



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 12, 2007

H.R. 1515

A bill to amend the Housing and Community Development Act of 1974 to treat certain communities as metropolitan cities for purposes of the community development block grant program

As ordered reported by the House Committee on Financial Services on March 29, 2007

H.R. 1515 would define the cities of Alton and Granite City in Illinois as metropolitan cities for the purpose of allocating funds within the Community Development Block Grant (CDBG) program. The CDBG program provides grants to over 1,100 states and local governments for various community development projects, including local housing, neighborhood revitalization, public services, and infrastructure needs. CBO estimates that enacting H.R. 1515 would have no significant impact on the federal budget.

H.R. 1515 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. The bill would likely benefit the cities of Alton and Granite City, Illinois, by classifying them as metropolitan cities under the CDBG program. The change in classification would result in a reallocation of funds that all metropolitan cities receive from the program. The costs of any requirements tied to these grants would be incurred voluntarily.

Under current law, about 70 percent of the funds appropriated to the CDBG program (about \$2.6 billion in 2007) are allocated to central cities of Metropolitan Statistical Areas, cities with populations of at least 50,000, and urban counties with a population of at least 200,000 (excluding the population of metropolitan cities located within the county). In the CDBG program, such areas are known as entitlement communities and receive a portion of appropriated funds based on population, housing stock, and the extent of poverty.

The remaining 30 percent of funds appropriated to the CDBG program are allocated to local governments that do not qualify as entitlement communities based on state-determined criteria. In 2007, the states will receive about \$1.1 billion for this purpose, \$33 million of which is allocated to Illinois.

H.R. 1515 would reclassify Alton and Granite City as entitlement communities within the CDBG program. CBO expects this reclassification could cause the funding those cities receive to change by up to several hundred thousand dollars in any year, depending how Illinois decides to allocate its CDBG funding. As such, CBO estimates that implementing this bill would have no significant cost to the federal government over the next five years. Any additional costs to the program resulting from this legislation would be subject to the availability of appropriations.

The CBO staff contact for this estimate is Daniel Hoople. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.