NCDA WASHINGTON REPORT

FROM: **CHANDRA WESTERN**
VICKI WATSON
KAREN PARKER

DATE: **October 21, 2005**

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APPROPRIATIONS UPDATE; SENATE PASSES HUD SPENDING BILL – CDBG AMENDMENT WITHDRAWN

The Senate approved the FY 2006 Transportation-Treasury-HUD appropriation bill on October 20. Debate went late into the night on several amendments to the bill, including an amendment to restore $200 million to the CDBG formula that NCDA and other members of the CDBG Coalition worked on with Senate staff. A total of 41 senators agreed to co-sponsor the amendment; an overwhelming number for an amendment. Patrick Leahy (D-VT), Norm Coleman (R-MN), Lindsey Graham (R-SC), Jack Reed (D-RI), and Paul Sarbanes (D-MD) offered the amendment to increase the formula funding for CDBG, but later withdrew it due to a point-of-order raised by Senator Bond (R-MO), Chairman of the T-T-HUD Subcommittee, that would have required 60 votes to overcome. The senators felt they did not have the 60 votes, so rather than suffer a defeat by a roll call vote, they decided to withdraw the amendment.

However, all is not lost. In a discussion with Senator Bond on the floor prior to withdrawal of the amendment, Leahy and Coleman secured a commitment from him to increase the funding for CDBG, Section 8, and public housing during the conference of the bill.

In withdrawing the amendment, Senator Leahy said, “I have truly appreciated all the work Senator Coleman, Senator Sarbanes, Senator Graham, and Senator Reed have put into crafting this amendment with me. I also thank our other co-sponsors, who strike a broad swath of the political spectrum. Might I suggest this, though: That we withhold our amendment and work to ensure that in conference we increase funds for these very important community development and housing programs.” Senator Bond replied, “....the suggestion of my friend from Vermont is a very good one. I think he knows–and he serves on our committee–that trying to fund these very vital programs is a top priority of my ranking member and mine. We will work in conference with the House to try to add money because these are high-priority programs. Community Development Block Grants, public housing, Section 8, these are vitally important.” Leahy told Bond, “...I would be willing to accept those assurances.”

In addition to Leahy, Coleman, Sarbanes, Graham, and Reed, the following senators co-sponsored the amendment: Snowe (R-ME), Schumer (D-NY), Obama (D-IL), Kohl (D-WI), Dorgan (D-ND), Nelson (D-FL), Lautenberg (D-NJ), Levin (D-MI), Kerry (D-MA), Jeffords (I-VT), Dodd (D-CT), Stabenow (D-MI), Corzine (D-NJ), Salazar (D-CO), Clinton (D-NY), Durbin (D-IL), Collins (R-ME), Feinstein (D-CA), Voinovich (R-OH), Kennedy (D-MA), DeWine (R-OH), Santorum (R-PA), Harkin (D-IA), Rockefeller (D-WV), Lieberman (D-CT), Dayton (D-MN), Cantwell (D-WA), Specter (R-PA), Bingaman (D-NM), Landrieu (D-LA), Grassley (R-IA), Bayh (D-IN), Mikulski (D-MD), Johnson (D-SD), Chafee (R-RI), and Talent (R-MO).
The amendment would also have provided $200 million to cover the estimated shortfall in the Section 8 program in FY06 and an added $100 million each for the underfunded public housing operating and capital grant programs. The amendment would have been offset by a corresponding increase in a $1.5 billion rescission of previously, but unobligated, appropriated funds.

Across-the-Board Spending Cut Possible

House leaders are grappling with the idea of an across-the-board cut in all Federal programs in order to recoup some funds to offset the costs associated with Hurricanes Katrina and Rita. GOP leaders plan to move forward with the discretionary cuts later in the appropriations process. Traditionally, across-the-board cuts have been added to the year’s final appropriations bill. House Speaker Dennis Hastert and House Budget Chairman Jim Nussle (R-IA) have proposed a 2% across-the-board cut discretionary spending cut for all Federal agencies, including Defense and Homeland Security. The Senate has not suggested an across-the-board cut yet, but is likely to support such a move. Congress has enacted an across-the-board cut to discretionary programs for the past two years.

HOUSE PASSES KATRINA-RELATED HOUSING AND COMMUNITY DEVELOPMENT LEGISLATION

The House passed three bills on October 6 to provide direct housing and community development relief to victims of Hurricanes Katrina and Rita.

H.R. 3894 – The Hurricane Katrina Emergency Housing Act of 2005 –

introduced by Rep. Rodney Alexander (D-LA) would provide a one-year waiver of certain eligibility requirements under the Section 8 voucher program for those communities that have been declared federal disaster areas due to Hurricane Katrina or Rita. The bill would waive the following program requirements: tenant contribution toward rent, verification of income, one-year lease requirement, and initial inspection of housing units. The bill would also authorize HUD to directly administer Section 8 vouchers for those public housing authorities unable to do so due to the effects of Hurricanes Katrina or Rita. It also directs HUD, the Department of Defense, Department of Veterans Affairs and the Government-Sponsored Enterprises – Fannie Mae, Freddie Mac, and the 12 Federal Home Loan Banks – to immediately compile a list of facilities and housing units in the areas hit by the hurricanes that can be used for temporary and permanent housing. Rep. Alexander said, "Because of the hurricanes in Louisiana, Mississippi, and Alabama, over one million total households were affected. Between 40-50 percent of these households, whether rented or owned, will need to be completely replaced. It is time for us to take action to get people out of shelters and into apartments, into homes, and into a place where they can begin to start their lives over."

H.R. 3895 – The Rural Housing Hurricane Relief Act of 2005 – introduced by Rep. Richard Baker (R-LA) would give the Rural Housing Service (RHS) the ability to convert voucher funds attached to rural housing projects under the Section 521 Program that are no longer habitable due to the effect of the hurricanes into temporary 6-month voucher assistance under the Section 8 program. The bill would also expand the flexibility of the RHS by temporarily eliminating the limitations on the number of housing vouchers it can issue and would amend the single family housing guaranteed loan program by expanding refinancing to include loans for housing repairs and rehabilitation.

H.R. 3896 – The Hurricane Katrina Emergency Relief CDBG Flexibility Act of 2005 – introduced by Rep. Richard Baker would temporarily remove the 15% public services cap on CDBG and temporarily waive, for one year, the public hearing requirement for those communities directly affected by Hurricanes Katrina and Rita (those communities declared Federal disaster areas due to the hurricanes). The legislation would remove the public services cap for fiscal years 2005 through 2008. For indirectly affected communities, the bill grants the Secretary the authority to waive the percentage of the public services cap as well as the time frame. Indirectly affected communities are defined as those units of general local government that have not been declared a federal disaster area due to Hurricane Katrina or Rita, but have been determined by the Secretary of HUD to have been significantly affected economically by the hurricanes.

The Senate has not drafted similar legislation, but, according to Senate staff, will likely develop legislation regarding waivers to programs later in the year.

SENATOR REED INTRODUCES HOMELESSNESS BILL

Senator Jack Reed (D-RI) introduced S. 1801 – The Community Partnership to End Homelessness Act of 2005 – in late September. The bill would consolidate HUD's competitive homeless assistance programs (Supportive Housing Program, Section 8 Moderate Rehabilitation for SROs, and Shelter Plus Care) into a single competitive program called the Homeless Assistance Program. Permanent housing projects will no longer need to be renewed through the competitive application process. Instead, HUD will renew permanent housing projects through a noncompetitive process, as long as the projects are in compliance with the rules and are still needed in their communities. Funding will be set-aside from the overall allocation of homeless assistance funds to renew the projects.

The legislation maintains the Emergency Shelter Grants (ESG) Program as a separate, formula-allocated program. The bill would require all ESG recipients that are also participants in applying for the competitive homeless funds to coordinate both programs. Prevention is maintained as an eligible activity under ESG, but is capped at 5%. We would like to see this cap waived to provide the utmost flexibility to local governments in allocating the funds. On a better note, however, the bill does eliminate the 30% cap on support services and the10% administrative cap. This greatly increases the flexibility of local governments to administer the program.

The legislation maintains the current 30% set-aside of funds for permanent housing for persons with disabilities (the chronically homeless). It also requires HUD to establish a bonus in the competitive application process to encourage communities to develop permanent housing. The bonus would include up to 10 years of rental assistance. Again, we would like to see the 30% set-aside eliminated – or at the very least focus on permanent housing for all homeless people, not just a certain population – in order to provide greater flexibility to local communities in assisting the homeless. For the first time, prevention is included as an eligible activity under the competitive program, but is capped at 5%.

Communities would apply for funding similarly to the existing Continuum of Care process. The planning board is renamed the "Collaborative Applicant." The bill provides up to 6 percent of the total grant to the Collaborative Applicant for administration of the grant and increases the duties of the Applicant to include not only development of the application, but also reviewing policies and practices (including those related to discharge planning and service termination from publicly supported facilities and systems of care, as well as zoning ordinances) that may result in imminent, repeated, or prolonged homelessness. It provides an additional 5% to project sponsor for administrative costs. While the bill provides an overall increase in administrative funds, we would like to see at least 10% of the total grant made available to the Collaborative Applicant for administering the grant. The bill would encourage communities to connect homeless persons to mainstream resources such as food stamps and Medicaid, so that the support services provided under HUD's homeless assistance programs could be reduced over time in order to free up more funding for housing. We do not agree with this premise and support local flexibility in allocating services and housing.

The bill requires a 25% cash match for all activities except for renewals of permanent housing operating costs. While we would not like to see a direct match imposed, we would like to see more flexible match resources added to the bill.

The complete bill is posted to NCDA's website at www.ncdaonline.org. For those members currently involved in the continuum of care process, we would like to receive your comments on the legislation. Please provide your comments to Vicki Watson at vicki@ncdaonline.org. Although this legislation will not move in Congress this year, we would like to provide Senator Reed with a letter offering NCDA's comments on the bill.

SENATOR BOND WINS SUPPORT FOR EMINENT DOMAIN AMENDMENT IN THE TTHUD BILL

The Senate has jumped on the "limiting local governments' use of eminent domain" bandwagon that has garnered quite a bit of media attention, including hearings held in both the House of Representatives and in the Senate. It is very likely that each of the FY 2006 appropriations bills will have language that seeks to prohibit a state or local government from invoking eminent domain using federal funds in a taking of private property unless the taking is for a public use. Senator Bond (R-MO) has gained support in the Senate for an amendment to define the uses of eminent domain undertaken with federal funds. It is clear that this amendment was very carefully thought out and cleverly written to allow local and state governments greater discretion in invoking eminent domain with federal funds, than other amendments we have seen.

The Bond amendment defines the types of economic development projects that are prohibited; those which primarily benefit private entities, therefore economic development projects that primarily benefit the general public would be an allowable use of eminent domain with federal funds.. This amendment also allows the local government to define "blight," and to declare areas for recovery from natural disasters as blighted which can be "taken" using federal funds.

The language in this amendment could very well become the basis for eminent domain statutes at the state level, as state legislatures grapple with the political fallout from the *Kelo* case. This amendment clearly defines what are most likely the commonly encountered uses of eminent domain undertaken throughout the nation, with or without federal funds.

The Bond Amendment

> "**SEC.** No funds in this Act may be used to support any federal, state, or local projects that seek to use the power of eminent domain unless eminent domain is employed for a public use: Provided, That for purposes of this section, public use shall not be construed to include economic development, that primarily benefits private entities; Provided further, that any use of funds for mass transit, railroad, airport, seaport or highway projects as well as utility projects which benefit or serve the general public (including energy-related, communications-related, water-related and wastewater-related infrastructure), other structures designated for the use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of blight (including areas identified by units of local government for recovery from natural disasters) or brownfields as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Pub. Law 107-118) shall be considered a public use

> for purposes of eminent domain: Provided further, That the Government Accountability Office, in consultation with the National Academy for Public Administration, organizations representing state and local governments, and property rights organizations, shall conduct a study to be submitted to the Congress with 12 months of the enactment of this Act on the nationwide use of eminent domain, including the procedures and the results accomplished on a state-by-state basis as well as the impact on individual property owners and on the affected communities.

PRESIDENT WILL AGAIN PROPOSE THE ELIMINATION OF CDBG IN FY 2007 BUDGET; SACI TO RECEIVE ADMIN FUNDS

It is expected that the Administration's fiscal 2007 budget request to the Congress, due for release next February, will again contain funding for the Strengthening America's Communities Initiative (SACI) and propose the elimination of CDBG.

While the administration has yet to submit legislation to Congress formally authorizing SACI, the budget proposal will most likely contain $3.71 billion for the proposed economic development program while eliminating roughly $5.7 billion in funding for 18 community and economic development programs, including the Community Development Block Grant (CDBG) program, the Economic Development Administration (EDA) and the Community Service Block Grant (CSBG) program.

In addition to $3.71 billion that may be requested for SACI, $87 million would be requested for salaries and expenses to administer the program and an additional $23 million for "one-time" start up costs. Funds for initial start up costs for acquiring space for 10 regional offices to implement SACI.

Of the $3.71 billion requested for SACI, $12 million would administer EDA's current trade adjustment assistance program. It is anticipated that the trade adjustment assistance program will be operated under SACI's Economic Development Challenge Fund, which would provide direct assistance to communities that are considered "development ready."

HUD NEWS

ANTI-PIRATING RULE AND SLUM AND BLIGHT RULE AT OMB FOR FINAL REVIEW

According HUD officials, the Anti-Pirating and the Slum and Blight rules are in the final stages of approval at the Office of Management and Budget (OMB). Once the OMB reaches concurrence, the rules will go to the Congress for comment. Once this is completed the rules will be published in the *Federal Register* as final rules. It is anticipated that the Anti-Pirating rule will be the first the be approved and sent to the Congress.

NEW ENTITLEMENT COMMUNITIES IDENTIFIED

The Department of Housing and Urban Development has identified 15 new CDBG entitlement communities. They are listed below. How much of an impact will these new communities have on the overall CDBG allocations? Not much, because eleven of these new entitlement communities were formally part of an urban county and these funds come from the urban county share, two others will accept status, but will form an agreement with their urban county, and the remaining two will become a new urban county and principal city not in an urban county.

- ***Avondale, Arizona (Maricopa County)***
- ***Surprise Town, Arizona (Maricopa County)***
- ***Clovis City, California (Fresno County)***
- ***Rancho Cordova, California (Sacramento County)***
- ***Rancho Santa Margarita City, California (Orange County)***
- ***Miami Gardens, Florida (Miami-Dade County)***
- ***Port Orange, Florida (Volusia, Cook and Will Counties)***
- ***Tinley Park, Illinois***
- ***Eden Praire, Minnesota (Hennepin County)***
- ***Minnetonka, Minnesota (Hennepin County)***
- ***Howell Township, New Jersey (Monmouth County)***
- ***Euless City, Texas (Tarrant County)***
- ***Rowlett City, Texas (Dallas County)***
- ***Travis Country, Texas***
- ***Vienna, West Virginia***

NCDA NOTES

NCDA MEMBER SURVEY

Part of the work of the Board of Directors in its strategic planning effort is to determine how the Association benefits its members. As time passes, the membership changes. Community development practitioners have more and more responsibilities, and in order to provide for their changing needs and roles, NCDA must know and understand, who the members are and how the Association can best serve them. To get a clear picture of the membership, staff, in conjunction with the Products and Services Committee and the Professional Planning and Development Committee, has designed and included a survey.

We know you are very busy, however if you have not completed a survey, please complete and fax the survey to NCDA's offices at **202-887-5546 AS SOON AS POSSIBLE.** Staff will compile the results of the surveys already received and include additional surveys in updates to the Board when they are received. **THANK YOU!!**

NATIONAL COMMUNITY DEVELOPMENT WEEK POSTER ART COMPETITION

Over the past few years, NCDA has held a competition to determine the poster art for the National Community Development Week Campaign. **For 2006, National Community Development Week is April 17-23.** The submission requirements are attached. We encourage members, or friends of members to submit an entry.

All submissions must meet the requirements of the competition, and are due to NCDA offices by November 4, 2005. Submissions will be placed on the NCDA website and voted on by the membership. The winning entry will be posted on the website by December 2, 2005. *Good Luck!*

ATTACHMENTS

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

- *National CD Week Poster Competition*
- *Board Minutes*
- *Membership Survey*

U.S. Department of Housing and Urban Development

Program	FY05 Enacted Level	FY06 President's Request	FY06 House Level	F06 Senate Level
Community Development Fund	$4.671 billion	$0	$4.243 billion	$4.323 billion
Set-Asides:				
EDI Special Purpose Grants	$262 million	$0	$290 million	$290 million
Youthbuild	$62 million	$0	$50 million	$55 million
Brownfields	($23.8 million)*	$0	$24 million	Funded separately
Working Capital Fund	$3.4 million	$0	$1.6 million	$3 million
Native American CD Grants	$68.4 million	[$58 million]**	[$45 million]**	$69 million
NCDI	$33.5 million	$0	[$28 million]b/	$30 million
Section 107 (University Prog.)	$43.4 million	[$29 million]***	[$8.9 million]***	$32.4 million
Alaska & Hawaiian Institutions	Funded in Section	Funded in Section	[$2.99 million]***	Funded in Sec. 107
Tribal Colleges/Universities	107	107	[$2.5 million]***	Funded in Sec. 107
Comm. Outreach Part. Program	Funded in Section	Funded in Section	[$5.9 million]***	Funded in Sec. 107
Hispanic Serving Insitutions	107	107	[$5.9 million]***	Funded in Sec. 107
CD Work Study Program	Funded in Section	Funded in Section	[$2.5 million]***	Funded in Sec. 107
Housing Assistance Council	107	107	[$3 million]b/	Funded in Sec. 107
Native Am. Indian Council	Funded in Section	Funded in Section	[$1 million]b/	$3 million
NHDC	107	107	$0	$2 million
National Council of La Raza	Funded in Section	Funded in Section 107	$0	$4.2 million
SHOP	107	$0	[$23.8 million]b/	$15 million
Special Olympics	$3.3 million	$0	[$1 million]b/	$0
Neighborhood Initiatives	$2.3 million	$0	$0	$40 million
Afford. Hsg/ED Tech Board	$4.7 million	$0	$0	$10 million d/
Native Hawaiian Hsg Block	$4.7 million	[$30 million]a/	[8.8 million]e/	$8.8 million
Grant	$25 million	$0	*$365.6 million*	*$562.4 million*
Total Set-Asides	$1.8 million	$0	**$3.877 billion**	
Formula Grants	$42 million	$0		**$3.76 billion**
	$0	[8.8 million]e/		
	[8.8 million]e/	*$0*		
	$560.5 million	**$0**		
	$4.105 billion			
Section 108	$5.95 million	$0	$0	$6 million
HOME Program	**$1.900 billion**	**$1.941 billion**	**$1.900 billion**	$1.900 billion
Set-Asides				
ADDI	$49.6 million	$200 million	$50 million	$50 million
Housing Counseling	$41.7 million	[$42 million] c/	$41.7 million	$42 million
HOME/CHDO TA	$17 million	$10 million	$17.3 million	$10 million
Working Capital Fund	$2 million	$1 million	$1 million	$0
Afford Hsg/ED Tech Board	$0	$0	$0	$5 million d/
Total Set-Asides	*$110.3 million*	*$211 million*	*$110 million*	$107 million
Formula Grants	**$1.789.7 billion**	**$1.730 billion**	**$1.790 billion**	**$1.793 billion**

Program	FY05 Enacted Level	FY06 President's Request	FY06 House Level	F06 Senate Level
Self-Help/Assisted Homeown. Opport. Program Account				*Funded in Section 107 or in the comm. development fund*
SHOP	[$24.8 million]d/	[$30 million]a/	$23.8 million	
National Comm. Dev. Initiative	[$33.5 million]d/	$0	$28 million	
Housing Assistance Council	[$3.3 million]d/	$0	$3 million	
Housing Partnership Network	$0	$0	$4 million	
Native Am. Indian Hsg. Council	[$2.4 million]d/	$0	$1 million	
Special Olympics	[$1.8 million]d/	$0	$1 million	
Total	**$65.8 million**	**$30 million**	**$60.8 million**	
EZs/ECs	$10 million	$0	$0	$0
Homeless Assistance Grants	$1.24 billion	$1.440 billion	$1.340 billion	$1.415 billion
Elderly Housing (Section 202)	$741 million	$741 million	$741 million	$42 million
Disabled Housing (Section 811)	$238 million	$120 million	$238 million	$240 million
Tenant-Based Rental Assistance	$14.766 billion	$15.845 billion	$15.631 billion	$15.636 billion
Project-Based Rental Assistance	$5.298 billion	$5.072 billion	$5.1 billion	$5.072 billion
Public Housing Capital Fund	$2.58 billion	$2.33 billion	$2.6 billion	$2.327 billion
Public Housing Operating Fund	$2.438 billion	$3.407 billion	$3.6 billion	$3.577 billion
HOPE VI	$143 million	$0	$60 million	$150 million
Native Am. Hsg. Block Grant	$621 million	$583 million	$600 million	$622 million
Native Hawaii. Hsg.Block Grant	$8.8 million	$8.8 million	$8.8 million	Funded in CD Fund
Indian Hsg. Loan Guarantee	$4.9 million	$2.6 million	$2.6 million	$5 million
Native Hawaii. Loan Guarantee	$992 thousand	$882 thousand	$882 thousand	$1 million
HOPWA	$282 million	$268 million	$290 million	$287 million
Rural Hsg. & Econ. Dev.	$24 million	$0	$10 million	$24 muillion
Fair Housing	$46 million	$32 million	$46.5 million	$46 million
Lead Hazard Control	$167 million	$119 million	$166.65 million	$167 million
Faith-Based Prisoner Re-Entry	$0	$25 million	$0	$0

*Funded as a separate program in FY05, not as a set-aside within the Community Development Fund
**Funded under the Native American Housing Block Grant
***Funded under Policy Development & Research.
a/The President recommended that SHOP be funded as a separate program in FY05.
b/Funded under Self-Help Assisted Homeownership Program
c/The President proposed to fund Housing Counseling as a separate program in FY06
d/Funded under the Community Development Fund in FY05.