



Senator Feinstein Urges Appropriations Subcommittee to Preserve the Federal
Community Development Block Grant Program
February 17, 2006

Washington, DC – Concerned about President Bush’s proposed cuts to the Community Development Block Grant (CDBG) program in the FY2007 budget, U.S. Senator Dianne Feinstein (D-Calif.) is urging the Chairman and Ranking Member of the Senate Appropriations Subcommittee on Transportation, Treasury, Judiciary, HUD, and Related Agencies not to slash funding for this valuable program.

“CDBG funds are critical to the revitalization efforts of our nation’s neediest cities and this cut would have a devastating impact on low-income families that rely the most on the services provided through this program,” Senator Feinstein said. **“These funds are crucial to closing the disparity between rich and poor in so many rural and urban communities in California and in the nation.”**

California received \$474.3 million in FY2006, which is 12.8 % of all CDBG grants. But the FY2007 budget proposes to cut CDBG funding by 25% below last year’s level, from \$3.71 billion to \$2.77 billion, which will result in a loss of \$119.7 million for the state of California.

Over the past five years, CDBG funds in Los Angeles County have been used to rehabilitate over 8,500 housing units, created and preserved over 2,060 jobs, removed over 41 million square feet of graffiti, and help provide loans and technical assistance to over 7,000 small businesses among other programs. The County of San Mateo used its funds last year to support the development of 843 affordable housing units and support 3,465 individuals in 10 homeless shelters.

Following is the text of the letter Senator Feinstein sent to Appropriations Subcommittee on Transportation, Treasury, Judiciary, HUD, and Related Agencies Chairman Christopher Bond and Ranking Member Patty Murray:

February 16, 2006

The Honorable Christopher Bond
Chairman
Appropriations Subcommittee on
Transportation, Treasury, Judiciary,
HUD and Related Agencies
United States Senate
Washington, DC 20510

The Honorable Patty Murray
Ranking Minority Member
Appropriations Subcommittee on
Transportation, Treasury, Judiciary,
HUD and Related Agencies
United States Senate
Washington, DC 20510

Dear Chairman Bond and Senator Murray:

I am writing today to express my strong concern about the major 25 percent reduction to the Community Development Block Grant (CDBG) program proposed in the President's FY2007 budget and urge you to maintain funding for this important program. CDBG funds are critical to the revitalization efforts of our nation's neediest cities and this cut would have a devastating impact on low-income families that rely the most on the services provided through this program.

The CDBG program provides our rural and urban communities with much needed funding for affordable housing, job creation and training, public works and infrastructure, and economic development. However, the FY07 budget proposes to cut CDBG funding by 25 percent below last year's level, from \$3.71 billion to \$2.77 billion. This drastic cut results in a \$936.3 million loss to states throughout the country, including my state of California which would lose \$119.7 million of these vital funds.

This major loss of funds would have a serious impact on the revitalization activities in our neediest neighborhoods -- resulting in an increased number of blighted buildings, an increased number of homeless individuals who cannot find affordable housing, diminish business creation and retention, and higher unemployment.

In California, hundreds of local programs funded by CDBG face a serious threat of being eliminated or reduced if the proposed cut is enacted. The state is experiencing astounding housing and property values, increasing the great need for CDBG funds to help expand affordable housing.

In FY06, CDBG funding will provide California with \$474.3 million or 12.8 percent of the total \$3.71 billion. Over the years, the diverse use of these funds has been imperative to cities and counties in California and a major reduction in funds would have a serious impact, for example:

- The City of Victorville, located in San Bernardino County, would lose \$225,904 of their much needed CDBG funding with the proposed 25 percent cut in FY07. The City received \$903,616 in FY06 of these important grants. It has served over 2,900 senior citizens, youth, homeless, disabled, victims of domestic violence, and low-income families with CDBG funds. Specifically, funds have been used to help low-income senior and disabled homeowners to rehabilitate their homes, ensuring that Victorville citizens have a safe place to live.
- Los Angeles County's funding would be reduced to \$23 million from \$30.8 million in FY07 under the proposed CDBG reduction. Over the last five years, the County has used these funds to rehabilitate over 8,500 housing units, created and preserved over 2,060 jobs, removed over 41 million square feet of graffiti, and provided loans and technical assistance to over 7,000 small businesses.

- The County of San Mateo estimates it would experience over a \$725,000 cut in their CDBG funding in FY07 under the proposal. The County used CDBG funds last year to support the development of 843 affordable housing units, upgrade or rehabilitate another 330 housing units and support 3,465 individuals in 10 homeless shelters. In this County, one in ten families spends more than half of their income on housing and there is a high need for affordable housing.

These funds are crucial to closing the disparity between rich and poor in so many rural and urban communities in California and in the nation. I look forward to working with you to restore the severe cut to this successful and proven program that benefits the neighborhoods, mostly in low- and moderate-income areas, which need these programs most.

Thank you very much for your consideration.

Sincerely,

Dianne Feinstein
United States Senator

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