



MEMBER REQUEST:

HUD Community and Economic Development Programs

NARC Request:

- Have you ever received or used U.S. Department of Housing and Urban Development HUD economic development money (by category – see below)? If so, for what purposes and was it beneficial? Please send project description(s) in conjunction with use of HUD community and economic development programs to assist with NARC's policy development.

Understanding HUD Community & Economic Development:

There are four main areas within HUD that are vital to planning and community and economic development –

- 1) Community Development Block Grants (CDBG) - allocates funds to more than 1,100 local and state governments on a formula basis.
- 2) Brownfields Economic Development Initiative (BEDI) – provides grants on a competitive basis to local entitlement communities. Non-entitlement communities are eligible as supported by their state governments. BEDIs must be used in conjunction with loans guaranteed under the Section 108 Program. Communities fund projects with BEDI grants and the 108 guaranteed loan financing to clean up and develop environmentally contaminated industrial and commercial sites.
- 3) Community Development Loan Guarantee Program (Section 108) – allows an entitlement community to borrow up to five times the amount of CDBG allocation to finance large-scale physical improvement projects.
- 4) Rural Housing and Economic Development (RHED) - provides grants to nonprofits to support capacity building, housing and economic development.

Status (Pertaining to President's FY2008 Budget Request):

- The President's budget request for HUD calls for overall cuts in funding, as well as key changes to community and economic development programs such as a reorganization for the Community Development Block Grants (CDBG) and elimination of other programs. Organizations like the American Planning Association (APA) strongly oppose these changes due to its impact on planning and development.
- The Administration's proposed HUD budget is likely to see strong opposition in Congress.
- For the CDBG program, the President proposes a 25 percent funding cut and formula change that will "reform" the current program – this official reorganization proposal has not been released by the Administration. Previous funding was enacted at \$3.7 billion in FY07 and is proposed to drop to \$2.7 billion in FY08.
- The BEDI program is being zeroed out by the President. Previous funding was enacted at \$10 million in FY07. (NOTE: Brownfields are also funded within the Environmental Protection Agency with a different and larger pot of money, totaling around \$163 million for FY08)
- The Section 108 program is being zeroed out by the President, whereas it was previously funded at \$4 million in FY07.
- The RHED program is also being zeroed out. It was previously funded at \$17 million in FY07.