NCDA
WASHINGTON REPORT

FROM: CARDELL COOPER
VICKI WATSON
KAREN PARKER

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NCDA 2006 Annual Conference, Hollywood, Florida
June 19-23, 2006 – Hard Rock Hotel
CD Week is April 17-23

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Senate Passes FY 2007 Budget Resolution; Santorum-Coleman Amendment Supports Increased Funding for CDBG in FY 2007

The Senate approved its budget resolution – S. Con. Res. 83 – on March 17 on a very close vote of 51-49 with one Democrat, Senator Mary Landrieu, voting for the measure and five Republicans voting against it (Coleman, DeWine, Chafee, Collins, and Ensign). The President's budget capped discretionary spending at $873 billion for FY 2007. In an unprecedented move, the Senate approved raising the discretionary budget cap from $873 billion to $892 billion, to provide additional funding for education and health care. The mix of spending between discretionary programs (which receive annual appropriations) and mandatory programs (whose spending is set by authorization – Medicare, Medicaid, agriculture subsidies, etc.) is changing such that mandatory spending will consume an increasingly larger portion (65%) of federal resources by

2016 (compared to 54% today). The resolution not only busted the President's discretionary caps, but in an uprecedented move, halted attempts by the Administration to cut mandatory (entitlement programs) by $65 billion in FY07.

Senator Murray (D-WA) offered an amendment to provide a $1.3 billion increase to the discretionary budget cap to restore CDBG formula grants to their FY 2004 level of $4.3 billion by closing corporate tax loopholes. Raising the budget cap provides more overall money to the Appropriation Committee to spend in FY 2007; however, it is ultimately a decision of the Appropriation Committee as to how the overall funding is allocated among its appropriations subcommittees. The amendment was defeated on a vote of 53-45. Senator Coleman (R-MN) and Senator Santorum (R-PA) offered a subsequent amendment to increase funding for CDBG to its FY 2004 level of $4.3 billion, not by increasing the budget cap, but by leaving the decision to the Appropriations Committee as to how the increase will be offset in other program areas. The amendment was approved on a bi-partisan vote of 60-38. "What this amendment does is set priorities, " Santorum said. He went on to say, "Congress and the Senate believe [that the block grant program]...needs more robust funding. I think we could spend less money other places and put the money here."

The House Budget Committee is expected to begin work on its FY07 budget resolution the week of March 27.

CDBG Coalition Activities

CDBG Coalition Holds Press Conference, Releases CDBG Survey

The CDBG Coalition held a press conference at the National Press Club on March 15 to protest the proposed 25% cut to CDBG in the President's FY 2007 Budget and to release the results of the Coalition's survey, *Consequences for American Communities: A National Survey on the Impact of Recent Reductions in Community Development Block Grant Funding*. A copy of the survey is enclosed. The CDBG Coalition hopes the results of the survey will raise awareness of the real-world impact of declining CDBG funding and also provide insights into the potential consequences of any future cuts to the program. "On CDBG, our message is united: this program is too precious – too important to us as a critical tool to revitalize and preserve the quality of life for our citizens. We cannot let the Congress try to balance the budget on the backs of our local communities," said Jim Hunt, Councilman from Clarksburg, West Virginia, and President of the National League of Cities. Akron Mayor Donald Plusquellic, Past-President of The U.S. Conference of Mayors, told reporters gathered at the press conference, "As we did last year, this coalition of national organizations is taking our fight to preserve the CDBG program to Capitol Hill. Because this program benefits so many communities in every part of our country, we expect that the bi-partisan support we saw in Congress last year for CDBG remains in both houses of Congress."

The CDBG Coalition decided earlier this year to conduct the survey in order to provide real-time data to the Administration and Congress on the effect recent cuts to the program are having on communities across the country. NCDA and the National Association of Counties drafted the initial survey and NCDA provided the survey to its CD Committee for review and comment at NCDA's Winter Meeting in January. NAHRO then designed a web-based survey and took on the role of collecting and analyzing the data for the Coalition. A total of 351 CDBG grantees responded to the survey representing 30 percent of all CDBG grantees including a 68% response rate from State grantees (43 States responded to the survey). The survey asked respondents to provide projections of what they will be able to achieve with their reduced FY 2006 formula allocations as compared to the results they achieved using their FY 2004 grants. The following provides you with a summary of the survey results.

- 5,064,408 fewer low- and moderate-income persons to be served with 255,569 fewer elderly persons to be served and 391,823 fewer children and youth to be served;

- 5,558 fewer businesses to be assisted, 14,881 fewer jobs to be created, and 3,345 fewer jobs to be retained;

- 5,843 fewer households to be assisted through homebuyer assistance activities, including a total of 2,533 first-time homebuyers and 1,828 minority households

The CDBG Coalition may re-open the survey in the near future to give more grantees the opportunity to respond to the survey.

CDBG Coalition Holds Briefing for House Staffers; Sister Ann Keefe, Providence, Rhode Island Represents NCDA

On March 16, the CDBG Coalition held a briefing for House staff on the CDBG Program. The purpose of the briefing was to educate staff on the program. Most of the staffers are very young and have never heard of the program, so the briefing provided an opportunity for them to learn about the program through presentations and direct questioning. The Coalition held a similar briefing last year.

The Coalition brought together a collection of speakers from both the private and public sectors. The Honorable Jim Hunt, Council Member from Clarksburg, West Virginia, and current President of the National League of Cities, presided over the briefing and provided results from the CDBG Coalition's survey, *Consequences for American Communities: A National Survey on the Impact of Recent Reductions in Community Development Block Grant Funding*. The Honorable James Perkins, Mayor of Selma, Alabama, spoke at length about the need for more CDBG funding in non-entitlement communities. A representative from JP Morgan Chase and Company, Mark Willis, provided the private sector perspective on how CDBG spurs private sector investment in low- and moderate-income communities by providing the initial investment in a deterioriated neighborhood. Private sector involvement in these areas creates the capital needed to undertake widespread investment that ultimately adds to the local economy and tax base. NCDA, working through its member, the City of Providence, RI, provided a CDBG subrecipient, Sister Ann Keefe, to speak at the briefing. Sister Ann Keefe with St. Michael the ArchAngel provided an impassioned talk on how CDBG has transformed the poorest communities in Providence and brought crucial services to its low income citizens. In Providence, CDBG has been used to fund educational arts projects for low-income youth and been a crucial resource for anti-gang activities. It has anchored communities through the restoration of buildings to house these programs which have spurred further leveraging of the projects and long-term investment in the communities where the programs are located. Sister Ann provided a "real face" to the program and did an excellent job of explaining why the flexibility of CDBG allows communities like Providence and others across the country to fund activities that are based on local needs. She fervently urged the staffers to tell their bosses to increase funding for the program, not decrease it, as proposed in the FY 2007. We thank both Sister Ann and Amintha Cinotti for their help in the briefing.

CDBG Coalition Works with House and Senate on Letters of Support for CDBG

On March 7, a bi-partisan letter signed by 177 House members was forwarded to House Budget Committee Chairman Rep. Jim Nussle (R-IA) and Ranking Member John M. Spratt (D-SC) urging full funding for CDBG in FY 2007. Working with the CDBG Coalition, Rep. Barney Frank (D-MA) and Rep. Christopher Shays (R-CT) forwarded the letter to their colleagues in the House. The letter expressed concern over the proposed 25% cut to the program this year and asked the Budget Committee to provide full funding of CDBG "at a level adequate to meet the important and growing needs of our communities." On March 8, a similar letter was signed by 52 Senators and forwarded to Senate Budget Committee Chairman Judd Gregg (R-NH) and Ranking Member Kent Conrad (D-ND). The Senate letter asked the Budget Committee to oppose the budget proposal to cut CDBG by 25 percent and urged the Committee to support $4.3 billion for CDBG in FY 2007.

The CDBG Coalition also forwarded its own letters to both the House and Senate Budget Committees seeking $4.5 billion in formula funding for CDBG in FY 2007.

Currently, the CDBG Coalition is working with the House Northeast-Midwest Coalition on a CDBG support letter to the House Appropriations Committee. Rep. Bill Pascrell, Jr. (D-NJ) and Rep. Rob Simmons (R-CT) have taken the lead in forwarding the letter to their colleagues in the House. So far, we only have 90 signatures, but would like to exceed 180 signatures. **We need your help** in obtaining support from your congressional members for the letter. Please go to NCDA's website, http://www.ncdaonline.org to view the letter and the current list of signers. If your congressional member is not on the letter, please contact their office immediately to ask them to sign the letter. The number for the Capitol Switchboard is 202-224-3121. The deadline for signatures is **COB April 7**.

The other letters referenced above can also be found at NCDA's website**.**

CD Week is April 17-23; Plan to Invite Your Congressional Members to Participate

With the more than 15% cut to CDBG in the past two years and another proposed 25% cut to the program in FY 2007, it is imperative that you meet with your congressional members throughout the year. National CD Week, which is April 17-23, is an opportune time for you to invite your congressional members to participate in your CD Week activities. CD Week is also a crucial time to meet with your congressional members on CDBG because it closely precedes the mark-up of the various appropriations bills in Congress, which usually begins in early May. The mark-up of the HUD appropriations bill in subcommittee is a critical time in the appropriations process because whatever allocation is approved in subcommittee is usually the same figure approved by the full committee, so we need to ensure a high allocation for

CDBG at this juncture. In preparation of your congressional members' participation in your CD Week activities, please provide them with the following information:

- convey to your member how the programs help constituents in their district by providing data on the accomplishments of the program in their district, such as # of people assisted, # of businesses assisted, # of neighborhoods provided assistance, # of jobs created or retained, # of homes that have been rehabilitated, # of new homeowners, # of elderly assisted, # of blighted/abandoned structures that have been demolished or rehabilitated, # of infrastructure improvements, and so forth.

- provide data on how the 15% cut to the program in the last two years has impacted their district and also provide data on the impact the proposed 25% cut will have on their district

- have them meet the sub-recipient and beneficiaries of the project or program

- follow-up the visit with a thank you letter that urges funding of CDBG at $4.5 billion in formula funding in FY 2007 (the CDBG Coalition is urging support of $4.5 billion).

To help you make the most of your visits with your congressional member, NCDA has prepared, *Preparing to Meet with Your Congressional Member*. This document is located on our website at http://www.ncdaonline.org

House Approves Supplemental Spending Bill; $4.2 Billion in CDBG for Disaster Assistance

On March 16, the House passed H.R. 4939 by a wide margin of 348-71. The bill provides $67.6 billion for war costs, $4.3 billion for foreign aid, and $19.2 billion for hurricane relief. Of the $19.2 billion in hurricane relief funding, $4.2 billion is allocated to CDBG. The President had requested the $4.2 billion be allocated solely to the State of Louisiana; however, the House expanded the funding to include all of the states declared federal disaster areas as a result of hurricanes Katrina, Rita and Wilma, which includes Louisiana, Mississippi, Alabama, Florida, and Texas. Rep. Randy Neugebauer (R-TX) offered an amendment to strip the entire $19.2 billion in hurricane relief funding from the supplemental bill. The amendment was defeated by a vote of 89-322. This was the second attempt by the conservative Republican Study Committee (RSC) to separate the hurricane funding from the military funding, so the war funding could pass undebated, while the disaster recovery funding would require offsets to other program areas in order to move forward. House Majority Leader, John Boehner (R-OH), had rejected an earlier attempt by the RSC to separate the spending bill before bringing it to the floor for a vote.

The President's request of an additional $202 million for HUD's Disaster Voucher Program is not included in the House bill; however language correcting an error made in the hurricane recovery package included in the FY 2006 Department of Defense appropriations bill that inadvertently made some households that were eligible for the Katrina Disaster housing Assistance Program (KDHAP) ineligible for the Disaster Voucher Program is in the bill.

The Senate Appropriations Committee is expected to pass its supplemental bill the first week in April in hopes of the Senate clearing the measure by Memorial Day.

House Committee on Financial Services Passes Bill to Overhaul the National Flood Insurance Program

On March 16, the House Committee on Financial Services passed H.R. 4973 – The Flood Insurance Reform and Modernization Act of 2006. The bill would make substantial changes to the existing National Flood Insurance Program, including:

- phase-out of insurance premium subsidies for vacation homes, second homes, and non-residential properties that are currently provided by the program;
- increase the fines for non-enforcement of the mandatory purchase requirement from $350 to $2,000;
- increase the amount that FEMA can raise rates in any given year from 10% to 15%;
- increase residential coverage limits from $250,000 to $335,000 and non-residential limits from $500,000 to $670,000
- add to basic flood policies a nominal amount for living expenses following a flood and allow for the purchase of additional coverage;
- increase FEMA's borrowing authority to $25 billion in order to pay claims arising from the catastrophic hurricanes in 2005
- direct FEMA to conduct a thorough review of the nation's flood maps – including mapping of the 500 year flood plain
- direct FEMA to report to Congress on the financial status of the NFIP twice a year

The National Flood Insurance Program was created as part of the National Insurance Act of 1968 to enable the federal government to help cover the cost of flood damages. Prior to that time, insurance companies generally did not offer coverage for flood disasters because of the high risks involved. Since 1986, the program has been self-supporting using policyholder premiums to pay claims. With the unprecedented hurricane season last year, claims arising from Hurricanes Katrina and Rita are estimated at more than $24 billion, far surpassing the total claims paid in the entire history of the National Flood Insurance Program. FEMA, which administers the program, has had to borrow from the Treasury to pay the claims. The NFIP's borrowing authority was increased last year from $1.5 billion to $3.5 billion, and then again to $18.5 billion late last year. FEMA projects that their funds to pay claims will run out at some point during the next few weeks. If Congress does not authorize additional funds before that time, FEMA will direct the insurance companies that facilitate claims payments to stop paying these claims. A similar measure [S 2275] awaits final action in the Senate. In addition to these measures, Senator Shelby (R-AL), Chairman of the Senate Banking Committee plans to advance a broad overhaul of the program in the coming weeks.

Republican Study Committee Offers Alternative Budget; Proposes the Elimination of CDBG

On March 8, the ultra-conservative House Republican Study Committee (RSC) offered an alternative budget to the President's FY 2007 Budget. *The Contract with America - Renewed* focuses on balancing the budget in five years by cutting both entitlement programs and

discretionary programs. The plan would eliminate CDBG, Youthbuild, EDI earmarks, and the Office of Lead Hazard Control at HUD. In a statement releasing the RSC budget, Rep. Mike Pence (R-IN), Chairman of the RSC, said, "In 1994 Republicans launched the *Contract with America* pledging to limit the growth of government and balance the budget. Today, House conservatives renew our commitment to the reform agenda that gave Republicans control of the House for the first time in 40 years." Pence went on to say, "American famlies must balance their budgets each and every year and they should expect no less from their government. By renewing our commitment to the American people, the RSC budget restores our pledge to enact a balanced budget and revives our dedication to the principle of limited government."
The RSC plan can be found at http://www.house.gov/pence/rsc/doc/RSC_2007_BUDGET.pdf

If your congressional representative is a member of the RSC, we urge you to begin educating them on the importance of CDBG in their district. A list of the members of the RSC can be found at http://www.house.gov/pence/rsc/rsc_memberlist.shtml

HUD NEWS

CPD Releases Outcome Performance Measurement Notice

On March 7, the CPD office published a notice [Docket No. FR-4970—02] formally establishing its performance measurement system. Basically, the notice provides a history of past HUD action in the development of its Outcome Performance Measurement System and provides a discussion of the public comments received from the June 10 notice.

CPD grantees will be required to incorporate performance measurements into their consolidated plans or action plans beginning in FY 2007 through the IDIS. This will include the determination of an objective and selection of an outcome for each activity, based on the type of activity and its purpose. IDIS will begin accepting data in Spring 2006 and HUD is strongly encouraging every grantee to begin to enter data at that time for all completed activities, based on information available. In Fall 2006, Phase I of the re-engineered IDIS will be released and it will become mandatory for all formula grantees to enter required performance measurement data (objectives, outcomes, and indicators) into IDIS for all existing activities and new activities. When Phase II of the re-engineered IDIS is released, HUD expects the overall administrative burden for grantees to be reduced; HUD's intent is to have the Consolidated Plan, Annual Action Plan, and Consolidated Annual Performance and Evaluation Report (CAPER) integrated into one single performance measurement system.
The CPD Outcome Performance Measurement System is the result of over two years of consultation among HUD, OMB, and a working group of national organizations, including NCDA, COSCDA, NAHRO, NACCED, and NCSHA.

Announcing the New CPMP Version 2.0

This version contains features that incorporate changes made in the Consolidated Plan final rule that became effective on March 16, 2006. It includes new worksheets dealing with annual specific objectives and annual housing goals. It also includes revisions to other worksheets that were made in response to suggestions made by grantees that used previous versions. The new version is located at http://www.hud.gov/cpmp

NCDA NOTES

NCDA Welcomes New Executive Director

NCDA welcomes its new Executive Director, Cardell Cooper. Cardell was the former Assistant Secretary for CPD at the U.S. Department of Housing and Urban Development and former mayor of East-Orange, New Jersey. He brings years of expertise and leadership in the field of community development. We are pleased that he has joined us. The attached article from *U.S. Mayor* provides further information on Cardell.

2006 NCDA Annual Conference

NCDA's 2006 Annual Conference will be held June 19-24 in Hollywood, Florida at the Seminole Hard Rock Hotel. Please join us for CDBG and HOME training, interactive sessions, important updates from NCDA Washington and HUD, and, most importantly, networking with your fellow community development professionals. **The CDBG Subrecipient Management Training is full.** NCDA will hold a two-day training on Underwriting HOME Projects on June 19 and 20. Monte Franke will conduct the training. Information on the training will be sent to you in the next week or so.

The hotel is holding a block of rooms through May 26, 2006. Please make your hotel reservations early, as the rooms are quickly filling up. We look forward to seeing you in Florida!

JOB ANNOUNCEMENTS AND ATTACHMENTS

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

- *CDBG Coalition Survey: Consequences for American Communities: A National Survey on the Impact of Recent Reductions in Community Development Block Grant Funding.*
- *U.S. Mayor Article on Cardell Cooper*
- *NCDA 2006 NCDA Annual Conference Draft Agenda and Registration Form*
- *CPD Performance Measure Notice*
- *John A. Sasso National Community Development Week Award Information*