

# NACEDA Policy Paper: Community Development Block Grant (CDBG)

March 2007

## **Background**

Since its creation in 1974, the CDBG program has provided annual formula grants to entitled cities, urban counties and states. These grants fund a wide range of community development activities directed toward neighborhood revitalization, affordable housing, economic development and the provision of improved community facilities and services.

Congress determines the annual appropriation for CDBG and funding is divided between states and local jurisdictions. There are currently 1,111 entitlement jurisdictions and 49 states receiving formula allocations on an annual basis. CDBG helps state and local jurisdictions tackle their most serious community development challenges that otherwise would not be addressed due to lack of financial resources.

In the first 25 years of existence, CDBG has created over 2 million jobs, generated over \$50 billion in personal earnings and contributed \$130 billion to the nation's gross domestic product.

In FY 2004 **alone**, CDBG funds have created/retained 90,000 jobs; leveraged nearly \$3 in private funding for every \$1 of CDBG spent; assisted 170,000 households with housing needs; provided 10 million persons with a variety of public improvements and facilities and helped 13 million person benefit from public services.

For the last few years, CDBG has been under attack with various proposals offered that have included elimination of the program, dramatically reducing the funding level and moving the program from HUD to the Department of Commerce.

## **NACEDA Member Priorities**

- restore and increase funding beyond 2000 levels with an appropriation level of \$4.1 billion
- reformulate so that no area of the country experiences drastic reductions (this could literally wipe out entire departments and programs in some entitlement areas)
- ensure that CDBG continues to be administered by HUD
- restore CDBG TA funds (there have been no CDBG TA Funds for several years)

## **NACEDA Role & Policy Position**

NACEDA supports the efforts of many national entities that also place CDBG as a top policy priority (COSCEDA, LISC, The Enterprise Foundation, etc.) and would like to be a part of the various coalitions working on this issue.

## **Outstanding Issues/Questions**

NACEDA needs to discuss over the next 6 months the issue of modernization of criteria and eligible activities.

*Note: Much of the background information was compiled from information provided by the Council of State Community Development Agencies (COSCEDA).*