NCDA
WASHINGTON REPORT

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NCDA Annual Conference; May 16-21, 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

- ***CDBG Coalition Testifies Before House Subcommittee on Federalism***
- ***CDBG Coalition Holds Senate Briefing***
- ***House and Senate Will Begin Mark-Up of FY06 Budget Resolutions the Week of March 7; Coalition Works with House and Senate on Support Letters for CDBG***
- ***House Financial Services Committee Holds Oversight Hearing on HUD; Committee Members Strongly Support CDBG***
- ***Senate Reorganizes Appropriations Subcommittees***
- ***HUD News: HUD Releases it CDBG Formula Study; Commerce to Form SAC Advisory Committee***
- ***Job Announcements***

CDBG COALITION TESTIFIES BEFORE HOUSE SUBCOMMITTEE ON FEDERALISM AND THE CENSUS

On Tuesday, March 1, in Room 2122 of the Rayburn House Office Building, supporters and advocates for the CDBG Program, interested parties, and members of the press listened to the impassioned statements from Mayors, City Councilors, County Executives, and CDBG Practitioners on the President's proposal to eliminate the CDBG program along with 17 other programs, in favor of creating a new program called the "Strengthening America's Communities (SAC) Initiative" that no one seems to know anything about. Attendees also heard Administration officials make a not so valiant attempt to justify the elimination of CDBG and the other 17 programs as well as why the Department of Commerce is the best agency to place this new program. The Subcommittee on Federalism and the Census of the Committee on Government Reform– a new subcommittee– chaired by Representative Mike Turner (R-OH), held its first hearing and, oddly, no discussions on the Census or federalism took place. The hearing was held to learn more about the SAC proposal in response to concerns the Subcommittee members were hearing from their constituents "back home" on this new proposal. With only one fellow Subcommittee member by his side, Chairman Turner, spoke eloquently on the need to be fiscally responsible, to find ways of eliminating waste fraud and abuse, and keeping what works and eliminating what doesn't. And, he wanted to hear from the Administration on this new proposal and how the two primary agencies involved, HUD and Commerce, would implement the President's proposal.

Witnesses from the Administration included HUD Deputy Secretary Roy Bernardi, Commerce Assistant Secretary Dr. David Sampson, and OMB Deputy Director Clay Johnson III.

Mr. Bernardi spoke first in response to questions on the CDBG program: how it is allocated, what it is used for, how well it works and HUD's capacity to continue administering the program. Mr. Bernardi spoke with deliberate eloquence on the merits of CDBG and how the City of Syracuse had used the program during his tenure as Mayor. He briefly touched on the formula. He indicated that the Department had conducted a study of the CDBG formula and that it was still in departmental clearance. He went on to highlight efforts the Department had taken to "fix" certain problems within the CDBG program such as timeliness and performance measures. He was asked by Chairman Turner if the program worked well. He responded that it works very well and that HUD has very capable, dedicated staff that work well with grantees and the stakeholder groups in administering the program. He also commented on requiring grantees to repay CDBG dollars expended on ineligible activities and that HUD works with grantees through on site monitoring to ensure that these cases would be minimal. Mr. Bernardi spoke very well of the CDBG program and at the same time supported the President's budget.

The next witness was OMB Deputy Director Clay Johnson III, who was asked to discuss the rationale of consolidating the funding of 18 programs, including funds from the CDBG account into one program with less funding. Mr. Johnson went into a lengthy discussion of the duplication of programs across the federal government, and how consolidating these "economic development' programs into one program that would be housed at the Department of Commerce would create efficiencies and reduce the waste of maintaining and administering 18 programs in five different Federal agencies.

Mr. Johnson chose his words very carefully when he discussed that CDBG was not addressing the goals outlined in the program's statute, which he understood to mean "creating viable urban communities," in the narrowest sense. He indicated that the program has no empirical performance data to show how the CDBG program is creating viable communities because the program has too many eligible activities that can be spent too broadly. Therefore, it is ineffective. And, since the Administration is seeking to improve effectiveness in government spending, those programs that are deemed to be ineffective, or cannot demonstrate how they are effective, will be proposed for elimination. In the minds of the staff at OMB, economic development is the catalyst, the anchor for community development. Creating and expanding businesses will ensure the rest of the "community development will follow", i.e. affordable housing, housing rehabilitation, improved streets and sidewalks, senior centers, etc. Community development is a component of economic development in the minds of the folks at OMB. Obviously, OMB strongly supports eliminating CDBG and creating a program that is more targeted to distressed communities, and not to "wealthy communities" that could fund CDBG activities on their own.

The final witness from the Administration was Dr. Sampson from the Department of Commerce (DOC), who could not answer any questions about the program except to say that DOC had consulted with stakeholder groups on this new program and that there was support for it. He did not say which stakeholder groups had been consulted or in what context. It is true that the Department of Commerce held a budget briefing to discuss the proposal, that contained no details of the SAC proposal. Two subsequent conference calls were held by DOC on the proposal in which no one could ask questions. Finally, DOC has released a notice in the Federal Register seeking to form an advisory group to that would help design the new program. However, if these types of efforts are what he means by consultation, they all occurred *after* the proposal was already made. Dr. Sampson was asked if he thought that the new program within his department would retain some "CDBG like" activities. He said that,"... yes there could be..." He also said that since the program had not been designed yet, he was not sure to what extent that would be. He was also asked if DOC had the staff capability of administering housing and public services programs, and his response was that he would look to HUD for assistance in these areas.

The second panel included witnesses from the CDBG Coalition: the U.S. Conference of Mayors, the National League of Cities, the National Association of Counties, the National Community Development Association and the National Association for County Community and Economic Development. In what seemed like a repeat of USCM's press conference of February 8, the Mayors, County Executive, and Practitioner Representative, did a fine job and made an impassioned plea to save the CDBG program with full funding and with HUD. A copy of the full statement is on the NCDA website; www.ncdaonline.org

CDBG COALITION HOLDS SENATE BRIEFING

The CDBG Coalition held a briefing for Senate staff on Tuesday, March 1. Members of the CDBG Coalition include: U.S. Conference of Mayors, National League of Cities, National Association of Counties, National Community Development Association, National Association for County Community and Economic Development, National Association of Housing and Redevelopment Officials, Council of State Community Development Agencies, Local Initiatives Supportive Corporation (LISC), Enterprise, National Low-Income Housing Coalition, Habit for Humanity, and Housing Assistance Council.

The briefing was held to educate Senate staff on the CDBG program. More than 75 congressional staff were in attendance. A broad spectrum of speakers represented the CDBG Coalition at the briefing. Mayor Donald Plusquellic, Akron, Ohio, President of the U.S. Conference of Mayors, served as master of ceremony. He opened the briefing by talking about how CDBG had worked successfully in his hometown of Akron by helping the elderly stay in their homes through rehabilitation and how the program had transformed entire neighborhoods through a variety of projects, including first-time homebuyer programs and the development of neighborhood community centers. Mayor Harvey Johnson, Jr., Jackson, MS, President of the National Conference of Black Mayors, told the assembled staffers that

CDBG must be funded at $4.7 billion in FY06 and kept within the U.S. Department of Housing and Urban Development (HUD) and, like Mayor Plusquellic, told of the good works of the program in his community. There is currently more than $400 million for development planned or underway for the downtown area of Jackson alone. Other CDBG-funded projects include, the renovation of the city's train station, the development of Farish Street, one of the nation's oldest African American neighborhoods which had fallen into a state of decline, into a premier entertainment district, and construction of a state of the art Telecommunications and Training Center.

Larry Segal, Executive Director of the Pennsylvania Governor's Office of Housing and Community Revitalization, talked about the program from a State perspective and told the staffers that there is no bigger issue facing States, cities and counties than that of the elimination of CDBG. He told the group that CDBG is the most powerful block grant ever enacted by Congress; the "lifeblood of communities" and that it should remain at HUD and be fully funded in FY06. He also told the assembled staffers that just about every local project in Pennsylvania has some CDBG funds provided to it and that CDBG provides a quality of life for all of the citizens that it serves.

Amy Lockwood, Executive Director of the Concord Area Trust for Community Housing in New Hampshire told the group that, through CDBG, her non-profit organization has been able to provide 166 affordable homes for renters to purchase. CDBG has been used as gap financing and in some cases as the singular source to either acquire or rehabilitate and sell these properties. Amy told the group that the Low-Income Housing Tax Credit (LIHTC) is not deep enough to do this alone; other sources, such as CDBG, are needed to help. In New Hampshire, typically, three or four other funding sources, besides the LIHTC, are needed to make homes affordable, including the use of CDBG. Joe Gray, City Manager of Portland, Maine, explained how CDBG is used in his community. He told the group that CDBG is used to a great extent for crime prevention, including the creation of community policing centers and programs for at-risk children and latch key kids. CDBG is also used to provide health care to approximately 1,500 homeless persons in the city as well as provide day care for low-income families.

Perhaps one of the most powerful speakers during the briefing was Doug Woodruff, Community Development Executive with the Bank of America, St. Louis, MO. Woodruff told the group that many of the deals that Bank of America engages in at the local level would not be possible without CDBG. He told the group that Bank of America has pledged $750 billion in community development lending nationwide in 29 states and the District of Columbia. None of their local deals would be possible without some assistance from CDBG. He told the group that he has seen entire neighborhoods transformed because of an initial infusion of CDBG funds that were then followed with funding commitments from other sources, including Bank of America.

Paula Sampson, Executive Director of the Fairfax County Department of Housing and Community Development in Fairfax, Virginia, also provided powerful testimony on the program. Paula told the group that counties like Fairfax County face the same issues as cities, such as decay, lack of services, and lack of affordable housing. In Fairfax County alone, more than 30,000 new jobs are created each year. While this provides a boon to the county's economy, it provides a dilemma in terms of affordable housing production. Production of any type of housing is slow and the cost of housing that is produced is very high and unaffordable. CDBG and other programs are used to develop affordable rental projects and first-time homebuyer programs in the county. The county has faced changing demographics over the last 30 years, with a large immigrant population moving into the county in search of jobs and better schools for their children. CDBG provides opportunity to these families by providing the resources to assist in providing affordable housing. Fairfax County also has a very large senior citizen population who want to remain in the county. CDBG helps to rehabilitate the homes of those seniors that want to live in their properties and also helps to develop senior rental projects to provide affordable housing to those seniors that are no longer able to remain in their homes. Paula told the group that even though Fairfax County is a wealthy county, all of its CDBG funds are directed to low- and moderate-income people. In summation, Paula told the group that "If it ain't broke, don't fix it." CDBG works well and should continue.

Finally, Peter Carey, President and CEO of Self-Help Enterprises in Visalia, CA, told the group that CDBG is a program that has the flexibility to serve rural areas in a variety of ways. As a past mayor, city council member, and planning commissioner for the City of Visalia, Peter has witnessed the good works of CDBG at a variety of levels. He provided several examples of how CDBG has been used in his rural community of Visalia, including providing water and sewer hook-ups to several very poor families with unpotable water; demolishing and rebuilding unsafe housing; and providing homeownership opportunities to low-income families.

Overall, the briefing went very well. There seemed to be a great deal of interest from the staffers who remained to hear the entire presentation. The Coalition plans to hold a similar briefing in the House the week of March 21.

HOUSE AND SENATE WILL BEGIN MARK-UP OF THEIR FY06 BUDGET RESOLUTIONS THE WEEK OF MARCH 7; CDBG COALITION WORKS WITH HOUSE AND SENATE TO SEND SUPPORT LETTERS FOR CDBG

Senate Budget Committee Chairman Judd Gregg (R-NH) and House Budget Committee Chairman Jim Nussle (R-IA) will mark-up their respective FY06 budget resolutions the week of March 7. The House Budget Committee will mark-up its budget resolution on Wednesday, March 9, and the Senate Budget Committee will mark-up its budget resolution on Thursday, March 10. President Bush's FY06 Budget calls for cutting discretionary spending while extending tax cuts at a cost of approximately $100 billion. His FY06 Budget does not include any costs associated with the military operations in Iraq or Afghanistan nor a possible overhaul of Social Security. Social Security is protected by law from being considered in the budget resolution or in reconciliation instructions.

The President's FY06 Budget proposes to extend several tax cuts that would expire in FY 2006-2010. However, mustering enough votes in both the House and Senate to pass a budget resolution that follows the President's FY06 budget goals will be difficult at best. Both chairmen say they want to follow the President's FY06 budget in crafting their respective budget resolutions. Budget resolutions do not carry the force of law, but do set broad revenue and spending targets for the coming fiscal year for the appropriators and authorizers to follow.

Both committees will try to approve reconciliation instructions that would make it easier to pass legislation implementing the spending cuts and possibly a separate package of tax cuts. Reconciliation instructions are protected from a filibuster on the Senate floor, which means that it only has to be passed by an up or down vote, with at least 51 votes (majority). Now that the Republicans have 55 seats in the Senate, this makes it somewhat easier to pass the budget resolution, although reconciliation instructions might be more difficult because of the inclusion of cuts to mandatory programs (Medicaid and Medicare) and tax cuts. Senate Republicans are worried that reconciliation instructions will make it more difficult to pass a budget resolution this year because some Senate Republicans may shy away from supporting tax cuts as well as making cuts to mandatory spending. However, House Republicans are supportive of extending the President's tax cuts that expire in FY05 as well as making some of the President's tax cuts permanent, so it will be easier for the House to gain passage of reconciliation instructions than the Senate.

One of the biggest issues this year is whether or not spending caps will be enacted into law. Spending caps limit the amount of discretionary spending that can be enacted by Congress. The fear is that Congress may try to enact 5-year budget caps which will curtail spending for a longer time period. Usually, budget caps are enacted for one year. From what we've heard so far, both the House and Senate Budget Committees would like to cap FY06 discretionary spending at no more than $843 billion – the number at which the Congressional Budget Office (CBO) says the President's FY06 Budget will cost.

If the Budget Committees are able to pass a budget resolution, along with reconciliation instructions, each will provide further instructions to the Appropriations Committees on discretionary spending, mandatory spending, and tax cuts. The budget resolution will provide the Appropriations Committees with a 302(a) allocation, an overall number (which is predicted to be at or near $843 billion) to use in completing the appropriations bills. The Appropriations Committees will then take this 302(a) allocation and decide how it will be carved up among their individual subcommittees, including those that oversee HUD's programs. If reconciliation instructions are approved as part of the budget resolution, it will provide direction to the appropriate committees for making changes to Medicaid, Medicare, and tax cuts.

CDBG Coalition Meets with Budget Committee Staff

NCDA and several of the other groups representing the CDBG Coalition met with staff of both the House and Senate Budget Committees over the past week. The Democratic staff in both the House and Senate were very supportive of CDBG. In fact, Democratic staff from the House Budget Committee are preparing an amendment to support CDBG remaining at HUD at a funding level of $4.7 billion in FY06. They will have a representative offer this amendment during mark-up of the budget resolution this week. Because the Democrats are in the minority, it is unknown if this amendment will be approved. House Democratic staff told us that they are certain the House will approve a budget resolution this year, since the Republicans hold a wide majority in membership.

We were told by democratic staff of the Senate Budget Committee that this proposal to transfer funding for CDBG and other programs to Commerce has been sitting on the shelf at OMB since 1990. It basically took an aggressive OMB Director, Joshua Bolten, who was willing to move this idea forward in the President's budget. The democratic staff of the Senate Budget Committee told us to be aggressive in killing the Initiative this year and to get congressional members on record in support of the program. Next year, many congressional members will be up for re-election and will not be as focused on congressional work as this year. Furthermore, Senator Frist (R-TN), Majority Leader in the Senate, may run for President in 2008, so he will be more focused on his presidential run than supporting the President's initiatives next year and beyond.

Members of the Coalition met with Republican staff of the House Budget Committee on March 4. Staff told the Coalition that the House Budget Committee does not like to take up the cause of specific programs in the budget resolution. Rather, they like to reserve this type of action for the appropriators. The Republican staff told us that they are more inclined to work with the estimates of the Congressional Budget Office (CBO) rather than the President's numbers. This offers some flexibility in increased funding for some program areas.

Coalition members have been told that both Democratic and Republican members of the House are poised to offer amendments in support of CDBG during the mark-up of the budget resolution. We have also been told that Senator Sarbanes (D-MD) will offer a similar amendment during the Senate Budget Committee's mark-up of its resolution.

Senate and House Members Sign-On to CDBG Support Letter

The CDBG Coalition has worked closely with members of both the House and Senate over the past few weeks to draft a dear colleague letter to the House and Senate Budget Committee chairmen and ranking members to support full funding of CDBG at $4.7 billion as well as to maintain the program at HUD.

Three Republicans and three Democrats took the lead on the Senate letter: Senator Coleman (R-MN), Senator Bond (R-MO), Senator DeWine (R-OH), Senator Leahy (D-VT), Senator Sarbanes (D-MD), and Senator Reed (D-RI). A total of 55 Senators signed the CDBG Support Letter. A copy of the letter can be accessed at NCDA's website at www.ncdaonline.org. This shows a clear majority of support for the program in the Senate. On the House side, Rep. Barney Frank (D-MA) and Rep. Christopher Shays (R-CT) took the lead in shepherding a similar letter to their colleagues. As of the writing of this newsletter, 160 House members had signed the letter. The purpose of both letters is to garner support for the program during the development of the budget resolution. Even though the budget resolution does not carry the force of law, many congressional members look to the resolution for guidance in crafting appropriations bills and authorizing bills in the coming year. Having so many congressional members signal their support for a single program through these letters will indicate to the members of the House and Senate Budget Committees that this program is important and should be protected. Although the budget resolution does not usually contain specific language on a specific program, it is still possible to try to insert language into the resolution to support the program at $4.7 billion in FY06 and maintained at HUD. Both letters attempt to do this.

The House letter was done in a very short time period of less than three days, so we did not have a great amount of time to collect signatures. Still, 160 signatures is a great deal of support for the program in such a short time period.

HOUSE FINANCIAL SERVICES COMMITTEE HOLDS OVERSIGHT HEARING ON HUD; COMMITTEE MEMBERS STRONGLY SUPPORT CDBG

The House Financial Services Committee held an oversight hearing on the proposed FY06 Budget for the U.S. Department of Housing and Urban Development on Wednesday morning, March 2. Secretary Jackson was the only witness asked to testify. Each member of the Committee was given time to express their views on HUD's FY06 Budget. Most of the members of the committee, both Republican and Democrat, voiced their opposition to the elimination of CDBG and the transfer of the funds to the Department of Commerce. In fact, Rep. Gary Miller (R-CA) voiced his support for transferring some of the economic development programs within Commerce into HUD.

Rep. Maxine Waters (D-CA) voiced her strong opposition to the President's FY06 Budget for HUD. Rep. Waters told Jackson and the Committee that the President's FY06 HUD Budget accelerates the Republicans' effort to dismantle HUD's programs. "The poor and most vulnerable are being hurt," Waters told Jackson. She told Jackson directly that, "...your head is in the sand...it's stunning...you lead an agency that is being decimated....the FY06 budget would eviscerate CDBG, cut Section 811 by 50%, eliminate HOPE VI, and assault both Section 8 and Public Housing." She further voiced her displeasure with the President's proposed "Strengthening America's Communities Initiative" saying, "why put this Initiative into the Department of Commerce when it only caters to business interests and has no understanding of administering these programs [meaning community development programs like CDBG and CSBG]. Rep. Cleaver (D-MO) tried to convince Jackson to transfer $1.6 billion in improper payments collected by the agency from the Section 8 program back to CDBG, in order to fully fund the program in FY06. Jackson told Cleaver that it was out of his control because the $1.6 billion reverts back to the Federal treasury. Cleaver went on to tell Jackson how CDBG has improved the lives of people in his city of Kansas City, MO by demolishing more than 5,000 units of dilapidated housing and rehabilitating more than 12,000 homes.

Rep. Barney Frank (D-MA) railed against the Administration's FY06 proposed budget for HUD. He spoke particularly passionately about the elimination of CDBG. He told Jackson and the Committee "that one month of funding for Iraq would more than provide enough funds for CDBG in one year." Frank then questioned Jackson as to why he believed the Department of Commerce could provide better assistance to communities than HUD could using CDBG. Jackson told Frank that he had made the case to keep CDBG within HUD, but ultimately the decision was made [by the White House] to consolidate the programs and the decision was made to consolidate the programs within Commerce. Jackson said, "We made our case. We administered CDBG well. We believe HUD can do it [continue to administer the program]." Rep. Ney (R-OH), Chairman of the House Subcommittee on Housing and Community Opportunity, followed up Frank's questions with his own concern over movement of CDBG to the Department of Commerce. Ney told Jackson that "Communities need CDBG for a variety of reasons. Commerce mainly focuses on businesses, not communities." Rep. Waters (D-CA) told Jackson that she is "very upset about CDBG." She followed up her concern with a series of questions to Jackson, "Why did you allow CDBG to be consolidated, cut, and transferred? Explain how this decision was made. Did you fight for it [CDBG]?" Jackson told Waters that he had fought for CDBG to remain at HUD. He believes in consolidation of the economic development programs, but believes that they should be consolidated and moved to HUD. Jackson said, "We made a strong case as to where the economic development monies should be. We argued they should be consolidated in one place. Yes, we thought that HUD should be the agency."

There was a great deal of support by the Republican members of the Committee for CDBG. Rep. Gary Miller (R-CA) told Jackson that he had not heard a greater uproar than that of CDBG from his constituents and strongly voiced his support for CDBG, telling Jackson that, "There is not a better use of federal dollars than CDBG" and that "Commerce is not more effective than HUD in providing community development and that since there is not any duplication of effort in CDBG, that the program should not be moved to Commerce." Rep. Fitzpatrick (R-PA) offered his support of CDBG too, telling Jackson that the program works and that CDBG and the Brownfields Economic Development Initiative have worked well together in providing economic development opportunities in his community of Bucks County, PA. Jackson agreed with Fitzpatrick, telling him that, "The program works. Cities have done a great job in leveraging CDBG." Rep. Christopher Shays (R-CT) told Jackson that the budget is "very harmful to our cities." He told Jackson that he has "tremendous pride in CDBG; its flexibility and focus." He told the Republican members of the Committee that our "democratic colleagues rightfully criticize us. Of all the things to cut, CDBG is a big mistake."

Other Areas of HUD's Budget Discussed

In other areas of HUD's budget, Rep. Bob Ney (R-OH) told Secretary Jackson that he will hold a series of roundtable discussions in Washington, D.C. on Section 8 – the largest sector of HUD's budget. Ney is also interested in Government-Sponsored Enterprise (GSE) reform to ensure that the GSEs – Freddie Mac and Fannie Mae – reach their affordable housing goals.

Rep. Frank brought up the Zero Downpayment Program, a program that was proposed in the President's FY05 Budget and again this year. Frank told Jackson that the House Committee on Financial Services passed legislation to create this program last year, but that the House leadership wouldn't bring the legislation to the floor for a vote. Frank asked Jackson if he had spoken to the House leadership about their lack of support for this program and Jackson answered, "No." Frank then told Jackson that, "I don't believe your seriousness on this [the Zero Downpayment Program]." Frank then went on to question Jackson about cuts in other areas of HUD's budget, but first launched into a tirade on the notion by the President that faith-based organizations cannot gain access to HUD programs, yet the President proposes to cut the Section 811 Housing for the Disabled Program in half in FY06, and this program is administered directly by faith-based organizations. Frank also questioned Jackson about his justification to cuts in other program areas such as Fair Housing and Public Housing and Jackson replied that "...touch decisions had to be made....either Section 8 had to be funded fully or Public Housing and other programs had to be funded fully." Rep. Green (D-TX) continued the discussion of faith-based organizations, saying "Faith-based organizations have the same opportunity as other organizations to access grants." He also told Jackson that while these organizations are concerned about being discriminated against that "some of these organizations have discriminatory hiring practices." Rep. Green went on to voice his concern with the President's Budget saying that "the least, the lost, and the last" will be hurt by this budget, citing several programs that will be hurt if this budget is approved including CDBG, HOPWA, Fair Housing, Section 811, Section 202, and lead-based paint programs.

Rep. Mel Watts (D-NC) questioned Jackson as to the status of the FY05 NOFA for HOPE VI, since HUD's FY06 budget has proposed the rescission of these funds. Jackson told Watts that the NOFA will be released in March and reminded Watt and the other Committee members that the FY06 HUD Budget is a *proposed* budget and will not affect the release of HOPE VI funding. Rep. Scott (D-GA) also offered his support of HOPE VI, telling Jackson, "I am so continuously baffled by the Administration. HOPE VI goes to those people at the abject poverty level. It creates mixed-income housing and leverages other resources." On the overall HUD Budget, Scott told Jackson that, "We need you to be a fighter for these programs; for your Department."

SENATE REORGANIZES APPROPRIATIONS SUBCOMMITTEES

In an effort to more closely align its subcommittee structure with that of the House, Senate appropriators agreed to change the shape of some of its appropriations subcommittees. Initially, the Senate opposed any reorganization of their subcommittee structure, but eventually had to cede to the House reorganization in an effort to avoid a possible omnibus appropriations bill at the end of the year. The effort to change the structure of some of the appropriations subcommittees was lead by Senator Thad Cochran (R-MS), who agreed to give up his chairmanship of the Subcommittee on Homeland Security to Senator Judd Gregg (R-NH) in order to broker a compromise.

Like the House, the Senate agreed to eliminate the Subcommittee on VA-HUD-Independent Agencies and disburse its jurisdiction to other panels. Unlike the House, the Senate will maintain its District of Columbia and Legislative Branch subcommittees, reducing its appropriations subcommittees from 13 to 12.

The House set in motion a reorganization of its appropriations subcommittees last month. The effort was lead by Rep. Tom DeLay (R-TX) who wanted to see the VA-HUD-IA subcommittee eliminated and its agencies transferred to other subcommittees, so that funding for NASA would be more closely protected.

The House was able to decrease its subcommittee structure from 13 to 10 by eliminating the VA-HUD-IA, District of

Columbia, and Legislative Branch subcommittees and transfer their jurisdiction to other panels.

Transfers in the Senate

Jurisdiction for the State Department will be transferred to the Foreign Operations Subcommittee, chaired by Senator Mitch McConnell (R-KY). HUD programs will be shifted to a reconfigured Transportation-Treasury-Judiciary-HUD panel and chaired by Senator Kit Bond (R-MO). Senator Bond chaired the former VA-HUD-IA Subcommittee and is a staunch advocate for HUD's programs. He was one of the lead sponsors of the CDBG Support Letter to the Senate Budget Committee. We are ecstatic that he will continue to oversee the appropriations for HUD's programs in the Senate. Veterans' programs were combined with the existing Military Construction Subcommittee, which is chaired by Senator Kay Bailey Hutchison (R-TX). EPA will be transferred to the Interior Subcommittee and the Interior's energy-related programs will be transferred to the Energy and Water Subcommittee. NASA will be transferred to the Commerce-Justice Subcommittee and chaired by Senator Richard Shelby (R-AL). The following chart provides you with the newly reconfigured House and Senate appropriations subcommittees:

HOUSE / **SENATE**

Chairman	Subcommittee	Subcommittee	Chairman
Henry Bonilla R-Texas	Agriculture	Agriculture	Robert F. Bennett R-Utah
C.W. Bill Young R-Florida	Defense	Defense	Ted Stevens R-AK
David L. Hobson R-Ohio	Energy and Water	Energy and Water	Pete V. Domenici R-New Mexico
Jim Kolbe R-Arizona	Foreign Operations	State and Foreign Operations	Mitch McConnell R-Kentucky
Harold Rogers R-Kentucky	Homeland Security	Homeland Security	Judd Gregg R-New Hampshire
Charles H. Taylor R-North Carolina	Interior and Environment	Interior	Conrad Burns R-Montana
Ralph Regula R-Ohio	Labor, Health and Human Services and Education	Labor, Health and Human Services and Education	Arlen Specter R-Pennsylvania
James T. Walsh R-New York	Military Quality of Life and Veterans Affairs	Military Construction and Veterans Affairs	Kay Bailey Hutchison R-Texas
Frank R. Wolf R-Virginia	Science, State Justice and Commerce	Commerce, Justice and Science	Richard C. Shelby R-Alabama
Joe Knollenberg R-Michigan	Transportation, Treasury, HUD, the Judiciary and District of Columbia	Transportation, Treasury, the Judiciary and HUD	Christopher Bond R-Missouri
		District of Columbia	Mike DeWine R-Ohio
		Legislative Branch	Sam Brownback R-Kansas

HUD NEWS

HUD RELEASES CDBG FORMULA STUDY/COMMERCE TO FORM SAC ADVISORY COMMITTEE

In what appears to be a blatant attempt to divide and conquer– states against cities, interest groups against interest groups– and to distract us from the huge effort being undertaken to save the CDBG program, the Administration has released the long awaited CDBG formula study. Less than two weeks after the release of the President's budget, this study that languished somewhere in the bowels of HUD, somewhere between PDR, CPD and the 10th floor, "...waiting for the lawyers to get through with it" miraculously appears on the PDR website.

Quite some time ago, NCDA and the other local public interest groups that work with CDBG received assurances from the Department that they would be briefed, or at least alerted, that the study would be released. As we reported in the last issue of the *Washington Report*, NCDA, NACCED, COSCDA, and NAHRO met with Clinton Jones and other House staff to discuss the budget and other issues. He informed us at that meeting that the CDBG formula study "was at the printer." This was news to us. On Wednesday morning, February 16th NCDA Executive Director, Chandra Western placed a call to Dick Kennedy to remind him that former Assistant Secretary Bernardi had agreed to brief the interest groups before the study was released so that we would be prepared to field questions from our collective memberships. On Wednesday afternoon, February 16th, we all received a call from our friends at HUD inviting us to a briefing on the CDBG formula study at 4:00 p.m on Thursday, February 17, at HUD headquarters.

Kevin Neery, of PDR outlined the process used in developing the study, the information gathered and discussed the four alternative formula scenarios at the back of the document. We learned nothing new from this briefing except the extent the Administration would go to eliminate the CDBG program. Exactly four days after the release of the formula study, the Department of Commerce issues a notice on the creation of an advisory committee that is intended to be the body that will draft legislation for the Strengthening America's Communities Initiative (SAC). This Committee is to be made up of mayors, county executives, city councilors, community development practitioners, and other stakeholders of community and economic development programs. It is the intent of the Administration to develop legislative language for SAC to Congress by early summer. It is our understanding that OMB will be working very closely with this advisory committee, and will play a major role in designing the SAC program. Since the Appropriations committees in the House and Senate have been reorganized, and the Budget Resolutions will be conferenced before Congress leaves town for its Easter recesses, we should have some idea soon whether Congress will support the CDBG program or the Administration's SAC initiative.

JOB ANNOUNCEMENTS

Check NCDAonline (http://ncdaonline.org) to access the job announcements.

U.S. Department of Housing and Urban Development

Program	FY04 Enacted	FY05 President's Request	FY 05 Enacted
Community Development Fund	$4.921 billion	$4.618 billion	$4.671 billion
Set-Asides:			
Native American CD Grants	$72 million	$72 million	$68.427 million
NCDI	$35 million	$30 million	$33.5 million
Section 107	$52 million	$35 million	$43.337 million
Housing Assistance Council	$3.3 million	$3 million	$3.272 million
Native Am. Indian Council	$2.5 million	$2 million	$2.380 million
NHDC	$5 million	$0	$4.760 million
National Council of La Raza	$5 million	$0	$4.760 million
SHOP	$27 million	$65 million	$24.792 million
Youthbuild	$65 million	$65 million	$61.485 million
Special Olympics	$0	$0	$1.834 million
EDI Special Purpose Grants	$278 million	$0	$262 million
Neighborhood Initiatives	$21 million	$0	$41.99 million
Working Capital Fund	$4.9 million	$1 million	$3.436 million
Development Challenge Grants	$0	$10 million	$0
Faith Based Pilot	$0	$5 million	$0
Total Set-Asides	***$570.7 million***	***$288 million***	*$560 million**
Formula Grants	$4.350 billion	$4.330 billion	$4.111 billion
HOME	$2.006 billion	$2.084 billion	$1.8495 billion
Set-Asides:			
ADDI	$87.5 million	$200 million	$49.6 million
Housing Counseling	$40 million	$0	$41.65 million
Technical Assistance	$18 million	$18 million	$17 million
Working Capital Fund	$2.1 million	$2 million	$1.983 million
Total Set-Asides	***$147.6 million***	***$220 million***	***$110.233 million***
Formula Grants	$1.858 billion	$1.864 billion	$1.747200 billion
HOPWA	$295 million	$295 million	$281.6illion
Rural Housing & Econ.Dev.	$25 million	$0	$23.980 million
Round II EZ/ECs	$14.9 million	$0	$9.917 million
Section 108	$7.282 million	$0	$5.95 million
Brownfields	$24.8 million	$0	$23.4 million
HOPE VI	$149 million	$0	$1482.804 million

Public Housing Operating Fund	$3.579 billion	$3.573 billion	$2.439 billion
Public Housing Capital Fund	$2.696 billion	$2.674 billion	$2.5878billion
Indian Housing Block Grant	$650 million	$647 million	$62.179 million
Section 202	$774 million	$773 million	$740.7million
Section 811	$249 million	$249 million	$238 million
Homeless Programs	$1.260 billion	$1.282 billion	$1.23 billion
Fair Housing	$47.7 million	$47.7 million	$19.834 million
Lead Hazard Control	$174 million	$139 million	$166.660 million
Housing Certificate Fund	$19.257 billion	$18.466 billion	$20 billion
Samaritan Initiative	$0	$50 million	$0