



## **COSCD A Federal Funding Priorities Fiscal Year 2021**

The Council of State Community Development Agencies (COSCD A) is a forty-six year old advocacy organization that represents state community development housing agencies responsible for administering Department of Housing and Urban Development (HUD) programs, including the Community Development Block Grant (CDBG) (both formula based and Disaster Recovery) HOME Investment Partnerships (HOME) and McKinney-Vento Homeless Assistance programs along with the National Housing Trust Fund; all programs that meet critical housing and community development needs and have played a major role in the successful transformation of both urban and rural communities in all fifty states since their inception.

While our nation navigates an uncertain political climate, COSCD A remains steadfastly committed to advocating for consistent and sufficient resources available to communities that implement local community development projects and programs to improve neighborhoods. Achieving predictability in the availability of adequate resources ensures that these funds, which are essential for job creation, assisting small business, providing much needed housing and economic development infrastructure, including producing affordable rental housing units, rehabilitating owner-occupied housing, providing affordable homeownership opportunities and augmenting homeless services will continue to both sustain and develop growing and thriving communities in every state throughout the country.

These important programs generate substantial leveraging and result in measurable positive results – supporting quality planning, economic growth, employment opportunities, job creation, community health and safety, and education to sustain and improve both individual and community well-being. At the state level, a huge percentage of community development dollars are invested to provide vital support to the nation’s infrastructure.

COSCDAs members serve as the focal point for distributing billions of dollars in disaster recovery funds making the state role invaluable in addressing the many faces of devastation hitting communities by hurricanes, earthquakes, wildfires, and flooding. COSCDA provided leadership in a national effort to address reform legislation capitalizing on relationships established between COSCDA, states, and congressional members on key committees and built across stakeholder networks.

Additionally, COSCDA played a fundamental role in promoting national awareness of the link between the growing lack of affordable housing and its impact on individuals finding themselves homeless in mostly rural communities and small towns across the nation.

COSCDA affirms its view that states and federal government should remain partners in the administration of community development programs. It is our foundational premise that a collaborative approach between state, local, and federal government is essential to the effective administration of these core programs and ultimately to the vitality of communities across this nation.

COSCDA members are united in support of a necessary 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 both large and small in every state. Over the years, this threefold partnership (state, local and federal) has resulted in significantly stronger communities – meeting the demonstrated needs of residents across this nation.

# COMMUNITY DEVELOPMENT PRIORITY

## CDBG FUNDING LEVEL

**COSCD**A 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 policymakers 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**

**COSCD**A 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, CDBG was funded in FY2020 at \$3.4 billion. The program received a slight increase from the previous year but is still below its highest appropriations of \$4.4b in FY2001. 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 and help rebuild 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 15% 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 the economy continues to perform well.

# HOUSING PRIORITIES

## HOME FUNDING LEVEL

**COSFDA strongly supports an increase in the funding level of this successful program to at least \$1.6 billion in FY2021.** 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 FY2020, the HOME program received \$1.35 billion, which represents a 25% 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 356,000 low-income families with rental assistance.** Since 1992, HOME has invested \$29.1 billion to produce and rehabilitate over 1.3 million units of affordable housing. For every dollar of HOME invested, another \$4.38 is leveraged; the program has leveraged \$151 billion in public and private investments to date. 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. According to the National Low Income Housing Coalition, a 7.2 million gap exists between supply and demand for rental units affordable and available to very low-income households. The Urban Land Institute estimates the current production of new affordable multifamily development, 100,000 annually, is not enough to meet existing needs. The production rate only replaces half of units at risk of loss in the coming years. It also falls far short of the rising demand for affordable housing. Additionally, the 2019 HUD Homelessness Report to Congress describes the rise of homelessness by 2.7 percent from the previous year with 568,000 persons experiencing homelessness. The gap in available affordable units contributes to this problem however the HOME Program helps to meet housing needs across the country.

## NATIONAL HOUSING TRUST FUND OVERVIEW

The 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 provides 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 program now is well underway, with many vital activities completed, under construction, or in the pending pipeline to provide housing assistance to the most vulnerable, including seniors, the homeless, persons 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 supporting 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 is already 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 continue to be recognized as a critical tool in supporting housing availability for extremely low- and very low-income households. Funding from NHTF should not be used to replace or supplement funding for the long-established HOME Program, which also serves demonstrated community housing needs. To address documented national housing needs, adequate ongoing investments continue to be needed from both the established NHTF and HOME programs.

## **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 FY2020. 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 due to Congress not providing adequate funds for all who need housing vouchers. The Center on Budget and Policy Priorities reports 37,000 fewer housing vouchers are being used now than in 2017 due to funding delays and shortages. 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.**