

AMENDING THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974  
TO TREAT CERTAIN COMMUNITIES AS METROPOLITAN CITIES FOR PUR-  
POSES OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

APRIL 16, 2007.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

Mr. FRANK of Massachusetts, from the Committee on Financial  
Services, submitted the following

R E P O R T

[To accompany H.R. 1515]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 1515) 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, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

H.R. 1515 amends the Housing and Community Development Act of 1974 to designate Alton and Granite City Illinois, as metropoli-

tan cities, thus restoring their eligibility as entitlement communities for Community Development Block Grant funds.

#### BACKGROUND AND NEED FOR LEGISLATION

The Community Development Block Grant program was established under Title I of the Housing and Community Development Act of 1974. Primarily designed to help families with low- or moderate-incomes, the program distributes grant funds through a formula which allocates 70 percent directly to metropolitan city and urban county entitlement communities and 30 percent to States to be used in non-entitlement areas. Metropolitan cities are defined as having a population of at least 50,000 or being a city which is the "principal city" or such an area as defined by the Office of Management and Budget. Urban counties are defined as a county within a metropolitan area authorized by the State to undertake community development activities that has a population of at least 200,000.

Both Alton and Granite City were previously eligible under the Office of Management and Budget's "central city" definition. However, in 2003 the Office of Management and Budget adopted new standards for the definition of Metropolitan Statistical Areas to reflect the 2000 Census data. As result, the Office of Management and Budget created the designation of "principal cities" as communities with a minimum population of 50,000. Neither Alton nor Granite City meet this new population threshold.

Other communities which otherwise would have lost their entitlement status based on the Office of Management and Budget's new population threshold were grandfathered-in based on their classification as metropolitan cities for the previous two years. However, for the years preceding the Office of Management and Budget designation change, Alton and Granite City deferred their entitlement status to surrounding Madison County, the population of which had fallen below the threshold of 200,000. This deferment inadvertently caused both communities to lose their entitlement status which otherwise would have been preserved by the statute.

#### HEARINGS

No hearings were held on H.R. 1515 in the 110th Congress.

#### COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on March 28, 2007, and ordered H.R. 1515 reported by a voice vote.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken with in conjunction with the consideration of this legislation. A motion by Mr. Frank to report the bill to the House with a favorable recommendation was agreed to by a voice vote.

## COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee has held hearings and made findings that are reflected in this report.

## PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

H.R. 1515 designates Alton and Granite City Illinois, as metropolitan cities, thus restoring their eligibility as entitlement communities for Community Development Block Grant funds.

## NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act.

## COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

APRIL 12, 2007.

Hon. BARNEY FRANK,  
*Chairman, Committee on Financial Services,*  
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for 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.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Daniel Hoople.

Sincerely,

PETER R. ORSZAG.

Enclosure.

*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*

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.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

## ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

## CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

## APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

## EARMARK IDENTIFICATION

H.R. 1515 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

## SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Section 1. Metropolitan Cities*

Amends the Housing and Community Development Act of 1974 to designate Alton and Granite City, Illinois as metropolitan cities for the purposes of the Community Development Block Grant program.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

**SECTION 102 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974**

## DEFINITIONS

SEC. 102. (a) As used in this title—

(1) \* \* \*

\* \* \* \* \*

(4) The term “metropolitan city” means (A) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (B) any other city, within a metropolitan area, which has a population of fifty thousand or more. Any city that was classified as a metropolitan city for at least 2 years pursuant to the first sentence of this paragraph shall remain classified as a metro-

politan city. Any unit of general local government that becomes eligible to be classified as a metropolitan city, and was not classified as a metropolitan city in the immediately preceding fiscal year, may, upon submission of written notification to the Secretary, defer its classification as a metropolitan city for all purposes under this title, if it elects to have its population included in an urban county under subsection (d). Notwithstanding the second sentence of this paragraph, a city may elect not to retain its classification as a metropolitan city. Any city classified as a metropolitan city pursuant to this paragraph, and that no longer qualifies as a metropolitan city in a fiscal year beginning after fiscal year 1989, shall retain its classification as a metropolitan city for such fiscal year and the succeeding fiscal year, except that in such succeeding fiscal year (A) the amount of the grant to such city shall be 50 percent of the amount calculated under section 106(b); and (B) the remaining 50 percent shall be added to the amount allocated under section 106(d) to the State in which the city is located and the city shall be eligible in such succeeding fiscal year to receive a distribution from the State allocation under section 106(d) as increased by this sentence. Any unit of general local government that was classified as a metropolitan city in any fiscal year, may, upon submission of written notification to the Secretary, relinquish such classification for all purposes under this title if it elects to have its population included with the population of a county for purposes of qualifying for assistance (for such following fiscal year) under section 106 as an urban county under paragraph (6)(D). Any metropolitan city that elects to relinquish its classification under the preceding sentence and whose port authority shipped at least 35,000,000 tons of cargo in 1988, of which iron ore made up at least half, shall not receive, in any fiscal year, a total amount of assistance under section 106 from the urban county recipient that is less than the city would have received if it had not relinquished the classification under the preceding sentence. *Notwithstanding any other provision of this paragraph, with respect to any fiscal year beginning after the date of the enactment of this sentence, the cities of Alton and Granite City, Illinois, shall be considered metropolitan cities for purposes of this title.*

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