

July 26, 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 write to thank you for increasing the formula funding for CDBG by \$125 million during Committee approval of the Transportation-Treasury-HUD appropriations bill on July 21. However, even with this increase, formula funding will be cut by an additional 8% over FY 2005, and, when coupled with a 5% cut to the formula funding in FY05, results in a 13% cut in just two years. During this period more than 100 new entitlement communities were added as a result of OMB's revised definition of metropolitan areas. The latest cut is in sharp contrast with the strong support for CDBG expressed by Congress through the addition of language to the conference agreement accompanying the FY06 Budget Resolution which called for the restoration of full funding to CDBG in FY06. We urge you to increase the formula funding during conference to as close to this year's \$4.1 billion as possible. We also urge you to add at least \$1.5 million in CDBG technical assistance funding during conference. Technical assistance funding will be essential in FY 2006 as HUD, grantees, and subrecipients implement the new consensus Performance Measurement System to establish new outcome benchmarks and better reporting of the program's accomplishments.

We also want to thank you for preserving the program at HUD and not supporting the transfer of its funding to the Department of Commerce for creation of a new and entirely different program from CDBG. No other program provides the flexibility that State and local governments and non-profit organizations need to address the broad spectrum of problems facing their communities than CDBG. For more than thirty years, CDBG has made tremendous contributions to the thousands of urban, suburban, and rural communities that receive the funds annually, providing funding for affordable housing, public facilities, economic development, and basic human services to millions of low- and moderate-income persons each year.

Finally, we thank you for including funding for Section 108 and BEDI in the Senate bill. Both of these programs work in tandem with CDBG to provide funding for large-scale economic development, affordable housing, and physical development projects. We urge you to insist on their funding during conference. Again, we deeply appreciate your support of the CDBG program and your efforts to restore funding to the program.

Sincerely,

Council of State Community Development Agencies
National Association for County Community & Economic Development

National Association of Local Housing Finance Agencies
National Community Development Association
U.S. Conference of Mayors