



March 11, 2024

U.S. Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Re: Docket No. FR-6148-P-01

To Whom It May Concern:

I write in response to the January 10, 2024, notice of public comment on the proposed rule issued by the U.S. Department of Housing and Urban Development (HUD) making changes to the Community Development Block Grant (CDBG). CDBG is the largest source of federal funding to states and localities specifically for economic and community development. The proposed changes can strengthen the program by increasing transparency, program participation and facilitating greater economic activity. NALCAB appreciates the opportunity to share our insights on how CDBG can better support economic development in Latino and low- and moderate-income (LMI) communities.

NALCAB, the National Association for Latino Community Asset Builders, is a U.S. Treasury-certified Community Development Financial Institution (CDFI) that represents and serves over 200 diverse nonprofit community development and asset-building organizations across the country. Approximately one third of our members are certified CDFIs. Our members uplift Latino communities by strengthening access to quality affordable housing, safe financial products, and successful entrepreneurship. Many of the people served by the NALCAB Network are LMI individuals who are first- or second-generation immigrants. Amongst our membership CDBG is one of the most utilized programs, in 2023 32% of respondents to our Federal Funding Survey reported being awarded CDBG dollars.

Enacted in 1974 as part of the *Housing and Community Development Act (P.L. 93-383)*, CDBG provides flexible funding to localities across the country to support neighborhood revitalization, economic development, housing rehabilitation, disaster recovery, and other community needs. Each state and over 1200 localities nationwide rely on CDBG funds to help create thriving neighborhoods.

NALCAB offers the following recommendations in response to the questions posed in the request for comment:

The proposed rule would revise CDBG and related Section 108 loan guarantee program regulations to promote economic development and recovery in LMI communities and support investments in underserved areas. The Section 108 Loan Guarantee Program provides CDBG recipients with the ability to leverage their annual grant allocation to access low-cost, flexible financing for their projects.



Expansion of regulatory criteria will allow greater flexibility to undertake economic development projects. NALCAB supports expanding access and the reach of these programs.

Ensuring Intended Impact

HUD's proposal aims to ease the compliance burden on CDBG recipients and encourage greater participation in the program. In relation to reporting requirements for the LMI job retention objective, standardizing the presumptive poverty rate using the American Community Survey and using location of project to determine LMI job retention will ease reporting. Importantly, as HUD seeks to ensure intended impact for underserved communities it is key to remember there are disparities amongst marginalized communities. For example, LMI and communities of color face greater barriers in accessing capital and/or affordable housing options- thus additional data is required to ensure equitable impact among populations of color in LMI service areas.

While LMI job retention is a long-held standard for CDBG, the collection and inclusion of race and ethnicity data in evaluating impact is important. Having this information would help highlight how much and how little CDBG funding is uplifting the populations most in need. Per President Biden's Executive Order 14091, *Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, the federal government has a responsibility to ensure equity throughout its programs. The collection of race and ethnicity data as it relates to LMI job retention would help identify gaps in coverage and highlight where the needs and opportunities lie.

As it pertains to the prevention or elimination of slums or blight, we commend HUD on increasing flexibility for CDBG recipients in allowing them to select a data source of their choosing to demonstrate that a local area is experiencing physical distress. In 2017, Latinos were twice as likely to reside in severely inadequate housing, defined by characteristics like: water leaks, holes in the floor, large cracks in the walls and ceiling, peeling paint, and visible rats.¹ Increasing data sources and allowing recipients to use their own data sources – given the local reach they have into the local community; this can significantly improve the quality of the data and prove the necessity of their project and mobilize funding.

Reducing Reporting Burdens on CDBG Awardees:

Incentivizing greater small business participation in the CDBG program can help fuel economic growth in local communities nationwide. Particularly for our Latino and LMI communities as small

¹ https://unidosus.org/wp-content/uploads/2021/07/unidosus_latinohousingquality_12418.pdf



businesses create nearly two thirds of all new jobs providing these communities with opportunities for economic growth and mobility.² We recommend HUD reexamine its approach to updating recordkeeping requirements in tracking national objective criteria. CDBG, like many federal government programs, has robust reporting and compliance requirements – this can be an impediment for small businesses and equally for community based non-profit organizations in accessing CDBG funds. We urge HUD to streamline and lessen the paperwork burden, better opening the doors of opportunity to smaller organizations as well as entrepreneurs.

Updated Public Benefit:

The current regulations provide two options for meeting the public benefit standards: creating or retaining permanent jobs or providing goods or services to LMI residents served by the activity. HUD proposes adding an alternative standard allowing recipients to demonstrate that a project would create a significant public benefit despite not meeting the jobs or services standards under CDBG. Projects under alternative standard are approved at the discretion of HUD after a written request is submitted by the applicant - providing grantees with alternatives when developing programs to best address local needs and stimulate transformative economic revitalization activities. NALCAB supports allowing awardees to tailor activities to the unique needs of the local community while ensuring they principally benefit LMI persons, aid in the prevention or elimination of blights or slums and meet an urgent health or safety need of the community.

Consolidated Plan:

NALCAB urges HUD to follow through with its proposed updates for Consolidated Plan outreach requirements in acquiring stakeholder input. Particularly as it pertains to its goal of providing meaningful access to Limited English Proficient (LEP) persons and using a variety of outreach methods such as email, text message, social media, advertisements, neighborhood organizations, and more. To ensure intended impact for LMI communities, particularly in Latino communities with LEP populations- outreach for Consolidated Plans must maximize the infrastructure built up by community-based organizations that serve these populations. Organizations such as those in the NALCAB network have deep roots in these communities and the trust of LEP individuals who may otherwise not be reached by traditional outreach methods. In maximizing the digital age, when speaking about mobile connection we know Latinos are more connected than any other minority group and primarily rely on their mobile phones as their primary source of connection.³ Further, well documented platforms frequented by Latinos would include WhatsApp's messaging service and

² <https://advocacy.sba.gov/2022/04/26/small-business-facts-small-business-job-creation/>

³ <https://www.pewresearch.org/hispanic/2016/07/20/3-hispanics-and-mobile-access-to-the-internet/>



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more recently numbers have significantly grown in usage of streaming services such as Hulu.^{4 5} These platforms and mediums provide an opportunity to expand the program's services into these populations and ensure all stakeholder input is received. NALCAB recommends that HUD takes on board these suggestions to quickly and more successfully ensure these proposed updates to Consolidated Plan outreach have their intended effect.

Conclusion

CDBG is a key tool in promoting prosperous neighborhoods in LMI and Latino communities across the country. We applaud HUD for working to improve the program by increasing flexibility, transparency, and program efficiency and effectiveness. We look forward to continuing to work closely with HUD and the Biden Administration on addressing the housing and community and economic development needs of Latinos nationwide.

Sincerely,

Oscar Marroquin, Public Policy Analyst

⁴ https://www.pewresearch.org/internet/2021/04/07/social-media-use-in-2021/?utm_source=Pew+Research+Center&utm_campaign=acb6afc369-EMAIL_CAMPAIGN_2021_04_09_02_57&utm_medium=email&utm_term=0_3e953b9b70-acb6afc369-400117905

⁵ <https://www.npr.org/2022/09/16/1123296056/latino-viewers-heavily-influence-the-popularity-of-streaming-shows-a-study-finds>