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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

- *The 110th Congress Begins its Work; Continuing Resolution Still in Place*
- *GAO Meets with Academy of Sciences on CDBG Formula*
- *NCDA NEWS: National CD Week is April 9-15, 2007; National CD Week Artwork is on the Website; 2007 NCDA Winter Legislative and Policy Meeting; NCDA will hold a CDBG Basics Course in Orlando, FL*

The 110th Congress Begins its Work; Continuing Resolution Still in Place

Wasting no time, the Democrats opened the 110th Congress on January 4, 2007. Rep. Nancy Pelosi (D-CA) was elected as the first female Speaker of the House, elevating her to the highest elected position held by a woman in Congress. Madame Pelosi will run a tight ship, requiring House members to work a 5 day week rather than the 2-3 day week favored by the Republican-controlled 109th Congress. As part of the Democrats' sweeping rules changes, new rules on lobbying, earmarks, ethics, and budget enforcement were adopted the first week. Included in these rules is the reinstatement of the "pay-as-you-go" rule, which requires any increase in spending, including tax cuts, to be offset by savings in other areas. The new rules would also require that a list of sponsors, justifications and beneficiaries accompany earmarks in all appropriations, authorization and tax bills, as well as House-Senate conference reports. "If you ask for an earmark, you put your name on it," said incoming Rules Chairwoman Louise Slaughter of New York. The earmark disclosure rules would not limit the number or the size of the earmarks that lawmakers could seek.

Democrats have reorganized the existing appropriation subcommittees to shift some existing programs into two new subcommittees, increasing the number of House subcommittees from 10 to 12 and decreasing the number of Senate subcommittees from 13 to 12, leaving both chambers with the same number of appropriation subcommittees. Two new appropriation subcommittees have been created: the Financial Services and General Government Subcommittee and a Legislative Branch Subcommittee. The Financial Services and General Government Subcommittee would take over some of the agencies currently under the Transportation, Treasury, HUD Subcommittee, including Treasury, the Judiciary, District of Columbia, Executive Office of the President, and the Office of Personnel Management. This would essentially leave the programs of the Department of Transportation and the Department of Housing and Urban Development in one single subcommittee, the Transportation, Housing and Urban Development, and Related Agencies Subcommittee. Unfortunately, HUD's programs will still have to compete with the Department of Transportation's programs, which encompass most of the subcommittee funding. Rep. John Olver (D-MA) will chair this Subcommittee in the House, while Senator Patty Murray (D-WA) will chair the Subcommittee in the Senate. The following Democratic House members have been named to the Subcommittee: Rep. Ciro Rodriguez (TX), Rep. Marcy Kaptur (OH), Rep. Robert E. "Bud" Cramer (AL), Rep. Lucille Roybal-Allard (CA), Rep. Marion Berry (AK), Rep. David Price (NC), and Rep. Ed Pastor (AZ). The following Democratic Senate members have been named to the same Senate Subcommittee: Robert Byrd (WV), Barbara Mikulski (MD), Herb Kohl (WI), Tim Johnson (SD), Frank Lautenberg (NJ), Richard Durbin (IL), Byron Dorgan (ND), Patrick Leahy (VT), Tom Harkin (IA), and Dianne Feinstein (CA). The Republican Senate members include: Christopher Bond (MO), ranking member of the Subcommittee, Richard Shelby (AL), Arlen Specter (PA), Bob Bennett (UT), Kay Bailey Hutchison (TX), Sam Brownback (KS), Ted Stevens (AK), Pete Domenici (NM), Lamar Alexander (TN), and Wayne Allard (CO).

In terms of authorizing committees, Rep. Barney Frank (D-MA) will chair the House Financial Services Committee, which is responsible for oversight of HUD's programs. Rep. Maxine Waters (D-CA) will chair the House Subcommittee on Housing and Community Opportunity, which also oversees HUD's programs. Senator Christopher Dodd (D-CT) has been named the chair of the Senate Banking, Housing and Urban Affairs Committee.

Continuing Resolution Still in Place

Currently, HUD and other federal agencies without approved FY 2007 spending bills are operating under a Continuing Resolution through February 15, 2007. Congress is expected to enact a year-long Joint Funding Resolution by that date to keep those agencies without a approved FY 2007 spending bill operating at the lower of the FY 2006 funding level or the FY 2007 House approved level, whichever is lower. In the case of CDBG and HOME, the FY 2006 level is the lower level. Once Congress has enacted the joint funding resolution, the program allocations should be sent out to grantees within a week or two of enactment of the resolution. We're estimating mid- to late- February.

Many housing advocates are outraged at maintaining the FY06 level for the Section 8 program and the Public Housing Operating Fund. According to the National Low Income Housing Coalition, if these two programs are not increased above their FY06 funding levels the following will occur:

- Without a \$487 million increase above the FY06 level and language linking Public Housing Authorities' (PHA) voucher costs to recent leasing and cost data, 70,000 vouchers will be cut by local agencies in FY07.

- Contracts on at least 107,000 Section 8 project-based units will not be able to be renewed in FY07 if Congress does not increase the project-based Section 8 budget by \$636 million above the FY06 level.
- Public housing operating subsidies will be underfunded by about 25% of what HUD says is needed in FY07.

Unless “cataclysmic” harm can be shown, according to congressional staff, programs will remain at their FY06 level.

GAO Meets with Academy of Sciences Panel of Experts on CDBG Formula

The Government Accountability Office (GAO) contracted with the National Academy of Sciences to convene an expert panel on December 5, 2006 to consider the CDBG formula and options for adjusting that formula. There was consensus among the experts that GAO’s overall plan (to use factor analysis to construct a needs index to use in determining weights for formula variables) was sound. According to GAO, the meeting primarily focused on methodological issues. The panel of experts generally agreed that GAO should examine the following possible adjustments to the CDBG formula:

- ' cost of services
- ' cost of living (using a needs index that includes a fair market rent index)

The experts generally agreed that further work was needed before settling on an approach. The idea of measuring and adjusting for fiscal capacity was, in concept, met with general agreement. However, there was also agreement that more work needs to be done in deciding on how to capture such a measure for the CDBG formula. There was also consensus among the panel that it was worth considering adding measures of housing affordability and housing stock and quality. Mark Tigan, Assistant Professor at Clark University, and a member of GAO’s expert panel, will provide an update on the study during NCDA’s CD Program and Policy Subcommittee on Friday, January 26.

The expert panel was selected to assist GAO in three phases.

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

In Phase I, GAO developed a survey instrument for panel members to use in responding to a set of preliminary questions:

- (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.

Phase III will encompass the review of information that will be submitted into the final report.

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.

NCDA NEWS

National CD Week is April 9-15, 2007; National CD Week Artwork is on the Website

Mark your calendars! NCDA has selected April 9-15, 2007 as National CD Week. Please begin planning your events. NCDA will provide grantees with a National CD Week guidebook the first week in February that will include ideas for CD Week events, sample proclamations, and other advice for profiling CDBG.

NCDA hired a professional artist, Candice Cooper, to create the artwork for the 2007 National CD Week Campaign. We are extremely pleased with the design, which features the elements of CDBG eligible activities in a community setting, such as homeownership, home repair, senior housing, health services, and economic development. This year's CD Week theme is "Building Strong Communities"

and the artwork visually reflects this theme. The artwork will be featured on the 2007 CD Week products: posters, postcards, t-shirts, and tote bags. NCDA will have these and other products available for sale within the next two weeks. NCDA is in the process of developing the CD Week Products Flyer which will provide a picture of the products and their prices.

2007 NCDA Winter Legislative and Policy Meeting

NCDA will once again convene its annual Winter Conference in Washington, DC. The conference will be held on January 24-26, 2007. NCDA will provide pre-conference CDBG Subrecipient Training on January 22-23. You can access the conference agenda and registration form on NCDA's web site at <http://www.ncdaonline.org>

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, learn best practices from your peers, and sharpen your professional development skills. Most importantly, it provides the opportunity for networking and learning.

NCDA will hold a CDBG Basics Course in Orlando, FL

NCDA will hold a CDBG Basics Course in Orlando, FL on March 7-9, 2007. The three day course will provide a basic, but comprehensive overview of the CDBG program. While the course is tailored to new CDBG professionals (three or fewer years in the program), it is also open to more experienced CDBG staff that want a "refresher" of the program or an opportunity to network and learn from other CDBG grantees. The course will be taught by CDBG practitioners with over 20 years of experience in the program. The course is limited to 50 people, so register soon. A brief overview of the course, the course agenda, and the registration form is attached and is also available on NCDA's website at <http://www.ncdaonline.org>

JOB ANNOUNCEMENTS AND ATTACHMENTS

Please go to NCDAonline (<http://ncdaonline.org>) to access these files.

% Agenda and Registration Form for the CDBG Basics Course in Orlando, FL on March 7-9, 2007