NCDA
WASHINGTON REPORT

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APPROPRIATIONS UPDATE; 181 MEMBERS SIGN HOUSE APPROPRIATIONS LETTER FOR CDBG; HOUSE MAKES 302(B) ALLOCATIONS

A total of 181 congressional members signed the House CDBG Appropriations Letter. Originally, 179 congressional members signed the letter, but two additional members added their names to the letter last week: Rep. Tim Murphy (R-PA) and Rep. William Jefferson (D-LA). The letter has been sent to the House Appropriations Committee. Both the House and Senate Appropriations Committee will begin to mark-up their respective appropriations bills in the coming weeks. The House has vowed to have all of its appropriations bills completed by July 4; the Senate has not committed to an exact date, but word has it that they would like to complete most of their appropriations bills by the end of July. The House Subcommittee on Transportation, Treasury, and HUD (T-T-HUD) is scheduled to mark-up its spending bill on June 12 with the House Appropriations Committee vowing to mark-up the spending measure on June 21. No date has been set for mark-up by the Senate Subcommittee on Transportation, Treasury, Justice, and HUD (T-T-J-HUD), but we are hearing that mark-up will likely take place in early- to mid-July. The T-T-J-HUD bill may be one of the last to be marked-up, according to Senate staff.

The House Appropriations Committee made its funding allocations to its subcommittees on May 5. The Transportation-Treasury-HUD Subcommittee received an allocation of $66.935 billion. This is $3.755 billion above the FY05 level and $6.233 billion above the President's FY06 request. We have been told that Senator Thad Cochran (R-MS), Chair of the Senate Appropriations Committee, will release the 302(b) allocations for the 12 Senate appropriations subcommittees on June 9. While the House subcommittee allocation is very favorable, it leaves the decision of how much funding each individual program will receive to the discretion of the members of the appropriations subcommittees, particularly the Chairman. Bottom line: We need to keep the pressure on the Chairman and every member of both the House and Senate appropriations subcommittees that oversees HUD's programs – as well as the full Appropriations Committees – to ensure an appropriations of $4.7 billion for CDBG in FY06. While both the House and Senate Appropriations Support Letter for CDBG shows strong support for the program and has helped us to develop a strong base for the program in Congress, we must keep the pressure on until the appropriations bills have been enacted.

NCDA has taken the lead, along with NACCED, in arranging meetings for the CDBG Coalition to meet with all of the House and Senate appropriators. We have started those meetings and will continue them throughout the appropriations process. We have focused our initial meetings on the House and Senate appropriations subcommittees that oversee HUD's programs, since they will be the first to mark-up the spending bills. We can report that the CDBG is widely supported on the Hill; all of the subcommittee members that we have met with so far – both Republican and Democratic – fully support funding CDBG at $4.7 billion in FY06. They are telling us that they are hearing from you and that really matters to them. The CDBG Coalition has also sent a letter to the appropriators seeking $4.7 billion for CDBG in FY06, with at least $4.350 billion in direct formula funding to CDBG grantees (this would restore formula funding for CDBG to its FY04 level – formula funding for CDBG was cut by approximately $50 million in FY05).

The most effective means of communicating strong support for full funding of the program comes from the grassroots level – that means you, your elected officials, and your beneficiaries. Congressional members listen to their constituents. This is, again, a tough budget year and programs will be pitted against one another for funding. It is imperative that you continue your dialogue with your congressional members throughout the appropriations process. We have attached a sample letter for you (or your elected official) to send your member of congress that sits on the Appropriations Committee or Subcommittee that oversees HUD programs. A list of those committee members has also been attached. We encourage you to fax the letters, since the regular mail takes a much longer time to reach them. Please go to www.house.gov or www.senate.gov to obtain the fax number of your appropriations committee/subcommittee member. You can also modify this letter for use by your beneficiaries. Please start sending these letters *now* and continue a dialogue (phone calls, visits to your congressional members' district offices, other letters, etc.) throughout the appropriations process.

We thank you for all of your hard work in getting the word out to your congressional members on the importance of keeping CDBG at HUD and fully funding it at $4.7 billion in FY06. Your hard work is paying off. We only have a couple more months to go until we can rest. Until then, keep the pressure on and we will do the same here in Washington.

CHAIRMAN TURNER HOLDS CDBG HEARING ON PERFORMANCE MEASURES AND ELIGIBILITY

Representative Mike Turner (R-OH), Chairman of the House Subcommittee on Federalism and the Census of the Government Oversight Committee, held the third in a series of hearings on the CDBG program on May 24. This latest hearing entitled; *Bringing Community Development Block Grant (CDBG) Spending into the 21st Century: Introducing Accountability and Meaningful Performance Measures into the Decades-Old CDBG Program,* primarily focused on CDBG performance and eligible activities. Representative Turner describes the hearing as "..an effort to examine how CDBG funds are spent and what meaningful performance measures can be introduced as a tool to promote greater accountability within the program and among its grantees..."

The hearing was composed of two panels, the first featured the Administration, in the form of HUD Deputy Secretary Roy Bernardi, with the second panel consisting of:

Mr. Roy Schmitt, Council Member for Sparks, Nevada;

Mr. Thomas Downs, Fellow at the National Academy of Public Administration;

Ms. Lisa Patt-McDaniel, Assistant Deputy Director, Community Development Division, Ohio Department of Development (COSCDA);
Shelia Crowley, PhD.
President
National Low Income Housing Coalition.

There were only four representatives at the hearing; Chairman Turner, Rep. Maloney (D-NY), Rep. Clay (D-MO), and Rep. Dent (R-PA).
Chairman Turner's opening statement focused on the primary purpose of the hearing: (1) management and oversight of CDBG by HUD through the ConPlan; (2) whether the PART was the proper tool for evaluating CDBG; and (3) whether or not there are currently systems in place for Congress to adequately measure the effectiveness of the dollars spent for the program as a whole.

Mr. Turner was also concerned about how HUD and grantees effectively target funds toward the needs identified in the statute.

Mr. Bernardi began the hearing by speaking about how CDBG works, HUD's monitoring responsibilities and how grantees expend their funds. He went on to describe how the Department aggressively took on the issue of timely expenditures and the streamlining efforts of the Consolidated Plan. Mr. Bernard briefly discussed the "...beauty that is CDBG, its flexibility..." which enables grantees to use these funds in the manner that they feel is most warranted, through a public participation process.

Chairman Turner indicates that he has seen the Performance Measures Framework [*that we all agreed upon last November]* and asks Mr. Bernardi what types of measures grantees would be gathering, and what measures that were not identified in the Framework that should be gathered. Mr. Bernardi responded by saying that information on reduction in crime rates and unemployment rates, and data on the increases to the local tax base, were additional measures of program performance that could be gathered.

This statement was a big surprise to the members of the Performance Measures Working Group (PMWG), because we had convinced OMB and HUD that this type of information was best left to the researchers to address and did not directly correlate to the work of grantees or the requirements of the programs covered by the ConPlan.

When asked about the development of the Administration's "Strengthening America's Communities Initiative" (SACI), Mr. Bernardi said that his staff is providing input to the Department of Commerce on eligibility requirements and formula issues. Mr. Bernardi said he had not seen the draft legislation, but was providing Commerce any assistance they requested.

NCDA staff contacted our good friends at HUD about what appeared to be a policy shift in the direction the Department was taking on the data that grantees would be required to collect as part of the new reporting system, based on Mr. Bernardi's comments at the hearing. According to HUD, there has been no change in policy on data collection for measuring performance. All of the public interest group representatives were concerned, because HUD is moving forward with the publication of the notice that will bring the performance measures project closer to completion. We all agreed that we could not support anything other than what we all collectively agreed upon last November. We will be watching for the publication of the notice to ensure that nothing has changed from what was agreed upon.

The other witnesses brought their own unique perspective in addressing the questions the Chairman raised at the beginning of the hearing. Council Member Ron Schmitt focused his remarks on elimination of duplication of efforts through a regional funding mechanism which maximized the expenditures of CDBG funds. This process has been very successful due to the large, relatively rural areas that participate in the cooperative agreement. He spoke of how HUD had allowed for a regional consolidated planning process and the prioritization of needs based on the funding with input of citizens. Mr. Schmitt felt that this approach was effective due to the conditions in his state. He did not think that it could or should be the approach in every community or region. He stressed that this is one aspect that makes CDBG a great program, it can be used differently, but also effectively in every community.

Mr. Tomas Downs' testimony basically lambasted HUD for its lack of leadership in creating an adequate reporting system (IDIS) that he described as nothing more than an accounting system. He described it as one that has never worked properly, one in which many grantees do not rely on and forces them to maintain duplicate sets of books to feel comfortable in knowing where the money is going.

He said that he did not feel that the current system would ever be capable of collecting performance measures data that would be meaningful or reliable. He felt that Congress should direct HUD to scrap IDIS and design a system that can adequately tell the Congress and the general public where the dollars are going and what the impact these dollars are having in communities.

Lisa Pat-McDaniel, the witness representing the PMWG, did an outstanding job of articulating the direction and the process the group took to come up with the framework. She described the composition of the PMWG and made the point that we had reached consensus on how all the grantees: locals, states, and counties would report accomplishments, not only for CDBG, but for all four programs covered by the Consolidated Plan. Ms. Pat-McDaniel made the point that the data collection and reporting would become applicable to all grantees and would collect data in the same manner so that information for all the programs was uniform.

She described how the framework tied all activities back to the intent of what the individual grantee was trying to achieve and that the same activities could have entirely different outcomes based on the intent of project.

She went into detail on the processes used in coming up with the framework and the importance of maintaining the flexibility and local determination within these programs so that individual grantees could achieve desired results that are specific to their communities.

Chairman Turner was duly impressed. He asked Ms. Pat-McDaniel if the program could be improved, to which she replied that every program could be improved, however the improvements should not come in the form of less flexibility, but in a way that makes implementation and reporting better for grantees. We need to be able to show members of Congress and the general public how we are spending these funds, she said. She indicated that the grantees already know how well we are doing, but it is important for our citizens and the general public to know how we are spending these funds.

The last witness was Sheila Crowley, President of the National Low Income Housing Coalition, whose association has always advocated for deeper targeting within the CDBG program and more accountability for grantees to directly link their planning efforts to implementation of programs and projects. Ms.Crowley advocates for 100 percent benefit to low- and moderate-income persons and allocation of program funds to the neediest communities.

She also suggested that Congress should require HUD to pay for a local “force” to ensure that local governments are spending their CDBG dollars in the manner outlined in their ConPlans and their annual Action Plans. She did not articulate how this “force” would operate or who the “force” would report to. Ms. Crowley’s testimony followed the direction that the National Low Income Housing Coalition has been submitting for the past 12 years. Not much has changed, except for the idea of the oversight “force” that she is now advocating for.

The outcome of these hearings will be compiled into a report and submitted to the Financial Services Committee, which has jurisdiction over the authorization of the CDBG program. It is our understanding that this committee will attempt to schedule hearing on CDBG, particularly the formula, sometime this summer.

We do not have dates yet, however, NCDA has requested to testify before this committee.

HOUSE MARKS-UP GSE LEGISLATION; CREATES AFFORDABLE HOUSING FUND

As predicted, Congress is on track to enact legislation to reform the Government-Sponsored Enterprises (GSEs): Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. The House Committee on Financial Services marked-up its GSE reform legislation, H.R. 1461 – The Federal Housing Finance Reform Act of 2005 – on May 25, 2005. The Committee passed the legislation on a bipartisan vote of 65-5. The legislation was introduced by Rep. Richard Baker (R-LA), Chair of the Subcommittee on Capital Markets, Insurance and Government-Sponsored Enterprises. Since the 106th Congress, there have been over 20 hearings on GSE oversight in the Financial Services Committee. Mark-up and passage of H.R. 1461 marks the culmination of effort by the Committee to reform the GSEs.

The bill would create an independent regulator, the Federal Housing Finance Agency (FHFA), to oversee the GSEs. As approved by the House Financial Services Committee, the new regulator would be independent of existing agencies, exist outside of the appropriations process and would have much broader authority than the firms' current regulator, Office of Financial Housing Enterprise Oversight, which is part of HUD. The new regulator would be responsible for overseeing the achievement of the GSE's housing mission and their safety and soundness. The regulator would have the authority to adjust the portfolio holdings of the GSEs, minimize risk, and approve the new program and business activities of the GSEs. FHFA could take prompt corrective actions and would have other enforcement powers. It could also undertake a process of conservatorship or receivership, if a GSE becomes critically undercapitalized.

The legislation also creates an Affordable Housing Fund that will be funded out of the annual profits of the GSEs. This Fund was key to the Democrats supporting the bill. Under the legislation, the GSEs will be required to provide 5% of their after-tax profits to this Fund annually. It is estimated that the Fund will provide approximately $500 million in funds for affordable housing to be targeted specifically to very low-income and extremely-low income families. The Fund will support the production, preservation, and rehabilitation of affordable housing. During the mark-up of the bill, several Republicans tried to strip the Fund from the legislation, but without success. Rep. Richard Baker (R-LA) argued that the Fund would seize "excessive" amounts from the companies and argued the bill did not provide for an appropriate process to disburse the monies. Rep. Ed Royce (R-CA) offered an amendment to strike the provision from the bill, calling the Fund an "experiment in socialism." In the end, cooler heads prevailed, and the Fund remained in the bill.

Several amendments were approved during mark-up of the bill, including an amendment offered by Rep. Gregory Meeks (D-NY) to require the GSEs to review disparities in interest rates charged on mortgages for minority borrowers; an amendment offered by Rep. Rick Renzi (R-AZ) to expand the definition of rural to include tribal lands in order to foster mortgage lending on sovereign lands; and an amendment offered by Rep. Gutierrez (D-IL) to provide a safe harbor to the GSEs and their employees when reporting suspicious activities to the director of the FHFA.

The Senate is expected to mark-up their GSE legislation in June.

HOUSE HOLDS HEARINGS ON SECTION 8/PUBLIC HOUSING REFORM BILL

Legislation has been introduced in both the House and Senate to reform the Section 8 and Public Housing programs. Rep. Gary Miller (R-CA) introduced H.R. 1999 – The State and Local Housing Flexibility Act of 2005 – on April 28, while Senator Wayne Allard (R-CO) introduced a companion bill – S. 771 – in the Senate on April 13. Both measures restructure the existing Section 8 and Public Housing programs to allow greater flexibility to public housing agencies (PHAs).

House Holds Hearings

The House held two hearings on H.R. 1999. On May 11, Secretary Jackson testified before the Committee on Financial Services and on May 17 advocates, tenants, and public housing agencies provided their testimony before the House Subcommittee on Housing and Community Opportunity. At the May 11 hearing, Secretary Jackson extolled the need for reform of both Section 8 and Public Housing. Jackson told the Committee that in order for the "budget based" funding system that Congress approved for the Section 8 program in FY05 to work, "program requirements need to be simplified and PHAs need to be provided with greater flexibility."

Jackson told the Committee that Section 8 consumes most of HUD's budget. In 1998, Section 8 consumed 36% of HUD's budget. Last year, the program had spiraled to 57% of the total HUD budget, according to Jackson. Advocates say that this is due to new incremental vouchers being approved for the program in the late 90s. Jackson says that the rising cost is due to the Quality Housing and Work Responsibility Act of 1998 (QHWRA), which allowed PHAs to set their local payment standards from between 90 and 110 percent of the local FMR. According to Jackson, most payment standards are approaching 110 percent of FMR and greatly increasing the cost of the program. Jackson told the Committee that the program's low-income targeting requirements has also resulted in higher costs to the Federal government and provided no assistance to working families. Currently, under the Section 8 program, at least 75% of the vouchers must go to households at or below 30% of area median income. In his testimony, Jackson told the Committee, "This requirement has shut the door to voucher assistance on low-income individuals who work hard to raise their income, and then find themselves competing with those that earn slightly less. They are likely to remain too poor to afford a home, yet if they are outside the targeted group, they will be relegated to lengthy waiting lists with the ever-diminishing likelihood of receiving a voucher. Thus, housing agencies are forced to discriminate against those moving up the economic ladder."

Jackson told the Committee that H.R. 1999 will enable PHAs to reduce waiting lists, move more working families toward self-sufficiency and homeownership, and provide greater flexibility to PHAs to administer their programs. The legislation would allow PHAs to set their own subsidy levels based on their local market conditions and not on HUD-prescribed FMRs. Still, PHAs would have a limited annual allocation of funds to work within these parameters. Instead of working with a set number of vouchers, PHAs would have to work within their grant amount. The legislation would also allow PHAs to establish their own rent policies, eliminating many of the complex forms that are currently required to comply with program rules, saving both time and money, according to Jackson. It would further reduce administrative burden of PHAs in the areas of annual unit inspections and annual family re-certification, Jackson told the Committee.

On May 17, witnesses consisting of PHAs, advocates, tenants, and national interest groups representing the interests of all three groups, provided their testimony to the House Subcommittee on Housing and Community Opportunity. The witnesses representing advocates cited many problems with the legislation. Primary among them was the fact that the legislation would block grant Section 8 with future funding based on a formula allocation. As we all know in the "block grant world," block grants are highly susceptible to cuts and advocates of Section 8 are rightly concerned with the block granting of the program. Advocates fell block granting of the program will be particularly difficult since the actual costs to operate the program fluctuate and the fact that HUD does not know how much funding it will actually take PHAs to operate the program from year to year. It's impossible for Congress to provide formula funding to the program annually without knowing the exact number and cost of the vouchers held by PHAs the advocates say.

Income Targeting Increased
H.R. 1999 would also severely change the income targeting requirements of the program. Currently under the Section 8 program, atleast 75% of the families assisted must be at or below 30% of area median income. H.R. 1999 would shift the targeting higher, using the current HOME rental income targeting requirements of 90% at 60% of area median income. Advocates argue that there are currently 6.3 million renter households with incomes at or below 30% of area median income that pay over half of their income for housing compared to 1.1 million renter households with incomes between 30% and 60% of area median income that pay over half of their income towards housing. Bottom line: there is no policy justification to increase the targeting, according to the advocates.

Time Limit on Assistance
The legislation would also give PHAs the option to place a five year time limit on assistance. Advocates argue that assistance should only be terminated if the household's income increases and disqualifies them from participating in the programs. They also argue that if the legislation is trying to promote "self-sufficiency" that it should include other factors such as adult education and job training and placement. The time limits would not apply to elderly and disabled residents.

Portability Limited
The legislation would limit portability of Section 8 vouchers. Currently, Section 8 voucher holders can take their voucher and move anywhere in the country. Under the legislation, their mobility would be restricted. Families would not be permitted to use their housing vouchers to move from one jurisdiction to another unless the administering housing agency had a standing agreement. This would restrict housing choice and potentially have the ability to concentrate voucher holds in high poverty areas, if choice is restricted.

Elimination of Enhanced Vouchers
The legislation would eliminate enhanced vouchers after one year of enactment of the legislation. Enhanced vouchers are given to tenants living in project-based rental properties whose owner opts out of the Section 8 program and converts the property to market rate units. The vouchers cover the increased rent and allow tenants to remain in their homes. It is our understanding that those tenants currently provided enhanced vouchers, would continue to receive assistance. The legislation would

disallow future assistance for new enhanced voucher.

Moving-to-Work Would Be Made Permanent
The legislation would make the Moving-to-Work Demonstration (MTW) Program permanent. MTW currently provides participating PHAs with the flexibility to request any waivers to the Public Housing and Section 8 programs it deems necessary in order to move families out of assistance. The legislation would allow the existing 24 MTW sites as well as PHAs that have over 500 units to participate in the permanent MTW Program. It would allow these PHAs to combine public housing operating and capital funds with their voucher assistance to provide housing assistance and services to low-income families. Advocates are concerned that this grants too much autonomy to PHAs, essentially giving them superwaiver ability, and little credence to the existing program regulations. PHAs, on the other hand, welcome the flexibility to administer their Public Housing and Section 8 programs as they see fit.

Renee Glover, President and CEO of the Atlanta Housing Authority, testified on behalf of the legislation saying, "...I agree 100% that legislative reform is necessary." While agreeing with all of the components of the testimony, Ms. Glover told the Subcommittee that the legislation does not address the most pressing problem facing PHAs: a renewal formula for the Section 8 voucher program. "...despite three years of turmoil caused by constant funding formula changes, the HUD bill does not adequately provide a rational and stable allocation formula that housing agencies can count on from year to year." Glover strongly endorsed making the MTW Program permanent, saying that it will provide PHAs the flexibility to combine public housing and Section 8 funds, create program efficiencies, promote self-sufficiency, and reduce administrative burden.

Denise Muha, President of the National Leased Housing Association, told the Subcommittee, "I am distressed that HUD would propose such a drastic reinvention of a program that we believe is the cornerstone of federal housing policy in an attempt to rationalize future funding cuts." NLHA represents the interests of housing agencies, developers, lenders, and housing managers. NLHA does not believe the Section 8 program needs major reform. Like other persons appearing before the Subcommittee, NLHA believes that the program needs a stable funding formula, to ensure permanent and reliable funding for the program. Muha told the Subcommittee that the budget based formula (based on the number of units under lease on a given date plus an inflation factor) put into place by Congress in FY05 does not work. The formula does not allow PHAs to address cost increases associated with factors beyond their control and have resulted in fewer families being served. Muha told the Subcommittee that any formula that is developed must be simple and must be accompanied by a central reserve fund at HUD to accommodate for unforseen market changes, family incomes, and a decrease in appropriations.

STRENGTHENING AMERICA'S COMMUNITIES INITIATIVE (SACI) COMMITTEE HOLDS SECOND MEETING IN KANSAS CITY, MISSOURI

The Strengthening America's Communities Initiative (SACI) Advisory Committee held its second meeting on Friday, May 13 in Kansas City, Mo. The Committee will hold one more meeting in Clearwater, Florida on June 1, to finalize its work and prepare a report for the Department of Commerce to use in the authorizing legislation for the program. NCDA was represented at the second meeting, by Jim Vaughn, former Community Development Director in Kansas City. Jim is a former member of the Association and works with Representative Cleaver (D-MO), the former mayor of Kansas City, on housing and community development issues. The following meeting notes were provided by Jim and NCDA Staff greatly appreciates him for attending and providing his impressions on the meeting.

Meeting Notes Strengthing American Communities Initiative Advisory (Saci) Committee Held in Kansas City, Missouri

On May 13, 2005 the SACI Advisory Committee held it's second meeting in Kansas City, Missouri. As in the first meeting in Fresno, California, 15 of the 17-committee members attended, along with Commerce Department staff. The Vice-Chair Deborah L. Wince-Smith, President, of the Council on Competitiveness, convened the meeting. *[We understand that Mark Drabenstott has been asked to step down from the committee due to a conflict of interest issue related to his affiliation with the Federal Home Loan Bank Board. He now serves in an advisory capacity]*

The first hour half was spent listening to the three subcommittees give their reports to rest of the members. These subcommittees reports– which weren't identified by name or mission– had a common theme, "Positioning Communities to participate in the Global Economy." Much of the discussion was spent on how to make "communities" competitive in manufacturing and production of goods and services. Also, what public incentives are needed and what regulatory barriers to economic productivity exist. These "communities" are described as areas of economic distress. They are not necessarily cities or urban areas. They didn't discuss a definition of what a distressed community is however several comments were made about "focusing" resources and incentives to these communities. Several comments were made about the need to do more strategic planning, and holding communities designated accountable for results. One member spoke about how complex the existing programs and funding requirements are for anyone who wants to receive assistance. He spoke of the need to streamline the process and bring uniformity in utilizing scarce government resources. He also said that the current 18 different programs to be consolidated were a "one size fits all" system that doesn't work.

The entire discussion emphasized that rural areas will play a larger role in the definition of what a "distressed community" is.

The written material and booklet that was handed out spotlights the Opportunity Zone Program as the centerpiece of the Department of Commerce's new program. A reading of the booklet appears that the Opportunity Zone Program mirrors the existing Empowerment Zone and Enterprise Communities program with the new requirement to develop a "Community Transition Plan". These "Opportunity Zones" would receive additional benefits above the regular EZ, EC or RC programs. These benefits would range from Early Reading First and Striving Readers funding, USDA telecommunication loans to long promised regulatory relief. Communities would be "transitioned" out of the program at some time either by completion or non-performance.

Unlike the first meeting, one hour on the agenda was set aside for public comment. Each speaker was given five minutes and had to sign up ahead of time. A time clock like the ones used by legislatures controlled the comment period. Several City Council members from Kansas City's suburban cities, both Missouri and Kansas spoke about how CDBG was very important to their communities and should not be eliminated but funding should increase. One speaker came from Sacramento, California to comment. I spoke commenting that everything I heard today already is available to applicants needing incentives and assistance for particular economic efforts. If these incentives need to be streamlined, be enhanced and expanded the Department of Commerce's EDA already exists. I further commented that this is merely reshuffling of current programs into a new program with less total funding and more directive than flexibility. Why do we need a new bureaucracy? CDBG is the only Federal program available to Cities and States that provides flexible funding to address the particular needs of the recipients. As to strategic planning, I indicated that the CDBG Consolidated Plan process accomplishes that for recipients. Finally, by consolidating 18 existing programs into one new program is certainly a "one size fits all" solution that won't work and shouldn't happen.

Kansas City Council Member Riley commented that Kansas City had used CDBG and '108" funds for developments that produced jobs and economic opportunities in Kansas City for years. Having the flexibility that CDBG offers allowed these projects to happen.

Congressman Cleaver from Kansas City, MO concluded the public comment period by telling the committee that the very building this meeting is being held in would not be here but for CDBG funding. He went on to tell how when he was Mayor, CDBG was the flexible public funding necessary to leverage private funds in developing economic, housing and social services necessary to have a livable City for everyone. He then gave the committee the status of the legislation before Congress that would be necessary before any thing they recommended could happen. The status is that the legislation is **DEAD** and needs to be buried. The committee then said the next meeting would be in Clearwater, Florida and adjourned.

HUD NEWS

PERFORMANCE MEASURES FOCUS GROUP SESSIONS FINALIZED: NOTICE FORTHCOMING

The Department of Housing and Urban Development has finalized the dates and sites for the Performance Measures Reporting System that NCDA and the state and local public interest groups, as well as HUD and OMB agreed on in November. As promised, HUD agreed to hold focus groups to allow all grantees the opportunity to review and comment on the proposal.

HUD will publish a notice in the *Federal Register* that provides information on the process and the targeted outcome of these focus groups. These focus groups will be centrally located, and we encourage members to attend. Please look for the dates in the *Federal Register*.

NCDA NOTES: NCDA ANNOUNCES ITS OFFICERS OF THE BOARD OF DIRECTORS FOR 2005/2006

President:	**Scott Stevenson, Manager Community Development Division, Los Angeles County, California**
Vice President:	**Nancy Haney, Community Development Director Lubbock, Texas**
Secretary Treasurer:	**Emory Counts, Community Development Director Daytona Beach, Florida**
Past President:	**Amintha Cinotti, Deputy Director for Planning and Development Providence, Rhode Island**

At its annual business meeting on May 18, held during the Association's Annual Conference, in Austin, Texas, the National Community Development Association (NCDA) elected officers for its Board of Directors for the 2005/2006 fiscal year. The very successful meeting drew record attendance, provided much needed training for new practitioners, and featured the Department of Housing and Urban Development's Deputy Assistant Secretary for Grants Programs, Anna Maria Farias. Ms. Farias and her senior staff provided an overview of the department's upcoming initiatives and a lively discussion on HUD's formula study of the CDBG program.

Long considered the premier advocacy association for community development programs and practitioners, NCDA's Board of Directors is deeply concerned with the current federal policy direction that fails to recognize that community development is the engine, the driving force of the nation's economy, and suggests that state and local governments should assume a greater financial role in addressing the housing and community development needs of lower income persons. In recent years, communities have seen sustained cuts to CDBG and other community and economic development programs that work in tandem with CDBG, when the needs continue to rise. And, this year, the President has proposed the elimination of CDBG, which celebrated its 30-year anniversary last year.

NCDA will build upon recent successes in working with the Save CDBG Coalition-- a group of national associations that advocate for housing and community development programs-- that opposes the President's plan to eliminate CDBG and 17 other economic development programs, and undertake a serious evaluation of the current political environment, its relationship with associations of like interests, and its place in the community development arena. NCDA's Board will spend the next year undertaking this initiative that will also include an internal strategic planning process with the ultimate goal of ensuring that community development is recognized as a high priority at federal, state, and local levels and that the programs, particularly CDBG, will continue to provide the flexible funding source that local governments require to address the needs of their lower income citizens.

JOB ANNOUNCEMENTS AND ATTACHMENTS

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

- Sample Letter to Appropriators
- Appropriations Committee List

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