



THE UNITED STATES
CONFERENCE OF MAYORS



August 27, 2021

The Honorable Charles Schumer
Majority Leader
United States Senate

The Honorable Nancy Pelosi
Speaker
United States House of Representatives

The Honorable Mitch McConnell
Minority Leader
United States Senate

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives

Dear Leader Schumer, Speaker Pelosi, Leader McConnell, and Leader McCarthy:

Thank you for your long-established leadership in supporting federal community development and affordable housing programs, such as the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Program, and for recognizing their importance in serving low- and moderate-income communities and people. The National Community Development Association (NCDA) represents nearly 500 local governments that directly administer the CDBG and HOME programs. The U.S. Conference of Mayors is the official non-partisan organization of cities with populations of 30,000 or more. The National League of Cities (NLC) is the voice of America’s 19,000 cities, towns, and villages, representing more than 200 million people; and is a resource and advocate for the nation’s cities and their leaders. As Congress develops and advances the budget reconciliation bill this Fall, we urge your support for inclusion of both the CDBG and the HOME programs in the reconciliation measure, as follows.

Increase Community Development Block Grant (CDBG) Program Resources

The CDBG Program provides annual funding to over 1,200 states, local jurisdictions, and insular areas to provide decent housing, a suitable living environment, and expand economic opportunities for low- and moderate-income persons. Program grantees use CDBG funding to invest in low- and moderate-income people and neighborhoods through a variety of activities that focus on four major areas: affordable housing, infrastructure, services, and economic development. CDBG is a flexible, proven program that allows for the swift delivery of resources.

Immediate and long-term investment in the CDBG program would help address underinvestment in low- and moderate-income communities, but CDBG funding has diminished significantly. First authorized at \$2.473 billion in 1974, the program reached its highest funding level of \$4.4 billion in FY2001 – twenty years ago. The program has remained relatively stagnant in recent years (hovering at \$3.4 billion) while the number of grantees receiving CDBG funds has increased from 594 grantees in 1975 to 1,245 today, a 47.7% increase. Grantees report that requests for funds consistently outweigh available grant dollars.¹

We support the \$15 billion investment for the CDBG program included in the Housing is Infrastructure Act (H.R. 4497), but we do not support a program competition or a reduction in the administrative fee or the limited uses of the CDBG funds presented in H.R. 4497. We respectfully request that the reconciliation bill include \$15 billion for the CDBG program funded through the regular CDBG program allocation framework and regular program

¹ CDBG Impact and Funding Need: A Report of the CDBG Coalition, July 2019.

requirements and uses. The reconciliation measure should also include the following program enhancement to allow communities to use CDBG funds to increase the stock of permanent, affordable housing.

- *Allow CDBG grantees to use their funds for new construction of affordable housing.* America is facing an affordable housing crisis. Stable, decent, affordable housing is critical to improving communities and local economies. Local governments and their partners need resources to expand and preserve the supply of affordable housing. CDBG can be used for new construction of housing *but only in extremely limited circumstances* (e.g., if the new construction is carried out by a Community-Based Development Organization (CBDO) as part of a comprehensive local neighborhood revitalization plan). This narrowly restricted use impedes local governments from using CDBG to increase the local supply of affordable housing. While HOME Investment Partnerships Program (HOME) funds can be used for new construction of housing, *597 (48%) of the 1,245 CDBG grantees do not receive HOME funds.* Local governments need to be able to use all the available tools to address the affordable housing crisis and the CDBG program is one tool that most communities have available.

Increase HOME Investment Partnerships (HOME) Program Resources

The HOME Investment Partnerships (HOME) Program provides grants to more than 600 participating jurisdictions annually to produce and maintain safe, decent, affordable housing for low-income people. The HOME program can be used to support both rental and homeownership through new construction, rehabilitation, down payment assistance, and tenant-based rental assistance. Since 1992, the program has created or preserved more than 1.3 million affordable homes and helped provide rental assistance to more than 384,000 low-income families.

We support the \$35 billion for the HOME program included in the Housing is Infrastructure Act (H.R. 4497) and in President Biden’s American Jobs Plan. The reconciliation measure should also include the following permanent changes to the program that have been included in appropriations bills in the past few years to allow participating jurisdictions more flexibility to develop HOME-funded affordable housing projects.

- Elimination of the 24-month commitment deadline
- Elimination of the 15% CHDO set-aside requirement

Thank you for the opportunity to share our top community development and housing priorities with you as you work to develop and advance the reconciliation measure. Please feel free to contact Vicki Watson, Executive Director, National Community Development Association at vwatson@ncdaonline.org, Gene Lowe, Assistant Executive Director, U.S. Conference of Mayors at glowe@usmayors.org or Mike Wallace, Legislative Director for Housing, Community Development and Economic Development, National League of Cities at wallace@nlc.org.

Sincerely,

The National Community Development Association



The U.S. Conference of Mayors



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