

Testimony before the Subcommittee on Housing and Community Opportunity
"Strengthening Rural Ohio: A Review of the Community Development Block Grant
Program"

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Cambridge, Ohio

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Thank you Chairman Ney and the Members of the Subcommittee for allowing me to testify today on the importance of the HUD Community Development Block Grant Program (CDBG) to our communities, and the need for continued stable funding for the program.

I am the Community Development Administrator for the City of Cincinnati and have held that position for approximately five years. In that time I have seen Cincinnati's annual CDBG allocation decrease 21% from \$17,343,000 in 2002 to less than \$13,742,000 in 2006. The substantial annual cuts in funding are increasingly making it difficult to administer effective programs to add new and sustain existing jobs, provide decent affordable housing in safe neighborhoods, and to offer needed public services for our citizens. In order to maintain effective programs please fund the CDBG formula program at a minimum of \$4.3 billion for 2007 and beyond.

We are very concerned about the President's proposed cuts in the FY 2007 budget proposal that would reduce overall CDBG program funding by 27% and would provide for dramatic changes in the funding formula. I understand HUD will be pursuing a new formula that would cut the CDBG allocation for Cincinnati by an additional 25%. If all these so called "reforms" are enacted as proposed, the City could see its CDBG allocation shrink from \$17,343,000 in 2002 to only \$7,523,000, or 43% of what was received just five years ago. Add in the effects of inflation and Cincinnati will be operating with only about a third of the resources the City recently received.

Like all cities, Cincinnati has a unique history. In 1880 Cincinnati was the sixth largest city in the country and had a solid industrial base. As the City matures, it finds itself landlocked and with one of the lowest homeownership rates in the nation at just 39%. As manufacturing is still a large part of the economy, many of the old factories and sites need serious brownfield remediation to be marketed and reused for new industry and jobs. Obsolete, old neighborhoods need new approaches and well designed infill redevelopment to meet the needs of existing citizens, to halt the exodus to sprawling suburbs, and to offer exciting and innovative alternatives to attract new residents into a mixed income and diverse environment.

While pursuing a number of redevelopment initiatives, our leadership currently is taking bold action to address the ongoing problem of vacated buildings. There are documented complaints on over 1,700 vacated buildings that contribute to blight, harbor illegal activities, and provide an incentive for disinvestment. The City is dramatically increasing fees and fines on negligent property owners. Our goal is to cut the number of vacated

structures and to motivate owners to immediately address safety issues and to rehabilitate and reuse their vacated building. The owner may also sell their building or donate it to the City and neighborhood-based redevelopment groups. CDBG funding is a key to this effort by enabling us to have ample resources to pursue all of these buildings in a reasonable time frame. When the transition of these blighted, vacated structures begins, CDBG will continue to be a strong element. CDBG funding will be utilized to demolish, clean up, and rebuild some sites or will leverage funding in the renovation of other structures. Our strong actions in dealing with vacated buildings will be a tremendous start to the revitalization of some of our most challenged areas.

But the proposed funding cuts and formula reallocations threaten new initiatives as well as our existing community redevelopment efforts. The 21% cut in funding we have experienced over the past 5 years has meant cuts in neighborhood programs and public services in all areas. Of significance, CDBG regulations generally limit expenditures of CDBG funding for public service activities to 15% of the grant including program income. As the CDBG program has been cut 21%, a corresponding cut has been made in public service activities, such as youth development programs or drug elimination activities. At the same time, CDBG funded programs are under increased scrutiny, and more reporting information is requested, increasing staff time. We have no issue with being held accountable for the expenditure of public funding, but we cannot continue to offer high quality programs that truly address the needs of our neighborhoods with significant annual cuts.

In order to maintain effective programs please fund the CDBG formula program at a minimum of \$4.3 billion for 2007 and beyond. We understand the periodic need to examine formulas to ensure they are fair, but for a city with a declining population base, large numbers of vacated buildings of which many are historically significant, numerous brownfield industrial sites, and extremely low homeownership rates, it does not seem plausible a cut of 25% is a reasonable adjustment. Ideally, formula funding could be increased to maintain funding to existing cities while boosting those that seem to have unmet needs. In today's budget environment that may seem unrealistic but to not reinvest in our neighborhoods and communities seems totally unrealistic.

Thank you for your consideration.