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Mayors, County Officials, and Business Leaders Denounce Elimination of CDBG

Coalition Says Move Is Totally Unacceptable and Will Have Devastating Economic Impact on Local Communities

Washington, D.C. – Following the release of the President’s budget, leaders from three national organizations - **The United States Conference of Mayors (USCM), the National League of Cities (NLC), and the National Association of Counties (NACo)**, along with a coalition of local officials and business leaders held a press conference today to denounce the elimination of the Community Development Block Grant (CDBG) program which is the signature program for cities and counties to create jobs, increase economic development opportunities and expand homeownership.

As the national debate on budget priorities unfolds, CDBG, as it has traditionally been known for the past 30 years, will no longer exist and is sure to have a devastating economic impact on cities, counties, and local communities of all sizes. Under the new proposal, CDBG will be consolidated with 17 other programs into a new program, called *Strengthening America’s Communities Grant Program*, which has yet to be fully defined.

The U.S. Conference of Mayors President and Akron Mayor Don Plusquellic said, “This new proposal is totally unacceptable and we are extremely disappointed that this tactic is being used as an excuse to eliminate CDBG and cut much needed resources to local communities.

“A key priority of this Administration is stimulating the domestic economy by creating jobs and expanding home ownership, and that is exactly what CDBG does. CDBG is good business and is the foundation of our nation’s communities,” he continued.

The business community also has a stake in the community development block grant program. In FY 2004, CDBG created or retained 90,637 jobs. Furthermore, for every one dollar of CDBG funding, approximately \$2.79 in private funding was leveraged for economic development projects like shopping centers and grocery stores.

National League of Cities President and Washington, D.C. Mayor Anthony Williams said, “President Bush supports vigorous economic growth for this country. One of the best tools that the leaders of cities, counties and towns across America use to achieve those goals is the Community Development Block Grant program. When a community says, ‘We need retail’ or ‘we need housing’ or ‘we need a sit-down restaurant,’ it is CDBG funds that are used to empower neighborhoods. ”

In Los Angeles, California, CDBG funds were used in the Chesterfield Square project in Southwest Los Angeles which brought a major supermarket, a Home Depot, a major drug store and other stores and restaurants to this underserved community. This project alone created over 500 jobs and brought newfound pride to the community.

Another major component of CDBG is the ability to expand homeownership and provide affordable housing. In FY 2004, the program assisted 168,938 households with their housing needs which included homeownership assistance,

construction of housing, rehabilitation of existing housing, and energy efficiency improvements. In Rochester, New York, where 65% of the population is eligible to be served by the CDBG, more than 3,000 affordable housing units were rehabilitated or constructed over the past ten years.

“Federal funding for community development helps provide affordable housing, create jobs, further economic development and enables our citizens to improve their quality of life,” said Montgomery County (MD) Executive Douglas M. Duncan, representing the National Association of Counties. “Substantial cuts to this program, as a result of the Administration's budget proposal that will consolidate 18 development programs into two, will severely curb community development in the hundreds of counties across the country that receive direct funding,” he continued.

The coalition of mayors, county officials and business leaders contends that for the future of this nation, CDBG must not be eliminated, nor see any major cuts to the program. “CDBG is an effective program that helps millions of Americans by investing in our communities. We will take our message to Capitol Hill to fight for our federal and local government partnerships that have been successful for over three decades,” Plusquellic concluded.

Members of the coalition to fight the elimination of CDBG include: The U.S. Conference of Mayors, The National League of Cities, The National Association of Counties, the National Association of Housing and Redevelopment Officials (NAHRO), National Community Development Association (NCDA), and Local Initiatives Support Corporation (LISC).

Today's press conference at the National Press Club can be viewed online at www.usmayors.org.

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