

October 27, 2022

The Honorable Patrick Leahy
Chairman
Senate Appropriations Committee
S-128 Capitol Building
Washington, District of Columbia 20510

The Honorable Richard Shelby
Vice Chairman
Senate Appropriations Committee
S-128 Capitol Building
Washington, District of Columbia 20510

The Honorable Rosa DeLauro
Chairwoman
House Appropriations Committee
H-307, The Capitol
Washington, DC 20515

The Honorable Kay Granger
Ranking Member
House Appropriations Committee
1036 Longworth House Office Building
Washington, DC 20515

The Honorable Brian Schatz
Chairman
Senate Appropriations Transportation-Housing
and Urban Development Subcommittee
S-146A, The Capitol
Washington, District of Columbia 20510

The Honorable Susan Collins
Ranking Member
Senate Appropriations Transportation-Housing
and Urban Development Subcommittee
186 Dirksen Senate Office Building
Washington, District of Columbia 20510

The Honorable David Price
Chairman
House Appropriations Transportation-Housing
and Urban Development Subcommittee
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Washington, DC 20515

The Honorable Mario Diaz-Balart
Ranking Member
House Appropriations Transportation-Housing
and Urban Development Subcommittee
1036 Longworth House Office Building
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Thank you for your tremendous leadership and work in approving a continuing resolution ahead the fiscal year deadline. Until a final fiscal year spending bill is determined, sustained funding ensures federal agencies and stakeholders can proceed without the severe consequences of a government shutdown.

The Council of State Community Development Agencies (COSFDA) works on behalf of state administrators of U.S. Housing and Urban Development programs. Resources dedicated to state and local jurisdictions serve an essential role in addressing needs across community development, disaster recovery, housing, and homelessness. We ask for your support of the following requests in the final FY2023 appropriations measure.

COSFDA previously communicated these recommendations to both appropriations and authorizing committees. Individual letters outlined justification for these requests, draft legislative language, and responses

from state program administrators on these issues. If more information is needed, please let us know. We welcome direct exchange on these critical issues.

- COSCDA’s FY2023 Advocacy Priorities (January 2022)¹
- COSCDA Detailed Appropriations Request (May 2022)²
- COSCDA Appropriations Request: Proposed Legislative Text (May 2022)³
- State HUD-CPD Administrator Responses to COSCDA Appropriations Priorities (June 2022)⁴
- NCDA & COSCDA HUD-CPD Modernization Recommendations (July 2022)⁵

At the center of these requests is restoring sufficient administrative capacity. State and local administration has experienced unprecedented turnover extending to HUD program management. In the wake of COVID-19, job losses amounted to several hundred thousand state and local employees either losing or leaving their jobs. As of September 2021, non-education state and local job losses totaled 400,000 since the start of the pandemic.⁶ This is in addition to employment losses at the state and local levels never fully recovering from the Great Recession. Ahead of the COVID-19 pandemic, state and local government employment was only 1% higher than July 2008 falling behind both national population and economic growth during this period.⁷ Issues at the center of this dilemma include inadequate compensation, surging retirements, and job burnout.⁸ Compensation has risen 5.5% over last year for private sector employees, for instance, while only 3.4% for state and local workers.⁹ The situation has reverberated to state and local-administered HUD programs which are struggling to manage workloads and ensure federal assistance is directed in an effective manner. **We ask for additional resources for program administration to attract and retain qualified staff to carry out activities responding to housing, homelessness, disasters, and related community needs.**

¹ Council of State Community Development Agencies (COSCDA). FY23 Advocacy Priorities. January 2022. <https://coscda.org/wp-content/uploads/2022/04/COSCDA-FY23-PrioritiesApril2022.pdf>.

² COSCDA. FY23 Appropriations Request. May 2022. <https://coscda.org/wp-content/uploads/2022/05/COSCDA-Recommendations-FY2023-Appropriations-May2022FINAL.pdf>.

³ COSCDA. FY23 Appropriations Request - Proposed Legislative Text. May 2022. <https://coscda.org/wp-content/uploads/2022/06/COSCDA-Recommendations-w.-Proposed-LegText-FY2023-Appropriations-May2022FINAL.pdf>.

⁴ COSCDA. FY23 Appropriations Request – State Responses. June 2022. <https://coscda.org/wp-content/uploads/2022/06/State-Responses-COSCDA-FY2023-Approps-Recommendations-June2022FINAL.pdf>.

⁵ National Community Development Association, COSCDA. HUD-CPD Modernization Recommendations. July 2022. <https://coscda.org/wp-content/uploads/2022/07/NCDA-COSCDA-CPD-Modernization-Reccomendations-FY23-Appropriations-July2022FINAL.pdf>.

⁶ Rosewicz, Barb & Maciag, Mike. State and Local Job Growth Lags as Economy Recovers. Pew Charitable Trusts. September 2021. <https://www.pewtrusts.org/en/research-and-analysis/articles/2021/09/14/state-and-local-government-job-growth-lags-as-economy-recovers>.

⁷ Hinkley, Sara. Public Sector Impacts of the Great Recession and COVID-19. Center for Labor Research and Education, University of California, Berkeley. October 2020. <https://laborcenter.berkeley.edu/public-sector-impacts-great-recession-and-covid-19/>.

⁸ Brey, Jared. Government Worker Shortages Worsen Crisis Response. Governing. October 2022. <https://www.governing.com/work/government-worker-shortages-worsen-crisis-response>.

⁹ Kaori Gurley, Lauren. Government workers feel inflation’s pinch as wages lag. The Washington Post. August 2022. <https://www.washingtonpost.com/business/2022/08/01/public-sector-wages-inflation/>.

HUD-CPD Salaries and Expenses

COSDCDA's FY23 Request: \$154 million to support an estimated 835 FTEs

COSDCDA requests at least \$154 million for HUD-CPD salaries and expenses (S&Es). The amount aligns with the administration's requested level for the office in HUD's FY23 budget.¹⁰ HUD remains understaff to effectively oversee its housing and community development programs. According to a recent Government Accountability Office report, staffing deficiencies have significantly impeded monitoring and oversight of grantees, and from 2008 to 2017, HUD lost 18.5 % of its staff while government-wide staffing grew by eleven percent.¹¹ The effects from evaporating staff extends throughout HUD. Delays and inefficiencies in program implementation are often cited by state and local administrators due largely to limited HUD field staff. At headquarters, considerable wait times are commonplace for guidance and data availability.

We encourage the committee to reverse these outcomes and continued loss of personnel by dedicating at least \$154 million for HUD-CPD S&Es in FY23.

Community Development Fund

COSDCDA's FY23 Request for Community Development Block Grants: \$4.2B (Aligns w. last authorized level of \$4.168B in FY94)

The Community Development Block Grant (CDBG) directs flexible funding to accommodate local-led activities for low- and moderate-income populations. Federal funds used by states and localities consistently support infrastructure, housing, public services, and related needs. Despite CDBG's demonstrated success including development of 1.6 million units of affordable housing from 2005 to 2020 and the program leveraging \$3.65 of other funding per every \$1 invested,¹² annual appropriations continues to decline. A strong source of gap financing, less funding in the annual program results in fewer projects and services being adequately supported. Rising costs on labor and supplies further reduces the ability of recipients to effectively use funds for meaningful activities.

COSDCDA encourages Congress to restore funding to CDBG at no less than \$4.2 billion in FY23. The figure aligns with the program's last authorized level of \$4.168 billion in FY1994. If accounting for inflation, the same buying power of this amount in September 2022 would be \$8.336 billion.¹³

¹⁰ U.S. Department of Housing and Urban Development. FY23 Budget - Congressional Justification: Community Planning and Development Salaries and Expenses. March 2022.

https://www.hud.gov/sites/dfiles/CFO/documents/2023_CJ_S_and_E_POSE2_CPD.pdf.

¹¹ Government Accountability Office. Top Management Challenges Facing the U.S. Department of Housing and Urban Development in 2019 and Beyond. October 15, 2018. <https://www.hudoig.gov/sites/default/files/2018-11/TMC%20-%20FY%202019.pdf>.

¹² U.S. Department of Housing and Urban Development. FY23 Budget. Congressional Justification – Community Development Fund. March 2022. https://www.hud.gov/sites/dfiles/CFO/documents/2023_CJ_Program_-_Community_Development_Fund_updated.pdf.

¹³ U.S. Bureau of Labor Statistics. CPI Inflation Calculator. https://www.bls.gov/data/inflation_calculator.htm.

Modernize program investments

Improve CDBG use for housing construction

CDBG can currently be used for new construction of housing however per statute may only be accommodated through 1) a community-based development organization (CBDO) and 2) as a part of a neighborhood revitalization plan, energy project, or economic development plan.¹⁴ Unfortunately, CBDOs vary by location and few housing development opportunities align with these specific plan and project designs. The conditions are therefore too restricting for CDBG to support housing construction.

As COSCDA seeks the creation of a new CDBG-eligible activity for housing construction, **we urge Congress to include a provision in the annual appropriations legislation suspending CDBO and plan/project directives.** The update allows greater flexibility to apply CDBG to address nation-wide housing shortages.

Strengthen program administration & technical assistance

HUD-CPD administrators face critical gaps in program oversight and management. Staffing turnovers and retirements as well as the lacking availability of qualified staff have strained operations for housing and community development practitioners. For CDBG, states remain especially limited to maintain and enhance administrative support due to a statutory directive restricting use of funds for administrative expenses. Annual appropriations have made available up to 20% of grant funds for administrative and technical expenses. Meanwhile, states may only access up to 3% for these activities per statute.¹⁵

The state program differs extensively from the local-based entitlement program, and in many ways, proves more difficult to administer. Non-entitlement CDBG administrators must ensure funding is made available to eligible sub-grantees which can be a few dozen to hundreds of individual localities depending on the state. Further, states are responsible for multiple program duties including development of action and consolidated plans, implementation of compliance standards (labor, environment, fair housing, lead safe housing, & relocation), and instruction to sub-grantees and recipients.

Based on the layers of grant management responsibilities and constraints to staff capacity, **we urge Congress to provide states the ability to access up to 6% of grant funds for administration and technical assistance.** HUD agrees with this assessment and included the 6% state administrative cap in the agency's FY23 budget.¹⁶ In comparison, entitlement grantees may access the entire 20% of administrative expenses afforded per annual appropriations directive.

Alongside the administrative cap update, COSCDA requests altering the administrative match requirement. Currently, states must match every dollar beyond the first \$100,000 in CDBG funds used for administrative purposes.¹⁷ Funding variances in annual state budget cycles are often unpredictable. Smaller states and their related CDBG-administrating agencies are particularly susceptible to smaller budgets which prove difficult to accommodate this match requirement. **Therefore, COSCDA requests that the administrative match threshold be increased from \$100,000 to \$500,000.** The updated level allows grantees additional budgetary

¹⁴ 42 U.S.C. 5305(a)(15)

¹⁵ 42 U.S.C. 5306(d)(3)(A)

¹⁶ U.S. Department of Housing and Urban Development. FY23 Budget. Congressional Justification – Community Development Fund. March 2022. https://www.hud.gov/sites/dfiles/CFO/documents/2023_CJ_Program_-_Community_Development_Fund_updated.pdf.

¹⁷ 42 U.S.C. 5306(d)(3)(A)

flexibility in their respective states. As with the administrative cap, states must match administrative expenses while entitlement grantees do not have this same requirement.

Update CDBG for public services

CDBG's eligible activities serves a host of community-based needs. Among these, public services ensure populations are assisted especially in social, health, and economic development. Conditions from the pandemic prompted many localities to enhance support to public services including workforce training, healthcare, and housing assistance. Indeed, Congress and HUD expected this response and ensured CDBG funds for FY19 and 20 as well as CDBG CARES Act (CDBG-CV) could be maximized for these activities. As the global economy recovers from the pandemic and future social and economic needs remain uncertain, federal assistance will prove critical to serving vulnerable populations. Further flexibility in CDBG for public services would better equip recipients to address gaps in public needs. **We therefore urge an increase to the public services cap from 15 to 20%.**

Further, HUD recently initiated renewal of the Affirmatively Furthering Fair Housing policy (AFFH). The forthcoming directives from HUD to CDBG grantees means additional planning and response will be required by funding recipients. Program administrators desire to act accordingly however minimal program funds are available for fair housing activities; the activities are restricted under either the public services or administrative categories which have respective caps of 15% and 20%. In order to maintain compliance with fair housing policies and minimize disruption to other CDBG-funded activities, **we ask that fair housing activities to be exempted from the public services cap.**

Revise the Recovery Housing Program expenditure deadline

The CDBG Recovery Housing Program (RHP) directs funding to housing access for individuals in recovery from substance abuse. Established under the SUPPORT Act, Congress has appropriated \$25 million for this initiative annually since 2019. Resources have progressed to facilitate housing needs in over 25 states and the District of Columbia. However, activities remain hindered due to competing work in pandemic response, multi-level capacity limitations of grantees and sub-recipients, and availability of contractors and materials.

The SUPPORT Act directs grantees to expend 30% of funds within one year of recipient.¹⁸ Unfortunately, grantees face difficulty in meeting this benchmark. The pre-pandemic legislation did not account for these circumstances; grantees would be in a much-different position if not for the fallout from the pandemic. **We therefore request removal of the expenditure deadline allowing grantees to advance RHP initiatives without disruptions expected due to missing this mark.**

Improve CDBG-DR and ensure adequate program administration

The CDBG Disaster Recovery Program (CDBG-DR) commits targeted funds to help residents, business, and communities rebuild from disasters and withstand future events. The program ensures unmet needs of low and moderate income populations are addressed playing a pivotal role in federal disaster assistance. Though housing, infrastructure, and local economies are consistently served by this important resource, CDBG-DR is

¹⁸ P.L. 115-271. Enacted October 24, 2018. Sec. 8071(c)(1). <https://www.congress.gov/115/plaws/publ271/PLAW-115publ271.pdf>.

significantly hindered due to HUD's inability to establish consistent regulations. Inefficiencies exist as a result and delays are frequent. HUD cannot put into place standard rules without program authorization and remains limited to make necessary improvements central to expedient and effective delivery of aid.

COSDA continues to pursue updates to CDBG-DR including program authorization. The bi-partisan sponsored *Reforming Disaster Recovery Act* (S. 2471, H.R. 3707) would codify CDBG-DR and install changes to improve program outcomes.¹⁹ As supplemental funding continues to be provided for disaster response, strengthening this program is critical to ensuring targeted populations are effectively assisted. **Therefore, we urge inclusion of this legislation in the final FY23 appropriations measure.**

As Congress considers further supplemental funding for recovery efforts from Hurricanes Ida and Fiona as well as other major disasters in 2022, **we recommend reserving at least 10% of funds for state and local program administration.** Past disasters and corresponding recovery measures have shown the need for adequate capacity to oversee program duties. CDBG-DR maintains key flexibility for disaster response however proves incredibly challenging considering both its extensive rules and effort involved in connecting program funds to activities. Areas of compliance take significant time and staff to ensure federal standards are met. Additionally, different from other HUD programs, CDBG-DR resources are dedicated to much-more limited service areas which experienced disaster impact. States and localities must identify and act for these specific communities qualifying projects to meet the needs of low and moderate income residents. Difficulties especially exist for funding recipients which have limited or no experience with CDBG-DR. Depending on the scope of the disaster and amount of funds directed, smaller grantees are at a significant disadvantage to carry out program management in a timely and effective manner. Overall, recipients are inadequately supported through the maximum allowed for administrative costs which has regularly been only 5% of grant funds. In comparison, annual appropriations laws have directed up to 20% of funds for administration of the formula CDBG program.

Position HUD and stakeholders to adequately administer congressionally-directed spending, and apply funding to key local priorities

The reemergence of congressionally-directed spending (CDS) in the appropriations process ensures members of Congress can request and secure federal assistance for individual projects. Resources facilitate an array of important investments for infrastructure, housing, public services, and related purposes.

Recognizing significant time and effort goes into determining which projects receive funds, it is prudent for Congress to ensure HUD and grantees are positioned to carry out project development and oversight. Challenges exist for both to meet program guidelines and federal compliance. For funding recipients, smaller jurisdictions and non-profits are particularly vulnerable to follow these requirements due to lack of experience with federal grants and capacity issues. The inability of CDS grantees to address federal requirements has prompted requests for assistance from HUD and HUD CPD grantees. Environmental reviews for instance can only be performed by HUD or government entities. **COSDA recommends administrative resources be dedicated supporting HUD FTEs which can in turn monitor and accommodate compliance reviews.**

Further, to drive CDS investment to the greatest needs and support projects with sustained impact, **we suggest incorporating community, regional, and state support as a benchmark in selecting projects for CDS awards.** State and local grantees of HUD-CPD funding conduct frequent plans identifying both local needs and activities targeted for investment. Additionally, jurisdictions support individual planning initiatives responsive

¹⁹ 117th Congress (Sens. Schatz, Collins, Young, Leahy, Cassidy, & Wyden). S.2471. Reforming Disaster Recovery Act. Introduced July 26, 2021. <https://www.congress.gov/bill/117th-congress/senate-bill/2471>.

to specific causes across economic and social issues. Opportunities exist in aligning CDS with these planning activities which document community-based needs and projects.

HOME Investment Partnerships (HOME)

COSCSA FY23 Request: \$2.5B (+\$1B from FY22 level)

The HOME Investment Partnerships program (HOME) promotes affordable housing opportunities for low-income households. Since 1992, the program has supported 1.344 million units (Rental: 536,602; Homebuyer: 550,089; Homeowner: 258,226).²⁰ HOME provides critical gap financing for affordable housing projects alongside sources such as Low Income Housing Tax Credits (LIHTC), Housing Trust Fund (HTF), State and Local Fiscal Recovery Funds (SLFRF), and private sources. Every dollar of HOME leverages another \$4.68 in other public and private funding.²¹ The program's flexibility means resources are responsive to housing needs of individual communities.

Similar to CDBG, annual funding has declined over the program's existence. Recent increases in the annual program as well as supplemental funds through the American Rescue Plan Act (HOME-ARP) bring more investment to address the nation's affordable housing shortage. However, amid accelerating costs to labor and materials, level or even modest increases will fall short in maintaining HOME's support to housing development.

COSCSA asks Congress to renew funding for HOME and direct \$2.5 billion to the program in FY23. The requested level raises federal investment to help address the nation's affordable housing shortage.

Modernize program investments

Suspend commitment deadline

The HOME statute directs PJs to obligate funds to projects within two years of funding receipt.²² The rule prohibits PJs from revising their initial investments and funds obligated by grantees to cancelled projects must be recaptured by HUD. While well-intended to encourage PJs to dedicate funding to projects in a timely manner, the directive is too restrictive to PJs to apply funding and ultimately not responsive to housing development.

COSCSA requests continued suspension of the commitment deadline in FY23; the directive has been waived in recent appropriations legislation. Without this restriction, PJs can maintain progress and target funds to quality projects in a reasonable timeframe. PJs must still act in a timely manner and meet HUD's four-year completion deadline.

²⁰ U.S. Department of Housing and Urban Development. HOME National Production Report. September 30, 2022. https://files.hudexchange.info/reports/published/HOME_Prod_Natl_20220930.pdf.

²¹ Ibid.

²² 42 U.S.C. 12748(g).

Allow jurisdictions to retain CHDO set-aside funds

Per HOME statute as well, an amount is reserved for each PJ to direct to specific types of non-profit organizations involved in housing development.²³ HOME PJs must reserve and apply 15% of their funds for Community Housing Development Organizations (CHDOs). For any funds remaining undirected by PJs for CHDOs within a two-year period, funding is recaptured by HUD and unavailable for future use. The rule puts PJs in an unfair position with circumstances outside of their control largely dictating their ability to drive HOME funds to these specific entities. The biggest challenge is the availability of CHDOs in the PJ's service area which varies depending on location. For rural areas especially few of these organizations exist. Standards involved in becoming a CHDO also pose significant obstacles for non-profits interested in attaining this designation. CHDO attainment also does not necessarily indicate a certain level of success in affordable housing; instead, depending on location and circumstances, a PJ may consider non-CHDOs as better capable to carry out affordable housing development.

Due to the constraints involved with the CHDO set-aside policy, **COSCD A asks for suspension of this directive in the FY23 appropriations measure; the suspension has been included in recent annual appropriations laws.** As a result, PJs will be able to recapture and use any unspent CHDO set-aside funds following the two-year period.

Strengthen program administration & technical assistance

HOME as with other federal programs rely on necessary administrative support critical to program management and oversight. Additionally, technical assistance provides sub-recipients with guidance and resources necessary to meet program requirements and development. The HOME statute limits PJs to 10% of funds for these purposes.²⁴

Capacity issues have greatly challenge administrators across program responsibilities. The process to identify and review qualified projects as well as recipients of funds takes significant time and effort by PJs. Additional duties involve meeting federal compliance standards, completing annual and consolidated planning, and coordinating HOME funds with other financing.

To improve HOME program administration, **COSCD A asks for an increase to the administrative cap from 10% to 15%.** The ability to apply additional funds at the PJs discretion can better facilitate program management. An increase to this level also closer aligns with CDBG which involves similar administrative duties and oversight. For CDBG, annual appropriations have directed up to 20% of program funds for grantee administrative costs.

Enhance HOME availability to support non-profit housing orgs

The affordable housing network relies on non-profit organizations to promote safe, quality housing opportunities. Capacity challenges have extended greatly to these entities making it more difficult to carry out housing activities. The situation inhibits deployment of HOME resources to accommodate affordable housing.

²³ Ibid.

²⁴ 42 U.S.C. 12742(c)

While HOME PJs may use funds for operational assistance to housing non-profits, a statutory limitation only allows up to 5% of funds to be used for this purpose.²⁵

COSCD A urges an increase to the non-profit operational assistance cap from 5 to 10%. The ability to provide additional aid allows PJs to better support affordable housing partners, and enhance their position to direct HOME to housing activities.

Homeless Assistance Grants - Emergency Solutions Grants (ESG)

COSCD A FY23 Request: \$3.5B for Homeless Assistance Grants (HAGs), 20% for ESG (\$700m)

The Emergency Solutions Grants program (ESG) provides federal support to address key gaps in homelessness. The block grant program offers flexible resources available to accommodate an array of activities such as rapid re-housing, street outreach, and support to emergency shelters. ESG many times aligns with other financing while working individually as well to address unmet needs.

As the homelessness crisis has intensified across the country, the importance of federal assistance cannot be understated to solve this issue. States and localities continue to struggle in connecting populations to safe, secure housing while also helping clients to access supportive services. Along with the rise in homeless populations, costs associated with housing and services have accelerated as well. It is imperative resources meet this demand for communities to facilitate their respective homeless response.

Based on the unfolding homeless crisis and rising costs associated with serving populations in need, **we urge Congress to increase funding to Homeless Assistance Grants (HAGs) at no less than \$3.5 billion in FY23; of this amount, we recommend the authorized amount be provided to ESG (20% of HAGs – \$750 million).**²⁶ ESG has unfortunately remained level-funded over the last decade despite increases to other programs in the HAGs account. Homelessness providers are concerned flat funding will be unable to continue a similar level of response. This comes as ESG supplemental funds through the CARES Act as well will close out by September 2023.

Modernize program investments

Strengthen program administration and technical assistance

As with CDBG and HOME, capacity needs remain at a critical level in program oversight and management. ESG grantees and sub-recipients are restricted to 7.5% of program funds for administration and technical assistance.²⁷ Accountable and responsive program performance relies on adequate administrative support. The present cap does not allow states and localities as well as sub-recipients the ability to comprehensively engage on activities. Regulatory compliance, network-building with stakeholders, and coordinating funds across various sources takes significant time and effort. State and local staff shortages or increased reliance on contractors fails to properly react to these activities.

²⁵ 42 U.S.C. 12742(g)

²⁶ P.L. 111-22. Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009. 42 USC 11372a. Sec. 413. <https://www.congress.gov/111/plaws/publ22/PLAW-111publ22.pdf>.

²⁷ Ibid. Sec. 1204.

COSCD A requests a revision to the administrative cap from 7.5% to 10% strengthening program management and oversight.

Maximize & streamline resources by extending pandemic-era waivers

Aiding pandemic response in 2020, HUD provided a series of waivers to streamline ESG processes and advance deployment of assistance to target populations. The flexibilities allowed by the agency greatly improved grantee engagement with beneficiaries and overall program implementation. States took advantage of multiple waivers including landlord incentives, housing assistance beyond fair market rent (FMR), and ability for states to carry out activities directly. In turn, grantees could maximize use of funds in a shorter timeframe than usual.

The waivers are set to elapse following removal of the national emergency declaration. Of these, only the FMR waiver can be extended by HUD moving forward. **COSCD A recognizes the value of these program flexibilities and asks for an extension to these waivers as a part of the annual appropriations legislation.** COSCD A shared with HUD earlier this year the full list of waivers and justification for their continued use.²⁸

Modernize HUD & Improve Effectiveness of Federal Resources

Enhance IT for HUD-CPD programs (IDIS, DRGR, & HMIS)

HUD supports data collection and reporting through information technology platforms: Integrated Disbursement & Information System (IDIS), Disaster Recovery Grant Reporting System (DRGR), and Homeless Management Information System (HMIS). The systems serve both the agency and grantees facilitating CPD program management from planning activities and information submission on individual program activities. While necessary to monitor and report programs, the systems are unfortunately outdated and prove inefficient. Grantees consistently share multiple concerns on user access and challenges with inserting information. Further, while each system has specific functions which allow HUD and grantees to access the same information, HUD and grantees have different systems communicating with one another. The misalignment impacts how grantees collect and share data while proving to be an extra cost for HUD and grantees to maintain their respective systems.

COSCD A requests additional resources through HUD-CPD for its IT Development and Enhancement Fund. Increased resources and attention are needed to address lingering issues with CPD's IT systems. If additional resources cannot be reserved for this purpose, we urge Congress to direct HUD to investigate and determine solutions via existing tools in the agency's IT fund.

Assess regulations & determine impact on program outcomes

Regulatory compliance involves substantial administrative staff and time. Full-time positions are accounted for in many state and local programs due to the extensive level of environmental, labor, relocation, and other federal standards. Recognizing the importance of meeting these standards, administrators dedicate significant effort and resources for this purpose. Many regulations continue to be mismatched with project development.

²⁸ COSCD A. ESG Requests. October 2021. <https://coscda.org/wp-content/uploads/2022/10/COSCD A-ESG-Requests-Oct2021.pdf>.

Additionally, as federal financing often overlaps on the same project, separate reviews occur for each agency's labor and environmental compliance proving duplicative and inefficient.

Renewed regulatory review of federal standards (labor, environment, relocation, fair housing, and lead based paint) is reasonable at this time. An assessment provides key information needed to determine how standards impact programs and project development. As a result, HUD and related stakeholders can identify and address processes misaligned with program and project implementation. **COSCD A urges Congress to direct HUD to conduct this level of review with emphasis on streamlining compliance standards.**

Improve interagency coordination – HUD & federal partners

The Government Accountability Office (GAO) released a report in 2021 assessing the current state of agency programs in economic development.²⁹ Between HUD, U.S. Department of Agriculture (USDA), and the Economic Development Administration (EDA), a focus of this analysis was coordination among each to promote economic development outcomes. GAO provided several recommendations to facilitate cooperation for better outcomes.

COSCD A welcomes improved interagency collaboration between HUD and federal partners dedicated to community development. Beyond economic development, enhanced coordination should also be pursued for housing and infrastructure programs. Agencies apply separate program rules despite their overlap in use and purpose. As a result, increased time and resources are needed by project stakeholders to meet compliance for each set of directives.

To streamline assistance and improve access to federal resources, **we urge a review of CPD programs against similar federal initiatives.** The review would allow agencies to identify and pursue processes which can be better aligned accommodating stakeholder use of federal resources. COSCD A recommends inclusion of a directive in the final appropriations measure supporting this activity.

We welcome further engagement to provide further details and perspective on these priorities. Thank you for your consideration and COSCD A looks forward to our continued partnership.

Sincerely,



Dianne E. Taylor
Executive Director

²⁹ Government Accountability Office. Economic Development: Opportunities Exist for Further Collaboration among EDA, HUD, and USDA. July 2021. <https://www.gao.gov/products/gao-21-579>.

CC:

The Honorable Charles Schumer, Senate Majority Leader
The Honorable Nancy Pelosi, Speaker of the House
The Honorable Mitch McConnell, Senate Minority Leader
The Honorable Kevin McCarthy, House Minority Leader
The Honorable Tammy Baldwin
The Honorable Roy Blunt
The Honorable John Boozman
The Honorable Mike Braun
The Honorable Shelley Moore Capito
The Honorable Chris Coons
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The Honorable Steve Womack