

May 18, 2006

The Honorable Thad Cochran, Chairman
The Honorable Robert C. Byrd, Ranking Member
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Christopher Bond, Chairman
The Honorable Patty Murray, Ranking Member
Subcommittee on Transportation, Treasury, the Judiciary, Housing and Urban
Development, and Related Agencies
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Chairmen Cochran and Bond and Ranking Members Byrd and Murray:

As you prepare to consider fiscal year (FY) 2007 appropriations, the undersigned organizations wish to make you aware of our strong opposition to proposed cuts in the President's FY 2007 Department of Housing and Urban Development (HUD) budget, particularly the proposal to cut funding for Community Development Block Grant (CDBG) formula grants by 25 percent. We urge you to provide an allocation to the Transportation, Treasury, Judiciary, and Housing and Urban Development (HUD) Appropriations Subcommittee that is sufficient to fully fund CDBG formula grants at \$4.5 billion as well as to provide full funding for other critically important affordable housing and community and economic development programs administered by HUD.

Congress provided just \$3.711 billion for CDBG formula grants for FY 2006, a 10 percent reduction in funding compared to the FY 2005 level and a reduction of over 14 percent compared to the FY 2004 level. The President's FY 2007 Budget proposes an additional 25 percent reduction in CDBG formula funding over the FY 2006 level. This ongoing erosion of CDBG formula funding has had severely harmful consequences for the efforts of states, counties and cities to strengthen our nation's communities and improve the quality of life for low- and moderate-income Americans.

A recent national survey conducted by the undersigned organizations found that the sharp decline in CDBG formula funding 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. In their responses to the survey, 34 states and 317 entitlement communities (together representing approximately 50 percent of all CDBG formula funding for FY 2006) reported that approximately five million low- and moderate-income persons no longer have access to programs funded through CDBG, including a quarter million elderly persons, nearly 400,000 children and young people, a quarter million persons with special needs, and nearly 200,000 homeless individuals.

Survey respondents also reported that cuts to CDBG funding will mean 5,500 fewer businesses assisted, nearly 15,000 fewer jobs created, and 3,000 fewer jobs retained this year. States, cities, and counties reported through the survey that CDBG funding cuts have jeopardized 250 planned water and sewer projects serving over 300,000 Americans. These same respondents also report that nearly 6,000 fewer households will be assisted through CDBG-funded homebuyer assistance programs this year, including 2,500 first-time homebuyers and nearly 2,000 minority households. Clearly, an additional 25 percent cut to CDBG formula funding would have a devastating impact on state and local efforts related to neighborhood revitalization, affordable housing, economic development, and the provision of improved community facilities and services.

We are encouraged by a recent letter, signed by 58 members of the Senate, supporting full funding for CDBG as well as HUD's other community development and housing programs. This letter urges you to restore funding for the CDBG program to the FY 2004 level. It is important to note that while the letter requests that Senate appropriators provide "at least \$4.3 billion for CDBG and related programs in FY 2007," CDBG formula grants alone were funded at \$4.331 billion for FY 2004. Please also be advised that since FY 2001, when CDBG formula grants were funded at \$4.41 billion, the CDBG program has added 118 new entitlement communities. This ongoing influx of entitlement communities, coupled with declining overall funding, means that a growing number of communities are asked to do more with less.

For more than 30 years the CDBG program has made a positive difference in communities across America. There is no shortage of CDBG success stories. During the past two years a number of public interest organizations have been working in partnership with HUD in a good faith effort to improve the CDBG program's accountability and ability to measure performance. As a result of this effort, HUD on March 7 unveiled a new outcome-based performance measurement system for CDBG and other HUD Community Planning and Development formula programs. We know the new system will verify what is already clear: CDBG works. Now is the time to restore funding for CDBG so that this essential program can continue to produce real results for the American people.

Thank you for your consideration of our request for \$4.5 billion in funding for CDBG formula grants. By fully funding CDBG and HUD's other housing and community development programs, you will ensure that states, cities, and counties have the resources they need to expand economic opportunity and sustain strong and vibrant American communities.

Sincerely,

American Federation of State County Municipal Employees
Council of State County Development Agencies
Enterprise Community Partners
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 Low Income Housing Coalition
National Neighbor Works Association
National Rural Housing Coalition
United States Conference of Mayors