



Campaign for Housing and Community Development Funding

Working to ensure maximum federal resources for housing and community development.

IMPACTS OF INCONSISTENT FUNDING ON AFFORDABLE HOUSING PROGRAMS

December 2024

The **Campaign for Housing and Community Development Funding** (CHCDF) urges Congress to approve and the President to sign a full-year Fiscal Year (FY) 2025 spending bills for the Departments of Housing and Urban Development (HUD) and Agriculture (USDA) as soon as possible to avoid a long-term continuing resolution (CR). The importance of passing comprehensive spending bills in a timely manner and avoiding a long-term CR is critical for the families and communities supported by federal affordable housing and community development programs.

LONG-TERM CONTINUING RESOLUTIONS CAUSE FUNDING SHORTFALLS

Continuing resolutions maintain a consistent level of funding for federal programs approved by Congress for the previous fiscal year. Because the cost of housing and development programs are tied to market rates, which rise every year and have risen dramatically over the last year, flat funding acts as a cut and reduces the number of people served.

- **Grant Programs.** CRs cause delays to states and localities that receive Community Development Block Grant, HOME, National Housing Trust Fund, and other formula grants since allocations are calculated only after a full-year appropriation is enacted. This, in turn, causes delayed submission, review and approval of grantees' action plans and access to grant funds. The lag in funding delays affordable housing and community development projects and programs that depend on these funds to serve low and moderate-income people. This is particularly problematic for smaller towns and rural areas that don't have local resources to offset these delays.

CRs also create delays in grants supporting vital staff, leading to temporary layoffs. This has been especially true for the HUD Service Coordinator Grant Program which supports approximately 1,600 staff who provide vital services to residents of properties for older adults and persons with disabilities.

Prolonged and repetitive CRs hinder the ability to retain existing staff and maintain current levels of service.

- **Rental Assistance Programs.** Congress must ensure that all federal rental assistance programs receive adequate resources in a CR, including through anomalies, so there's no disruption to housing stability for residents. The vital programs include:
 - **Senior Housing:** More than 125,000 older adults live in Section 202 housing supported by Project Rental Assistance Contracts (PRAC) (the other two-thirds of Section 202 residents have Section 8 Project-Based Rental Assistance as their operating subsidy). Due to funding constraints and how the contracts are structured, PRAC funding is extremely tight and

requires consistent funding for continuous operation. Inadequate funding during a CR would mean that some owners do not receive needed funds for the operation of their affordable senior housing communities. Without adjustments to a CR likely a funding anomaly, 202/PRAC owners will be in a precarious financial situation.

- **Project-Based Rental Assistance.** Inadequate funding for HUD and USDA project-based rental assistance under a long-term CR could leave property owners without the necessary resources to maintain properties and provide critical resident services, potentially leading to a reduction in affordable apartments for low-income households. Over time, funding instability could deter private owners from continuing to participate in the program, thereby reducing private investment in the portfolio.
- **Housing Choice Vouchers.** Housing Choice Vouchers (HCVs) function as a public-private partnership that helps families rent affordable units in the private market. While increases in rental costs have slowed, rents remain high [compared to incomes](#), and the voucher program is still catching up. If policymakers fail to provide the additional funding needed to cover rising costs year-to-year, [hundreds of thousands](#) fewer people in communities across the country would receive the assistance they need to stay housed.
- **Enforcement of the Fair Housing Act.** Over two-thirds of reported complaints of housing discrimination are investigated by private nonprofit fair housing organizations. These organizations rely on multi-year grants awarded through the Fair Housing Initiatives Program to provide direct services to victims of discrimination. Continuing resolutions delay grant award cycles, putting in jeopardy strategically designed multi-year investigations that root out housing and lending discrimination and forcing various grantees on different funding timelines to close their doors to victims of discrimination.

The [Campaign for Housing and Community Development Funding](#) (CHCDF) is an education, strategy and action hub for national organizations dedicated to adequate federal housing and community development funding for lower income families and communities. [CHCDF's members](#) represent a full continuum of national housing and community development organizations, including more than 70 faith-based, private sector, financial/intermediary, public sector and advocacy groups. For more information, contact Kim Johnson, policy manager at the National Low Income Housing Coalition, at kjohnson@nlihc.org.