The Council of State Community Development Agencies (COSCDA) is a forty-one year old advocacy organization that represents state community development and housing agencies responsible for administering Department of Housing and Urban Development (HUD) programs, including the Community Development Block Grant (CDBG) program, the HOME Investment Partnerships (HOME) program 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.

A bedrock principle that the organization was built on supports the view that state and federal government should be partners in the administration of community development programs. It is COSCDA’s foundational premise that a collaborative approach between states, local and the federal government is vital to the effective administration of these core programs and ultimately to the vitality of communities across this nation. COSCDA 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. Over the years, this threefold partnership (state, local and federal) has resulted in stronger communities. Combined with the substantial leveraging that these funds generate on an annual basis, continued federal investment through HUD’s community development programs will continue to result in powerful impacts on individuals and community well-being by supporting economic growth, education, employability, community health, and job creation.

COSCDA is committed to consistent, adequate resources to be available for communities to design and implement local community development projects and programs to improve neighborhoods. These funds are critical for job creation, assisting small business, providing much needed economic development infrastructure, rehabilitating owner-occupied housing, providing affordable homeownership opportunities and homeless services intended to both sustain and produce growing and thriving communities in every state throughout the country.

These programs allows 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. As the country continues to climb out of the economic recession, a shrinking middle class is facing economic pressures that are forcing them to seek assistance.
Beginning in the mid-2000’s the Federal Government has been moving away from the effective block grant programs like CDBG and HOME that assist the most vulnerable members of communities in the nation. Added to the reduction in funding and shift in funding priorities, HUD has introduced regulatory proposals that increase states’ responsibilities at the very time that they are forced to reduce staff to carry out these added administrative activities. Shifting Congressional priorities along with weakening Administration support for COSCDA’s core programs collide in an often polarizing environment with the nation’s capital, one characterized by inaction and partisan politics run amuck.

In the midst of this challenging environment, COSCDA worked collaboratively with its partners and high level federal agencies officials to successful advocate for members in the following funding and programmatic areas during the past year:

- In spite of efforts by some to cut CDBG funding, COSCDA and the CDBG Coalition successfully fought to keep funding of at least $3 billion for FY 2014 and FY 2015.
- HUD agreed to COSCDA requests regarding revising certain CDBG IDIS Flags that made reporting onerous for states. COSCDA is pleased that HUD has agreed to make these revisions.
- A COSCDA task force worked with senior HUD personnel to review proposed HUD Environmental Review On-line System (HEROS) screens and inform HUD of the differences in the entitlement and state environmental review program. As a result, HUD has delayed the requirement for states to use the HEROS system. Use of HEROS for states is now optional (and we look forward to working with HUD on this issue in the future).
- COSCDA worked with other advocacy organizations to stop proposals that would have removed small entitlements from CDBG funding. This effort was successful; the FY 2015 appropriations bill includes language prohibiting cutting off small entitlements from funding due to a decrease in population.
- The Federal Housing Finance Agency announced in late 2014 that the National Housing Trust Fund (NHTF) will be funded from proceeds from Fannie Mae and Freddie Mac. Housing groups, including COSCDA, advocated for funding since the passage of the Housing and Economic Recovery Act of 2008 (and we are pleased funding for the Trust is moving forward).
- COSCDA coordinated with Community Planning and Development and Fair Housing and Equal Opportunity staff about our concerns regarding the state Affirmatively Fair Housing template. As a result, HUD acknowledged the difficulties that states would have in completing the entitlement template and the need for major revisions and is proposing a separate, more useful tool for States (and we look forward to working with HUD on its development).
- Once again, COSCDA developed an ambitious agenda and worked tirelessly to highlight the importance of stable funding for HUD’s core community development and affordable housing programs. COSCDA, along with a broad based coalition, collaborated to spearhead efforts to ensure that community development; housing and homelessness programs are funded at sufficient levels to address the long-term community development needs of low and moderate income communities. COSCDA hopes to capitalize on these successes and strives for continued advancement of the policies outlined below.
COMMUNITY DEVELOPMENT PRIORITY

CDBG FUNDING LEVEL

COSCDA supports a $3.3 billion funding level for the Community Development Block Grant (CDBG) program. COSCDA opposes any mandated set-asides of CDBG funding that would reduce the formula allocation.

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. CDBG is the only flexible source of federal assistance available to address a wide array of rural community development needs that stabilize and grow communities, ranging from economic development efforts to infrastructure improvements to community services. For three decades, states have used CDBG funds to address these needs, leveraging both public and private funds. Flexibility has been critical to CDBG’s effectiveness, allowing communities to decide which projects and programs will provide the greatest benefit to their low- and moderate-income residents. Created under the Reagan Administration, the State CDBG program continues to be a successful model for federalism at its best.

For many projects, CDBG provides the crucial “gap financing” that allows projects to move forward that otherwise would not. It is the “glue” that holds the financing for a wide variety of community projects together.

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 stimulate the economy through the creation and retention of jobs that ultimately improve the quality of life for low- and moderate-income persons.

According to HUD, over the last five years, the CDBG Program has directly created or retained more than 112,000 permanent jobs for low- and moderate-income persons through a variety of economic development activities. Infrastructure improvements, such as those to water and sewer systems have greatly enhanced the quality of life in rural communities while addressing health concerns of local residents. Construction and support of rural health care facilities, support for food banks, and housing rehabilitation are also among the many additional activities undertaken through the CDBG program. Since FY2009, CDBG assisted almost 500,000 homes through single-family and multifamily residential rehabilitation, homeownership assistance, energy-efficient improvements and lead-based paint abatement.

CDBG funds have also benefitted millions of low- and moderate-income households through public improvements such as senior centers and making buildings accessible for persons with physical disabilities, and through public services such as employment and training, fair housing and mental health services. When disaster strikes, Congress invariably turns to the CDBG program to provide relief to states, counties, and cities in times of hurricanes, floods, wild fires, and in the aftermath of the disaster on September 11. Without CDBG assistance at a sufficient level, communities that are home to many low- and moderate-income households will confront lost opportunities for economic growth, potable water, and community...
services, making communities unable to support economic development and a suitable quality of life for their residents.

State CDBG funds provide safe habitable environments for low- and moderate-income homeowners and tenants of properties in dire need of rehabilitation. Without this assistance, low-income persons are unable to repair their homes and are forced to live in unsafe conditions.

**CDBG ADVOCACY PRIORITY**

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

COSCDA urges Congress to increase funding for the CDBG program to $3.3 billion. For 33 years, states have successfully used CDBG funds to meet locally prioritized needs. However, over $1 billion in funding has been lost since FY2010 levels due to budget cuts and sequestration. 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, especially in the context of the nation’s continuing economic distress.

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; services have been reduced or eliminated; infrastructure projects were stopped in their tracks; 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 slowly recovers.

There continues to be a huge need for the types of projects that are funded by CDBG, in fact the needs which CDBG funds address have not lessened, but have grown more acute over time. As the economy continues to struggle, CDBG is needed more than ever to help our communities. We urge you to support at least $3.3 billion for the program in the FY2016 budget.
HOUSING PRIORITY

HOME FUNDING LEVEL

COSCDA strongly supports an increase in the funding level of this successful program to $1.3 billion. COSCDA also opposes legislatively mandated set-asides for special initiatives or projects.

HOME PROGRAM OVERVIEW

The HOME Investment Partnership 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 almost 1.2 million units of affordable housing and assisted more than 294,000 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 funds often provide essential gap financing that permits projects, particularly Low-Income Housing Tax Credit properties, to go forward when they otherwise would not due to lack of funding resources. Further, every HOME dollar leverages four additional dollars of other public and private funding, with over $115 billion leveraged over two decades.

The HOME program is the only HUD program that funds low-income housing on a flexible basis. Unlike CDBG which can only do housing rehabilitation, or Low-Income Housing Tax Credits which can only produce rental housing, HOME can undertake homeownership, housing rehabilitation, rental housing, and tenant based rental assistance activities.

HOME PROGRAM ADVOCACY PRIORITY

- Restore Adequate Funding to the HOME Program

In FY2015, the HOME program received $900 million, the lowest appropriation level that the program has ever received. This funding represents a 50% decrease from FY2010 when the program received $1.8 billion, a few short years ago. COSCDA 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 294,000 low-income families with rental assistance. 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. For the nation’s 11.5 million extremely low-income renters, only 3.2 million units were both affordable and available. Rising demand for rentals among higher income households is contributing to the scarcity of affordable units. HOME program funds can be used to meet the desperate needs of rental housing for low-income persons.

The housing industry, which the HOME program supports with its housing production and rehabilitation, has and will continue to play a major role in our housing recovery. COSCDA calls on Congress to provide at least $1.3 billion for this critical program which helps improve our economy and ensure Americans have access to affordable housing.
HOMELESSNESS PRIORITIES

FUNDING LEVEL

COSCDA supports an appropriation of $2.4 billion for the McKinney-Vento homeless assistance programs.

PROGRAM OVERVIEW

The McKinney-Vento Homeless Assistance programs were established more than twenty 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.

ADVOCACY PRIORITIES

 Continue to Support the McKinney-Vento Homeless Assistance Programs

COSCDA 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 2016. This funding level should allow HUD to award new projects competitively, to support ESG and to reach the federal government’s “Opening Doors” goals to end veterans and chronic homelessness by 2015.

Although $2.4 billion would be an increase in funding, it is a direct response to the still rebounding jobs market. As employment continues to be sluggish, states and communities need resources to address citizens that have not found alternative ways of sustaining themselves. The HEARTH Act, especially the Homelessness Prevention component of the ESG program, provides the critical resources needed to meet this need.

 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 funded any new increment of Section 8 vouchers for years, outside of tenant protection vouchers and vouchers for homeless veterans. The 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. COSCDA asks Congress to increase its appropriation for Section 8 vouchers.