



Comments of the National Demolition Association

to the

House Committee on Financial Services

June 16, 2021

Hearing on: “Flexible Federal Funding: Examining the
Community Development Block Grant Program and Its Impact
on Addressing Local Challenges”

NDA Comments

“Flexible Federal Funding: Examining the Community Development Block Grant Program and Its Impact on Addressing Local Challenges”

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The National Demolition Association (NDA) would like to thank the House Committee on Financial Service for the opportunity to provide written comments regarding the hearing titled “Flexible Federal Funding: Examining the Community Development Block Grant Program and Its Impact on Addressing Local Challenges” on June 16, 2021.

The National Demolition Association (NDA) represents nearly 500 U.S. and Canadian companies that offer standard demolition services as well as a full range of demolition-related services and products. NDA educates members on the latest advances in equipment and services, provides educational programs and tools to stay abreast of regulatory and safety matters and keeps regulators informed about issues in our industry. NDA also increases public awareness of the economic and societal benefits of demolition.

On behalf of NDA members, I am writing today to bring to the Committee’s attention an issue which threatens the competitiveness of the demolition industry and the safety of our citizens. Specifically, NDA wishes to express concerns regarding the use of Community Development Block Grant (CDBG) Program funding by state and local governments to acquire demolition equipment for the purposes of establishing in-house demolition programs.

The CDBG Program provides annual grants on a formula basis to states, cities, and counties to help strengthen urban communities by providing housing and a suitable living environment for low-to-moderate income neighborhoods. The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended 42 U.S.C. 5301 et seq.¹

In recent years, local governments have begun utilizing CDBG funding from the Department of Housing and Urban Development (HUD) to lease construction equipment in order to carry out their own demolition projects.² Purchasing demolition equipment with CDBG funds is currently listed as an ineligible activity under 24 CFR § 570.207.³ However, state and local governments are getting around this prohibition by exploiting a provision in the law that allows CDBG recipients to lease construction equipment and then utilize it for demolition purposes.

NDA believes this practice violates the intent of long-established HUD procurement principles which call for CDBG recipients to pursue a competitive, open and local procurement process when utilizing federal funds. Further, Congress should consider the public safety implications that come with operating demolition equipment and tearing down hazardous structures. Demolition is a sophisticated craft performed by highly skilled professionals who ensure projects

¹ https://www.hud.gov/program_offices/comm_planning/cdbg

² <https://www.tapinto.net/towns/paterson/sections/economic-development/articles/innovative-effort-by-paterson-fire-department-finally-puts-demolition-equipment-to-work>

³ <https://www.law.cornell.edu/cfr/text/24/570.207>

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are safely completed with minimal risks to workers, the public and the environment. Private demolition contractors spend countless hours and financial resources to train their employees to meet the highest safety standards when on the job. Municipal employees who will be performing these demolition projects do not possess the same level of experience, expertise or training as private contractors.

NDA has long-supported the CDBG program and believes it serves a critical purpose in rehabilitating and reviving communities that have experienced devastating natural disasters, economic distress and other unexpected hardships. However, NDA believes reforms are needed at the federal level to ensure that CDBG recipients are pursuing a fair, open, and competitive bidding process for demolition projects when utilizing federal funds.

To this end, NDA urges both the House Committee on Financial Services and Biden administration to enact legislative and regulatory measures which would require all entities that receive federal funding for demolition projects, including state and local governments, to solicit competitive bids from private contractors.

Thank you for the opportunity to provide comment on this critical issue. For any questions, please contact NDA’s Director of Government Affairs Kevin McKenney at kmckenney@demolitionassociation.com or 202-367-2480.