

# DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Office of Community Planning and Development

### Community Development Fund

#### SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	3,365,000	29,244,705	4,108,500 <sup>a/</sup>	36,718,205	5,022,699	5,177,625
2020 Appropriation	3,425,000	31,695,335	-	35,120,335	16,666,242	7,427,421
2021 President's Budget	-	18,454,093	-	18,454,093	16,392,624	9,572,973
Change from 2020	(3,425,000)	(13,241,242)	-	(16,666,242)	(273,618)	2,145,552

<sup>a/</sup> Does not include \$2.5 million transferred to Salaries and Expenses from P.L. 115-254.

#### PROGRAM PURPOSE

Community Development Block Grant (CDBG) funds are used for a range of activities from municipal infrastructure projects, to housing rehabilitation, to public services.

#### BUDGET OVERVIEW

The 2021 President's Budget does not request funding for CDBG. The Budget proposes devolving community and economic development activities to the state and local levels and redirects federal resources to higher priority activities.

The CDBG program is not well-targeted and is used for a wide range of activities that would be better performed by state and local governments. HUD remains committed to supporting the housing needs of vulnerable populations, including those experiencing homelessness, the elderly, and persons with disabilities. In addition, HUD is committed to using the resources appropriated by Congress for its programs, including CDBG, in the most effective and efficient ways possible.

#### JUSTIFICATION

Because state and local governments are better positioned to serve their communities' needs, the budget request discontinues funding for less targeted programs in favor of locally driven public-private partnership programs with stronger private leverage. CDBG funds from previous fiscal years – allocated to more than 1,200 grantees – will continue to outlay through 2027. The Department will continue to administer the CDBG Program until all existing grant funds are disbursed, program income and real property are accounted for, required benefits are documented, and grants are closed.

Prior year supplemental appropriations relying on the CDBG Program and overseen by HUD staff include:

- CDBG-Disaster Recovery (CDBG-DR), including more than \$39 billion appropriated since September 2017.

- Neighborhood Stabilization Program (NSP), including \$7 billion appropriated during 2008-2010 (approximately \$1.9 billion in program income earned to date, with approximately \$150 million unexpended in open grants).

Given the scope of recent CDBG-DR funding, some grants in the portfolio will remain open through 2030 and beyond. HUD is working to close out NSP grants and will oversee projects assisted with NSP grant funds until the end of their required affordability and land bank wind-down periods.

### SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Entitlement/Non-Entitlement	3,293,000	1,159,294	4,452,294	3,904,361	3,393,000	544,524	3,937,524	-
Insular Area CDBG Program	7,000	6,047	13,047	6,989	7,000	6,058	13,058	-
Indian Tribes	65,000	65,980	130,980	65,498	-	65,482	65,482	-
Special Purpose (Section 107) Grants	-	336	336	-	-	336	336	-
Administration, Operations, and Management for Disasters	-	-	-	-	-	-	-	-
Economic Development Initiative Grants	-	177	177	-	-	177	177	-
Economic Resilience	-	15	15	-	-	15	15	-
Disaster Assistance	4,108,500	28,012,738	32,121,238	1,045,838	-	31,078,636	31,078,636	-
Section 805 Economic Development training	-	118	118	13	-	107	107	-
Recovery Housing (SUPPORT)	-	-	-	-	25,000	-	25,000	-
<b>Total</b>	<b>7,473,500</b>	<b>29,244,705</b>	<b>36,718,205</b>	<b>5,022,699</b>	<b>3,425,000</b>	<b>31,695,335</b>	<b>35,120,335</b>	<b>-</b>

### LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Since 2005, Federal disaster assistance has totaled at least \$450 billion, with nearly half of that amount provided by the Congress within the last five years. The special treatment of disaster assistance in the Balanced Budget and Emergency Deficit Control Act (BBEDCA) was intended to support greater discipline and transparency on Federal spending, while acknowledging the unpredictable nature of disasters. However, in reality, substantial amounts of disaster spending are routinely designated as emergency funding under BBEDCA rather than making appropriate tradeoffs within the disaster cap. In fiscal years 2017 and 2018 alone, Congress provided \$104 billion as emergency funding for disasters declared pursuant to the Stafford Act outside of the disaster relief cap adjustment. The current trajectory of Federal disaster spending is unsustainable and at times wasteful.

Based on the past decade's experience with CDBG-DR, there is a need to comprehensively evaluate and reform disaster recovery programs across Federal agencies. HUD does not propose a specific

alternative for redesign; however, to be successful, future reforms must address current inadequacies (for example, unsustainable levels of spending, proliferation in the number and complexity of Federal programs that adds to interagency coordination challenges, overlap and lack of clarity in authorization legislation, misalignment of incentives to mitigate or recover from extreme events, distortion of risk perceptions, unclear triggers for funding, and misalignment of expertise between agencies and programs at all levels). A comprehensive examination of all Federal disaster relief and recovery programs is urgently needed to consider how the nation can best (1) speed up recovery and improve long-term outcomes for individuals and communities, (2) balance stakeholder incentives with responsibilities for creating and assuming risk, and (3) reduce costs to the Federal Government and taxpayers.