

# COSCD A Federal Funding Priorities

## Fiscal Year 2022

### COMMUNITY DEVELOPMENT PRIORITY

#### CDBG FUNDING LEVEL

**COSCD A supports \$4.2 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. Federal appropriations are split between large entitlement communities which receive 70 percent of program funds, and states which receive 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. A significant portion of state CDBG funding is invested in 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 - public facilities such as senior centers and rural health care facilities. In FY2019, states invested \$566 million, or 62%, of CDBG funding towards these type of projects. States also use CDBG for economic development activities that create and retain jobs improving the quality of life for low- and moderate-income persons. CDBG supports housing rehabilitation as well as 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 \$4.2 billion.** For 38 years, states have successfully used CDBG funds to meet locally prioritized needs. However, funding for CDBG in FY2020 was \$3.425 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 **\$4.2 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 FY2001 – a 22% 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. In the current pandemic, federal investments such as CDBG will be critical to aid struggling families and rebuild our communities.

## **HOUSING PRIORITIES**

### **HOME FUNDING LEVEL**

**COSCONDA strongly supports an increase in the funding level of this successful program to at least \$1.7 billion in FY2022.** COSCONDA 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 1.32 million units of affordable housing and assisted more than 369,000 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 a whole spectrum of housing need, from homelessness to ownership demands, from transitional housing to permanent affordable housing and disaster recovery response, from urban to rural areas, and for a range of 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. **COSCONDA urges Congress to recognize the HOME Program's strong track record of success in creating more than one million housing units and in assisting more than 369,000 low-income families with rental assistance.** Since 1992, HOME has invested \$34.6 billion to produce and rehabilitate over 1.32 million units of affordable housing. On average, for every dollar of HOME invested, another \$4.49 is leveraged; the program has leveraged \$155 billion in public and private investments to date. HOME also

complements other federal programs in affordable housing, especially the Low-Income Housing Tax Credit (LIHTC). From 2010 to 2019, HOME funds invested in LIHTC projects have produced more than 90,000 rental units. In total, nearly 169,000 rental units were developed or rehabilitated by HOME funds during this period.

Stable and quality housing also has a clear connection with health outcomes. The National Housing Conference has published recent studies on the [overall impact of affordable housing on health](#) as well as [quality housing and children's well-being](#). On the practitioner level, housing professionals are implementing [Health Impact Assessments](#) to prioritize health in decision-making on affordable housing development. Households with extremely high housing costs are also more likely to experience poorer health. A [report](#) from the Robert Wood Johnson Foundation and University of Wisconsin shows that 1 in 10 American households spend more than half their incomes on housing costs. In turn, these cost-burdened households experience increased challenges to longevity and well-being such as food insecurity.

COVID-19 has also had an unexpected impact on housing. Costs associated with construction such as materials and labor have spiked due to market fluctuations and available labor. Project delays have impacted timelines and uncertainty remains with many parts of the economy including the housing sector. To respond to the pandemic effect, adjustments are being made within HOME programs as well. For example, many state and local grantees are re-designating uncommitted HOME funds for tenant-based rental assistance, or jurisdictions will need to invest greater sums of HOME funding due to COVID-19-related increased development costs. Without other federal subsidies, HOME will continue to address critical pandemic-related need; as a result fewer HOME federal dollars will be available for additional housing preservation and development.

Congress has addressed previously identified programmatic deficiencies and HUD has attempted to address these issues by issuing new regulations to enhance oversight of the program, better ensure accountability of grantees, and demonstrate 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 gap exists of 7 million affordable and available rental units for extremely low-income households. Only 36 affordable and available homes exist for every 100 extremely low-income renter households. Housing costs also exceed available incomes for many families and individuals. More than 38 million households - 31.5% of all households overall - pay more than 30% of their income on housing costs. In new production, high costs involved with land, labor, and materials have not only impacted available units of affordable housing, but have presented a drag on the housing market overall according to the [Harvard Joint Center for Housing Studies](#). Additionally, the [2019 HUD Homelessness Report to Congress](#) describes the rise in 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 which has even higher costs when left untreated.

Housing needs for low-income persons remain unaddressed around our nation, and this need continues to outweigh available resources for development and preservation of accessible, safe, and decent housing. Since the start of the global pandemic, development costs have grown and government assistance has been adjusted in an effort to meet increased demand around rental assistance. Considerable federal assistance is necessary to address long-term housing gaps while

improving health outcomes and furthering local economies. HOME is an ideal vehicle to deliver this crucial support now and in the near term.

## **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, those experiencing homelessness, persons with disabilities, and veterans.

## **NATIONAL HOUSING TRUST FUND ADVOCACY PRIORITY**

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

**COSCDAs asks Congress to continue to support the NHTF as a vital source of funding for housing assistance to vulnerable households in all states. 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 G.W. Bush. The young program already is achieving intended and important 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 NHTF and HOME programs. Historical experiences such as the pandemic magnify the need for a range of housing assistance products.

## **HOMELESSNESS PRIORITIES**

### **MCKINNEY VENTO PROGRAM FUNDING LEVEL**

**COSCDAs supports an appropriation of \$3.4 billion for the McKinney-Vento homeless assistance programs, which should include at least \$680 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**

**COSCSA 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 FY2022. The appropriation should fund the ESG for at least \$680 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 17 million low-income households (more than 3 in 4) that need rental assistance do not receive it due to limited funding. Sixty-three percent of these households either have children or are headed by elderly or disabled individuals.

One solution is the Housing Choice voucher program. 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. **COSCSA asks Congress to increase its appropriation for Housing Choice vouchers.**