



May 22, 2023

The Honorable Marcia Fudge
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Dear Secretary Fudge,

The [National Community Development Association](#) (NCD) and [Council of State Community Development Agencies](#) (COSCDA) appreciate your commitment to key policy and program updates at the U.S. Department of Housing and Urban Development (HUD). The agency's ongoing regulatory agenda corresponds with improved alignment between program requirements and conditions in project development. Our associations look forward to further partnership on actions to enhance HUD Community Planning and Development (CPD) programs.

One priority of the agency is a forthcoming rule for the Community Development Block Grant program (CDBG). As referenced in HUD's FY23 and FY24 budget requests¹², the new rule will address outstanding issues for more effective use of program resources specific to economic development. Additional updates would accommodate timeliness in grant activities, incentives for grantee performance, and streamlined reporting requirements. NCD and COSCDA welcome these meaningful changes to remove burdensome requirements and promote efficiency in carrying out activities.

While recognizing considerable time and effort are involved in the regulatory process, we urge HUD to proceed with this important rulemaking. Expected updates have been needed for many years. For instance, program administrators have expressed significant challenges in applying CDBG funds for economic development; in turn, fewer grant funds have been dedicated to job creation and business assistance activities over the last twenty years. In FY2022, grantees dedicated nearly 4.5% of funds in total to economic development – less than half of the level of funds used for the same activity category in FY2001 (10%).³ The outlier was CDBG CARES Act funding (CDBG-CV) with more grant dollars applied towards economic development than usual (20% and 9%, respectively, for FY20 and FY21). Funding recipients though took advantage of various waivers provided by HUD offering several flexibilities – including for economic development - otherwise not available in the annual program.

¹ HUD FY23 Budget Request – Congressional Justification. Community Development Fund. Page 3.

https://www.hud.gov/sites/dfiles/CFO/documents/2023_CJ_Program_-_Community_Development_Fund_updated.pdf.

² HUD FY24 Budget Request – Congressional Justification. Community Development Fund. Page 3.

https://www.hud.gov/sites/dfiles/CFO/documents/2024_CJ_Program_-_CDF.pdf

³ HUD. CDBG National Expenditure Report – FY2001 – FY2022.

https://www.hudexchange.info/resources/documents/CDBG_Expend_NatAll.xlsx.

CDBG administrators also experience ongoing issues in program implementation with an increasing amount of work and responsibility required to facilitate compliance and oversight. Therefore, updates to reduce and remove unnecessary reporting requirements in rulemaking would be welcomed.

NCDA and COSCDA remain grateful for your dedication to strengthening CDBG for future investment in communities nationwide. We encourage further attention to progress on a proposed rule soon.

Thank you for your consideration.

Sincerely,



Vicki Watson
Executive Director
National Community Development Association



Dianne E. Taylor
Executive Director

Cc:

Adrienne Todman, Deputy Secretary
Joseph Carlile, Program Associate Director, General Government Programs, Office of Budget & Management
Michelle Enger, Deputy Associate Director, General Government Programs, Office of Budget & Management
Marion McFadden, Principal Deputy Assistant Secretary, Office of Community Planning & Development
Claudette Fernandez, General Deputy Assistant Secretary, Office of Community Planning & Development
Claudia Monterrosa, Deputy Assistant Secretary of Grant Programs, Office of Community Planning & Development
Kera Package, Policy Advisor, Office of Community Planning and Development
Jessie Handforth Kome, Director, Office of Block Grant Assistance
Savin Ven Johnson, Deputy Director, Office of Block Grant Assistance