



# COSCD A Federal Funding Priorities For Fiscal Year 2019

The Council of State Community Development Agencies (COSCD A) is a forty-four year old advocacy organization. COSCD A represents state community development and housing agencies responsible for administering key Department of Housing and Urban Development (HUD) infrastructure programs, including the Community Development Block Grant (CDBG) program, the HOME Investment Partnerships (HOME) program, the Housing Trust Fund (HTF) and the McKinney-Vento Homeless Assistance Programs. These programs meet critical housing and community development needs and have played a major role in the transformation of both urban and rural neighborhoods in all fifty states since their inception.

Since its inception, COSCD A has advocated a state and federal government partnership in the administration of community development programs. It is COSCD A's foundational premise that a collaborative approach between states, local and the federal government is vital to the effective administration of these core infrastructure programs and ultimately to the vitality of communities across this nation. COSCD A members are united behind the premise that there must be a balance that protects traditional state authority, allowing states to continue focusing on state-driven priorities and maintaining maximum flexibility to meet the needs of cities and towns large and small in every state. It continues to be documented that this threefold partnership (state, local and federal) has resulted in stronger communities.

COSCD A is committed to consistent, sustaining resources to be provided to communities to design and implement local community development projects and programs to improve neighborhoods. Combined with the substantial leveraging that these funds generate on an annual basis, continued federal investment of adequate resources through HUD's community development infrastructure programs will continue to result in powerful impacts on individuals and community well-being by supporting economic growth, housing production and preservation, education, employability, community health, and job creation.

These programs also allow jurisdictions to partner with non-profit organizations, local contractors and for-profit entities to deliver activities that meet the unmet needs faced by their citizens in cities and towns. The programs have demonstrated success. These programs also allow jurisdictions to partner with non-profit organizations, local contractors and for-profit entities to deliver activities that meet the unmet needs faced by their citizens in cities and towns – real people who have real needs.

CDBG is an important investment tool for communities and neighborhoods. CDBG leverages other funds. For every \$1.00 of CDBG investment, another \$4.09 in private and public dollars is leveraged. Additionally, Between FY05-FY17, CDBG created/retained 401,992 economic development related jobs. CDBG provides crucial public improvements to communities. Between FY05-FY17, CDBG public improvements directly benefitted over 45 million low- and moderate-income people nationwide. These public improvements included senior centers, child care centers, group homes for persons with disabilities, shelters for victims of domestic violence and homeless veterans, health clinics providing vaccinations and dental care to low-income children, sanitary water and sewer systems, safe streets, and improved drainage systems. As a result of severe funding cuts to CDBG, local communities have been forced to

decrease or stop programs that assist low-income persons, including seniors, people with disabilities, families with children.

Since 1992, HOME has created and preserved housing for low-income families in every state, territory, and congressional district in the country. The HOME program has created more than 1.2 million affordable homes. HOME funds are a vital source of financing for numerous affordable housing developments—many of which would not be possible without HOME. HOME flexibly works with many critical federal housing programs, making it financially feasible to build and sustain housing for persons experiencing homelessness, seniors, veterans, and persons with disabilities. HOME funds provided essential gap financing in more than a quarter of Housing Credit developments targeted to addressing homelessness from 2003 to 2013.

The programs funded through the Homeless Assistance Grants account play an important role in achieving this goal and contributed to the decrease in veteran homelessness by 46 percent since 2010.

This past year has been fraught with uncertainty, both with the Administration and Congress. The partisan polarization has limited the ability for both sides of the aisle to work together to provide stable funding to run the government effectively. The climate has been one of severe reduction in resources from the federal government. COSCDA continues working together with all members of Congress, Administration officials and infrastructure program partners to further build on the success of these fundamental community development building blocks. Despite the many pressures on funding for domestic discretionary programs, and the unpredictability of Congressional priorities, for Fiscal Year 2019, COSCDA strongly urges the Congress and the Administration to reverse the decline in funding for these critical, proven programs and adequately provide for the needs of our most vulnerable citizens.

# COMMUNITY DEVELOPMENT PRIORITY

## CDBG FUNDING LEVEL

**COSCD A supports \$3.3 billion in funding for the Community Development Block Grant (CDBG) program.** COSCDA opposes any mandated set-asides of CDBG funding that would reduce the formula allocation to states.

## CDBG PROGRAM OVERVIEW

The Community Development Block Grant Program is the cornerstone of states' efforts to address the economic and community development needs of towns and rural areas. The federal appropriation is split between large entitlement communities, which receive 70 percent of the appropriation and states, which receive only 30 percent. Governors and state policy makers use CDBG as a flexible source of federal assistance to address a wide array of rural community development needs that stabilize and grow communities. States spend slightly more than half their CDBG funds on public infrastructure, projects that repair and replace public water and sewer systems, repair and upgrade roads, and provide public facilities that supply vital services in neglected communities across the nation. States also use CDBG for economic development activities that create and retain jobs that ultimately improve the quality of life for low- and moderate-income persons. Housing rehabilitation is also among the many additional activities undertaken through the CDBG program, as are public improvements such as senior centers, construction and support of rural health care facilities, support for food banks and making buildings accessible for persons with physical disabilities, and through public services such as employment and training, fair housing and mental health services. Created under the Reagan Administration, the State CDBG program continues to be a successful model for federalism at its best.

## CDBG ADVOCACY PRIORITY

- **Restore Adequate Funding to the CDBG Program**

**COSCD A urges Congress to increase funding for the CDBG program to \$3.3 billion.** For 36 years, states have successfully used CDBG funds to meet locally prioritized needs. However, due to budget cuts and sequestration, CDBG was funded in FY2017 at \$3 billion, a significant decrease from the FY2010 level of \$4 billion. Any further reduction in CDBG funding would severely slow down or eliminate thousands of local and state projects and programs that are directly contributing to local and regional recovery. COSCDA urges Congress to increase CDBG funding to \$3.3 billion to create jobs and help meet the needs of low- and moderate-income communities.

One essential community need is infrastructure. Our nation is beset with crumbling and aging infrastructure. Every community needs infrastructure in order to flourish. The CDBG program is an infrastructure program. It is an effective conduit to funnel resources to help rebuild and invest in our nation's communities. States and local governments use CDBG for a variety of traditional infrastructure activities, including roads and bridges, drinking water systems, sanitary sewer systems, safe streets and sidewalks (curb, gutter, and street pavement), installation of utilities, improved drainage systems to prevent flooding and installation or reconstruction of public improvements to support affordable housing developments.

Because of the massive cuts to the program since FY2010 - a 25% reduction - local and state agencies and their non-profit partners have had to lay-off staff; infrastructure projects were stopped in their tracks; services have been reduced or eliminated; job-creating economic development projects were cancelled; and affordable housing was curtailed. But most importantly, the low- and moderate-income families served by the program saw huge reductions in program benefits at the community level. Some families take advantage of CDBG for funds to rehabilitate their homes, or as start-up funds for creating small businesses. Other families utilize the program for food assistance through local food banks, utility assistance, day care assistance, and even health care assistance through locally-funded health clinics. Cuts to CDBG can therefore significantly affect their daily lives. These continue to be the faces of America struggling even as this economy recovers.

# HOUSING PRIORITIES

## HOME FUNDING LEVEL

**COSFDA strongly supports an increase in the funding level of this successful program to at least \$1.5 billion in FY2019.** COSFDA also opposes legislatively mandated set-asides in the HOME Program for special initiatives or projects.

## HOME PROGRAM OVERVIEW

The HOME Investment Partnerships Program is the largest Federal block grant to state and local governments designed exclusively to expand the supply of affordable housing for low-income households.

Since 1992, HOME produced or rehabilitated over 1.2 million units of affordable housing and assisted more than 300,000 low-income families with rental assistance. The program provides much flexibility to states and localities in determining how HOME funds can be spent to meet communities' needs and priorities, allowing them to serve the whole spectrum of need, from homeless to ownership to disaster recovery, from urban to rural areas, and all low-income populations, including families with children, the elderly, and persons with special needs.

## HOME PROGRAM ADVOCACY PRIORITY

- **Restore Adequate Funding to the HOME Program**

In FY2017, the HOME program received \$950 million, which represents almost a 50% decrease from FY2010 when the program received \$1.8 billion, a few short years ago. **COSFDA urges Congress to recognize the Program's strong track record of success in creating more than one million housing units and in assisting more than 300,000 low-income families with rental assistance.** \$32 billion in HOME funds have attracted more than \$136 billion in additional public and private resources. Congress has addressed previously identified programmatic deficiencies legislatively and HUD has, in addition, attempted to address these issues by issuing new regulations to improve its oversight of the program, accountability of grantees and efficiency.

According to housing experts, there continues to be a need for the production and rehabilitation of affordable rental housing units, particularly for extremely low-income persons. A recent study by the National Low Income Housing Coalition found that for every 100 extremely-low income renters in 2015, only 25 rental units were affordable, in adequate condition, and not occupied by higher income households. A new report by Freddie Mac reveals that the number of apartments deemed affordable to very-low income families across the United States fell by more than 60 percent between 2010 and 2016. The HOME Program helps to meet this substantial housing need.

## NATIONAL HOUSING TRUST FUND OVERVIEW

A permanent National Housing Trust Fund (NHTF) was established in the Housing and Economic Recovery Act of 2008 to be administered by HUD and financed by contributions based on Fannie Mae and Freddie Mac's annual new business purchases from the previous year. With this funding, HUD will provide block grants to states to finance affordable housing projects for extremely- and very low-income families. Ninety percent of these funds must be used for rental housing; only 10 percent of funds may be used for homeownership activities. Fannie Mae and Freddie Mac first provided an allocation to HUD for the NHTF in 2016. The first allocation is well underway, with many vital activities under construction that will provide housing assistance to many, including seniors, the homeless, people with disabilities and veterans.

## NATIONAL HOUSING TRUST FUND ADVOCACY PRIORITY

- **Maintain the Integrity of the National Housing Trust Fund and the HOME Program**

**COSCDAs asks Congress to continue to support the NHTF as a vital source of funding for housing assistance to many vulnerable households. COSCDA also fully supports the National Housing Trust Fund as a separate source of funding for housing for extremely low-income persons.** The NHTF was passed as part of the Housing and Economic Recovery Act of 2008 with strong bipartisan support and signed into law by President Bush. Although HOME and the NHTF both provide affordable housing, they serve different populations. HOME provides housing for a range of low-income households, while the NHTF seeks to expand the supply of housing for extremely low-income households. Funding from NHTF should not be used to supplement funding for the HOME Program.

# HOMELESSNESS PRIORITIES

## MCKINNEY VENTO PROGRAM FUNDING LEVEL

COSCOA supports an appropriation of \$2.8 billion for the McKinney-Vento homeless assistance programs, which should include at least \$500 million for the Emergency Solutions Grants.

## MCKINNEY VENTO PROGRAM OVERVIEW

The McKinney-Vento Homeless Assistance programs were established more than thirty years ago to help provide shelter and services to homeless families and individuals. These programs were reauthorized and revised under the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009, including the Emergency Solutions Grant (ESG), which is distributed by formula, and the Continuum of Care programs (Supportive Housing, Shelter Plus Care and Section 8 SRO), which are distributed competitively. Together, these programs support a wide range of community efforts to assist homeless individuals and families, prevent homelessness, and provide permanent housing options to end it.

## MCKINNEY VENTO ADVOCACY PRIORITIES

- **Continue to Support the McKinney-Vento Homeless Assistance Programs**

**COSCOA calls on Congress to appropriate sufficient funds to fully implement the HEARTH Act**, which would fully fund renewals of expiring rental housing projects (Shelter Plus Care and Supportive Housing) as well as provide states and communities with funding for new projects in FY 2018. The appropriation should fund the ESG at at least \$500 million, to allow a greater use of ESG funds for rapid re-housing. This funding level should allow HUD to sustain the progress that we've had in ending veterans and chronic homelessness and to begin ending youth and family homelessness.

- **Support Vouchers for Homeless Assistance**

While funding for the HEARTH Act is very important, part of the reason that demand for the McKinney-Vento Homeless Assistance Programs is growing is because Congress has not provided enough funding for all who need housing vouchers. The Center on Budget and Policy Priorities calculates that 40,000 to 120,000 vouchers could be unfunded in FY2018 if Congress does not choose to renew all HUD vouchers currently in use or lost due to shortfalls in FY2017. The Section 8 voucher program is a vital piece to our solution to end homelessness. According to the National Alliance to End Homelessness, rigorous research has shown that housing vouchers are effective at reducing homelessness, even for the poorest families. Housing vouchers are used to provide permanent supportive housing, which has been demonstrated to prevent homelessness and improve employment and other outcomes for chronically homeless individuals while reducing public costs. **COSCOA asks Congress to increase its appropriation for Section 8 vouchers.**



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