NATIONAL ASSOCIATION OF COUNTIES
POLICY BRIEF
NACo National Association of Counties
2015

SUPPORT LOCAL DEVELOPMENT AND INFRASTRUCTURE PROJECTS: THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

ACTION NEEDED: Urge your House and Senate members to restore funding for the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program to $3.3 billion for FY2016. CDBG, funded through the Transportation, Housing and Urban Development (T-HUD) appropriations bill, has been drastically reduced in recent years, having been cut by nearly 25 percent, or $1 billion, since FY2010.

BACKROUND: The CDBG program was enacted in 1974 to provide block grant funding for community development programs. The program assists urban, suburban and rural communities to improve housing and living conditions and expand economic opportunities for low and moderate income persons. CDBG helps to create jobs through the expansion and retention of businesses and is an important tool for helping local governments tackle serious challenges facing their communities. Counties use the flexibility of CDBG funds to partner with the private and non-profit sectors to develop and upgrade local housing, community and economic development, water and infrastructure projects, and human services programs. Counties rely on the flexibility of CDBG funds to meet their particular community development needs.

The CDBG program provides annual grants on a formula basis to 1,185 metropolitan city and county governments and states. There are 185 counties that receive grants directly. Local entitlement cities and counties receive 70 percent of CDBG funds, and states receive 30 percent. Non-entitlement communities, such as rural counties, must compete for funding via the state formula allocation. HUD determines the amount of each grant by using a formula comprised of several measures of community need, in cluding the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.

QUICK FACTS

- **Counties use the flexibility of CDBG to partner with private and non-profit sectors to address local community and economic development, housing, water, infrastructure and human service needs**
- **CDBG provides vital resources for local economic development, job creation and retention projects**
- **According to the U.S. Department of Housing and Urban Development, for every $1 of CDBG funds, another $4.07 is leveraged in private sector and/or other public funding**
- **Currently funded at $3 billion, CDBG has been cut by 25 percent ($1 billion) since FY2010. Funding should be restored to $3.3 billion**

For FY2015, Congress passed the "CRomnibus" FY2015 spending bill (PL. 113-235) and funded CDBG at $3 billion. This is $30 million below FY2014 enacted levels but a $200 million increase from the President's budget request.

KEY TALKING POINTS:

- Funding for the CDBG program should be restored to $3.3 billion in FY2016. The CDBG program has faced drastic cuts in recent years, falling by over $1 billion since FY2010. CDBG is funded at $3.0 billion in the FY2015 “CRomnibus” spending bill. CDBG funding cuts have already contributed to deficit reduction. Further cuts will hurt local job creation and community development investments.

- Counties utilize the flexibility of CDBG funds to support projects that meet their local priorities in addressing community and economic development, housing, water and infrastructure and human services needs.

- The CDBG program provides vital resources for state and local governments to make investments to support economic development and improve community conditions.

- According to HUD, for every $1 of CDBG funds, an estimated $4.07 is leveraged in non-CDBG funds. Over the last decade, CDBG has created or retained 334,000 permanent jobs and sustained an additional 861,000.

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