



The Honorable French Hill  
Chair, U.S. House Committee on Financial  
Services  
1533 Longworth House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member, U.S. House Committee  
on Financial Services  
2221 Rayburn House Office Building  
Washington, DC 20515

February 2, 2026

Dear Chair Hill and Ranking Member Waters,

The undersigned organizations write in response to Section 202 of the *Housing for the 21<sup>st</sup> Century Act (21<sup>st</sup> Century Act)*. We applaud your leadership of the Committee on Financial Services and your commitment to drafting bipartisan housing and community development legislation. Our organizations share a focus on the Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program. The Council of State Community Development Agencies (COSDA) and the National Community Development Association (NCDA), represent nearly all CDBG grantees across the nation. Local Initiatives Support Corporation (LISC) is a nationwide nonprofit that uses CDBG funding to meet community needs.

**We urge you to refine language in Section 202 of the 21<sup>st</sup> Century Act that would allow CDBG to be utilized for new construction of affordable housing.** Starting on line 12 of Section 202, the bill would add the following language to Section 105(a) of the *Housing and Community Development Act of 1974*.

“(27) the new construction of affordable housing within the meaning given such term under section 215 of the *Cranston-Gonzalez National Affordable Housing Act* (42 U.S.C. 12745), and which shall not exceed 20-percent of the amounts allocated to the recipient.”

The United States faces a housing affordability crisis. We support Section 202's addition of affordable housing construction as a CDBG eligible activity, along with the 20 percent cap. However, the requirements under section 215 of *Cranston-Gonzalez* do not align well with the CDBG program. *Cranston-Gonzalez* authorized the HOME Investment Partnerships (HOME) program, which operates under a similar grant structure as CDBG but has a different statutory and regulatory framework.

For example, rental housing activities under the CDBG program must generally benefit low- to moderate-income (LMI) households, which is defined as up to 80 percent of area median income. For multifamily HOME projects, however, *Cranston-Gonzalez* requires 90 percent of units be occupied at households with incomes up to 60% of area median income. For administrative simplicity and to better leverage larger federal housing funding sources, such as the Low-Income Housing Tax Credit, we recommend the following language for new construction of housing funded by CDBG.

“(27) the new construction of residential housing for low- and moderate-income persons, which shall not exceed 20-percent of the amounts allocated to the recipient.”

We agree that CDBG funds used for the new construction of affordable housing should benefit LMI households, but we request legislative language that would allow grantees to use existing CDBG frameworks to implement this activity. Thank you for your consideration and for your work on the *Housing for the 21<sup>st</sup> Century Act*. We look forward to further discussion on Section 202. Please reach out to Vicki Watson ([vwatson@ncdaonline.org](mailto:vwatson@ncdaonline.org)) at NCDA, Tess Hembree ([thembree@coscda.org](mailto:thembree@coscda.org)) at COSCDA, or Mark Kudlowitz ([mkudlowitz@lisc.org](mailto:mkudlowitz@lisc.org)) with any questions.

Sincerely,

Council of State Community Development Agencies  
Local Initiatives Support Corporation  
National Community Development Association