

# United States Senate

WASHINGTON, DC 20510

March 8, 2006

The Honorable Judd Gregg  
Chairman  
Committee on the Budget  
United States Senate  
Washington, D.C. 20510

The Honorable Kent Conrad  
Ranking Member  
Committee on the Budget  
United States Senate  
Washington, D.C. 20510

Dear Chairman Gregg and Ranking Member Conrad:

As you near consideration of the FY 2007 Budget Resolution, we urge the Budget Committee to oppose the budget proposal to cut funding for the Community Development Block Grants (CDBG) Program by nearly \$1 billion, or 25 percent. Instead, we urge the Budget Committee to maintain the Federal government's commitment to community development programs at the Department of Housing and Urban Development (HUD) and support a budget allocation of \$4.3 billion in Function 450 for CDBG.

The communities that have benefited from CDBG will be devastated if the HUD proposal to cut funding is enacted. CDBG serves more than 1,100 entitlement communities, urban counties and states, and more than 3,000 rural communities nationwide. It is the centerpiece of the Federal government's efforts to help states and localities meet the needs of low-income communities. The Program funds vital homeownership, housing rehabilitation, public improvements, public services and economic development projects in communities nationwide. It also supports community-based organizations and the crucial work they do to deliver human services and rebuild neighborhoods.

CDBG is one of the most effective Federal domestic programs to revitalize neighborhoods with proven results. Over 95 percent of the FY 2005 CDBG funding went to activities principally benefiting low- and moderate-income persons. Twenty-eight percent of CDBG funds supported housing activities in distressed communities, 24 percent supported public improvements, 15 percent went to the provision of public services, and 7 percent supported economic development activities. In FY 2005, CDBG housing projects assisted over 166,000 households, including financial assistance to new homeowners and rehabilitation assistance to the elderly and other existing homeowners. Economic development programs benefiting from CDBG last year created or retained over 91,000 full-time jobs. CDBG also has a strong record in business retention: CDBG has ensured that over 80 percent of the businesses assisted through the program were still in operation after three years.

The CDBG formula allocation was funded at \$4.41 billion in FY 2001. Since then, the formula allocation has decreased by \$670 million, or 15.2 percent, with a five percent cut in FY 2005 and a 10 percent cut in FY 2006. The FY 2007 HUD budget would reduce

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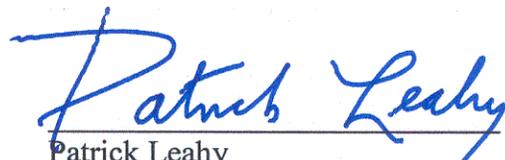
the formula funding by an additional 25 percent, cutting the formula allocation by over a third in just three years.

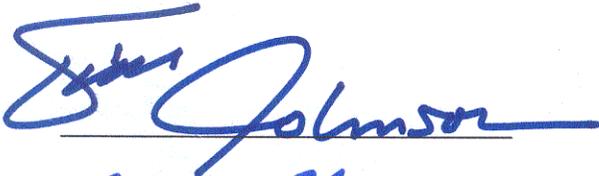
In light of these drastic cuts, communities have struggled to continue their programs and have discontinued critical projects for low- and moderate-income persons. We therefore ask you to reject the proposed cut and ask you to support \$4.3 billion in funding for the CDBG Program.

Thank you for your consideration. We look forward to working with you to ensure that communities across the country can provide good jobs, affordable housing, and public services to meet the needs of all Americans.

Sincerely,

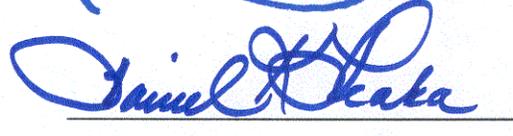
  
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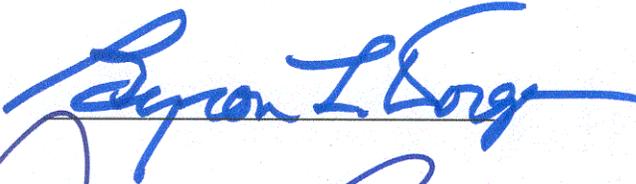
  
Patrick Leahy

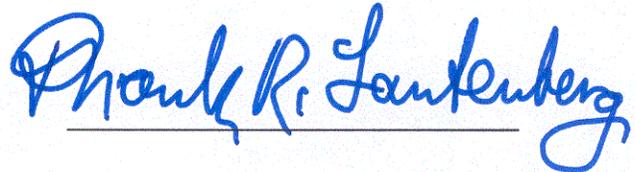


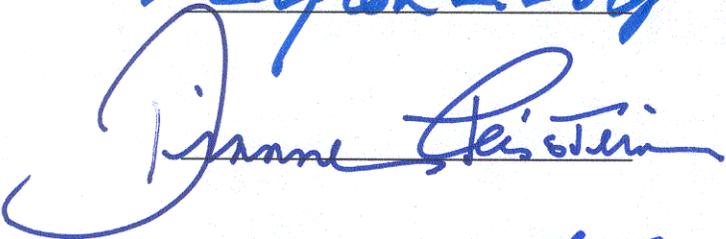


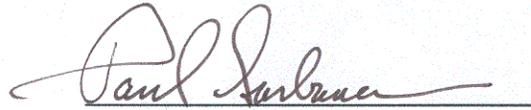


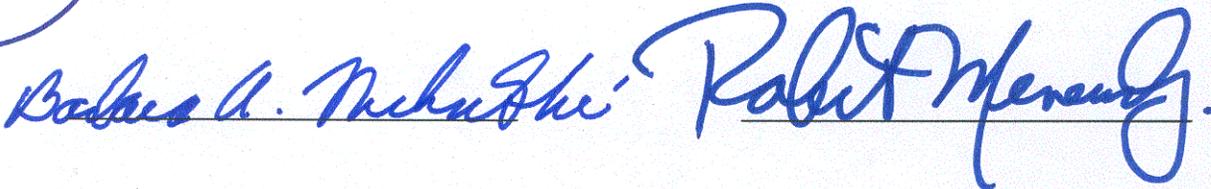












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