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Cities Face Tough Choices as U.S. Slashes Block Grants Program

By **MICHAEL COOPER**

ALLENTOWN, Pa. — It is no secret that these are hard times for cities, with tax collections down, state aid dwindling, unemployment high and foreclosures pitting many blocks. So, as he sat in his office here, [Mayor Ed Pawlowski](#) of Allentown echoed the question mayors around the country are asking: Why has Washington cut one of the main federal programs for cities by a quarter in the last couple of years?

“It’s just insane,” an exasperated-sounding Mayor Pawlowski said.

The [shrinking federal program](#), called Community Development Block Grants, was devised by the Nixon administration to bypass state governments and send money directly to big cities, which were given broad leeway to decide how to spend it. This year the federal government is giving out just \$2.9 billion — a billion dollars less than it gave two years ago, and even less than it gave during the Carter administration, when the money went much further.

Here in Allentown the steadily shrinking funds mean that there will be hard choices ahead.

The grants have helped pay for the tidy new facades on restaurants like Casa Latina and Winston’s West Indian & American Restaurant on Seventh Street, which have been credited with sprucing up the neighborhood and drawing college students downtown to eat. They have paid for inspections of 1,500 homes in the city’s poorest wards, and for repairs of some. And recently, behind a door with an orange “Unfit for Human Habitation” sticker on it, they paid a crew to do a gut rehab of a blighted row house at the edge of a blossoming historic district.

The money is not just for brick-and-mortar projects. It pays for two after-school teachers at St. Luke’s Neighborhood Center, where a couple of dozen children, some homeless, spent a recent afternoon making artwork by gluing pompoms to strips of foam. And it helps pay for the [Daybreak](#) program, a drop-in center for people with mental illness or substance abuse problems, where a couple of dozen people spent the afternoon watching “Mr. Magoo’s Christmas Carol” on a big-screen television while workers scurried around the kitchen, which serves three meals a day. But with its share of the grant halved in recent years, to \$15,000,

Daybreak is looking for savings.

“We do stand the chance of having to cut a staff member,” said the Rev. Dr. Christine L. Nelson, the executive director of the Lehigh County Conference of Churches, which runs Daybreak, who said other sources of money were drying up as well. “That would be very difficult because with this kind of program, we only have five as it is, and we need to keep two on the floor at all times for safety’s sake, for the clients’ safety.”

Cuts to the block grants program were cited in a [recent report](#) by the nonpartisan Government Accountability Office, which noted that the number of vacant properties in America has jumped to 10 million from 7 million in 2000, threatening to attract crime and cause blight. “With sustained high foreclosure and unemployment rates and further declining home values, local officials said that continued, flexible C.D.B.G. funding would help them maintain efforts to address vacant properties in their areas,” the report noted.

The program has its share of critics. The flexibility that so endears it to mayors and county executives has sometimes led to terrible misuses of the money, and even to criminal fraud. Policing the program has become a cottage industry for federal investigators, who have found money squandered over the years on foolish projects and on things like company picnics, gifts and bonuses, and who have won quite a few indictments related to the grants. And the complicated formulas used to divide the money among about 1,200 local governments — based on population, poverty, the age of housing stock and overcrowding — have been criticized as not sending the money to the neediest communities.

But mayors see it as an invaluable tool — one of the few federal programs that sends money directly to big cities, without going through the middlemen at the state level. Before its creation, mayors had to apply for small grants in many specific areas — leading to complaints of the this-food-is-terrible-and-the-portion-is-so-small variety. Tom Cochran, the executive director of the United States Conference of Mayors, said that mayors were thrilled when the Nixon administration agreed to consolidate the various grants into a single block grant program, which could be used broadly for community development, with local officials choosing their priorities. It was signed into law by President Gerald R. Ford.

“It’s been the mainstay of support for urban America across the board,” Mr. Cochran said.

The money each city gets may seem small — Allentown got \$2.5 million this year, a small sliver of its \$89 million budget — but mayors say that the money, and the freedom to decide how to spend it, makes a big difference.

So mayors were furious when Congress cut the grants program last month to \$2.9 billion, a cut

of 25 percent over two years. President Obama had sought to reduce the program, too, but by less: his budget proposal had called for a 7.5 percent cut. “This is a tough choice that balances the need to decrease the budget deficit with the tough fiscal conditions confronting state and local governments,” the [proposal](#) said.

Allentown, which used to spend about \$2 million a year rehabilitating properties, now spends \$1.2 million. It used to employ 16 local contractors and their workers, but now has work for only 10. Local officials worry that they will have to cut back even more.

The historic Old Allentown area, a stretch of neat brick row houses with brightly painted wooden shutters and the occasional rainbow flag flying, is far removed from the Rust Belt image of the city that Billy Joel captured in his song “Allentown.”

As he drove through the neighborhood and its surrounding streets, pointing out blighted houses that had been restored and carved-up rental apartments that had been made into single-family homes again, David Paulus, the director of the city’s building standards and safety bureau, said the grant program had helped spur private investment.

“There’s been a lot of development since we seeded the area,” he said.

The city still has a hard-edged feel in many parts. Blue strobe lights flash at some intersections to warn residents that police surveillance cameras are watching, and an Occupy Allentown movement pitched tents this fall by the Soldiers and Sailors Monument downtown, not far from the [church](#) that briefly hid Philadelphia’s Liberty Bell from the British during the Revolutionary War. Now officials in Allentown — Pennsylvania’s third-largest and fastest-growing city — worry that the cuts to the grant money will slow the progress they have made bringing people back downtown.

“It has really helped us limit blight, and rebuilt some of our poorest neighborhoods,” Mayor Pawlowski said. “With the continual reduction of this funding, we’re able to do less and less.”