

May 19, 2011

The Honorable Tom Latham, Chairman  
Subcommittee on Transportation, Housing and Urban Development,  
and Independent Agencies  
U.S. House of Representatives  
Washington, DC 20515

The Honorable John Olver, Ranking Member  
Subcommittee on Transportation, Housing and Urban Development,  
and Independent Agencies  
U.S. House of Representatives  
Washington, DC 20515

RE: Community Development Block Grant Program and the HOME Investment Partnerships Program

Dear Chairman Latham and Ranking Member Olver:

The undersigned organizations ask you to support at least \$3.9 billion in formula funding for the Community Development Block Grant (CDBG) Program and at least \$1.825 billion in formula funding for the HOME Investment Partnerships (HOME) Program in the FY12 budget.

### **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)**

The Community Development Block Grant (CDBG) Program was enacted in 1974 as the cornerstone of federal investment in our nation's communities. The Act, signed by then-President Gerald Ford, stated that sustained action by all levels of government is necessary to maintain viable urban [and rural] communities. This could not be more true than now with the economic down turn wreaking havoc on communities nationwide. Now in its 36<sup>th</sup> year, CDBG is arguably 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. 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 States, counties, and cities in times of hurricanes, floods, wild fires, and in the aftermath of the disaster on 9/11.

The success of the program stems from its utility; providing cities, counties, and States with the flexibility to address their unique community development needs. It helps fund a wide-range of activities, including housing-related assistance, public improvements, public services, and economic development projects.

Based on data that grantees have reported to the U.S. Department of Housing and Urban Development (HUD) over the past six years, the CDBG program has accomplished the following:

- Assisted 865,874 low- and moderate-income households through single-family and multifamily residential rehabilitation, homeownership assistance, energy efficient improvements and lead-based paint abatement;
- Created or retained 259,346 jobs for low- and moderate-income persons through a variety of

economic development activities;

- Benefitted 22,998,047 low- and moderate-income households through such public improvements as the development of senior centers, child care centers, and centers for the disabled;
- Benefitted 73,863,286 low- and moderate-income households through public services such as direct assistance to the nation's network of food banks, employment training, day care assistance for low-income working families, after school programs for youth living in low- and moderate-income areas, meals and other assistance to the elderly, and services for abused and neglected children and battered spouses, to name a few;
- Every \$1.00 of CDBG leverages an additional \$3.00 in non-CDBG funding; and
- From FY 2007 through FY 2010, CDBG provided direct assistance to 147,602 businesses nationwide

This is an impressive track record that grantees have compiled in their wise stewardship of the program. In this current economic climate the need to maintain services and assistance to low- and moderate-income households is overriding. Any further reduction in CDBG funding would severely slow down or eliminate thousands of local and state projects and programs that are directly contributing to local and regional recovery.

## **Facts**

- CDBG has been cut by over \$1 billion dollars since 1995
- The number of grantees has grown from 594 in 1975 to 1,169 in 2011; all now sharing in a vast shrinking pie
- Congress cut the program by 16.2% in FY 11, the largest single cut ever
- CDBG is now at its lowest level since 1992

Our organizations say enough is enough. We question how the long the program can last at this rate of sustained cuts, particularly in smaller communities, where CDBG may be the only federal resource.

Because of the massive cut to the program in FY 2011, local and state agencies and their non-profit partners will have to lay-off staff; services will be reduced or eliminated; infrastructure projects will stop in their tracks; job-creating economic development projects will be canceled; and affordable housing will be curtailed; but most important, the low- and moderate-income families served by the program will see huge reductions in program benefits at the community level. Some families rely on CDBG for down payment assistance, funds to rehabilitate their homes, start-up funds for small businesses, to name a few. Other families rely on the program for food assistance through local food banks, utility assistance, day care assistance, and even health care assistance through locally-funded health clinics. These are the faces of America struggling in this economy.

Grantees distribute CDBG funds through a large network of local organizations that provide direct assistance to low- and moderate-income beneficiaries. This network includes our nation's most seasoned and relied upon organizations, such as Feeding America, Salvation Army, Meals on Wheels, Goodwill, Habitat for Humanity, Alzheimer's Association, Hospice Foundation of America, Visiting Nurses

Association, National Council on Aging, the Red Cross, Girl Scouts of America, Boys and Girls Clubs, Big Brothers, Big Sisters, the YWCA, and the YMCA.

CDBG provides vital funding to projects and services within each of the 1,169 cities, counties, and States which receive the funding; projects that directly impact the lives of our low- and moderate-income citizens. CDBG provides the flexibility to fund a myriad of activities, fill gaps where needed, and attract additional resources to projects. This combination of CDBG with other funding sources adds to our national economy and to the betterment of the lives of our citizens through improved neighborhoods and a better quality of life. The problems which CDBG funds address have not lessened, but have grown more acute over time. With the down turn in the economy, CDBG is needed more than ever to help our communities. We urge you to support at least \$3.9 billion for the program in the FY12 budget.

### **HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM**

Enacted into law in 1990, the HOME Investment Partnerships (HOME) Program was developed to provide resources to communities to provide decent, safe and affordable housing opportunities for low- and moderate-income persons. The program recently celebrated an incredible milestone – the completion of one million units of affordable housing. Prior to the creation of the HOME program, there were few options available to communities to develop affordable housing. Families lived in overcrowded situations and in unsafe housing. Working families struggled to save enough for a down payment. Communities lacked the resources needed to design large-scale affordable housing programs to address these problems.

The recent articles published in *The Washington Post*, provide a one-sided, skewed view of the HOME Investment Partnerships (HOME) Program. Not only are the facts misleading, but gives the impression that the overall program is tainted with mismanagement and poor oversight, which is untrue. According to the HUD, the delayed projects cited in *The Washington Post* article constitute only 2.5% of the 28,000 active developments. Many of these open projects are newly constructed single-family homes that remain on the market because of the economic downturn in the housing market.

Like CDBG, the HOME program is an effective program. One needs to just look at the accomplishment and program data provided to HUD by the over 600 participating jurisdictions; cities, counties, and States that receive the funds directly. Or better, we urge you to tour the HOME-funded projects in your congressional district to get a flavor of how the program works effectively at the local level. HOME does not just provide funding for rental projects. It provides assistance to creditworthy families seeking 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 come back to the local programs to help future families. A recent HUD study found 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.

### **HOME Program Facts**

- The vast majority of grantees administer the program effectively; delivering projects on time and on budget;
- The program is not rife with poor performers, as implied by *The Post*;
- HOME grantees are dedicated public servants who deeply care about the people served by the program and who navigate a broad swath of federal regulations and reporting requirements, using

limited administrative funds, to deliver quality projects;

- For every \$1.00 of HOME funding, an additional \$3.90 dollars in non-HOME funding is leveraged; and
- Since 1992, the program has improved the quality and affordability of housing for low- and moderate-income families by providing over one million units of affordable housing nationwide; and

While the FY 2011 budget cannot be undone, we ask for your full support of CDBG and HOME in the FY 2012 budget.

Respectfully,

American Planning Association  
Council of State Community Development Agencies  
Habitat for Humanity International  
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  
Rebuilding Together  
U.S. Conference of Mayors  
YWCA USA