

CDBG Hearing
U.S. House of Representatives
Subcommittee on Housing and Community Opportunity
March 24, 2006
Mt. Vernon, Ohio
Testimony of David E. Calhoun
Director of the City of Newark Department of Community Development

Good morning, Mr. Chairman and members of the House Subcommittee on Housing and Community Opportunity, I am David Calhoun, Director of the Newark Department of Community Development. On behalf of Mayor Bruce Bain, I appreciate the opportunity to address the importance of CDBG and the potential impact cuts will have in Newark, Ohio.

Our community of 46,279 (2000 U.S. Census) serves as the largest city in the 18th fastest growing county in Ohio. Newark also is the county seat and the location of all services in Licking County.

Newark is a community comprised of over 51% low to moderate income people. HUD categorizes us as an entitlement community. Our Five-Year Consolidated Plan guides our use of CDBG funds. Our identified high priority needs are the result of an intensive comprehensive assessment involving many facets of the community. My written testimony outlines the priorities in Newark.

High Priority Needs (not ranked in order of importance)

Housing rehabilitation for very low-income renters and homeowners
Rental assistance for very low and low-income renters
Lead based paint abatement
Emergency shelter for the homeless
Transitional housing for the homeless
Down payment assistance for very low first time homebuyers
Supportive services for homeless individuals
Energy efficiency improvements for very low and low-income owners
Code enforcement and property maintenance enforcement
Construction of affordable housing for very low and low income renters and owners
Handicapped access for very low, low, and moderate income renters and owners
Youth center
Health facility
Asbestos removal
Water and Sewer improvements
Sidewalks
Flood drain improvements
Handicapped services
Transportation services
Substance abuse services

Fair housing and landlord-tenant counseling
Employment training
Health services
Youth services
Senior services

Clearly, the cornerstone of the CDBG program is that it based on a needs assessment conducted at the local level. This is vital in developing and implementing a strategic plan. We at the local level can best assess the challenges facing our citizens and service providers. Too many federal and state programs have homogenized mandates that forces a square peg in a round hole in order to access funding. That has never been the case with CDBG and that characteristic is key to its effectiveness and value. Washington does not know the needs in Newark, Ohio. The flexibility inherent in the makeup of CDBG allows us to make effective use of federal dollars. CDBG is also results oriented. We have accountability as to how the funds are spent and how they impact our citizens.

In Newark, over half our housing stock is pre-World War Two. For many years our focus has been to preserve existing housing, assist in the development of affordable housing, and prevent homelessness. We also implement a lead hazard removal program so that we can save our older housing and prevent disabilities in children who are unknowingly are at risk due to lead paint.

Our major focus is to prevent homelessness and preserve the existing housing stock. We attempt to accomplish this goal through a variety of programs such as rehabilitating housing, providing emergency repairs, and assisting the local chapter of Habitat for Humanity. By leveraging our federal and state resources, we offer homeownership opportunities to low income persons and build new and safe housing stock for a segment of the population that is often forced to live in substandard, unsanitary, and unsafe environments.

Perhaps one of the most understated aspects of CDBG is the collaboration it encourages. We work with numerous social service agencies and non-profits in order to maximize resources that help people with a variety of needs. Together we can provide a greater impact because CDBG is present. Without it, many people will suffer and so will our community's overall ability to address major issues such as housing, economic development, and prevention of slum and blight.

Local governments, private non-profit entities and social service agencies cannot absorb further cuts in CDBG funding. The City of Newark just went through a layoff of city employees; area employers have also suffered tough economic times. The result is a reduction in tax revenue, which in turn impacts our municipality's ability to provide basic services and improve the long-term economic development of our community and the quality of life for its residents.

Removing set asides, such as the Brownfields Economic Redevelopment Initiative, Rural Housing, and Section 108 Loans and pushing them into CDBG will have a crippling impact. A forced combination as recommended by the President's plan essentially forces the elimination of vital programs nationwide.

In addition, the Administration's push for homeownership does not necessarily meet the needs of every community. Homeownership is not the best option for everyone. Frequently, low-income individuals do not have adequate resources to maintain a home. Limited means also results in limited choice of homes. Many need massive rehabilitation. Blindly leading someone down the path of homeownership can in the long run ruin someone financially who never should have been a homeowner.

An even larger problem is the increased rate of foreclosures and predatory lending practices. Ohio has a terrible rate of defaults. In Licking County the number of foreclosure filings increased by 549% between 1994 and 2004. That problem needs to be addressed with much more intensity than using an effort to tie CDBG bonus funding to increasing homeownership opportunities. Sustainability of homeownership is far more important than inflating the number of first time homebuyers.

Newark not Washington or Columbus develops its comprehensive multi year Consolidated Plan. The strategy to identify local needs, prioritize them, and implement programs to achieve measurable objectives and results make CDBG so important. Our niche for CDBG is largely focused on the prevention of homelessness and preserving the existing housing stock. Further cuts cannot be absorbed by any other means. The results of additional cuts will be to increase the volume of homelessness, further deterioration of our community, its infrastructure, and its ability to attract jobs, a reduction in the quality of life for residents, and a potential for an increase in crime.

I would like to touch on several important programs in Newark that will suffer if CDBG incurs more cuts. There is nothing to fill the gap for home rehabilitation for low to moderate-income folks. We help those who often don't have a voice. We help persons stay in their homes through our deferred low interest loan program. For over two decades, Newark's CDBG has helped the elderly and persons with disabilities live in sanitary and safe housing. We just completed emergency repairs to the home of a blind couple. As a result, they can maintain their independence and live in a safe environment. Without our intervention they could have faced homelessness.

The City has also established a CDBG partnership with Mound builders Guidance Center to develop a job-training program for persons with disabilities. This alliance results in people gaining employment. They in turn are contributing to the economic stability of our community, achieving a level of independence that is tied to being a wage earner, and also preventing homelessness because they can help put a roof over their own heads. Without CDBG, the community would not have the resources to implement such a creative endeavor.

Public services also play a key role in Newark's use of CDBG. For example, we were able to leverage funding with CDBG and Issue Two dollars from the State of Ohio for several major sanitary sewer projects. Approximately 450 homes were impacted. Where would the low-income residents of these homes go? CDBG provided people sanitary housing, improved the property values of their homes, and contributed to major upgrades in the city's infrastructure.

The ability to leverage funding cannot be overstated. Every dollar invested in CDBG has a multiple rate of return. The matches we provide for homeless prevention programs and infrastructure projects result in accessing thousands of additional dollars. Our local homeless prevention agency has obtained multi million dollar grants because the city of Newark has provided CDBG dollars as the local match.

We are currently in the second year of a five-year Consolidated Plan strategy. Our coordination with other community resources will be irreparably damaged if cuts are made. There is no other source of funding to make up the difference.

CDBG has endured a 15% cut over the past three years. The impact of those cuts in a precarious economy inflicts long-term damage to communities nationwide. Additional cuts, now mentioned at 27%, would be devastating to Newark.

Communities the size of Newark needed to be treated fairly when it comes to funding. Often there are factors beyond our control, which influence our ability to access federal and state dollars. It is important that small cities and rural areas are not ignored if any formula changes take place. Yes, large urban areas have needs but there are a lot of people and places in between New York, Washington, Chicago, and Los Angeles that also have needs and deserve representation and assistance.

CDBG has a thirty-year history of reaching out and delivering services to millions. Limited means should not result in limited opportunities for housing, jobs, and services. CDBG has helped in Newark assist members of the community who would otherwise fall through the cracks. It is a results oriented program with performance standards and accountability.

CDBG is not a handout; it is a helping hand. I hope the Congress and the Administration will not slap the hand but continue to extend it to the people of Newark.

Thank you for the opportunity to provide testimony before the House Subcommittee on Housing and Community Opportunity.