



# ADVOCACY PRIORITIES

## Requests for Congress | FY 2026



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# Funding Priorities



## AT LEAST \$4.2 BILLION FOR CDBG

**Appropriate at least \$4.2 billion for the Community Development Block Grant (CDBG) program to promote flexible development at the state and local level.**

COSCDA recommends at least \$4.2 billion in FY26 for the CDBG program. State and local communities often receive more CDBG funding requests than they can accommodate. Further, when appropriations decline or remain flat, CDBG administrators cannot accomplish as many projects for their communities when faced with the reality of rising construction and labor costs. COSCDA believes a targeted increase to CDBG is justified and would result in locally led improvements to communities across the nation.

## AT LEAST \$2.1 BILLION FOR HOME

**Provide at least \$2.1 billion for HOME Investment Partnerships Program (HOME) to expand affordable housing, rental assistance, and homeownership.**

Congress should provide at least \$2.1 billion for the HOME program in FY26. The program saw a funding cut from \$1.5 billion in FY24, resulting in \$250 million less in federal funding to support housing priorities. Moving forward, HOME should receive robust funding investments to address the growing housing supply shortage. COSCDA also reminds Congress that annual HOME funding is a separate funding stream from the \$5 billion in **HOME-American Rescue Plan (HOME-ARP)** funds, which has different eligible beneficiaries and activities. HOME-ARP funds are on track to be spent within a reasonable timeframe.

## AT LEAST \$4.75 BILLION FOR HOMELESSNESS

**Provide at least \$4.75 billion for Homeless Assistance Grants (HAGs) with sufficient resources directed to Emergency Solutions Grants (ESG).**

Congress should provide an increase in HAG funding in FY26 with \$400 million reserved for ESG. Any increase to ESG should come from an overall increase in HAG funding rather than deductions from Continuums of Care (CoCs) or other HAG accounts. Additional funding for both HAG and ESG ensures grantees have access to critical resources needed to support homeless populations.

## AT LEAST \$180 MILLION FOR HUD-CPD

### **Maintain HUD staffing and performance with no less than \$180 million for HUD's Office of Community Planning and Development (HUD-CPD).**

COSCDA calls on Congress to reverse staff losses and renew additional full-time equivalents at HUD-CPD. We request no less than \$180 million for CPD salaries and expenses, which aligns with HUD's FY25 budget request and would allow CPD to maintain its current workforce.

## GENERAL FUNDING REQUESTS

### **Enhance information collection and reporting through targeted resources to HUD CPD's IT development.**

Updates are needed to improve the functionality of HUD technology, reducing the time and administrative support required for information input and access. Reliable technology will help HUD track whether taxpayer dollars are used efficiently to meet community development needs. COSCDA urges targeted resources for these system upgrades through HUD's IT Development and Enhancement Fund.

### **Provide annual funding for planning and initial disaster recovery activities.**

COSCDA urges Congress to establish "seed funding" provided to HUD to expedite planning and capacity building activities in the aftermath of natural disasters. Responsive funding provided in advance of Community Development Block Grant Disaster Recovery (CDBG-DR) grant funding would facilitate a more rapid recovery. Annual disaster recovery funding would offer HUD the ability to deploy on-site technical assistance providers to jurisdictions impacted by major disasters. COSCDA recommends around \$500 million per grantee in seed funding that would not count against administrative funding caps and would allow grantees to develop action plans and initial disaster response activities.

### **Establish a 30% non-entitlement set aside under the Pathways to Removing Obstacles (PRO) Housing grant program.**

This set aside would align with the 30% of CDBG funds reserved for non-entitlement jurisdictions --namely, states and rural communities. Barriers to housing exist in all types of communities from small farming towns to large metropolitan cities. Guaranteed funding for state and rural communities would encourage more potential grantees to consider how they could use the PRO Housing program to improve access to housing. HUD should work closely with state and rural applicants to prepare them to successfully apply for PRO Housing and other new grant programs.

# Cross-Cutting Issues

## BUILD AMERICA, BUY AMERICA (BABA)

**Provide BABA exemptions and waivers to HUD programs to ensure continued progress on creating infrastructure and housing supply.**

COSCDA urges HUD to make all BABA waivers easily accessible to projects that qualify for them and to expedite the waiver process to avoid further construction delays. COSCDA requests a full exemption of housing activities from the Buy America Preference (BAP) to avoid a decrease in the preservation and creation of the nation's housing supply. In the absence of a full exemption, HUD should further delay the implementation of BABA until better data exists on the potential impact to program costs. COSCDA also recommends an immediate, categorical exemption for heat pumps; BABA will make it difficult to acquire and use efficient heat pump appliances.



## DAVIS-BACON AND SECTION 3

**Evaluate the effectiveness of Davis-Bacon and Section 3 requirements on labor outcomes and provide administrative relief where possible.**

The Department of Labor made some improvements to Davis-Bacon in its 2023 final rule. Still, additional focus is warranted on how to streamline procedures and promote government efficiency in determining fair wages on HUD-funded developments. COSCDA urges Congress to lift the \$2,000 Davis-Bacon threshold in response to rising project costs in recent years. HUD should also work to streamline Section 3 administrative requirements and evaluate the extent to which Section 3 requirements actually improve economic outcomes for workers.



# Community Development

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## COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

### **Improve the CDBG program to leverage federal investment in local communities.**

COSCD A urges Congress to improve CDBG while supporting the role of state agencies. State CDBG grantees direct CDBG program funding to aid small and rural communities. Program updates would be advantageous in providing more support to these important but continually neglected places in our country. COSCD A recommends the following common-sense improvements to the CDBG program:

- Provide funding that keeps pace with inflation and increased project costs.
- Broaden CDBG's impact by making construction of new housing an eligible activity.
- In response to increasing need and a variety of new regulations, enhance administrative resources and technical assistance for rural communities by raising the state administrative and Technical Assistance cap to 6%.
- Ease state budget constraints by increasing the administrative match threshold to every dollar over the first \$500,000 matched by state funds.

### **Preserve CDBG's role as a critical financing tool for community growth and economic outcomes.**

Policymakers should look to CDBG as the primary avenue for federal investment in state and local community development projects. Unlike newer or smaller scale initiatives, CDBG has a 50-year record of successful projects, and a broad infrastructure of state and local agencies trained to manage community development grants. COSCD A urges both Congress and HUD to focus on the success of the CDBG program rather than spending limited federal resources on smaller, boutique programs whose goals could be accomplished through CDBG. COSCD A also requests HUD's assistance with providing data on CDBG projects in each congressional district to better demonstrate the program's impact to federal policymakers.



# Housing

## HOME INVESTMENT PARTNERSHIPS PROGRAM

**Improve the HOME program to enhance housing supply and improve program administration.**

Congress should work to improve the HOME program through legislative action. COSCDA recommends including the following in any HOME legislation:

- Update HOME funding to keep pace with inflation and rising construction costs.
- Focus on completion deadline compliance rather than commitment deadlines when monitoring HOME program performance.
- Update the Community Housing Development Organization (CHDO) set aside and broaden it to include other non-profits.
- Increase the program's administrative cap to 15%.
- 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.

## NATIONAL HOUSING TRUST FUND (HTF)

**Preserve the HTF to help fill the affordable housing supply gap for the lowest income populations.**

Congress can further support housing production for low-income households by preserving the HTF and reforming program implementation and response:

- Update the administrative cap to 15% to support sufficient administrative oversight and technical assistance.
- Focus on completion deadline compliance rather than commitment deadlines when monitoring HTF program performance.
- Extend allowance of HTF to adopt Part 58 or similar environmental review processes. Current implementation through Part 50 significantly limits project investments with sites ineligible for investment with no mitigation activities allowed.

## LOW-INCOME HOUSING TAX CREDIT (LIHTC)

**Advance improvements and expansions to LIHTC to spur affordable housing development.**



## CDBG DISASTER RECOVERY (CDBG-DR)

### **Permanently authorize and improve the CDBG-DR program to expedite effective disaster recovery.**

Congress should permanently authorize CDBG-DR through legislation such as the *Reforming Disaster Recovery Act* to improve the delivery of federal assistance to post-disaster rebuilding efforts. COSCDA recommends changes to the proposed legislation; Our members have a wealth of experience administering CDBG-DR programs and are prepared to partner with Congress to finalize authorizing legislation that would improve program implementation and expedite relief.

### **Expand administrative waivers to improve planning and address gaps in disaster response.**

In addition to the flexibilities outlined in HUD's upcoming CDBG-DR Universal Notice, certain waivers should be provided to both allow activities to begin sooner in the aftermath of disaster events and to address current gaps in disaster response. Congress should also extend or renew provisions in the DRRRA that allowed grantees to use CDBG-DR funding to pay off Small Business Administration (SBA) debt. State, local and other funds are often not available or are prohibited from being used for this purpose.



## FEMA INDIVIDUAL ASSISTANCE (IA)

### **Expand flexibility for FEMA IA to direct more meaningful, encompassing, and immediate support to disaster survivors.**

COSCD A is grateful for recent FEMA IA updates that provided flexibility to improve disaster recovery. However, it is unclear whether the updates have been fully implemented. Congress should expand the flexibility of FEMA IA to allow funding to meet more immediate recovery needs such as temporary housing solutions (home repairs) and vehicles for work/education/healthcare.

# Homelessness

## EMERGENCY SOLUTIONS GRANTS (ESG)

### **Authorize proven ESG waivers and flexibilities to create a more efficient program.**

COSCDA encourages Congress to authorize proven waivers to streamline ESG policies and procedures. HUD issued a series of waivers in response to the COVID-19 pandemic that improved ESG administration and should serve as a guide for future program improvements. Among others, COSCDA recommends authorizing at least the following waivers and flexibilities:

- Remove the 60% cap on emergency shelters. Flexibility on the emergency shelter cap would allow states to respond better to local need and improve their front-line outreach and support.
- Reduce or suspend the match requirement to enable states and localities to pivot funds for investment to meet homelessness needs responsive to their jurisdictions.
- Allow states to use 100% of grant funds awarded to carry out activities directly. Further flexibility to pursue activities directly would allow more streamlined, multi-jurisdictional support in homelessness services.
- Give states the ability to sub-award grants to PHAs and local redevelopment authorities. By allowing continued ESG investments in these entities, resources can be used to connect available housing to target populations.

## About COSCDA

COSCDA is the premier national association advocating and enhancing the leadership role of states in community development through innovative policy development and implementation, customer-driven technical assistance, education, and collaborative efforts. Throughout its history, the primary purpose of COSCDA has remained promoting the common interests and goals of the states, with major emphasis on community development, housing, homelessness, local economic development, disaster recovery and state-local relations. Learn more at [www.COSCDA.org](http://www.COSCDA.org).

