

# Consequences for American Communities



## A national survey on the impact of recent reductions in the Community Development Block Grant Funding

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The CDBG Coalition Survey generated 131 valid responses from CDBG formula grantees in 38 States and the Commonwealth of Puerto Rico. **These respondents represent 10 percent of all CDBG formula grantees**, including 18 percent of all CDBG state programs and 10 percent of all entitlement communities. The survey's 131 respondents received a total of \$392,432,412 in CDBG formula allocations for FY 2015, representing 13 percent of all FY 2015 CDBG formula funding.

The survey asked respondents to provide projections of what they will be able to achieve with their reduced FY 2015 formula allocations as compared to the results they achieved using their FY 2010 grants. The results of the survey suggests that the 25 percent reduction in formula funding for CDBG over the last five fiscal years is having a substantial negative effect on the collective ability of states, cities, and counties to serve Americans in need, promote homeownership, grow local economics, and strengthen the nation's infrastructure.

Projected reductions from states, cities, and counties include:

- **968 fewer businesses to be assisted, 724 fewer jobs to be created, and 579 fewer jobs retained:** CDBG is an engine of economic growth, the program leverages \$4.07 for every \$1 of CDBG investment. In its first 25 years, the program created 2.2 million jobs, generated over \$50 billion in personal earnings and produced \$150 billion in total economic benefit.<sup>1</sup>
- **1,037 fewer households to be assisted through homebuyer assistance activities, including a total of 602 first-time homebuyers, 1,196 minorities and 247 veterans:** Since the collapse of the housing market in 2008, the federal government has made homeownership a top economic priority, particularly for underserved, creditworthy families. In the past 9 years, CDBG has provided direct and indirect homeownership assistance to 38,327 households.
- **497,809 fewer low- and moderate-income persons to be served:** Much of the CDBG program funds are expended towards activities that principally benefit LMI persons. Recent reductions in CDBG formula funding are having a distressing effect on the efforts of states, cities, and counties to secure decent housing, suitable living environments and expanded economic opportunities for LMI Americas.
- **51,490 fewer homeless persons to be served:** The Obama Administration has set a goal of ending veteran homelessness by 2016, end chronic homelessness by 2017, and end family, youth and children homelessness by 2020.

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*“When you cut funding or reduce funding you stop the momentum of bringing progress to the community. We have yet to ‘cross the finish line’ of solving and providing basic human needs to our community.”*

*-Respondent representing a Massachusetts entitlement city*

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<sup>1</sup> Doaks, Michael; Athey, Lois; Fuller, Stephen; and Pitcoff, Winton, “More than Bricks and Mortar: The Economic Impact of the Community Development Block Grant Program.” National Association of Housing and Redevelopment Officials, 1999.

CDBG funds often address homelessness by supporting services and programs such as emergency shelter, transitional housing, special needs housing, and supportive services for basic needs such as food, transportation and health care. Between 2005 and 2013, CDBG funds for homelessness activities have benefited over 5 million people.

➤ **45,379 fewer elderly persons to be served:**

Due to the baby-boom generation and increased longevity, the number of adults in this country aged 50 and over is expected to hit 132 million by 2030, a 70 percent increase since 2000. In 2030, one in five Americans will be at least aged 65. Recent research by Harvard University has found that the U.S. is ill prepared to meet the housing needs of the aging population.<sup>2</sup> CDBG provides critical

resources for programs that serve America's senior citizens, including meals on wheels, housing rehabilitation, and improvements to nursing homes and other facilities that serve the elderly.

➤ **55,813 fewer children and youth to be served:** More than 31 million children in the United States are growing up in low-income families.<sup>3</sup> CDBG provides funding for programs that meet the needs of children and youth, including child care services, after school enrichment programs and services for abused and neglected children.

➤ **20,053 fewer persons with special needs to be served:** CDBG helps to fund programs and services that improve the lives of those with physical and mental disabilities. Examples include improvements that remove barriers to handicap access and recreational programs for developmentally disabled individuals. In the last decade, approximately \$1.2 million persons have benefited from CDBG activities that provide such services for the disabled.<sup>4</sup>

➤ **3,770 fewer veterans served:** The U.S. Census Bureau estimates there are over 21.8 million veterans of the U.S. armed forces in 2014. Many of the programs that are funded by the CDBG program have touched the lives of the millions of veterans in our country, whether through housing, economic development, public services and public improvements.

➤ **3,247 fewer households to be assisted through housing rehabilitation activities, including 1,688 elderly households:** CDBG is the leading source of funding for housing rehabilitation programs serving LMI and elderly households. These programs make possible improvements to the safety, habitability, and accessibility of homes occupied by persons unable to make those improvements themselves.

➤ **204 new city and county public improvement projects to be canceled or delayed that would have served 626,782 people:** CDBG strengthens the nation's infrastructure through the funding of water and sewer improvements, street and sidewalk projects, fire stations, public facilities and the remediation of environmental contamination. The reductions in CDBG formula funding have led to the cancellation or delay of scores of public improvement projects that would have served hundreds of thousands of Americans.

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*“As a small Entitlement City with a relatively small CDBG award, the impact is deep and far reaching as our funding is stretched among several broad base programs. Housing Rehabilitation is the largest project. With these reductions fewer and fewer lower priced homes are repaired which reduces available homes which are decent, safe, and sanitary. Blighted conditions add to the deterioration of the community increasing crime. Our small projects serve the homeless, provides visiting nurses for shut-ins, food for the hungry, parenting classes for those at risk, substance abuse treatment, and credit counseling. Ever reducing CDBG awards are devastating to people in need of these programs.”*

- Respondent representing an Iowa entitlement city

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<sup>2</sup> Joint Center for Housing Studies of Harvard University, “Housing America's Older Adults Meeting the Needs of an Aging Population,” 2014.

<sup>3</sup> “Basic Facts about Low-Income Children in the United States,” National Center for Children in Poverty, 2015.

<sup>4</sup> U.S. Department of Housing and Urban Development, “National Accomplishment Reports FY 2005-2013,” <https://www.hudexchange.info/manage-a-program/cdbg-accomplishment-reports/>