



**Sacramento
Housing &
Redevelopment
Agency**

March 1, 2005

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Supporting the Community Development Block Grant Program and Urging Congress to Restore its Funding

LOCATION & COUNCIL DISTRICT - Citywide

RECOMMENDATION

Supporting the Community Development Block Grant Program and Urging Congress to Restore its Funding

CONTACT PERSONS

Cassandra Jennings, Deputy Executive Director, 440-1312
Sarah Hansen, Community Development Block Grant Manager, 330-1322

FOR COUNCIL MEETING OF - March 1, 2005

SUMMARY

The proposed FY 2006 federal budget seeks to eliminate the Community Development Block Grant Program. Such elimination would reduce the City budget by \$6.6 million and eliminate many services to the homeless, elderly and youth. This reduction will also eliminate or reduce funding to infrastructure and public facility improvements, housing preservation and homeownership programs, commercial revitalization, and public services to the low- and moderate-income people of the City of Sacramento.

BACKGROUND

The President's Fiscal Year (FY) 2006 budget proposes the ***complete elimination*** of the Community Development Block Grant (CDBG) Program. The President's proposed budget consolidates CDBG plus 17 other federal programs under the Department of Commerce's Strengthening America's Communities Grant Program with reduced funding. The proposed program focuses on economic development and it is uncertain if

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the City of Sacramento will qualify for the new program.

On February 22, 2005, staff presented the impact of the proposed elimination of the CDBG program. The mayor and council urged staff to return with a staff report and resolution seeking the Council's support in requesting the restoration of CDBG funding. At this time, staff is requesting assistance from the City Council to approve the attached resolution to call on the U.S. Congress (Congress) to preserve the CDBG Program within the Department of Housing and Urban Development and provide a FY 2006 funding of at least \$4.7 billion overall, with no less than \$4.35 billion in *formula funding*.

FINANCIAL CONSIDERATIONS

The proposed elimination of CDBG funds will drastically reduce the City of Sacramento's budget by \$6.6 million. There are many projects and programs currently underway in our communities which will be eliminated or not completed without the continuing allocation of CDBG funds.

POLICY CONSIDERATIONS

No action is required and no policy changes are being recommended.

ENVIRONMENTAL REVIEW

The proposed action is a policy matter and is not subject to environmental review.

M/WBE CONSIDERATIONS

The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully submitted,


ANNE M. MOORE
Executive Director

Transmittal approved,


ROBERT P. THOMAS
City Manager

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RESOLUTION NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

**SUPPORTING THE COMMUNITY DEVELOPMENT PROGRAM
AND URGING CONGRESS TO RESTORE ITS FUNDING**

WHEREAS, the Community Development Block Grant (CDBG) program was enacted, and signed into law by President Gerald Ford, as the centerpiece of the Housing and Community Development Act of 1974; and

WHEREAS, the CDBG program has as its primary objective "... the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income;" and

WHEREAS, the CDBG program has considerable flexibility to allow communities to carry out activities that are tailored to their unique affordable housing and neighborhood revitalization needs; and

WHEREAS, throughout its 30-year history, the CDBG program has been a partnership among the federal, state and local governments, business, and the nonprofit sector which carry out activities that improve the lives and neighborhoods of low and moderate income families; and

WHEREAS, according to the Department of Housing and Urban Development (HUD), in FY 2004 CDBG provided funds for thousands of activities, assisting over 23 million persons and households through such activities as expanding homeownership activities, eliminating slums and blighting influences, improving infrastructure such as roads, water and sewer systems, libraries, community centers, adult day care and after school care for children, homeless housing facilities, employment training, transportation services, crime awareness, and business and job creation; and

WHEREAS, the City of Sacramento uses CDBG funds in the amount of \$6.6 million annually to provide infrastructure and public facility improvements, housing preservation and homeownership, commercial revitalization, and public services to the low- and moderate-income people of the City of Sacramento; and

WHEREAS, the President's FY 2006 budget proposes to completely eliminate the CDBG program; and

FOR CITY CLERK USE ONLY

(3)

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, should such a proposal be enacted, it would have a devastating effect on the City of Sacramento CDBG program by the elimination of funding to provide infrastructure and public facility improvements, housing preservation and homeownership, commercial revitalization, and public services to the low- and moderate-income people of the City of Sacramento;

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

that the City of Sacramento hereby calls on the Congress to preserve the Community Development Block Grant (CDBG) Program within the Department of Housing and Urban Development and provide a FY 2006 funding of at least \$4.7 billion overall, with no less than \$4.35 billion in *formula funding*.

MAYOR

ATTEST:

CITY CLERK

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(4)

RESOLUTION NO.: _____

DATE ADOPTED: _____