

October 21, 2011

Senator Patty Murray, Co-Chair
Joint Select Committee on Deficit Reduction
825B Senate Hart Office Building
Washington, DC 20510

Representative Jeb Hensarling, Co-Chair
Joint Select Committee on Deficit Reduction
129 Cannon House Office Building
Washington, DC 20515

Senator Max Baucus
511 Senate Hart Office Building
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Representative Xavier Becerra
1226 Longworth House Office Building
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Senator John Kerry
218 Senate Russell Office Building
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Representative David Camp
341 Cannon House Office Building
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Senator John Kyle
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Representative James Clyburn
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Senator Robert Portman
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Representative Fred Upton
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Senator Pat Toomey
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Representative Christopher Van Hollen
1707 Longworth House Office Building
Washington, DC 20515

Dear Members of the Joint Select Committee on Deficit Reduction:

We thank you for your service as you lead the Joint Select Committee on Deficit Reduction in developing recommendation's for reducing the Nation's debt. The undersigned organizations, consisting of State and local governments and non-profit organizations, ask you to consider the needs of our Nation's low- and moderate-income households as you craft your final recommendations. Domestic discretionary programs that benefit these citizens have been sharply cut over the years, most recently in FY11 and with further proposed reductions in FY12. Two such programs are the Community Development Block Grant (CDBG) Program and the HOME Investment Partnerships (HOME) Program. We write today in support of these programs. The federal investment provided by these two programs creates jobs, leverages local dollars, and adds to the overall GDP. In this economy, State and local governments and their non-profit partners need these programs to assist our most needy citizens.

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 36th 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.

The CDBG program suffered a massive 17% cut in FY11. The program is at its lowest funding level since 1992. Such a cut has devastating impacts at the local level which include staff lay-offs, reduction in services, cancellation of much needed infrastructure and economic development projects and projects that provide safe and affordable housing. Some households 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. CDBG provides the flexibility 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.

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. 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 suffered cuts in FY11 – nearly 13%. With the foreclosure crisis and economic downturn, the HOME program is needed more than ever to provide low-income households with decent, safe, and affordable housing. HOME is a major contributor to our nation's rental housing stock. It is also targeted deeply to low- and very low-income households. It also provides assistance to creditworthy families working to purchase their first home and 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.

We urge you to protect programs which assist our low- and moderate-income households, including CDBG and HOME at no less than their FY11 funding levels, as you develop recommendations to reduce the federal deficit. We look forward to working with you as you craft your final report.

Respectfully,

American Planning Association
Council of State Community Development Agencies
National Association for County Community and Economic Development
National Association of Housing and Redevelopment Officials
National Association of Local Housing Finance Agencies
National Community Development Association
Rebuilding Together
YWCA USA