



Strengthen Latino Communities

NALCAB Fiscal Year 2024 Funding Asks

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NALCAB, the National Association for Latino Community Asset Builders urges Congress to provide robust funding for key federal asset building programs that are critical to Latino communities nationwide including;

U.S. Department of Housing & Urban Development (HUD)

Bill: Transportation, Housing and Urban Development and Related Agencies

Community Development Block Grant (CDBG) Ask: \$4.2 billion

- CDBG supports a range of economic development activities including housing rehabilitation, public infrastructure improvements, small business assistance, and emergency housing.
- From 2005 to 2022, CDBG facilitated the creation and/or retention of 568,228 jobs, contributed to infrastructure improvements benefiting over 54 million people and met the housing needs of over 1.7 million households.¹
- CDBG funding has declined substantially in recent decades- the FY23 level was \$150 million less than FY21.

HOME Investment Partnerships Program (HOME) Ask: \$2.5 billion

- HOME funds provide flexibility to address local housing challenges and react to local market conditions including new production where supply is scarce and rehabilitation where there are quality concerns as well as helping to provide the right mix of rental and homeownership housing.
- Since its inception HOME has helped to build and preserve 1.3 million units of affordable housing and to provide direct rental assistance to 356,000 families. The HOME Coalition estimates that this investment has supported more than 1.75 million jobs and generated \$115 billion in local income.
- HOME FY24 funding could be as much as 26% below that provided in 2010, as it would be capped at the FY23 level of \$1.5 billion due to the passage of the *Fiscal Responsibility Act of 2023* (H.R. 3746) or debt ceiling agreement.

Housing Counseling Ask: \$70 million

- HUD counselors assist current homeowners, prospective home buyers, renters, the homeless and victims of disaster in making responsible choices regarding their housing needs.
- Between 2009 and 2021, housing counselors provided over 20 million households with housing counseling services.²
- In 2020 70% of housing counseling participants were people of color. Housing counseling is a valuable tool for addressing the racial wealth gap.
- Housing counseling has received flat-line funding in the last three fiscal years.

Self-Help Homeownership Opportunity Program (SHOP) Ask: \$20 million

- SHOP awards grant funds to nonprofit organizations to purchase home sites and develop or improve the infrastructure for “sweat equity” and volunteer-based homeownership programs for low-income individuals.
- Since 1996, SHOP has helped build more than 35,000 homes and house more than 100,000 people. Nearly 60% of the families served have incomes below 50% of the area median income.³
- SHOP grantees have brought in \$3.7 billion of investment into communities.⁴

Rural Capacity Building (RCB) Ask: \$6 million

- RCB enhances the capacity of rural housing development organizations and nonprofits to carry out affordable housing and community development activities in rural areas that support low-income people.

¹ HUD, FY2005-FY2022 CDBG National Accomplishment Report, March 2023.

² "2024 Congressional Justifications." U.S. Department of Housing and Urban Development. <https://www.hud.gov/sites/dfiles/CFO/documents/2024-HUD-Congressional-Justifications.pdf>.

³ Housing Assistance Council. March 22, 2022. <https://ruralhome.org/wp-content/uploads/2022/03/FY23-SHOP-RCB-Organizational-Sign-on-Letter.pdf>.

⁴ Ibid.

- Between 2017 and 2020 RCB grantees constructed, rehabbed, or began development for over 3,500 housing units.⁵
- Rural homelessness increased at six times the national rate between 2020 and 2022, RCB increases access to safe and affordable housing opportunities for low-income individuals and families in these rural communities.⁶

U.S. Small Business Administration (SBA)

Bill: Financial Services and General Government

Microloan and Microloan Technical Assistance (TA) Ask: \$110 million for Microloan and \$50 million for TA

- Microloan assists low income and minority entrepreneurs by providing small-scale loans of up to \$50,000.
- Provides direct loans to qualified nonprofit intermediaries, who in turn lend to small businesses that may not otherwise qualify for loans from conventional lenders.
- In 2021, Microloan intermediaries provided counseling services to 18,040 small businesses and provided 4,510 microloans totaling \$74.6 million. The average Microloan was \$16,557.⁷
- Latino entrepreneurs are 40% less likely to get a loan approved in comparison to their White counterparts, and more banks are not operating in the small lending space due to low profit margins. Microloan ensures our communities have access to capital, in particular, to small dollar loans.⁸

Program for Investment in Micro-Entrepreneurs (PRIME) Program Ask: \$14.5 million

- PRIME supports nonprofit organizations in helping low-income entrepreneurs establish and expand their businesses by providing training and education to help increase access to capital.
- Since FY20 over 70,000 small businesses have been assisted with PRIME Training or Capacity Building Services.⁹
- Currently the program is funded at 36% below the original 2001 level of \$15 million.

U.S. Department of the Treasury

Bill: Financial Services and General Government

The Community Development Financial Institution (CDFI) Fund Ask: \$341 million

- The CDFI Fund programs promote community and economic development in distressed communities by supporting Community Development Financial Institutions (CDFIs) across the country.
- In 2021, CDFIs financed close to 41,000 affordable housing units, made over 1 million loans, and provided funding to 87,000 businesses.¹⁰
- CDFI's play an outsized role in closing opportunity gaps for minority populations. 85% of CDFI borrowers are low-income, 58% are people of color, and 48% are women.¹¹
- Providing \$341 million in appropriations for the CDFI Fund will enable CDFIs to deliver financial services to underserved markets.

U.S. Department of Commerce

Bill: Commerce, Justice, Science and Related Agencies

Minority Business Development Agency (MBDA) Ask: \$110 million

- MBDA is the only federal agency solely dedicated to the growth and global competitiveness of minority enterprises.

⁵ Ibid.

⁶ HUD, 2022 Annual Homeless Assessment Report, Part 1.

⁷ Dilger, Robert J., and Anthony A. Cilluffo. "Small Business Administration Microloan Program." Congressional Research Service. March 30, 2022. <https://sgp.fas.org/crs/misc/R41057.pdf>.

⁸ Steen, Margaret. "Latino Entrepreneurs Face — And Can Overcome — Funding Obstacles." Stanford Graduate School of Business. January 29, 2021.

<https://www.gsb.stanford.edu/insights/latino-entrepreneurs-face-can-overcome-funding-obstacles>.

⁹ "FY 2023 Congressional Budget Justification FY 2021 Annual Performance Report." U.S. Small Business Administration. https://www.sba.gov/sites/default/files/2022-03/FY%202023%20SBA%20Congressional%20Budget%20Justification_FINAL_Publication_3.28.22.pdf.

¹⁰ Ibid.

¹¹ Barrow, Olivia. "Community Development Financial Institutions Fund," *National Low Income Housing Coalition*, 2021, pp. 7., <https://nlihc.org/files/CDFIs>

- Key programs include the Capital Readiness Program which provides grants, training, and technical assistance that strengthen the capacity of nonprofit small business lenders and increase the flow of affordable capital going to underserved minority business enterprises.
- Our FY24 ask of \$110 million is the full authorized amount by Congress for MBDA.

U.S. Department of Health and Human Services

Bill: Labor Health and Human Services, Education and Related Agencies

Community and Economic Development Program (CED) Ask: \$35 million

- Only federal economic development program with the main purpose of job creation for low-income individuals.
- Between 2015-2020 CED funds provided financing to over 2100 businesses and lead to the creation of more than 9000 jobs for low-income individuals.¹²
- Annual funding has fallen short of the programs' needs given its outsized impact.

U.S. Department of Agriculture (USDA)

Bill: Agriculture, Rural Development, Food and Drug Administration and Related Agencies

Rural Housing and Development Programs Ask: \$3.5 billion

- USDA's affordable housing programs increase access to safe and affordable homes in rural areas.
- Programs including; Section 515 Rural Rental Housing Loans; Section 521 Rental Assistance; Multifamily Preservation & Revitalization (MPR) Loans & Grants; Section 502 Direct Loans; and Section 504 Loans & Grants provide affordable housing assistance to low-income families; as well as opportunities to update and modernize homes.
- Over 60 years, Section 502 alone has helped over 2.1 million families build their wealth by more than \$40 billion.¹³
- Roughly one fifth of households in the U.S. live in rural areas, and some 3 in 10 rural households face housing affordability challenges. Latinos represent the largest rural minority population, with 4.1 million residents or 9%.¹⁴

Rural Business and Economic Development Grants Ask: \$50 million

- Business Development Grants support the development of small and emerging businesses in rural areas.
- Economic Development Grants supports local projects that create and retain employment in rural areas.
- With Latinos being responsible for the greatest rural workforce growth in the last decade, these programs are key for continued job creation and retention in rural communities.¹⁵

¹² "Community Economic Development (CED)." Administration for Children & Families: Office of Community Services. https://www.acf.hhs.gov/sites/default/files/documents/ocs/COMM_OCS_CED%20FactSheet_FY2022_0.pdf.

¹³ "Section 502 Direct Loan Program." Natural Rural Housing Coalition. <https://ruralhousingcoalition.org/section-502-direct-loan-program/#:~:text=Over%2060%20years%2C%20the%20Section%20502%20Direct%20Loan,exclusivelytargeted%20to%20very%20low-%20and%20low-income%20rural%20families.>

¹⁴ Johnson, K. M., & Lichter, D. T. (2022, May 25). *Growing Racial Diversity in Rural America: Results from the 2020 Census*. Carsey School of Public Policy, the University of New Hampshire. <https://carsey.unh.edu/publication/growing-racial-diversity-in-rural-america#:~:text=Rural%20America%20remains%20predominately%20non,according%20to%20the%202020%20Census.>

¹⁵ Davis, James , Anil Rupasingha, John Cromartie, and Austin Sanders. "Rural America at a Glance." USDA. November, 2022. <https://www.ers.usda.gov/webdocs/publications/105155/eib-246.pdf?v=308.2>.