



WASHINGTON REPORT

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

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NCDA Winter Conference – January 23-25, 2008 – Westin Hotel, Washington, DC

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House and Senate Complete Conference Report on FY 2008 Transportation-Treasury-HUD Spending Bill; CDBG Formula-Funding Increased

The House and Senate completed the conference report for the FY 2008 Transportation-Treasury-HUD bill on November 8, 2007. The House approved the report on November 14. The Senate is expected to approve the report when it returns from its Thanksgiving recess the week of December 3. The President has vowed to veto the bill because it exceeds his spending request by nearly \$3 billion dollars and includes nearly 2,000 earmarks. The HUD bill contains \$183.5 million in Economic Development Initiative (EDI) set-asides (earmarks – or pork projects as they are fondly known on Capitol Hill), down from \$307 million in FY 2006. The measure provides \$38.66 billion for HUD's programs in FY 2008, \$3.1 billion above the President's request.

CDBG Formula Funding Increased

The conference report provides \$4 billion for the Community Development Fund. Of this amount, \$3.790 billion is allocated to formula funding, an increase of \$80 million from last year's formula level of \$3.710 billion. Even though this is a small increase, it is a victory for NCDA and the other CDBG stakeholders who worked all year to increase program funding. Given the absolutely

dismal federal budget climate and the fact that we started the year with a \$700 million reduction in the program with the release of the Administration's budget in February, it is quite a victory to have \$777 million restored to the program in a single year. In another victory, the conference report includes \$3 million in technical assistance funding for CDBG in FY 2008. Congress has not approved technical assistance funding for the program in the last several years. This funding is used by NCDA and other national groups to deliver CDBG training to its members. NCDA is currently using CDBG TA funds to provide CDBG Subrecipient Management training to its members.

HOME Funding Remains Stable

Congress provided \$1.767 billion for the HOME program in FY 2008. Of this amount, \$1.68 billion is appropriated for formula funding to grantees, the same level as last year. Set-asides within the HOME program include: \$15 million for the American Dream Downpayment Initiative (ADDI) and \$50 million for housing counseling. Congress also provided \$12.5 million in technical assistance funds. NCDA and other national interest groups use this funding to provide HOME training to their members.

BEDI, Section 108

The Administration's budget had proposed the elimination of both the Brownfields Economic Development Initiative (BEDI) and the Section 108 Loan Guarantee Program. However, the conference report provides \$10 million to BEDI, the same level as last year, and provides \$4.5 million to Section 108, which will subsidize approximately \$202 million in loan guarantees, up from \$137.5 million in FY 2007.

Other Programs

The conference report provides adequate funding to renew all existing Section 8 tenant-

based vouchers, according to advocates. The report also includes \$50 million to adjust the voucher allocations for PHAs that experienced a significant increase in renewal costs due to portability or for PHAs with a higher leasing rate at the end of the federal fiscal year than the average for the entire year.

The conference report includes the first new incremental vouchers in five years. The report provides 15,500 new vouchers designated to the following populations:

- 9 7,500 new vouchers for homeless veterans through the HUD-Veterans Administration Supportive Housing Program. Vouchers will be awarded to PHAs that partner with eligible VA medical centers.
- 9 4,000 new vouchers to non-elderly, disabled individuals and families.
- 9 4,000 new vouchers for the Family Unification Program to keep families together.

The conference report includes \$6.138 billion to renew existing Section 8 project-based contracts, well short of the additional \$2 billion needed, according to advocates.

The conference report includes \$500,000 for HUD to establish an interagency working group with the Federal Transit Administration (FTA) and directs HUD and FTA to develop a best practices manual to assist communities seeking to establish mixed-income, transit-oriented developments. HUD and FTA are to report back to the appropriations committees within six months of enactment on how they can better coordinate transportation and housing programs.

The conference report also includes \$200 million

in funding through the Neighborhood Reinvestment Corporation for mortgage foreclosure counseling. The funds will be distributed through a competitive process to areas and states with high rates of default and foreclosures. Counseling intermediaries with demonstrated experience and expertise will assist borrowers with mortgage modification and restructuring.

A complete listing of the funding level for each of HUD's programs is provided in the attached budget chart.

Congress Passes 2nd Continuing Resolution; Omnibus Package Likely

Congress passed a second Continuing Resolution (CR) last week to keep federal agencies operating through December 14, 2007. Only one appropriations bill – the Defense spending bill – has been signed by the President. Congress forwarded the Labor-HHS-Education appropriations bill to the President last week, but he quickly vetoed the measure because it exceeds his budget request by \$6 billion. The House failed to override the veto by a vote of 277-141.

In a statement following the President's veto of the bill, Senator Robert Byrd (D-WV), Chairman of the Senate Appropriations Committee, said "Earlier today, President Bush vetoed the Labor, Health and Human Services, and Education Appropriations bill. The bill contains critical funding for education, health care, life saving medical research, job training, mine safety, homeless veterans, mental health services for returning veterans, and families who will be struggling to pay increased heating costs this winter. What a shame. What a cavalier and heartless act by a President who claims to represent all of the people. I am flabbergasted

that while he signed a Department of Defense bill that was \$40 billion more than last year's spending level, he vetoed a bill that was one-third the size of the Department of Defense bill and that would provide health security, income security, and education security to millions of Americans."

When Congress returns from its Thanksgiving recess the week of December 3, they will begin their strategy to try to enact the remaining appropriations bill. With the limited time remaining in the congressional session, rumor has it that appropriators will likely try to package all of the 11 remaining spending bills into one bill and forward it to the President. If he vetoes the package, then Congress will likely rely on a continuing resolution (like last year) to fund federal programs through September 30, 2008. If this occurs, then CDBG and other programs will be funded at their FY 2007 level.

The last time all appropriations measures were completed and enacted prior to the October 1 start date of the fiscal year was 1994 when Democrats controlled both the White House and the Congress. Since that time, the appropriation bills have taken longer and longer to complete. Most recently, Congress and the White House never reached agreement on all of the FY 2007 spending bills (only the Defense bill and the Homeland Security bills were enacted) and a CR was enacted in February 2007 to keep federal agencies operating through the fiscal year.

House Passes Mortgage Reform Legislation

On November 15, 2007, the House passed H.R. 3915 – The Mortgage Reform and Anti-Predatory Lending Act of 2007 – aimed at curbing abusive lending practices nationwide.

The legislation passed on a bi-partisan vote of 291-167, with 64 Republicans voting in favor of the measure. A majority of Republicans in states such as Ohio and Michigan – both hard hit by mortgage troubles – voted for the measure. The Senate is working on a similar measure.

The bi-partisan legislation will create a national licensing system for residential mortgage loan originators, establish a minimum standard requiring that borrowers have the ability to repay a mortgage loan, and will attach a limited liability to secondary market securitizers. It will also create an Office of Housing Counseling within HUD, include protections for renters of foreclosed homes, and expand and enhance consumer protections for high-cost loans. “We are dealing with legislation that seeks to prevent a repetition of events that caused one of the most serious financial crises in recent times. There is no debate about what is the largest single cause of that. Innovations in the mortgage industry in themselves are good and useful, but were conducted in such a completely unregulated manner and led to this crisis,” said Rep. Barney Frank, Chairman of the House Financial Services Committee.

The specific provisions of the bill include:

- 9 **Registering Mortgage Originators to Prevent Abuse.** H.R. 3915 will require originators to be part of a national registration system, either through the states or through HUD and will require originators to meet minimum education and certification standards.
- 9 **Tighter Lending Standards.** Mortgage originators will be required to provide full disclosures and present consumers with appropriate mortgage products. The originator will have to ensure that a consumer (1) has the ability to repay the

loan; and (2) will receive a net tangible benefit from the loan in the case of a refinancing.

- 9 **Secondary Market Protections.** Because mortgage companies can sell loans on the secondary market, they are often bought by large Wall Street firms and turned into securities for investors. H.R. 3915 will subject Wall Street firms to liability if they buy, sell and securitize loans that consumers cannot repay.
- 9 **Protection for Renters:** H.R. 3915 will ensure renters receive proper notification and are given time to relocate before the home they rent is foreclosed.
- 9 **Providing Consumer Protections for High-Cost Loans:** H.R. 3915 expands the scope and enhances consumer protections for high-cost loans under the Home Owners Equity Protection Act by lowering points and fees and interest rate triggers prohibiting the practices that increase the risk of foreclosure. Many home purchasers were lured into loans that offered low teaser rates that reset as much as 50 percent within a few years, making the monthly payment unaffordable. More than \$150 billion in these loans have been reset, and an additional \$300 billion will do so before the end of 2008, according to the Federal Deposit Insurance Corporation.

The Senate is lagging far behind the House in passing various housing legislation this year and it is unlikely that any legislation will be forwarded to the President this session.

HUD NEWS

Guidance for Improving the Quality of CDBG Accomplishment Data in IDIS

HUD's Office of Block Grant Assistance has issued draft guidance on improving the quality of CDBG data in IDIS. Missing, incomplete, and inaccurate data reflects negatively on the CDBG program because it does not tell the full story of the program's accomplishments nationwide. Accurate data serves to promote the program during the budget and appropriation processes.

The attached draft guidance addresses the types of errors that edits cannot prevent and identifies the steps that should be taken to correct them. It instructs grantees on how to improve the reporting of accomplishment data, unresolved errors on Data Cleanup worksheets, incorrect matrix codes, missing or incomplete performance measurement data, missing income data, and other areas where most data errors occur. Please use the guidance as a resource when entering CDBG accomplishment data into IDIS.

NCDA NEWS

2008 Winter Legislative and Policy Conference

NCDA will hold its 2008 Winter Legislative and Policy Conference in Washington, DC on January 23-25. The draft conference agenda, hotel information, and registration information are attached. You can also access this information through NCDA's website at <http://www.ncdaonline.org>. The Winter Legislative and Policy Conference provides participants with the opportunity to visit their congressional members to advocate for CDBG and HOME funding, hear timely program updates from congressional and HUD staff, learn best practices from your peers, and network with community development professionals from across the country. The Winter Conference will also be the venue for the Terrence R. Duvernay HOME Program Awards of Excellence, which will be awarded during a ceremony on Capitol

Hill. A block of rooms has been reserved at the Westin Washington, DC City Center Hotel (formerly the Wyndham Hotel) at the rate of \$175 per night. Register early, the room block is limited!

Terrence R. Duvernay HOME Program Awards of Excellence; Deadline Extended Until December 15, 2007

NCDA will honor the memory of its good friend and Past-President, Terrence (Terry) Duvernay, by establishing an award in his name. The Terrence R. Duvernay HOME Program Awards of Excellence will recognize member jurisdictions for outstanding work in the HOME Program. The awards will be presented during NCDA's Winter Conference in January. We encourage our members to apply for this prestigious award by completing the short application form that is attached to this newsletter and return it to NCDA **no later than December 15, 2007**.

2008 CD Week Brochure

National Community Development Week will be celebrated the week of March 24-30, 2008. To help you begin planning your CD Week activities, NCDA has developed a CD Week Planning Guide brochure (attached). It is vital that all CDBG grantees celebrate and raise awareness of the good work that CDBG provides to communities nationwide during the 2008 CD Week. It is also vital that grantees begin to plan their CD Week activities now. This year we are asking all CDBG grantees to meet with their congressional members at their district offices during CD Week. With the continued assault on program funding by the Administration, it is vital that congressional members hear from all CDBG grantees on the need for increased funding for the program. The attached brochure provides specific guidance to grantees in meeting with congressional members. We hope you will find this brochure useful as

you develop and implement your CD Week activities.

NCDA Membership Directory

NCDA is in the process of compiling its 2007-2008 Membership Directory. If any of your information has changed (name, address, phone number, fax number, e-mail address), please complete the enclosed membership update form and fax it back to us at 202-887-5546.

New Members Corner

NCDA would like to welcome the following new members to the association.

Borough of Danielson, CT
Borough of Naugatuck, CT
Town of East Haven, CT
Town of Winchester, CT
Torrington, CT
North Little Rock, AR

New National Urban Initiatives Competition Focuses on Problems in American Cities

Clark University (Worcester, MA), Community Development Training Institute (Newport, RI), Freddie Mac (Washington, DC), University of Massachusetts Amherst and the National Community Development Association are working together on a National Urban Initiatives

Competition. Proposals (policy papers) will be accepted in each of the following categories: (1) affordable and sustainable housing; (2) neighborhood-based economic development; and (3) financial services to low-income communities. Cash awards in the amount of \$25,000 will be given to the winners in each category. Second place winners will receive cash awards of \$2,500. Proposals will be evaluated in three key categories: (1) originality/creativity; (2) practicality; and (3) financial feasibility for legislative implementation.

All applicants must include a representative from an institution of higher education (junior colleges included), along with a local government entity and/or a non-profit organization. The evaluation process will involve two steps. Step I will include a desk review of the proposal (an abstract proposal) by selected experts in the field of community development who will cull down the proposals to three in each category. Step II – a panel of judges will review the proposals (policy paper) and decide upon a winner in each category. Winners will be asked to present their papers at a two-day National Urban Initiatives Conference at Clark University on September 18-19, 2008. The call for papers was issued in September 2007 and the submission of Step I abstracts will be due on January 25, 2008. Step I of judging will be completed February 1, 2008 to March 14, 2008 and all applicants will be notified of the Step I decisions by March 15, 2008. The Step II papers for the finalists will be due by June 30, 2008. For more information, contact Dr. Mark Tigan or Megan Reagon at Clark University at mtigan@clarku.edu or mreagon@clarku.edu or go to the following website www.clarku.edu/departments/idce/researchActivities_CDTI.cfm

Attachments:

/ 2008 Draft Winter Conference Agenda and Registration Form
/ Terrence R. Duvernay HOME Awards of Excellence Application
/ 2008 CD Week Brochure
/ Membership Update Form
/ Guidance for Improving the Quality of CDBG Accomplishment Data in IDIS

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

Program	FY07 Enacted Level	FY08 President's Request	FY08 Conference Report
Community Development Fund	\$3.77 billion	\$3.0 billion	\$4.00 billion
<i>Set-Asides:</i>			
Native American Housing	[\$60 million]	[\$57 million]	\$0
EDI Special Purpose Grants	\$0	\$0	[\$183.5 million]
Technical Assistance	\$0	[\$3 million]	\$0
Neighborhood Initiatives	\$0	\$0	[\$26.5 million]
Working Capital Fund	[\$1.6 million]	[\$2 million]	\$0
Total Set-Asides	<i>\$68.6 million</i>	<i>\$62 million</i>	<i>\$210 million</i>
Formula Grants	\$3.71 billion	\$2.931 billion	\$3.790 billion
Sect. 108 Loan Guarantees	\$137.5 million	\$0	\$205 million
Brownfields	\$9.9 million	\$0	\$10 million
HOME Program	\$1.757 billion	\$1.967 billion	\$1.767 billion
<i>Set-Asides:</i>			
Housing Counseling	[\$41.6 million]	funded separately	[\$50 million]
Technical Assistance	[\$9.9 million]	[\$10 million]	[\$12.5 million]
Working Capital Fund	[\$990 thousand]	[\$3 million]	[\$1 million]
ADDI	[\$24.7 million]	[\$50 million]	[\$15 million]
Total Set-Asides	<i>\$77 million</i>	<i>\$63 million</i>	<i>\$78.5 million</i>
Formula Grants	\$1.68 billion	\$1.904 billion	\$1.68 billion
Homeless Programs	\$1.472 billion	\$1.586 billion	\$1.586 billion
Lead Hazard Control	\$151 million	\$116 million	\$145 million
Section 202	\$735 million	\$575 million	\$735 million
Section 811	\$236 million	\$125 million	\$237 million
HOPWA	\$286 million	\$300 million	\$300 million

Program	FY07 Enacted Level	FY08 President's Request	FY08 Conference Report
Self-Help/Asst. Homeowner Opportunity Program	\$49 million	\$70 million	\$60 million
SHOP	\$20 million	\$39 million	\$26.5 million
NCDI	\$28 million	\$30 million	\$33.5 million
Housing Assistance Council	\$0	\$0	\$0
La Raza	\$0	\$0	\$0
Housing Partnership Network	\$0	\$0	\$0
Native Am. Ind. Hsg.	\$0	\$0	\$0
Habitat for Humanity	\$0	\$0	\$0
Tenant-Based Rental Assist.	\$15.920 billion	\$16 billion	\$16.436 billion
Project-Based Rental Assist.	\$5.976 billion	\$5.813 billion	\$6.381 billion
PH Capital Fund	\$2.44 billion	\$2.024 billion	\$2.438 billion
PH Operating Fund	\$3.864billion	\$4.0 billion	\$4.2 billion
HOPE VI	\$99 million	\$0	\$120 million
Native American Housing Block Grant	\$624 million	\$627 million	\$630 million
Native Hawaiian Housing Block Grant	\$8.7 million	\$6 million	\$9 million
Indian Housing Loan Guarantee (credit subsidy)	\$6 million	\$7.45 million	\$7.45 million
Native Hawaiian Loan Guarantee	\$891 thousand	\$1 million	\$1 million
Rural Housing & Economic Development	\$16.83 million	\$0	\$17 million
Fair Housing	\$45.5 million	\$45 million	\$50 million
University Programs*	\$21 million	\$29 million	\$23 million

*grants to institutions of higher education funded under Section 107 including HBCUs, Alaska Native Serving Institutions, Native Hawaiian Serving Institutions, tribal colleges and universities, and Hispanic Servicing Institutions.

