



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

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#### **FEATURED ARTICLES**

- Congress Rolls Remaining 11 Spending Bills into Omnibus Measure; CDBG and HOME Funding Cut
- Subprime Legislation Introduced in the Senate
- Senator Norm Coleman (R-MN) Drafts \$1 Billion Emergency CDBG Funding Bill for Foreclosure Assistance
- HUD NEWS B HUD Meets with Interest Groups on IDIS, Performance Measures, and Other Issues; New CDBG Entitlement Communities; Allocation Letters
- NCDA NEWS B 2008 Winter Legislative and Policy Conference; 2008 CD Week Brochure; NCDA Membership Directory Update Form; New Members Corner; National Urban Initiatives Competition; Attachments and Job Announcements; HUD Budget Chart

#### **Congress Rolls Remaining 11 Spending Bills into Omnibus Measure; CDBG and HOME Funding Cut**

Congress finally wrapped up the FY 2008 appropriations process this week by combining the remaining eleven spending bills into one large omnibus measure. The President is expected to sign it by December 31.

We were extremely hopeful of an increase to CDBG formula funding, particularly given the fact the FY 2008 Transportation-HUD conference report, approved on November 14, included an \$80 million increase to the program. Needless to say, we were extremely disappointed to see a 3.2% reduction in CDBG formula funding in the omnibus measure, from \$3.710 billion in FY07 to \$3.593 billion in FY08, a decrease of \$117 million. This has certainly been a year of ups and downs for CDBG funding. We started the year with the release of the Administration=s FY 2008 Federal Budget in February, which cut CDBG formula funding by nearly \$800 million, down from \$3.710 billion to \$2.931 billion. NCDA worked diligently throughout the year with its core partners, the U.S. Conference of Mayors, National Association of Counties, and National Association for County Community and Economic Development, to try to restore funding to the program. We worked very hard towards the goal of funding CDBG at \$4.1 billion in FY 2008. Given the tough fiscal crisis with the ongoing funding of the wars in Iraq and Afghanistan and other budget challenges, we knew we had an uphill battle, but knew we had a job to do. We thought we were

successful with the \$80 million increase to the program in the conference report, but this was short-lived. With President Bush refusing to sign any appropriations bill which exceeded his budget cap and with the congressional session quickly coming to an end, Democrats wanted to complete the spending bills under any terms. Those terms included capitulating to the President's desire to cap domestic discretionary spending and his desire for more funding for the wars in Iraq and Afghanistan, which was attached to the bill late Wednesday night by amendment in the Senate. This certainly argues against the President being a lame duck. With strong support from Congressional Republicans, he has been able to block virtually every bill he opposes. In essence, this fiasco will continue until we have a new President in office who supports increased funding for domestic programs. Rep. David Obey (D-WI), Chairman of the House Appropriations Committee, echoed these same sentiments this week when he said, "We have arrived at this point because the White House and their allies in the Senate have refused to respond to the American people's cry for change in the last election. If America wants new budget priorities, we are going to need a new President who will reflect those priorities and we need more progressive voices to the Senate so that we can have a working majority in that body, something which we now lack. America needs a President who will not have as his only priority asking Congress for more and more money in Iraq at the expense of our society here at home."

Appropriators cut nearly \$1 billion from HUD's programs with the bulk coming from Section 8 voucher reserves and the remainder from CDBG and a small cut to HOME formula funding. The HUD bill set-asides \$180 million in Economic Development Initiative (EDI) earmarks within CDBG, down from \$307 million in FY 2006. In addition, \$3 million is provided for CDBG technical assistance funding. Congress has not approved technical assistance funding for the program in the last several years.

### **HOME Funding Cut Slightly**

Congress provided \$1.704 billion for the HOME program in FY 2008. Of this amount, \$1.63 billion is appropriated for formula funding to grantees, a cut of about \$5 million from last year. Set-asides within the HOME program include: \$10 million for the American Dream Downpayment Initiative (ADDI) and \$50 million for housing counseling. Congress also provided \$12.5 million in technical assistance funds.

### **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 omnibus provides \$10 million to BEDI, the same level as last year, and provides \$4.5 million to Section 108, which will subsidize approximately \$205 million in loan guarantees, up from \$137.5 million in FY 2007.

### **Other Programs**

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

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.

4,000 new vouchers to non-elderly, disabled individuals and families.

4,000 new vouchers for the Family Unification Program to keep families together.

A complete list of funding for HUD's programs is provided in the budget chart at the end of this newsletter.

### **Subprime Legislation Introduced in the Senate**

On December 12, Senator Chris Dodd (D-CT), Chairman of the Senate Banking, Housing, and Urban Affairs Committee introduced S. 2452 B The Home Ownership Preservation and Protection Act of 2007. The measure provides a wide array of consumer protection in the aftermath of the sub-prime lending deluge. Such provisions include:

- prohibits mortgage brokers from steering prime buyers to subprime loans
- creates a fiduciary duty for mortgage brokers towards borrowers
- prohibits prepayment penalties and yield spread premiums on subprime loans
- provides pre-foreclosure counseling
- protects tenants in a foreclosed property by requiring a 90-day notice to vacate

The House passed similar legislation in November. The Senate Banking Committee will likely mark-up its legislation early next year.

### **Senator Norm Coleman (R-MN) Drafts \$1 Billion Emergency CDBG Funding Bill for Foreclosure Assistance**

On December 12, Senator Norm Coleman (R-MN) and Senator Patrick Leahy (D-VT) jointly introduced S. 2455 B The Community Foreclosure Assistance Act of 2007. Senator Coleman worked directly with NCDA and USCM in drafting the legislation.

The legislation would provide one billion dollars in emergency CDBG funds to entitlement communities and States to help in the foreclosure crisis. The funds would principally be used for housing counseling assistance, property maintenance assistance for abandoned foreclosed properties, and for direct assistance to tenants in foreclosed properties. The funds would be allocated exactly as they currently are through the existing CDBG funding process, with entitlement communities receiving 70% of the funds and States receiving 30%. Grantees would have to submit an application outlining their use of the funds. This is normal procedure with emergency funding.

The legislation would allow more flexibility in the program by increasing the public services cap to 25% and lowering the low- and moderate-income requirement from 70% to 50%. The legislation also allows grantees to request a general waiver of other program requirements in order to provide further foreclosure assistance, if needed.

In a statement on the Senate floor on December 14, Senator Coleman said the following:

The subprime crisis is one that is affecting folks all across the country. This isn't just a one-State issue or a regional issue, it is a national issue. And when you look at the current foreclosure numbers and the mortgage reset projections for the next two years, it is clear that the problem is not just short term but also one that will become worse in terms of the additional number of homeowners who will be affected. It is important to also have the big picture in mind. If mass foreclosures happen, it isn't just the homeowner who has lost his or her house who is affected, but also the surrounding homeowners whose property values may decline, not to mention the impact on our communities. So in an effort to enable communities to better deal with the impact of the subprime crisis, I introduced this week with Senator Leahy the Community Foreclosure Assistance Act, which would provide emergency community development block grant funding. I have been told this funding will provide critical support to communities ranging from renter assistance to mortgage counseling to dealing with abandoned, boarded-up homes. Due to the unique flexibility of CDBG, communities will be able to respond as they need to quickly. CDBG is a program that has served our communities well overall, and in particular, during extraordinary economic distress. We turned to CDBG to provide \$16.7 billion in response to Hurricane Katrina and \$2.7 billion to New York following 9/11. As I have led the bipartisan fight against CDBG cuts in past years, I will fight to provide this emergency funding as a tool to help communities manage the mortgage crisis.@

## **HUD NEWS**

### **HUD Meets with Interest Groups on IDIS, Performance Measures, and Other Issues**

On Friday, December 14, staff from the Office of Community Planning and Development met with NCD, COSCDA, NAHRO, NACCED, and NALHFA to provide the groups with an update on IDIS re-engineering, implementation of the CPD performance measurement system, and other issues.

### **IDIS**

In regards to the IDIS re-engineering, HUD has hired a new contractor, CACI, Inc., to take over the re-engineering of IDIS from a COBOL mainframe application to a JAVA EE internet application (an application that will work with all Windows systems). CACI will start from where the previous contractor left off, which was at the point of completion of the data entry screens. This will save a tremendous amount of time since most contractors want to re-start the entire process over. What's left to re-engineer within IDIS? CACI is still finalizing a detailed project plan for the remaining work. It has identified modules of IDIS that it will re-engineer and deliver for user testing in early 2008 (security, reporting, program income, drawdowns). To minimize risk to all grantees, once IDIS is totally re-engineered, HUD plans to have three releases. The first release will be to about 5% of the grantees. The second release will be to 30% of the grantees and the final release will be to the remainder of the grantees. CACI hopes to have all current IDIS grantees using the new internet application before the end of December 2008. Once it is re-engineered, IDIS will be available to grantees 24 hours a day, seven days a week. Currently, IDIS is only available to grantees 70 hours a week.

### **Subprime Housing Crisis**

In response to the foreclosure crisis, HUD's CPD Office has decided to form a task force, the Task Force on Sub-Prime Response, comprised of the following public interest groups: NCD, COSCDA, NAHRO, and NACCED. The objective of the task force is to develop and describe ideas on what cities, counties, and

States can do to address the sub-prime lending crisis with HUD resources. The task force will hold its first meeting on January 30, 2008

### **CDBG Performance Measurement Report**

HUD provided interest groups with the first report on CDBG accomplishments generated from the CPD performance measurement system; analyzing data reported by CDBG grantees through FFY 2007. According to the report, over 91% of all CDBG grantees have entered at least some performance measurement indicator data for open activities. Grantees have entered objectives, outcomes, and performance measurement indicator data for 23,001 open activities so far, as follows:

- 9,878 of the 23,001 activities are indicated as providing Accessibility for the purpose of creating Suitable Living Environments
- 3,841 of 23,001 activities are indicated as providing Sustainability for the purpose of creating Suitable Living Environments
- 3,098 of 23,001 activities are indicated as providing Affordability for the purpose of providing Decent Housing

Some notable statistics generated from the data:

- nearly 24 million persons were provided with some level of access to a public service
- over 24 million persons were assisted with some level of access to a public facility or type of infrastructure
- 21,140 businesses received CDBG assistance
- close to 28,000 jobs were created or retained by assisted businesses
- housing efforts helped more than 123,000 households achieve decent, safe, and sanitary housing

Data analysis has uncovered recurring grantee reporting errors:

- Entering data under a prior year (e.g., accomplishments show up as being for 2005 instead for 2007)
- Coding activities under the wrong eligibility or national objectives codes
- Accidentally checking the box that says data is reported under a different activity
- Claiming accomplishments that don't actually meet the definition (e.g., energy star compliance for rehab, showing population for the community as the # of jobs)
- Incomplete reporting on housing activities (lead safe units, # affordable units, years of affordability, 504 compliance, units for homeless)

While the report clearly indicates that better reporting of data is needed, it is still very rich with useful data that can be given to Congress and the Office of Management and Budget in support of CDBG.

### **HOME Program**

The Office of Affordable Housing is working a proposed rule to the HOME program that would focus on the following areas: energy efficiency, green building, CHDO performance and commitment of funds, and

sub-prime lending. The rule is in departmental clearance (at OMB currently) and may take months to be released, according to staff.

### **Continuum of Care Awards**

The Office of Special Needs Assistance Programs (SNAPS) will announce the 2007 Continuum of Care awards by the end of December. HUD received over 6,200 applications this year B a new record and it has taken staff all year, working 7 days a week to review and award funds. The SNAPS Office has a new director, Ann Oliva. Mark Johnston (the previous Director) has been promoted to the position of Deputy Assistant Secretary for Special Needs.

### **New CDBG Entitlement Communities**

In addition to the 3.2% cut in CDBG formula funding, funding will be further eroded due to several new entitlement communities entering the program in FY 2008. According to HUD staff, this will have less than a one percent reduction on overall funding. For those cities (noted below) that are coming out of an urban county or have a joint agreement with an urban county, their allocation will be deducted from the urban county=s allocation, so it will not affect other entitlements nationally.

The new entitlement communities include the following:

Delano, CA (coming out of Kern County)  
Rocklin, CA  
Coconut Creek, FL (coming out of Broward County)  
Homestead, FL (coming out of Miami-Dade County)  
Venice, FL (coming out of Sarasota County)  
Sandy Springs, GA (coming out of Fulton County)  
Coeur D=Alene, ID  
Grand Haven, MI  
Jackson Township, NJ (joint agreement with Ocean County)  
Saint Tammany Parish, LA  
Paisaic County, NJ  
Tulsa County, OK  
Horry County, SC

Interestingly, Sandy Springs, GA has been in the news because it wants to hire Haliburton to run its city operations. Let=s say it=s not so...

### **Allocation Letters**

The Office of Community Planning and Development is poised to send out allocation letters. Grantees should expect their CDBG, HOME, ESG, and HOPWA allocation letters in early January.

### **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 special breakfast ceremony. 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!

### **2008 CD Week**

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 available online at <http://www.ncdaonline.org>. 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, it is vital that congressional members hear from all CDBG grantees on the need for increased funding for the program.

### **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.

North Little Rock, AR  
Salem, OR

### **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 B 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](mailto:mtigan@clarku.edu) or [mreagon@clarku.edu](mailto:mreagon@clarku.edu) or go to the following website [http://www.clarku.edu/departments/idce/researchActivities\\_CDTI.cfm](http://www.clarku.edu/departments/idce/researchActivities_CDTI.cfm)

**Attachments:**

- \* 2008 Draft Winter Conference Agenda and Registration Form
- \* Membership Update Form
- \* Job Announcements

**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	\$3.866 billion
Set-Asides:	[\$60 million]	[\$57 million]	[\$62 million]
Native American	\$0	\$0	[\$180 million]
Housing	\$0	[\$3 million]	[\$3 million]
EDI Special Purpose	\$0	\$0	[\$26 million]
Grants	[\$1.6 million]	[\$2 million]	[\$1.57 million]
Technical Assistance			
Neighborhood Initiatives	\$68.6 million	\$62 million	\$272.57 million
Working Capital Fund			
	\$3.71 billion	\$2.931 billion	\$3.593 billion
Total Set-Asides			
Formula Grants			



Program	FY07 Enacted Level	FY08 President=s Request	FY08 Conference Report
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	\$1.704 billion
Set-Asides:			
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]	[\$3.5 million]
ADDI	[\$24.7 million]	[\$50 million]	[\$10 million]
Total Set-Asides	\$77 million	\$63 million	\$76 million
Formula Grants	\$1.68billion	\$1.904 billion	\$1.62.8 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
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]
Tenant-Based Rental Assist.	\$15.920 billion	\$16 billion	\$16.391 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

Program	FY07 Enacted Level	FY08 President=s Request	FY08 Conference Report
PH Operating Fund	\$3.864billion	\$4.0 billion	\$4.2 billion
HOPE VI	\$99 million	\$0	\$100 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.