

## Questions and Answers

Q. The Office of Management and Budget (OMB) asserts that the CDBG program is ineffective because it lacks performance outcome measures.

A. A group of national community development practitioner organizations (NCDA, NAHRO, NACCED, and COSCDA) has been meeting with HUD and OMB for nearly a year to develop a framework of performance outcome measures for HUD's four formula grant programs: CDBG, HOME, Emergency Shelter Grants, and Housing Opportunities for Persons with AIDS. Through a *consensus*, the group has developed a framework and specific outcome measures to evaluate the effectiveness of these programs. OMB helped develop and has signed off on the framework. HUD is in the process of implementing it.

Q. OMB says that the impact of CDBG is not known.

A. According to data on HUD's website, in FY 2004 159,703 households received housing assistance from CDBG. Of this amount 11,000 became new homeowners, 19,000 rental housing units were rehabilitated and 112,000 owner occupied homes were rehabilitated. Over 9 million persons were served by new or reconstructed public facilities and infrastructure, including new or improved roads, fire stations, libraries, water and sewer systems, and centers for youth, seniors and persons with disabilities from CDBG funds. More than 13 million persons received assistance from CDBG-funded public services, including employment training, child care, assistance to battered and abused spouses, transportation services, crime awareness, legal services, and services for seniors, the disabled, and youth. More than 78,000 jobs were created or retained with the use of CDBG funds. In addition, over time grantees provide CDBG-funded loans to businesses located in distressed neighborhoods, with minority businesses receiving approximately 25% of the loans. CDBG has been achieving results like this throughout its history. HUD, OMB and grantees celebrated its 30<sup>th</sup> anniversary last September under the theme "Performance Counts."

Q. OMB asserts that the CDBG program is fraught with waste, fraud and abuse.

A. Contrary to this assertion, OMB's PART review of the CDBG program last year states that "... the funds are obligated in a timely manner and spent for the intended purpose." It goes on to say that the program uses strong financial management practices, and HUD has taken meaningful steps to address its management deficiencies.

Q. OMB asserts that CDBG duplicates other federal programs.

A. Contrary to this assertion, OMB's PART review of the CDBG program concluded that CDBG coordinates effectively with related programs and states "...that many communities often use CDBG to fill programmatic gaps not covered by other federal, state and local programs. For example, homeless programs may provide funds for operation, but CDBG funds can provide funds for the facility. The CDBG program

dwarfs the economic development grant and loan programs of the Department of Commerce. If anything, they should be transferred to HUD.

Q. The FY 2006 budget proposes to eliminate the CDBG program and replace it and 17 other programs with a new “Strengthening America’s Communities Initiative” administered by the Department of Commerce. Is this a good idea?

A. A new program is not needed. CDBG has proven itself a sound program, focused on affordable housing, community and economic development needs of our nation’s **low-and-moderate income households and their neighborhoods**. The CDBG program has the infrastructure in place with which to address the affordable housing, community and economic development needs of the nation’s low-and moderate income families and their neighborhoods. Instead of attempting to consolidate and then cut economic development programs, OMB’s focus should be on how to make the federal government’s economic development programs complement each other.

Q. OMB characterizes the CDBG program as an economic development program, along with the 17 others it proposes to consolidate. Is CDBG an economic development program?

A. Economic development is an eligible activity under the CDBG program. However, it represents a small portion of the funding – 9% in FY 2004. The bulk of CDBG funds housing and infrastructure activities. The Strengthening America’s Communities proposal is principally for economic development with a focus on business.

Q. OMB says that communities are forced to navigate 35 federal community and economic development programs spread across 7 different federal agencies as a reason for the SAC initiative. Is this causing cities, counties, and states heartburn?

A. National organizations representing cities, counties and states do not report complaints from members regarding the difficulty of seeking community and economic development funding from several different programs and agencies. They see this as an opportunity to leverage a variety of sources of funds for community and economic development.