



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

DATE: February 9, 2007

National CD Week is April 9-15, 2007

FEATURED ARTICLES

- ***Mayors Announce 10-Point Legislative Plan; Call for Doubling of CDBG***
- ***Congress Set to Approve Year-Long Continuing Resolution***
- ***President Bush Releases FY 2008 Budget; CDBG Program Funding Cut***
- ***HUD NEWS - Mimi Kolesar Announces Retirement from HUD***
- ***NCDA NEWS - 2007 National Community Development Week Products Available; NCDA Gets Ready for 2007 Annual Conference; CDBG Training Available through NCDA; New Members Corner; Job Announcements and Attachments***
- ***OTHER NEWS - Nominations Available for NLC's 2007 Awards for Municipal Excellence***

Mayors Announce 10-Point Legislative Plan; Call for Doubling of CDBG Funding

On January 24, 2007, during its Winter Conference, the U.S. Conference of Mayors (USCM) unveiled its 2007 10-Point Legislative Plan, called *A Strong Cities, Strong Families for a Strong America*.® The plan calls for doubling CDBG funding to \$8 billion, an initiative which NCDA worked closely with the USCM leadership in developing. USCM presented the plan to House Speaker Nancy Pelosi (D-CA) on January 12, 2007. Speaker Pelosi acknowledged her commitment to work with the mayors on the plan and told them, *I want the cities to know that they have a friend in the Speaker's Office*.®

The plan will be used as a guide as the mayors engage Congress, the Administration, and the 2008 presidential candidates on priorities that direct America's cities. USCM has forwarded the plan to every member of Congress, the President, and the 2008 presidential candidates. Like the other priorities listed in the plan, the doubling of CDBG to \$8 billion is a goal the mayors will work towards in the next few years. In essence, USCM, NCDA and their partner organizations will work towards incremental increases in program funding annually in order to reach the \$8 billion goal.

Congress Set to Approve Year-Long Continuing Resolution

In December, Rep. David Obey (D-WI), Chairman of the House Appropriations Committee, and Senate Robert Byrd (D-WV), Chairman of the Senate Appropriations Committee, announced they would roll all nine of the unfinished FY 2007 spending bills leftover from the last Congress, into a year-long Continuing Resolution (CR) that would fund the programs through September 30, 2007. Programs would continue to be funded at their FY 2006 funding level, unless Acataclysmic@ impacts could be demonstrated. The House approved the measure on January 31 and the Senate is expected to sign-off on the CR next week before the current CR expires on February 15.

Funding for CDBG and HOME will remain at the FY 2006 funding levels, \$3.710 billion in formula funding and \$1.68 billion in formula funding, respectively. Formula funding for CDBG will be reduced ever so slightly due to six new entitlement communities coming into the program in FY 2007. According to HUD, these new entitlement communities will be allocated approximately \$7.5 million from the overall total allocation.

Due to Acataclysmic@ impacts (loss of housing for families), the Section 8 program and the public housing programs were increased. The CR provides an additional \$487 million for Section 8 voucher contract renewals and an additional \$939 million for project-based Section 8. The CR also includes language to revise the voucher funding formula, created by HUD in 2004, which has resulted in the loss of approximately 150,000 vouchers in the past two years. The funding increase means no housing authorities will have to cut any vouchers in 2007. The revised formula requires HUD to base allocations on the most recent 12 months of voucher cost and leasing data, instead of the three-month snapshot currently used by HUD. The Public Housing Operating Fund was increased by \$300 million to allow housing authorities to be reimbursed for approximately 84% of their current operating costs. While this does not provide funding for 100% of their operating costs, it increases the 76% of operating funding currently being provided by HUD.

The CR also extends HUD's Mark-to-Market program through September 30, 2011. The program was scheduled to sunset on September 30, 2006. The CR also extends the HOPE VI program through September 30, 2007. The Administration had called for elimination of the program.

President Bush Releases FY 2008 Budget; CDBG Program Funding Cut

The President released his annual budget to Congress on Monday, February 5. The overall \$2.9 trillion budget provides less than a one percent increase for non-security programs, which include HUD and other non-defense, non-security programs.

Once again, the President's budget cuts the CDBG program and eliminates the Section 108 Loan Guarantee Program and the Brownfields Economic Development Initiative. This same scenario has played out over the last two years with little success on the part of the Administration.

The budget also calls for reforms to the CDBG formula by, once again, proposing the formula be changed to direct funds away from so-called wealthier communities. In the FY 2008 Budget Summary, HUD characterizes the current formula as, "...a growing problem." HUD plans to send its CDBG Reform Act, which implements these formula changes, to Congress soon, it says. HUD sent the legislation to Congress last year, but no one introduced it. We're doubtful the legislation will be taken up by Congress this year.

The President's FY 2008 budget calls for \$3.037 billion in overall CDBG funding, a \$1.178 billion or 27% reduction from the \$4.215 billion enacted in FY 2007. The budget calls for \$2.975 billion in CDBG formula grants, a \$735 million or 19.8% reduction from the \$3.710 billion enacted in FY 2007. One bright spot in the FY 2008 budget is the inclusion of \$3 million for CDBG technical assistance funding, something NCDA strongly supports. Trenton, NJ Mayor Douglas H. Palmer, President of the U.S. Conference of Mayors, issued the following statement in response to the cuts to CDBG.

The nation's mayors are extremely disappointed that the President's budget proposes significant cuts to domestic programs, particularly the Community Development Block Grant Program (CDBG), which has been championed for over 30 years by mayors in cities around the country as one of their most efficient tools to strengthen local communities. We deplore the proposed \$1.1 billion cut to CDBG and believe it is most unfortunate that this Administration has repeatedly attempted to devastate this program that invests directly in America's neighborhoods.

The President's FY 2008 budget would increase formula funding for the HOME program by \$224 million, from \$1.68 billion in FY 2007, to \$1.904 billion in FY 2008. The budget proposes \$50 million for the American Dream Downpayment Initiative (ADDI), doubling the amount provided for the program in FY 2007. The Administration also plans to submit a proposal to Congress to reauthorize the ADDI program, which sunsets at the end of 2007. Congress is not likely to reauthorize the program.

HUD's homeless assistance grants are increased by \$57 million, from \$1.174 billion in FY 2007 to \$1.231 billion in FY 2008. The Administration plans to provide legislation to Congress to consolidate HUD's three competitive homeless assistance grants.

Rep. Maxine Waters (D-CA), Chairwoman of the House Subcommittee on Housing and Community Opportunity, and Rep. Barney Frank (D-MA), Chairman of the House Committee on Financial Services, released a joint statement on the President's FY 2008 Budget, saying, *"There is a housing crisis in America. It is inconceivable that the President's budget would reduce support for low- and moderate-income families rather than expand affordable housing opportunities for those truly in need. The President has said he wants to be conciliatory and work with Democrats, but it is apparent he intends to do even more damage to people in need. It is now clear the President is choosing to cut assistance to those in need and resources to our cities and communities in order to finance the tax cuts and the war in Iraq."*

Please see the budget chart at the end of this newsletter for comparisons of the President's FY 2008 budget with FY 2006 and FY 2007 enacted funding levels.

HUD NEWS

Mimi Kolesar Announces Retirement from HUD

Our good friend, Mimi Kolesar, announced recently she is stepping down from her duties at the U.S. Department of Housing and Urban Development, after 37 years of service. During NCDA's 2007 Winter Conference the week of January 22, NCDA recognized Mimi's public service with a beautiful award and many standing ovations. Mimi has not only been a friend, but an advocate for the HOME program. Under her leadership as Director of the Office of Affordable Housing Programs at HUD, Mimi brought attention to the effectiveness of the HOME program by focusing on quality data that showed the impact of the program in producing affordable housing units nationwide. The quality data demanded by Mimi and her staff have led to the Office of Management and Budget rating the program as "effective" and has led to Congress increasing appropriations for the program over the years.

Mimi and her husband, Richard, plan to spend time traveling and volunteering in their community. Mimi has promised that she will come back to see us often. We'll hold her to that commitment.

NCDA NEWS

2007 National Community Development Week Products Available

NCDA has selected April 9-15, 2007 as National Community Development Week. National CD Week affords communities the opportunity to celebrate the importance of the CDBG Program in their community by showcasing projects funded with CDBG, families assisted through the program, and neighborhoods that have benefitted from the program. To help communities celebrate the program, NCDA provides products B T-shirts, posters, postcards, and other memorabilia B for purchase by communities. Communities can order the products directly online at <http://www.ncdaonline.org> or can fax in the attached order form. Communities do not have to pre-pay for the products, but will be invoiced by NCDA after the purchase. Products will be available through **March 28, 2007**, so send in your order form early!

NCDA Gets Ready for 2007 Annual Conference

NCDA's 2007 Annual Conference will be held in San Francisco, CA on June 19-22. Pre-conference training, including CDBG Basics training, will be provided June 16-18. A draft conference agenda and hotel information will be posted to NCDA's website at <http://www.ncdaonline.org> within the next week. The conference promises to provide opportunities for learning and networking.

CDBG Training Available through NCDA

The following CDBG Program workshops are available through NCDA:

CDBG Basics Course

Three-day workshop

Orlando, FL

March 7-9, 2007

Cost: \$250 for members/\$350 for non-members

Registration: online at <http://www.ncdaonline.org> or fax in the attached registration form

CDBG Subrecipient Management Course

Two-day workshop

Phoenix, AZ

April 30-May 1, 2007

Cost: Free

Registration: online at <http://www.ncdaonline.org> or fax in the attached registration form

CDBG Subrecipient Management Course

Two-day workshop

St. Louis, MO

May 21-22, 2007

Cost: Free

Registration: online at <http://www.ncdaonline.org> or fax in the attached registration form

CDBG Basics Course

Three-day workshop

San Francisco, CA

June 16-18, 2007

Cost: \$250 for members/\$350 for non-members

Registration: online at <http://www.ncdaonline.org> or fax in the attached registration form

New Members Corner

NCDA welcomes the following new members:

Monterey, CA

Gahanna, OH

Lynchburg, VA

Norfolk, VA

OTHER NEWS

Nominations Available for NLC's 2007 Awards for Municipal Excellence

The National League of Cities (NLC) is seeking nominations for its 2007 Awards for Municipal Excellence. The awards recognize outstanding programs that improve the quality of life in America's communities. Up to eight winners will be nationally recognized at a ceremony at NLC's Congress of Cities Conference and Exposition in New Orleans, LA in December 2007. Nominations must be postmarked by May 3, 2007. Nominated cities must be members of NLC. For a nomination packet, please go to <http://www.nlc.org> and click on *Resource for Cities* and then click *Awards and Recognition*.

JOB ANNOUNCEMENTS AND ATTACHMENTS

- % 2007 CD Week Products Flyer**
- % CDBG Training information**

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

Program	FY06 Enacted Level	FY07 President's Request	FY07 Enacted Level	FY08 President's Request
Community Development Fund	\$4.178 billion	\$3.032 billion	\$3.767 billion	\$3.037 billion
<i>Set-Asides:</i>				
Bonus Grants	\$0	\$200 million	\$0	\$0
EDI Special Purpose Grants	\$306.9 million	\$0	\$0	\$0
Neighborhood Initiatives	\$49.5 million	\$0	\$0	\$0
Youthbuild	\$49.5 million	\$0	\$0	\$0
Native Am. Block Grant	\$59.4 million	\$57 million	\$57 million	\$57 million
Working Capital Fund	\$1.58 million	\$0	\$0	\$2 million
CDBG TA	\$0	\$0	\$0	\$3 million
Total Set-Asides	<i>\$466.8 million</i>	<i>\$257 million</i>	<i>\$57 million</i>	<i>\$62 million</i>
Formula Grants	\$3.710 billion	\$2.775 billion	\$3.710 billion	\$2.975 billion
Section 108	\$2.97 million	\$0	\$2.97 million	\$0
Brownfields	\$9.9 million	\$0	\$10 million	\$0
HOME Program	\$1.757 billion	\$1.917 billion	\$1.757 billion	\$1.967 billion
<i>Set-Asides:</i>				
ADDI	\$24.7 million	\$100 million	\$24.7 million	\$50 million
Housing Counseling	\$41.6 million	funded separately	\$41.6 million	funded separately*
HOME/CHDO TA	\$9.9 million	\$10 million	\$9.9 million	\$10 million
Working Capital Fund	\$990 thousand	\$3 million	\$990 thousand	\$3 million
Total Set-Asides	<i>\$77 million</i>	<i>\$113 million</i>	<i>\$77 million</i>	<i>\$63 million</i>
Formula Grants	\$1.68 billion	\$1.804 billion	\$1.68 billion	\$1.904 billion
Section 202	\$734 million	\$545 million	\$734 million	\$575 million
Section 811	\$236 million	\$118 million	\$236 million	\$125 million
HOPWA	\$286 million	\$300 million	\$300 million	\$300 million
Lead Hazard Control	\$150 million	\$115 million	\$152 million	\$116 million

NCDA Washington Report
February 9, 2007 - Page 8

Program	FY06 Enacted Level	FY07 President's Request	FY07 Enacted Level	FY08 President's Request
SelfHelp/Asst. Homeowner Opportunity Program	\$60.39 million	\$40 million	\$20 million	\$70 million
SHOP	\$19.8 million	\$40 million	\$20 million	\$39 million
NCDI	\$29.7 million	\$0	\$0	\$30 million
Housing Assistance Council	\$2.97 million	\$0	\$0	\$0
La Raza	\$3.96 million	\$0	\$0	\$0
Nat. Housing Dev. Corp.	\$1.98 million	\$0	\$0	\$0
Native Am. Ind. Hsg.	\$990 thousand	\$0	\$0	\$0
Special Olympics	\$990 thousand	\$0	\$0	\$0
TA	\$0	\$0	\$0	\$1 million
Habitat for Humanity	\$0	\$0	\$0	\$0
Tenant-Based Rental Assist.	\$15.808 billion	\$15.920 billion	\$15.920 billion	\$16 billion
Project-Based Rental Assist.	\$5.04 billion	\$5.67 billion	\$5.976 billion	\$5.813 billion
PH Capital Fund	\$2.43 billion	\$2.178 billion	\$2.439 billion	\$2.024 billion
PH Operating Fund	\$3.56 billion	\$3.56 billion	\$3.864 billion	\$4 billion
HOPE VI	\$99 million	\$0	\$99	\$0
Homeless Programs	\$1.340 billion	\$1.536 billion	\$1.472 billion	\$1.586 billion
<i>Set-Asides</i>				
Shelter Plus Care Renewals	\$255 million	\$285 million	\$285 million	\$320 million
Samaritan Initiative	\$0	\$200 million	\$0	\$0
Prisoner Re-entry	\$0	\$25 million	\$0	\$25 million
TA/HMIS	\$12 million	\$10 million	\$10.4 million	\$8 million
Working Capital	\$1 million	\$2 million	\$2.5 million	\$2 million
<i>Total Set-Asides</i>	<i>\$1.059 billion</i>	<i>\$522 billion</i>	<i>\$297.9 million</i>	<i>\$355 million</i>
Homeless Assistance Grants	\$1.059 billion	\$1.014 billion	\$1.174 billion	\$1.231 billion
Native American Housing Block Grant	\$623 million	\$626 million	\$623 million	\$627 million
Native Hawaiian Housing Block Grant	\$8.71 million	\$6 million	\$8.71 million	\$6 million
Indian Housing Loan Guarantee	\$3.96 million	\$6 million	\$3.96 million	\$7 million

***NCDA Washington Report
February 9, 2007 - Page 9***

Program	FY06 Enacted Level	FY07 President's Request	FY07 Enacted Level	FY08 President's Request
Native Hawaiian Loan Guarantee	\$891 thousand	\$1 million	\$1 million	\$1 million
Rural Housing & Economic Development	\$16.83 million	\$0	\$17	\$0
Fair Housing	\$45.5 million	\$45 million	\$45 million	\$45 million
University Programs	\$21 million	\$29 million	\$21 million	\$25 million
Native Alaska/Hawaiian	\$3 million	\$3 million	\$3 million	\$3 million
Tribal Colleges/Universities	\$3 million	\$3 million	\$3 million	\$2 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	\$6 million
Comm. Dev. Work Study	\$0	\$2 million	\$0	\$0

*Housing Counseling is funded separately from HOME, at \$42 million.

