

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

FY 2008 BUDGET PRESS CALL

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- 6 JOHN COX
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5 REPORTERS:

6 ANDREW ACKERMAN
7 The Bond Buyer Newspaper

8 REBECCA ADAMS
9 Congressional Quarterly

10 BRUCE ALPERT
11 New Orleans Times

12 RICHARD COWDEN
13 BNA Banking Report

14 TOM HARMON
15 Community Development Digest

16 DAVID HESS
17 National Journal

18 STEPHEN OHLEMACHER
19 Associated Press

20 JOE PODUSKA
21 Housing and Development Reporter

22 ANDREW VANACORE
The Buffalo News

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1 P R O C E E D I N G S

2 (12:32 p.m.)

3 OPERATOR: Good morning. We will
4 now begin the conference call. I will now
5 turn the call over to the Department of
6 Housing and Urban Development.

7 MS. NORDQUIST: Hi, everybody. I'm
8 D.J. Nordquist with HUD's Office of Public
9 Affairs. Welcome to our annual budget
10 briefing. Secretary Jackson will begin
11 today's conference call in just a moment.
12 And just for your information, we have posted
13 all of our budget materials on our web site
14 at hud.gov.

15 I'd like to outline today's format.
16 Since our senior management team is scheduled
17 to brief members of Congress and their staff
18 as well as our industry and trade partners
19 this afternoon, our time is somewhat limited.
20 Following Secretary Jackson's opening
21 remarks, we'll hear from HUD's chief
22 financial officer, John Cox, and then we will

1 open it up to your questions.

2 We have a number of our senior
3 staff standing by as well. They include Roy
4 Bernardi, our Deputy Secretary; Brian
5 Montgomery, Federal Housing Commissioner and
6 Assistant Secretary for the Office of
7 Housing; Orlando Cabrera, Assistant Secretary
8 for HUD's Office of Public and Indian
9 Housing; Pamela Patenaude, who leads our
10 Office of Community Planning and Development;
11 Kim Kendrick, who directs our Office of Fair
12 Housing and Equal Opportunity; Darlene
13 Williams, Assistant Secretary for HUD'S
14 Office of Policy Development and Research;
15 and Keith Nelson, who is our Assistant
16 Secretary for the Office of Administration.

17 With that, let me turn things over
18 to Secretary Jackson.

19 MR. JACKSON: Good afternoon.
20 Today, I am pleased to present President
21 Bush's Proposed Fiscal Year 2008 Budget for
22 the United States Department of Housing and

1 Urban Development. The President's overall
2 budget goal is to support what works and
3 reduce the federal budget deficit. As a
4 result, HUD's FY 2008 budget exercises
5 physical discipline and gives priority to
6 those programs with measurable and proven
7 results.

8 For the FY 2008, the President is
9 proposing a \$35.2 billion budget for HUD.
10 This is an increase of \$1.6 billion over last
11 year's request. This budget will allow HUD
12 to continue to build upon the success we have
13 achieved over the past six years, especially
14 our efforts to increase a record number of
15 Americans, especially minority individuals,
16 who own their home; provide more affordable
17 housing; and help the most vulnerable among
18 us move beyond life on the streets.

19 Today, more Americans are
20 homeowners than at any time in our nation's
21 history, and the minority homeownership rate
22 has reached a historical high. To continue

1 to increase the minority homeownership and
2 expand the affordable housing supply for very
3 low- and low-income families, the FY 2008
4 budget will increase funds for critical
5 programs, including \$1.97 billion for the
6 Home Investment Partnership Program for
7 families to purchase or rehabilitate their
8 homes or apartments, and \$50 million for
9 housing counseling services to help families
10 prepare financially for homeownership, avoid
11 predatory lending and defaults.

12 Fostering an ownership society has
13 been one of the President's top priorities,
14 but homeownership may not be a viable option
15 for everyone. That's why the largest
16 component of HUD's budget promotes safe and
17 affordable rental housing.

18 The 2008 budget supports housing
19 for nearly 4.8 million people in public
20 housing and throughout the Section 8 voucher
21 and assisted program.

22 The President has also proposed an

1 innovative reform to the Section 8 voucher
2 program.

3 The reforms will allow the public
4 housing authorities who have been good
5 stewards of the taxpayers' money to assist
6 more families. We estimate that 180,000 more
7 families can get real assistance through this
8 change.

9 Ending chronic homelessness remains
10 a priority for the President. Since 2001,
11 the Bush Administration has awarded a record
12 \$6.1 billion to help homeless individuals
13 move beyond a life on the streets. To
14 provide further support of the housing option
15 for the individuals who are chronically
16 homeless, the 2008 budget will provide
17 \$1.59 billion, an increase of \$50 million
18 more than last year.

19 A vital part of our mission is to
20 reform the programs that serve those in need.
21 The Federal Housing Administration needs to
22 improve its ability to reach the

1 traditionally underserved homebuyer, which
2 will also help increase minority and
3 first-time homeownership. Too many
4 individuals and families have been steered
5 into high-cost, high-risk loans, particularly
6 minorities, first-time homebuyers, and
7 families with less-than-perfect credit.
8 American homebuyers need the FHA.
9 Legislation to modernize it is critical.

10 Finally, government best serves the
11 taxpayers when it performs well and produces
12 sound results. Over the past several years,
13 HUD has taken many steps to improve its
14 management and performance, and the budget
15 presented today strengthens these efforts.
16 Last week, I am very proud to say HUD was
17 removed from the Government Accountability
18 Office High-Risk List for the first time ever
19 since the list was started in 1994.

20 With that brief introduction, I now
21 turn to HUD's chief financial officer, John
22 Cox, to provide greater detail on the

1 proposed budget.

2 MR. COX: Thank you, Mr. Secretary.
3 Good afternoon, everyone. We're pleased to
4 present the President's Proposed Fiscal Year
5 2008 Budget for HUD. Before I provide you
6 with a line-by-line preview of the proposed
7 budget, I want to provide you a brief
8 overview of the strategic thinking that
9 guided our budget formulation process, and
10 note some of the resulting decisions we made.

11 I think it's important to first
12 state the obvious, that the overall budget
13 climate in Washington requires that we take a
14 measured approach to discretionary spending.
15 Tough budget decisions were made while
16 ensuring that providing affordable housing,
17 increasing homeownership, reducing
18 homelessness, and doing so while providing
19 equal opportunity in housing remain our top
20 priorities.

21 As the Secretary mentioned, for
22 Fiscal Year 2008, the President is proposing

1 a \$35.2 billion budget for HUD. Overall,
2 this represents a \$1.6 billion, or
3 5.4 percent, increase to the President's 2007
4 budget request.

5 In formulating HUD's Fiscal 2008
6 budget within current budgetary constraints,
7 HUD examined its funding priorities to ensure
8 that limited resources were used for those
9 most in need. The Fiscal 2008 HUD budget
10 includes references to needed reforms in
11 multiple program areas, notably FHA,
12 community development block grants, and
13 public housing. Consequently, our proposed
14 resources are distributed as follows:

15 First, we sustain support for the
16 millions of households already receiving
17 rental housing assistance through HUD's
18 tenant-based voucher and project-based
19 assistance programs. This was accomplished
20 by increasing funding to meet the Section 8
21 tenant-based and project-based contract
22 renewal needs in Fiscal Year 2008. The

1 budget also includes funding for the public
2 housing capital and operating funds. The
3 total proposed funding for these programs
4 alone represents 79 percent of the total HUD
5 budget for Fiscal Year 2008.

6 Secondly, we want to increase or
7 sustain support for some of the most
8 vulnerable populations we serve. This level
9 of support was accomplished by increasing
10 funding for the homeless assistance grants.
11 The President is again proposing a record
12 level of funding to house and serve homeless
13 persons and families. As the Secretary
14 mentioned, the Fiscal Year 2008 budget seeks
15 \$1.586 billion through HUD's continuum of
16 care and emergency shelter grant programs.

17 This request represents
18 \$259 million more than the Fiscal 2006
19 appropriation. Since 2001, HUD has awarded
20 nearly \$9 billion in homeless assistance
21 nationwide.

22 Third, the budget continues support

1 for the existing HUD-assisted housing for the
2 elderly and disabled under our Section 202
3 and 811 programs.

4 The Department proposes
5 demonstration projects in both programs to
6 leverage alternative financing for new
7 development such as low income tax credits.
8 Increases are also proposed in housing
9 programs for Native Americans.

10 Fourth, we are increasing the
11 funding dedicated to the Home Investment
12 Partnerships Program by \$252 million over the
13 Fiscal 2006 levels.

14 More than 143,000 households were
15 assisted by the home program in Fiscal Year
16 2006, the last enacted budget. Each home
17 dollar allocated to a local jurisdiction
18 traditionally leverages more than \$3 from
19 public and private sources.

20 Fifth, the Fiscal 2008 budget
21 proposes to fund the Community Development
22 Block Grant, or CDBG, program formula at

1 \$3 billion. The Department will continue to
2 pursue formula fairness by appealing to
3 Congress to approve a new allocation formula
4 that will more effectively target CDBG
5 funding to areas of greatest need, which is
6 often not the case currently. In addition,
7 HUD will work to boost performance
8 measurements within CDBG to ensure these
9 critically needed dollars produce the results
10 the program was designed to achieve.

11 The Fiscal Year 2008 proposal is in
12 line with the President's commitment to
13 target limited resources where they are most
14 needed on programs that work.

15 The President has pledged to create
16 5.5 million new minority homeowners by the
17 year 2010. We are over halfway towards
18 meeting that goal. To help meet that goal,
19 FHA single-family insurance programs are
20 being revised to accommodate today's economic
21 realities and the needs of low- and
22 moderate-income families.

1 With that introduction, I'll now
2 turn the call back over to D.J.

3 MS. NORDQUIST: Next, we are
4 prepared to take your questions now. To do
5 that, to ask a question, you must press
6 star 1 on your telephone, and you'll be
7 placed in a queue. The conference
8 coordinator will then introduce you. So if
9 you could please remember to give us your
10 full name and media affiliation, that would
11 be a great help.

12 OPERATOR: Your first question
13 comes from Andrew Ackerman from Bond Buyer
14 Newspapers. Your line is open.

15 MR. ACKERMAN: Secretary Jackson,
16 you got a bipartisan rhetorical beating in
17 Congress last year when the administration
18 attempted to cut CDBG funding and eliminate
19 Hope VI. It looks like the Fiscal '08 budget
20 that you guys unveiled this morning attempts
21 to do both again. Why do you think you'll be
22 more successful arguing for a new funding

1 allocation formula for CDBG when Congress has
2 made it clear that you need more money for
3 that program, not less, and when Hope VI is
4 still fairly popular?

5 MR. BERNARDI: This is Deputy
6 Secretary Roy Bernardi. Secretary Jackson
7 had to leave. When it comes to the '08
8 appropriation of approximately \$3 billion for
9 the CDBG program, you're correct. But trying
10 to cut the budget deficit as we need to do
11 and with the necessary restrictions that we
12 have as a department, each and every year,
13 the Secretary has indicated on a number of
14 occasions as we increase the budget in
15 certain areas, especially when it comes to
16 providing housing assistance for the most
17 needy in this country, that consumes a
18 significant part of our budget, whether it's
19 the tenant-based, project-based, or public
20 housing component. It's almost 64 percent of
21 our budget.

22 Difficult decisions had to be made,

1 and that was one that we made.

2 Also, the fact is this year we're
3 going to be funded as we were in '06 with a
4 CDBG budget, and this will give communities
5 and states an opportunity to have a
6 significant lead time to make that
7 adjustment.

8 MR. ACKERMAN: Okay.

9 OPERATOR: Your next question comes
10 from Joe Poduska from HUD Reporter. Your
11 line is open. Joe Poduska?

12 MR. PODUSKA: Hello. Yeah, this is
13 Joe Poduska with Housing and Development
14 Reporter. I just wanted to ask about
15 the -- there are a couple of legislative
16 proposals that you're going to have to put
17 forward as part of the budget, and that is
18 with the Section 8 vouchers.

19 You talked about raising the cap on
20 the number of tenants that would be helped by
21 the program. Is this basically -- are you
22 basically sending up the same proposal that

1 you did last year, or are there some changes
2 to this? And would housing authorities be
3 able to change the subsidy levels that they
4 use for the program?

5 MR. CABRERA: Joe, we would -- I'll
6 take that in the two pieces that you just
7 asked. The first part of it is what we
8 intend to do --

9 MR. PODUSKA: Okay.

10 MR. CABRERA: I'm sorry, this is
11 Assistant Secretary for Public and Indian
12 Housing Orlando Cabrera. What we intend to
13 do is seek substantive reform, or as I prefer
14 to call it, evolution of the Section 8
15 program, in order to continue our commitment
16 to allowing local housing authorities, local
17 public housing authorities, to make a lot of
18 these decisions on management and the
19 management of their own portfolios in their
20 own way.

21 That commitment will continue from
22 the Office of Public and Indian Housing.

1 With respect to the lifting of the
2 caps and our proposal to lift the caps, it's
3 pretty straightforward. We think that we
4 want to reward good actors who have been
5 working within their budgets, and allow them
6 to take fully advantage of the economies they
7 manage when they issue Section 8 vouchers,
8 and we're committed to helping them.

9 MR. PODUSKA: Okay. And as far as
10 the subsidy levels go, would you be able to,
11 under your proposal, change the amount of
12 subsidy for each family?

13 MR. CABRERA: That would largely
14 have to do with the legislative proposal you
15 first asked about. So the short answer is
16 nothing much has changed from the way that
17 we've done it in previous years, except that
18 we would be lifting the overall cap -- that
19 limits their ability to issue more in new
20 vouchers.

21 MR. PODUSKA: Okay. All righty,
22 thank you.

1 MR. CABRERA: You're welcome.

2 OPERATOR: Your next question comes
3 from Stephen Ohlemacher from the Associated
4 Press. Your line is open.

5 MR. OHLEMACHER: Hi, thank you.
6 When I look at your funding for Section 8 and
7 I see it's at \$16 billion, now, you said that
8 that's enough money to renew all of the
9 contracts. Is that enough money to fund all
10 of the authorized vouchers? Because the
11 Center for Budget Policy and Priorities says
12 that you would actually need another half a
13 billion dollars to fund all of the authorized
14 vouchers.

15 MR. CABRERA: I don't know where
16 they are deriving their statistics from, but
17 I think you'll also see that in the past,
18 they've had statistics, or represented that
19 they had statistics that showed a particular
20 result that didn't come to transpire.

21 I think at the end of the day, what
22 the conversation is or should be now is that

1 the Section 8 program is a budget-based
2 system, not a voucher-based system. So at
3 the end of the day, these numbers are
4 basically generated using a formula that
5 takes into account issues -- like CPI takes
6 into account how it is that various public
7 housing authorities administer these
8 programs. So it's a pretty well-known
9 formulaic process. And so I think we are
10 pretty comfortable with the \$16 billion
11 number.

12 MR. OHLEMACHER: Okay, thank you.

13 MR. CABRERA: And for clarity's
14 sake, I'm sorry, that was again Orlando
15 Cabrera responding. Sorry.

16 OPERATOR: Your next question comes
17 from Rebecca Adams from the Congressional
18 Quarterly.

19 MS. ADAMS: Yes, hi. I wanted to
20 know if any of the changes that you have
21 outlined in the budget document can be done
22 administratively, and what your regulatory

1 priorities are for the year?

2 MR. CORNICK: Are you talking about
3 Section 8?

4 MS. ADAMS: Well, that and other
5 things as well, but yes, in particular I'm
6 interested in Section 8.

7 MR. CABRERA: Okay, just so I can
8 do it right for the first time. This is
9 Assistant Secretary for Public and Indian
10 Housing Orlando Cabrera.

11 Most of the changes that we seek
12 legislatively, we try to get those changes
13 because we can't do things administratively.
14 We've pretty much run the gamut on things
15 that we can do administratively. The best we
16 can do from here on out is do some
17 administrative changes on the fringes, but
18 our big concern would be that we're looking
19 to deregulate Section 8, not re-regulate it.

20 So the short answer to your
21 question is it's mostly statutory.

22 MS. ADAMS: Okay. Would you say

1 virtually all of it is statutory, or what
2 would not have to go through Congress?

3 MR. MONTGOMERY: This is Brian
4 Montgomery from FHA. We have a legislative
5 proposal that you're aware of that we carried
6 last year, what was passed in the House. We
7 have to reintroduce that here soon. There
8 are some process improvements that we've made
9 over the past year that were administrative
10 in nature that allowed us to help modernize
11 FHA. We can go into more detail later on
12 some of those process and procedural
13 improvements, but we've done -- taking
14 Orlando's line, we've gone about as far as we
15 can administratively, but we need to really
16 improve FHA in today's mortgage marketplace.
17 It does require legislative approval.

18 MS. ADAMS: Okay, thank you.

19 MS. PATENAUDE: Hi, Rebecca. This
20 is Pam Patenaude from the Office of Community
21 Planning and Development. And we have three
22 legislative proposals with our '08 budget

1 submission for CPD and all three, the CDBG
2 formula, the Hoffmore (?) formula revision,
3 and the continuum of care consolidated
4 homeless legislation, all require a
5 legislative fix.

6 MS. ADAMS: Okay, thank you.

7 OPERATOR: Your next question comes
8 from Bruce Alpert from New Orleans Times.
9 Your line is open.

10 MR. ALPERT: Hi. How does your
11 budget enable you to revamp public housing in
12 New Orleans post-Katrina?

13 MR. CABRERA: This is Orlando
14 Cabrera, Assistant Secretary for Public and
15 Indian Housing. Most of the issues of public
16 housing in New Orleans have to do with a
17 section of the appropriations bill that was
18 passed on December 30, 2005, where HANO was
19 given -- HANO is Housing Authority of New
20 Orleans -- was given a greater latitude with
21 the resources it receives from Congress. So
22 from that perspective, HANO at this point is

1 being funded pretty fully in order to take
2 advantage of everything it can in order to
3 recover.

4 MR. ALPERT: So you don't need any
5 additional, you don't think, at this point?

6 MR. CABRERA: Most of that's being
7 undertaken through CDBG funding that's being
8 allocated by the state of Louisiana, so that
9 I think you'll see, both in the Road Home
10 Program and the efforts of the Louisiana
11 Housing Finance Agency, evidence that people
12 are trying to use every resource available in
13 order to help public housing in New Orleans.

14 OPERATOR: Your next question comes
15 from Tom Harmon from Community Development.

16 MR. HARMON: Hi. I was wondering
17 if anybody there could speak with me for just
18 a second about the CDBG reform language that
19 went up on the Hill. Will there be any
20 changes made, any alterations made to try to
21 push that thing along this year at all, or
22 will it stand as currently offered?

1 So I think that gets at what you
2 were trying to hear from us.

3 MR. HARMON: Will it be identical
4 or --

5 MR. CORNICK: I'm not sure that
6 we're clear that it'll be identical. The
7 honest fact is we've been engaged with a
8 whole range of groups, not to mention
9 Congress. We had no fewer than three and
10 maybe four hearings last year where we got a
11 lot of feedback. We've worked closely with
12 groups like NACO as well as Conference of
13 Mayors and others who have very big interests
14 in this program.

15 We want to improve the proposal to
16 the degree that we think we can, so we're
17 open. And I can't say to you right now today
18 that it will be exact. My guess is we'll
19 have some modifications that are reflective
20 of some of the input that we've received.

21 MR. HARMON: Thank you.

22 OPERATOR: Your next question comes

1 from David Hess from the National Journal.

2 MR. HESS: Hi. Can someone speak
3 to what's going to happen at the Rural
4 Housing Service program?

5 MS. PATENAUDE: Hi, David. This is
6 Pam Patenaude, Assistant Secretary for the
7 Office of Community Planning and Development.
8 The President's budget does not include a
9 request for any new funding for the Rural
10 Housing and Economic Development Program for
11 Fiscal Year 2008.

12 MR. HESS: Does that mean that it's
13 being eventually phased out?

14 MS. PATENAUDE: This is part of the
15 reform, that this program will be
16 consolidated with the CDBG program.

17 MR. HESS: And will it be block
18 granted then?

19 MS. PATENAUDE: It will be included
20 with the \$3 billion that is proposed funding
21 of '08 for CDBG.

22 MR. HESS: And will CDBG be block

1 granted?

2 MS. PATENAUDE: Yes, the block
3 grant program will continue.

4 MR. HESS: Okay.

5 OPERATOR: Your next question comes
6 from Richard Cowden from DNA Banking Report.

7 MR. COWDEN: Yes. When the
8 President proposed his 5.5 million minority
9 housing goal in 2002, the Administration
10 proposed \$200 million annually for the
11 American Dream Downpayment Program. I see
12 that's proposed for \$50 million.

13 And also, there was a single-family
14 housing tax credit, a rather key component of
15 that.

16 I haven't seen anything about that
17 recently. Can you explain why these
18 proposals have been downgraded?

19 MR. CORNICK: Let me offer this.
20 I'd like our Deputy Secretary to first
21 respond to you. This is Carter Cornick
22 again. I'm going to let the Deputy start

1 here.

2 MR. BERNARDI: Yes, this is Roy
3 Bernardi. The program in 2003, when
4 President Bush visited HUD and signed that
5 piece of legislation, as you may recall the
6 history of that, we continually asked I think
7 for \$200 million a year, and that was reduced
8 by the Congress in successive years.

9 The program is run very well. The
10 participating jurisdictions in our home
11 program take those dollars, and that goes an
12 awful long way to providing first-time
13 homeowners an opportunity to own their own
14 home, and it goes for downpayment and closing
15 costs. And it also goes an awful long way to
16 the goal the President has set, which, by the
17 way, we're proceeding along very well, of
18 5.5 million more minority homeowners by the
19 end of the decade.

20 The request this year is
21 \$50 million, and we're just hopeful that the
22 Congress will leave it at \$50 million. We

1 wanted to be realistic with it.

2 We do have some money in the
3 pipeline. But the fact of the matter is,
4 we've had thousands of families take
5 advantage of this opportunity. Twenty-two
6 thousand to be exact.

7 MR. CORNICK: Twenty-two thousand.
8 And so I think it would be -- nobody's
9 downgrading anything. This has been a very
10 successful program, and it is the case as
11 well that we have learned there are capacity
12 issues in each of the jurisdictions. This is
13 one of these programs where we want the
14 jurisdictions to help guide exactly how this
15 is going to be used. It's being used broadly
16 all across the country, and we're going to
17 continue to seek funds for it. And I think
18 you're going to continue to see the kinds of
19 results where people are getting into homes
20 for the first time.

21 MR. MONTGOMERY: This is Brian
22 Montgomery, FHA commissioner. You may recall

1 from our Expanding American Homeownership Act
2 of 2006 there's a provision there to do away
3 with the 3 percent downpayment requirement.
4 Part of that would be to structure a product
5 that would meet a family's needs based on
6 their particular financial situation. What
7 that means is if this legislation goes
8 through, that we would be able to offer
9 families, in looking at their risk profile,
10 perhaps a 1/2 percent down or 1 percent down,
11 but not to exceed 3 percent. Right now we're
12 statutorily required to set that at
13 3 percent. So if the FHA bill does go
14 through during this Congress, we would have
15 some flexibility on what families may choose
16 as far as their downpayment, because that is
17 one of the single largest barriers to
18 homeownership.

19 MR. CORNICK: This is Carter
20 Cornick again. And part of the importance of
21 what Commissioner Montgomery is talking about
22 is it works hand in glove with the

1 downpayment program. That program would
2 benefit as well from the legislative relief,
3 the reform that we're seeking with FHA.

4 MR. COWDEN: Someone mentioned
5 earlier a low-income tax credit. Does that
6 have anything to do with the single-family
7 housing tax credit?

8 MR. MONTGOMERY: This is Brian
9 Montgomery again. There are two
10 demonstration projects proposed in this
11 budget for the Section 202 and Section 811
12 programs. The 202 has a \$25 million
13 demonstration project, 811 is a \$15 million.
14 Part of those demonstration projects would be
15 to identify and hopefully do away with
16 barriers to the use of low-income housing tax
17 credits within those programs, and also to
18 look at those programs and see ways that we
19 can better leverage the federal resources
20 with those of what local governments and
21 states can offer, whether it be through home
22 program or the use of private activity

1 mortgage or multiple-family bonds, and of
2 course, low-income housing tax credits.
3 Well, we've been working with some in the
4 industry, and hopefully they'll be pleased to
5 see that this made it into the '08 budget.

6 MR. COWDEN: Nobody said low-income
7 housing tax credit. They just said
8 low-income tax credit, so I was confused.

9 MR. MONTGOMERY: This is Brian
10 Montgomery again. All I can speak for is the
11 low-income housing tax credit.

12 OPERATOR: Your next question comes
13 from Andrew Vanacore from Buffalo News.

14 MR. VANACORE: Part of your block
15 grant reform program includes terminating the
16 Brownfields Economic Development Initiative,
17 the Community Development Loan Guarantee
18 Program, and the Rural Housing and Economic
19 Development. And it says these are
20 activities that are eligible to be funded by
21 the CDBG. Does that mean these block grants
22 are actually going to have the responsibility

1 of funding more of than it did in the past?

2 MS. PATENAUDE: Andrew, this is Pam
3 Patenaude from the Office of Community
4 Planning and Development. As you know, the
5 CDBG program has tremendous flexibility, and
6 the activities under Rural Housing and the
7 Brownfields Economic Development are
8 currently eligible activities under CDBG.

9 MS. NORDQUIST: Okay, this will be
10 the last question.

11 OPERATOR: The last question comes
12 from Stephen Ohlemacher from the Associated
13 Press.

14 MR. OHLEMACHER: Hello, thank you.
15 First of all, just one quick question. When
16 someone spoke about the proposed legislation
17 that you're going to be coming out this year
18 for CDBG reform language, who was that?

19 MS. PATENAUDE: That was either
20 Carter -- Carter Cornick.

21 MR. OHLEMACHER: Okay, yes, yes,
22 that's right. Thank you. And I see you

1 have -- okay, \$3 billion for CDBG funds next
2 year. What is the estimated spending for
3 2007, and will there be any other programs
4 such as the Rural Housing and Economic
5 Development that will be consolidated into
6 CDBG?

7 MS. PATENAUDE: This is Pam
8 Patenaude again from the Office of Community
9 Planning and Development. The President's
10 2007 request was for \$3.032 billion in '07
11 versus '08 at \$3.037.

12 MR. OHLEMACHER: Isn't the
13 estimated spending for '07 a lot higher than
14 that?

15 MR. CORNICK: Well, put it this
16 way: The House passed in the Joint Spending
17 Resolution 3.77, call it 2, billion dollars.
18 That's what they passed. And the Senate has
19 yet to act on that. It would be presumptuous
20 of us to presume what they will do, but I
21 think it is the case that they've funded '06
22 in the \$4.1 billion category, so there's a

1 very strong probability that the '07 final
2 number would be in the 3.7 category, or 3.8.

3 MR. OHLEMACHER: Okay. And are
4 there other programs that are being proposed
5 to fold into CDBG?

6 MS. PATENAUDE: The Section 108,
7 the Rural Housing and Economic Development,
8 and the Brownfields program.

9 MR. OHLEMACHER: Got you. Thank
10 you.

11 MS. NORDQUIST: Okay, great.
12 Thanks very much. If you have any other
13 questions that we didn't get to, please feel
14 free to call the Office of Public Affairs at
15 (202) 708-0980.

16 Thanks, and have a great day.

17 (Whereupon, at approximately 1:05
18 p.m., the PROCEEDINGS were
19 adjourned.)

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