

**Office of
the Mayor
Burlington,
Vermont**



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September 16, 2011

The Honorable Patrick Leahy
437 Russell Senate Office Building
United States Senate
Washington, DC 20510

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

Dear Senator Leahy:

Thank you for your support and leadership in the effort to sustain HOME and CDBG funding, both of which have faced the prospect of significant cuts in recent years. We are fortunate to have a Congressional delegation that understands the critical importance of these programs to economic development and meeting Vermonter's basic needs.

The House Transportation-HUD Subcommittee released its HUD funding bill for FY12 and has recommended \$3.5 billion for CDBG in FY12. Last year's appropriation resulted in a 16% reduction from FY10. HOME received a recommendation of \$1.2 billion which is a 25% reduction from FY11. The House also proposes reducing CDBG administrative funds from 20% of the allocation to 10%.

The City of Burlington joins many other voices, from states, local governments, and non-profit organizations, urging Congress to appropriate 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. In addition, we hope you will reject the proposal to reduce administrative funding so that administration is allowed to reflect the true costs of the program. If implemented, this proposed reduction in the allowable use of administrative funds will seriously curtail our capacity to manage, administer, record and report to HUD the important results of our work.

In fact, last year, the City managed 24 subgrants to local nonprofits, 5 city department programs and 14 neighborhood grants out of our CDBG funding. With a reduction to 10% administration, we would have to reduce our funded activities to a handful (3 to 5), likely to be all city department programs, because there would be no available capacity to manage external grants.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

CDBG is 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 events of 9/11.

The success of CDBG stems from its utility. It provides cities, counties, and States with the flexibility to address unique community development needs. As you know, CDBG 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 – nearly a 17% reduction – local and state agencies and their non-profit partners have already had to lay-off staff; reduce or eliminate services; stop infrastructure projects in their tracks; cancel job-creating economic development projects; and curtail affordable housing development. Low and moderate-income families served by the CDBG program will see huge reductions in benefits at the community level.

With the downturn in the economy, CDBG is needed more than ever to help our communities. Reducing CDBG abandons the people who need the help of good government the most. Here in Burlington, CDBG funds are redistributed to agencies such as:

- Champlain Housing Trust
- Cathedral Square Housing
- Champlain Valley Office of Economic Opportunity
- COTS
- Champlain Valley Agency on Aging
- Chittenden County Senior Citizens Alliance, Inc.
- King Street Youth Center
- Lund Family Center
- Burlington Children's Space
- Sarah Holbrook Community Center
- The Association of Africans Living in Vermont
- Dismas House

HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM

Like CDBG, the HOME program is a remarkably effective program. 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. HOME 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 revolve 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.

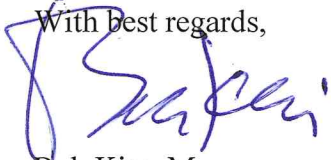
Some examples of work and projects supported by the City of Burlington’s CDBG and HOME funds include:

- The Thayer Commons / Avenue Apartments project broke ground on June 13. The development will include 33 affordable rental units for families, around 60 rental units for seniors and 47 market rate rental units. This project is anticipated to produce \$385,000 annually in new property tax revenues and 800 construction jobs.
- Renovations were completed at Three Cathedral Square, the 108-unit downtown senior housing project. Those renovations included a “Green Retrofit” and the installation of new rooftop solar panels, allowing the sale of surplus power back to Burlington Electric.
- Utility assistance, home sharing, access modifications, home- and center-based senior services, and other housing retention assistance helped over 3,000 residents remain housed and living independently.
- Economic development assisted helped 296 business owners and entrepreneurs, resulting in the start-up of 15 new businesses, the expansion of 16 businesses, the creation of 182 new permanent FTE jobs, plus 105 temporary / seasonal jobs.
- Funding helped 4,635 residents get groceries and meals, including meals for children during after school programs; supported after school and summer programming for over 1,000 city youth, including academic and summer English Language services; provided crisis and support services for 192 victims of sexual assault as well as prevention education for students and clients of other agencies; helped 575 residents get access to affordable prescription medications; helped 1,586 low-income working Burlington taxpayers access free tax assistance, tax credits and rebates while saving over \$300,000 in fees; and helped 121 residents to improve their credit, decrease debt and reduce spending through credit and budgeting education.

While the FY11 budget cannot be undone, please support \$3.9 billion in formula funding for CDBG and \$1.825 billion in formula funding for HOME in the FY12 budget and fight to protect the administrative capacity to support CDBG local efforts, with an allowance of up to 20% for

the cost of administration. As a City we're lean and effective, but we can't succeed without the investment weight of a CDBG program funded to succeed through a partnership with Washington.

With best regards,

A handwritten signature in blue ink, appearing to read "Bob Kiss", is written over the text "With best regards,".

Bob Kiss, Mayor

Cc: Larry Kupferman, CEDO Director

Cc: Lauren Bracket

Cc: Chris Saunders

Cc: Ted Brady