

**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	Net Outlays
2023 Appropriation	6,397,286	8,252,362	4,990,000	19,639,648	14,367,979	8,773,846
2024 Annualized CR	6,397,286	5,271,516	-	11,668,802	10,600,411	13,326,442
2025 President's Budget	2,930,000	1,068,544	-	3,998,544	3,043,000	16,212,174
Change from 2024	(3,467,286)	(4,202,972)	-	(7,670,258)	(7,557,411)	2,885,732

a/ The 2024 row assumes annualized CR levels for all programs in the Community Development Fund account, including Economic Development Initiatives.

b/ 2023 Supplemental includes \$2 billion of disaster assistance funding enacted in the 2023 Continuing Resolution (P.L. 117-180) and \$3 billion of disaster assistance funding enacted in the 2023 Consolidated Appropriations Act (P.L. 117-328), net a transfer of \$5 million to S&E and \$5 million to the Office of the Inspector General.

**PROGRAM PURPOSE**

The Community Development Fund (CDF) contains the broadest domestic community development assistance programs in the U.S. Government portfolio. Its largest program, the Community Development Block Grant (CDBG) program, develops viable urban and rural communities by expanding economic opportunities and improving quality of life principally for low- and moderate-income persons. The program provides annual formula grants to more than 1,200 recipients, including cities, urban counties, States, Puerto Rico, and the U.S. Territories. All cities and towns in the United States can potentially receive CDBG funding, either from HUD directly or through their respective State.

**BUDGET OVERVIEW**

The 2025 President's Budget requests \$2.9 billion for the Community Development Fund, which is \$3.5 billion less than the 2024 Annualized CR level. The Budget does not provide funding in the Community Development Fund for Congressionally-directed Community Projects, which were funded at \$3 billion in 2023 and under a 2024 Annualized CR.

The Budget for the CDF includes funding for the following sub-components:

- CDBG Entitlement Program (\$2 billion)
- CDBG Non-Entitlement Program (\$837.9 million)
- CDBG Insular Program (\$7 million)
- Pathways to Removing Obstacles to Housing (PRO) Housing (up to \$100 million out of the \$2.9 billion for CDBG)
- Recovery Housing Program (\$30 million)

The Budget also requests permanent authorization of the Community Development Block Grant – Disaster Recovery Program.

Programs within CDF align to HUD's 2022-2026 Strategic Objective 1C: *Invest in the Success of Communities*. PRO Housing aligns with Strategic Objective 2A: *Increase the Supply of Housing*. The Recovery Housing Program aligns with Strategic Objective 4C: *Integrate Healthcare and Housing*.

## JUSTIFICATION

### Community Development Block Grant Program

Communities use CDBG funds for projects initiated, planned, and developed at the local level based on local needs, priorities, and benefits. There are 26 statutory eligible activities that include public facilities, infrastructure, housing (excluding new construction, except in limited situations), economic development, and planning. Each activity must also meet a National Objective of: (1) benefiting low- and moderate-income persons; (2) eliminating slums or blight; or (3) addressing urgent needs for community health and safety.

CDBG funding is often layered with other HUD funds for projects that further the Administration’s policy priorities of strengthening and broadening the Federal housing safety net for people in need, advancing equity by improving housing choices and greater economic opportunity, supporting underserved communities, and advancing sustainable communities by promoting climate resilience and energy efficiency. In 2023, the program provided funding for:

- Housing-related activities that served nearly 62,000 families, including direct homeownership assistance and rehabilitation of homes;
- Assisting more than 25,500 individuals to find permanent employment or to keep the full-time jobs they were at risk of losing through economic development activities;
- Improvements to homeless facilities that served more than 52,000 people; and,
- Operating costs of homeless and HIV/AIDS patient programs, senior services, food banks, services for the disabled, youth services, transportation services, and general health or mental health services that assisted more than 5.4 million people.

Communities predominantly utilize CDBG funds for housing-related activities and public improvements. In addition to serving families served through the housing activities highlighted above, CDBG delivers public improvements, such as streets, sidewalks, parks, and water and sewer systems, and served more than 41.8 million people in 2023. Under the CDBG formula, 70 percent of funding goes to the urban entitlement program, and 30 percent goes to the State program. In the rural and suburban communities in the State CDBG program, the main expenditure is for public improvements. In addition to the State and Entitlement programs, pursuant to the Housing and Community Development Act of 1974, the CDF contains \$7 million for the insular areas.

FY2023 Expenditures by Activity Category by Entitlements and States					
Entitlements			States		
8%		\$221,428,758	Acquisition of Real Property	\$19,770,714	2%
14%		\$411,777,720	Administration and Planning	\$82,898,678	9%
3%		\$97,859,219	Economic Development	\$51,540,169	6%
32%		\$902,626,634	Housing	\$143,714,522	16%
26%		\$755,434,840	Public Improvements	\$600,396,814	65%
14%		\$393,783,946	Public Services	\$20,550,166	2%
0%		\$5,154,534	Other	\$4,552,476	0%
2%		\$62,702,806	Repayments of Section 108 Loans	\$2,084,633	0%
		\$2,850,768,456	<b>Total FY2023 Expenditures</b>	\$925,508,173	
		<b>\$3,776,276,629</b>			
<i>expenditures include program income *numbers may not total exactly due to rounding</i>					

CDBG investments in community development are frequently combined with other funding. CDBG is often used for gap financing to add the final necessary funds for a project to be successful. HUD requests that grantees report on leveraged funds, as well as public-private partnerships, to demonstrate local investment. Grantees reported that CDBG investments leveraged an average of \$5.02 for every \$1.00 of CDBG grant funding during 2022, amplifying the program’s return on investment with \$4.9 billion in other resources.

Proposed rulemaking will expand grantees’ ability to use CDBG funds, particularly for economic development. The proposed rule would establish financial underwriting requirements for economic development and housing loan activities, expand the regulatory definition of slum and blight to allow grantees greater flexibility in undertaking economic development projects, incorporate several eligibility changes not currently codified in HUD’s CDBG regulations, and modernize various provisions regarding grantee public citizen participation requirements. The rule also proposes to allow funds to be used for targeting emerging markets; revise the criteria for national objectives in mixed-used developments; and modernize and simplify the public benefit standards for economic development activities. The updated regulations seek to strengthen timeliness measures and incentivize high-performing and entrepreneurial grantees. Lastly, the proposed rule would update definitions and streamline reporting requirements.

The impact of CDBG funding is evident in the accomplishments of the program. The table below demonstrates CDBG’s accomplishments from 2005 through 2023. The relative cost of activities and the impacts of funding changes are expressed by the number of beneficiaries served for every \$100 million of CDBG investment in each category.

<b>Outcomes Associated with CDBG Funding, Fiscal Years 2005 through 2023</b>	
<b>Economic Development</b>	
Permanent Jobs directly Created or Retained	505,437 Jobs
Annual Funding Change Impact:	
For every \$100 million of CDBG funding	10,352 Jobs
<b>Public Improvements</b>	
Persons Benefitted by these Facilities	56,319,609 Persons
Annual Funding Change Impact:	
For every \$100 million of CDBG funding	231,833 Persons
<b>Public Services</b>	
Persons Benefitting from these services	176,434,590 Persons
Annual Funding Change Impact:	
For every \$100 million of CDBG funding	2,196,285 Persons
<b>Housing</b>	
Households Assisted (excluding housing counseling)	1,930,318 Households
Annual Funding Change Impact:	
For every \$100 million of CDBG funding	10,735 Households

## **CDBG-Disaster Recovery (CDBG-DR)**

In alignment with the Administration's equity and climate change priorities, and as evidenced by disproportionate effects of disasters on underserved communities, CDBG-DR remains the only major Federal program that specifically targets recovery funding to benefit low-income families and communities. For more than 30 years, the Congress has appropriated supplemental emergency funding for CDBG-DR on an ad hoc basis in response to major disasters to address the unmet long term disaster recovery needs of States, territories, local governments, and Tribes. The Congress has generally directed grantees to use CDBG-DR funds for disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the most impacted and distressed areas resulting from a qualifying major disaster. CDBG-DR grants provide housing, infrastructure, and economic revitalization assistance to areas impacted by natural disasters.

Permanent Authorization of CDBG-DR: Consistent with the key Administration principles for CDBG-DR authorization (see CDBG-DR Authorization Principles), HUD is requesting the permanent authorization of the CDBG-DR program. Specifically, HUD is requesting authorization that maintains community-driven recovery, increases funding transparency and predictability, and prioritizes and integrates resilient investments to mitigate the effects of future natural disasters. Permanent authorization of CDBG-DR would improve disaster response time by shortening the time it takes for communities to receive vital resources, ensuring that they can more quickly begin the process of disaster recovery. Permanent authorization would also allow HUD to establish consistent regulatory requirements for CDBG-DR across all future disasters, eliminating the current practice of establishing new requirements in response to each supplemental appropriation of CDBG-DR funds which are often time consuming and difficult for grantees to track if managing multiple CDBG-DR disasters.

## **Recovery Housing Program**

The Pilot Program to Help Individuals in Recovery from a Substance Use Disorder Become Stably Housed (Recovery Housing Program, RHP) was authorized under Section 8071 of the Support for Patients and Communities (SUPPORT) Act. RHP allows States and the District of Columbia to provide stable, transitional housing for individuals in recovery from a substance-use disorder. The funding covers a period of not more than two years or until the individual secures permanent housing, whichever is earlier. The Congress has appropriated a total of \$105 million in RHP funding; \$25 million in each fiscal year of 2020-2022 and \$30 million in 2023. The program has allocated funds to 28 unique grantees, including States and the District of Columbia whose age-adjusted rate of drug overdose deaths was above the national rate in 2016 (2020 grantees), 2018 (2021 grantees), 2019 (2022 grantees), or 2020 (2023 grantees).

## **Pathways to Removing Obstacles to Housing (PRO Housing)**

The Consolidated Appropriations Act, 2023 (P.L. 117-328) provided \$85 million to award grants on a competitive basis to State and local governments, metropolitan planning organizations, and multijurisdictional entities for the identification and removal of barriers to affordable housing production and preservation. Eligible uses of such grants include activities that further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate housing production and preservation. The 2025 President's Budget seeks to further this goal with up to \$100 million for PRO Housing grants funded through the CDBG appropriation in 2025. HUD will prioritize applicants that demonstrate: (1) progress and a commitment to overcoming local barriers to facilitate the increase in affordable housing production and preservation; and (2) an acute demand for housing that is affordable to households with incomes below 100 percent of the area median income. HUD has received 187 applications for 2023 funding; and the Department is encouraged by the significant number of applications and interest in this new source of funding.

## **Non-Community Development Funds Roles of the Office of Block Grant Assistance**

CDBG also provides a statutory and regulatory structure that can be used by the Federal Government to quickly allocate funds to local communities for a wide range of community development initiatives. For example, the Congress has frequently used the existing CDBG structure to respond to long-term disaster recovery needs. Community Planning and Development (CPD) administers the following programs that use the existing CDBG framework:

- CDBG-CV funds (\$5 billion) to prevent, prepare for, and respond to coronavirus, made available through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act);
- Supplemental appropriations of CDBG-Disaster Recovery (CDBG-DR) funds (\$42.1 billion during the past five years) for long term recovery to affected communities of major natural disasters that occur within the United States; and,
- Emergency assistance (approximately \$7 billion) to stabilize communities with high rates of abandoned and foreclosed homes due to the 2008 financial crisis, through the Neighborhood Stabilization Program (NSP).

### **Equity**

The Budget will advance the Administration's priorities to advance equity and prioritize disadvantaged communities by providing CDBG funds to increase the breadth and depth of neighborhood-level activities according to local needs, such as rehabilitating affordable housing units, improving infrastructure in disadvantaged or environmental justice areas, providing homeownership assistance, as well as providing fair housing and other supportive services to low- and moderate-income persons. CDBG funds support affirmatively furthering fair housing planning and implementation in many communities. Furthermore, communities are able to fund economic development activities that support small and micro-businesses in CDBG-eligible areas, which typically take longer than other businesses to fully recover from recessions.

Equity in Disaster Responses: CDBG-DR authorization aligns with the Administration's priorities to advance equity and prioritize disadvantaged communities, turning disaster impacted neighborhoods that have historically faced underinvestment into resilient, healthy, and sustainable communities. Climate impacts and associated natural disasters disproportionately harm low-income communities and communities of color who already suffer the burdens of disinvestment and historic discrimination. These communities are less able to prepare for, respond to, and recover from the impacts of climate change and natural disasters. CDBG-DR funding is one of the largest sources of funding for recovery and resilience building, and the largest source that primarily benefits persons with low and moderate incomes.

### **Funding Impact and Outcomes**

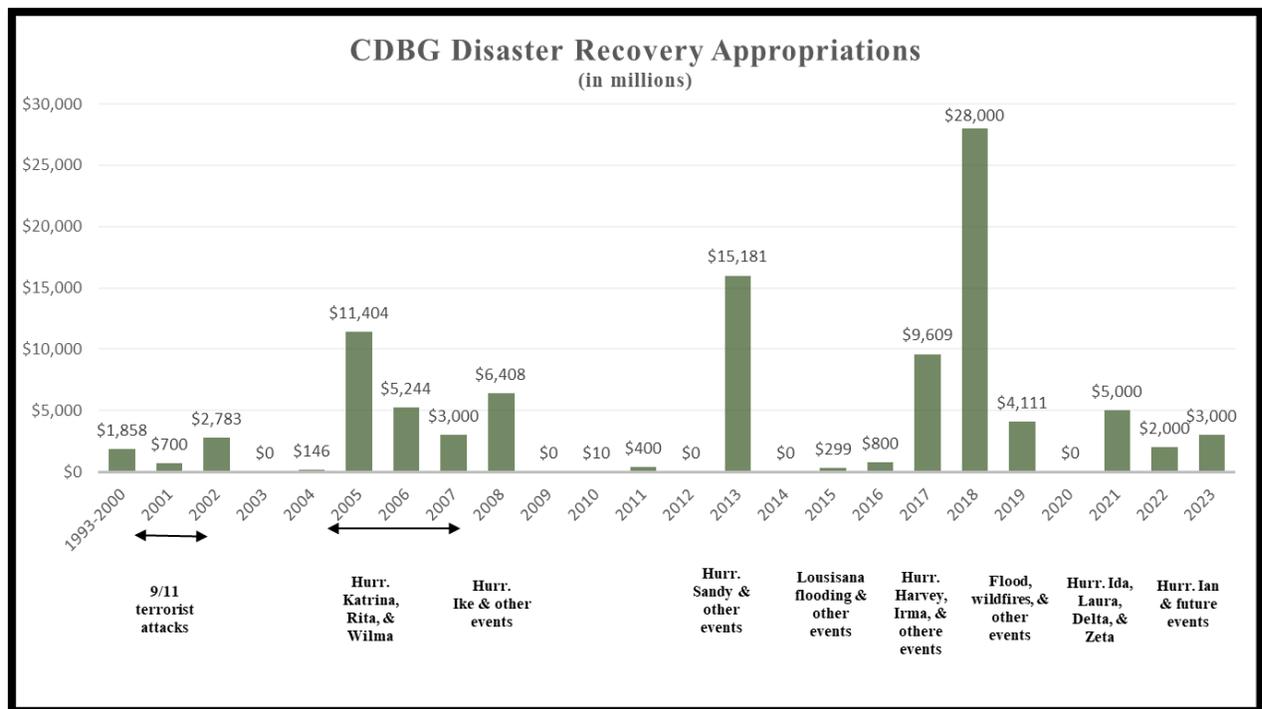
2024 marks the 50<sup>th</sup> anniversary of the CDBG program (enacted by Title I of the Housing and Community Development Act of 1974). The program enjoys wide bipartisan support of all levels of government due to its flexibility to meet local needs. The 50<sup>th</sup> anniversary comes at a time when communities continue to confront serious economic pressures, the need to retool their workforce to meet changing circumstances, and the need for the built environment to become resilient in the face of our changing climate. The Budget highlights the importance of CDBG's role in developing stronger and more resilient communities.

Based on 2023 accomplishments, the 2025 requested amount of \$2.9 billion for CDBG funds would result in the following over time:

- Nearly 52,500 families served by housing-related activities, including direct homeownership assistance and home rehabilitation;

- Approximately 12,300 individuals helped with gaining permanent employment or keeping their full-time jobs that were at risk of being lost; and,
- 4.6 million people provided with crucial services, including youth, seniors, homeless, AIDS patients, and disabled persons, through food banks, transportation services, health, and other services.

**Disaster Response Outcomes:** While the year-over-year outcomes of CDBG Entitlement, Non-Entitlement, and Insular Grants programs can be projected based on a requested funding level, CDBG-DR's annual outcomes are less predictable since it is funded on an ad hoc basis. The lack of permanent authorization is particularly concerning as CDBG-DR is one of the largest Federal sources of funding for long-term recovery and resilience building, and the largest source that primarily benefits persons with low- and moderate-income. Over \$100 billion in CDBG-DR funding has been allocated by the Congress since 1992. CDBG-DR has helped 137 communities of all sizes recover from recent disasters and mitigate the risk from future ones. In 2020, there were 20,249 housing units that had been rehabilitated, reconstructed, or newly constructed or elevated using CDBG-DR and CDBG-Mitigation (MIT) funds. In 2021, there were an additional 4,948 housing units and in 2022, an additional 8,794 housing units assisted. Figure 1 displays the funding amounts appropriated for major disasters each fiscal year since 1993.



Although CDBG-DR has achieved great success in its disaster recovery efforts, permanent authorization would undoubtedly lead to improved outcomes due to quicker funding allocations, codified rules, standardized processes, predictable timelines, and other efficiencies that would be realized from a permanent funding framework.

## Performance Indicators and Other Evidence

Since HUD allocates CDBG funding to States, local governments, and insular areas, every additional dollar appropriated for CDBG goes directly to grantees to create more jobs, rehabilitate more affordable housing units, build more infrastructure, and provide more services to their communities.

The following outcomes were associated with CDBG funding in 2005 through 2023:<sup>1</sup>

- 505 thousand permanent jobs directly created or retained for low- and moderate-income persons;
- 56 million low- and moderate-income persons benefited from public facility improvements;
- Over 176 million low- and moderate-income persons benefited from public services; and,
- Over 1.9 million low- and moderate-income households received housing assistance.

The Department will continue to measure success by its analysis of outcomes (e.g., number of households assisted) associated with CDBG funding by periodically reviewing the program's impact on permanent jobs created/retained, public improvements, public services, and housing. Community stakeholders frequently participate in the CDBG process and, in many communities, consider and play a part in generating the outcomes they want to achieve for their communities. Grantees set, plan, and report on local goals in their Consolidated Plans and annual reports, including publication of the plans and reports for comment and public hearings on needs and performance.

Programmatic Risk in Disaster Responses: While much of the CDF's success relies largely on the funding level, CDBG-DR faces risk due to its funding framework. In the absence of permanent authorization of CDBG-DR, there are several areas of risk for the Department, including the impacts of climate change and complications of funding the CDBG-DR program through supplemental appropriations. Currently, CDBG-DR is funded through supplemental appropriations, requiring an act of the Congress to appropriate funding and the publication of a Federal Register Notice of Requirements for each individual allocation. The HUD Office of the Inspector General (OIG) and Government Accountability Office (GAO) have both called for authorization to improve CDBG-DR administration. As noted in findings by the OIG and the GAO, the lack of a permanent framework causes delays in distributions of funds and creates additional burdens on grantees since each appropriation has its own requirements. The GAO found that the Federal Government's fiscal exposure to climate change is a high risk and reports that the "Federal Government's approach to disaster risk reduction has been reactive and fragmented."<sup>2</sup> Permanent authorization would streamline the process to quickly get communities and families the resources they need to get back on their feet. A more reliable framework would allow grantees to launch their programs more efficiently, build capacity for implementation, and better plan for internal administrative challenges. The inability to provide consistent resources for disaster-related housing needs increases costs to the Federal Government.

CDBG-DR's grantees also express deep concerns about the current funding framework. Based on the nearly 700 individual comment responses to the CDBG-DR Request for Information (RFI) (87 FR 77864)<sup>3</sup> analyzed in 2023, there is substantial public demand for permanent authorization of CDBG-DR. Communities receiving CDBG-DR funding routinely praise its flexibility, the long-term nature of the assistance, and the high levels of community engagement. However, community leaders have

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<sup>1</sup> [https://hudexchange.info/resources/documents/CDBG\\_Accomp\\_Natl.xlsx](https://hudexchange.info/resources/documents/CDBG_Accomp_Natl.xlsx)

<sup>2</sup> U.S. Government Accountability Office, *Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks*, <https://gao.gov/highrisk/limiting-Federal-governments-fiscal-exposure-better-managing-climate-change-risks>

<sup>3</sup> [Federal Register: Request for Information Community Development Block Grant Disaster Recovery \(CDBG-DR\) Formula](#)

also regularly voiced concerns that they do not receive funds quickly enough. Permanent authorization will lead to quicker allocations, streamlined procedures, and standardized rules and policies, all of which make it easier for communities and disaster survivors to utilize CDBG-DR funds. It would also eliminate the HUD award delays and would likely speed up development of Action Plans and program design as States and local governments are able to utilize previously developed programs and IT infrastructure.

By permanently authorizing the program, CDBG-DR would have both established rules and the requisite internal capacity to rapidly respond to community needs following a disaster. Codified rules are expected to improve both the speed and quality of disaster recovery funded by CDBG-DR as compared to the current ad hoc process. Without permanent authorization, every appropriation creates varying levels of complex requirements, making it challenging for low-income communities to plan, execute, and deliver, especially when hit repetitively with natural disasters.

### **Key Assumptions**

The number of CDBG grantees has increased over time from 657 in 1975 to 1,239 in 2023. More and more communities across the Nation are accepting status as Entitlements because of the opportunity that CDBG offers to address their community needs. Meanwhile, long run inflation since CDBG's establishment has meant that these communities are doing more with less. HUD assumes that grantees will continue to leverage their CDBG funds with other resources to enlarge the impact of the program significantly beyond the Federal investment. In 2022, grantees leveraged \$5.02 for every \$1.00 of CDBG funding.

CDBG grantees have demonstrated capacity to continue carrying out CDF programs. In addition, CDBG grantees, particularly their housing and community development agencies, have added the administration of additional programs, including CARES Act programs and NOFO activities. An example of CDBG grantees stretching to carry out important programs for their communities is demonstrated by the large number of applications received for the PRO Housing competition.

Key Disaster Recovery Assumptions: The increasing intensity and frequency of weather-related disasters further reiterate the need for permanent authorization of CDBG-DR. Since 1980, the U.S. has sustained 373 weather and climate disasters in which each disaster amounted to overall damages/costs of \$1 billion or more. In 2021, the United States experienced a record-breaking 20 weather or climate disasters along with another 18 weather or climate disasters in 2022 that each resulted in at least a billion dollars in damages. 2022 was the eighth consecutive year in which there were 10 or more weather and climate disaster events impacting the United States that caused more than a billion dollars in damage. As of November 2023, there have been 25 confirmed weather/climate disaster events in the calendar year, with losses exceeding \$1 billion across the United States.<sup>4</sup> Recent analysis predicts that the number of affordable housing units at risk from flooding in coastal areas will triple by 2050.<sup>5</sup>

Over the last 10 years, the Congress has provided CDBG-DR funding for disasters occurring every year except one (2014). For the period 2011 to 2022, over \$68 billion was provided, with an average of about \$6.2 billion annually. While funding has been frequently provided, CDBG-DR's ad hoc funding structure has limited its efficacy in disaster recovery. HUD-supported research has shown that from time of disaster to substantial housing recovery is 3.8 years, albeit with significant variance between

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<sup>4</sup> [Billion-Dollar Weather and Climate Disasters | National Centers for Environmental Information \(NCEI\) \(noaa.gov\)](#)

<sup>5</sup> Climate Central, [Report: Coastal Flood Risk to Affordable Housing Projected to Triple by 2050, November 2020.](#)

disasters.<sup>6</sup> In other words, it currently takes about one and a half years from time of disaster until the first dollars start flowing for long-term recovery after a disaster.

### **Stakeholders**

The CDBG program has historically been a catalyst for collaboration amongst Federal, State, local, and private-sector partners. Grant funding provides opportunities for partners to develop collaborative working environments such as a multisector task force as well as regional/local working groups to address challenges within interagency program requirements and intergovernmental communication. Collaboration has enhanced the Department's intersectional approach for resolving public improvement and facility funding gaps, housing equity, and employment loss. From 2005 to 2023, CDBG funding helped create or retain more than 505,000 jobs with CDBG funding and benefitted nearly 1.9 million households from the program's housing-related services. The goal of the CDBG program is to continue to enable flexibility for local priorities within a broad national framework emphasizing benefit to low- and moderate-income persons. HUD provides policy, guidance, and technical assistance for grantees and their partners while allowing them to address the needs in low- to moderate-income communities.

Additional Disaster Recovery Stakeholders: CDBG-DR stakeholders include cities, counties, States, and territories. Stakeholders – including the GAO, HUD's OIG, many CDBG-DR grantees, other organizations, and as evident through the public comments received from the Request for Information CDBG-DR Rules, Waivers, and Alternative Requirements (87 FR 77864) as well as the Request for Information Community Development Block Grant Disaster Recovery (CDBG-DR) Formula (87 FR 77855) – have all noted the benefits of creating a permanently authorized CDBG-DR program.<sup>7</sup>

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<sup>6</sup> <https://huduser.gov/porta/publications/HousingRecovery-CDBG-DR.html>

<sup>7</sup> <https://federalregister.gov/documents/2022/12/20/2022-27548/request-for-information-community-development-block-grant-disaster-recovery-cdbg-dr-formula>

**SUMMARY OF RESOURCES BY PROGRAM**

(Dollars in Thousands)

Budget Activity	2023 Budget Authority	2022 Carry over Into 2023	2023 Total Resources	2023 Obligations	2024 Annualized CR	2023 Carry over Into 2024	2024 Total Resources	2025 President's Budget
CDBG Entitlement / Non-Entitlement Grants	3,300,000	1,277,661	4,577,661	4,058,054	3,300,000	519,324	3,819,324	2,900,000
<i>Entitlement Communities [Non-Add]</i>	<i>2,305,100</i>	<i>904,951</i>	<i>3,210,051</i>	<i>2,774,081</i>	<i>2,305,100</i>	<i>435,688</i>	<i>2,740,788</i>	<i>1,955,100</i>
<i>States [Non-Add]</i>	<i>987,900</i>	<i>366,690</i>	<i>1,354,590</i>	<i>1,275,943</i>	<i>987,900</i>	<i>78,646</i>	<i>1,066,546</i>	<i>837,900</i>
<i>Insular [Non-Add]</i>	<i>7,000</i>	<i>6,020</i>	<i>13,020</i>	<i>8,030</i>	<i>7,000</i>	<i>4,990</i>	<i>11,990</i>	<i>7,000</i>
Pathways to Removing Obstacles to Housing	85,000	-	85,000	-	85,000	85,000	170,000	100,000
Recovery Housing Program (SUPPORT Act)	30,000	30,073	60,073	30,316	30,000	29,758	59,758	30,000
Disaster Assistance	4,990,000	5,427,455	10,417,455	5,780,914	-	4,636,796	4,636,796	-
Economic Development Initiatives	2,982,286	1,516,409	4,498,695	4,498,695	2,982,286	-	2,982,286	-
<b>Total</b>	<b>11,387,286</b>	<b>8,252,362</b>	<b>19,639,648</b>	<b>14,367,979</b>	<b>6,397,286</b>	<b>5,271,516</b>	<b>11,668,802</b>	<b>2,930,000</b>

a/ Disaster assistance includes recaptured formula funds that may be awarded to communities affected by Stafford Act declared disasters, pursuant to 42 USC 5306(c)(4).

b/ 2023 carryover for disaster assistance includes recaptures and appropriations provided by the following: P.L. 115-123, approved February 9, 2018, appropriated \$28 billion for Hurricanes Harvey and Irma; P.L. 116-20, approved June 6, 2019, appropriated \$2.4 billion for disasters that occurred in 2018 and 2019; P.L. 117-43 approved September 30, 2021, appropriated \$5 billion for disasters that occurred in 2020 and 2021, of this amount \$5.5 million was transferred to the CPD S&E account.

c/ 2023 carryover total includes recaptures of \$764,381 in no-year balances subject to review prior to allotment.

d/ 2024 carryover for disaster assistance includes recaptures and appropriations provided by the following: P.L. 117-43 approved September 30, 2021, appropriated \$5 billion for disasters that occurred in 2020 and 2021, of this amount \$5.5 million was transferred to the CPD S&E account; P.L. 117-180, approved September 30, 2022, appropriated \$2 billion for disasters that occurred in 2021 or 2022; P.L. 117-328 approved December 29, 2022, appropriated \$3 billion for disasters that occurred in 2022 or later, of this amount \$5 million was transferred to the CPD S&E account and \$5 million was transferred to the Office of the Inspector General.

e/ 2024 carryover total includes recaptures of \$637,783 in no-year balances subject to review prior to allotment.

**LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS**

**Appropriations Language Changes**

The 2025 President’s Budget includes the following:

Recovery Housing Program: Added Flexibility While Determining Grant Eligibility: For the Recovery Housing Program, the Budget proposes flexibility for the Department to use the best available data to determine grant eligibility for jurisdictions where such age-adjusted rate data is unavailable. Since the current CDC data does not include Puerto Rico, this proposed change is necessary to allow HUD to use data to determine eligibility for all potentially eligible grantees.

## Legislative Proposals

The 2025 Budget supports the following legislative proposals and will seek changes through the authorization process:

- Permanent Authorization of CDBG-DR: HUD supports a permanent, reliable framework for disaster recovery through permanent authorization of CDBG-DR. Please see the CDBG-DR Crosscut for more details.
- Enhance State CDBG Compliance Authority: HUD proposes to require a State to create compliance standards for its reviews and audits of recipient units of general local government to ensure that the local government is spending funds in accordance with the State's community development plan, has satisfied its performance criteria, and is carrying out activities in a timely manner. This proposal would also remove a superseded requirement for a unit of general local government to comply with a housing assistance plan.
- Address Poor Performance: HUD proposes to amend section 104 of the Housing and Community Development Act of 1974 (HCD Act) so that if a metropolitan city or urban county does not have capacity to administer its grant, HUD may permit the State to administer the grant on behalf of the metropolitan city or urban county. This tool would provide an option for a low-capacity metropolitan city or urban county to remain funded under CDBG while working to increase its capacity.
- Increase State Administration Cap: Paired with the proposal on State compliance authority, HUD proposes to amend section 106 to raise the State grantee administration fee cap from 3 to 6 percent to provide resources to support greater accountability and technical assistance for non-entitled local governments. This section retains the State matching requirement for the administration of funds. The purpose of this proposed amendment is to support States with maintaining capacity to operate the program and to track local revolving funds and other program income over time. This is an identified area of weakness in the CDBG program, evidenced by major monitoring findings with multimillion-dollar resolutions in several States.

## General Provisions

The 2025 President's Budget re-proposes the following general provision:

Formula Grant Allocation Adjustments: This provision allows the Department to correct any past formula allocation errors as part of the next applicable formula allocation cycle. (Sec. 226)

## APPROPRIATIONS LANGUAGE

The 2025 President's Budget includes the appropriations language listed below.

*For assistance to States and units of general local government, and other entities, for economic and community development activities, and other purposes, \$2,930,000,000, to remain available until September 30, 2028: Provided, That of the sums appropriated under this heading—*

*(1) \$2,900,000,000 shall be available for carrying out the community development block grant program under title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq.) (in this heading "the Act"): Provided, That not to exceed 20 percent of any grant made with funds made available under this paragraph shall be expended for planning and management development and administration: Provided further, That a metropolitan city, urban*

county, unit of general local government, or insular area that directly or indirectly receives funds under this paragraph may not sell, trade, or otherwise transfer all or any portion of such funds to another such entity in exchange for any other funds, credits, or non-Federal considerations, but shall use such funds for activities eligible under title I of the Act: Provided further, That notwithstanding section 105(e)(1) of the Act, no funds made available under this paragraph may be provided to a for-profit entity for an economic development project under section 105(a)(17) unless such project has been evaluated and selected in accordance with guidelines required under subsection (e)(2) of section 105: Provided further, That of the amounts made available for the community development block grant program under this paragraph, up to \$100,000,000 shall be available for the Secretary to award grants on a competitive basis to State and local governments, metropolitan planning organizations, and multijurisdictional entities for additional activities under title I of the Act for the identification and removal of barriers to affordable housing production and preservation: Provided further, That eligible uses of such grants include activities to further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate affordable housing production and preservation: Provided further, That the Secretary shall prioritize applicants that are able to (A) demonstrate progress and a commitment to overcoming local barriers to facilitate the increase in affordable housing production and preservation; and (B) demonstrate an acute demand for housing affordable to households with incomes below 100 percent of the area median income: Provided further, That funds allocated for such grants shall not adversely affect the amount of any formula assistance received by a jurisdiction under paragraph (1) of this heading: Provided further, That in administering such amounts the Secretary may waive or specify alternative requirements for any provision of such title I except for requirements related to fair housing, nondiscrimination, labor standards, the environment, and requirements that activities benefit persons of low- and moderate-income, upon a finding that any such waivers or alternative requirements are necessary to expedite or facilitate the use of such amounts; and

(2) \$30,000,000 shall be available for activities authorized under section 8071 of the SUPPORT for Patients and Communities Act (Public Law 115–271): Provided, That funds allocated pursuant to this paragraph shall not adversely affect the amount of any formula assistance received by a State under paragraph (1) of this heading: Provided further, That the Secretary shall allocate the funds for such activities based on the notice establishing the funding formula published in 84 FR 16027 (April 17, 2019) (unless such age-adjusted rate is unavailable for a jurisdiction, in which case the Secretary shall use the best available data to determine eligibility and to allocate to such jurisdiction).

Note.--A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2024 and Other Extensions Act (Division A of Public Law 118–15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.