LOCAL GOVERNMENT OFFICIALS UNVEIL ECONOMIC REPORT ILLUSTRATING THE IMPACT OF COMMUNITY DEVELOPMENT BLOCK GRANTS

Washington, D.C. – Today a bipartisan group of city and county officials from across the country continued their push on Capitol Hill in support of the Community Development Block Grant program (CDBG), saying that the long-standing federal initiative creates jobs, grows local economies, generates labor income, and increases state and local tax revenue by providing funding with flexibility for individual communities to address unique local needs.

A preliminary report prepared by IHS Global Insight, Inc and released by the U.S. Conference of Mayors (USCM), the National League of Cities (NLC), and the National Association of Counties (NACo), clearly demonstrates that CDBG yields both direct and indirect economic benefits. CDBG generates broad impact by providing federal funding directly to local communities for economic development, housing rehabilitation, blight remediation, infrastructure improvements and social services, including additional private-sector investment.

Within a sample group of ten communities during 2003-2008, CDBG generated annually an average of:

- 9,080 jobs;
- $811 million of Gross Metropolitan Product *(GMP);
- $552 million in labor income; and
- nearly $65 million in state and local tax revenue.

Extrapolating these numbers to the full CDBG program nationwide, Global Insight estimates that from 2003 to 2008, the CDBG program spurred the creation of 147,000 jobs annually, and $13.1 billion annually in Gross Domestic Product. Within the ten communities, the report also projected that for every $33,000 of CDBG funds expended, a job was generated.
“Global Insight’s report clearly shows what local-elected officials have known for a long time. The CDBG program is critical for our local economies. Not only does it create jobs, but its economic impact also reverberates throughout our communities,” said U.S. Conference of Mayors President Elizabeth Kautz.

The National League of Cities President James Mitchell, Councilmember from Charlotte (NC), agreed, saying, "The CDBG program has been a catalyst for economic development in our nation’s communities."

Mitchell continued, "CDBG’s linking of private sector dollars to government seed money has created thousands of jobs while providing the nation a firm basis for future economic and technological growth. It is shortsighted to cut a program that’s putting people to work and providing much needed investment in our communities."

National Association of Counties President Glen Whitley, County Judge, Tarrant County (TX), said the CDBG program has been a strong economic development tool to create jobs and replace crumbling infrastructure in communities in his county.

“Tarrant County has created thousands of engineering, architectural, and construction-related jobs as a result of the CDBG program,” Whitley said. “We have reconstructed hundreds of thousands of lineal feet of streets, water and sewer lines in older, lower-income residential neighborhoods. Without CDBG funds, these neighborhoods would have continued to decline, not only affecting the entire public infrastructure system, but greatly impacting the individual lives of the people living in these communities.

“As the report shows, CDBG funds assist local government in revitalizing neighborhoods to create safe, nurturing communities for families. One CDBG-funded project can revitalize a neighborhood and extend the life of its public infrastructure by 20 years,” said Whitley.

USCM President Burnsville (MN) Mayor Elizabeth Kautz concluded, “Economic reports show that by the end of this year, more than 100 metropolitan areas will still have double-digit unemployment. And a reduction in this funding would severely slow down economic recovery. Considering that CDBG is a job creator and an engine for economic growth, now is the worst possible time to cut it.”

Local elected officials across the country have banded together to fight proposed cuts to the Community Development Block Grant program, and will continue to travel to Washington, D.C. to appeal to Congress to restore the program and fund it at current Fiscal Year 2010 level.

*GMP – Gross Domestic Product generated within a single metropolitan area.