



To: Trump Transition Team
From: CDBG Coalition
Date: December 5, 2017
Re: Community Development Block Grant Program in the New Administration

The undersigned national organizations of local elected officials, state and local housing and community development professionals, planners, economic development professionals, and non-profit organizations, collectively known as the Community Development Block Grant (CDBG) Coalition, look forward to working with your Administration to foster community investment and growth through the CDBG program, including the use of the CDBG program as a primary conduit for future infrastructure investments.

Community Development Block Grant Program

The Community Development Block Grant (CDBG) Program, authorized by Title I of the Housing and Community Development Act of 1974, provides annual grants to cities, counties and states to develop strong communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low- and moderate-income persons. CDBG eligible activities are initiated and developed at the state and local level based upon a community's needs and priorities.

CDBG is far-reaching. More than 1,200 grantees receive an annual CDBG allocation. An estimated additional 7,250 local governments have access to the funding. Communities use the CDBG program to address community development activities ranging from housing and neighborhood revitalization to economic development and infrastructure improvements.

Growing Unmet Community Development Need and Lack of CDBG Funding

For over 40 years, CDBG has served as the cornerstone of the federal government's commitment to partnering with states and local governments to strengthen our nation's communities and improve the quality of life for low- and moderate-income Americans. CDBG remains a principal building block for investment; making its way into local communities through an extensive network of non-profit organizations, contractors and businesses. CDBG provides state and local governments and their partners with the flexibility needed to develop essential programs and projects to assist low- and moderate-income families. The pressing need for these funds remains critical.

The number of communities eligible for CDBG funding has grown which means less money to go around. Since the program's inception, the number of cities and counties receiving direct CDBG allocations has increased dramatically from fewer than 600 to more than 1,200 currently. This growth in eligible grantees demonstrates the need for the program. Because of the lack of adequate CDBG funding, the growth in eligible communities has caused a reduction in current CDBG allocations to states and local governments. These continued reduced levels in CDBG funding causes communities to cut local programs and services and does not allow for communities to address unmet community development needs.

Federal Fiscal Year	Total CDBG Allocations ¹	Total Allocations Inflation Adjusted ²	Total Grantees ³
2000	\$4,236,050,000	\$5,910,132,933	1,059
2001	\$4,399,300,000	\$5,936,830,067	1,065
2002	\$4,341,000,000	\$5,768,641,155	1,075
2003	\$4,339,538,000	\$5,632,811,481	1,084
2004	\$4,330,846,000	\$5,517,822,089	1,155
2005	\$4,109,890,720	\$5,071,212,085	1,162
2006	\$3,703,986,000	\$4,419,412,402	1,179
2007	\$3,703,986,000	\$4,309,912,590	1,183
2008	\$3,586,430,000	\$4,009,487,903	1,195
2009 ⁴	\$4,607,966,874	\$5,146,821,154	1,204
2010	\$3,941,288,480	\$4,285,557,380	1,214
2011	\$3,296,034,720	\$3,531,125,266	1,217
2012	\$2,941,090,000	\$3,060,207,846	1,230
2013	\$3,071,195,404	\$3,140,898,930	1,232
2014	\$3,023,000,000	\$3,045,868,792	1,244
2015	\$2,997,399,447	\$2,997,399,447	1,262
2016	\$3,015,780,435	\$2,997,399,447	1,267

¹ This table includes all CDBG allocations, including formula allocations to entitlements and state programs, as well as reallocated CDBG funding and awards to insular areas.

² Each Allocation from 2000 to 2015 has been adjusted for inflation to value of the dollar in 2015 by using the annual average Consumer Price Index for the corresponding years.

³ Includes entitlement cities and counties, state programs, and insular areas.

⁴ Includes 2009 CDBG Recovery Act allocations.

CDBG remains the principal source of federal revenue for states and localities and program partners to use in devising flexible solutions to address and prevent physical, economic, and social deterioration in neighborhoods and communities across the country. CDBG is needed more than ever to provide a lifeline to the elderly, victims of domestic violence, local food banks, the homeless, the disabled, youth, small businesses, and our veterans, to name a few. Continued stagnant program funding negatively impacts local programs and operations.

Since Fiscal Year 2001, CDBG formula funding has been reduced by \$1.4 billion, from \$4.4 billion in Fiscal Year 2001 to \$3.0 billion in Fiscal Year 2016. Further, the program has never been adjusted for inflation, even though program operating costs increase annually. A 2016 survey conducted by the CDBG Coalition found that cuts to CDBG has reduced the number of small businesses assisted and, thus, job creation at the local level, provided less assistance to low-income children (e.g., after school programs, day care assistance for working families, wellness programs), provided less funding for seniors (e.g., food assistance, housing rehabilitation assistance to allow seniors to age in place, and capital improvements to senior centers), less assistance to veterans (e.g., housing, services, employment/job training), and canceled and delayed public improvements. According to the majority of communities who responded to the CDBG Coalition survey, they receive far more applications for funding than can be met with their current CDBG allocation; with most estimating that over half of their funding requests are not funded. CDBG plays a vital role in addressing the needs of communities and in providing the funding that attracts significant private investment, but program funding needs to be increased and a permanent inflation factor added to the annual allocation. We ask you to work with us to support state and local governments and their partners, and the communities they serve by reversing the tide of the CDBG program cuts.

“The town's first CDBG award was in 1978 at \$1.5 million. Today, that number would be \$5.2 million due to inflation. We will receive \$1.5 million in 2015, over a 70 percent reduction in buying power from 1978.”

– Respondent representing a New York entitlement city

CDBG is an Infrastructure Program

Our nation is beset with crumbling and aging infrastructure. Every community needs infrastructure in order to flourish. The CDBG program is an infrastructure program. It is an effective conduit to funnel resources to help rebuild and invest in our nation's communities. States and local governments use CDBG for a variety of traditional infrastructure activities, including the following.

- Drinking water systems
- Sanitary sewer systems
- Safe streets and sidewalks (curb, gutter, street pavement)
- Installation of utilities
- Improved drainage systems to prevent flooding

But communities need more than traditional infrastructure to truly thrive and CDBG provides the conduit for funding a full spectrum of infrastructure activities. Many of our communities are faced with older neighborhoods and commercial areas that need investment - businesses; safe, decent, affordable housing; environmental quality; access to technology; human services; and recreation, to name a few. CDBG funds 28 eligible that address each of these areas and more.

Comprehensive Infrastructure Investment Using CDBG

CDBG provides crucial public improvements to communities. Between FY2005-FY2015, CDBG public improvements directly benefitted ***over 40 million low- and moderate-income people nationwide***. These public improvements included senior centers, child care centers, group homes for persons with disabilities, shelters for victims of domestic violence and homeless veterans, health clinics providing vaccinations and dental care to low-income children, sanitary water and sewer systems, safe streets, and improved drainage systems, among others.

- homeless shelters
- health clinics
- senior centers
- safe streets
- clean drinking water
- sanitary sewer systems
- broadband installation and extension
- community food bank facilities

CDBG provides safe, decent, affordable housing. Between FY2005-FY2015, CDBG helped nearly ***1.3 million low- and moderate-income homeowners*** rehabilitate their homes, provided down payment and closing cost assistance to qualified home buyers, and assisted homeowners with lead-based paint abatement.

- renovating existing homes
- attracting new homebuyers
- lead-based paint abatement
- producing and preserving affordable housing
- energy efficiency/green infrastructure
- demolishing vacant and abandoned properties

CDBG provides needed public services. Between FY2005-FY2015, CDBG provided public services to ***over 122 million low- and moderate-income persons nationwide***. These services included employment training, meals and other services to the elderly, services for abused and neglected children, assistance to local food banks, and many other services.

- job training
- assistance for seniors

- assistance for children

CDBG Creates Jobs, Leverages Other Funding, and Supports Economic Development

CDBG is a jobs generator. **Since FY 2000, the program has created/retained over 1.6 million local jobs** through a number of economic development, housing, and infrastructure activities. **For every \$1.00 of CDBG investment, another \$3.65 in private and public dollars is leveraged.**

Besides job creation, CDBG spurs economic development through lending.

- small business assistance
- micro-enterprise development
- revolving loan funds

The Section 108 Program is the loan guarantee provision of the CDBG program that provides states and local governments with a source of financing for large-scale economic development, housing rehabilitation, public facilities, and other development projects. This makes it one of the most important public investment tools that HUD offers to states and local governments. It provides jurisdictions with the ability to expand the financial power of their CDBG allocations by borrowing up to five times their annual allocation into federally guaranteed loans large enough to take on large scale projects to renew neighborhoods, often distressed areas. Such public investment is often needed to spur private activity, providing the initial resources or simply the assurance that private firms may need to invest in distressed areas.

Section 108 funding is crucial to filling the gap between other committed funding and local project costs. The benefits of the program are many; creating/retaining jobs, creating new businesses and expanding existing ones, clearing and cleaning up blighted and contaminated areas, improving public infrastructure, and providing much needed community assets such as shopping centers, grocery stores, hotels, and public facilities.

- commercial development (offices, retail, mixed-used)
- industrial parks
- multifamily housing
- manufacturing
- large-scale public facilities (community centers, health clinics, food bank facilities)

CDBG Helps Communities Recover from Presidentially-Declared Disasters

When a natural disaster occurs, America turns to the CDBG Disaster Recovery (CDBG-DR) Program to rebuild and recover. Congress provides funding for flexible grants to help cities, counties and states recover from Presidentially-declared disasters. CDBG-DR funding has been used to help communities recover from floods, hurricanes, earthquakes, tornados, and bombings (Oklahoma City and 9/11). The funds are funneled through CDBG directly to the affected areas.

Congress first appropriated funds to CDBG for long-term disaster recovery in 1992. Since 1993, HUD has provided more than \$47 billion in CDBG-DR funds for impacted communities. Through the flexibility of the CDBG program, HUD is able to assist communities that otherwise might not recover due to limited capacity and resources. CDBG-DR funds supplement the federal government's standard recovery assistance programs administered by FEMA and other federal agencies.

Thank You

Thank you for your review of this memorandum. CDBG funding needs to be increased and a permanent inflation factor incorporated into the program. We look forward to working with you to support and invest in our communities and address the nation's infrastructure needs using the Community Development Block Grant Program.

CDBG Coalition

American Planning Association

Council of State Community Development Agencies

Habit for Humanity International

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 Regional Councils

National Community Development Association

National League of Cities

National Recreation and Park Association

Rebuilding Together

U.S. Conference of Mayors

YWCA USA