

Date: October 1, 2004

City: Columbus, OH

NAHB Resolution

Title: Improve Leverage Requirements in HUD Grant Programs
Original Sponsor: NAHB Task Force on Enhancing HUD's Role in Housing

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) administers two major block grant programs, Community Development Block Grants (CDBG) and HOME, which provide funding for the production and rehabilitation of affordable housing, as well as for activities related to housing development;

WHEREAS, recipients of these funds, referred to as entitlement communities (ECs) in the case of CDBG and participating jurisdictions (PJs) in the case of HOME, may allocate these funds to project sponsors as loans or grants;

WHEREAS, the programs have been successful in using scarce public funds to leverage billions of private sector dollars;

WHEREAS, each year Congress appropriates funding for the Community Development Fund, which includes funding for ECs as "CDBG formula grants," with the remainder allocated as a set-aside for special purposes;

WHEREAS, the amount of funds set aside for special purposes includes millions of dollars for specific projects whose sponsors have not submitted applications for CDBG funds to an EC during the normal allocation process, but rather are being requested by a member of Congress;

WHEREAS, in the face of severe federal budget constraints and the likelihood that housing program funding will be decreased or, at best, held steady, HUD funds should be used as efficiently as possible;

WHEREAS, with population changes documented in the 2000 Census now being taken into account, more communities are eligible as ECs and/or PJs, which means scarce resources must be spread thinner;

WHEREAS, providing project sponsors with loans, rather than grants, ensures that valuable scarce resources will eventually return to the EC or PJ to be used for additional housing purposes;

WHEREAS, public resources can be stretched further if used to leverage private dollars; and

WHEREAS, allocating more funds to the CDBG formula grants and reducing funding for special purposes is a more efficient and fair manner in which to allocate scarce funds and would enable ECs to conduct additional eligible activities;

NOW, THEREFORE BE, IT RESOLVED that the National Association of Home Builders urge the U.S. Department of Housing and Urban Development (HUD) to encourage project sponsors using HOME and CDBG funds to achieve maximum leveraging of public dollars, and

BE IT FURTHER RESOLVED that the National Association of Home Builders urge Congress to eliminate or substantially reduce the amount of funding allocated as set-asides for special purposes under the Community Development Fund and increase the amount of funding allocated to the formula grants.

Board of Directors Action:

Joint Executive/Resolutions Committee Action:

Resolutions Committee Action:

Federal Government Affairs Committee Action:

Housing Finance Committee Action:

Multifamily Finance Subcommittee Action:

Multifamily Trustees Action:

Affordable Housing Subcommittee Action:

Approved

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval