

November 29, 2011

The Honorable Mercedes M. Márquez
Assistant Secretary, Community Planning and Development
U.S. Department of Housing and Urban Development
451 Seventh Street SW
Washington, DC 20410

Dear Assistant Secretary Márquez:

The undersigned national organizations representing local elected officials, state agencies, community development practitioners, and nonprofits write to you regarding the Department's impending implementation of FY 2012 Community Development Block Grant (CDBG) funding. In short, we respectfully urge the Department to exercise its discretion as provided for under the FY 2012 Transportation, Housing and Urban Development, and Related Agencies Appropriations Act (the Act) in order to achieve the largest possible allocation of funding through the CDBG formula.

As you know, the FY 2012 Act represents a break with past practice in that it does not establish a fixed amount of the top-line Community Development Fund appropriation that is designated for the CDBG program. Instead, the Act stipulates that "not less than" \$2.948 billion is for the CDBG program, to include both formula allocations and grants to insular areas, while Section 239 of the Act allows "up to" \$300 million of the Community Development Fund appropriation to be awarded directly to states and units of general local government for activities "related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas" as a result of a Presidentially declared disaster in 2011.

Although we appreciate that the Congress intends for some amount of the FY 2012 Community Development Fund appropriation to be made available to address disasters, it is our understanding that the Department may, at its discretion, choose to make up to \$3.248 billion available for the CDBG program, which is the amount remaining after accounting for the \$60 million set-aside for the Indian CDBG program mandated by the Act. After accounting for grants to insular areas, we urge the Department to allocate as much of the remaining \$3.241 billion as possible through the CDBG formula. To do otherwise would be to signal agreement with what we believe to be a harmful and misguided precedent.

We would suggest that the best and most appropriate vehicle for CDBG disaster funding in any year is a supplemental appropriations act. Furthermore, regardless of the legislative vehicle, CDBG disaster assistance should be designated as emergency disaster relief spending. According to a September 2011 analysis performed by the Office of Management and Budget,¹ the Congress has provided \$29.859 billion in discretionary budget authority for disaster CDBG funding over the past decade. Of that total, *all but \$3 million* was provided through supplemental appropriations bills, and every dollar of disaster CDBG funding provided through those supplemental appropriations acts was designated as an emergency requirement and necessary to meet emergency needs. The FY 2012 Act therefore represents a clear departure from a long-standing, effective approach to providing disaster CDBG funding.

¹ Office of Management and Budget. (2011). *OMB Report on Disaster Relief Funding to the Committees on Appropriations and the Budget of the U.S. House of Representatives and the Senate.*

We note that Section 239 of the FY 2012 Act provides an additional \$100 million in CDBG disaster assistance. Unlike the \$300 million set-aside referenced above, however, this second portion of CDBG disaster funding is designated “as being for disaster relief pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985.” This is, in our opinion, a more appropriate and responsible approach if such funding must be provided through the regular appropriations act, although a supplemental should remain the preferred method. To that end, in the event that more than \$100 million in CDBG disaster funding is needed to address Presidentially declared disasters that occurred in 2011, we strongly recommend that the Administration request supplemental appropriations for this purpose rather than utilize the \$300 million set-aside under the Community Development Fund as authorized - but not required - by the FY 2012 Act.

A decision by the Department to limit the FY 2012 CDBG formula allocation to the minimum amount required under the Act would effectively result in a twelve percent reduction compared to the FY 2011 enacted level, whereas opting to reserve the full amount of available FY 2012 funding for CDBG formula allocations would result in a year-to-year cut of just 3 percent. While we appreciate that the Congress has placed the Department in a difficult position, we are confident that you understand what a twelve percent reduction in formula funding would mean to state and local efforts to create jobs, provide needed public services, and build stronger communities through critical infrastructure enhancements and targeted revitalization initiatives. Given our nation’s tenuous economic recovery, such a reduction must be prevented. Equally important, we believe it would be irresponsible for the Department to endorse a misguided Congressional action that threatens to undermine the long-term stability of the CDBG program by eroding what has historically been a bright line separating annual formula funding and disaster assistance.

We trust you will make the right decision for the CDBG program, its over 1,200 state and local grantees, and the millions of Americans whose lives are positively impacted by this vitally important program. We would welcome the opportunity to meet with you at your earliest convenience to discuss our recommendation.

Sincerely,

American Planning Association
Council of State Community Development Agencies
National Association for County Community and Economic Development
National Association of Counties
National Association of Housing and Redevelopment Officials
National Association of Local Housing Finance Agencies
National Community Development Association
Rebuilding Together
United States Conference of Mayors
YWCA USA

cc: Cliff Taffet, General Deputy Assistant Secretary
Yolanda Chávez, Deputy Assistant Secretary for Grant Programs
Stan Gimont, Director, Office of Block Grant Assistance