Testimony to the Sub- Committee on Housing & Community Opportunity
Wednesday, April 12, 2006
9:00 A.M.
California Science Center
Los Angeles, California
Submitted By:
Marva Smith Battle-Bey
President
Vermont Slauson Economic Development Corporation
Los Angeles, California

Saving CDBG <u>again</u>- is extremely important to the work of VSEDC and to all the CDCs who are involved in the revitalization of their neighborhoods. The uses have been detailed. The effect of eliminating the Community Development Block Grant (CDBG), this year, which funds affordable housing, day care centers, shelters, senior centers, and more, is obvious and quantifiable

From a community user point of view this money is hard to acquire but worth it because it is flexible by design. One must defend its flexibility. As a community builder that is important. Gang prevention is crucial in LA; in Muskegon Michigan it may not be. There are IN ADDITION needs in my neighborhood that do not exist in other parts of LA

The flexibility of the current program is a key component of its success in revitalizing older neighborhoods. "CDBG has played a critical role in rejuvenating distressed neighborhoods and alleviating economic decline in all types of communities.   However, CDBG is not just a jobs creator or economic development incubator, it is also a catalyst for new public infrastructure."

The private sector has not historically gone it alone in south LA. This money is a catalyst for investment dollars and data suggests it is leveraged 3 to 1 (OMB WATCH)

Congress should fully fund CDBG formula grants at current levels and I raise three concerns with the Administration. The proposal would drastically reduce community development funding that cannot be replaced; alter eligibility requirements to the disadvantage of some low- and moderate-income communities; and, most importantly, narrow the mission of the program, which would reduce its flexibility and effectiveness.

Zeroing out 140 programs is one thing—but the poor are disproportionately affected. To lose OCS and to have CDBG attenuated has human consequences in addition to sticks and bricks

The proposed cuts affect everybody but hurt some more than others. A reduction disproportionately hurts south LA because of the need and the scale that is required to make projects meaningful. My supermarket and chesterfield square use a lot of CDBG 108 dollars that are already scarce. A cut means these projects don't get completed—and neither does façade improvement, senior projects and other uses already called out by the local administrators of the pass through dollars

One idea beyond blocking the cuts is changing the way the dollars are used--because only 70% of CDBG funds have to benefit low or moderate-income people, and because all of the funding could benefit moderate-income people, many of the lowest income households never benefit from the program. Advocates can organize at the local level to get 100% of a jurisdiction's CDBG to be used for activities that benefit lower income people, and can strive to have more used to benefit extremely low income people.

Advocates at the community level see advocacy differently than the other speakers on the dais. They need to use the public participation process to organize and advocate for more CDBG dollars for the kinds of projects they really want in their neighborhoods, and then monitor how these funds are actually spent. To do this, however, one must obtain and study the jurisdiction's Annual Action Plan (which lists exactly how a jurisdiction plans to spend CDBG funds in the upcoming year), as well as the Grantee Performance Report (C04PR03) which lists exactly how CDBG money was spent the previous year.

In LA one might say we need more money for economic development in general—and in particular we need more to support the current use of CDBG money. For example the City spends only 2 million dollars on technical assistance to small business but the data shows the economic engine is still business under 50 employees. We need to spend more on economic development.