

January 31, 2005

Regulations Division
Office of the General Counsel, Room 10276
U.S. Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410-0500

To Whom It May Concern:

**Revisions and Updates to Consolidated Plan Proposed Rule
Docket No. FR 4923– P-01: HUD 2004-0028**

The following are comments from the National Community Development Association (NCDA) on the U.S. Department of Housing and Urban Development's (HUD) proposed rule; *Revisions and Updates to Consolidated Plan* (Docket No. FR 4923– P-01: HUD 2004-0028).

General Statement

The National Community Development Association (NCDA) applauds HUD's intent to streamline and reduce the development burden on cities, counties and states in their preparation of the consolidated plan. We feel that HUD's desire to make the document and the preparation process more user friendly, and understandable to the general public, is laudable. The members of NCDA were pleased to participate in the Consolidated Plan Streamlining Initiative, and that some of our concerns related to that effort are being addressed in this proposed rule. However, we are disappointed that the "revisions and updates" appear to have usurped the "streamlining effort" in favor of additional requirements, therefore making the plan more burdensome than less burdensome.

It also appears that some of the proposed changes to the Consolidated Plan (ConPlan) go far beyond the original intent of the Comprehensive Housing Affordability Strategy and the non-Housing Community Development plan, particularly in the area of assigning quantifiers to priority needs and requiring grantees to estimate the amount of funding they will use in target areas.

The fundamental tenant of block grant programs is for the federal government to provide a dedicated

stream of funds to local and state governments specifically for locally determined needs and activities. Many of the proposed changes appear to suggest that certain needs or activities are better than others, such as program dollars spent in revitalization strategy areas, or those directed toward ending chronic homelessness. The decision to fund any activity should be a local one based on the needs of the individual jurisdiction. Local determination is the cornerstone of the block grant concept and this rule seeks to impose a “federal will” on local governments through regulation instead of by statute.

Citizen Participation

NCDA supports the inclusion of local and regional groups, including faith-based entities, to participate in the consolidated planning process. However, **we do not support** the requirement of an Executive Summary as a way of simplifying the information for the general public. We suggest that HUD reduce the scope and administrative burden of the ConPlan itself, to what would essentially be an Executive Summary, and make the entire document simple for everyone. For those communities that have chosen not to complete an Executive Summary, this requirement would add more work.

Definition of Chronically Homeless Persons

NCDA supports the goal of ending chronic homelessness. However, given the constraints on budgets and the difficulty of identifying and tracking transient individuals and families, this seems an impossible task. The funding covered under the ConPlan lends very little assistance to even begin the monumental task of ending chronic homelessness.

The expanded definition of chronic homelessness— “continuously homeless for a year or more or has had at least four episodes of homelessness in past three years”— is excessive and difficult to determine in most cases and impossible in many. The ultimate goal should be trying to help individuals or families transition into a stable housing environment not addressing a specific category of homelessness. Still, we recognize the desire for HUD to collect data on the levels or types of homeless persons assisted.

Assigning Priority Needs

Priority needs are already defined. Local government undertake an arduous process by consulting with all sectors of the community, including state and regional entities to assist in identifying community needs. Those needs that are of the gravest concern are the priority needs. They are listed in order of priority, with the number one need determined to be the greatest. To further define what kind of priority a need is, seems to suggest that if a community does not address a certain need, particularly one that has been identified as a high priority, then that community could be seen as failing to implement its ConPlan and therefore subject to sanctions by HUD. This was never the intent of the Consolidate Plan. It is a **Planning** tool to assist communities to better allocate housing and community

development resources through citizen input, which identifies and prioritizes needs. Local governments determine what to fund, based on citizen input, priorities and eligibility. There are no statutory requirements for grantees to fund the highest priority needs. They most often do so, but it is not required.

Strategic Plan Provision

NCDA supports grantees creating a system to report performance, however there seems to be a disconnect between the strategic plan and the action plan in the proposed changes to this rule.

The proposed changes in the Strategic Plan narrative would require grantees to specify accomplishments and how the funding received through the programs covered by the ConPlan would be used to do so. NCDA believes that the action plan should discuss how the funds will be spent to address the goals of the strategic plan through the activities funded in a particular year.

This proposed rule would require grantees to conduct an analysis of the housing market to determine how housing dollars would be used.. **NCDA does not support this approach.** If housing is a priority need, then it is likely, but not certain, that the housing market will determine how the housing dollars will be spent. We must consider, however, that the entire housing market will be analyzed, not just the market that pertains to low- and moderate income persons. The market as a whole could suggest a greater need for high-end housing opportunities, instead of rental housing targeted to persons at 80% of the median and below. We assume that HUD is asking grantees to address those needs that pertain specifically to lower income persons, and NCDA's members believe that this is already being accomplished, based on local determination and citizen input.

Measuring Outcomes and Performance Reports

NCDA is supportive of grantees measuring program outcomes and accomplishments. The Association has been working with HUD, OMB and other practitioner groups to design a system of measuring performance within the four formula programs covered by the ConPlan. However, **NCDA does not support** that reporting on outcomes should be a means by which HUD uses these reports to penalize communities for not reaching their goals. The Consolidated Plan, nor the implementation of these programs— unless grantees fund ineligible activities— should be cause for sanctions because goals were not met. Planning is not an exact science, and funding levels, lack of viable projects, along with many other factors can determine if goals will be met. In fact, under the CDBG statute, the non-housing community development plan is a non-binding document that Congress intended to be used as a plan, a guide, to assist jurisdictions in their CDBG funding efforts.

Action Plan: Estimation of Percentage of Funds Dedicated to Target Areas

NCDA strongly opposes the provision in the proposed rule to require grantees to estimate the amount of dollars they propose to dedicate to target areas. There is no requirement in either of the four formula programs covered by the ConPlan for grantees to spend funds in target areas, whether they are considered urban renewal areas, revitalization strategy areas, or any other locally determined target area. This provision suggests that HUD is pushing grantees to spend funds in target areas, which also lends the impression that if grantees do not spend funds in target areas, they may be sanctioned or penalized in some manner. Using a target area approach in funding activities is a ***locally determined decision*** and one that should remain as such. However, NCDA supports reporting on activities funded in target areas.

Thank you for the opportunity to respond to this proposed rule. If you have questions concerning any of the comments, made on behalf of NCDA, please contact me at 202-887-5521.

Respectfully

Chandra Western
Executive Director