



## 2023 Advocacy Priorities

(as adopted January 2022)

### Funding

#### Community Development

COSCDA recommends \$4.2B for CDBG to promote community-led projects and services especially for vulnerable & disadvantaged populations

- CDBG is the only federal grant program dedicated to providing resources responsive to specific local-based needs.
- In FY2021, states dedicated \$997 million to projects and services primarily small, rural communities; \$625 million (63%) of these grant funds were invested in public improvements including water systems, multimodal transportation, & community centers<sup>1</sup>
- CDBG is a strong tool to leverage other public and private investment<sup>2</sup>; in FY2020, every dollar of CDBG leveraged another \$3.64 from other sources<sup>3</sup>
- Though demonstrated proven resource for community-led projects and services, CDBG has experienced declining annual funding while communities continue to face widespread infrastructure and related needs<sup>4</sup>

#### Housing

COSCDA recommends \$2.5B for HOME to expand affordable housing

- HOME invests federal funds to advance housing opportunities for low-income households
- Since 1992, HOME has constructed and rehabilitated more than 1.34 million units of affordable housing; the program has also supported over 355,000 low-income households with rental assistance<sup>5</sup>

<sup>1</sup> U.S. Department of Housing and Urban Development, CDBG Expenditures FY01-21:

[https://www.hudexchange.info/oncpd/assets/File/CDBG\\_Expend\\_NatlState.xlsx](https://www.hudexchange.info/oncpd/assets/File/CDBG_Expend_NatlState.xlsx).

<sup>2</sup> Ibid. FY20 CDBG State Leveraging: <https://coscda.org/wp-content/uploads/2021/11/FY20StatesLeveragingFunds.pdf>.

<sup>3</sup> Ibid. FY22 Budget HUD Office of Community Planning and Development – Community Development Fund, Congressional Justification: [https://www.hud.gov/sites/dfiles/CFO/documents/18\\_2022CJ-CommunityDevelopmentFund.pdf](https://www.hud.gov/sites/dfiles/CFO/documents/18_2022CJ-CommunityDevelopmentFund.pdf).

<sup>4</sup> CDBG Coalition, CDBG Impact and Funding Need (July 2019): <https://coscda.org/wp-content/uploads/2021/05/CDBG-Report-72019FINAL.pdf>.

<sup>5</sup> Ibid. HOME National Production Report, November 1, 2021: [https://files.hudexchange.info/reports/published/HOME\\_Prod\\_Natl\\_20211031.pdf](https://files.hudexchange.info/reports/published/HOME_Prod_Natl_20211031.pdf).

- Every dollar of HOME leverages \$4.58 in other public and private investment
- HOME has a strong record of facilitating housing development however available resources have fallen sharply especially over the last decade; despite the program's last authorized level of \$2.1 billion (FY1994) HOME has only been approved for \$2B in one annual funding cycle (FY2004) and is currently 25% below its FY2010 amount (\$1.825 billion)<sup>6</sup>

Recognize Housing Trust Fund as a distinct resource to advance housing for very and extremely low-income persons/families

- Both HOME<sup>7</sup> and HTF<sup>8</sup> effectively target federal resources to meet the affordable housing needs of low-income persons, and adequate resources should be directed to each program
- The programs are designed to accommodate housing development through various actions for different populations and level of needs
- HOME is supported through annual appropriations; on the other hand, HTF is funded through an annual assessment of 4.2 basis points (0.042%) from the Federal Housing Finance Agency (FHFA) on the sale volume of Fannie Mae and Freddie Mac's new mortgage purchases
- Both programs provide essential support to addressing housing shortages and are important resources for state and local efforts to expand housing access and availability

### Homelessness

COSCDA urges \$3.5B for Homeless Assistance Grants to aid individuals experiencing homelessness through targeted outreach and assistance; as allowed in statute<sup>9</sup>, 20% (\$700m) of this amount should be directed to Emergency Solutions Grants (ESG)

- Homeless Assistance Grants (HAGs) provide critical resources for individuals experiencing housing instability; among the programs funded is Emergency Solutions Grants (ESGs) which invests in various support services and facilities<sup>10</sup>
- The 2020 Annual Homeless Assessment reports 580,000 persons are experiencing homelessness on a given night, a two-percent increase between 2019 and 2020 and an increase for the fourth consecutive year; 1 in 5 persons are located in a rural area<sup>11</sup>
- Homeless Assistance Grants have made a considerable difference in addressing homelessness throughout the country and across communities - urban, suburban, and rural; though annual funding has been increased in recent years, housing and related needs have shifted especially with COVID-19 disproportionately affecting persons experiencing homelessness

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<sup>6</sup> Congressional Research Service, An Overview of the HOME Investment Partnerships Program, January 4, 2021: <https://sgp.fas.org/crs/misc/R40118.pdf>.

<sup>7</sup> U.S. Department of Housing and Urban Development, HOME Investment Partnerships Program: [https://www.hud.gov/program\\_offices/comm\\_planning/home](https://www.hud.gov/program_offices/comm_planning/home).

<sup>8</sup> Ibid. Housing Trust Fund – About: <https://www.hudexchange.info/programs/htf/about/>.

<sup>9</sup> Congressional Research Service, The HUD Homeless Assistance Grants: Programs Authorized by the HEARTH Act, August 30, 2017: <https://sgp.fas.org/crs/misc/RL33764.pdf>.

<sup>10</sup> HUD Exchange, ESG Requirements: <https://www.hudexchange.info/programs/esg/esg-requirements/>.

<sup>11</sup> U.S. Department of Housing and Urban Development, 2020 Annual Homeless Assessment Report to Congress (AHAR), January 2021: <https://www.huduser.gov/portal/sites/default/files/pdf/2020-AHAR-Part-1.pdf>.

- Further support to homelessness efforts is needed with resources applied adequately across various programs within HAGs; less than 10% of available funds were directed to ESG in FY2021 (\$290 million)<sup>12</sup>

Increase the number of housing vouchers to help individuals and families access permanent supportive housing

- Only 23% of renters facing housing insecurity receive federal assistance - over 17 million households are eligible to receive housing vouchers but do not receive this support due to limited funding; 10.7 million or 63% of these households include children or is headed by an elderly person or person with a disability<sup>13</sup>
- Additionally, the cost of housing has increased dramatically in recent years; a full-time worker must on average earn \$24.90 hourly for a two-bedroom home and \$20.90 hourly for a one-bedroom home without spending more than 30% of their income on housing<sup>14</sup>
- Vouchers provide necessary support for low-income households facing eviction, homelessness, or other housing instability
- Additional funding is necessary to maintain current vouchers and promote additional assistance for families and individuals with financial challenges and other hardships

### Disaster Recovery

Annual funding is recommended to accommodate planning and capacity building in post-disaster recovery activities

- Disaster recovery through the Community Development Fund is vital to rebuilding homes, businesses, and communities impacted by natural disasters<sup>15</sup>
- CDBG-Disaster Recovery resources are directed through supplemental appropriations once unmet needs are determined following major disaster events
- Staff, training, and related administrative support is necessary to adequately accommodate state and local actions
- A consistent funding source available to HUD Disaster Recovery & Special Issues (DRSI) Division would improve administration and delivery of grants to jurisdictions repeatedly impacted by disaster events

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<sup>12</sup> P.L. 116-260, enacted on December 27, 2020: <https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>.

<sup>13</sup> Center for Budget and Policy Priorities, Three Out of Four Low Income At Risk Renters Do Not Receive Federal Rental Assistance, July 2021: <https://www.cbpp.org/research/housing/three-out-of-four-low-income-at-risk-renters-do-not-receive-federal-rental-assistance>.

<sup>14</sup> National Low Income Housing Coalition, Out of Reach: The High Cost of Housing 2021, July 19, 2021: <https://nlihc.org/resource/nlihc-releases-out-reach-2021>.

<sup>15</sup> U.S. Department of Housing and Urban Development, Community Development Block Grant – Disaster Recovery Assistance: <https://www.hud.gov/hudprograms/disaster-recovery>.

# Housing and Urban Development

## Cross-Cutting

### Promote Streamlined Administration on Federal Compliance Standards

- Projects are consistently supported by multiple funding streams including federal agencies
- HUD programs adhere to several compliance standards such as environmental, labor, and relocation; although addressing the same intent and goals, HUD's processes to meet compliance operate separately from other federal entities
- Considerable administrative costs are incurred and project timelines extended in completing review on federal standards; greater alignment between agencies would save time and costs associated with projects supported by multiple federal entities
- HUD-invested projects and programs would greatly benefit from alignment of federal standards specifically through allowance on adoption of other federal agency reviews on labor, procurement, and relocation; in 2021, HUD updated its guidance on environmental review processes allowing adoption of other agency reviews to meet requirements under the National Environmental Policy Act (NEPA)<sup>16</sup>

### Implement Affirmatively Furthering Fair Housing (AFFH) responsive to state actions in small and rural communities

- AFFH was established as a part of the 1968 Civil Rights Act to address inequalities and segregated communities; HUD is underway in restoring the policy under an interim rule published in June 2021<sup>17</sup>
- States have been challenged in facilitating AFFH and determining how to apply HUD resources to meet the policy's goals
- A draft tool for states was released in 2016 however was insufficient to aid states in AFFH implementation<sup>18</sup>
- Further attention is needed for states to carry out actions on AFFH including an updated tool with engagement from state programs

### Examine Section 3's impact on project development and feasibility in advancing employment opportunities

- Section 3 directs HUD funding recipients to accommodate employment opportunities for HUD-sponsored projects; an updated rule was finalized in 2021<sup>19</sup>
- To meet the Section 3 standard, efforts are made and activities recorded to connect residents to local projects supported by HUD programs including CDBG and HOME

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<sup>16</sup> U.S. Department of Housing and Urban Development – Office of Environment and Energy, NEPA Adoption FAQ, September 2021: <https://coscda.org/wp-content/uploads/2021/11/NEPA-Adoption-FAQ-Draft-HUDSept2021.pdf>.

<sup>17</sup> HUD Office of Fair Housing and Equal Opportunity, Restoring Affirmatively Furthering Fair Housing Definitions and Certifications Final Rule, June 2021: <https://public-inspection.federalregister.gov/2021-12114.pdf>.

<sup>18</sup> U.S. Department of Housing and Urban Development, Assessment of Fair Housing Tool for States and Insular Areas, September 28, 2016: <https://www.hud.gov/sites/dfiles/FHEO/documents/AFH-Assessment-Tool-for-States-and-Insular-Areas-2016-09.pdf>.

<sup>19</sup> Ibid, Section 3 of the Housing and Development Act of 1968: <https://www.hud.gov/section3>.

- State and local program administrators engage contractors however obstacles exist especially for smaller firms in bringing on laborers from nearby to the HUD-supported project
- As the new rule takes effect, thorough assessment is encouraged detailing Section 3's impact on employment outcomes including implications for state program implementation

#### Standardize Environmental Reviews

- Separate requirements on environmental reviews across different programs, namely including CDBG-DR and HTF, pose considerable challenges for program administrators; for instance, mitigation actions allowed on project sites for HOME investment does not have the same option for prospective HTF-supported properties therefore eliminating the site for consideration - although similar program activities and goals, HOME follows 24 CFR Part 58 whereas HTF adheres to Part 50<sup>20</sup>
- HUD has released draft guidance allowing for adoption of other agency environmental reviews<sup>21</sup>; the new directive aligns HUD with the National Environmental Policy Act (NEPA) rule issued in July 2020<sup>22</sup>
- COSCDA requests ongoing engagement on aligning environmental reviews both within HUD, especially between HOME and HTF, and projects supported by HUD and other federal agencies; further guidance is encouraged as well in meeting the recent policy allowing for other agency reviews

#### Davis Bacon Effectiveness and Impact on Project Development

- Federal labor standards through Davis Bacon ensure fair wages are met for laborers on federal-funded projects and services, including CDBG and HOME-supported activities
- Program administrators and stakeholders experience considerable time and effort in meeting labor standards which can prove burdensome to contractors in obtaining individual information on employees
- As a new Davis Bacon rule is anticipated soon, additional focus is warranted on how to streamline procedures and promote efficiency determining fair wages on HUD-supported developments
- Monitoring is also valuable to inform HUD and Department of Labor stakeholders

#### Community Development

##### Community Development is Infrastructure

- CDBG invests in local infrastructure with a third of program funds directed to utilities, community centers, and related public facilities (\$28B from 2001 – 2021)

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<sup>20</sup> U.S. Department of Housing and Urban Development, HTF Environmental Provisions: <https://www.hudexchange.info/programs/environmental-review/htf/>.

<sup>21</sup> U.S. Department of Housing and Urban Development – Office of Environment and Energy, NEPA Adoption FAQ, September 2021: <https://coscda.org/wp-content/uploads/2021/11/NEPA-Adoption-FAQ-Draft-HUDSept2021.pdf>.

<sup>22</sup> Council on Environmental Quality, Update to the Regulations Implementing the Procedural Provisions of the National Environmental Policy Act, July 16, 2020: <https://www.federalregister.gov/documents/2020/07/16/2020-15179/update-to-the-regulations-implementing-the-procedural-provisions-of-the-national-environmental>.

- Based on the program's significant support to these projects, reinforced training and resources are needed to continue investment in basic public infrastructure as well as directing resources to other needs such as broadband and renewable energy
- Further guidance on how to connect CDBG with other new and existing federal sources is also beneficial for states in determining how to approach needs and target all available resources in project development

## Disaster Recovery

### Align Environmental Review Standards for Coastal and Inland Risk Areas

- 22 CFR Part 55 directs HUD guidance on environmental review procedures in floodplain management<sup>23</sup>
- While the policy typically doesn't allow development in many high-risk areas, exemptions do exist for developments in coastal areas; the same allowance is not permitted for inland, non-coastal floodways
- Projects cannot be accommodated in mountainous areas due to this prohibition and inability to invoke exemptions afforded to similar developments in coastal areas
- Exemptions allowed for inland floodways can be important to driving investment in rebuilding homes and infrastructure for non-coastal floodways; specifically, a request to remove §55.1(c)(1), eliminating the word "coastal" from the exceptions listed in §55.1(c), and modifying Table 1 in §55.11
- FEMA applies a reasonable standard to environmental reviews for floodplain management which may inform HUD's update

## Housing

### Recognize and Invest in Housing as Infrastructure

- HOME and HTF advance housing opportunities for low-income households
- Housing matters to community well-being, and economic and social outcomes especially for vulnerable populations
- Additional study and promotion of tools and project examples under HOME and HTF's would furthering housing access for health, safety, and community stability

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<sup>23</sup> U.S. Department of Housing and Urban Development, Code of Federal Regulations, 24 CFR Part 55: Floodplain Management and Protection of Wetlands, April 2014: <https://www.hudexchange.info/resource/3769/24-cfr-part-55-floodplain-management-and-protection-of-wetlands/>.

## Homelessness

### Maximize Use of ESG for Homeless Assistance

- ESG dedicates resources to state and local efforts to connect people experiencing homelessness to permanent supportive housing
- The HEARTH Act allows up to 20% of Homeless Assistance Grants for ESG however the program has fallen below this level in each year since the legislation was enacted<sup>24</sup>
- Since Hearth's enactment, Congress has dedicated additional resources to Homeless Assistance Grants; the maximum amount eligible to be directed to ESG has not been fulfilled during this span and most recently, in FY2021, only \$290 million (9%) of HAGs total funding was targeted to ESG<sup>25</sup>
- Additional funds for ESG ensures states and localities have critical capacity and resources needed to adequately support homeless populations

### Increase Available Use of Emergency Solutions Grants for Existing Shelters

- In recent years, HUD has increased emphasis on rapid rehousing with no additional resources for existing shelters; at the same time, affordable housing for populations under 30% area median income (AMI) is severely limited
- Emergency shelters have been level-funded for several years as many states are capped at pre-2010 amounts for shelter activities; during this time, operating costs have grown with staffing, training, and related needs
- Challenges continue for shelters and their staff in assisting populations especially during the recent pandemic
- Removal of the cap on emergency shelters under ESG would allow grantees the ability to better assist front-line outreach, services, and associated support in the homelessness assistance system

### Define Transitional Housing

- The interim ESG rule published in 2017 restricts funding for transitional housing providers<sup>26</sup>
- Transitional housing while eligible for funding under Continuum of Care (CoCs) is not adequately supported and the CoCs scoring criteria redirects applicants away from transitional housing
- Transitional housing makes an impact for specific homelessness groups such as victims of domestic violence, youth, and individuals in recovery from substance abuse
- States recognize the value of transitional housing and encourage HUD to clarify its policy and position

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<sup>24</sup> Ibid, HUD Homeless Assistance Grants:

Programs Authorized by the HEARTH Act: <https://sgp.fas.org/crs/misc/RL33764.pdf>.

<sup>25</sup> P.L. 116-220, Consolidated Appropriations Act of 2021, enacted on December 27, 2020:

<https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>.

<sup>26</sup> U.S. Department of Housing and Urban Development, Emergency Solutions Grants Program, § 576.409, Protections for victims of domestic violence, dating violence, sexual assault, or stalking, April 1, 2018:

<https://www.govinfo.gov/content/pkg/CFR-2018-title24-vol3/xml/CFR-2018-title24-vol3-part576.xml#seqnum576.409>.

## Advance Coordination between PHAs and CoCs

- Partnerships are vital to uplifting populations experiencing homelessness and HUD has encouraged relationship-building between CoCs and Public Housing Authorities to facilitate stronger network of housing and support services
- Though efforts continue, gaps remain for CoCs to engage with PHAs; challenges to further collaboration include PHA's limited resources and extensive wait lists
- A 2014 HUD study highlights PHA's activities in serving homeless populations and may serve as key guidance on future actions<sup>27</sup>
- Incentives directed to PHA to engage with CoCs may lead to increased partnership and participation in serving homeless populations

## Integrate Homelessness Data with Related Supportive Services

- Client details on health, income, and other pertinent information provides key background to properly assist persons experiencing homelessness
- Information can be difficult to obtain and connect with Homeless Management Information Systems or other platforms used by ESG administrators
- Further challenges exist for homeless providers in accessing information on clients with previous history of domestic violence (Violence Against Women Act) as well as veterans (Veterans Administrative Supportive Housing)
- Enhanced data sharing between homeless providers and other supportive services is critical to improving outcomes with reducing homelessness; states have communicated goals with HUD on better data collection and access<sup>28</sup>

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<sup>27</sup> U.S. Department of Housing and Urban Development – Office of Policy Development and Research, Study of PHAs' Efforts to Serve People Experiencing Homelessness, February 2014:

[https://www.huduser.gov/portal/publications/pha\\_homelessness.pdf](https://www.huduser.gov/portal/publications/pha_homelessness.pdf).

<sup>28</sup> Council of State Community Development Agencies, Improving Access to Homelessness Data, October 2021:

<https://coscda.org/wp-content/uploads/2021/11/Improving-Access-to-Homelessness-Data-Oct2021-1.pdf>.

## Congress

### Cross-Cutting

#### Examine Section 3's Impact on Project Development

- Section 3 directs HUD funding recipients to facilitate employment opportunities for residents located near HUD-supported projects
- The policy has been updated with a new rule in 2021 and adjustments are underway for HUD grantees to meet renewed requirements
- Best efforts are made by states to accommodate Section 3's intent through CDBG, HOME, ESG, and HTF developments among other programs
- Considering the launch of the updated rule, now is the time to examine the policy's impact; states urge Congress to assess the policy's outcomes and include recommendations responsive to employment outcomes and program administration especially for states

### Community Development

#### Modernize CDBG Responsive to Local Needs in the 21<sup>st</sup> Century

- Community Development Block Grants provide a significant resource for communities to address social and economic needs of residents especially vulnerable and disadvantaged populations; the program's wide range of uses allows communities to adapt funding to meet priorities specific to their locality
- While the program has facilitated numerous infrastructure projects, services, businesses, and related initiatives and entities over nearly fifty years, improvements are now needed to promote further use of resources to local-based challenges in the 21<sup>st</sup> Century
- States direct program funding to aid small and rural communities; program updates would be advantageous in directing more support to these important but continually neglected places in our country
  - Update the program's authorization level to at least \$12 billion annually
  - Enhance administrative capacity and technical assistance for rural communities by increasing the state's admin/TA cap to 6%
  - Ease state budget constraints, increase the administrative match threshold to every dollar over the first \$500,000 matched by state funds
  - Broaden CDBG's impact by making eligible fair housing activities and construction of new housing
- Legislative action is necessary to advance these reforms through CDBG reauthorization

#### Recognize and Promote CDBG as an Infrastructure Program

- Congress has appropriately recognized CDBG as a key resource for various activities primarily for public improvement projects such as water, multimodal transportation, and community centers;

in FY2021, nearly 36% of all CDBG funding was directed to infrastructure projects and states invested over half (63%) of their funds in infrastructure<sup>2930</sup>

- The program's contribution to local-led infrastructure means better facilities for safe neighborhoods, improved access to education and employment, and greater participation in the 21<sup>st</sup> century economy
- As communities navigate how best to approach and address upgrades across utilities, buildings, and other public assets, CDBG serves as a primary resource for these key developments
- Congressional support for CDBG through enhanced resources, increased flexibility in program implementation, and coordination with related federal programs will better position communities to identify and meet critical infrastructure gaps

## Disaster Recovery

### Improve Federal Response for Communities Recovering from Disaster Events

- Major disaster events continue to upend lives and cripple communities devastating homes, business, and essential facilities
- Federal response in disaster recovery is directed through the HUD Community Development Fund with the first supplemental appropriations provided 25 years ago; despite its lengthy history of facilitating activities with 90 billion allocated to date,<sup>31</sup> CDBG-Disaster Recovery (CDBG-DR) program has never been authorized and faces continued challenges due to the program's temporary status
- Codification is necessary for resources to reach affected communities more expediently and effectively; additional changes will improve how recovery funding can be targeted to maximize assistance to communities in recovery and resiliency
- CDBG-DR grantees strongly urge congressional approval of the *Reforming Disaster Recovery Act* to improve federal assistance to post-disaster rebuilding efforts<sup>32</sup>
- The following changes to the legislation would further respond to disaster recovery and expedite assistance for people and communities in need (further details [here](#)):
  - Update the Low-to-Moderate Income (LMI) beneficiary thresholds on individual benefit activities (housing and economic recovery) while maintaining the current threshold for public facilities
  - Allow adoption of other agency reviews for environment, labor, relocation, and procurement standards
  - Develop certification processes accordingly in regards to grantee experience and ability to manage federal disaster recovery resources

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<sup>29</sup> U.S. Department of Housing and Urban Development, CDBG Expenditures FY01-21:  
[https://www.hudexchange.info/onecpd/assets/File/CDBG\\_Expend\\_NatAll.xlsx](https://www.hudexchange.info/onecpd/assets/File/CDBG_Expend_NatAll.xlsx).

<sup>30</sup> Ibid: [https://www.hudexchange.info/onecpd/assets/File/CDBG\\_Expend\\_NatState.xlsx](https://www.hudexchange.info/onecpd/assets/File/CDBG_Expend_NatState.xlsx).

<sup>31</sup> U.S. Department of Housing and Urban Development, CDBG-DR Grant History, 1992-2021:  
<https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-DR/CDBG-DR-Grant-History-Report.pdf>.

<sup>32</sup> Council of State Community Development Agencies, Reforming Disaster Recovery Act:  
<https://coscda.org/advocacy/reforming-disaster-recovery-act/>.

## Ease Access to Post-Disaster Aid for Low and Moderate Income Households

- Post-disaster recovery poses significant challenges for impacted people and communities including navigating available assistance
- Current duplication of benefits (DOB) standards under the Stafford Act present added burdens to residents trying to rebuild their lives and homes
- Between addressing the requirements of FEMA's DOB calculations and meeting immediate needs for their families, LMI households face immense and undue pressure to access available aid
- Further consideration is requested to help streamline assistance to eligible households; COSCDA recommends updating Stafford Act requirements to remove DOB calculations for LMI households – further details are available in COSCDA's FY2023 Priority – A Case for Change to Stafford Act DOB Requirements for LMI Households in Disaster Recovery<sup>33</sup>

## Housing

### Promote HOME Reforms to Advance Housing Access and Opportunity

- Affordable housing is increasingly limited or non-existent throughout the country; in 2021, new records were set with demand far outpacing available units especially for low-income households<sup>3435</sup>
- The HOME Investment Partnerships program (HOME) is the lead federal program dedicated to expanding the number of housing units for low-income persons; the program was created through the Cranston-Gonzalez Act of 1990<sup>36</sup> and last reauthorized by the Housing and Community Development Act of 1992<sup>37</sup>
- Though the program has proven successful in developing over 1.3 million housing units since 1992,<sup>38</sup> issues exist which inhibit its ability to facilitate further affordable housing opportunities
- Congress should revamp the program and accommodate changes relevant to housing development in the 21<sup>st</sup> century
  - Update HOME's authorization level and dedicate more resources for affordable housing
  - Remove the commitment deadline which restricts use of program funds to accommodate development opportunities

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<sup>33</sup> COSCDA, A Case for Changes to Stafford Act DOB Requirements for LMI Households in Disaster Recovery: <https://coscda.org/wp-content/uploads/2021/12/DOB-Stafford-Act-Request-12.1.2021.pdf>.

<sup>34</sup> Globe St.com, There is a severe shortage of rental housing at every price point now, October 8, 2021: <https://www.globest.com/2021/10/08/there-is-a-severe-shortage-of-rental-housing-at-every-price-point-now/>.

<sup>35</sup> Forbes, Supply Of Affordable Homes Posts Record Gain As Mortgage Forbearance Ends, November 4, 2021: <https://www.forbes.com/sites/brendarichardson/2021/11/04/supply-of-affordable-homes-posts-record-gain-as-mortgage-forbearance-ends/?sh=ad38fd0465c0>.

<sup>36</sup> P.L. 101-625, Cranston Gonzalez National Affordable Housing Act, enacted on November 28, 1990: <https://www.congress.gov/bill/101st-congress/senate-bill/566>.

<sup>37</sup> P.L. 102-550, Housing and Community Development Act of 1992, enacted on October 28, 1992: <https://www.congress.gov/bill/102nd-congress/house-bill/5334>.

<sup>38</sup> U.S. Department of Housing and Urban Development, HOME National Production Report, November 1, 2021: [https://files.hudexchange.info/reports/published/HOME\\_Prod\\_Natl\\_20211031.pdf](https://files.hudexchange.info/reports/published/HOME_Prod_Natl_20211031.pdf).

- Update the CHDO set-aside and broaden to include other non-profits
- Invoke one national standard in HOME property inspections
- Modernize the HOME qualification standard ensuring program funds can be adequately managed and targeted to maximize housing development
- Legislative action is required for improvements in program design and use, and states strongly recommend reauthorization of the HOME program without delay

#### Enhance Housing Trust Fund to Promote Housing for Vulnerable Populations

- Stable and affordable housing remains out of reach for millions with housing insecurity especially affecting very low- and extremely low-income households
- The National Housing Trust Fund (HTF) established in 2008 directs funds to states for affordable housing development aimed at persons and families with ongoing and significant housing instability; the program is funded through an annual assessment from the Federal Housing Agency on mortgage receipts
- With resources only available since 2016, the program has a demonstrated effect in advancing housing production and access
- Program reforms will enhance use of HTF funding for housing needs
  - An updated administrative cap to support sufficient administrative capacity and technical assistance (increase the cap to 15%)
  - Increase resources for affordable housing development through a revised assessment on the sale volume of Fannie Mae and Freddie Mac's new mortgage purchases (increase the basis points from .042 to .1 – 4.2% to 10%)
  - Eliminate the commitment deadline which has proven burdensome and untenable to affordable housing investment (HTF grantees must currently commit funds to a development within two years; funding cannot be recaptured nor reassigned if a project fails or experiences changes to the scope of work)
  - Environmental reviews can be better accommodated by extending allowance of HTF to adopt Part 58 or similar review process – current implementation through Part 50 significantly limits project investment with sites ineligible for investment and no mitigation activities allowed
- Congress can further support housing production for low-income households through the above HTF reforms to modernize program implementation and response

#### Advance Low-Income Housing Tax Credits for Affordable Housing Development

- Affordable housing development is significantly boosted by the Low-Income Housing Tax Credit (LIHTC); from 1986 to 2019, the housing credit has supported the preservation and construction of 3.6 million homes with 8 million low-income households served and \$643 billion in wages and earned income generated<sup>39</sup>

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<sup>39</sup> The Action Campaign, Low-Income Housing Tax Credit – Impact in the United States, August 2021: <https://rentalhousingaction.org/wp-content/uploads/2021/10/ACTION-NATIONAL-2021-NEW-LOGO-01-2.pdf>.

- An expansion on the LIHTC would contribute to further housing development; without actions to sustain the program in future years, a 12.5 percent reduction is anticipated due to the expiration of a temporary increase provided through the 2018 Consolidated Appropriations<sup>40</sup>
- The *Affordable Housing Credit Improvement Act*<sup>41</sup> as well as provisions in the *Build Back Better Act*<sup>42</sup> maintain the tax credit's effectiveness and expand its reach to serve hard-to-reach populations including youth and victims of human trafficking
- As widespread housing insecurity continues and our national housing crisis severely impacts extremely low-income households, Congress should immediately adopt legislation to maintain and improve LIHTC for future housing development

## Homelessness

### Enhance Administrative Capacity and Technical Assistance in Homelessness Support

- ESG has served as a successful resource in state and local efforts on homelessness
- Administrative constraints such as staffing and training have significantly impeded response especially as persons experiencing homelessness have increased amid a worldwide pandemic
- To address lingering gaps in staff and related administrative support, both ESG grantees and homelessness providers have relied increasingly on temporary positions; as a result, staffing has been inconsistent and less reliable than permanent, full-time staff
- Amid the growing demands in addressing homelessness, further budgetary flexibility is necessary to assemble and maintain adequate grantee capacity and technical support; new administrative expense caps set at ten percent are strongly recommended for ESG and Housing for Persons with AIDS (HOPWA) programs
- Congress should raise the administrative cap to help grantee implementation of ESG and HOPWA while also aligning both with related housing programs, HOME and Housing Trust Fund

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<sup>40</sup> P.L. 115-141, Consolidated Appropriations Act of 2018, enacted on March 23, 2018:

<https://www.congress.gov/bill/115th-congress/house-bill/1625/text>.

<sup>41</sup> Action Campaign, The Affordable Housing Credit Improvement Act: <https://rentalhousingaction.org/wp-content/uploads/2021/10/AHCIA-One-Page-Summary-September-2021.pdf>.

<sup>42</sup> Action Campaign, Housing Credit Support Letter for Build Back Better Act, October 25, 2021:

<https://rentalhousingaction.org/wp-content/uploads/2021/11/HousingCreditSupportLetterforBBB10.25.21.pdf>.