

November 27, 2001

The Honorable Mel Martinez
Secretary of Housing and Urban Development
451 7th Street, SW – Room 10000
Washington, DC 20410

Dear Mr. Secretary:

Our organizations represent the local government community development agencies across the country that administer the Community Development Block Grant (CDBG) program. Now that the President has signed the bill to appropriate FY 02 HUD funds, we are asking for your assistance in expediting the release of (CDBG) funds.

Throughout its history, the CDBG program has proven to be effective at creating local employment opportunities. In FY 01, CDBG helped create approximately 116, 000 jobs. We believe it is in our collective interest to send local agencies their formula grants as quickly as possible. In the past, CD agencies have been extremely frustrated with the amount of time it takes to receive their grants after an appropriations bill is signed. Grantees report delays of up to four months after the start of their program year before receiving their grant agreements. It can take a longer period of time before they can draw down funds.

We ask that you review and improve HUD's process of releasing CDBG funds as soon as possible. As we understand the process, HUD notifies members of Congress when grantees receive their CDBG funding allocation amounts, and *again* prior to releasing grantees' fund agreements. It appears these two notifications are duplicative and thus prevent grantees from receiving their funds in a timely manner.

HUD field office staff often advise grantees that they should spend their own funds while waiting for HUD to release their annual CDBG entitlement. This is problematic because some states have laws that preclude cities and counties from spending funds that they do not have in hand. Other cities and counties report that contracts with subrecipients set to expire cannot be continued without funds in hand. Jobs are at stake in these situations, as is the timely development of projects.

At a time when Assistant Secretary for Community Planning and Development (CPD) Roy Bernardi is announcing a new policy on the timely expenditure for CDBG, HUD must take the lead in the timely release of its funds. HUD's delays will undoubtedly contribute to untimely expenditures by grantees. Again, we urge you to do all in your power to fix this problem as expeditiously as possible.

We look forward to your response and are prepared to work with you in a constructive manner to reach a solution to this issue.

Sincerely,

National Association for County Community and Economic Development
National Association of Housing and Redevelopment Officials
National Community Development Association