

Survey Shows Substantial Negative Effect of Cuts to CDBG on Americans in Need

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WASHINGTON, March 15: More than five million low- and moderate-income Americans will see significant reductions in a range of services provided to them as a result of two years of cuts to the Community Development Block Grant (CDBG) program, according to a survey released today by members of a coalition to preserve CDBG. The survey found that hundreds of thousands of senior citizens, children, persons with special needs and the homeless will lose programs that directly benefit them. Everything from housing rehabilitation and homebuyer assistance programs to job creation and projects to reduce environmental contamination and to construct fire and public safety facilities will be affected.

“The results of the survey suggest that the 14 percent reduction in formula funding for CDBG over the last two fiscal years has had a substantial, negative effect on the collective ability of states, cities, and counties to serve Americans in need, promote homeownership, grow local economies, and strengthen the nation’s infrastructure,” said Montez Martin, NAHRO’s Vice President of Community Revitalization and Development.

Martin joined other elected and business and community leaders at a news conference today to release the survey “Consequences for American Communities,” and to protest an additional 25 percent reduction in CDBG funding that has been proposed by the Administration in its FY 2007 budget. Participating in the news conference were representatives from the National Association of Housing and Redevelopment Officials (NAHRO), The United States Conference of Mayors (USCM), the National League of Cities (NLC), the National Association of Counties (NACo), the Local Initiatives Support Corporation (LISC), and Real Estate Roundtable.

“On CDBG, our message is united: this program is too precious – too important to us as a critical tool to revitalize and preserve the quality of life for our citizens. We cannot let the Congress try and balance the budget on the backs of our local communities,” said Clarksburg, West Va., Councilman James C. Hunt, President of the National League of Cities, one of the 17 national groups in the coalition. “But we want to make sure that any amendments that support full funding for CDBG are not based on accounting gimmicks. At the end of the day, we have to make sure that our cities and towns have \$4.3 billion for CDBG at HUD for FY 07.”

“As we did last year, this coalition of national organizations is taking our fight to preserve the CDBG program to Capitol Hill. Because this program benefits so many

communities in every part of our country, we expect that the bi-partisan support we saw in Congress last year for CDBG remains in both houses of Congress,” said Akron Mayor Donald Plusquellic, Past-President of The U.S. Conference of Mayors.

“CDBG funds are critical for us at the county level. They not only help us serve our less fortunate citizens, but they allow us to address various quality of life, public safety, and economic development issues specific to our individual communities,” said NACo President-Elect Colleen Landkamer, Earth County (Minn.) Commissioner. “NACo is committed to preserving appropriate funding levels for this highly successful program.”

Thirty-four states and 317 communities responded to the survey, representing approximately 50 percent of all CDBG formula grants for FY 2006. Highlights include:

- Five million low- and moderate-income people no longer have access to programs funded through CDBG, including 256,000 elderly, 391,000 children and young people, 253,000 people with special needs, and 196,000 homeless.
- 50,000 households will no longer be assisted through housing rehabilitation programs, including 5,200 elderly.
- 5,600 fewer businesses, including minority-owned businesses, will lose support and the potential for 15,000 new jobs will be lost.
- 158 new water and sewer projects serving 120,000 people would be canceled or delayed, with another 30 or more involving sites suspected with environmental contamination postponed.
- 303 new projects for street improvements will be canceled or delayed, and 127 projects to build community and neighborhood centers for seniors, youth, children, and the disabled and handicapped will be canceled or delayed, along with 208 new parks and recreational projects and 26 new fire stations and purchases of fire equipment.

“Community Development Block Grants are indispensable to rebuilding low-income rural and urban communities,” said Michael Rubinger, President and CEO of Local Initiatives Support Corporation (LISC). “CDBG’s flexibility allows locally based non-profits to attract private investment in economic development, affordable housing, and community facilities.”

Roger Platt, Senior Vice President and Counsel for the Real Estate Roundtable, said that business wholeheartedly supports the CDBG program. “CDBG funds are critical to attracting *private* capital and building public-private partnerships for brownfields and other important development projects. These partnerships combine very different, but complementary, strengths of the business community and the public sector to ensure seed money from the CDBG program is leveraged to produce maximum benefit to local communities, including affordable housing.”

Members of the CDBG Coalition include: Council of State Community Development Agencies, Enterprise, Habitat for Humanity International, Housing Assistance Council, International Economic Development Council, Local Initiatives Support Corporation, National Association for County Community and Economic Development, National

Association of Counties, National Association of Development Organizations, National Association of Housing and Redevelopment Officials, National Association of Local Housing Finance Agencies, National Community Development Association, National Conference of Black Mayors, National Housing Conference, National League of Cities, National Rural Housing Coalition, United States Conference of Mayors.

The survey is online at http://www.nahro.org/cdbg_survey.cfm or www.usmayors.org.