

Statement for the Record
Council of State Community Development Agencies
Tess Hembree, Executive Director
U.S. House Subcommittee on Housing and Insurance
“Building Our Future: Increasing Housing Supply in America”
March 4, 2025

The Council of State Community Development Agencies (COSCD A) applauds Chair Flood, Vice Chair De La Cruz, Ranking Member Cleaver, and members of the Subcommittee on Housing and Insurance for exploring housing supply solutions. COSCD A represents state agencies that administer Dept. of Housing and Urban Development (HUD) grants to mostly small and rural communities outside large metropolitan areas. We support the common interest of state agencies, with major emphasis on community development, affordable housing, local economic development and state-local relations.

Housing supply in general—and affordable housing especially—is increasingly scarce throughout the country. Federal investments through the Department of Housing and Urban Development (HUD) provide critical financing that supports the creation and preservation of housing supply in every single state. COSCD A members administer at least three programs with successful record of increasing housing supply: the HOME Investment Partnerships Program (HOME), the Community Development Block Grant (CDBG) program, and the National Housing Trust Fund (HTF).

HOME Investment Partnerships Program (HOME)

HOME is the only federal housing program exclusively focused on providing states and local communities with flexible financing to address their most pressing affordable housing needs. HOME program resources are used efficiently to support tens of thousands of homes every year. Since 1992, HOME has constructed and rehabilitated **more than 1.38 million units of affordable housing**¹. HOME has an excellent return on investment – HUD estimated that at the FY24 appropriated level of \$1.25 billion, HOME would leverage approximately **\$6 billion in additional public and private investment**².

Appropriated HOME funds fall short of community need. In 2021, 39 state-administered HOME programs reported \$697 million in project requests compared to \$480 million committed through available funds³. Moving forward, COSCD A urges Congress to provide increased HOME funding to help address the growing housing supply shortage.

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

¹ HUD Exchange. [HOME National Production Report](#). September 30, 2024.

² U.S. Department of Housing and Urban Development. FY2025 Budget. [Congressional Justifications – HOME Investment Partnerships Program](#). March 11, 2024.

³ National Council of State Housing Agencies. [2022 State HFA Factbook](#). 2022.

- Update the authorized HOME funding level 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.

Community Development Block Grant Program (CDBG)

For the past five decades, the CDBG program has been one of the most important resources used by state and local governments to meet community development needs. Communities use CDBG funding for public infrastructure, housing, economic development, and public services. CDBG helps preserve affordable housing and expand housing supply. **Since FY05, CDBG-funded housing activities have directly benefited over 2 million households** across the country through unit rehabilitation, homeownership assistance, construction, and more. CDBG also has a great return on investment with every dollar of 2022 CDBG funding **leveraging an average of \$5.02 in local investment**⁴.

State and local communities often receive more CDBG funding requests than they can accommodate. 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 an increase in housing supply and repairs in communities across the nation.

COSCDAs urge Congress to improve the CDBG program 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. COSCDA 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’s 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.

National Housing Trust Fund (HTF)

The HTF, established through the Housing and Economic Recovery Act of 2008, directs funds to states for affordable housing development aimed at households with ongoing and significant housing instability. The program is funded through an annual assessment from the Federal Housing Agency (FHA) on mortgage receipts. Since launching in 2016, the HTF has facilitated the development of **more than 6,700 units of**

⁴ U.S. Department of Housing and Urban Development. FY2025 Budget. [Congressional Justification – Community Development Fund](#). March 11, 2024.

affordable housing⁵. The program often supports related investments from HOME and the Low-Income Housing Tax Credit (LIHTC). **Every dollar of HTF leverages an estimated \$10.04** from other public and private sources⁶. HTF has been a successful model for serving individuals at the lowest incomes who are not as well supported through other programs and should continue to be supported.

Federal Investments Are Critical

Without federal support, many state and local housing supply efforts would not be feasible. For example, **\$700,000 in HOME funding enabled the small community of Owensboro, Kentucky to build 12 units** of affordable, permanent housing for those transitioning out of homelessness from the Daniel Pinto Shelter⁷. Additional funding leveraged for the Nicky Hayden Apartments included \$600,000 from the Federal Home Loan Bank of Cincinnati, \$200,000 from the Housing Trust Fund, and \$91,840 in private financing.

HOME, CDBG, and HTF are key investments in housing supply—especially affordable housing—that is simply not available to the same degree at the local and state levels. COSCDA urges the Subcommittee on Housing and Insurance to recognize the value of these programs and commit to supporting and improving them for the future.



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⁵ HUD Exchange. [HTF National Production Report](#). September 30, 2024.

⁶ Ibid.

⁷ HOME Coalition. [HOME Project Profile – Nicky Hayden Apartments](#). N.d.