

NLC RESOLUTION #2006-18

SUPPORTING FULL FUNDING FOR CDBG AS A SEPARATE PROGRAM IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, for over thirty years, America's cities, large and small, have used Community Development Block Grants (CDBG) to create jobs, provide affordable housing, eliminate blight, and generate new economic investment;

WHEREAS, in February 2005, President Bush proposed a new "Strengthening America's Communities Initiative" (SACI) that would eliminate 18 direct grant programs, including CDBG, and consolidate their functions into a new economic development program within the U.S. Department of Commerce;

WHEREAS, the Bush Administration's proposal would reduce the funding for the consolidated programs by almost \$2 billion from their FY2005 funding levels;

WHEREAS, CDBG is a jobs creator - CDBG grants helped create or retain over 90,000 jobs in 2004 alone;

WHEREAS, CDBG is a smart long-term investment - over the 30 year life of the program, CDBG has leveraged nearly \$324 billion in new private investment in our nation's communities, a three-to-one return on investment;

WHEREAS, CDBG is a catalyst for creating more affordable housing - CDBG helped more than 11,000 households become new homeowners in 2004, helped rehabilitate nearly 19,000 rental housing units and more than 112,000 owner-occupied single family homes -- adding to the stock of clean, decent and affordable housing in America and supporting the President's call for an ownership society;

WHEREAS, CDBG is a mechanism for building public infrastructure - last year, the CDBG's 38,550 projects served more than nine million people by helping to build new or reconstruct existing public facilities, roads, fire stations, libraries, and water and sewer systems;

WHEREAS, both bodies of Congress have shown significant support for the CDBG program throughout the FY2006 budget and appropriations process, including the addition of funding in both the House and Senate Budget Resolutions for CDBG, strong participation in Senate and House "dear colleague" letters in support of CDBG, and a commitment to support CDBG in the Department of Housing and Urban Development (HUD) from the House Appropriations Committee;

NOW, THEREFORE, BE IT RESOLVED NLC applauds the congressional support for CDBG and urges Members of Congress to fully fund CDBG as a separate and distinct program from other economic development or community development programs in HUD;

BE IT FURTHER RESOLVED that Congress should enact a FY2006 budget and appropriations package that funds CDBG formula grants at no less than \$4.355 billion, which is level with FY 2005 allocations; and

BE IT FURTHER RESOLVED that Congress should continue to ensure that the CDBG program provides a direct and flexible source of funding to local governments, using the current system where 70 percent of CDBG funds are allocated to entitlement communities and 30 percent of the funds are allocated to states for distribution to smaller communities.

NLC RESOLUTION #2006-19

REGARDING PROPOSED COMMUNITY DEVELOPMENT BLOCK GRANT REFORMS

WHEREAS, proposals are being debated in Congress that would change important aspects of the Community Development Block Grant (CDBG), including proposed reforms regarding formula allocations, performance measurements, eligible uses, and neighborhood targeting;

WHEREAS, in February 2005, the U.S. Department of Housing and Urban Development (HUD) released a study in February 2005 on the CDBG formula allocation structure, entitled, “CDBG Formula Targeting to Community Development Need,” which makes four suggestions to change the funding formula to effectively target CDBG funds to communities with the greatest poverty and community development need, and the House Federalism and the Census Subcommittee of the Government Reform Committee held a hearing on April 26, 2005 to review HUD’s study and the four potential alternatives;

WHEREAS, on June 10, 2005 in the Federal Register, HUD published the “Joint Grantee/HUD/Office of Management and Budget (OMB) Consensus Document on Outcome Measures,” which would create a tool to measure the outcomes of projects using CDBG funds more effectively;

WHEREAS, this consensus document came out of a long coordinated process, including about one year of meetings between the joint working group of local practitioners, HUD, and OMB to create the performance measurement tool;

WHEREAS, on May 24, 2005, the House Subcommittee on Federalism and the Census held a hearing on a variety of proposed reform topics, including performance outcomes, eligible uses of CDBG funds, and a new requirement that local governments target the CDBG funds to a particular neighborhood; and the subcommittee is currently working on drafting a congressional report on these and other proposed CDBG reforms; and

WHEREAS, the Community and Economic Development Steering Committee of the National League of Cities (CED) met in Denver, Colorado in June 2005 to review and study these proposed reforms;

NOW, THEREFORE, BE IT RESOLVED that NLC acknowledges that Congress and the Administration should review the CDBG formula in a timely and thoughtful fashion so that CDBG funds are distributed in a way that takes into account poverty and real community need effectively;

BE IT FURTHER RESOLVED that NLC thus supports efforts to change the CDBG formula allocations to better target poverty and real community need:

- NLC supports modification of the formula factor that takes into account pre-1940 housing stock, which may no longer be indicative of poverty or community need, particularly where historic districts may have been revitalized, and

- NLC supports modification of the definition of poverty under which full-time college students are counted as low-income when they may, in fact, be dependent on higher-income parents;

BE IT FURTHER RESOLVED however, that NLC asks HUD to ensure that proposals to change the definition of poverty or to change the pre-1940 housing stock factor do not exclude poor people with disabilities, poor single individuals, or abandoned housing units;

BE IT FURTHER RESOLVED that NLC understands the difficulty inherent in determining standards for poverty and community need, and NLC urges HUD and Congress to proceed cautiously when making changes in the formula allocations, including feedback and review by recipients of CDBG funding in the process;

BE IT FURTHER RESOLVED that NLC supports the Consensus Document of the Joint HUD/OMB/Grantee Outcome Measurement Working Group because the work of the HUD/OMB/Grantees in setting forth performance measures is a critical part of demonstrating the effectiveness of the CDBG program for our cities;

BE IT FURTHER RESOLVED that NLC urges HUD to implement the systemic measurement tools of the Consensus Document;

BE IT FURTHER RESOLVED that NLC urges Congress to maintain the broad flexibility given to local governments to use CDBG funds in their communities, because that flexibility is critical to the effectiveness of the CDBG program; thus NLC opposes any new federal restrictions on CDBG eligible uses and any proposals that the federal government require neighborhood targeting;

BE IT FURTHER RESOLVED that instead of new requirements from the federal government that would limit cities' flexibility in using CDBG funds, NLC supports federal financial and technical assistance to help cities target CDBG funds and leverage public and private funds toward particular neighborhood revitalization projects.

NLC RESOLUTION #2006-20

REGARDING PROPOSED SECTION 8 VOUCHER PROGRAM REFORMS

WHEREAS, the Section 8 Housing Choice Voucher program, which serves over two million households, is the largest federal program designed to provide affordable housing to low-income families;

WHEREAS, Section 8 vouchers are tenant-based as well as project-based subsidies that low-income families use in the private market to lower their rental costs to 30 percent of their incomes;

WHEREAS, the Section 8 Voucher Program has grown to replace public housing as the primary means for subsidizing the housing costs of low-income families;

WHEREAS, the National League of Cities (NLC) advocates a comprehensive federal policy, that provides sufficient funding to state and local governments to create more affordable rental housing, focused on low-income families with children, the homeless, the elderly, and individuals with disabilities, and that these programs must allow maximum authority to local governments in meeting the needs of these households;

WHEREAS, NLC supports increasing, maintaining, and fully renewing the number of Section 8 housing vouchers;

WHEREAS, the Bush Administration and Congress have expressed concerns that the Section 8 Voucher Program consumes more than 50% of the budget of the U.S. Department of Housing and Urban Development (HUD), leading the Bush Administration and Members of Congress to propose reforms to the Section 8 Housing Choice Program;

WHEREAS, the Administration's initiative was introduced as the "State and Local Housing Flexibility Act" in the House by Rep. Gary Miller (CA) on April 28, 2005 (H.R. 1999) and by Sen. Wayne Allard (R-CO) in the Senate on April 13, 2005 (S. 771);

WHEREAS, the reforms involve both the basic structure of the Section 8 Voucher program and benefits received by the recipients of Section 8 vouchers, including:

- Dollar-based block grant instead of unit-based determinations;
- More local flexibility for Section 8 and public housing program administrators;
- Loosening of the targeting requirements to the lowest-income families;
- Change in the rent burden on families; and
- Allowance of time limits;

NOW, THEREFORE, BE IT RESOLVED that NLC opposes the replacement of housing vouchers with a dollar-based block grant that eliminates most federal protections for low-income families, and instead believes that Congress should consider a different method to make the annual appropriation for Section 8 more predictable;

BE IT FURTHER RESOLVED that NLC supports proposals to allow HUD to provide more flexibility for local Public Housing Authorities (PHAs);

BE IT FURTHER RESOLVED that NLC supports Congress' review of the requirement that families cannot pay more than 30 percent of their salaries for public housing; and

BE IT FURTHER RESOLVED that NLC supports allowing local PHA's to impose time limits on voucher recipients, as long as it is not a requirement by the federal government.

NLC RESOLUTION #2006-21

FREE TRADE AREA OF THE AMERICAS AGREEMENT

WHEREAS, the National League of Cities supports the goal of expanded trade and recognize the benefits of liberalized trade for local economies; and

WHEREAS, the United States Trade Representative (USTR) is negotiating with 34 countries in the western hemisphere to create a Free Trade Area of the Americas (FTAA) that would eliminate barriers to trade, investment and services, while creating a single set of trade rules among member countries; and

WHEREAS, the FTAA chapter on subsidies includes subsidy rules that potentially conflict with state or local law-making to promote economic development; and

WHEREAS, the FTAA investment chapter creates foreign investor rights that potentially conflict with traditional local land-use decision-making ability; and

WHEREAS, the risk of conflict between proposed FTAA rules on trade in services and state or local law is relatively high because over 75 percent of the economy is now in the service sector, and many services are regulated or provided by state and local governments, including programs designed to assist disadvantaged areas; and

WHEREAS, the risk of conflict between proposed FTAA procurement rules and state or local law is relatively high because over two-thirds of public procurement in the United States occurs at the state and local level, including programs designed to assist disadvantaged areas; and

WHEREAS, the traditional local authority of municipal officials to develop and implement necessary policies for their constituents must not be jeopardized by provisions of the FTAA.

NOW, THEREFORE, BE IT RESOLVED that the Administration and Congress should consult with state and local officials prior to negotiating any provisions of the FTAA to ensure that trade negotiators do not undermine the scope of local governmental authority under the Constitution, while assessing the impact of a proposed agreement on state and local laws and future law-making authority, and, when necessary, providing general exceptions to safeguard local sovereignty and protect effective local programs and initiatives.

NLC RESOLUTION #2006-22

HOUSING: KEEPING THE AMERICAN DREAM ALIVE IN AMERICA'S CITIES

WHEREAS, there is broad consensus that the American housing finance system is the best in the world and the U.S. homeownership rate is at a historic high of 68 percent; and

WHEREAS, that homeownership is the foundation for stable and healthy communities; that through the recent downturn in the U.S. economy, housing remained one of the strongest engines of growth; and

WHEREAS, due to the efficiency of the housing finance system, housing is one of the key engines driving our economy. When more of our citizens own their homes, communities and the local economy are strengthened as homeowners make purchases for their homes and pay property taxes; and

WHEREAS, the federal tax deduction for interest on mortgages and home equity loans has fueled that growth; and

WHEREAS, in 2003 homeowners refinanced their mortgages and tapped into their home equity wealth, boosting consumer spending and funneling \$80 billion back into the local economies; and housing-related activities accounted for 9.4 million jobs and contributed \$2.3 trillion to the Gross Domestic Product; and

WHEREAS, a home is the single most important purchase a family will ever make. It's an investment in the future, a safe place to raise children and having a safe place to call home strengthens families, communities, and our nation as a whole; and

WHEREAS, that the secondary market and government sponsored enterprises (GSE's), Fannie Mae and Freddie Mac, play an integral role in financing every sector of the housing market and therefore contribute to the revitalization, growth and development of cities across America; and

WHEREAS, the GSE's will work with housing partners to fight predatory lending, by bringing safe, low-cost mortgage finance to underserved families and communities most preyed upon; and

WHEREAS, Fannie Mae and Freddie Mac continue to respond quickly in developing and implementing innovative new products and special initiatives to address the unique needs of individual communities and their economies; and

WHEREAS, Fannie Mae and Freddie Mac provide the liquidity and stability essential to ensuring mortgage credit is accessible at the lowest possible cost to homeowners and rental housing providers; and

NOW, THEREFORE, BE IT RESOLVED that the National League of Cities supports legislation affecting the housing finance system that:

- serves only to strengthen our world-class housing finance system and make the dream of

homeownership attainable for more hardworking Americans; and

- continues to support and promote innovation and creativity and the ability of Fannie Mae and Freddie Mac to partner with local lenders and housing leaders throughout the country to provide timely and unique mortgage solutions that meet specific local needs; and
- takes into careful consideration whether such legislation would disrupt or limit capital, liquidity in the marketplace, or innovation critical to reaching underserved populations and serving American cities; and

BE IT FURTHER RESOLVED that it is essential that the affordable housing goals set for Fannie Mae and Freddie Mac continue to encourage expanded access to underserved communities and maintain a strong focus on closing the minority homeownership gap and housing America's workforce without undermining the support for the broader market; and

BE IT FURTHER RESOLVED that the federal government should maintain the tax deduction for interest paid on mortgages and home equity loans.