

March 6, 2008

The Honorable John Olver, Chair
The Honorable Joe Knollenberg, Ranking Member
Subcommittee on Transportation, Housing and Urban Development and Related Agencies
Committee on Appropriations
United States House of Representatives
Washington, DC 20515

Dear Chairman Olver and Ranking Member Knollenberg:

As the FY 2009 appropriations process begins, the undersigned groups representing local elected officials, community development and affordable housing practitioners, and non-profit organizations, urge you to provide at least \$4.1 billion in *formula funding* to the Community Development Block Grant (CDBG) Program.

CDBG is the centerpiece of the Federal government's efforts to help more than 1,100 entitlement cities, urban counties, States, and their non-profit partners meet the needs of low- and moderate-income communities. The CDBG program is one of the most effective Federal domestic programs to revitalize communities with proven results. It helps to fund a wide range of activities, including homeownership assistance, housing rehabilitation, public improvements, public services, and economic development projects. According to HUD, over 95 percent of FY07 CDBG funding went to activities principally benefitting low- and moderate-income persons. In addition, CDBG housing projects assisted 151,107 households in FY07, including financial assistance to new homeowners and rehabilitation assistance to the elderly and other existing homeowners. In addition, the program helped create and retain 42,231 jobs in FY07 and provided vital public services to over 24 million persons.

We are very concerned about the impact past cuts have had on the program and the continued impact the proposed cuts will have on the communities that rely on this funding to serve their most vulnerable residents, principally low- and moderate-income persons. The CDBG formula allocation was funded at \$4.41 billion in FY 01. Since then the formula allocation has decreased by \$820 million – or approximately 18 percent – with a five percent cut in FY05, 10 percent cut in FY06, and a 3 percent cut in FY08. The FY09 HUD budget would reduce the formula funding by \$659 million (18 percent), cutting the formula allocation by almost 37 percent in just five years. Because of the cuts to the formula allocation, programs and projects funded by CDBG, and the number of residents served by these activities, have been cut too. In these hard economic times, CDBG can help state and local governments to assist the community development needs of some of the nation's most vulnerable communities and citizens.

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We urge you to support our nation's communities and low- and moderate-income citizens by providing at least \$4.1 billion in *formula funds* for CDBG in the House version of the FY 2009 Transportation-Treasury-HUD appropriations bill.

Sincerely,

American Federation of State, County and Municipal Employees
Council of State Community Development Agencies
Enterprise Community Partners
Habit for Humanity International
Local Initiatives Support Corporation
National Alliance of Community Economic Development Associations
National Alliance to End Homelessness
National Association of Counties
National Association for County Community and Economic Development
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 Rural Housing Coalition
U.S. Conference of Mayors