

The Honorable French Hill
Chairman
House Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
House Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

April 17, 2026

Dear Chair Hill and Ranking Member Waters,

The Council of State Community Development Agencies (COSCD A) applauds your commitment to addressing the nation's housing affordability crisis and community development needs. COSCD A represents state agencies that administer Department of Housing and Urban Development (HUD) grants. Our members manage various programs, including the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), the Emergency Solutions Grant (ESG), and the CDBG Disaster Recovery program (CDBG-DR). **As the House and Senate move forward with housing legislation, we urge you to consider the recommendations outlined below.**

Recommended Modifications to 21st Century ROAD to Housing Act

Sec. 502 – HOME Investment Partnerships Reauthorization and Reform Act

Recommendation: COSCD A strongly supports the inclusion of the remaining *HOME Reform Act* provisions from Sec. 201 of the *Housing for the 21st Century Act*.

Specifically, we support Section 201's language related to Build America, Buy America (BABA) and environmental review requirements. COSCD A, along with other members of the HOME Coalition, worked in close consultation with Congressman Flood and Congressman Cleaver on *HOME Reform Act* language. We believe these two provisions would streamline HOME requirements to allow for more affordable housing, given current development realities.

- BABA: Although COSCD A supports American manufacturing and the intent behind BABA, HUD's implementation of BABA is not responsive to the realities of the affordable housing industry and has been unworkable for HOME projects. HUD has issued public interest waivers intended to ease the impact of BABA where American-made materials are unavailable or would require unreasonable costs. However, the waiver process remains undeveloped and can take upwards of six months for approval.
- Environmental Review:
 - If a HOME project seeks additional HUD resources to fill a financing gap after the project has already undergone an environmental review, the use of the additional resource(s) triggers a subsequent, duplicative environmental review, restarting the entire process and putting any further activity on hold until it is cleared a second time. We urge the inclusion of the "removing duplicative reviews" language from the *HOME Reform Act* to mitigate project delays due to the complex capital stacks found in HOME projects.

- Although we believe the contents of Sec. 208, the *Unlocking Housing Supply Through Streamlined and Modernized Reviews Act*, would benefit the HOME program, we urge the inclusion of the NEPA categorical exemption language from the *HOME Reform Act* that was specifically crafted to address environmental review challenges for the HOME program.

Sec. 205 – Build Now Act

Recommendation: COSCDA recommends the removal of the *Build Now Act* from the *21st Century ROAD to Housing Act*.

Although state agency CDBG recipients are excluded from the *Build Now Act*, COSCDA believes the *Build Now Act* would be harmful to the CDBG program. One of the hallmarks of the CDBG program is the flexibility to use the funds to carry out any of the eligible CDBG activities to address locally identified priority needs, including affordable housing development and preservation that increase local housing supply. The *Build Now Act* does not ensure the creation of affordable housing even if zoning laws are changed but it does ensure the loss of valuable CDBG funds to communities, if enacted. A better solution would be to provide additional funds directly to state and local governments to use in planning and implementing zoning and land use changes. Moreover, technical assistance and best practice identification through HUD are needed to help local grantees improve their housing growth rates.

Sec. 206 – Addition of affordable housing construction as an eligible activity

Recommendation: Modify the bill’s language to ensure alignment with the existing CDBG framework.

COSCDA supports Sec. 206’s addition of affordable housing construction as a CDBG eligible activity, along with the 20 percent cap. However, the requirements under section 215 of the *Cranston-Gonzalez National Affordable Housing Act* do not align well with the CDBG program. *Cranston-Gonzalez* authorized the HOME program, which operates under a similar grant structure as CDBG but has a different statutory and regulatory framework. 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: “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.”

Priority Provisions in 21st Century ROAD to Housing Act

Recommendation: In addition to the recommendations listed above, we want to flag three priority sections that would most directly benefit COSCDA’s state agency members. Maintain the three sections below in any final version of the *21st Century ROAD to Housing Act*.

Sec. 208 – Unlocking Housing Supply through Streamlined and Modernized Reviews

COSCDA’s 2026 Advocacy Priorities ask Congress to “streamline HUD’s administration of the National Environmental Policy Act (NEPA).” While it preserves responsible environmental review requirements, Sec. 208 responds to affordable housing development realities by recategorizing the level of review necessary for certain projects.

Sec. 501 – Reforming Disaster Recovery Act

COSCDA’s 2026 Advocacy Priorities ask Congress to “permanently authorize and improve the CDBG-DR program to expedite effective disaster recovery.” Long-term federal disaster recovery is accomplished through the CDBG-DR program, which first received supplemental appropriations over 30 years ago. The lack of authorization slows down the disaster recovery process; codification of CDBG-DR is necessary for resources to

reach affected communities more expediently and effectively. COSCDA urges Congress to permanently authorize CDBG-DR through legislation such as Sec. 501, the *Reforming Disaster Recovery Act*. CDBG-DR is a complex program that should receive special attention as leadership finalizes housing package language.

Sec. 505 – Incentivizing Local Solutions to Homelessness

COSCDAs 2026 Advocacy Priorities ask Congress to “increase flexibility for ESG funding to support emergency shelters and housing placements.” We support the emergency shelter cap waiver proposed in Sec. 505. Flexibility on the emergency shelter cap would allow states to respond better to local needs and improve their front-line outreach, services, and associated support in the homeless assistance system.

Pilot Grant Program Considerations

The *21st Century ROAD to Housing Act* includes several new, pilot grant programs. While COSCDA believes these programs would benefit communities, it is also imperative to consider the best use of limited funding and administrative capacity for HUD’s grant programs. Our members have a wealth of experience both managing and advocating for grant programs. COSCDA’s 2026 Advocacy Priorities include the following general principles:

- **Improve and invest in existing programs instead of launching new pilot programs that draw away funding and administrative capacity.**
- **Preserve the flexibility that makes HUD’s Community Planning and Development (CPD) grants uniquely valuable and allows states to respond to local needs and priorities.**

Recommendation: Evaluate whether the goals of the competitive grants referenced below could be accomplished through HUD’s existing grant programs. Existing grants can be modernized (for example, through the *HOME Reform Act*) and strengthened through legislation.

Section	Program	In House Bill? ¹	Funding Authorization
203	Whole-home repairs program	No	Does not authorize a specific amount
209	Affordable housing planning grants	Yes	Does not authorize a specific amount
210	Innovation fund	No	\$200 million annually for five years
211	Grant funds for pre-approved housing designs and pattern books	Yes	Does not authorize a specific amount
212	Grant funds to convert vacant and abandoned buildings into housing	No	Does not authorize a specific amount
304	Grant funds for manufactured housing	No	Does not authorize a specific amount

¹*Housing for the 21st Century Act*

For example, COSCDA believes the goals of Sec. 212, the *RESIDE Act*, could be accomplished through additional investment in the HOME program. Two of COSCDA’s member agencies recently completed affordable housing conversion projects using HOME funds:

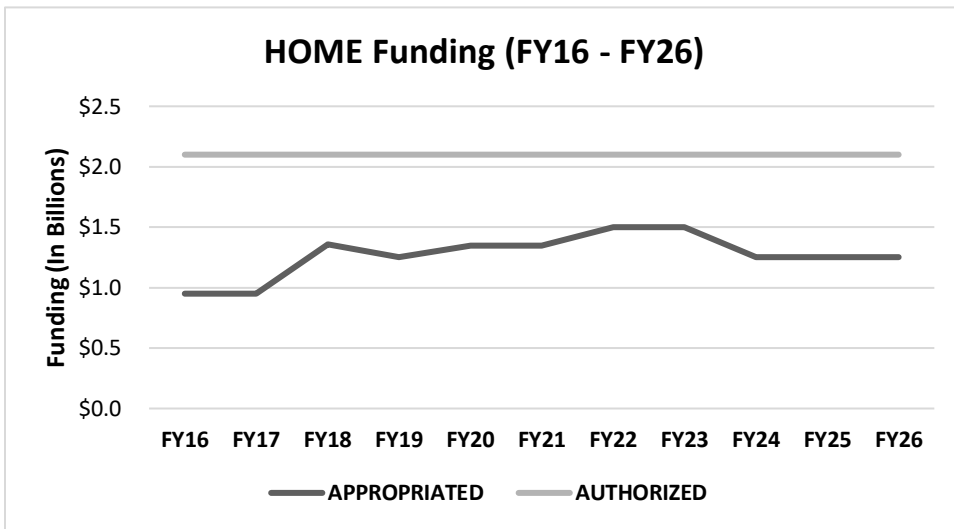
Omega West, Nebraska

- HOME Participating Jurisdiction (PJ): State of Nebraska Department of Economic Development
- HOME Funding: \$478,000
- Project Description: The Omega West Project consisted of the acquisition and redevelopment, conversion and retrofit of the former Premier Estates of West Point Nursing Home into 22 one- and two-bedroom and studio independent housing units. Vacant nursing homes have become prevalent

throughout many rural communities. These buildings present a consistent base architecture, and through this project, the developer demonstrated that they can be converted into rental apartments at approximately 75% of new construction costs.

Lawson House, Illinois

- HOME Participating Jurisdiction (PJ): Illinois Housing Development Authority (IHDA)
- HOME Funding: \$1,757,682
- Project Description: The Lawson House development involved the transformation of a historic YMCA building into new affordable studio apartments. Originally built in 1931, the 24-story building was once the largest single-room occupancy (SRO) hotel in Chicago, containing 583 sleeping rooms as well as administrative spaces for the YMCA. The renovations converted the SRO units into 409 studio apartments with private kitchens and bathrooms in each unit.



Rather than creating a pilot grant program for housing conversion projects (through Sec. 212), COSCDA recommends both increasing funding for the HOME program and modernizing program requirements to incentivize the use of HOME for vacant building conversions. HOME has been consistently underfunded, with appropriations over the past ten fiscal years falling well below the \$2.1 billion authorized funding level.

Thank you again for your efforts to address the nation’s housing affordability crisis through a landmark legislative package. For further communication, please contact Jenna Hampton Pomponi (jhampton@coscda.org), COSCDA’s Director of Advocacy and Federal Programs.

Sincerely,

Tess Hembree, Executive Director
Council of State Community Development Agencies