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

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HOUSE AND SENATE PASS FY06 BUDGET RESOLUTION; FUNDING FOR CDBG INCREASED

Congress will take a major step towards completing the FY06 Budget Resolution the week of April 4 when they return from their Easter Recess to begin conferencing a final budget document. Both the House and Senate approved very different FY06 budget resolutions, which will make the conferencing of the measure that much more difficult.

Both chambers approved their respective versions of the budget resolution on March 17, just before leaving town for a two-week recess. The House approved its version (H Con Res 95) by a very close vote of 218-214. The House version calls for mandatory spending cuts of $69 billion, tax cuts of $106 billion (including $45 billion that would be protected from a filibuster in the Senate), and set discretionary spending at the President's requested FY06 level of $843 billion. More than half of the $843 in discretionary spending will be consumed by the Department of Defense and the Department of Homeland Security. The Senate also approved its budget resolution (S Con Res 18) on a close vote of 51-49.

Prior to approval of its budget resolution, the Senate voted 52-48 to eliminate $15 billion of the $32 billion in mandatory spending cuts to Medicaid approved by the Budget Committee.

Unlike the House, the Senate also approved a $5.4 billion increase in the discretionary spending cap to nearly $849 billion through an amendment offered by Senator Ted Kennedy (D-MA). It was approved on a very close vote of 51-49. With the House staunchly opposed to any increase in the discretionary spending cap above $843 billion, this increase may not survive the conference. The Senate Budget Committee approved $70 billion in tax cuts through the reconciliation process that would be shielded against any filibuster in the Senate; however, this number increased to $129 billion when Senator Jim Bunning (R-KY) offered an amendment on the Senate floor to increase tax cuts.

A compromise on a final budget resolution may prove difficult with House conservatives and Senate moderates over odds about tax cuts and cuts to mandatory programs. House conservatives want to see the deficit reduced as quickly as possible through cuts to mandatory programs, while providing more tax cuts to Americans. Senate moderates espouse an opposite view; wanting to see as little cut from mandatory programs as possible, with as little tax cuts as possible. These two opposing sides were the sole reason why Congress did not pass a budget resolution last year. However, Senator Judd Gregg (R-NH), Chairman of the Senate Budget Committee is confident that a deal can be struck this year with the House. Congress hopes to have a final budget resolution passed by April 15, 2005. A final budget resolution will provide a final discretionary spending number for House and Senate Appropriations Committees to use in doling out spending to their subcommittees. As mentioned previously, the House has approved $843 billion in overall discretionary spending, while the Senate has approved nearly $849 billion in discretionary spending. If a final budget resolution is not negotiated, the Appropriations Committee may use the President's request of $843 billion, the same as the House, as their base in doling out subcommittee allocations.

Funding Increased for CDBG and Other Economic and Community Development Programs

The House and Senate adopted amendments to their respective budget documents to increase funding for CDBG and other community and economic development programs. These amendments did not increase the overall discretionary spending level, but were offset with decreases in other program areas or an across-the-board spending cut in discretionary programs. Senator Norm Coleman (R-MN) was successful in shepherding an amendment through the Senate to increase funding for CDBG and the 17 other economic development programs that have been proposed for elimination in the President's FY06 Budget. Senate Paul Sarbanes (D-MD) offered a similar amendment, but it failed by a very close vote of 50-50. The CDBG Coalition, of which NCDA is a member, worked very hard behind the scenes to garner support for the Sarbanes Amendment, but, in the end, was pleased that the amendment offered by Senator Coleman at the last minute was approved by the Senate. Our overall goal is to ensure that CDBG is funded at $4.7 billion in FY06 and that the program remains at HUD. Prior to the debate in both the House and

Senate on their respective budget resolutions, the CDBG Coalition, working through House and Senate members, gained support for CDBG through a CDBG Support Letter to the Budget Committee in both the House and Senate. Senators Leahy (D-VT), Coleman (R-MN), Sarbanes (D-MD), Bond (R-MO), Reed (D-RI), and DeWine (R-OH) took the lead in shepherding the CDBG Support Letter through the Senate. In the end, 58 Senators signed the letter that was sent to Senator Judd Gregg (R-NH), Chairman of the Senate Budget Committee, thereby providing a strong base of support for the program during the budget negotiations. In the House, Representatives Frank (D-MA) and Shays (R-CT) took the lead on a CDBG Support Letter to the House Budget Committee. We were able to obtain 181 signatures of support for the program in just a week. The letter was subsequently sent to Rep. Jim Nussle (R-IA), Chairman of the House Budget Committee. A copy of both letters is available at NCDA's website at www.ncdaonline.org

During its budget negotiations, the House approved a $1.140 billion increase in the line item (Function 450) of the Federal budget that funds CDBG. This funds CDBG and the 17 other economic and community development programs proposed for elimination by the President to slightly below their FY05 funding level. It will be up to the appropriators to make the final recommendations on the amount of funding each program will receive in FY06. The House offset the cost of this amendment by cutting funding for international affairs programs. The House Budget Resolution "made no assumptions regarding implementation of the President's proposed Strengthening America's Communities Block Grant or transferring the Community Development Block Grant program from the Department of Housing and Urban Development to the Department of Commerce." This was done in an attempt to send a signal to the Administration that the House is not interested in developing a whole new program in lieu of CDBG and the other 17 economic and community development programs that have been slated for elimination.

Several congressional members rose in support of CDBG during the House budget negotiations. Rep. Nancy Johnson (R-CT) told her fellow House members that, "As a member of the Save Our Cities Caucus, I rise in strong support of full funding of the Community Development Block Grant. I am proud that Republicans have long understood that the Federal Government has a responsibility to support our cities. They are the lifeblood of our commerce. It is extremely important that we fully fund these critical programs because they preserve the local power of local governments to fix holes in the safety net, to assure the services that people need." Rep. Mike Turner (R-OH), Chairman of the Save Our Cities Caucus, followed Rep. Johnson with the following support for the program, "Mr. Chairman, I support the Committee on the Budget in adding $1.140 billion to the administration's request for programs under the community and regional development function in the budget, which includes the Community Development Block Grant program. The budget document specifically lays out that the funds are being restored with the clear intention of supporting the Community Development Block Grant program, or CDBG. This House, in taking the action of supporting the Committee on the Budget's resolution, does not accept the President's level of funding and looks to restore functions for CDBG." Finally, Rep. Jim Nussle (R-IA), Chairman of the House Budget Committee, spoke strongly in support of the program by saying, "Just to punctuate what the gentleman from Ohio and the gentlewoman from Connecticut said, we believe in local control; and we want to be partners with these communities in solving problems. We disagreed with the President in his budget with the changes that were made to the Community Development Block Grant; so we made that value judgment and change in this budget. We are supporting our mayors. We are supporting our communities. We want to be good partners, and we believe in local control in solving those problems. The big Federal Government cannot solve all these problems that these local folks are dealing with. We want to give them the opportunity to do that."

On the Senate side, Senator Paul Sarbanes (D-MD) offered an amendment to the Senate Budget Resolution to restore approximately $1.89 billion to the line item of the budget that funds CDBG and the 17 other programs that the President proposed to eliminate in his FY06 Budget and maintain the programs at their current agencies. Sarbanes proposed to offset the amendment by closing tax loopholes that the majority of the Senate had supported last year. The vote was extremely close, but the amendment failed on a 50-50 vote. Four Republican Senators voted for the Sarbanes amendment: DeWine (OH), Chafee (RI), Coleman (MN), and Hutchison (TX). In urging support of the Sarbanes amendment, Senator Stabenow (D-MI) had the following to say regarding CDBG, "I appreciate very much having the opportunity to support this amendment and be a cosponsor. From the highlights of the 2004 CDBG accomplishments, they show very specifically that they created or had the retention of more than 90,000 jobs last year. In a State like Michigan, this is incredibly important. Over 130,000 rental units and single-family homes were rehabbed, 85,000 individuals received employment training, 1.5 million children were served with afterschool enrichment programs, childcare services were provided to over 100,000 children and their families, 700 crime prevention and awareness programs, and 11,000 Americans became homeowners. What is more important to each of us as parents than to be able to make sure we have shelter and a home for our children? These are partnerships with local communities, small amounts of revenue that we bring together with our communities to make major impacts on the quality of life. That is what we are about – to partner with our local communities. I urge support of the amendment."

Senator Kennedy (D-MA) had the following to say in regards to the Sarbanes amendment, "I strongly support the Sarbanes amendment, which will prevent one of the greatest failings of this President's Budget – its elimination of more than $2 billion from critically needed economic development and social service programs and the proposed consolidation of 18 valuable Federal programs into a single block grant under the so-called "Strengthening America's Communities Initiative." If the administration dislikes helping cities, they should have the decency to say so, instead of this charade where they try to hide massive cuts under the cloak of streamlining. Their proposal insults the intelligence of mayors, community development officials, and social service agencies across the country – by cynically suggesting that somehow these cuts are going to make life better and be helpful to cities across America."

Senator Feinstein (D-CA) also rose in support of the Sarbanes amendment saying, "These programs are vital to our Nation's low and moderate income neighborhoods, as these are the communities who need these programs the most. Despite the proven results of the CDBG program and the other 17 community and economic development programs, the fiscal year 2006 budget resolution proposes to consolidate these programs into a single Commerce Department program, resulting in a $1.89 billion cut. This major reduction would have a devastating impact on our Nation's neediest communities and families who rely on these programs. The proposed cuts to CDBG and the 17 other programs would result in higher unemployment, diminish business creation and retention, increase the number of blighted buildings, and the number of homeless people who cannot find affordable housing. We must not allow this to happen."

Senator Leahy (D-VT), a longtime advocate for CDBG, had the following to say, "Last year, the Federal Government invested $5.7 billion in communities across the country through a network of community and economic development programs. These programs were used to enhance social services, invest in infrastructure, promote affordable housing, provide public services and revitalize our downtowns. These investments changed the face of our cities and helped improve the standards of living across the Nation. Unfortunately, the President has proposed to eliminate this network of programs and replace them with a single block grant at the Department of Commerce. I find this proposal underwhelming and unacceptable. To add insult to injury, the President has proposed, and this budget includes, only $3.7 billion for community and economic development activities covered under this initiative – a 34 percent reduction in all programs combined. This is simply not adequate. *Each of the programs slated for elimination was created for a specific purpose, each serves targeted constituencies and addresses distinct needs.* Consolidating and under funding these programs would leave critical gaps in the web of support for our Nation's cities and towns. I question the President's assertion that these programs are ineffective and inefficient and *I question the wisdom of starting a new program at a new agency when the old system is not broken*. I am particularly concerned with the elimination of the Community Development Block Grant program. CDBG is the centerpiece of the Federal government's efforts to help States and localities meet the needs of low-income communities. I challenge each Member to go back to their State and find one community that has not reaped the benefits of a CDBG investment."

Senator Jack Reed (D-RI) followed Senator Leahy's remarks with the following, "The real issue with federal community development assistance is the lack of financial resources for the thousands of communities struggling to remain economically competitive, not the current structure of the existing programs. While the budget resolution includes funding for tax loopholes that the Senate voted to close last year, it fails to adequately fund programs that provide affordable housing to American workers, programs that create or retain jobs in the economy, and programs that provide vital public services to our senior citizens. There is overwhelming opposition to the Strengthening America's Communities Initiative. A unified grant program, as proposed by the Administration, will leave gaping holes in community and economic development assistance."

Even though the Sarbanes amendment did not pass, a similar amendment offered by Senator

Norm Coleman (R-MN) did pass by a 66-32 margin. In offering his amendment, Senator Coleman said, "I urge my colleagues to adopt my amendment and show their support for these community leaders (CDBG Coalition) by fully funding the community development block grant program, keeping it at HUD, and rejecting any harmful changes." Like the Sarbanes amendment, the Coleman amendment restored $1.89 to the line item of the Federal budget that funds CDBG and the 17 other programs that the President proposed to eliminate in his FY06 Budget. Coleman offset his amendment with an across-the-board cut to all federal programs. Essentially, this restores these programs to their FY05 funding level. Again, the House and Senate appropriators will have the final say in how much each of these programs will receive in FY06. Both Senator Sarbanes and Senator Coleman asked to have the CDBG Coalition's CDBG Letter printed in the record, which it was. Again, you can obtain a copy of the letter at NCDA's website at www.ncdaonline.org

The Budget Resolution provides "guidance" for the Appropriations Committees to follow in allocating their funds. It is not a legally binding document and appropriators do not have to follow any guidance that the Budget Resolution offers. Still, it sends a strong message to the appropriators to keep CDBG intact and fund it at a decent level.

NCDA would like to thank its members for helping us secure increased funding for the line item that funds CDBG in both budget resolutions. Your phone calls and letters to your congressional members urging them to sign-on to the CDBG Support letters as well as asking them to support the Sarbanes Amendment were crucial in gaining support for the program during the budget process. We could not do this without you and we greatly appreciate your efforts. We will need to call upon you once again when the appropriations process gets underway.

NEXT STEPS FOR THE CDBG COALITION

The next step for the CDBG Coalition and its membership base is to target the appropriators. The Coalition will begin meeting with appropriations staff next week and will continue these meetings throughout the appropriations process. We ask you to contact your members on these committees (a list of the House and Senate Appropriations Committee members is posted to NCDA's website at www.ncdaonline.org to seek support for CDBG during the appropriations process. We also ask you to continue your efforts to educate your congressional members about how CDBG is helping their communities. Please make a point to meet with them on the program as quickly as possible, if you haven't already done so. Please also continue your efforts to promote the program in your local press and with your entire community. Ask the beneficiaries of the program to write letters – or send postcards – in support of the program to their congressional members. It is vitally important that you have your mayor and/or city council send letters of support to Congress on behalf of the program. Like the Budget Committee, the CDBG Coalition will also undertake a Dear Colleague Letter to both the House and Senate Appropriations Committees. Again, we will be asking the appropriators to keep CDBG intact within HUD and fund the program at $4.7 billion in FY06.

In addition, the CDBG Coalition will be holding a Congressional Briefing on CDBG in the House on April 11. The Coalition held a similar event in the Senate on March 1. The briefings are intended to educate congressional staff on CDBG. The Senate briefing was very well attended by over 75 congressional staffers. Like the Senate briefing, a broad spectrum of speakers will represent the CDBG Coalition at the April 11 briefing, including NCDA's President, Amintha Cinotti.

HUD SECRETARY JACKSON TESTIFIES BEFORE TTHUD APPROPRIATIONS SUBCOMMITTEE

The March 7th issue of the *NCDA Washington Report* included an article on the re-organization of the Appropriations Subcommittees. The new subcommittee that has jurisdiction over HUD falls within the Transportation, Treasury, HUD, Judiciary, Independent Agencies, and DC, or TTHUD for short. The first hearing of the TTHUD Subcommittee was held on March 17 and was chaired by Representative Joe Knollenberg (R-MI). Rep. Knollenberg outlined a very ambitious schedule for the Subcommittee, including allocations by Memorial Day. Ambitious is what it will be, due to the concerns that normally face HUD as well as very contentious issues that will inevitably arise within the District's allocation. Still, Rep. Knollenberg, a no-nonsense man, with a very deliberate manner, will press subcommittee members to complete their work in a timely fashion.

Secretary Jackson was the only witness to testify before the Subcommittee on March 7. He provided the same testimony that he has used in all of his appearances before Congress this year. As in his other visits before the various Committees of Congress, Jackson was asked to justify the President's budget as it relates to HUD. Jackson provided the same rhetoric that he has provided all year; saying that HUD's budget is a good one and justifying the elimination of CDBG as consolidating duplicative programs.

Key members on this subcommittee include Rep. Ney (R-OH), Chairman of the House Subcommittee on Housing and Community Opportunity, Rep. Oxley (R-OH), Chairman of the House Committee on Financial Services, Rep. Maxine Waters (D-CA) from Los Angeles, ranking member of the Subcommittee on Housing and Community Opportunity, and Rep. Barney Frank (D-MA), ranking member of the Committee on Financial Services, whom we all know and love.

After getting lambasted from both Republican and Democratic members on the "whys and what for's" of HUD's budget, Mr. Jackson did an admirable job of staying "on message" and suggesting that he had fought for CDBG and HUD overall, but that he also supported the President in his attempt to reduce program duplication and redundancy. He also said that he supported consolidation of programs, at HUD, but that the decision was made to eliminate CDBG, consolidate the other programs into a new program administered by the Department of Commerce.

Chairman Knollenberg spoke eloquently about the CDBG program; the kinds of activities the program funds in his district and that he supported efficiency in government, however, he also felt that he did not have any clear sense of what would replace CDBG over at the Department of Commerce. Mr. Knollenberg asked questions about the new program, how it would be administered and what guidance HUD would provide to the Department of Commerce on implementing "non-traditional" activities that were outside of the present structure of the agency's usual operations. Mr. Jackson indicated, as he did in previous hearings, that HUD would work with Commerce to assist them in any way his agency could.

Mr. Jackson was also asked repeatedly by members what the new program entailed and how would activities that can now be funded through HUD would fare within the Department of Commerce. Mr. Jackson replied each time that he did not know because the legislation had not yet been written.

Many members asked if Jackson had fought for his agency, fought to keep CDBG within HUD. Jackson responded by saying that CDBG is a good program and that he fought to consolidate the other programs into CDBG within HUD, but in the end, he supported the President's goal of reducing duplication and the decision was made to cut and consolidate at Commerce.

Representative Carolyn Kirkpatrick (D-MI) asked the pointed question of "What was the Secretary's budgetary figure submitted to OMB and the White House?" Mr. Jackson leaned back to get an answer which was the exact figure that appeared in the President's budget, $28.5 billion. This paltry budget figure clearly indicates that he did not press for more needed funding for HUD.

Representative Colbertson (R-TX) was more concerned with the rise in the deficit and what that burden would mean to his children and grandchildren. He supported the reduction in government spending in any shape or form.

Representative Ann Northrup (R-KY) was more concerned about Section 8 and the rise in cost of the vouchers and the number of new units going into her district.

Something needed to be done about this program, she said, or there would not be any other type of housing in her community.

For the most part, members of the Subcommittee, were not pleased that the Administration had proposed such drastic cuts in community development programs without so much as garnering their feedback on such an idea.. They seemed incredulous that a cut of this magnitude had been proposed without adequate justification and at least a draft proposal of its replacement.

NCDA staff has been informed that there will be no public witnesses allowed to testify before the TTHUD appropriations subcommittee this year. However, we have also been warned that there will be several hearings on the CDBG formula study and on general program performance in other subcommittees.

FDIC, OCC PROPOSE CRA COMMUNITY DEVELOPMENT TEST FOR SMALL AND INTERMEDIATE BANKS

The Office of the Comptroller of the Currency (OCC) has joined the FDIC in proposing Community Reinvestment Act (CRA) rules that would establish a community development test for a new category of small and intermediate banks. These agencies issued the rule on February 22, which has been published in the Federal Register for comment. This rule serves as the companion rule issued on August 20, 2004 (which became final on 2/28/05) by the FDIC that raised the asset value of small banks from $250 million to $1 billion, and reduced the rigor of the CRA evaluation process on over 5,000 banks across the nation. The new proposal would provide a community development test for intermediate banks which would mirror the asset threshold set in the Office of Thrift Supervision (OTS) final rule of $250 million to $ 1 billion, but would also adjust the asset ceiling for inflation based on the consumer price index.

Because the FDIC received over 11,000 comments on the August proposal, the new rules are an attempt to strike a balance between reducing the regulatory burden for community banks and effective evaluation of community development by those banks. The proposal would extend streamlined lending evaluation and exemption from data reporting to banks under $1 billion without regard to hold company affiliation while continuing to evaluate the intermediate sized banks community development participation.

The proposal also provides an itemized list of the types of discriminatory and illegal lending practices that would affect CRA ratings when conducted in any geographic area or by affiliates whose loans are part of the bank’s lending performance. This list includes violation such laws as the Equal Credit Protection Act, Fair Housing Act, Home Ownership and Equity Protection Act, Federal Trade Commission Act, Real Estate Settlement Procedures Act and the Truth in Lending Act.

Intermediate and small banks would have to get a satisfactory score on both the community development test and the small bank lending performance test to get an overall CRA rating of satisfactory or higher. The community development test would include the number and amount of community development loans and qualified investments, community development services and responsiveness to community development needs.

The lending test includes the loan-to-deposit ratio, percentage of loans in the bank’s assessment area, lending to borrowers of different income level, geographic loan distribution and response to written complaints about meeting credit needs.

Intermediate and small banks would no longer have to report originations and purchases of small business, small farm, and community development loans, a change that would account for most of the cost savings and paperwork reduction. Lastly, the proposal would change the definition of community development to encompass affordable housing for individuals residing in underserved rural areas and designated disaster areas and community development activities that revitalize or stabilize such areas.

Comments on this proposed rule are due on April 22, 2005. NCDA will submit comments, however, we also encourage members to comment on this proposed rule as well.

WHAT THE PROPOSED ELIMINATION OF CDBG IS REALLY ABOUT?

What is the proposed elimination of CDBG really all about? Many practitioners, advocates and HUD headquarters staff have been asking this question for the past six weeks. One could say its about performance measures, or lack of good data to show a rational nexus between funded activities, and need. Or, is it about a new policy direction in domestic spending, "the ownership society" in which individuals, local and state governments must assume greater responsibility in providing for themselves– particularly lower income citizens– without federal dollars? Or, is it really just about the money? These are all good questions, and the collective answer to each is, “yes.”

To understand all of this, we must consider all of the above issues separately, and then together, because they are interrelated and one, if not all, could be cited as a reason for the proposed elimination of the CDBG program. First, let’s discuss the administration’s policy direction on domestic spending. Since the Republican Party became a majority in both houses of Congress, there has been very clear rhetoric about reducing the size of government, eliminating duplicative and ineffective programs and making government more accountable to the tax payer. This gave us the Government Performance Reporting Act (GPRA), which was championed by Vice President Al Gore more that ten years ago.

GRPA, a relatively small piece of legislation of only six pages, requires federal agencies and their programs to undergo a review process to determine if the activities administered by those agencies are performing in the way that Congress required, and at the same time, does not duplicate other programs in other agencies across the federal government. The Office of Management and Budget (OMB) was given the task – in consultation with the federal agencies – to review programs, then assess their effectiveness and performance. OMB would determine if programs were doing what they should be doing. This gave us the PART, the Program Assessment and Rating Tool. The subsequent evaluation of programs and their positive or negative reviews could provide the administration with cause for consolidation or elimination.

More that two years ago, a select number of HUD programs were reviewed by OMB, including CDBG and the HOME program. CDBG received a very low rating on this PART, a score of 28 out of a possible 100 points. However, this rating was decidedly unfair to a block grant program like CDBG. The OMB’s PART score was based on an evaluation of a categorical program, one that is designed to have a very limited number of eligible activities, with a focused priority such as the HOME program, which received a score of 84. CDBG was at a complete disadvantage from the outset for two reasons. One, the program was never required to collect the kind of data that OMB wanted to adequately rate it in the way that OMB wanted. And, two, OMB did not agree with the Congressional mandate of the program. In the collective minds of OMB, the CDBG program could not be effective because of its nature, being a block grant program with a very broad focus, one in which OMB was unable to determine the program's impact in the community or in its neighborhoods. Therefore it received a low rating.

Also, OMB made an arbitrary determination that the CDBG program should be more focused, more targeted to the neediest communities, and that grantees should have realized this and acted accordingly, regardless of why or how Congress wrote the statute. Therefore, the program was ineffective and able to be listed as one that should be changed the way OMB wanted, a program administered in a more targeted manner, or eliminated altogether.

Once we get beyond GPRA, and the PART, we must look at reducing the size of government and becoming a more "ownership society." CDBG is a program that has 1,160 entitlement communities and states. It is an "entitlement" program that annually funds large sums of money to states and local governments with tax payer dollars for activities that are not deeply targeted enough and that cities and states should more likely take upon themselves (the ownership society) to address.

It would be more "cost effective" to replace CDBG with a program directed to states–50–instead of 1,160; one that would use less money and ensure that only the neediest communities, those that addressed priorities that the administration feels should be addressed, would get funded. And perhaps, the administration could move forward and more quickly with its priorities by ensuring that a new program would fund communities that supported the goals of involving more faith-based entities in supplying the needs that the local governments can no longer provide. This new program would also fund communities that are taking great efforts to reduce regulatory barriers to affordable housing, or diligently working to assist the administration in ending chronic homelessness.

In the end, the administration's use of GPRA, the PART process and ideology as justification for proposing the elimination of the CDBG program, really– in all scenarios– comes down to on thing, the money. OMB really feels that CDBG is not going to the most needy people or the neediest communities. According to OMB, wealthy communities should not receive CDBG funds because they are better able to help their poor people without federal assistance. CDBG has too many eligible activities, and community development is really economic development, which is defined as; do what one can to encourage and develop businesses, which create jobs which is the foundation for truly revitalizing needy communities. Everything else, housing, community centers, child care and senior centers, water and sewer expansion and hook-ups are tangibles.

The logic and justification for elimination of CDBG goes even further. CDBG is a big program, the 8th largest federal grant program in the nation, with an allocation of almost $5 billion, and since it is not meeting the Administration's priorities, these funds would be better used elsewhere, i.e. paying down the deficit, help making our nation safe from terrorists, making the tax cuts permanent, etc.

We have come full circle, the proposed

elimination of CDBG is about the PART score, it's about Administration policies, it's about reducing the size and expense of government, it's about reducing the deficit, etc., which all suggest that what it's really about is the money. This large, ineffective "entitlement" program that does not address Administration policies, where most of its funding goes into urban areas, should be eliminated and its program dollars used to create a program that better represents a new ideology. Its about the money.

However, there is one thing we must remember in this entire scenario regardless of policy or constituency base, all 535 members of Congress receive CDBG funds. Regardless of party affiliation, nationally elected officials work for the people, all of the people, in their districts and states. A program the size and popularity of CDBG has a lot of support. It must have to have lasted and thrived for more than 30 years. It will be very difficult for a member of Congress to vote to eliminate a sizable amount of funding that he or she can take direct credit for, in favor of an unknown entity.

We will save the CDBG program by ensuring that every member of Congress realizes the direct impact losing these funds will have on his or her voting constituents. It can be done. These next few months will be critical as the appropriations process gets into full swing. You can't call, e-mail, visit or send post cards too often to your Congressional Delegation. They must hear from you and your sub-recipients OFTEN. You, the city, county, or state are the best folks to put the face on CDBG and how the people attached to those faces will be impacted if CDBG is eliminated. Keep up the great work, Congress is hearing you.

HUD NEWS

HUD RELEASES FY05 SUPERNOFA

HUD released its FY05 Super Notice of Funding Availability (SuperNOFA) on March 21. The NOFA provides a myriad of funding opportunities for HUD's competitive programs, including: $1 billion for the Continuum of Care Homeless Assistance Programs, $93.6 million for the Lead-Based Paint Hazard Control Grant Program, $49.4 million for the Lead Hazard Reduction Demonstration Grant Program, $24.4 million for the Brownfields Economic Development Initiative (BEDI), $56.4 million for Youthbuild, $37 million for Housing Opportunities for Persons with AIDS (HOPWA), and $10 million for Housing for People who are Homeless and Addicted to Alcohol. Each of these programs have different application deadlines, so please go to HUD's website at www.hud.gov to obtain further information on the SuperNOFA application process.

NCDA NOTES

NCDA 2005 ANNUAL CONFERENCE

NCDA staff have worked with our friends at HUD and they have agreed to conduct a briefing on the CDBG Formula Study during the Annual Conference. This will be a very important discussion. Other than the President's proposal to eliminate the program, the CDBG formula is the most serious issue facing communities at this time. We hope that you will attend to ensure that your community has as much information as possible, so that you can adequately council your elected officials.

Also, the City of Austin has a multitude of activities and project tours they are just dying to showcase. The agenda includes many sessions, with something to pique the curiosity of any community development or housing practitioner. If you haven't registered yet, there is still hotel space available, but make your reservations as soon as possible to ensure receiving the group rate, which ends on **April 24, 2005**. Our conference falls near many of the areas college graduation dates, and the hotel will not be able to grant us much leniency on extending our room block.

CDBG Basics: Training for Practitioners

The *CDBG Basics: Training for Practitioners* course has only nine slots remaining. If you wish to take the course, please fax your registration form into NCDA as soon as possible, **202-887-5546, Attn: Karen Parker**. We do not have space for more than 50 people and cannot guarantee anyone a place in the course after we confirm 50 persons.

ATTACHMENTS
Go to NCDAonline (http://ncdaonline.org) to access the attachments below.

NCDA 2005 Annual Conference Agenda (updated)

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