United States Senate

WASHINGTON, DC 20510

March 9, 2007

The Honorable Kent Conrad
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Judd Gregg
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Conrad and Ranking Member Gregg:

As you near consideration of the fiscal year (FY) 2008 Budget Resolution, we urge the Budget Committee to oppose the President's budget proposal to cut funding for the Community Development Block Grants (CDBG) Program by $735 million (20 percent) from the $3.710 billion enacted in FY07. Instead, we urge you to maintain the Federal government's commitment to community development programs at the Department of Housing and Urban Development (HUD) and support a budget allocation in function 450 sufficient enough to fund $4.1 billion in formula funds for CDBG.

CDBG is the centerpiece of the Federal government's efforts to help more than 1,100 entitlement cities, urban counties, and States meet the needs of low- and moderate-income communities. The CDBG program is one of the most effective Federal domestic programs to revitalize communities with proven results. It helps to fund a wide range of activities, including homeownership assistance, housing rehabilitation, public improvements, public services, and economic development projects. According to HUD, over 95 percent of FY06 CDBG funding went to activities principally benefiting low- and moderate-income persons. In addition, CDBG housing projects assisted 179,385 households in FY06, including financial assistance to new homeowners and rehabilitation assistance to the elderly and other existing homeowners. In addition, the program helped create and retain 55,957 jobs in FY06 and provided vital public services to over 11 million persons.

We are very concerned about the impact past cuts have had on the program and the continued impact the proposed cuts will have on the communities that rely on this funding to serve their most vulnerable residents, principally low- and moderate-income persons. The CDBG formula allocation was funded at $4.41 billion in FY 01. Since then the formula allocation has decreased by $670 million – or approximately 15 percent – with a five percent cut in FY05 and a 10 percent cut in FY06. The FY08 HUD budget would reduce the formula funding by another 20 percent, cutting the formula allocation by almost 35 percent in just five years. Because of the cuts to the formula allocation, programs and projects funded by CDBG, and the number of residents served by these activities, have been cut too. A survey prepared by the CDBG Coalition in March 2006 found that the impact of the program cuts have been devastating. The survey asked CDBG grantees to provide projections of what they will be able to achieve with their reduced FY06 formula allocations as compared to the results they achieved using their FY04 allocations. A total of 351 grantees (out of over 1,100 grantees) responded to the survey with the following results:

- 5,588 fewer businesses to be assisted; 14,881 fewer jobs to be created; 3,345 fewer jobs to be retained
- 5,843 fewer households to be assisted through homebuyer assistance
- 5,064,408 fewer low- and moderate-income persons to be served
- 255,569 fewer elderly persons to be served
- 391,823 fewer children and youth to be served; and
- 196,150 fewer homeless persons to be served

Communities will continue to experience setbacks with a decline in funding for the CDBG formula allocation. Therefore, we urge you to increase the allocation for Function 450 in the FY08 Budget Resolution to accommodate $4.1 billion in formula funds for CDBG during the appropriations process. We appreciate your attention to this matter of mutual concern.

Sincerely,

Patrick Leahy
Patrick J. Leahy

Norm Coleman
Norm Coleman

Jack Reed
Jack Reed

Susan Collins
Susan M. Collins

Chris Dodd
Christopher J. Dodd

Olympia Snowe
Olympia J. Snowe

Richard J. Durbin

George V. Voinovich

Joseph R. Biden, Jr.

Mel Martinez

Tom Harkin

Richard Burr

Hillary Rodham Clinton

John Warner

Edward M. Kennedy

Johnny Isakson

John F. Kerry

Saxby Chambliss

Herb Kohl

Elizabeth Dole

Carl Levin

David Vitter

Joseph I. Lieberman

Lisa Murkowski

Barack Obama

Debbie Stabenow

Bernard Sanders

Sherrod Brown

Robert P. Casey, Jr.

Russell D. Feingold

Jeff Bingaman

Daniel K. Akaka

Barbara Boxer

Maria Cantwell

Robert Menendez

Ken Salazar

Blanche L. Lincoln

Max Baucus

Barbara A. Mikulski

Jim Webb

Dianne Feinstein

E. Benjamin Nelson

Thomas R. Carper

Bill Nelson

John D. Rockefeller, IV

Mark L. Pryor

Amy Klobuchar

Frank R. Lautenberg

Arlen Specter

Charles E. Schumer

Mary L. Landrieu

Daniel K. Inouye