

September 14, 2011

The Honorable Herb Kohl  
330 Hart Senate Office Building  
U.S. Senate  
Washington, DC 20510

RE: FY12 Funding for the Community Development Block Grant (CDBG) Program and the HOME Investment Partnerships (HOME) Program

Dear Senator Kohl:

The following undersigned organizations, consisting of local governments and non-profit organizations, ask you to support at least \$3.9 billion in formula funding for the Community Development Block Grant (CDBG) Program and \$1.825 billion in formula funding for the HOME Investment Partnerships (HOME) Program in the FY12 budget. We also ask you to oppose any reduction in CDBG administration funding, as proposed by the House Transportation-HUD Subcommittee in its FY12 HUD spending bill, which seeks to reduce CDBG admin from 20% to 10% in FY12.

### **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)**

The Community Development Block Grant (CDBG) Program was enacted in 1974 as the cornerstone of federal investment in our nation's communities. The Act, signed by then-President Gerald Ford, stated that sustained action by all levels of government is necessary to maintain viable urban [and rural] communities. This could not be more true than now with the economic down turn wreaking havoc on communities nationwide. Now in its 37<sup>th</sup> year, CDBG is arguably one of the Federal government's most successful domestic programs. A recent study by HIS Global Insights of ten (10) large city and urban counties found that the \$3.9 billion in FY 2010 CDBG funding generated 120,000 jobs and contributed \$10.7 billion in Gross Domestic Product to our nation. CDBG also provides crucial funding to small and rural communities for basic infrastructure and facilities. When disaster strikes, Congress invariably turns to the CDBG program to provide relief to communities in times of hurricanes, floods, wild fires, and in the aftermath of the disaster on 9/11.

The success of the program stems from its utility; providing cities, counties, and States with the flexibility to address their unique community development needs. It helps fund a wide-range of activities, including housing-related assistance, public improvements, public services, and economic development projects.

Because of the massive cut to the program in FY11 – a nearly 17% reduction – local and state agencies and their non-profit partners will have to lay-off staff; services will be reduced or eliminated; infrastructure projects will stop in their tracks; job-creating economic development projects will be cancelled; and affordable housing will be curtailed, but most importantly, the low- and moderate-income families served by the program will see huge reductions in program benefits at the community level. Some families rely on CDBG for down payment assistance, funds to rehabilitate their homes, start-up funds for small businesses, to name a few. Other families rely on the program for food assistance through local food banks, utility assistance, day care assistance, and even health care assistance through locally-funded health clinics. These are the faces of America struggling in this economy.

Grantees distribute CDBG funds through a large network of local organizations that provide direct assistance to low- and moderate-income beneficiaries. This network includes our most seasoned and relied upon organizations, such as Feeding America, Salvation Army, Meals on Wheels, Goodwill, Habitat for Humanity, the YWCA, the YMCA, Alzheimer's Association, Hospice Foundation of America, Rebuilding Together, Visiting Nurses Association, National Council on Aging, the Red Cross, Girl Scouts of America, Boys and Girls Clubs, and Big Brothers/Big Sisters.

CDBG provides vital funding to projects and services within each of the 1,169 cities, counties, and States which receive the funding; projects that directly impact the lives of our low- and moderate-income citizens. In FY11, Wisconsin grantees received nearly \$58 million in CDBG funds to fund a myriad of activities, fill gaps where needed, and attract additional resources to projects. This combination of CDBG with other funding sources adds to our national economy and to the betterment of the lives of our citizens through improved neighborhoods, and a better quality of life. We do not want to reverse the progress that has been made in neighborhoods with CDBG. With the down turn in the economy, CDBG is needed more than ever to help our communities.

As an example, the YWCA Wausau depends on CDBG funding to subsidize childcare for more than 100 families annually. These families would not be able to afford childcare without this subsidy, and therefore, would be unable to work or pursue their education to enhance their lives, which is their only hope in ending the cycle of poverty for the next generation. In addition, the YWCA of Milwaukee's Transitional Housing Program provides a safe place for mothers to regain their focus and receive the support and guidance they need to become self-sufficient. The program has 19 furnished units with onsite management, security, life skills workshops, and referrals. However, the program already runs at a deficit. If the YWCA lost CDBG funds, the program would probably have to end, and there are not enough transitional units in Milwaukee to meet the demand.

## **HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM**

Enacted into law in 1990, the HOME Investment Partnerships (HOME) Program was developed to provide resources to communities to provide decent, safe and affordable housing opportunities for low- and moderate-income persons. In FY11, Wisconsin grantees received \$25 million in

HOME program funds. The program recently celebrated an incredible milestone – the completion of one million units of affordable housing. Prior to the creation of the HOME program, there were few options available to communities to develop affordable housing. Families lived in overcrowded situations and in unsafe housing. Working families struggled to save enough for a down payment. Communities lacked the resources needed to design large-scale affordable housing programs to address these problems.

Like CDBG, the HOME program is an effective program. One needs to just look at the accomplishments and program data provided to HUD by the over 600 participating jurisdictions – cities, counties, and States – that receive HOME funds directly. Or better, we urge you to tour the HOME-funded projects in your congressional district to get a flavor of how the program works effectively at the local level. HOME does not just provide funding for rental projects. It provides assistance to creditworthy families working to purchase their first home. It also provides assistance to existing homeowners to make improvements to their properties. Much of this funding is repaid through loans that come back to the local programs to help future families. A recent HUD study found that the number of persons experiencing “worst case housing needs” skyrocketed by 20 percent from 2007 to 2009 and by 42 percent since 2011. Clearly, the need for the HOME program has never been greater.

The Dane County Housing Authority has been using HOME and CDBG funds for the past 10 years. Through these programs the housing authority has provided over 200 low- and moderate-income families with an opportunity to purchase their own home by providing interest free/deferred loans for down payment assistance and closing costs. With the help of these programs, the housing authority also ran a very successful First Time Home Buyers Education program providing pre/post purchase education and counseling.

While the FY11 budget cannot be undone, we ask you to support \$3.9 billion in formula funding for CDBG and \$1.825 billion in formula funding for HOME in the FY12 budget.

Respectfully,

City of Sheboygan, WI

City of Wauwatosa, WI

City of Racine, WI

City of Oshkosh, WI

City of Kenosha, WI

City of Beloit, WI

City of Janesville, WI

City of Wausau, WI

YWCA Wausau  
Ann Saris, Executive Director

Dane County Housing Authority

Housing Authority of Eau Claire

YWCA Wausau  
Ann Saris, Executive Director

YWCA Racine  
Rev. Cash Myers, Executive Director

YWCA Greater Milwaukee  
Paula Pennebaker, CEO

Eau Claire Interfaith  
Kelly Christianson, Executive Director

Bolton Refuge House  
Gerry Wilkie, Executive Director

Children's Service Society  
Marnie Hersrund, Acting Executive Director

Chippewa Valley Free Clinic  
Maribeth Woodford, Executive Director

Feed My People  
Emily Moore, Executive Director

Rebuilding Together Milwaukee  
Lynnea Katz-Petted, Executive Director

Hmong Mutual Assistance Association (Eau Claire)

Rebuilding Together Green Bay  
Mark Bonovetz (Board President)