

To the Mayor and Members of the City Council

April 2, 2024

Page 1 of 2



SUBJECT: FEDERAL HOUSING PROGRAMS UPDATE

The purpose of this Informal Report is to provide information about proposed budgets for U.S. Department of Housing and Urban Development (HUD) programs that support the development of affordable housing. On March 11, 2024, the Biden administration released its FY2025 budget request to Congress. The President’s budget proposal is limited by strict spending caps agreed to by Congress and the Administration in 2023. These caps restrict federal spending to a one-percent increase in FY2025.

Because of this strict spending limit, the President’s budget proposal essentially level-funds most of HUD’s programs, including the HOME Investment Partnerships Program (level-funded at \$1.25 billion), with modest increases to some areas, including Homelessness Assistance Grants (\$9 million increase), Choice Neighborhoods (\$65 million increase), Section 202 Housing for the Elderly (\$18 million increase), and Section 811 Housing for the Disabled (\$49 million increase). The budget proposes cuts to other programs, including the Community Development Block Grant (CDBG) program (\$400 million cut), the Public Housing Capital Fund (\$98 million cut), the Public Housing Operating Fund (\$273 million cut), and Tribal housing (\$291 million cut).

CDBG is HUD’s longest-running community development program with 2024 marking its 50th year. Today, nearly 1,250 state and local governments receive annual CDBG allocations to support housing rehabilitation programs, public infrastructure projects, and a broad range of public service programming. In an effort to encourage Congress to support the current authorized funding level of \$4.2 billion for the CDBG program, national, state, and local organizations are being encouraged to sign-on to the attached joint letter to the Senate and House appropriations committees.

FY2023 is the most recent year for which allocation data are available. In the state of Texas, the FY2023 HUD Community Planning and Development program allocations for the six largest cities were as follows:

CITY	CDBG	HOME	ESG	HOPWA	TOTAL
Houston	\$24,840,800	\$11,842,109	\$2,129,884	\$13,293,296	\$52,106,089
Dallas	\$13,809,603	\$6,433,179	\$1,241,010	\$9,604,613	\$31,088,405
San Antonio	\$13,368,194	\$6,292,349	\$1,129,224	\$3,075,300	\$23,865,067
Austin	\$7,362,354	\$3,601,868	\$658,196	\$2,670,278	\$14,292,696
Fort Worth	\$6,994,785	\$3,271,119	\$610,543	\$2,576,174	\$13,452,621
El Paso	\$6,569,063	\$3,162,143	\$540,889	\$1,099,772	\$11,371,867

The President’s budget proposal also calls for \$258 billion in housing investments through mandatory spending outside of the appropriations process. This proposal would provide mortgage relief for first-time, middle-income homebuyers and down-payment assistance to first-generation homeowners; expand the Low-Income Housing Tax Credit program to create 1.2 million more affordable rental units; and expand Housing Choice vouchers to more than 500,000 households, including veterans and youth

To the Mayor and Members of the City Council

April 2, 2024

Page 2 of 2



SUBJECT: FEDERAL HOUSING PROGRAMS UPDATE

aging out of foster care. In the coming weeks, House and Senate appropriators will draft their own FY2025 funding proposals for HUD and other federal agencies.

The budget proposes \$81.3 billion in new mandatory spending on affordable housing administered by HUD, broken down as follows:

Innovation Fund for Housing Expansion	\$20 billion
Targeted Housing Vouchers for Vulnerable Populations	\$22.3 billion
<i>Extremely Low-Income Veterans</i>	<i>\$13.1 billion</i>
<i>Youth Aging out of Foster Care</i>	<i>\$9.2 billion</i>
Extremely Low-Income Housing Supply Subsidy	\$15 billion
<i>New Project-Based Rental Assistance</i>	<i>\$7.5 billion</i>
<i>Preservation of Distressed Public Housing</i>	<i>\$7.5 billion</i>
First-Generation Down Payment Assistance	\$10 billion
Homelessness Grants	\$8 billion
Eviction Prevention Grants	\$3 billion
Emergency Rental Assistance for Older Adults at Risk of Homelessness	\$3 billion

If you should have any questions about this information, please contact Victor Turner, Neighborhood Services Director, at 817-392-8187.

David Cooke
City Manager



March 15, 2024

The Honorable Patty Murray
Chair
Senate Appropriations Committee
S-128 Capitol Building
Washington, DC 20510

The Honorable Susan Collins
Vice Chair
Senate Appropriations Committee
S-128 Capitol Building
Washington, DC 20510

The Honorable Kay Granger
Chairwoman
House Appropriations Committee
H-307 Capitol Building
Washington, DC 20515

The Honorable Rosa DeLauro
Ranking Member
House Appropriations Committee
H-307 Capitol Building
Washington, DC 20515

The Honorable Brian Schatz
Chair, Senate THUD Subcommittee
Washington, DC 20510

The Honorable Cindy Hyde-Smith
Ranking Member, Senate THUD Subcommittee
Washington, DC 20510

The Honorable Tom Cole
Chair, House THUD Subcommittee
Washington, DC 20515

The Honorable Mike Quigley
Ranking Member, House THUD Subcommittee
Washington, DC 20515

Dear Chair Murray, Vice Chair Collins, Chairwoman Granger, Ranking Member DeLauro, Chairman Schatz, Ranking Member Hyde-Smith, Chairman Cole, and Ranking Member Quigley:

We, the undersigned national, state, and local organizations urge Congress to provide at least \$4.2 billion, the current authorized funding level, for the CDBG program in FY 2025. CDBG reaches every corner of the country from urban cities to rural towns and populations in between. Nearly 1,250 state and local governments receive annual CDBG allocations to support housing rehabilitation programs, public infrastructure projects, small business assistance, and a broad range of public service programming. CDBG is HUD's longest running community development program. For five decades, it has been the most effective and flexible tool used by states and localities to support low-to-moderate income (LMI) populations.

From FY2005 to FY2023, CDBG facilitated the creation and retention of 563,236 economic development related jobs, contributed to infrastructure developments benefitting approximately 57

million persons, assisted over 189 million persons through public service activities, and met the housing needs of over 1.9 million households.¹

CDBG helps preserve affordable housing and expand the affordable housing stock for low- and moderate-income people. In FY23, CDBG grantees spent over \$487 million to rehabilitate homes for low- and moderate-income people.² This activity preserves affordable housing, addresses unsafe living conditions, lowers housing costs through energy efficiency improvements, allows seniors to age in place, and provides accessibility improvements for persons with disabilities. Likewise, CDBG grantees spent over \$103 million in FY23 to rehabilitate multifamily properties to provide decent, safe, affordable housing to a multitude of low-income renters.³

As the foundation for commerce, social, physical, and environmental activities, infrastructure maintains a prominent role in community well-being. CDBG contributes extensively to public facilities and improvements (infrastructure). Roads, streets, and other infrastructure improvements connect people to neighborhoods, businesses, parks, services, and jobs. Communities use CDBG to provide greater accessibility, mobility, and connectivity by funding these improvements. One of the largest investments of CDBG is public utility development specifically for water and sewer improvements as well as stormwater drainage for low- and moderate-income communities.

CDBG grantees can use up to 15% of their annual allocation for public services to address a wide range of community needs. These services include employment training, meals and other services to the elderly, services for abused and neglected children, aid to local food banks, homelessness support, youth and senior services, and support for many other community services and agencies. Services are provided by large and small public and private organizations in diverse settings such as schools, community facilities and other venues.

CDBG economic development activities help communities tackle economic distress, stimulate private investment, and spur business growth. Small businesses are the cornerstone of the American economy and CDBG helps socially and economically challenged small businesses start and grow. Likewise, CDBG investment in large-scale commercial projects lead to area renewal, job creation and retention, and retention or creation of important businesses that serve to anchor a community and provide important services.

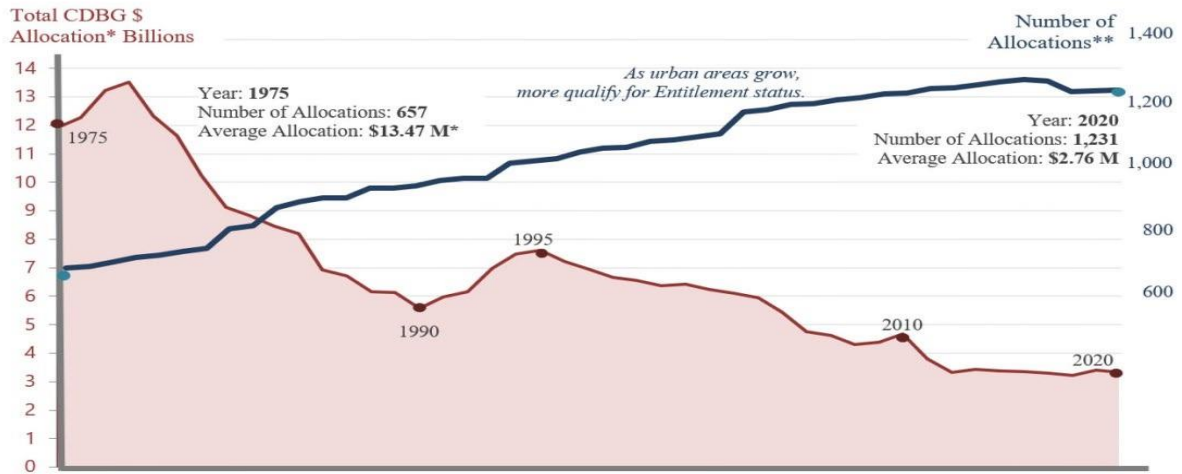
The CDBG program has meaningfully impacted low- and moderate-income communities - providing needed improvements and services to neighborhoods. **While the cost of living is rising, CDBG formula grants have never been adjusted for inflation causing diminished resources for communities.** Further, the program's latest appropriated level - \$3.3 billion in FY24 - is \$150 million less than in FY21 and far less than its highest mark of \$4.5 billion in FY95. As a result, fewer funds are available to drive local solutions to varying affordable housing and community development challenges.

¹ U.S. Department of Housing and Urban Development, CDBG National Accomplishment Report.

² U.S. Department of Housing and Urban Development, CDBG National Expenditure Report

³ Ibid

CDBG History: Funding, Inflation & the Number of Allocations



*Each Total Annual Allocation from 1975 to 2020 has been adjusted for inflation to the value of the dollar in 2020 by using the annual average Consumer Price Index for the corresponding years. <http://www.bls.gov/cpi>.
 ** For the years 1975 through 1982, the data include 51 annual allocations for the Small Cities program, the predecessor to the State CDBG Program, which later began in 1983.
 ** The number of actual grant agreements executed by HUD is typically less than the number of allocations because grantees form approximately 35 joint grant agreements per year.

Because of the program’s impact and the need for more program funding, we call on Congress to provide no less than \$4.2 billion for CDBG formula grants in FY 2025. Please feel free to contact Vicki Watson, National Community Development Association, vwatson@ncdaonline.org or Josh Shumaker, Council of State Community Development Agencies, jshumaker@coscda.org with any questions.