

**Opening Statement of the Honorable Marge Roukema  
Chair  
Subcommittee on Housing and Community Opportunity  
Committee on Financial Services**

**Subcommittee on Housing and Community Opportunity Hearing on  
“Review of the Community Development Block Grant Program”**

**Thursday, March 14, 2002**

---

Today’s hearing will focus on the Community Development Block Grant (CDBG) program. The CDBG program is the largest source of Federal community development assistance to State and local governments. This program provides communities with resources to undertake eligible housing, community development, economic development, and public services activities. The CDBG program was established to benefit low-and moderate-income persons, to eliminate or prevent slums and blight, or address a need that poses a threat to the health or safety of a community.

During the last few years, issues have been raised regarding the use and targeting of the CDBG funds. While the majority of CDBG funds are used to assist low-and moderate-income development and assistance, there have been instances where local governments have used CDBG funds for projects such as constructing tennis courts, swimming pools, renovating museums, new sports arenas and paving roads – projects that some feel are outside the stated mission of the CDBG program.

In addition, many have expressed concerns that Congress has increased the CDBG program’s total funding while directing a substantial and increasing amount of program funds to non-formula based activities -- activities that may not benefit the originally intended target of low- and moderate-income communities.

Furthermore, this year, the HUD budget proposes a legislative change that will alter the current distribution of CDBG formula funds to reduce the size of grants going to communities with per capita income two times the national average. The Administration believes that this will focus more funds on where they are needed most: the nation’s poorer neighborhoods, especially the colonias along the U.S. border with Mexico.

The Administration’s FY 2003 budget includes \$4.732 billion for CDBG. This represents an increase of \$95 million. Of the \$4.732 billion in FY 2003, \$4.436 billion will be distributed to entitlement communities, States and insular areas, and \$73 million will be distributed by a competition to Indian Tribes for the same uses and purposes.

The Administration also intends to submit legislation to fund grants to Insular areas into the formula block grant process. Currently, they are funded separately at about \$7 million. The Administration believes that this shift will give

the Insular areas certainty of funding in the future and would bring them in line with other CDBG entitlement communities.

We have asked our witnesses here today to comment on the Administration's proposal, and on HR 1191, the Community Development Block Grant Renewal Act. H.R. 1191, introduced by Congresswoman Carrie Meeks, would amend the CDBG statute to require grantees to spend at least 80% of their CDBG funds to directly benefit low- and moderate-income people, instead of the current 70% threshold. It would also require grantees to spend at least 40% of the CDBG funds to directly benefit low-income persons; and change the methodology used to determine the amount of CDBG funds that benefit low and moderate income people.

We look forward to hearing from each of our witnesses this morning and I will now turn to the Ranking Minority Member, Congressman Frank.