July 5, 2005

The Honorable Christopher S. Bond
Chairman, Subcommittee on
Transportation, Treasury, the Judiciary,
and Housing and Urban Development
130 Senate Dirksen Office Building
Washington, DC 20510-6025

The Honorable Patty Murray
Ranking Member, Subcommittee on
Transportation, Treasury, the Judiciary,
and Housing and Urban Development
128 Senate Dirksen Office Building
Washington, DC 20510-6025

Dear Chairman Bond and Ranking Member Murray:

The undersigned organizations representing State and local government elected officials and housing and community development practitioners nationwide thank you for your leadership in supporting the Community Development Block Grant (CDBG) program. As you mark-up the FY06 spending bill for the U.S. Department of Housing and Urban Development (HUD), we urge you to provide adequate funding for all HUD programs while maintaining important community and economic development programs at HUD.

Of particular concern to our organizations is full funding of CDBG. We urge you to provide $4.7 billion for CDBG, with *no less than* $4.350 billion for formula grants. We know this is a tough budgetary year for all Federal programs, but formula funding for CDBG has been whittled away over the past five years through budget cuts and new entitlement communities becoming eligible for the funds. This has resulted in significantly less CDBG money available at the local and State level to maintain program activities. In fact, CDBG formula grants were cut 5% in FY 2005 and the FY 2006 appropriations legislation passed last week in the House would reduce formula funding by an additional 6%.

This proposed cut contrasts with the strong support for CDBG expressed by Congress through the addition of language to the conference agreement of the FY06 Budget Resolution which called for the restoration of full funding to CDBG in FY06. Conferees on the FY06 Budget Resolution increased Function 450, the function within which CDBG falls in the budget, by $1.5 billion specifically to "maintain economic and community development programs s*uch as CDBG at 2005 levels.*" We urge you to follow through on this recommendation by providing level funding of $4.7 billion for CDBG in FY06, with *no less than* $4.350 billion provided for direct formula funding to CDBG grantees.

For more than thirty years, CDBG has made tremendous contributions to the thousands of urban, suburban, and rural communities that receive the funds annually; changing lives and communities for the better. In 2004 alone, CDBG helped rehabilitate nearly 19,000 rental housing units and helped create or retain more than 90,000 jobs. Because of CDBG funded assistance, more than 11,000 low- and moderate-income families became new homeowners in 2004. Millions of families have benefited from public improvements and public services provided with CDBG funds. It is a program that works, but the formula allocation provided to these communities is being slowly eroded, eliminating vital services, programs, and jobs. We ask you to stop the erosion of the formula by providing at least $4.350 billion in CDBG formula grants in FY06. We also urge you to provide at least $7 million in credit subsidy to support $275 million in Section 108 loan guarantees and $24 million for the Brownfields Economic Development Initiative (BEDI). Both of these funding sources work in tandem with CDBG to provide funding for large-scale economic development, affordable housing, and physical development projects. Many communities in Missouri and Washington State utilize Section 108 funding. The most recent recipients were Springfield, Missouri which received $8.09 million to finance the redevelopment of two brownfields sites. In 2003, the City of Yakima, Washington received $4 million to capitalize an economic development loan fund that will leverage $3.3 million in private investment. Undoubtedly there will be more requests for Section 108 assistance from communities in these and other states. HUD needs at least $275 million annually to fund the requests its receives. Continued federal investment in Section 108 and BEDI will provide state and local governments with the certainty they need to move forward with important economic revitalization efforts.

Finally, we ask that you provide $1.5 million in CDBG technical assistance. Technical assistance funding enables HUD to support CDBG grantees and will be essential in FY 2006 as HUD and grantees implement the new consensus Performance Measurement System.

We appreciate your consideration of this important request and we stand ready to work with you.

Sincerely,

Council of State Community Development Agencies
National Association of Counties
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
U.S. Conference of Mayors