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NCDA's Executive Director Participates in the U.S. Conference of Mayors Leadership Meeting; Spotlights NCDA and CDBG

NCDA's Executive Director, Cardell Cooper, participated in the U.S. Conference of Mayors' (USCM) Leadership Meeting in Santa Barbara, CA on September 14-18. Over 40 Mayors from across the country, representing the Board and Executive Committee of USCM, attended the meeting. At the meeting, Cardell, along with Tom Cochran, Executive Director of USCM, and Gene Lowe, Assistant Director at USCM, provided a power point presentation on CDBG. The presentation provided an overview of the program, the challenges faced by the program in the past two years, and a future action agenda for

the program. CDBG has faced challenges in the past two years which have included the Administration's FY 2006 Budget proposal to totally eliminate the program and transfer its funding to the Department of Commerce for the creation of the Strengthening America's Communities Initiatives (SACI), an economic development focused initiative. In addition, the President's FY 2007 Budget proposed a 25% cut to CDBG formula funding. Moreover, the Administration developed the CDBG Reform Act of 2006 earlier this year. The proposed legislation would revamp the CDBG formula, consolidate

Section 108 and the Brownfields Economic Development Initiative into CDBG, and allot part of the program's funding for a competitive Challenge Grant. To say it's been a tough two years for the program is an understatement. But, NCDA and USCM, along with their members, have fought back these challenges by campaigning strongly for funding for CDBG and for the defeat of any changes to the program's formula. Both the House and the Senate Appropriations Committee have recommended an increase in the program for FY 2007 (see budget chart at the end of the newsletter) and the proposed reform legislation has not been introduced in Congress, so these are two victories for the program this year.

The presentation was intended to educate USCM's leadership on the importance of CDBG, but also gain their support for moving forward with the goal of doubling the funding for CDBG (\$8 billion) in the future and seek their help in placing this goal on the platform of the 2008 Presidential and Congressional elections. In addition, their help will be needed in mounting a grassroots campaign to see that the goal is enacted.

Cardell also provided an overview of NCDA to USCM's leadership, including the benefits of participating as a member. Under his leadership, we have gained 20 new members in the last few weeks (see the attached list at the end of the newsletter).

Appropriations Update

Both the House and Senate are expected to adjourn soon (the House on September 29 and the Senate on October 6) to return home to campaign for the upcoming elections. None of the FY 2007 appropriation bills have been enacted. Just a few weeks ago, it seemed certain that at least the FY 2007 Defense spending bill and the FY 2007 Homeland Security spending bill would be enacted prior to the recess.

With just one week left before the House adjourns, it seems likely that only one of these measures will pass, with most pundits speculating that it will be Homeland Security. Last year's achievement of passing all of the bills individually was an anomaly – it was the first year Congress had done so since the September 11 terrorist attacks. It is even harder to accomplish much legislatively during an election year because of the shortened calendar.

For those spending bills not enacted and signed by the President by September 30, a "continuing resolution" will have to be passed by Congress to maintain programs at their FY 2006 funding level. That means \$3.771 billion in formula funding for CDBG and \$1.8 billion in formula funding for the HOME program. Congress is expected to pass a continuing resolution that keeps the programs operating through late November. They plan to return after the mid-term elections to finish the remaining FY 2007 spending bills.

The fate of the spending bills – and other legislation pending before Congress – depends on the outcome of the mid-term elections. If the Republicans maintain control of both chambers then the spending bills will be enacted before Christmas, but if the Democrats win either chamber, they plan to enact a continuing resolution through March 2007, put their own appropriations cardinals in place, and re-write the spending bills. The Democrats are on track to win the House, but not the Senate. Nothing is certain, however, until the elections are over and the votes are counted. If the Democrats win the House, then we will have both parties controlling one chamber. This will, no doubt, lead to a stalemate, with virtually nothing being enacted for the next two years. In short, we may see no more than level funding of CDBG, HOME and other programs over the next two years.

GAO Releases Study on CDBG; Compliance and Accountability Focus of the Report

The Government Accountability Office (GAO) released a report on the CDBG Program in late July. Titled "Community Development Block Grants: Program Offers Recipients Flexibility But Oversight Can Be Improved," the report was conducted at the request of Senator Tom Coburn (R-OK), Chairman of the Senate Subcommittee on Federal Financial Management, Government Information, and International Security, Representative Mike Turner (R-OH) Chairman of the House Subcommittee on Federalism and the Census, and Representative Bob Ney (R-OH), Chairman of the House Subcommittee on Housing and Community Opportunity. These congressional members all chair subcommittees which oversee government accountability or CDBG specifically. With the Administration proposing changes to the program in the last two years, these members asked GAO to report on the following areas of the program: (1) compliance with spending limits; (2) HUD monitoring of grantees' use of CDBG funds; and (3) accountability within the program. The GAO visited 20 grantees, analyzed data provided by HUD on an additional 100 communities, and interviewed HUD field staff across the country.

Of the 100 communities analyzed by GAO, only three exceeded their public service spending limit and only one exceeded the administration and planning spending limit. While this should be seen as evidence that grantees are complying with these limits, GAO still recommended in the report that this data be centrally maintained within HUD to better determine and enforce statutory compliance.

The report also found problems with HUD's monitoring of the program, principally the lack of

staff available across the country to monitor grantees. According to the report, 13 of the 42 field offices do not have a financial specialist to evaluate the financial operations of each recipient and 39 percent of CDBG monitoring staff is eligible to retire within the next 3 years. In addition, the number of CPD field office staff has decreased from 751 to 599 from fiscal year 1993 to fiscal year 2006, a 20 percent decrease. During this same time period, the number of entitlement communities grew from 889 to 1,128, an increase of 27%.

The financial specialist positions are important because they are responsible for reviewing budget submissions, financial report submissions, independent auditor reports, and drawdown requests. The report blames HUD for not developing a plan to hire new staff. While HUD should have requested funding for new positions in its budget, it's unclear if Congress would have approved the request.

Probably the most salient recommendation of the report is that HUD institute consistent monitoring and sanction guidelines for all grantees. Currently, the field offices apply different standards for monitoring and sanctions, based on their own judgment, management style, and staffing capacity. This results in some field offices being very strict on monitoring and sanctions, while other field offices are more lenient. According to the report, HUD has the flexibility to assess sanctions ranging from issuing a warning letter to advising the recipient return CDBG funds. Although its field offices have great flexibility when making sanctions, HUD has not issued guidance establishing a consistent framework to ensure that these offices are treating recipients that commit similar infractions equitably. In terms of monitoring, HUD has established a formal risk analysis process for its field offices to use when determining which

recipients to review. Field office staff rate recipients on various factors that fall under the following four categories: financial, management, satisfaction, and services. HUD uses this system because it has limited staff and travel funds to devote to monitoring. Still, the report finds that it is inconsistent among the various field offices.

The report also chastises HUD for not soliciting the input of field office staff on the re-engineering of the IDIS system, even though the system is used to monitor grantees at the field office level. The report also criticizes the IDIS system, saying, "IDIS was designed to be a real-time information system providing financial disbursement, tracking, and reporting functions for CPD." Did anyone fail to tell HUD this, because the system has never been a "real time information system." During their site visits with HUD field staff, GAO noted that HUD field staff blamed grantees for these problems, noting: (1) the data in IDIS are not always current because some recipients do not update it quarterly, as HUD recommends, and (2) the accomplishment data in IDIS are not as reliable as the financial data. In order to make the system a "real time information system," it would be helpful to report the data quarterly; however, with little funding for additional staff and no IDIS training by HUD, it is difficult for grantees to accomplish this goal. Furthermore, grantees are required to report the data annually, not quarterly, and HUD Headquarters supports this time frame. The new performance measurement system, which grantees will begin implementing on October 1, is designed to collect better data and aggregate it at the national level. Hopefully, this will quell some of GAO's disappointment with current data collection efforts in the program.

GAO is also currently working on a study regarding the reform of CDBG's formula. The study is being conducted at the request of

Representative Mike Turner and is in response to the Administration's CDBG Reform proposal. The study is expected to be completed next year.

**Rep. Bob Ney, Chairman, House
Subcommittee on Housing and Community
Opportunity, Admits Fraud**

Rep. Bob Ney (R-OH), Chairman of the House Subcommittee on Housing and Community Opportunity, admitted fraud, saying he accepted gifts in exchange for legislative favors. The six-term Ohio Republican has been the subject of a criminal probe into allegations that he accepted gifts from convicted lobbyist Jack Abramoff in exchange for legislative favors. The gifts included tickets to concerts and sporting events, a golf trip to Scotland, and the receipt of thousands of dollars' worth of gambling chips. In return, Rep. Ney supported legislation favorable to Abramoff's clients. As Chair of the House Administration Committee, Ney inserted amendments into a bill in 2002 to benefit tribal casinos, which Abramoff represented at the time. Ney also assisted another of Abramoff's clients, a communications company, win a bid to provide wireless service in the House. Probably the most egregious favor stems from assisting an Abramoff client, a London businessman, obtain a U.S. Visa and leniency in selling U.S. aircraft parts to a foreign country. In exchange, Ney and his aides received thousands of dollars' worth of gambling chips.

Ney announced in August he was abandoning his re-election effort amid speculation that a plea deal was imminent. Ohio Republicans replaced him on the ballot on September 14. A day later the Justice Department announced that Ney had agreed to plead guilty to making false statements and conspiracy to commit fraud as a part of a deal that will include a recommended 27-month prison sentence. Ney has since entered an

alcohol rehabilitation program and has issued a public apology saying, "I have made serious mistakes and am sorry for them."

Legal issues aside, Rep. Ney worked well with Rep. Maxine Waters (D-CA), ranking member of the subcommittee, on housing and community development issues. The mid-term elections will determine the fate of the House, which in turn will determine which members chair the various committees. It is unknown who will chair the Subcommittee on Housing and Community Opportunity at this point.

Performance Measures/IDIS Update

While new screens have been developed within IDIS to incorporate the performance measure requirements into the system, the shift to a web-based system is still underway.

On October 1, 2006, it will become mandatory for all formula grantees to enter the required performance measurement data (objectives, outcomes, and indicators) into IDIS for all existing activities with a status of budgeted or underway as of the beginning of FY 2007, as well as for all new activities.

In May 2006, HUD released version 10.0 of IDIS, which incorporated the new and enhanced screens to collect this performance measurement data, allowing grantees to begin collecting the data at that time, if they chose to do so. The CPD Outcome Performance Measurement System was developed by a working group of national groups (including NCD A), HUD and OMB. The system was developed in response to OMB's "ineffective rating" of the program to show the numerous accomplishments of the program.

HUD has hired Paradigm, a technology firm, to upgrade the system and transition it to a web-

based system. According to Russ Ficken with HUD's Division of Systems Development and Evaluation, HUD plans to have a proof concept ready by December/January that will allow grantees to begin testing the system. HUD will solicit grantees' comments on the system and incorporate these changes into the system design. IDIS training has been put on hold until the web based format is in place. In the meantime, HUD's Office of Affordable Housing has developed an IDIS manual for the HOME program (available at <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/>) and plans to work with NCD A and other national groups in delivering IDIS training on HOME in the coming months.

Russ Ficken will be available at NCD A's Winter Conference in January to provide an update on the IDIS system.

HUD Reopens NOFA for Lead Hazard Reduction Demonstration Program

HUD announced in the Friday, September 15, edition of the Federal Register that it will re-open the NOFA for its Lead Hazard Reduction Demonstration Program. Grantees that received 2005 and 2006 awards under the program are ineligible to apply. The application deadline is October 31, 2006. HUD released the 2006 NOFA on March 8 and closed the application process on June 7. According to HUD, it did not receive a sufficient number of qualified applicants for the funding, so the NOFA is being re-opened. HUD has approximately \$39 million in funding for available for this NOFA.

According to HUD, many applicants were rejected from the March 8 NOFA process, due to the following reasons:

% Match

1. Some applicants did not document the funding match requirement and other contributions or leveraged funds.
2. Some applicants provided inadequate letters of commitment.

% Eligibility

1. Some applicants were deemed unqualified because they had previously received an award under one of the following NOFAs: FY 2005 Lead Hazard Reduction Demonstration Grant Program, FY 2005 Operation Lead Elimination Action Program; FY 2005 Lead-Based Paint Hazard Control Grant Program; FY 2006 Lead Hazard Reduction Demonstration Grant Program.
2. Some applicants did not meet the minimum of 3,500 pre-1940 occupied rental housing units to be eligible to apply.
3. More than one agency from the same jurisdiction applied. HUD will accept only one application from each jurisdiction (including cities/counties with overlapping jurisdictions)

% Technical Issues

1. Some applicants exceed the 20 page limit for the narrative response.
2. Some applicants did not label attachments in support of their narrative responses.
3. Signatures were missing from forms.

% Other Issues

1. Some applicants proposed to conduct lead hazard control in ineligible HUD-assisted housing.

2. Some applicants proposed to conduct lead hazard control activities along with general rehabilitation, but did not clearly define the lead hazard control portion of the project.
3. Some current and past grantees assumed HUD reviewers would be familiar with their programs, and did not fully respond to the Rating Factors.

CDBG and HOME Training Available Through NCDA

NCDA will deliver several CDBG and HOME workshops in the upcoming months. The first of these sessions will be held during the NCDA Region VI Conference in Beaumont, TX, on October 17, where NCDA will hold a one-day workshop specifically for Community Housing Development Organizations (CHDOs). The workshop provides a rare opportunity for CHDOs to receive training on improving their management and implementation of HOME-funded projects. The workshop is free. Please see the enclosed brochure for more information. We strongly encourage you to send your CHDOs to this workshop. NCDA is also offering a 1-1/2 day training on CDBG Subrecipient Management at the Region VI conference, but the course is full.

NCDA will hold a 1-1/2 day HOME workshop on "Underwriting Home Buyer Projects in the HOME Program" on November 13-14, 2006, during the NCDA Region I Conference in Hartford, CT. This training is also free. In addition, NCDA will deliver a three-day CDBG Basics Course during the Region I conference, on November 13-15. The cost for this training is \$250 for NCDA members and \$350 for non-members. Please see the attached brochure for more information on this training.

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In addition to these training opportunities, NCDA plans to offer two CDBG Basics Courses in 2007 and three CDBG Subrecipient Management Courses. A schedule of these courses will be provided in the next Washington Report.

NCDA's 2007 Winter Conference

NCDA will once again convene its annual Winter Conference at the Wyndham Hotel in Washington, D.C. The conference will be held on January 24-26, 2007. The conference provides participants with the opportunity to visit their congressional members, hear important updates on CDBG and HOME from both HUD staff and congressional staff, and participate in training opportunities. Moreover, it is a great networking venue. An agenda will be forthcoming in the next couple of weeks, along with complete registration information.

New Members Corner

NCDA is happy to welcome the following jurisdictions as new members to the Association.

Union County, NJ
Utica, NY
Hagerstown, MD
Bristol Township, PA
Scranton, PA
York County, PA
Wheeling, WV
Montgomery, AL
Marion County, FL
Albany, GA
Gainesville, GA
Rome, GA
Aiken, SC
Oak Park Village, IL
Town of Cicero, IL
Butler County, OH
Jacksonville, AR
Fargo, ND
Renton, WA

We look forward to their participation in the Association.

***JOB ANNOUNCEMENTS AND
ATTACHMENTS***

*Please go to NCDAonline to access the
attachments below.*

- % Application for the 2007 NCDA Audrey Nelson Awards
- % Agenda and Registration Form for CDBG Basics Course in Hartford, CT
- % Registration information for HOME training for CHDOs in Beaumont, TX
- % Registration information for HOME training on "Underwriting Home Buyer Projects in the HOME Program" in Hartford, CT

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

Program	FY06 Enacted Level (includes 1% across-the-board cut)	FY07 President's Request	FY07 House Approved Level	FY07 Senate Appropriations Committee Approved Level
Community Development Fund	\$4.178 billion	\$3.032 billion	\$4.2 billion	\$4.215 billion
<i>Set-Asides:</i>				
Bonus Grants	\$0	\$200 million	\$0	\$0
EDI Special Purpose	\$306.9 million	\$0	\$250 million	\$250 million
Grants	\$49.5 million	\$0	\$20 million	\$30 million
Neighborhood Initiatives	\$49.5 million	\$0	\$0	\$0
Youthbuild	\$59.4 million	\$57 million	\$57 million	\$58 million
Native Am. Block Grant	\$1.58 million	\$0	\$0	\$0
Working Capital Fund	\$466.8 million	\$257 million	\$327 million	\$338 million
Total Set-Asides	\$3.710 billion	\$2.775 billion	\$3.873 billion	\$3.877 billion
Formula Grants				
Brownfields	\$9.9 million	\$0	\$15 million	\$0
Section 108	\$2.97 million	\$0	\$2.97 million	\$3 million
HOME Program	\$1.757 billion	\$1.917 billion	\$1.917 billion	\$1.942 billion
<i>Set-Asides:</i>				
ADDI	\$24.7 million	\$100 million	\$25 million	\$25 million
Housing Counseling	\$41.6 million	funded separately	\$50 million	\$42 million
HOME/CHDO TA	\$9.9 million	\$10 million	\$9.9 million	\$9 million
Working Capital Fund	\$990 thousand	\$3 million	\$0	\$0
Total Set-Asides	\$77 million	\$113 million	\$84.9 million	\$76 million
Formula Grants	\$1.68 billion	\$1.804 billion	\$1.832 billion	\$1.866 billion

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Program	FY06 Enacted Level (includes 1% across-the-board cut)	FY07 President's Request	FY07 House Approved Level	FY07 Senate Appropriations Committee Approved Level
Self-Help/Assisted Homeownership Opportunity Program	\$60.39 million	\$40 million	\$60.39 million	\$66 million
SHOP	\$19.8 million	\$40 million	\$22 million	\$25 million
NCDI	\$29.7 million	\$0	\$31.91 million	\$31 million
Housing Assistance Council	\$2.97 million	\$0	\$3.5 million	\$3.5 million
La Raza	\$3.96 million	\$0	\$0	\$2.5 million
La Raza	\$1.98 million	\$0	\$1.98 million	\$0
Nat. Housing Dev. Corp.	\$990 thousand	\$0	\$0	\$0
Native Am. Ind. Hsg.	\$990 thousand	\$0	\$0	\$0
Special Olympics	\$0	\$0	\$1 million	\$0
TA	\$0	\$0	\$0	\$4 million
Habitat for Humanity				
Housing Counseling	\$41.58 million	\$45 million	Funded under HOME	Funded under HOME
Section 202	\$734 million	\$545 million	\$746 million	\$750 million
Section 811	\$236 million	\$118 million	\$239 million	\$240 million
Tenant-Based Rental Assistance	\$15.808 billion	\$15.920 billion	\$15.876 billion	\$15.920 billion
Project-Based Rental Assistance	\$5.04 billion	\$5.67 billion	\$5.48 billion	\$5.67 billion
Public Housing Capital Fund	\$2.43 billion	\$2.178 billion	\$2.208 billion	\$2.46 billion
Public Housing Operating Fund	\$3.56 billion	\$3.56 billion	\$3.56 billion	\$3.66 billion
HOPE VI	\$99 million	\$0	\$0	\$100 million

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Program	FY06 Enacted Level (includes 1% across-the-board cut)	FY07 President's Request	FY07 House Approved Level	FY07 Senate Appropriations Committee Approved Level
Homeless Programs	\$1.340 billion	\$1.536 billion	\$1.536 billion	\$1.511 billion
<i>Set-Asides</i>				
Shelter Plus Care	\$255 million	\$285 million	\$285 million	\$285 million
Renewals	\$0	\$200 million	\$0	\$0
Samaritan Initiative	\$0	\$25 million	\$0	\$0
Prisoner Re-entry	\$12 million	\$10 million	\$10.4 million	\$10.4 million
TA/HMIS	\$1 million	\$2 million	\$2.5 million	\$2.5 million
Working Capital	\$1.059 billion	\$522 billion	\$297.9 million	\$297.9 million
<i>Total Set-Asides</i>				
Homeless Assistance Grants	\$1.059 billion	\$1.014 billion	\$1.238 billion	\$1.213 billion
Native American Housing Block Grant	\$623 million	\$626 million	\$626 million	\$626 million
Native Hawaiian Housing Block Grant	\$8.71 million	\$6 million	\$8.8 million	\$8.8 million
Indian Housing Loan Guarantee	\$3.96 million	\$6 million	\$3.96 million	\$6 million
Native Hawaiian Loan Guarantee	\$891 thousand	\$1 million	\$1 million	\$1 million
HOPWA	\$286 million	\$300 million	\$300 million	\$295 million
Rural Housing & Economic Development	\$16.83 million	\$0	\$0	\$20 million
Fair Housing	\$45.5 million	\$45 million	\$44.5 million	\$44.5 million
Lead Hazard Control	\$150 million	\$115 million	\$150 million	\$152 million

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Program	FY06 Enacted Level (includes 1% across-the-board cut)	FY07 President's Request	FY07 House Approved Level	FY07 Senate Appropriations Committee Approved Level
University Programs	\$21 million	\$29 million	\$21 million	\$21 million
Native Alaska/Hawaiian	\$3 million	\$3 million	\$3 million	\$3 million
Tribal	\$3 million	\$3 million	\$3 million	\$3 million
Colleges/Universities	\$9 million	\$9 million	\$9 million	\$9 million
HBCUs	\$6 million	\$6 million	\$6 million	\$6 million
Hispanic Institutions	\$0	\$6 million	\$0	\$0
Comm.. Outreach	\$0	\$2 million	\$0	\$0
Parnters.				
Comm. Dev. Work Study				

