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*2007 Winter Legislative and Policy Meeting - January 24-26, 2007
Wyndham Hotel - Washington, DC
CDBG Subrecipient Management Training - January 22-23, 2007*

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Congress Remains in Recess

Congress officially adjourned on September 30 for a six-week recess period to campaign in the Fall elections. They are expected to reconvene on November 13. Next week will determine which party will control one or both chambers of Congress. All signs point to a Democratic majority in the House with Republicans maintaining control of the Senate. We will have a complete report of the election results in the November issue of the *Washington Report*.

Congress passed only two FY 2007 spending bills before recessing – Department of Defense and Department of Homeland Security. A Continuing Resolution was enacted through November 17 to keep those federal agencies without approved FY 2007 appropriation bills operating at their FY 2006 funding levels. Congress is expected to roll all of the remaining spending measures into one

large omni-bus spending package when it returns after the elections.

Before adjourning, Congress reallocated approximately \$5 billion from the Department of Health and Human Services to the Department of Defense spending bill. This funding was previously shifted from the Defense bill earlier in the year to the HHS spending bill due to strong support from Democrats and moderate Republicans. Rep. John Boehner (R-OH), House Majority Leader, had cut a deal with moderate Republicans earlier in the year that promised increased funding for HHS in exchange for their support of the FY 2007 Budget Resolution. While the moderate Republicans kept their promise, it will be difficult for Boehner to keep his promise and remain within the tight spending limits.

The President had threatened a veto of the Defense spending bill if the \$5 billion was not restored. Facing upcoming elections, congressional members did not want to appear weak on Defense, so they added the funding back. The \$5 billion increase to Defense spending will increase the likelihood of an across-the-board spending cut to all federal programs except for Defense and Homeland Security. Pundits are estimating a 1% across-the-board cut, but nothing is certain at this point.

As part of the Continuing Resolution, Congress included language to extend the expiring Mark-to-Market Program through November 17. Congress is expected to approve language to permanently extend the program when it returns from its recess period.

GAO Selects Panel of Experts to Examine the CDBG Formula

The Government Accountability Office (GAO) has contracted with the National Academy of Sciences to convene an expert panel to consider the CDBG formula and options for adjusting that formula. NCDA put forward the names of Mark Tigan (Clark University), Nic Retsinas (Harvard University), and Michael Stegman (formerly with the University of North Carolina at Chapel Hill and now with the John D. and Catherine T. MacArthur Foundation). Mark Tigan and Michael Stegman have been selected to the panel of experts. The panel will assist GAO in three phases.

- Phase I: Provide feedback on questions developed by GAO in the first phase of the analysis.
- Phase II: Participate in a one-day panel discussion in December 2006.
- Phase III: Provide feedback (in Spring 2007) on GAO's analysis and alternative allocation formulas.

For Phase I, GAO has developed a survey instrument for panel members to use in responding to a set of preliminary questions. GAO is seeking input on two primary sets of issues:

- (1) HUD's construction of a needs index as a criterion for measuring community development need, including HUD's factor analysis and the specific indicators of need included in its index; and

- (2) The development of an evaluation criterion for GAO to use that accounts for the potential mismatch between a jurisdiction's community development need and its economic and fiscal capacity to meet that need.

In Phase II, the panel of experts will participate in a one-day meeting to focus on the preliminary findings of Phase I and to discuss a set of potential formula options reflecting a range of possible policy alternatives. Phase III will encompass the review of information that will be submitted into the final report.

Steve Redburn, former OMB official, has also been selected to the panel of experts. Redburn retired from OMB last year and now works for the National Academy of Public Administration. He has been one of the principle forces behind changing the formula to target the funds to lower income areas and away from wealthier communities. We are concerned by his presence on the panel and see it as a conflict of interest, since he has been the architect behind killing the program in recent years.

Background of GAO Study on CDBG Formula

Representative Mike Turner (R-OH), Chairman of the House Subcommittee on Federalism and the Census and Rep. Bob Ney (R-OH), Chairman of the House Subcommittee on Housing and Community Opportunity, requested that GAO conduct a study of the CDBG Formula. Prior to this request, HUD released a formula study, *CDBG Formula Targeting to Community Development Need*, which concluded that CDBG funding going to the neediest communities had decreased since 1990.

In its study, Congress asked GAO to consider three primary questions:

- (1) What are the options, including those HUD identified, for constructing and analyzing need indices to target CDBG funds?
- (2) What are the options for constructing and analyzing measures of localities' capacity to address their needs from their own resources?
- (3) What formula options could be used for distributing CDBG funds?

In response to these questions, GAO will develop a variety of formula alternatives and clarify policy implications of the alternatives, but will not recommend a specific formula.

GAO met with NCDA and other national interest groups in May 2006 to brief them on the study and to garner their feedback. NCDA, the U.S. Conference of Mayors, and the National Association for County Community and Economic Development, told GAO and other groups assembled at the meeting that we outright opposed any formula change due to the funding disparities it would cause for current grantees, including any shift of funding from wealthier communities to what HUD considers "needier" communities. We see the discussion of the formula change as a way to slowly kill the program through funding reductions.

If the Democrats control the House after the November 7 elections, this study will likely be halted or not acted upon.

Congress Passes Language to Improve Housing Disaster Assistance Response

Language to overhaul FEMA and change the laws governing disaster response was added to H.R. 5441 - the FY 2007 Homeland Security Appropriations bill which was passed by Congress on September 29. The bill includes language from the Post Katrina Emergency Management Reform Act of 2006 (S 3721), introduced by Senators Collins (R-ME) and Lieberman (D-CT) earlier this year.

The bill calls for the development of a National Disaster Housing Strategy (NDHS) to ensure the housing needs of victims are met in future disasters. The NDHS would be developed by several federal agencies (HUD, Agriculture, Commerce, Transportation, Treasury, EPA, Small Business Administration, and FEMA) in conjunction with representatives from state and local governments and non-governmental organizations. The NDHS will consider the following:

- The most cost-effective and cost-efficient federal programs needed to meet both the short-term and long-term housing needs of disaster victims;
- The roles, programs, and organizations that can provide housing assistance in the event of a disaster; and
- Programs that can meet the housing needs of low-income and special needs populations.

The language requires the FEMA Administrator to submit a report describing in detail the NDHS to Congress by July 2007.

HR 5441 also includes language to allow disaster victims to use their cash assistance for

security deposits and utility bills. Caps within the \$26,000 cash assistance (e.g., \$5,200 for repairs and \$10,400 for replacement of a unit) would be eliminated. FEMA would be given the flexibility to provide modular units after a disaster. Finally, the bill requires FEMA to create a pilot program to make better use of existing rental housing located in disaster areas. The program would require FEMA to enter lease agreements with owners of rental properties in disaster areas and would require FEMA to make any necessary repairs to the units.

HUD NEWS

HOME Program Posts Record Performance in 2006

In FY 2006, the HOME Investment Partnerships Program (HOME) posted record numbers for affordable housing production. The program assisted over 143,000 households, a 42 percent increase over FY 2005. HUD's Office of Affordable Housing reports that during FY 2006, 120,071 affordable homes were either constructed or renovated through the HOME program compared to 80,751 in FY 2005. In addition, 23,325 families received tenant-based rental assistance last year, a 13 percent increase over the previous year.

HUD acknowledges that much of this success stems from the more accurate and consistent reporting on the part of grantees in the last year.

HUD Releases Final FMRs for FY 2007

On September 27, HUD released the final Fair Market Rents (FMRs) for FY 2007. They are primarily consistent with the proposed FMRs released in June 2006. The FMRs were developed using the Office of Management and Budget (OMB) area definitions, 2000 Census

data, incorporating information from the revised final FY 2005 FMRs, and using updated information from local Random Digit Dialing survey data. The final FMRs can be found at <http://www.huduser.org/datasets/fmr.html>

NCDA NEWS

NCDA Region VI Conference

The NCDA Region VI Conference was held in Beaumont, TX on October 17-20. The NCDA national office participated in the conference and provided pre-conference HOME (CHDO) training on October 16 and CDBG Subrecipient Management Training on October 16 and 17.

Despite the rain, our host cities, Beaumont, Orange, and Port Arthur, Texas, made sure the conference was a big success.

Besides CDBG and HOME training, conference participants participated in local project tours, off-site sessions on disaster recovery, several on-site sessions on numerous community and economic development and affordable housing topics (IDIS, Performance Measures, Tax Credits, Section 108, Faith-Based Initiatives, Grant Writing, and many, many more). The conference was highlighted by several national speakers including Rep. Ted Poe, Dr. Fred Lucas, and our very own Cardell Cooper.

Besides all of the learning and networking, participants were treated to a fun time on Crockett Street and other venues.

NCDA would like to thank our members from Beaumont, Orange, and Port Arthur for their outstanding work on the conference.

NCDA Participates in the Northwest Community Development Managers' Association

On October 30, 2006, NCDA's Executive Director, Cardell Cooper, was invited by the Northwest Community Development Managers' Association, to deliver the keynote address for their conference in Vancouver, WA. The Association represents community development managers in Washington, Idaho, and Oregon. The conference will profile local community development projects, local community development advocacy efforts, and best practices.

2007 NCDA Winter Legislative and Policy Meeting

NCDA will once again convene its annual Winter Conference in Washington, DC. The conference brochure, hotel information, and registration are attached. You can also access this information on NCDA's web site at <http://www.ncdaonline.org>

The conference will be held on January 24-26, 2007. NCDA will provide pre-conference CDBG Subrecipient Training on January 22-23.

The conference provides participants with the opportunity to visit their congressional members to advocate for CDBG and HOME, hear timely updates on CDBG and HOME from congressional staff and HUD staff, learn best practices from your peers, and sharpen your professional development skills. Most importantly, it provides the opportunity for networking and learning.

A block of rooms has been reserved at the Wyndham Hotel at the rate of \$165 per night. Register early!

NCDA Seeks Audrey Nelson Award Submissions

In 1987, NCDA established the Audrey Nelson Community Development Awards to recognize exemplary uses of CDBG funds which address the needs of families, homes and neighborhoods. The awards are named in honor of Audrey Nelson, the first Deputy Executive Secretary of NCDA, an ardent supporter of the revitalization of low-income neighborhoods who died at the young age of 29. This year marks the 20th anniversary of these special awards. The awards will be given out during NCDA's 2007 Winter Conference. Applications are due to NCDA by **December 8, 2006**. The application package is attached to this newsletter. You can also access the application package through NCDA's web site at <http://www.ncdaonline.org>

NCDA Web Site Update

Members Can Now Post RFPs/RFQs on NCDA's Website

NCDA has installed a new feature to its web site which allows members to post an RFP or RFQ directly to the web site. It's also useful for those members seeking ideas on how to develop an RFP or RFQ. We encourage you to use the **RFP/RFQ** feature.

NCDA is Updating its NCDAonline Yellow Pages

Several years ago, NCDA added a Yellow Pages feature to its web site as a means of providing a list of consultants and contractors to its members. The vendors were charged an annual fee (\$750) for advertising their services on the site. We have found that few consultants

and contractors advertised on the site. NCDA is in the process of updating the site and is interested in receiving ideas from its members on changes to the site and ideas for better utilization of the site by both members and vendors. Please e-mail your suggestions to Vicki Watson at vicki@ncdaonline.org

New Members Corner

NCDA welcomes the following new members to the Association.

Dothan, AL
Springdale, AR
Stockton, CA
Alton, IL
Lake Charles, LA
Kansas City, MO
Great Falls, MT
Akron, OH
Morristown, TN
Murfreesboro, TN
League City, TX
Fort Worth, TX

JOB ANNOUNCEMENTS AND ATTACHMENTS

Please go to NCDAonline to access the files below.

- Agenda and Registration Form for the 2007 NCDA Winter Legislative and Policy Conference
- Agenda and Registration Form for the CDBG Subrecipient Management Training in Washington, D.C.
- Application for the 2007 NCDA Audrey Nelson Awards

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 Grants	\$306.9 million	\$0	\$250 million	\$250 million
Neighborhood Initiatives	\$49.5 million	\$0	\$20 million	\$30 million
Youthbuild	\$49.5 million	\$0	\$0	\$0
Native Am. Block Grant	\$59.4 million	\$57 million	\$57 million	\$58 million
Working Capital Fund	\$1.58 million	\$0	\$0	\$0
Total Set-Asides	<i>\$466.8 million</i>	<i>\$257 million</i>	<i>\$327 million</i>	<i>\$338 million</i>
Formula Grants	\$3.710 billion	\$2.775 billion	\$3.873 billion	\$3.877 billion
Section 108	\$2.97 million	\$0	\$2.97 million	\$3 million
Brownfields	\$9.9 million	\$0	\$15 million	\$0
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	<i>\$77 million</i>	<i>\$113 million</i>	<i>\$84.9 million</i>	<i>\$76 million</i>
Formula Grants	\$1.68 billion	\$1.804 billion	\$1.832 billion	\$1.866 billion
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
HOPWA	\$286 million	\$300 million	\$300 million	\$295 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
Self-Help/Asst. Homeowner 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
Nat. Housing Dev. Corp.	\$1.98 million	\$0	\$1.98 million	\$0
Native Am. Ind. Hsg.	\$990 thousand	\$0	\$0	\$0
Special Olympics	\$990 thousand	\$0	\$0	\$0
TA	\$0	\$0	\$1 million	\$0
Habitat for Humanity	\$0	\$0	\$0	\$4 million
Tenant-Based Rental Assist.	\$15.808 billion	\$15.920 billion	\$15.876 billion	\$15.920 billion
Project-Based Rental Assist.	\$5.04 billion	\$5.67 billion	\$5.48 billion	\$5.67 billion
PH Capital Fund	\$2.43 billion	\$2.178 billion	\$2.208 billion	\$2.46 billion
PH Operating Fund	\$3.56 billion	\$3.56 billion	\$3.56 billion	\$3.66 billion
HOPE VI	\$99 million	\$0	\$0	\$100 million
Homeless Programs	\$1.340 billion	\$1.536 billion	\$1.536 billion	\$1.511 billion
<i>Set-Asides</i>				
Shelter Plus Care Renewals	\$255 million	\$285 million	\$285 million	\$285 million
Samaritan Initiative	\$0	\$200 million	\$0	\$0
Prisoner Re-entry	\$0	\$25 million	\$0	\$0
TA/HMIS	\$12 million	\$10 million	\$10.4 million	\$10.4 million
Working Capital	\$1 million	\$2 million	\$2.5 million	\$2.5 million
<i>Total Set-Asides</i>	<i>\$1.059 billion</i>	<i>\$522 billion</i>	<i>\$297.9 million</i>	<i>\$297.9 million</i>
Homeless Assistance Grants	\$1.059 billion	\$1.014 billion	\$1.238 billion	\$1.213 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
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
Rural Housing & Economic Development	\$16.83 million	\$0	\$0	\$20 million
Fair Housing	\$45.5 million	\$45 million	\$44.5 million	\$44.5 million
University Programs	\$21 million	\$29 million	\$21 million	\$21 million
Native Alaska/Hawaiian	\$3 million	\$3 million	\$3 million	\$3 million
Tribal Colleges/Universities	\$3 million	\$3 million	\$3 million	\$3 million
HBCUs	\$9 million	\$9 million	\$9 million	\$9 million
Hispanic Institutions	\$6 million	\$6 million	\$6 million	\$6 million
Comm.. Outreach Parnters.	\$0	\$6 million	\$0	\$0
Comm. Dev. Work Study	\$0	\$2 million	\$0	\$0