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November 18, 2014

The Honorable Julian Castro  
Secretary, U.S. Department of Housing and Urban Development  
451 7th St., S.W.  
Washington, D.C. 20410

Dear Secretary Castro,

I'm writing to urge you to address eligibility criteria for the state administered portion of the Community Development Block Grant Program (CDBG).

As you know, earlier this year HUD moved from using 2000 U.S. Census Bureau (Census) data to the 2006-2010 American Community Survey (ACS) data when determining which non-entitlement communities meet the 51% threshold for low- and moderate-income (LMI) populations. LMI data is used to determine eligibility for the State portion of the CDBG program.

I have strong concerns that this data is producing inaccurate results. Multiple cities in Southwest Washington who previously qualified lost eligibility because according to the new LMI data they are suddenly too wealthy to qualify, including three communities — Pe Ell, Toledo, and Vader — that are located in a county with the second highest unemployment rate in Washington state. Lewis County's unemployment rate of 8.3% is significantly higher than the 5.9% national average and proves we have not recovered nearly as quickly as other parts of the United States.

It is widely acknowledged there are accuracy challenges with ACS data in small, rural communities. The ACS uses sampling, and by nature does not capture data from everyone in the community. In smaller communities, this can produce skewed results with large margins for error. For example, according to LMI data, Vader's low- and moderate-income population decreased 21.8%, from 55.8% to 34%, which should be noticeable if it was true. In this particular case, Vader conducted an independent income survey which provided accurate data that will allow them to maintain their eligibility. It is important to note this survey, based on 2013 data, found the median household income in Vader is \$28,000. This is much lower than the \$42,650 median household income produced by the ACS. Unfortunately, many other areas cannot afford their own surveys and must live with the flawed outcome of the LMI data.

I understand and appreciate the Census Bureau beginning to oversample communities with smaller populations in hopes of achieving more accurate results. However, those numbers will not be included in HUD calculations of LMI populations until 2017. That will not help communities who currently do not have access to CDBG.

I would like to take this opportunity to invite you to Southwest Washington to visit Pe Ell, Toledo, Vader and other affected towns to see firsthand the discrepancy in the data being used to represent these communities. It would be my pleasure to host you and work together toward a solution that better serves the mission of the CDBG program.

Sincerely,



Jaime Herrera Beutler  
Member of Congress