funds on activities that benefit low- and moderate-income persons. According to HUD's own figures generated by IDIS, CDBG is far exceeding its required targeting. As of FY 2003, 94% of CDBG funds spent were used for activities that benefit low-and moderate-income persons. Even the program's most vocal critics can't argue with those numbers.

The newest challenge to and criticism of the program is coming from members of Congress as well as from the White House. CDBG has had critics throughout its 30 year history, but support from locally elected officials and the clout these leaders have had with members of Congress diminished any and all threats to the program's mission and funding status. In fact, the support of locally elected officials has led to the program's perception as a "sacred cow," a federal program that enjoys guaranteed funding, flexibility and longevity. Now everything about the program appears to be in question. Is it deeply targeted enough? Is it meeting community needs? How is it affecting the quality of life of beneficiaries? How can we measure effectiveness? And, my personal favorite, if the program is 30 years old, why hasn't it finished its directives?

Not since the Reagan administration has such an all-out assault been mounted by the White House (through the Office of Management and Budget) and joined by members of Congress. The program is in trouble.

In 2002 Representative Carrie Meek proposed a bill that would have raised the low-mod targeting from 70% to 80%, virtually eliminating downtown development activities and severely reducing the ability of small, rural communities to construct water and sewer systems. Ms. Meek strongly believed that the program should be more deeply targeted and that cities should be spending more of their CDBG funds on housing-related activities.

In 2003 the President's budget called for reducing by 50% the CDBG allocations for the nation's wealthiest 1% of entitlement communities. The rationale was that these communities had enough resources to use there own funds instead of relying upon federal dollars in the form of CDBG. Also in the FY 2003 budget, the president called for greater accountability and performance and an effort to measure the effectiveness of all federal programs, including HUD programs. The intent of these recommendations is clearly to cut or eliminate the ineffective programs in favor of those that are determined to be effective. CDBG has been rated as ineffective under the Office of Management and Budget's Performance Assessment and Rating Tool (PART). *More about the PART later in this article.*

It is obvious that this administration does not believe the CDBG program should continue in its current form. It is a very large, flexible program with a lot of eligible activities with a client base located in large metropolitan areas. It has been around for a long time and has seen little change. Its effectiveness is hard to measure by OMB's standards, because of its design. Measuring its impact is not an easy task. The PART is better suited to measure the effectiveness of categorical programs, those with few eligible activities, clearly defined target populations, and readily quantifiable outcomes. CDBG is simply not that kind of program..

Back to the PART

If a Community Development Practitioner read OMB's rating of the CDBG program, he or she would certainly see that the rating tool is not equipped to assess block grant programs, ones that are very flexible with many eligible activities, whose citizens– not the federal government– decide how the money should be spent. It is also obvious that the program assessment team does not know the history of the program or how it got to where it is today. For example:

OMB's Question: Is the program's purpose clear?
OMB's Answer: NO

OMB's Explanation: The program does not have a clear and unambiguous mission Both the definition of "community development" and the role CDBG plays in that field are not well defined.

OMB's Evidence: *Throughout CDBG's history there has been ambiguity between flexible, steady funding given to localities and the requirements to benefit low- and moderate-income individuals and neighborhoods. The program's statute cites multiple purposes, but the primary objective of the program is stated as "the development of viable urban communities."In describing the means to achieve this end, the statute includes, "providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." Another purpose was "consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs." HUD will attempt to operationalize a definition or definitions for what represents "viable urban community."*

OMB's Question. Does the program address a specific and existing problem, interest or need?
OMB's Answer. NO

OMB's Explanation. The need to revitalize distressed urban communities certainly exists; however, the CDBG [program] is unable to demonstrate its effectiveness in addressing this program

OMB's Evidence. *CDBG is not well designed to achieve its stated purposed. The program's targeting requirements allow grantees to spread resources thinly, thereby minimizing the ability of the funds to have an impact on its mission of developing communities.*

The CDBG program was rated on all four sections of the PART and received a combined weighted score of 28%. This scores as "ineffective." Much of the language in OMB's PART appeared in the HUD section of the President's FY 2005 budget. And, as recently as yesterday (Thursday, March 4), language appeared in the Senate Budget Resolution asserting that CDBG entitlement funds should be directed to lower income communities.

What does all this mean and how will it impact the 2005 budgetary process?

It means that at least Senator Nickles from Oklahoma is listening to OMB and others who believe that CDBG funds are too much like revenue sharing and not deeply targeted enough. It also means that members of Congress may not agree with the PART rating, but clearly have some concerns that CDBG should be more deeply targeted, with a greater emphasis on more funds going to the poorest communities. Heretofore, NCDA and the rest of the local public interest group community felt that Congress would not take OMB and its PART process seriously, that it would be up to Congress to determine the design and funding level of CDBG. Now, some of the same concerns that have been expressed by OMB are being addressed, in print, by the Chair of the Senate Budget Committee, when it has been the norm for the Senate to be "the voice of reason" of the two Houses of Congress. It appears this is no longer the case. We can expect the House of Representatives to do the same or actually propose changes to the program to make it more deeply targeted. During the Bush Administration, the House has fallen into a habit of rubber-stamping the Presidents budget request and proposing the same numbers. Since concerns on CDBG have been identified in at least one of the Budget Resolutions, this does seem to suggest that Congressional Members are at least aware of OMB's and the White House's concerns with the CDBG program. HUD has said that its CDBG formula study will be released in April. We have learned that the final report includes at least four suggestions for changes to the CDBG program, including a greater emphasis on poverty as a formula factor. Because this is an election year, we are certain that there will not be enough time for Congress to complete all 13 appropriations bills, let alone entertain any changes to the CDBG program before members adjourn to campaign. This promises to be an interesting year.

What Can NCDA Members Do and How Should We Respond?

The best way to silence CDBG's detractors is by confronting them with hard evidence of the program's effectiveness. NCDA Legislative Director Vicki Watson has just completed work on a CDBG/HOME white paper that details the excellent work of practitioners and shows how both programs perform. Performance is the key and we don't mean measuring quality of life, we mean how many housing units, jobs created, citizens benefitted, etc.. HUD has the data. All of the data for this paper was provided by HUD based on the information generated from IDIS. The data speaks for itself, and it is paints a truly impressive picture of the difference CDBG has made. The only problem with the data is that it is national data and does not tell members of Congress what is going on in their districts. This is where NCDA members come in. Use the information in Vicki's paper, overall allocation numbers (which show how funding levels in the individual communities has declined), information on what types of programs and projects are being completed in your communities, and listings of programs and projects that could not be done because of cuts to the program. Talk about all CDBG has done, what more might have been done, and what might never be done if CDBG's critics get their way. This is the best way to get the point across to the elected officials at the local, state, and federal levels.

Use any excuse, whether it's the 30th Anniversary, National Community Development Week, Congressional recesses, Mayoral birthdays, or whatever else, to get citizens and our constituent communities to understand that CDBG and HOME are great programs doing great work in communities all across the nation. Without these programs, it is unlikely that communities would be able to find resources at the state or local level to replicate the work done through CDBG and HOME.

We must go on the offensive to make sure that CDBG does not go the way of UDAG. Congress, OMB and the White House must recognize that CDBG's mission and purpose is clear, its implementation is proceeding according to the statute, and it is more than exceeding it specified goals and objectives.

DO NATIONAL PERFORMANCE MEASURES MAKE SENSE FOR CDBG?

The discussion of measuring program performance has been around for quite some time. But like any change in perspective and operation, it takes time for the change or the idea of change to percolate and for thoughts processes to understand how the new idea works, or proposes to work within an individual environment. This is definitely the case of measuring performance, or outcomes of social programs, particularly block grant programs. To measure performance is to examine causality. For example, what is the causal impact of a substance abuse program? Or the question might be, What do you want the causal impact of a substance abuse program? The obvious answer is to get the target population, the substance abusers, to stop being abusers, right? Why else would you undertake the program in the first place? To measure if the program is successful, there needs to be a goal that can be translated into numbers so that anyone who evaluates the program for effectiveness can see how the program achieved its goal. For example:

Program

The Lincoln Substance Abuse Program: CDBG Funds, $15,000. This program targets unemployed high school drop outs who are substance abusers.

Program Goal

After one year, 75% of the program participants have received their GED, have been drug-free for at least six months and are employed, or are in an education program designed to lead to employment.

Program Activities:

Weekly counseling sessions, drug tests, mentors working one on one with program participants, job training/GED, classroom instruction.

Term of Program: 12 Months

# of Participants: 50

Age of Participants 16-24 year olds

Indicators of Success

After four months at least 80 percent of the participants are still in the program.

After six months, 50% of participants have completed GED's or a job training program.

After nine months 65% are drug free and are working or nearing completion of a specific job training course.

After one year 75% of the participants are drug free and employed.

This is a rather simplistic model, but it is a good one in tracking the progress/successes of a single purpose program or activity. It is best done at the local level. This type of program is very specific in its purpose, target population, and program goals. It would be difficult to aggregate a program like this nationally, because every community will not have this type of program. It is a microcosm approach to performance funding and a good tool to assess how well local dollars are being spent. Are the funds allocated to this city's drug abuse program having an impact or the desired impact on this particular target population? If the program meets a specified target level, then this program would be considered effective. This type of model is an excellent and useful tool at the local level, should the city determine its use is necessary to better manage programs and resources. It is also a way of ensuring that subrecipients know that they will be required to show good performance and will be evaluated on that performance as a condition of future funding.

This simple example shows the level of detail that will be needed to implement a local performance funding/measurement system. This model is not suitable to national aggregation of like activities that OMB and others want the CDBG program to conveniently fit into. CDBG is a block grant program that is not suitable for this detailed measurement of programs and activities in this manner. CDBG needs to have data that shows how the program is spending its money and on what activities, such as housing, jobs, public infrastructure and a list of public service activities. The program needs to have good nationally understood out put data and leave the local performance measurements of individual programs to Mayor, city counselors count executives and citizens.

HUD NEWS

HUD PROVIDES GUIDANCE TO FIELD OFFICES ON THE AMERICAN DREAM DOWNPAYMENT ACT

On February 23, HUD sent a memorandum to the CPD Directors in all of the Field Offices providing guidance on the new American Dream

Downpayment Act. A copy of the memorandum is attached. The memorandum primarily provides a list of questions and answers on the program, but also mentions that HUD has developed an interim rule for the program, which has been reviewed by Headquarters staff and OMB, and now moves on to Congress for review. Once the rule is published in the Federal Register, there will be a 60-day public comment period, and then the final rule making process will begin. The program will operate under the interim rule until the final rule has been developed. According to the memo, HUD hopes to have the interim rule in place by this spring and then the combined $161.4 million in FY 2003 and FY 2004 funds for the program will be released to grantees.

Target allocations for participating jurisdictions receiving these funds can be found at http://www.hud.gov/offices/cpd/about/budget/budget04/index.cfm

IDIS REFIT DELAYED AGAIN

The saga of IDIS continues. NCDA has been reporting for at least a year that IDIS will be re-engineered so that it will be web-based at the user level, include new and easier to operate screens, and in general, be more user friendly. HUD had even been assured of the funding needed to accomplish this task. Alas, we must report that this work and other planned improvements to IDIS will not take place as planned. Due to personnel changes, personnel reductions, retirements, and hiccups in the contracting processes, it is not entirely clear when the refit project will get back on track. The earliest estimates are by mid-June. So, if your community is waiting for the new improvements to take effect within IDIS before you begin your new ConPlan processes, you might want to rethink that position. Still, HUD staff is working to get the promised "outputs" on the IDIS available to users. It's just going to take them more time.

Given the delay in implementation of the first stage front-end web interface, we are left to wonder about the other related program changes that were supposed to coincide with the IDIS refit. These include changes to the ConPlan submission process, the work of the ConPlan pilot groups, and, most importantly, HUD's efforts to encourage grantees to implement performance measurement systems.

NCDA has taken a policy position that measuring performance at the local level is a useful management tool. However, national performance measures do not make sense on a block grant program such as CDBG. There are too many activities and individual methods of implementing these activities to accurately convey any national standards that fit within the goals and objectives of the program. And, there must be an electronic system in place–at the federal level–to collect performance/outcome data from local grantees that is useful to HUD and Congress. Requiring grantees to design performance measurement systems that can be used to measure program performance on a national level, for whatever reason would be a waste of time, if there is no place for the data to housed and subsequently used. The best indicator of performance for CDBG is the great work that is currently being accomplished at the local level. HUD already has much of that data. A much better place to put the energies of the practitioners as it relates to performance would be to improve existing systems to better massage and aggregate the data that is already being collected.

For Congress, their concerns are knowing where the CDBG dollars are going, how they are being use, and if funds are being spent in accordance with the requirements of the law. Anything else is superfluous and best used at the local level.

NCDA NOTES

NCDA 2004 ANNUAL CONFERENCE PORTLAND, OREGON THE DOUBLETREE HOTEL AT THE LLOYD CENTER

May 19-22, 2004

The 2004 NCDA Annual Conference will be held in Portland, Oregon at the DoubleTree Hotel at the Lloyd Center on May 19-22, 2004. A CDBG Basics: Training for Practitioners course will be held immediately preceding the Annual Conference at the DoubleTree on May 17-19, 2004. Please check the NCDA Website for conference and training information next week.

ATTACHMENTS

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

- *CD Week Products Flyer*
- *NCDA 2004 Annual Conference Agenda and Registration Form*
- *CDBG/HOME White Paper*

FY 2004 HUD BUDGET

Program	FY 2003 Enacted	FY 2004 Enacted	FY 2005 President's Request
Community Dev Fund (CDBG)	$4.9049 billion	$4.934 billion	$4.618 billion
*Section 108 Credit Limit	$273.2 million	*$275 million	$0
Section 108 Operating	{$6.283 million}	{$7.325 million}	$0
Insular Areas	0	0	$7 million
Set-asides:			$72 million
Indian Block Grant	$70.5385 million	$72 million	$3 million
Housing Asst. Council	$3.2785 million	$3.3 million	$2 million
Nat. Am. Indian Council	$2.3844 million	$2.5 million	$3 million
Tribal Colleges/Univ.	$0	$0	$0
Wellstone Comm. Center	$8.9485 million	$0	$30 million
Capacity Building-NCDI	$32.287 million	$34.750 million	$35 million
Section 107	$48.780 million	$52 million	$2 million
Technical Assistance	$0	[$1.5 million]	$0
EDI Spec. Purpose Grts.	$259.303 million	$290 million	$0
Youthbuild	$59.610 million	$65 million	$65 million
Neighborhood Init. .	$41.826 million	$21 million	$0
Self Help Housing	$25.233 million	$27 million	$65 million
Habit for Humanity	[$4.222 million]	$4.750 million	[$5 million]
National Hous. Dev.	$4.967 million	$5	$0
National La Raza.	$4.967 million	$5	$0
Hawaiian Block Grant	$0	[$9.5 million]	$0
Working Capital Fund	$3.3379 million	$4.9 million	$1 million
Dev. Challenge Pilot	$0	$0	$10 million
Faith Based Pilot	$0	$0	$5 million
Total Set-asides	$565.371 million	$593 million	$299 million
Net Formula Allocation	**$4.339 billion**	**$4.331 billion**	**$4.319 billion**
HOME	$1.9124 billion	$2.0171 billion	$2.084 billion
Set-asides:			
Downpayment Assist.	$74.512 million	$87.5 million^	$200 million
Housing Counseling	$39.740 million	$40 million	[$0 million]
Information Systems	$1.0928 million	$2.1 million	$2 million
TA/TA Partnerships	$11.922 million	$18 million	$18 million
Lead Hazard Demo.	$0	$0	$0 million
Working Capital	--	--	$200,000
Total Set-asides	$127.267 million	$60.100 million	$ 218.2 million
Net Formula Allocation	**$1.7851 billion**	**$1.870 billion**	**$1.864 billion**
Downpayment Assistance	$74.512 million#	$87.5 million	$200 million

Program	FY 2003 Enacted	FY 2004 Enacted	FY 2005 President's Request
Homeless grants Set-asides **Total Homeless Grants**	$1.217 billion $ 219.6 million **$997.374 million**	$1.267 billion $ 208.580 million **$1.06 billion**	$1.257 billion $ 228 million **$1.485 million**
Housing Certificate Fund	$17.111 billion	$19.371481 billion	$16.909 billion
Housing Counseling Assist.	[$40 million]	[$40 million]	$45 million
Brownfields	$24.837 million	$25 million	$0
HOPWA	$290.102 million	$296.5 million	$295 million
Rural Housing and Economic Dev.	$24.837 million	$25 million	$0
Public Housing Capital Fund	$2.7122 billion	$2.641 billion	$2.674 billion
Public Housing Operating Fund	$3.577 billion	$3.6 billion	$3.573 billion
HOPE VI	$570.269 million	$150 million	$0
Section 202 Elderly	$777.910 million	$783.286 million	$773 million
Section 811 Disabled	$248.375 million	$250.515 million	$249 million
Lead Hazard Control	$174.856 million	$175 million	$139 million
EZ/EC	$29.805 million	$15 million	$0 million

[ ] 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
^Funded from HOME, but as a separate program
#Set-aside within HOME

PLEASE NOTE: The chart does not include the 0.59% across-the-board cut approved by the House