



**FROM: CARDELL COOPER
VICKI WATSON
KAREN PARKER**

DATE: November 21, 2006

*2007 Winter Legislative and Policy Meeting - January 24-26, 2007
CDBG Subrecipient Management Training - January 22-23, 2007
National CD Week is April 9-15, 2007*

FEATURED ARTICLES

- *Democrats Will Control 110th Congress; FY 2007 Spending Bills in Limbo*
- *NCDAA Meets with OMB on FY 2008 Funding for CDBG*
- *HUD NEWS - HUD Meets with Interest Groups on IDIS; HUD Creates Performance Profiles for CDBG*
- *NCDAA NEWS - Region I Conference Held in Hartford, CT; Audrey Nelson Award Submissions Due by December 8th; 2007 NCDAA Winter Legislative and Policy Conference; National CD Week is April 9-15, 2007; New Members Corner*
- *Job Announcements and Attachments: 2007 Winter Conference Agenda and Registration Form; Application for the 2007 NCDAA Audrey Nelson Awards; Agenda and Registration for the CDBG Subrecipient Training to be held on January 22-23, 2007*

Democrats Will Control 110th Congress; FY 2007 Spending Bills in Limbo

The Democrats will control both the House and the Senate in the 110th Congress, which will convene in January 2007. The House is expected to convene on January 4 to officially vote on the selection of Nancy Pelosi for Speaker of the House and to swear in all House members. Until then, the Republicans remain in control of both chambers. Congress reconvened the week of November 18 to select their leadership for the 110th Congress and passed a second Continuing Resolution (CR) that lasts through December 8 to keep those federal agencies without enacted FY 2007 spending bills (including HUD) operating at their FY 2006 funding level. Congress will adjourn for a two-week Thanksgiving break and return December 4 to hold hearings on the nomination of Robert Gates to replace Rumsfeld as Secretary of Defense. The appropriation bills are supposed to be enacted by October 1, the beginning of the federal fiscal year. However, Congress only enacted two spending measures – Defense and Homeland Security – before officially adjourning on September 29. It is highly unlikely Congress will have time to finish all of the remaining nine spending bills before they adjourn again in December.

In terms of the outlook for the remaining unfinished spending bills, all signs are pointing to a CR that will run through some time in January, according to Senate staff. Although some members of Congress would like to package the remaining spending bills into one large omnibus measure, others are leary of what may be added to the bill. In particular, conservative republicans are worried that their less-fiscally conservative colleagues will try to add earmarks to an omnibus spending package. Still, both a CR or an omnibus measure are still on the table. The Democrats would like to have the bills completed by the end of the year, so they can start working on their legislative priorities as soon as they take office in January. Even OMB wants the spending bills completed. Rob Portman, Director of OMB, met with congressional appropriators last week to try to get the spending bills moving. Portman is in the awkward position of preparing the FY 2008 federal budget without knowing the final FY 2007 spending level for many programs. If Congress decides to do an omnibus bill, the target date for adjournment of the 109th Congress is expected to be December 15 or 16. If Congress decides to pass another CR, then recess will begin on December 8.

In terms of funding for CDBG, we began the year with the President proposing a \$1 billion cut to the CDBG formula. NCDA worked closely with the U.S. Conference of Mayors, National Association of Counties, National Association for County Community and Economic Development, and other members of the CDBG Coalition, to educate Congress on the need to increase funding for the program, not decrease it. Our efforts paid off. The House approved \$3.873 billion in formula funding for the program, an increase of \$163 million from the FY 2006 level of \$3.710 billion, while the Senate Appropriations Committee approved \$3.877 billion, an increase of \$167 million. According to Senate staff, this increase may be wiped away due to the possibility of an across-the-board spending cut to all non-security discretionary programs in order to pay for the \$5 billion that was added back to the Defense spending bill in September. This \$5 billion exceeds the congressionally approved spending cap of \$873 billion, so other programs will have to be cut in order to pay for these additional funds. Originally, the \$5 billion had been transferred from Defense to the Labor-Education-HHS spending bill to increase funding in several program areas. With the elections nearing, congressional members did not want to appear weak on Defense by taking funding away from the spending bill, so they added it back. Now, some congressional members (both Democrats and some moderate Republicans) may want to provide additional funding to the Labor-Education-HHS spending bill (we're hearing up to \$3 billion) that will further deepen the across-the-board cut. Nothing has been decided on at this point, however.

In terms of changes to CDBG, the Democratically-controlled Congress is not likely to embrace any changes to the program that were put forward by HUD earlier this year (CDBG Reform Act), which includes changing the CDBG formula to target the funds to "needier" communities as defined by HUD's Formula Study.

During the week of November 18, the Democrats elected their leadership team for the 110th Congress. The House Democrats unanimously elected Rep. Nancy Pelosi (D-CA) to the position of Speaker of the House for the 110th Congress. She will become the first woman to hold the position. Her selection will become official after the full House votes on her nomination on January 4.

House Leadership Team

Rep. Nancy Pelosi (D-CA), Speaker of the House
Rep. Steny Hoyer (D-MD), Majority Leader
Rep. James Clyburn (D-SC), Majority Whip
Rep. Rahm Emanuel (D-IL), Democratic Caucus Chairman
Rep. John Larson (D-CT), Democratic Caucus Vice Chairman

Democratic House Committee assignments are not expected to be made until after the 110th Congress convenes in January. On the opposite side of the aisle, House Republicans elected Rep. John Boehner (R-OH) to the post of Minority Leader and Rep. Roy Blunt (R-MO) to the post of Minority Whip. Both are holdovers from the Republican leadership of the 109th Congress and both have been strong supporters of Bush's policies. They will have to lead with a bi-partisan approach this time around in order to have any Republican-sponsored legislation enacted.

The Senate Democrats also elected their leadership for the 110th Congress and their Committee chairpersons. Of importance to HUD's programs are the Appropriations Committee and Banking Committee.

Senate Leadership Team

Senator Harry Reid (D-NV) - Majority Leader
Senator Richard Durbin (D-IL), Majority Whip
Senator Charles Schumer (D-NY), Democratic Caucus Chairman
Senator Patty Murray (D-WA), Conference Secretary

Senate Committees

Chair

| | |
|-------------------|----------------------------|
| Aging | Senator Kohl (D-WI) |
| Agriculture | Senator Harkin (D-IA) |
| Appropriations | Senator Byrd (D-WV) |
| Armed Services | Senator Levin (D-MI) |
| Banking | Senator Dodd (D-CT) |
| Budget | Senator Conrad (D-ND) |
| Commerce | Senator Inouye (D-HI) |
| Energy | Senator Bingaman (D-NM) |
| Environment | Senator Boxer (D-CA) |
| Finance | Senator Baucus (D-MT) |
| Foreign Relations | Senator Biden (D-DE) |
| Health/Education | Senator Kennedy (D-MA) |
| Homeland Security | Senator Lieberman (D-CT) |
| Indian Affairs | Senator Dorgan (D-ND) |
| Intelligence | Senator Rockefeller (D-WV) |
| Joint Economic | Senator Schumer (D-NY) |
| Judiciary | Senator Leahy (D-VT) |

| | |
|----------------|--------------------------|
| Rules | Senator Feinstein (D-CA) |
| Small Business | Senator Kerry (D-MA) |
| Veterans | Senator Akaka (D-HI) |

On the opposite side of the aisle, the Republicans elected Senator Mitch McConnell (R-KY) to the post of Senate Minority Leader, the highest minority post. Senator Trent Lott (R-MS) was elected to the post of Senate Minority Whip, the second highest post for the minority party. Lott previously held the position of Senate Majority Leader four years ago, but was ousted from the top leadership position for racially insensitive remarks made during a birthday celebration for then Senator Strom Thurmond.

NCDA Meets with OMB on FY 2008 Funding for CDBG

NCDA met with officials from the Office of Management and Budget (OMB) earlier this month regarding FY 2008 funding for CDBG. We wanted to meet with them in the hopes of thwarting any attempts to cut the program again and to advise against any changes to the program. While they seemed supportive of the program, they did continue to raise the issue of diverting CDBG funds from wealthier communities to needier communities, as defined by HUD's most recent formula study. Once again, we raised our opposition to taking any funds away from existing grantees as they all need CDBG funds. HUD honestly believes that if CDBG funds are taken away from the wealthier grantees that these local governments will "step up to the plate" to replace the lost CDBG funds with general revenue funds. We told OMB that this is a social experiment we do not want to test on our members. It is nothing more than a budget gimmick, an unfunded mandate, to transfer the responsibility of funding CDBG from the federal level to the local level. We must not fall for this gimmick. We know there are many grantees that would receive increased allocations under HUD's Formula Study, but we warn against these grantees advocating on their own for this change. We must all stand united in keeping the program funding and formula intact; otherwise, it opens up the program and its funding to scrutiny.

OMB started the meeting by telling us the FY 2008 budget will be the tightest in 12 years. This is due primarily to the President's desire to carve away as much of the federal deficit as possible before he leaves office in two years. The development of the Federal budget begins in earnest every year, in late Summer, with the Administration providing each of the Federal agencies with a preliminary budget. The agencies then respond back with their own budget (which is usually higher than what the Administration has proposed). The career staff at OMB review the budgets and provide their recommendations to the Director of OMB, Rob Portman, and the White House Policy Council. The OMB Director and the White House Policy Council can accept – or change – staff's recommendations. Budget negotiations continue into late December until a final budget is approved.

Since the Federal budget process is very closed, the OMB staff could not divulge any information on HUD's FY 2008 budget, except to say that HUD wants more funding in all of its program areas than what the Administration's preliminary budget provided. After leaving the meeting, we were unsure what the FY 2008 budget will provide for CDBG, but if we had to guess, we would venture it would look very similar to the FY 2007 budget, which recommended a large cut to the program along with changes in the

formula. We are sure this scenario will be played out again and again until the current Administration is out of office.

HUD NEWS

HUD Meets with Interest Groups on IDIS

On November 1, HUD's Office of CPD met with NCD A and other national interest groups to provide an update on Phase I of the IDIS Re-engineering Project. According to HUD, Phase I, which will involve transforming IDIS into a web-based system, will be completed by September 30, 2007, including the incorporation of feedback from grantees on the system. HUD expects to roll out Phase I in January 2007 and allow for testing and feedback from grantees at different times throughout the year. The first opportunity to provide feedback will begin in January 2007 with what HUD calls the "Proof-of-Concept." Grantees will be able to use real but not "live" data to test the usability of the system. This review will not include all modules of the system, but is an opportunity for grantees to become familiar with the platform. According to HUD, they will notify all IDIS users two weeks prior to the start of the testing of the "Proof-of-Concept." Users will then have two weeks to test the system before HUD begins consolidating a list of comments from the IDIS users. They will then meet with NCD A and other interest groups to prioritize the comments and decide which comments are feasible and can be incorporated into the system.

After the "Proof-of-Concept" stage is complete, HUD will then begin the next comment period on the system, the actual User Acceptance Testing (UAT), which is planned for the Spring. HUD plans to allow IDIS users one month to test the business/financial functions of the system. At this stage, users will be asked to determine if the system actually works. Again, HUD will compile, review and decide which comments to incorporate into the system.

The mechanism for providing comments and input during any of these stages is through the IDIS bulletin board, which can be accessed through the IDIS re-engineering home page at <http://www.hud.gov/offices/cpd/systems/idis/reengineering/index.cfm>. The bulletin board will allow users to see comments that have been posted.

HUD Creates CDBG Performance Profiles

HUD's Office of CPD has created CDBG Performance Profiles – a new feature of HUD's CDBG Web page – provides key information on grantee performance:

- Available program funds, including program income
- Expenditures by major program categories
- Timeliness ratio for entitlement communities
- Program targeting, including the use of NRSAs and CDFIs
- Number of beneficiaries served by race/ethnicity group and by income level, for activities that provide direct benefit to individuals
- Accomplishments achieved during the program year

HUD plans to post these profiles to their website annually beginning with program year 2005. NCDA has asked HUD to provide cumulative data on CDBG, like the HOME program, and to consider posting the CDBG data more frequently than annually. They are considering this request. This will allow NCDA and other interest groups to provide Congress with more concrete, recent data on the program and will only help in our efforts to advocate for the program. You can access the performance profiles at <http://www.hud.gov/offices/cpd/communitydevelopment/library/performanceprofiles/>

NCDA NEWS

Region I Conference Held in Hartford, CT

NCDA would like to thank the City of Hartford for a terrific Region I Conference. Special thanks goes to Karen Winey and the staff of the Division of Grants Management as well as the Region I Board for planning such a wonderful conference.

The conference included a wide variety of training, networking, and learning opportunities. NCDA provided CDBG and HOME pre-conference training which included the CDBG Basics Course (attended by 46 grantees from across the country) and HOME Training on Underwriting HOME Homebuyer Projects. Steve Gartrell (Newton, MA) and Patrick Sullivan (New Bedford, MA) conducted the CDBG Basics Course and did an outstanding job. Monte Franke conducted the HOME training to a sold out crowd. Both sessions were a big success.

Besides the pre-conference training, the conference included a city-wide projects tour of Hartford's many diverse neighborhoods and ongoing housing, community development, and economic development projects. The conference also included presentations from the NCDA national staff, HUD Boston, and sessions on affordable housing, neighborhood improvement strategies, and innovations in community development.

We were pleased to have the Mayor in attendance and to hear directly from him. Again, we appreciate the hard work of the City of Hartford for delivering such an outstanding conference.

Audrey Nelson Award Submissions Due by December 8th

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>

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, the rooms are going fast!

National CD Week is April 9-15, 2007

Mark your calendars! NCDA has selected April 8-15, 2007 as National CD Week. Please use this time to begin planning your events. NCDA will provide grantees with a National CD Week guidebook in the next few weeks that will include ideas for CD Week events, sample proclamations, and other advise for profiling CDBG.

New Members Corner

NCDA welcomes the following new members:

Citrus Heights, CA
Norwich, CT
North Miami, FL
Missoula, MT
Portsmouth, VA

JOB ANNOUNCEMENTS AND ATTACHMENTS

View the attachments below by going to NCDAonline (<http://ncdaonline.org>).

- Agenda and Registration Form for the
- 2007 NCDA Winter Legislative and Policy Conference
- Application for the 2007 NCDA Audrey Nelson Awards
- Agenda and Registration Form for the CDBG Subrecipient Management Training, January 2007, Washington, DC

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 |

NCDA Washington Report 9
November 21, 2006 - Page 9

| Program | FY06 Enacted Level (includes 1% across-the-board cut) | FY07 President's Request | FY07 House Approved Level | FY07 Senate Appropriations Committee Approved Level |
|---|---|---------------------------------|----------------------------------|--|
| Lead Hazard Control | \$150 million | \$115 million | \$150 million | \$152 million |
| 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 |

| 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 |