Outside Witness Testimony – FY 2014 Appropriations

Submitted by the U.S. Conference of Mayors, National Community Development Association, National Association of Local Housing Finance Agencies, Feeding America, and YWCA USA

Subcommittee: Subcommittee on Transportation, Housing and Urban Development and Related Agencies

Program and Agency: Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs at the Department of Housing and Urban Development (HUD)

April 26, 2013

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 Ed Pastor, Ranking Member
Subcommittee on Transportation, Housing and
Urban Development and Independent Agencies
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Latham and Ranking Member Pastor:

The undersigned organizations of local elected officials and local affordable housing and community development practitioners and non-profit organizations that utilize CDBG funds write to you concerning FY 2014 appropriations for the Community Development Block Grant (CDBG) and HOME Investment Partnerships programs (HOME). Specifically, we wish to urge the Transportation and Housing and Urban Development Appropriations Subcommittee to reject recommendations contained within the Administration's FY 2014 budget recommending set-asides and other "reforms" of these programs.

Like other national organizations we urge you to support $3.3 billion in formula funding for the Community Development Block Grant (CDBG) Program. We also support HOME funding of $1.6 billion.

However, we do not support the Administration's proposal to reduce overall CDBG formula funds by $275 million, for a $200 million Neighborhood Stabilization Program Initiative and $75 million for Integrated Planning Grants (formerly known as the Sustainable Communities Initiative). These set-asides have the effect of transferring formula funds which benefit the many into two categorical grant programs that would benefit the few. Similarly, the HOME budget request contains an up to $10 million set-aside for the SHOP program. These set-asides are for activities that could be funded under the CDBG or HOME programs respectively.

We also want to advise that we do not support the establishment of a minimum funding threshold for CDBG entitlement grants. This would adversely affect an estimated 340 smaller communities who are currently implementing programs that are responsive to their needs. This would force them to compete for limited state funds without any positive benefit to either them or the state. We also oppose the Administration's proposal to repeal the grandfathering provisions in CDBG for metropolitan cities and urban counties. Again, this would seriously disrupt on-going programs.

Based on FY 2012 allocations (HUD has not released the FY 2013 allocations) the City of West Des Moines (in Rep. Latham's district) would be denied direct funding because of this proposed minimum threshold.

CDBG provides vital funding and flexibility to address local needs in the areas of community and economic development, housing, infrastructure and vital public services. Over 1,200 communities rely on CDBG as a direct source of annual funding. Moreover, each year, an estimated 7,250 local governments nationally have access to CDBG funds reaching rural, urban, and suburban areas. CDBG helps create jobs through the expansion and retention of businesses.

Since FY2010, funding for CDBG has been cut by over $1 billion, yet the need for these important resources has continued to grow. While we understand the need to address the federal budget deficit, we also understand the value of the local investments made by CDBG. We are deeply concerned that these investments are in jeopardy due to the Obama Administration's FY2014 proposed budget cuts to CDBG, funding the program at $2.8 billion.

The CDBG program generates additional resources, and adds to the local economy. For example, for every $1.00 of CDBG funding invested in a project another $3.55 is leveraged from other sources. Since its inception in 1974, CDBG has leveraged nearly $400 billion in other resources for community development and affordable housing.

As a companion to the CDBG program, the HOME Investment Partnerships program has suffered severe cuts since FY 2010, from $1.8 billion then to $950 million in FY 2013, following sequestration. We urge you to appropriate $1.6 billion for CDBG in FY 2014.
HOME serves as a critical source of funding for the expansion of affordable ownership and rental housing for low-and moderate-income households. The types of activities HOME assists are the construction and preservation of affordable rental housing usually as gap assistance, the construction and rehabilitation or affordable ownership housing as wells as for homeownership assistance and tenant-based rental assistance. Since HOME was enacted in 1990 it has produced over 1 million affordable homes, including 612,792 homeownership new construction and rehabilitation units and 423,154 new construction or preservation of rental units. Every dollar of HOME funds leverages an additional $4 in non-HOME funds.

The Administration's FY 2014 budget proposes funding for HOME at the $950 million finally approved for FY 2013. It is estimated that this will decrease production of HOME units by 34,000 units and result in the loss of an estimated 8,935 jobs.

Thus, we urge you to support our recommendation of $3.3 billion for CDBG formula grants and $1.6 billion for HOME in FY2014 to help communities nationwide continue to provide vital affordable housing and neighborhood revitalization programs and services to low-income persons.

Respectfully,

U.S. Conference of Mayors

National Community Development Association
National Association of Local Housing Finance Agencies
Feeding America
YWCA USA