



COSCD A Federal Funding Priorities For Fiscal Year 2020

The Council of State Community Development Agencies (COSCD A), a forty-five year old advocacy organization, represents state community development and housing agencies responsible for administering Department of Housing and Urban Development (HUD) programs. COSCD A directly supports 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 play a major role in the transformation of both urban and rural neighborhoods in all fifty states.

It is COSCD A's foundational proposition 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. COSCD A members stand firmly 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 communities, large and small, in every state. This threefold partnership (state, local and federal) has resulted in stronger, more vibrant urban, suburban and rural communities across the country.

COSCD A remains committed to providing consistent, sustaining resources to communities to facilitate the design and implementation of local community development projects and programs to improve neighborhoods. These funds generate substantial leveraging on an annual basis. Continued federal investment of adequate resources through HUD's community development programs results in powerful impacts on individuals and community well-being by supporting economic growth, 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 – real people who have real needs.

As the 116th Congress convened there is a foreboding sense of unpredictability among the citizens across the nation. Inactivity, contention and polarization characterize the atmosphere in our nation's capital. Congress and the Administration struggle to agree on funding or policy priorities. This failure to compromise resulted in a partial shutdown of the federal government. The partisan polarization has limited the ability to work together to provide stable funding to run the government effectively.

Amid this atmosphere COSCD A members have done much to improve the lives of residence in our nation's communities. We look forward to expanding our advocacy and educational efforts regarding the importance of these programs in providing decent safe and affordable housing, stable communities and much needed public improvements to crumbling infrastructure. COSCD A continues working together with all members of Congress and Administration officials in order to 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 2020, COSCD A strongly urges the Congress and the Administration to fund these critical programs and adequately provide resources for the needs of our most vulnerable citizens.

COMMUNITY DEVELOPMENT PRIORITY

CDBG FUNDING LEVEL

COSCDA supports **\$3.8 billion in funding for the Community Development Block Grant (CDBG) program**. COSCD A 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 improving 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 improvements to public facilities 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**

COSCDA urges Congress to increase funding for the CDBG program to **\$3.8 billion**. For 37 years, states have successfully used CDBG funds to meet locally prioritized needs. However, due to budget cuts and sequestration, CDBG was funded in FY2018 at \$3.3 billion. While this represents a slight increase from FY2017, the amount is still below 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, especially in rural areas. COSCD A urges Congress to increase CDBG funding to **\$3.8 billion** to create jobs and help meet the needs of low- and moderate-income communities.

An essential community need is infrastructure. Our nation is beset with crumbling and aging infrastructure. Every community relies on infrastructure to access goods and services. The CDBG program meets this critical need. 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 – an 18% 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 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 \$1.8 billion in FY2020. 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 FY2018, the HOME program received \$1.362 billion, which represents a 24% decrease from FY2010 when the program received \$1.8 billion. **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.** Thirty-two billion dollars 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. The young program already is achieving results. Although HOME and the NHTF both provide resources for affordable housing, they serve different primary 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 and very low-income households. As Fannie Mae and Freddie Mac directly contribute to NHTF, this program should be recognized as a critical tool in supporting housing availability for extremely low- and very low-income Americans. Funding from NHTF should not be used to replace or supplement funding for the long-established HOME Program, which also serves demonstrated housing needs. Adequate investments will be needed from both NHTF and HOME moving forward.)

HOMELESSNESS PRIORITIES

MCKINNEY VENTO PROGRAM FUNDING LEVEL

COSCD A supports an appropriation of \$3 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**

COSCD A 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 2020. The appropriation should fund the ESG for at least \$500 million, to allow 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 projects 38,000 additional vouchers need to be renewed for 2019 representing a 1.3 percent increase overall. The Housing Choice 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. **COSCD A asks Congress to increase its appropriation for Housing Choice vouchers.**



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