



NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

# LEGISLATIVE ISSUE BRIEF

THE VOICE OF THE NATION'S REGIONAL DEVELOPMENT ORGANIZATIONS

## HUD COMMUNITY DEVELOPMENT BLOCK GRANTS

### RESTORE FUNDING FOR ESSENTIAL LOCAL DEVELOPMENT AND INFRASTRUCTURE PROJECTS

**ISSUE:** Urge Congress to fully restore the HUD Community Development Block Grant (CDBG) program to the FY2003 level of \$4.36 billion as part of the FY2009 Transportation-HUD Appropriations bill. In addition, support retaining CDBG formula funds as a flexible, locally-driven resource that provides valuable assistance for local community and economic development initiatives.

**BACKGROUND:** The administration's FY2009 budget cuts CDBG state and local formula funds from \$3.6 billion in FY2008 to \$2.93 billion in FY2009. This translates into a \$1.42 billion reduction, or 33 percent cut, from the FY2003 high-water mark of \$4.36 billion, without adjusting for regular inflation or the dramatic increase in costs for construction, building and infrastructure materials.

#### KEY TALKING POINTS:

- At a time when local governments and communities are striving to overcome intensifying global economic competition, upgrade aging public infrastructure and deal with the severe fallout of the sub-prime mortgage crisis, it is vital that federal policy makers reinvest in the CDBG program.
- CDBG is an important tool used by state and local officials as they tackle their most serious community development challenges, such as providing affordable housing, upgrading and building essential public infrastructure and water systems, creating small business development loan funds for local entrepreneurs and industries, and addressing local planning and technical assistance needs.
- The cornerstone of the CDBG program is its locally-driven, flexible and "bottom-up" approach. It provides reliable and stable resources for 1,180 urban entitlement counties and cities to meet locally-identified community and economic development needs, yet it also reserves more than \$1 billion annually for states to assist rural communities.
- State, regional and local officials use the CDBG program to provide valuable seed capital, gap financing and core support for a variety of projects. More importantly, CDBG funds are typically used to leverage and attract private sector investments. Every dollar of the CDBG program invested in communities is leveraged by three dollars in private funding, bringing much needed business investments, employment opportunities and the chance for a fresh start to distressed areas.
- At a minimum, the proposed reduction of nearly \$670 million in FY2009 CDBG funds will result in a reduction of more than \$3 billion in private sector leveraging each year. The proposed cut will also cause serious delays, disruptions and cancellations of hundreds of community and economic development projects in underserved and distressed communities across the nation.

**ACTION NEEDED:** Urge your members of Congress to contact the House and Senate Appropriations Subcommittees on Transportation, HUD and Related Agencies to express their support for restoring the CDBG program to the FY2003 level of \$4.36 billion and retaining the current mission of the CDBG program.

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