# NCDA WASHINGTON REPORT

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***NCDA 2006Annual Conference, Hollywood, Florida***
***June 20-23, 2006 – Hard Rock Hotel***
***CDBG Subrecipient Training June 19-20, 2006 – Hard Rock Hotel***

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## PRESIDENT BUSH RELEASES HIS FY 2007 BUDGET; CDBG RESTORED WITH A $1 BILLION CUT

With the release of his FY07 Budget, President Bush continues to contradict his rhetoric as a fiscal conservative. The $2.77 trillion budget presented to Congress on February 6 increases Defense spending and proposes a new round of tax cuts for wealthier Americans, even as the budget deficit looms at $354 billion. President Bush continues to use the ballooning deficit as the reason Congress should approve his plan to further reduce discretionary programs, even though discretionary programs make up less than one-sixth of the federal budget. The $2.77 trillion fiscal 2007 budget proposal would cut non-defense discretionary spending by $15 billion by eliminating or reducing 141 programs, including CDBG, 42 education programs, and other programs targeted directly to the poor. The budget would also trim $65.2 billion over five years from entitlement programs such as Medicaid, agriculture subsidies, food stamps and others. Congress had a very tough time passing a $39 billion entitlement savings package on February 1, 2005 (?) that cuts Medicaid, Medicare, student loans, and other entitlement programs over a five year period. The measure squeaked by the Senate by a 51-50 vote with Vice-President Dick Cheney casting the tie-breaking vote.

A similar measure will be difficult to put forward this year, particularly with many congressional members running for re-election.

The budget would eliminate the Social Services Block Grant and the Community Services Block Grant, which are currently funded at $1.7 billion and $600 million respectively. A number of Workforce Investment Act programs would be reduced $600 million and the Clean Water State Revolving Loan Fund, which assists local governments in repairing and replacing their aging water systems, would be reduced from $900 million to $688 million. As you can see, there are many cuts to discretionary programs and, like CDBG, these programs are also clamoring for increased funding.

***FY07 HUD Budget***

The FY07 HUD budget released by the President contains the same themes and cuts proposed in the last several budgets. Rep. Barney Frank (D-MA), ranking Democrat on the House Financial Services Committee, called the HUD budget request a “disaster” for those in need. “People interested in any kind of aid will have to go to Baghdad or Fallujah,” he said.

**CDBG**

Thanks to the efforts of the CDBG Coalition, grantees, and congressional members, the CDBG program was not eliminated this year. However, the Administration is still trying to eliminate the program by annually proposing major cuts, citing poor performance. We expect CDBG will continue to be targeted by the Administration every year, despite support for the program on the Hill. The Office of Management and Budget (OMB) continues to perceive the program as ineffective, and thereby recommending to the Administration to elimination or cut the program. OMB cites three main reasons for elimination: (1) lack of a clear purpose; (2) lack of outcome measures; and (3) lack of targeting to the neediest communities. OMB has always been concerned with the broad national objectives of the program, even though Congress created the objectives to ensure program flexibility. Regarding the lack of outcome measures, OMB is well aware that NCDA and several other national interest groups having been working with both HUD and OMB over the past two years to create outcome measures for the program and should not rate the program as ineffective in this area when efforts are being made to provide outcome measures for the program.

Finally, OMB has always supported greater targeting in the program because it wants to develop a connection to meeting needs and then reducing funding. The theory being, once needs are met, there is less need for funding. We must be very careful not to fall for what is perceived to be a logical, socially responsible act of directing more of CDBG’s resources to the poorest communities. It is simply an effort by OMB and the Admini-stration to tightly target the funding and then eliminate the program over time through reduced funding once *they* decide the targeted needs have been met. We have only to look at the Administration’s support of ending chronic homelessness in 10 years. We know that homelessness does not end on any set timetable. It is simply an effort by the Administration to declare that chronic homelessness has been eliminated after 10 years, so that federal funding can be halted.

We need to be very careful not to buy into such a concept, because we all know, there will always be poor people and those who are just not able to help themselves.

The President's FY07 Budget recommends a 25% cut to CDBG, decreasing the formula funding from $3.711 billion in FY06 to $2.775 billion in FY05. The Administration is still trying to push forward its Strengthening America's Communities Initiative (SACI) through a four-pronged approach: (1) reforming the CDBG formula to reallocate resources from the so-called wealthiest communities to what OMB considers to be the neediest communities; (2) using part of the formula funds to fund a $200 million competitive challenge grant that will reward those communities that use CDBG to increase homeownership through CDBG; (3) consolidating the Brownfields Economic Development Initiative (BEDI), Section 108 Loan Guarantee, and HUD's Rural Housing and Economic Development Program into CDBG [essentially these programs are eliminated, with no additional funding for them in CDBG]; and (4) implementing a standard set of performance measures for all of the Federal economic and community development programs. At the HUD Budget briefing on Monday, February 6, L. Carter Cornick, General Deputy Assistant Secretary for Congressional and Intergovernmental Relations at HUD told NCDA and other organizations present at the briefing that, "Solid reform will solidify the program and strengthen it." He further inferred that once the reforms suggested by the Administration are made to the program, that it will no longer be "on the chopping block." CDBG Coalition members told Mr. Cornick that the reforms proposed by the Administration are nothing more than a veiled attempt to cut and ultimately eliminate the CDBG program and denounced the Administration's plan to do. In terms of the budget recommendation to change the program formula to redirect more resources to the neediest communities, the budget document does not define need. But, according to HUD staff, the formula study completed by HUD last year will serve as the basis for determining redirection of funds to the neediest communities.

Two programs will be funded as set-asides under CDBG this year, further reducing the number of set-asides funded under the program in recent years. The budget set-asides $200 million of the CDBG formula allocation for a competitive bonus grant for those jurisdictions that increase home-ownership through CDBG. The budget also set-asides $57 million under CDBG for the Indian Community Development Block Grant. The Youthbuild program, which has previously been funded as a set-aside under CDBG, is proposed to be transferred to the Department of Labor

The reforms recommended to CDBG by the Administration must be approved by Congress through legislation. The Administration plans to present legislation to Congress this year. As we heard from congressional staff at the NCDA Legislative Conference a few weeks ago, neither the House nor the Senate plan to consider any changes to CDBG this year. It is an election year for many members of Congress which means a shortened legislative year on the Hill. Members will be busy going back and forth to their home districts to campaign throughout the year, so only the most pressing legislation will get consideration. Issues such as lobbying reform, immigration reform, flood insurance, and other issues will take center stage. The appropriators are not interested in changing CDBG at all, so the appropriations process will not serve as the vehicle for implementing this legislation. In short, we will likely not see any changes to the program this year. Our focus needs to be on increasing the formula funding and not on diversionary tactics by the

Administration to divide grantees and advocates over the formula.

**BEDI, Section 108**

In addition to severely cutting CDBG, the President's budget does not provide any funding for the Economic Development Initiatives (EDI) or HUD's Neighborhood Initiatives, both of which are normally funded as set-asides under CDBG. Furthermore, the budget recommends the rescission of any FY06 unobligated balances of these two programs. Both initiatives represent special earmarks that are inserted into HUD's annual appropriations bill. This proposal is ridiculous at best, particularly given the fact that many congressional members will be faced with re-election contests later in the year and will point to these projects in their re-election campaigns as "bringing funds back to their communities." The budget "consolidates" the BEDI, Section 108, and HUD's Rural Housing and Economic Development Program into the CDBG Program. Essentially, these programs are eliminated and no funding transferred to CDBG. The President proposed elimination of these programs last year, but Congress kept the programs intact, although with less funding.

**HOME**

The budget provides $1.917 billion in overall funding for the HOME program, with $1.804 billion in formula funding, an increase of $127 million from last year's formula level of $1.68 billion. Set-asides under the program include $100 million for ADDI, $10 million for Technical Assistance, and $3 million for the Working Capital Fund. Housing counseling would be funded as a separate program in the budget.

**Homeless Assistance Grants**

The budget provides $1.536 billion in overall funding for HUD's Homeless Assistance Programs with $522 million dedicated to set-asides, which include $285 million for renewal of expiring Shelter Plus Care contracts, $200 million for the Samaritan Homeless Program, $25 million for the Faith-Based Prisoner Re-entry Program, $10 million for Technical Assistance and HMIS, and $2 million for the Working Capital Fund. This leaves $1.014 billion to fund ESG and HUD's competitive homeless programs in FY07. Although the Administration is touting a $209 million increase to the programs, much of this will be directed to new programs. The actual funding allocated to HUD's existing homeless programs will be reduced by $45 million from $1.059 billion in FY06 to $1.014 billion in FY07. President Bush has included the Faith-Based Prisoner Re-entry Initiative and the Samaritan Homeless Program in his budget for the past several years with no success in having Congress implement the programs. Congress is expected to reject the programs again this year because they are opposed to creating any new programs in such a tight budget climate. The Faith-Based Prisoner Re-entry Program would be administered by the Department of Labor and funded by Labor, HUD, and the Department of Justice. The Samaritan Homeless Program would provide supportive services for the chronically homeless.

**Section 202, Section 811, and HOPWA**

Once again, the President's budget targets both Section 202 and Section 811 for sharp cuts, even though these programs help the most vulnerable in our society, the very poor elderly and the very poor disabled. The President has proposed similar cuts to both programs over the past few years. The FY07 budget cuts the Section 202 Program for the Elderly by $190 million, from $735 million in FY06 to $545 million in FY07. The budget also slashes the Section 811 Program for the Disabled in half decreasing the program from $237 million in FY06 to $119 million in FY07. Congress has rejected any cuts to these programs and will likely restore both programs again this year. The budget does increase the HOPWA program by $14 million, from $286 million in FY06 to $300 million in FY07. HUD plans to submit legislation to Congress this year to change the current program formula for HOPWA. The current formula distributes grants by the cumulative number of AIDS cases. HUD plans to revise the formula to account for the present number of people living with AIDS as well as the need for housing in that jurisdiction.

**Lead-Based Paint**

The President's budget provides $115 million for the Lead-Based Paint Hazard Reduction Program in FY07. This is a reduction of $35 million from FY06. No funds are made available for the High Lead Areas Removal Initiative, which provides funds to areas with the highest abatement needs, as determined by HUD. Of the $115 million proposed in the FY07 budget, $9 million is set-aside for the Healthy Homes Initiative to fund testing, studies, and educational outreach to the public on lead-based paint and other hazards.

**HOPE VI**

The budget proposes to rescind $99 million approved by Congress for the HOPE VI Program in FY 2006 and would eliminate the program in FY 2007. A similar measure was proposed last year, but was rejected by Congress. However, the funding for HOPE VI has steadily declined over the years from its all time high of $585 million. According to the President's Budget, "The HOPE VI Program has completed its goal of contributing to the demolition of 100,000 severely distressed public housing units. No additional funds are requested and the funds remaining at the end of 2006 are proposed for rescission. The program, while completing its goal, was found to be more costly than other programs and slow to complete redevelopments." Again, this is an example of connecting funding to targeting and ultimate elimination of a program.

**Section 8 and Public Housing**

The President's FY07 recommends $15.520 billion for Section 8 Tenant-Based Rental Assistance. Of this amount, $14.436 billion is for renewal of existing vouchers. Congress approved a budget-based formula for the program in FY05, which uses relatively old data (May, June and July 1994) to allocate voucher renewal funding nationwide. The budget recommends $5.676 billion to renew all project-based contracts in FY07. HUD will continue to push forward its State and Local Housing Flexibility Act which essentially makes the Moving to Work Initiative permanent and provides more flexibility to PHAs to administer their voucher programs. Groups which represent PHAs oppose this legislation because it will provide more flexibility at the risk of less funding.

The budget recommends a reduction of $361 million to the Public Housing Capital Fund in FY07, from $2.439 billion in FY06 to $2.178 billion in FY07. The budget recommends level funding of $3.564 billion for the Public Housing Operating Fund in F07.

**CDBG COALITION SURVEY: PLEASE COMPLETE BY FEBRUARY 28**

The CDBG Coalition has developed an online CDBG survey for use in collecting data on the effect of recent cuts to the program. The data gathered from the survey will be critical in assisting the Coalition in its fight to increase formula funding for CDBG this year. As you know, the President has proposed a one billion dollar cut to the CDBG formula in FY07. We will need every tool we have to fight this cut. The data gathered from this survey will greatly assist us in this effort by providing real world, timely, information of the effects cuts to the program have had in recent years.

NCDA forwarded the survey to its members on February 8 with a deadline of February 28 to complete the survey. The data collected from the survey will first be used in our efforts to secure funding for the program during the budget reconciliation process, which begins in March. If you have not already done so, please go to the following site to complete the survey http://www.surveymonkey.com/s.asp?u=908381657818 A list of the information you will need to assist you in completing the survey has been attached to this newsletter. The information gathered from the survey will help us in our fight to increase funding for CDBG in FY07. The survey also includes additional questions for communities experiencing needs related to the 2005 hurricane season. If you have any questions, please call Vicki Watson at 202-887-5532.

**CDBG COALITION ACTIVITIES**

Besides the completion of a survey to collect important information on CDBG, the CDBG Coalition has been meeting regularly since the Fall to discuss funding strategies for the program. The CDBG Coalition includes the U.S. Conference of Mayors, the National League of Cities, the National Association of Counties, the National Community Development Association, the National Association for County Community and Economic Development, the National Association of Housing and Redevelopment Officials, the National Conference of Black Mayors, the Council of State Community Development Agencies, the Local Initiatives Support Corporation, the Enterprise Foundation, the Housing Assistance Council, and Habitat for Humanity.

The Coalition has agreed to advocate for $4.5 billion in formula funding for the program in FY07. Given the deep cut to the program in the President's budget and the limited funding provided to discretionary programs, this will be a difficult task. We will need your continued grassroots support and advocacy to Congress. The Coalition issued a joint press release on the proposed cuts to CDBG directly after the release of the President's FY07 budget. A copy of the press release is attached. We urge you to forward this release to your local press to generate media attention on the devastating cuts to the program. The press release caught the attention of Washington Post columnist, David Broder, who wrote about the cuts to CDBG in his February 12 column. A copy of his column is attached.

The Coalition is planning grassroots events next week in the following states: Alabama (Shelby, Sessions), California (Lewis), Iowa (Grassley, Nussle), Michigan (Knollenberg), Missouri (Bond), Texas (Hutchison), and Virginia (Allen). These states represent key congressional members referenced in the parenthesis who sit on the budget or appropriation committees. These members will be needed in order to obtain an increase in formula funding for the program this year. If they are not supportive of an increase, we will not get it. If you are located in one of these states, we urge you to engage these members in your local advocacy efforts to increase funding for the programs. Ideas for engaging your congressional members include:

- Schedule a meeting with them at their district office. Congress will be in recess the week of February 20 and this is an opportune time to speak with them about the program. Please refer to the guidance on *Preparing to Meet with your Congressional Member* posted at NCDA's website at www.ncdaonline.org for information on how to prepare and hold the meeting.

- Invite them to a CDBG-funded project. This will provide them with the opportunity to see how the funds are being used and will allow them to meet the direct beneficiaries of the project or program.

- Hold a CDBG event and invite your congressional members to speak. This will give them the opportunity to express their support of the program publicly and will also allow you to convene large numbers of subrecipients, beneficiaries, other grantees, that will allow the member to see the widespread community support for the program. Plan to invite the press.

In the coming weeks, the CDBG Coalition will convene a press conference to highlight the results of the CDBG survey. We will also begin meeting with House and Senate staff to begin planning a briefing on the program in both chambers. We will also kick off our advocacy with a Dear Colleague Letter to the Budget Committees. This letter is typically shepherded through the House and Senate by congressional members who strongly support the program. Last year, Rep. Frank (D-MA) and Rep. Shays (R-CT) took the lead on the House letter, while Senator Coleman (R-MN), Senator Leahy (D-VT), Senator Reed (D-RI), and Senator Sarbanes (D-MD) lead the effort on the Senate letter. The letters were instrumental in gaining Budget Committee support for an amendment to provide increased funding for the program in FY06.

We are also planning a Storm the Hill day later in the Spring where we will ask you and your subrecipients and beneficiaries to join us in Washington, DC for a day of "educating" your congressional members on the devastating effects the cuts will have to your program. This day will likely take place in late April or early May. We will keep you posted.

In the meantime, please continue your advocacy efforts back home. We thank you for all of your help.

## EMINENT DOMAIN UPDATE

NCDA staff has provided members with updates on the federal and state response to the Supreme Court's decision in the Kelo vs. the City of New London, CT case in which the court ruled 5-4 in support of the lower court's decision to uphold the right of the city to take, with just compensation, private property for economic development activities. Both courts determined that the City of New London was within its rights to take private property for a public use, which the city defined as economic development and the expansion of the local tax base. Because of the media attention this case garnered, federal and state lawmakers drafted a plethora of legislation to severely restrict local governments' use of eminent domain to take private property for economic development activities.

After seven months, it appears that lawmakers, both federal and state, have come to the conclusion that perhaps they may have been too hasty in drafting legislation that is so restrictive that already planned projects with an eminent domain component, that would provide significant benefit to localities and that, heretofore, had broad Congressional support, would be in jeopardy. Lawmakers are finding that overly restrictive legislation does not serve the public as well as it would appear.

Late in the first session of the 109th Congress, the House of Representatives passed HR 4128, the Private Property Rights Protection Act of 2005 which severely limits the use of eminent domain for economic development activities, with exceptions provided that have been deemed to be for the public good, i.e. highways, utilities, public infrastructure, etc. This bill received broad bi-partisan support, unlike any piece of legislation in recent memory. When Democrats and Republicans, conservatives and liberals can all agree, even in theory, it's a big deal. And they did in HR 4128.

The Senate, on the other hand, being the more deliberate and restrained branch of our governmental triumvirate, has yet to get any stand-alone legislation out of committee. The only legislative action on the Senate side came as an amendment to the T-T-HUD bill that we reported on in the December 21st issue of the *NCDA Washington Report*. However, we have it on good authority that Senator Arlen Specter (R-PA) is preparing eminent domain legislation that includes an exception for blight with less burden on localities than the definition that suggests that the blighting conditions must 'pose an immediate threat to human health and safety' that was removed from the Bond amendment in the T-T-HUD appropriations bill.

Senator Cornyn (R-TX) would like to see eminent domain legislation that more closely resembles HR 4128, which is reflected in S.1313, that never got out of committee– the Committee on the Judiciary that is chaired by Senator Specter. We believe that Senators Hatch and Cornyn are encouraging Specter to be more restrictive on local governments use of eminent domain for economic development activities. It has been suggested that Senator Hatch would like to see language that allows private property owners the option of by-passing the state court system for redress and proceed directly to the federal courts on eminent domain challenges. It is unclear, at this time, if the positions of Senators Cornyn and Hatch will be considered in the Specter bill, which we understand will be introduced early this spring.

**Activities Within State Legislatures**

In State Legislatures across the nation, eminent domain statutes are being rewritten and made more restrictive than anything that has, or will, come out of Washington. State laws could restrict local governments use of eminent domain for any activity, with any funding source, due to the media attention and fall-out from the *Kelo* case. Urban, suburban, and rural development, or redevelopment activities will likely be severely curtailed if this trend continues. In most cases, the strictest interpretation of law between the state and the federal law prevails, and it would appear, in this case that state laws will be more restrictive. Congress may choose to wait until the GAO completes the study requested by Senator Bond in his amendment to the T-T-HUD appropriations bill and review actions by state legislators, before taking final action on either H.R. 4128, S.1314 or whatever Senator Specter comes up with. But, when asked if he would consider waiting until the GAO completed its study, the response was that they were not sure how waiting on the study would affect their time-table.

**Local Advocacy Efforts**

During its Legislative Conference, the United States Conference of Mayors passed a resolution that urges the Congress to recognize the authority of state and local courts and the right to govern themselves. The resolution urged Congress to wait until GAO completes its study before passing sweeping legislation that could virtually inhibit all local development or redevelopment activity.

On Tuesday, February 14, USCM will convene a meeting of local government representatives and the GAO to discuss how they will collect data to complete their study. It is the intent of USCM to ensure that mayors are called upon to assist the GAO as they conduct their research. It is a given that community development practitioners will be called upon to assist their mayors in gathering information for this study. *[NCDA staff has been invited and will attend this meeting. We will provide a summary shortly thereafter through the NCDA Alert]*.

**HUD NEWS**

**CONPLAN STREAMLINING FINAL RULE PUBLISHED**

For those of you anxiously awaiting the ConPlan Streamlining Final Rule, your wait is over. On February 9, HUD published the final rule in the Federal Register. The rule makes relatively few changes to the ConPlan, however, it clearly identifies which sections were revised. The changes are identified in the following sections.

**Executive Summary.** This is a new requirement. HUD feels that it is useful but does not "specify the precise content or format." However, the executive summary must include objectives and outcomes identified in the consolidated plan, and an evaluation of past performance.

**Chronic Homelessness.** These sections 92.210 and 92.310 have been modified so that it is clear that a separate inventory of facilities and services is not required. Instead, the inventory should include an estimate of the percentage or number of beds and supportive service programs that are serving persons who are deemed to be chronically homeless, to the extent the jurisdiction has this information available.

**Relative Allocation Priorities.** HUD has chosen to eliminate the requirement regarding relative allocation priorities and to allow jurisdictions to designate one. The regulation has been revised to make it clear that the jurisdiction must describe the relationship between the allocation priorities and the extent of need given to each category of priority needs, particularly extremely low-income, low-income, and moderate income. The plan should be explicit about what the jurisdiction plans to do with formula grant funds in the context of their larger strategy.

**Objectives and Outcomes.** This section references the new reporting framework developed by the Performance Measures Working Group and identifies which sections– 91.215 and 91.315– the changes were made.

**Abandoned Buildings.** This section was moved from the non-housing community development plan and placed in the Housing Market Analysis section. It was determined that the estimate of the number of vacant or abandoned buildings and whether there are units suitable for housing rehabilitation should be included under the Housing Market Analysis.

**Resources.** HUD agreed with commenters and determined that the receipt and use of Low Income Housing Tax Credits should be included in the list of federal resources discussed in the ConPlan, even though HUD does not administer them.

HUD does an excellent job of listing the comments received on the proposed rule and the Department's response to those comments. The rule provides a good overview on the ConPlan Streamlining project, from the President's Management Agenda, the six pilot groups that worked on various sections of the ConPlan, to how measuring outcomes will be a key factor in the viability of federal programs. Lastly, the rule also corrects or rectifies inconsistent definitions and processes between the ConPlan and the PHA plan, both of which must receive concurrence from submitting agencies. If you have any questions on this rule, please contact Chandra Western at 202-887-5521.

## ANTI-PIRATING INTERIM RULE PUBLISHED

On December 23, 2005 HUD published in the *Federal Register* an Interim Rule entitled, "Prohibition of Use of Community Development Block Grant Assistance for Job-Pirating Activities." This rule is the result of a proposed rule that was published in October of 2000, that came about due to a statutory provision banning the use of CDBG funds for job pirating activities. Job pirating has been defined as the act of a community luring a business and the jobs that would accompany it, from another community that could have a significant on the economic viability of the latter community. Members of Congress wanted to ensure that CDBG funds would not be used to the detriment of one community for the prosperity of another. The statutory change that was signed into law in October of 1998 did not clearly define what was meant by significant job loss, or what was considered a labor market in either an entitlement or non-entitlement community. The proposed rule was designed to gain comments on these very important issues.

Sections I and II of this Interim Rule provides the statutory and regulatory background on the issue of anti-pirating. In Section III, the rule discusses the significant differences between the interim and proposed rules. Section IV discusses the comments received and the Department's responses from the proposed rule. Section V goes into great detail on the rule and provides rationale for the decisions that were made during the rule making process. Please note, this is an interim rule, and as HUD points out, as it stands now the rule is in effect, however, the Department will continue to seek comment and guidance from grantees, until a final rule is published.

It is very clear that the folks in CPD took their time to be as deliberate and vigilant in considering how to approach this rule. A lot of research went into considering the meaning of terms such as; direct assistance to for-profit business, the calculation of significant job loss, how infrastructure improvements could impact a definition of anti-pirating, and the time-frames for job loss and subsequent plant closures after relocation. It also appears that HUD did an admirable job in providing grantees with as much information as they would need to adequately determine if any of their economic development activities could be construed as anti-pirating.

The issue of anti-pirating is much more of an issue for states and urban counties, than for entitlement communities. This is verified by the number of comments received on the proposed rule. Of the 32 comments received, 21 came from states, with many others coming from organizations that represent non-entitlement communities. This rule could be seen by practitioners in non-entitlement areas– small cities– that any attempt to encourage the relocation of a business and jobs with CDBG funds that could seen as anti-pirating. In large labor market areas, business relocation and the resulting job loss would be less significant, and would less likely be considered job pirating.

Since HUD's own data suggests that economic development activities represent approximately four percent of the overall expenditure within the program, the issue of job-pirating, may not be as serious as it once was deemed to be. Since it has taken almost eight years to issue the interim rule, it seems that the issue of anti-pirating may not be as much of a problem as it was once perceived to be.

## NCDA NOTES

### NLC SEEKS POSITIVE EXAMPLES OF EMINENT DOMAIN

At NCDA's Economic Development Workshop on January 26 during the Winter Conference, David Parkhurst, Principal Legislative Counsel for Policy and Federal Relations, for the National League of Cities (NLC) provided NCDA's members with an update on eminent domain legislation approved by Congress in FY06 and the outlook for additional legislation in FY07. David is heading up NLC's efforts to work with Congress to thwart the passage of legislation that would make it difficult for communities to use their economic development and community development funds for eminent domain activities in blighted areas. NLC is gathering positive eminent domain stories to provide to the Hill. NCDA's Economic Development Committee agreed to help NLC in this effort by asking members to provide positive examples of the use of economic development and community development funding in eminent domain projects. We ask that you provide these stories in the following format:

- short descriptive paragraph on how ED and CD funds were used in a positive manner to assist in an eminent domain project
- resulting benefits (example: number of jobs created, number of new homeowners, etc.)
- contact person and phone number

Please provide your examples to Vicki Watson at vicki@ncdaonline.org by March 31, 2006. If you have any questions, please call Vicki at 202-887-5532.

### THE BASICS OF COMMUNITY DEVELOPMENT FINANCE

***The Community Development Training Institute Releases a New Training DVD***
This self-paced, affordable course can help community development staff gain a more complete understanding of real estate development financing and processes. For more information or to order DVD's e-mail ComDevFinDVD@aol.com

### *JOB ANNOUNCEMENTS AND ATTACHMENTS*

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

- *2006 NCDA Annual Conference Draft Agenda and Registration Form*
- *Anti-Pirating Interim Rule*
- *ConPlan Streamlining Final Rule*
- *David Broder Column on CDBG*
- *Information Needed to Complete CDBG Survey*
- *CDBG Coalition Press Release*
- *The Basics of Community Development Finance: Training DVD*

## U.S. Department of Housing and Urban Development
## Budget Chart

| Program | FY05 Enacted Level | FY06 Enacted Level (includes 1% across-the-board cut) | FY07 President's Request |
|---|---|---|---|
| Community Development Fund | $4.660 billion | $4.178 billion | $3.032 billion |
| *Set-Asides:* | | | |
| Bonus Grants | $0 | $0 | $200 million |
| EDI Special Purpose Grants | $262 million | $306.9 million | $0 |
| Neighborhood Initiatives | $42 million | $49.5 million | $0 |
| Youthbuild | $61.5 million | $49.5 million | $0 |
| Native American Block Grant | $68.4 million | $59.4 million | $57 million |
| Working Capital Fund | $3.4 million | $1.58 million | $0 |
| Brownfields | ($23.8 million)* | $0 | $0 |
| SHOP | $25 million | $0 | $0 |
| NCDI (LISC/Enterprise/Habitat) | $33.5 million | $0 | $0 |
| Housing Assistance Council | $3.3 million | $0 | $0 |
| Nat. Am. Indian Hsg. Council | $2.3 million | $0 | $0 |
| Nat. Housing Dev. Corp. | $4.8 million | $0 | $0 |
| National Council of La Raza | $4.8 million | $0 | $0 |
| Special Olympics | $1.8 million | $0 | $0 |
| Section 107 (University Prog.) | $43 million | $0 | $0 |
| ***Total Set-Asides*** | *$555.8 million* | *$466.8 million* | *$257 million* |
| **Formula Grants** | **$4.105 billion** | **$3.710 billion** | **$2.775 billion** |
| Brownfields | $23.8 million | $9.9 million | $0 |
| Section 108 | $6 million | $2.97 million | $0 |
| HOME Program | $1.896 billion | $1.757 billion | $1.917 billion |
| ***Set-Asides:*** | | | |
| ADDI | $50 million | $24.7 million | $100 million |
| Housing Counseling | $42 million | $41.6 million | funded separately |
| HOME/CHDO TA | $17 million | $9.9 million | $10 million |
| Working Capital Fund | $2 million | $990 thousand | $3 million |
| ***Total Set-Asides*** | *$110.3 million* | *$77 million* | *$113 million* |
| **Formula Grants** | **$1.785 billion** | **$1.68 billion** | **$1.804 billion** |

| Program | FY05 Enacted Level | FY06 Enacted Level (includes 1% across-the-board cut) | FY07 President's Request |
|---|---|---|---|
| Self-Help/Assisted Homeown. Opport. Program Account | See CD Fund | $60.39 million | $40 million |
| SHOP | See CD Fund | $19.8 million | $40 million |
| NCDI (LISC/Enterprise/Habitat) | See CD Fund | $29.7 million | $0 |
| Housing Assistance Council | See CD Fund | $2.97 million | $0 |
| La Raza | See CD Fund | $3.96 million | $0 |
| National Housing Dev. Corp. | See CD Fund | $1.98 million | $0 |
| Native Am. Ind. Hsg. Council | See CD Fund | $990 thousand | $0 |
| Special Olympics | See CD Fund | $990 thousand | $0 |
| **Total** | See CD Fund | **$60.39 million** | **$40 million** |
| Housing Counseling | $42 million | $41.58 million | $45 million |
| Section 202 | $741 million | $734 million | $545 million |
| Section 811 | $238 million | $236 million | $118 million |
| Homeless Programs | $1.240 billion | $1.340 billion | $1.536 billion |
| *Set-Asides:* | | | |
| Shelter Plus Care Renewals | $214 million | $255 million | $285 million |
| Samaritan Homeless Program | $0 | $0 | $200 million |
| Faith-Based Prisoner Re-entry | $0 | $0 | $25 million |
| TA/HMIS | $11 million | $12 million | $10 million |
| Working Capital | $2 million | $1 million | $2 million |
| Rescission | $11 million | $0 | $0 |
| *Total Set-Asides* | *$238 million* | *$268 million* | *$522 million* |
| Homeless Assistance Grants | $1.003 billion | $1.059 billion | $1.014 billion |
| Tenant-Based Rental Assistance | $14.766 billion | $15.808 billion | $15.920 billion |
| Project-Based Rental Assistance | $5.298 billion | $5.04 billion | $5.67 billion |
| Public Housing Capital Fund | $2.58 billion | $2.43 billion | $2.178 billion |
| Public Housing Operating Fund | $2.438 billion | $3.56 billion | $3.56 billion |
| HOPE VI | $143 million | $99 million | $0 |
| Native Am. Hsg. Block Grant | $621 million | $623 million | $626 million |

| Program | FY05 Enacted Level | FY06 Enacted Level (includes 1% across-the-board cut) | FY07 President's Request |
|---|---|---|---|
| Native Haw. Hsg.Block Grant | $8.8 million | $8.71 million | $6 million |
| Indian Hsg. Loan Guarantee | $4.9 million | $3.96 million | $6 million |
| Native Haw. Loan Guarantee | $992 thousand | $891 thousand | $1 million |
| HOPWA | $282 million | $286 million | $300 million |
| Rural Hsg. & Econ. Dev. | $24 million | $16.83 million | $0 |
| EZs/ECs | $10 million | $0 | $0 |
| Fair Housing | $46 million | $45.5 million | $45 million |
| Lead Hazard Control | $167 million | $150 million**** | $115 million |
| University Programs | See CD Fund | $21 million | $29 million |
| Alaska Native/Native Hawaiian | See CD Fund | $3 million | $3 million |
| Tribal Colleges/Universities | See CD Fund | $3 million | $3 million |
| HBCUs | See CD Fund | $9 million | $9 million |
| Hispanic Serving Institutions | See CD Fund | $6 million | $6 million |
| Community Outreach Parnterships | See CD Fund | $0 | $6 million |
| Community Dev. Work Study | See CD Fund | $0 | $2 million |
| Faith-Based Prisoner Re-Entry | $0 | $0 | $25 million |

* Funded as a separate program
** Funded under the Self-Help Assisted Homeownership Opportunity Program Account
*** Funded under Policy Development & Research. Includes funding for Alaska Native and Native Hawaiian Institutions, Tribal Colleges and Universities, Historically Black Colleges and Universities, and Hispanic Serving Institutions.
****$76.9 million for the lead-based paint hazard control grant program, $8.8 million for Operation LEAP, $8.8 million for TA, $9.5 million for Healthy Homes Initiative, and $48 million to initiative to target fund to areas with highest abatement needs.