



May 10, 2019

The Honorable Maxine Waters
Chairwoman
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, District of Columbia 20515

Dear Chairwoman Waters:

The CDBG Coalition extends our heartfelt appreciation to you for drafting legislation to provide substantial resources for addressing affordable housing and infrastructure needs including \$10 billion for the Community Development Block Grant (CDBG) program to develop and preserve affordable housing. CDBG maintains an important, if not essential, role in supporting affordable housing and infrastructure; however, additional updates to the legislation are necessary to utilize the program to its full potential.

First, the draft legislation proposes allocating the CDBG funds through a competition. We believe the CDBG funds are best allocated through the existing program formula with the requirement the funds be used for affordable housing development and preservation. Moreover, small CDBG grantees with limited staff capacity would not be able to compete with larger, more urban areas for this CDBG funding if it's delivered through a competition. Further, the competitive process as proposed creates another challenge in directing resources to communities with the greatest needs. Ultimately, jurisdictions that are already underway in affordable housing activities would benefit from this type of competitive grant process; states and localities which are less prepared and may have greater needs would be left at a disadvantage to access funds through this type of process.

Second, while CDBG is often used to finance transportation improvements, it is unclear how the eligibility on DOT-related projects responds to affordable housing infrastructure. Additionally, an eligibility of funds for transportation projects may mostly contribute to large, urban developments and provide limited opportunities to use these funds for related improvements in small communities and rural areas. The legislation should allow the use of CDBG funds for infrastructure projects related to affordable housing development.

Third, this funding will take time and staff resources to plan, develop and deliver affordable housing projects. As such, the legislation should allow the use of twenty percent of the grant funds for administrative expenses for states and localities as is currently permitted.

CDBG is an effective and worthwhile use of federal funds to advance state and local initiatives to develop and preserve housing for low-income residents. The insertion of CDBG in the bill is

a welcomed approach to complement public and private action on affordable housing development. The legislation proposes additional resources to existing programs in housing assistance such as the Public Housing Capital Fund, Housing Trust Fund and Single-Family Housing Repair Loans and Grants programs. Likewise, by increasing funds to the existing CDBG formula program, resources can be directed in an efficient manner without the administrative burdens of the proposed competitive process. Additional funds can be reserved for affordable housing activities while meeting CDBG's national objectives: supporting low-to-moderate income individuals, removing slum and blight, and addressing urgent needs.

Sincerely,

American Planning Association
Council of State Community Development Agencies
Enterprise Community Partners
Feeding America
Habitat for Humanity International
Heartland Alliance
International Economic Development Council
National Association for County Community and Economic Development
National Association for Latino Community Asset Builders
National Association of Development Organizations
National Association of Local Housing Finance Agencies
National Association of Regional Councils
National Community Development Association
National League of Cities
National Main Street Center
National NeighborWorks Association
National Recreation and Park Association
National Rural Water Association
Rebuilding Together
Rural Community Assistance Partnership
U.S. Conference of Mayors
YWCA USA