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FEATURED ARTICLES

- ✓ *Congress Approves 2008 Budget Resolution; Appropriators Start Work on FY 2008 Spending Bills*
- ✓ *House and Senate Sign CDBG Support Letters*
- ✓ *House and Senate Hold Hearings on HUD's FY 2008 Budget*
- ✓ *House Passes GSE Bill*
- ✓ *Senator Reed (D-RI) Introduces Homelessness Legislation*
- ✓ *NCDA NEWS: 2007 NCDA Annual Conference; NCDA Seeks Host City for 2008 and 2009 Annual Conferences; HOME Training Available through NCDA; New NCDA Members; Attachments*

Congress Approves 2008 Budget Resolution; Appropriators Start Work on FY 2008 Spending Bills

On Thursday, May 17, the House and Senate agreed to a \$2.7 trillion budget plan for FY 2008 federal spending. Conferees met last week to iron out differences in the budget resolution passed individually by the House and Senate in March. The budget plan emphasizes balancing the budget in five years without drastically cutting federal programs and allows tax cuts to the wealthy to expire over time. The budget resolution projects a deficit of \$252 billion in FY 2008 that gradually turns into a budget surplus in FY 2012.

While the budget resolution is not legally binding, it does set a discretionary spending cap by which appropriators follow. The FY 2008 budget resolution provides \$954.1 billion in discretionary spending, \$21 billion more than the President's budget request. We're extremely hopeful this year that CDBG, HOME, and other HUD programs will receive a boost in funding. Now that the cap has been set, the Appropriations Committees can begin setting spending allocations for each of the 13 subcommittees to follow in funding the programs that fall under their subcommittee jurisdiction. HUD's programs are funded under the Transportation, HUD, and Independent Agencies Subcommittee.

The budget “addresses our nation’s critical needs on national security, education, health care, the environment and many other areas, while also making a 180-degree turn away from the most reckless fiscal policies in the history of our nation,” said House Majority Leader Steny Hoyer (D-MD). To balance the budget while increasing domestic spending, the Democratic blueprint assumes the expiration of most of Bush’s signature tax cuts as scheduled at the end of 2010. The Budget Resolution establishes a framework to guide budgetary decisions for the year. It is not law, but simply guidance. Ultimately, the appropriators will decide upon the funding for each federal program.

Because of prolonged work on the war supplemental and the delay in completing the FY 2008 budget resolution, action on the annual appropriations bills is beginning later than anticipated. The House hopes to pass all of its FY 2008 spending bills by the July Fourth recess. The Senate expects to complete all of its spending bills by the end of July. Individual subcommittee allocations have not been set yet. This is usually done by the Chairpersons of the House and Senate Appropriations Committees once the budget resolution has been approved, but neither side has released those allocations yet. Even without the subcommittee allocations, two spending bills have been marked-up in the House – the Military Construction-VA Senator Coleman and Senator Leahy forwarded the Senate support letter to Senator Patty Murray (D-WA), Chairperson of the Senate Subcommittee on Transportation, HUD, and Independent Agencies, and to Senator Christopher Bond (R-MO), ranking member of the subcommittee, on April 20. The House letter was forwarded to Rep. John Olver (D-

spending bill and the Interior spending bill. The Senate has not moved forward on any of its bills yet.

CDBG, HOME Support Letters

NCDA has worked with the House and Senate over the past few months to ensure strong support for CDBG, in particular, during the upcoming appropriations process. NCDA worked again with Senators Leahy (D-VT), Senator Coleman (R-MN), Rep. Bill Pascrell, Jr. (D-NJ), Rep. Steven LaTourette (R-OH), Rep. James McGovern (D-MA), and Rep. Christopher Shays (R-CT) on CDBG support letters. NCDA drafted a letter for both chambers to use and worked with USCM, NACo, and NACCED to finalize it. The groups subsequently worked through the Northeast Midwest Coalition (a coalition of congressional members from the northeast and midwest) to shepherd the letters through both chambers. Similar letters were developed in 2005 and 2006.

The House and Senate CDBG support letter seeks at least \$4.1 billion in formula grants for CDBG in FY 2008. The letter received wide bi-partisan support in both the House and Senate with Republicans and Democrats joining together to support the program. A total of 95 members signed the House letter and 62 senators (up from 58 last year) signed the Senate letter.

MA), Chairperson of the House Subcommittee on Transportation, HUD, and Independent Agencies, and to Rep. Joe Knollenberg (R-MI), ranking members, on April 26. Both the House and Senate letter have been posted to NCDA’s website at <http://www.ncdaonline.org> under “Efforts to Increase FY 2008 Funding for CDBG and HOME.”

In addition, NCDA has been working with several national interest groups, including the U.S. Conference of Mayors, on separate letters of support for both CDBG and HOME. A copy of those letters are attached.

House and Senate Hold Hearings on HUD's FY 2008 Budget

Senator Patty Murray (D-WA), Chairperson of the Senate Subcommittee on Transportation, HUD, and Independent Agencies, convened a hearing on May 3 to hear from HUD Secretary Alphonso Jackson on the Administration's proposed FY 2008 HUD budget. In her opening statement, Senator Murray called the cut to CDBG and other HUD programs "irresponsible and unacceptable." She also voiced her displeasure with the Administration's efforts to continue to try to change the CDBG formula to direct funds away from wealthier communities, saying, "even in so-called affluent communities, funding under the current formula is targeted by law on assisting low- and moderate-income individuals." In a similar hearing last year, Secretary Jackson openly provoked Senator Murray on the City of Bellevue, WA's annual CDBG grants, saying the funds should be redirected to cities with lower per capita. Lawmakers have been trying for years to enact a regulatory overhaul to the GSEs, particularly after the multi-billion dollar accounting scandals that rocked Freddie Mac and Fannie Mae in recent years, causing Congress to criticize their oversight and management. The bill will overhaul the GSEs – Fannie Mae, Freddie Mac, and the 12 Federal Home Loan Banks – and create a new, independent regulator with broad powers to oversee them. The regulator's primary responsibility will be to ensure the safety and soundness of the institutions. The bill contains language that

incomes. Needless to say, this did not go over well with the Senator.

The House Subcommittee on Transportation, HUD, and Independent Agencies a similar hearing in early May. Rep. John Olver (D-MA), Chairperson of the subcommittee, railed against the proposed cuts to CDBG, saying, "As I have said each year – it's probably a bore by now – each of the past two years that this cut was proposed, such a severe reduction in funding for this program would deal a massive blow to community development efforts across the country. Cutting a successful program such as CDBG makes little sense."

CDBG enjoys support in Congress and we are hopeful of an increase in the program this year.

House Passes GSE Bill

On Tuesday, May 22, the House passed H.R. 1257 – The Federal Housing Financial Reform Act of 2007 – known as the Government Sponsored Enterprises (GSEs) reform bill [*See March 19, 2007 and April 18, 2007 edition of the Washington Report for more information on the legislation*]. The bill was passed on a vote of 313-104.

would reserve approximately \$500 million a year from the GSE's investment portfolios for an Affordable Housing Fund. The bill allocates the funds through States, with all of the first year's funding directed towards the gulf coast states – Louisiana, Mississippi, and Alabama. NCDA, the U.S. Conference of Mayors, and other groups have advocated the funds be distributed through local governments. We have been given assurances by the House that this Fund will be rolled into a National Housing Trust Fund within five

years and allocated through both State and local governments.

H.R. 1427 is the product of both bipartisan legislation in the 109th Congress and careful discussions and compromise with the Department of Treasury.

Senator Reed (D-RI) Introduces Homelessness Legislation

Senator Jack Reed (D-RI) plans to introduce legislation today to consolidate and reform the U.S. Department of Housing and Urban Development's (HUD) existing homelessness programs. The bill consolidates HUD's three competitive homelessness programs – Supportive Housing Program, Shelter Plus Care, and the Section 8 SRO Program, into one competitive program, The Community Homeless Assistance Program, thereby sharply reducing the administrative burden of three separate program requirements. The bill authorizes \$1.8 billion for the program in FY 2008.

At the urging of NCDA, the legislation goes a long way towards reducing or eliminating the inflexible caps imposed throughout HUD's homelessness programs. The bill eliminates the 30% cap on prevention in the Emergency Shelter Grants Program and makes the 30% set-aside for permanent housing for the chronically homelessness in the Community Homeless Assistance Program, a national standard, not a per jurisdiction standard, as is currently the case. This will ease the burden of those communities that have already housed the chronically homeless in their communities, but need HUD's homeless funds to focus on the non-chronically homeless in their areas. The legislation also requires greater efficiency on the part of HUD in announcing and distributing homelessness funding. Under the

This 30% set-aside would also be eliminated altogether once 150,000 units of permanent housing for the chronically homeless have been developed nationally. Moreover, the legislation changes the definition of "chronically homeless" to include families who have an adult head of household with a disabling condition. Currently, the definition applies only to individuals.

Also at the urging of NCDA and other groups, the legislation increases the percentage of administrative funds available for applicants and project sponsors. Currently, applicants now receive 5 percent in administrative funds and most share their administrative funds with project sponsors. Under the legislation, applicants would receive 6 percent in administrative funds with an additional 5 percent for project sponsors.

The match requirement has also been lessened. Under the legislation, applicants must match all Community Homeless Assistance Program funding with 25 percent from other sources. Originally, the draft bill required a one-for-one direct cash match. After NCDA and other groups voiced their opposition, the language was modified.

The legislation allows HUD to fund renewal projects for one year, even if the project wasn't selected for funding by HUD in the competition. The legislation would fund all renewal projects out of Section 8 thereby freeing up the homeless funding for new projects. It also requires HUD to take into account increases in the Fair Market Rent when renewing projects, an issue that is especially important in high-cost areas.

legislation, HUD must release its NOFA for funding with three months after enactment of HUD's appropriations bill and award funds

within four months after the close of the NOFA. In the past year, HUD released notice of the award winners almost a year after HUD's spending bill had been approved, but to their defense, the Department had over 5,700 applications to review with a limited number of staff people. The answer lies in HUD hiring more temporary staff to aid in the review of these applications.

In addition to the consolidation of HUD's existing competitive homelessness programs, the bill creates a new program targeted solely at the prevention of homelessness – The Community Homelessness Prevention and Housing Stability Program. Eligible activities under this program include:

- * leasing property to provide short-term or medium-term housing assistance or supportive services to people at risk of homelessness
- * short-term or medium-term rental assistance
- * supportive services
- * housing relocation or stabilization services, including housing search, mediation or outreach to property owners, credit repair, providing security or utility deposits, assistance with moving costs, or other activities that help people maintain their housing or quickly move to a new home.

Persons eligible for funding under this new program would include: persons that have moved frequently for economic reasons, are doubled up, are about to be evicted, live in severely overcrowded housing, or otherwise

live in an unstable situation that puts them at risk of homelessness. This new program would provide 6 percent in administrative funds. The new program follows the same application process and selection criteria as that of the Community Homeless Assistance Program. The bill authorizes \$250 million for this new program in FY 2008.

The bill does need some fixes here and there, however. Part of the application selection criteria of the Community Housing Assistance Program would focus on the past performance of the community, including the length of time people remain homeless in the community and the extent to which people who exit homelessness experience another episode of homelessness. These are factors which are not within the jurisdiction's control and should not be factored against a community in the application scoring process. Another thorny issue which needs to be remedied under the new Community Homelessness Prevention and Housing Stability program is the targeting of the funds to persons at 20% or below of the area median income. This obviously needs to be increased in order to make the program viable in most communities.

Overall, the legislation goes a long way to reforming HUD's existing federal homelessness programs. NCDA, the U.S. Conference of Mayors, National Association of Counties, and the National Association of Local Housing Finance Agencies all support the bill.

NCDA NEWS

2007 NCDA Annual Conference

The 2007 NCDA Annual Conference will be held in the beautiful City of San Francisco from June 19-22 at the San Francisco Hilton Hotel. An updated conference agenda has been attached, along with a conference registration form. You can also register directly online at <http://www.ncdaonline.org>. A link for the hotel registration is also available on NCDA's website. Hotel rooms are still available. Be sure to register under "NCDA Conference."

NCDA Seeks Host City for 2008 and 2009 Annual Conferences

NCDA is currently seeking a host city for its 2008 and 2009 Annual Conferences. A formal bid package is attached to the newsletter. Interested cities should submit their bid on or before **June 8, 2007** to:

National Community Development Association
522 21st Street, NW, Suite 120
Washington, D.C. 20006
Fax Number: 202-887-5546

Please call 202-293-7587 with any questions.

HOME Training Available through NCDA

NCDA and the National Association for County Community and Economic Development, along with the National Association of Local Housing Finance Agencies, is offering a one-day workshop on "Becoming a High-Performing CHDO." Together, the associations, along with NAHRO, developed a Survivor Guide for CHDOs, modeled on the highly successful CHDO Tool Kit for Pjs. Both guides were

developed by Monte Franke under direction of NCDA, NACCED, NALHFA, and NAHRO. A copy of the guide is available on NCDA's website. The workshops will be held in the following locations. For more information, go to NCDA's website at <http://www.ncdaonline.org> and click on the HOME Training link under "Training Available Through NCDA."

Workshop Locations

Keane University
Union, NJ
June 4, 2007

Historic Del Monte Building
Sunnyvale, CA
July 10, 2007

Whittier Community Resource Center
Whittier, CA
July 11, 2007

New NCDA Member

NCDA would like to welcome Brunswick, GA as a new member.

Job Announcements/Attachments

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

- * 2007 Annual Conference Draft Agenda and Registration Form
- * 2008 and 2009 NCDA Annual Conference Bid Proposal
- * CDBG, HOME Support Letters