



**Testimony of**

**Hugh Grefe  
Senior Program Director of Toledo LISC  
Local Initiatives Support Corporation**

**Strengthening Ohio: A Review of the Community Development  
Block Grant Program**

**Before the**

**U.S. House of Representatives  
Committee on Financial Services  
Subcommittee on Housing and Community Opportunity**

**Congressman Bob Ney, Subcommittee Chairman**

**March 24, 2006**

# **Testimony of Hugh Grefe**

## **Local Initiatives Support Corporation**

### **Introduction**

My name is Hugh Grefe. I am the Senior Program Director for the Toledo office of the Local Initiatives Support Corporation. LISC is a national non-profit community development support organization working through our 34 local offices in over 100 cities and 80 rural communities across the United States. Each year we invest close to \$900 million dollars in low-income neighborhoods and rural areas. Since 1980 LISC has raised over \$6 billion in grants, loans and equity from supporters and invested it to generate over \$14 billion in community development. These funds have created over 160,000 homes and 25 million square feet of business and service facilities employing 60,000 people. LISC works through local nonprofit Community Development Corporations and other non-profit, community based development organizations. Our financing includes investments, loans, guarantees, and grants. Organizational assistance includes advice, training, management analysis, and operational support.

In Toledo I have been responsible for leading LISC's work in community development for almost 12 years, and previously was a senior executive at a local hospital serving Toledo's oldest and poorest neighborhoods. In Ohio LISC has local offices in three cities, Toledo, Cleveland (serving northern Ohio) and Cincinnati. We also work through our Rural LISC program partners with two rural non-profit developers, the Adams/Brown Counties Economic Opportunities, Inc. and with WSOS Community Action Agency.

### **Community Development and CDBG**

LISC's work with our non-profit development partners is structured around efficient and strategic use of public funds. One of the critical "building blocks" of community development is the Community Development Block Grant Program.

- In Toledo, Ohio a “weak market” city with a struggling economy and a continuing loss of population and loss of jobs, CDBG is a key resource. With few local private foundations, CDBG is the main source of operating and public investment funds for community development and human services organizations. Significant goals to build new neighborhoods around new schools and major, job-producing riverfront development must have CDBG investment to succeed. As an example, the Pontiac and Ontario Place development provides a wonderful study of broad-based neighborhood revitalization aided by the CDBG program. Forty new and rehabilitated rental homes for low-income families have been built within sight of the location of the new Chase Elementary School. The use of CDBG in Pontiac/Ontario attracted nearly \$3.5 million in new, private investment to the neighborhood.
  
- In Cincinnati, Ohio CDBG supports the infrastructure of community development corporations which are the backbone of neighborhood based development in the City. Working with our partner Cincinnati Housing Partners 18 blighting properties in the Carthage neighborhood have either been rehabilitated or newly constructed homes have been built and sold to working families creating equity for first-time homebuyers and hope for a neighborhood. The CDBG program was key to this neighborhood turnaround through its flexible uses in acquisition and infrastructure improvements.
  
- In Cleveland, Ohio CDBG funds have been an extremely important tool in strengthening community economic development activities. Funds are used to repair homes, provide operating support to CDC's, provide shelter and care for the homeless, repair neighborhood storefronts, and supportive care for those living with AIDS. In Cleveland, along with a LISC grant, CDBG funds were used to support the Spanish American Committee, Ohio's oldest Hispanic non-profit organization, to develop the only HUD certified bi-lingual housing counseling program in the City of

Cleveland to increase homeownership in the fast growing Hispanic community. This relatively new program has been amazingly successful in helping to increase homeownership among Cleveland's growing Hispanic community.

- In Rural Ohio, through our partner organizations Adams/Brown Counties Economic Opportunities, Inc (Adams and Brown counties) and WSOS Community Action Agency (Ottawa, Sandusky, Seneca and Wood Counties) affordable rental and homeownership housing is being built for low and moderate income families; senior citizen housing is in the planning stages; businesses are being assisted using critical job-producing strategies through micro enterprise development and IDA initiatives, childcare centers are being built; homeless are being assisted and more...all with the assistance of CDBG funds.

### **Building Blocks of Community Development**

Along with other specialized federal programs including the HOME program, the Section 8 Tenant Assistance program, and the Community Service Block Grant program, CDBG plays an extremely important role as one of the most flexible of all programs in the "tool box" created to support community revitalization and support. Among its strengths are the following:

- CDBG is the "venture capital of change" leveraging significant private capital into communities that have had difficulty attracting new investment.
- CDBG encourages local elected leaders to work with community-based and run organizations to set priorities for investments that produce results in difficult to develop areas.
- CDBG allows communities to take the "long view" and develop strategies to address the corrosive effects of decades of negative economic and social problems.

- Because it is flexible, CDBG can be carefully targeted in ways that enhance the effectiveness of more focused investments of HOME, Section 8 and other federal funds.
- Overall, CDBG allows local communities to develop and carry out neighborhood and community transformation plans that make the project or “transactional” work supported by HOME, Section 8 and other funds have more long term impact.

### **Community Development Block Grant Reform**

CDBG is a thirty year old program and it works. From LISC’s national perspective we have seen the benefit of the flexibility of the program in cities as diverse as Los Angeles, California and Duluth, Minnesota. In Rural America we have seen the usefulness of small cities grants funded by CDBG which help to jump-start the revitalization of a faltering Main Street or the acquisition of land in order to start a Self-Help homeownership program in a community that had not seen new construction in decades.

If reform is to happen to the CDBG program we urge Congress to include community-based stakeholders, both urban and rural, in this decision-making process. We understand that times are tough in Washington. Tough decisions must be made over competing priorities. CDBG works, it helps communities work. Deep cuts will strike at the very heart of communities reinventing themselves. Discussions concerning changes to the CDBG program or how the allocation formula is determined must not be kept within the Beltway but must be brought here, where we are, to be discussed.

I appreciate the opportunity to testify before this committee and am more than happy to answer any questions you may have.