# NCDA WASHINGTON REPORT

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***NCDA Annual Conference; May 16-22, 2005 at the Hyatt Regency Hotel in Austin, Texas***
***CDBG Basics Training for Practitioners: May 16-18, 2005, Hyatt Regency Hotel in Austin, Texas***

***FEATURED ARTICLES***

- ***NCDA, Mayors, City Councilors, and County Executives Meet on CDBG Strategy***
- ***Priorities of the 109th Congress: What Can We Expect?***
- ***Secretary Jackson Speaks at the U.S. Conference of Mayors Winter Meeting; Senator Voinovich Praises CDBG***
- ***Changes to Subcommittee Structure Would Carve Up VA-HUD-IA Subcommittee***
- ***NCDA Provides CDBG Overview to the Campaign for Housing and Community Development Funding***
- ***HUD News: HUD to Hold Focus Groups for the Performance Measures Project***
- ***NCDA Notes: CDBG Basics Training for Practitioners Agenda***
- ***Attachments: NCDA's Comments on the ConPlan Proposed Rule, NCDA's CRA Letter, 2005 National CD Week Materials, NCDA's 2005 Housing and CD Legislative Priorities***

## NCDA, MAYORS, CITY COUNCILORS, AND COUNTY EXECUTIVES MEET ON CDBG STRATEGY

Anticipating cuts of up to 50% in the CDBG program in the President's FY 06 budget, the national public interest groups have begun to mobilize on a strategy to thwart any notion that Mayors, City Councilors, County Executives and others will remain idle and accept a 50 % cut, or any cuts to the CDBG program. NCDA staff participated in a meeting that included the Executive Directors of the USCM, NLC, NACo, NACCED, NAHRO, staff from LISC, as well as media people for most of the groups, to discuss the best and most efficient way to bring attention of the blatant assault on the CDBG program – a program that provides much needed services to countless individuals, that states and local governments could not otherwise provide.

First, there was a general sharing of new information on the budget among the groups as well as the Hill's reaction to the cut and discussion of the credibility of the rumored, 50% cut to CDBG. There was also some discussion of change in chairmanships of the VA-HUD-IA appropriations subcommittees along with a discussion of a proposed reorganization of the VA-HUD-IA subcommittees and the implications of such a reorganization on HUD's programs [see article in this newsletter for further information on the reorganization process]. It was reported at the meeting that staff from the Senate VA-HUD-IA Appropriations Subcommittee have recently said that there was no hue and cry when Congress cut the program by 5% in FY05, which lead many on the Hill to believe that locally elected officials were not as concerned about CDBG as was originally thought. One group member discussed a negative article on CDBG that was recently published in the Wall Street Journal that focused on an ineligible CDBG project being funded as a Congressional earmark.

The then group honed in on developing a strategy to defeat a 50% cut to CDBG; what our collective message should be, how it should be disseminated, and how to use the press to work positively for us. Each group shared information and offered to assist in the best way they could to craft a message that we all would use, provide program data on projects at the local level, engage the business community as supporters of the program, and work with other non-traditional supporters such as AARP, and the business community through such groups as the Realtors, Mortgage Bankers, and the Associated General Contractors.

The Mayors, County Executives, City Councilors met separately with their media people to create and define a message that supports CDBG and HUD programs, while not pitting them against other HUD programs, and ensuring that the message puts a human face CDBG. Another meeting is scheduled for Monday, January 31st to give out assignments for the upcoming press conference that will occur once the President's budget is released.

So far, NCDA's assignment will be to provide city project and program data, along with lists of subrecipients from specific communities for the upcoming press conference. At this point, we feel that the target information should come from communities, and states of the House and Senate leadership. This will be the first step of the overall campaign. We will draft a press release on that will focus on the devastation to local programs, beneficiaries and local economies should the program realize a cut of 50%. NCDA will provide an update on events, a "briefing packet" for local Congressional Offices and talking points for Mayors. Stay tuned for more of our strategy efforts to save the CDBG program, as they take shape.

**SECRETARY JACKSON SPEAKS AT THE U.S. CONFERENCE OF MAYORS WINTER MEETING; SENATOR VOINOVICH PRAISES CDBG**

HUD Secretary Alphonso Jackson spoke briefly during the U.S. Conference of Mayors (USCM) Winter Meeting in Washington, D.C. on January 19. Jackson spoke about the priorities of HUD in the coming year and the challenges the agency faces in the upcoming budget. Although he started his remarks reassuring the mayors that HUD will be there to work with them in the future, and that HUD "maintains its commitment to urban and economic development" and that "CDBG is a very important program," he eventually shifted his remarks to insinuate that HUD's future focus will be on housing, not community and economic development. In his speech, the Secretary mentioned the following programs that will continue under HUD's auspices: HOME, the homeless assistance programs, and Section 202, but, again, the Secretary did not mention CDBG. This affirms the rumor that the Administration plans to move CDBG and HUD's economic development programs to the Department of Commerce in FY06.

The Secretary went on to blame Section 8 for the reason CDBG, HOME and other HUD programs will suffer cuts in the coming year, saying that "Section 8 is eating away at HUD." According to the Secretary, Section 8 now consumes close to 60% of the agency's budget. "Section 8 will cannibalize all of our programs," and "we will not continue funding it at the expense of CDBG and HOME," the Secretary told the audience. This essentially was a pitch to the mayors to support the Administration's proposal to use budget-based accounting methods within the Section 8 program, instead of the current voucher-based approach, but using the cut to CDBG as the carrot to draw them in. "In order to continue to fund CDBG, we need to do this," the Secretary told the mayors. Besides this priority, the Secretary told the audience that homeownership will once again be a top priority at HUD. "People must have a stake in their country and homeownership does this," he told the mayors. He mentioned the American Dream Downpayment Initiative (ADDI), the Zero Downpayment Initiative, and the Homeownership Tax Credit, as three avenues for increasing homeownership. These priorities have been the same three that the President has proposed since 2000 to increase homeownership opportunities. Only one, ADDI, has been authorized and funded by Congress, but at a steadily decreasing amount every year. While the President has proposed $200 million for ADDI each year, Congress has appropriated much smaller amounts, such as $87.5 million in FY04 and only $49.6 million in FY05. Secretary Jackson finished his remarks to the mayors by telling them, "I take this job very seriously....It is very important to me that I listen to you and work with you." If that's the case then he will have no problem supporting full funding of CDBG and arguing against a proposed move of the program to Commerce. We'll have to wait and see how much he is willing to work with us on these two very important issues in FY06.

Prior to Secretary Jackson's speech, Senator George Voinovich (R-OH) spoke to the assembled group of mayors and praised the CDBG program, calling it "the greatest program ever." According to a press release from the U.S. Conference of Mayors, Voinovich told the audience, "We shouldn't be talking about decreasing it. We should be talking about increasing it." His support and that of other Republican congressional members will be crucial to CDBG's funding success this year.

**CHANGES TO SUBCOMMITTEE STRUCTURE WOULD CARVE UP VA-HUD-IA**

Rep. Jerry Lewis (R-CA), Chairman of the House Appropriations Committee has proposed the restructuring or out-right elimination of three appropriation subcommittees: District of Columbia, Legislative Branch, and VA-HUD-IA. The District of Columbia Appropriations Subcommittee would be merged into the Interior Appropriations Subcommittee, while the Legislative Branch Appropriations Subcommittee would be eliminated and its activities handled by the House Appropriations Committee. The VA-HUD-IA Appropriations Subcommittee would be carved up and its activities transferred to several existing subcommittees. This would eliminate 13 of the 10 annual spending measures and allow appropriators to move bills more quickly to complete the appropriations process by September 30 every year, instead of relying on a delayed appropriation process that extends through December (sometimes as late as February).
Most importantly, it would eliminate the need for a massive omnibus appropriation bill every year, if the appropriation bills can be completed on their own by September 30.

Chairman Lewis said in a statement on January 6, "We have a historic opportunity and a unique responsibility to reform the appropriations process and change the culture of the committee. I intend to lead a committee that is dedicated to fiscal restraint and committed to being an integral part of our Republican leadership's effort to rein in spending and balance the federal budget. As I told my colleagues on the Steering Committee, I feel I have the background to accomplish these goals. Shortly after I became chairman of the subcommittee on Veterans Affairs and Housing in 1995, I conducted a top-to-bottom review of the spending plan for that fiscal year, and recommended a package of $10 billion in cuts – half of all rescissions that were approved after Republicans became the majority. We reduced spending in that subcommittee by an additional $9 billion in the following fiscal year. In all of my years as a subcommittee chairman, none of my bills have been rolled into an omnibus spending bill [he has chaired the Defense Appropriations Subcommittee the past few years which as been the only spending bill, besides Homeland Security, to be passed as a stand alone bill]. I have been committed to getting all of our annual appropriations bills completed on time so we can avoid the kind of spending excesses and lack of control that occur when we rely on an omnibus package." During his tenure as Chairman of the Subcommittee on VA-HUD-IA, CDBG nor HOME were ever cut.

The House VA-HUD-IA Appropriations Subcommittee has been particularly problematic for appropriators and GOP leadership because of the competing interests between NASA and veterans programs, two top priorities of the GOP leadership and appropriators. House Majority Leader Tom DeLay (R-TX) is a strong supporter of NASA, which is located in his district. Last year, he personally intervened in the omnibus appropriations process to ensure that NASA received more funding that was previously called for by appropriators, but not at the expense of veterans' funding. In order to eliminate these competing interests, Lewis would transfer NASA and the National Science Foundation to the Energy and Water Appropriations Subcommittee and veterans' programs would be shifted to the Military Construction Appropriations Subcommittee. The EPA would be transferred to the Interior Appropriations Subcommittee and HUD's programs would be shifted to the Transportation-Treasury Appropriations Subcommittee.

The idea to shake-up the appropriations subcommittees has been pushed by both DeLay and Hastert, Speaker of the House, who have convinced Lewis to take a more aggressive stance. "I think he's doing a fantastic job," DeLay said recently. The big question is whether or not the Senate will want to make similar changes in its subcommittee structure. When asked about such a change in the Senate, Thad Cochran (R-MS), Chairman of the Senate Appropriations Committee, was recently quoted as saying, "We can improve the efficiency of the appropriations process," at least indicating his willingness to explore some sort of streamlining effort.

This shake-up may be very positive for HUD's programs because they would no longer have to compete for funding with veterans' programs or NASA, two top priorities of GOP leaders. The Transportation-Treasury subcommittee has jurisdiction over such programs as, the IRS, U.S. Postal Service, Federal Aviation Administration, Federal Highway Administration, the United States Mint, and the Executive Office of the President [compensation of the President and salaries and expenses of designated White House agencies, including the National Security Council, Homeland Security Council, and the Office of Management and Budget). It also includes some independent agencies, most notably, the Federal Election Commission, Federal Maritime Commission, General Services Administration, National Archives, and National Transportation Safety Board. In all, FY05 spending for Transportation-Treasury encompassed nearly $90 billion, with Federal highway spending taking the largest slice of the pie with $35 billion, followed by spending for the FAA at $14 billion and spending for transit programs at $7.2 billion.

Lewis and the GOP leadership want to move quickly to approve this reorganization plan in order to jumpstart this year's appropriations process. Once the reorganization plan is finalized, Lewis and GOP leaders will select a slate of "cardinals" to chair the reorganized House subcommittees. We have heard that Rep. James Walsh (R-NY) may be selected as Chairman of the newly reorganized House Transportation-Treasury Appropriations Subcommittee, replacing Rep. Istook (R-OK). Walsh has chaired the House VA-HUD-IA

Subcommittee for the past six years, but will have to step down this year because of term limits on the position. The reorganization of the subcommittees would give him the opportunity to chair another subcommittee, but still oversee HUD's programs. This would be very beneficial to NCDA and other national interest groups since Walsh has been a strong advocate for HUD's programs during his tenure as chairman of the VA-HUD-IA subcommittee. On another note, a similar reorganization in the Senate may relieve Senator Kit Bond (R-MO) of his chairmanship of the VA-HUD-IA subcommittee. This would be a blow to HUD's programs, since he has also been a strong advocate for the programs. Also up in the air is which members would serve on these reorganized subcommittees. We will pass these details along to you as they become available.

**PRIORITIES OF THE 109th CONGRESS: WHAT CAN WE EXPECT?**

The start of the 109th Congress will began like most others, awash with wish lists on both side of the aisle, in both houses. The lists are already piling up with issues, of which few have any hope of getting out of committee. The Senate Republicans have ten such items on their list.

***S 1: Social Security.*** The most coveted bill number is being reserved for the President's plan to overhaul the retirement system.

***S 2: Tax Code.*** Next in line is legislation responding to Bush's call for an as-yet-unspecified overhaul of the tax code.

***S 3: Fighting Terrorism.*** Legislation to increase military survivor benefits, speed vaccine production, authorize funding for counter-terrorism technology and deny federal benefits to those convicted of terrorism-related crimes.

***S 4: Health.*** A bill intended to slow the growth of health care costs and expand the use of Health Savings Accounts and government health care benefits.

**S 5: Class Action**. A bill to shift class action law suits from state to federal courts.

***S 6 : Extension of Tax Cuts.*** Making the 2001 and 2003 tax cuts for married couples and families permanent law.

***S 7: Additional Tax Cut Extensions.*** Legislation to extend the tax cuts for individuals, including reduction of dividends, long-term capital gains and inheritances.

***S 8: Abortion.*** A bill to make it a federal offense to transport a minor across state lines to avoid a state parental notification abortion law.

***S 9: Education.*** A bill to help recruit teachers by forgiving student loans and to encourage vocational training.

***S 10: Energy.*** A new effort to legislate energy policy.

Democrats in the Senate have just four priorities.

**S 11: Military.** A bill to post more than 40,000 more troops abroad over two years and increase military benefits.

***S 12: Terror-Fighting.*** A bill to increase special operations forces by 2,000, increase border security and combat terrorist financing.

***S 13: Veterans.*** A bill to overhaul veterans health care benefits.

Senate Democrats also weighed in on issues increasing funds and training for first responders, increasing aid for education, increasing the minimum wage, and increasing efforts to prevent the spread of weapons of mass destruction. They took aim at what many in the party see as a Republican weakness, fiscal responsibility. Democrats are committed to restoring the pay-as-you-go budget enforcement rules that would erect hurdles in the Senate to additional tax cuts and increases in entitlement spending programs.

Neither party considers housing and community development programs or an affordable housing production program a top priority. The only domestic issue appears to be homeland security which is represented by priorities that address first responders and fighting terrorism.

The House of Representatives seems to be concentrating its efforts on reorganizing the Appropriation Subcommittees and rubber-stamping the Presidents proposals. However, rumor has it that many House Republicans are not supportive of, or are skeptical of the President's plan to overhaul the Social Security System as well as the tax code.

**NCDA PASSES ITS 2005 LEGISLATIVE AND REGULATORY PRIORITIES**

During its Winter Conference the week of January 17, 2005, the NCDA Community Development Committee, Housing Committee, and Board of Directors passed a slate of legislative and regulatory priorities for staff to focus on in 2005. Most notably, NCDA is seeking at least $4.350 billion in formula funding for the CDBG program for FY2006 and a minimum of $1.858 billion in formula funding for the HOME program. These recommended spending levels would restore cuts made to both programs in FY05. A list of the priorities have been attached to this newsletter. The association's primary focus this year will revolve around appropriations; working with other national interest groups and its members to ensure that CDBG is not cut by 50% and restoring funding for both CDBG and HOME to their FY04 levels. The association will only focus on the legislative priorities as authorizing legislation becomes available to attach some of the recommendations. It is unlikely this year that any housing and community development legislation will be enacted by congress, so these priorities will have to wait until next year – or whenever Congress enacts housing and community development legislation in the future.

**NCDA PROVIDES CDBG OVERVIEW TO THE CAMPAIGN FOR HOUSING AND COMMUNITY DEVELOPMENT FUNDING**

As with all things in Washington, aligned interest groups meet, and meet some, until there is a standing bi-weekly meeting. This is the case of the Campaign for Housing and Community Development Funding. This Campaign encompasses a group of national organizations that advocate for housing and community development programs. Some of the groups in the campaign advocate only for housing, some advocate specifically for senior housing, some advocate for public housing, and some advocate for both community development and housing. Most of the groups support all of HUD's programs, but are really focused on one activity.

Since the rumors and newspaper articles began flowing in December and the threat to the CDBG program became more of a reality, many of the members of the Campaign realized that they did not know as much about CDBG as they needed to in order to be successful in fending off criticisms and assist in helping to save the program.

NCDA provided National CD Week Guidebooks, CDBG fact sheets and a briefing on the history of the program and what a 50% cut would do to the groups that provide services, which are often funded by CDBG. Many questions came up about the CDBG formula, the OMB PART, why there isn't the same kind of data for CDBG as there is for HOME, and why, in general does OMB seem to want to kill the program? All these questions were answered and in general there was greater understanding, support, and a renewed sense that indicated that if CDBG were to sustain a large cut, many, if not most of the groups that comprises the Campaign would be impacted. NCDA has volunteered to be the clearinghouse for information and data in the field, at the grass roots level, that shows positive impacts of this program. We will contact key communities for information, when such information is needed. Look for us to be in touch with you in the future.

## HUD NEWS

### HUD TO HOLD FOCUS GROUPS ON PERFORMANCE MEASURES SYSTEMS

NCDA has been informed that HUD will send out a "Save the Date" notice early next week to grantees alerting them to dates and venues of focus groups on the Performance Measures Reporting System that NCDA and the other stake-holder groups have been working on for the past nine months. HUD seeks comments on the system from grantees who have not been privy to the workings of the Performance Measures Working Group. It is not HUD's intent to revamp the entire system. Instead, the Department wants to be as inclusive as possible so that when the system is rolled out, all grantees will know, or at least have had the opportunity to know, what is expected of them. As soon as NCDA receives the final dates and venues, we will post them to our web site.

## NCDA NOTES

### CDBG BASICS: TRAINING FOR PRACTITIONERS

A *CDBG Basics: Training for Practitioners* course will be conducted in conjunction with NCDA 2005 Annual Conference being held at the Hyatt Regency Hotel on May 16-18. Please find the agenda and registration form attached to this newsletter. We hope to see you there.

***ATTACHMENTS AND JOB ANNOUNCEMENTS***

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

- NCDA's Comments on the ConPlan Proposed Rule
- 2005 National Community Development Week Materials
- NCDA's 2005 Housing and Community Development Legislative Priorities
- NCDA's Comments on the Office Thrift Supervision's CRA Proposed Rule