



May 12, 2017

The Honorable Jim Cooper, Chair
Assembly Budget Subcommittee #4 CA State Assembly
State Capitol Building, Room 6025
Sacramento, CA 95814
VIA FAX: 916-319-2109

RE: CDBG Trailer Bill Language (RN 17 13279) - Notice of Opposition

Dear Chairman Cooper:

Amador County is opposed to the proposed trailer bill language sponsored by the Department of Housing and Community Development (HCD) that proposes major changes to the CDBG program. The changes have been portrayed as "streamlining" to make the program more efficient. In fact, they would do nothing to improve the State's expenditure rate.

Amador County has regularly participated in the CDBG program since 1983. We have used CDBG for a number of water and sewer projects, small business loans, housing rehabilitation, community facilities, public services and a number of planning grants that resulted in additional infrastructure construction. Most of these could be eliminated under HCD's proposal.

The proposed budget trailer bill would restrict the activities allowed, cut the economic development allocation in half (and eliminate it in any year where the State receives less than \$25,000,000) and allow the State to require grantees to repay all program income from business and housing loan repayments instead of being able to use it on the local level.

The proposed bill will in fact do little to improve efficiency. In public meetings CDBG staff has stated that the workload is determined by the number of contracts and the number of activities, *not the type*. Their own data shows that the very activities that they want to cut, like economic development and public services, actually improve the expenditure rate. The activities that they propose to keep, housing and infrastructure, make the expenditure rate worse. So absolutely nothing is gained in terms of contract administration which is the bulk of CDBG's staff time.

The trailer bill will limit grantees choices to housing and some infrastructure. Since some jurisdictions are not competitive for these activities, grantees like Amador County could be left out altogether.

HCD has very cynically circumvented the public process, supposedly ongoing, in which possible realignment options are being discussed. At recent public meetings all the proposed options, particularly those restricting the type of activities, were criticized.

The proposed changes to Program Income and economic development were never even mentioned as possible changes to the regulations. With this budget trailer bill, HCD has demonstrated that it is just giving lip service to the public process.

Instead of redesigning the program, what will actually increase efficiency is to improve day to day management of the program.

Trained staff is essential for the CDBG program. In recent years there has been an exodus of experienced staff both because of the so called “functional alignment” and because of micromanagement within the program. On a day to day basis, CDBG does not merely implement the State and federal regulations as written, but continues to layer on additional requirements that drastically affect work flow. Routine approvals must be made by the field representative, the manager *and* the Section Chief.

The grantee management manual is eight years out of date, forms conflict with the manual and each other and CDBG staff don't know what rules and procedures to follow. Until a couple of months ago, there had been no comprehensive training for either grantees or staff in eight years. The upper management of HCD has failed to adequately address these problems despite employee grievances, scathing public surveys and years of grantee complaints. This is the cause of California's expenditure rate being the slowest in the nation. What is being proposed will do nothing to fix it.

Before the State legislature allows HCD to restrict the ability of cities and counties to address serious local needs, the legislature should require HCD to prove that their proposal has met public review requirements, *and that their proposal responds to those comments*. In addition, they should be required to produce data that clearly demonstrates that their proposal will actually work.

Amador County Opposes this Trailer Bill Proposal. Thank you for your consideration.

Richard M. Forster
Chairman, Amador County Board of Supervisors

cc: Members, Assembly Budget Subcommittee #4
Members, Senate Budget Subcommittee #4
Assemblyman 5th District Frank Bigelow Senator 8th District Tom Berryhill
Charles Anderson, League of California Cities, canderson@cacities.org Meg
Desmond, League of California Cities, mdesmond@cacities.org
Ben Metcalf, Director of HCD, bmetcalf@had.cs.us

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Fwd: Action ALERT: Budget Bill threatens CDBG Funds for Economic Development; Small Cities Highly Impacted-Call Your Legislators

Tuesday, May 2, 2017 3:52 PM

From: "Jeff Gardner" <JGARDNER@cityofplymouth.org>
 To: "Terry Cox" <cox_consulting@sbcglobal.net>

Raw Message Printable View

3 Files	284KB	Download All
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Oppose CDBG Econdev	CDBG Budget Trailer	CDBG Budget Trailer
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These aren't funds we go after correct?

>>> Nicholas Romo <nromo@cacities.org> 5/2/2017 12:27 PM >>>

ALERT: Budget Bill threatens CDBG Funds for Economic Development; Small Cities Highly Impacted
OPPOSE

To: Non-Entitlement Cities (Community Development Block Grant; Pop. < 50,000)

Background:

The Department of Housing and Community Development (HCD) is proposing to reduce the CDBG economic development set aside by removing language that requires them to fund economic development for some of California's most needy communities. *In a nutshell*, this proposal cuts the longstanding share of CDGB economic development funds in half (from 30% to 15%) and eliminates it entirely if total funding falls below \$25 million.

Action and Talking Points:

- **Call all your State Legislators** to Express Opposition to this Proposal. Tell them how important these funds are to your community.
 - HCD is pushing this without any engagement with impacted cities, economic development specialist, or community leaders--All who know the value of these funds.
 - The CDBG program has been and continues to be a significant source of economic and community development support for some of California's most needy populations.
- **Write your State Legislators:** Sample Letter Attached.

Bill Language: HCD CDBG Budget Trailer Bill: Reducing Economic Development Funds

We are working with the California Association of Local Economic Development (CALED) on this matter. Attached is their Oppose Letter.

Upcoming Hearings: Assembly and Senate Budget Committees
Assembly Budget Sub 4: Today (May 2) 1:30 P.M. - STATE CAPITOL ROOM 447
http://abgt.assembly.ca.gov/sites/abgt.assembly.ca.gov/files/Sub_4_May_2_revised.pdf
 (page 22)

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Caballero, Anna	30	D	5158	916 319 2030	916 319 2130
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651-1797, Heather White - 651-1782. Phone: (916) 651-4031.					
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Roth, Richard (Chair)	31	D	4034	916 651 4031	916 651 4931



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