



November 10, 2009

The Honorable Shaun Donovan  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th Street S.W.  
Washington, DC 20410

Dear Secretary Donovan:

**On behalf of the 3,200 community economic development organizations and community development corporations (CDCs) whom the National Alliance of Community Economic Development Associations (NACEDA) represents nationwide, we request your help on an urgent matter regarding the use of HOME Program operational support to enhance the sustainability of CDCs and Community Housing Development Organizations (CHDOs).**

A primary activity of NACEDA members is the development of housing, particularly homes for residents of low-wealth communities and those with special needs. **NACEDA members have produced 1.3 million homes since 1988, including both rental and homeownership, and have generated three quarters of a million new jobs.** The majority of CDCs provide affordable housing, social services, economic opportunities and other building blocks for healthy communities, and are certified Community Housing Development Organizations (CHDOs).

In recent months, NACEDA and LISC have requested that the Senate and House Subcommittees on T-HUD Appropriations include language in the FY 2010 appropriations bill directing HUD to **urge Participating Jurisdictions to provide the full statutory 5% of funds permissible for the operating expenses of Community Housing Development Organizations (CHDOs). Last week the Subcommittee informed NACEDA that the Subcommittee would not include this language.**

Community-based housing developers need your assistance on this urgent matter. While a few HOME Program Participating Jurisdictions provide the full 5% of HOME funds for operational

support allowable, most jurisdictions provide nothing or next to nothing for this purpose.

As you know, CHDOs are struggling now. At a time when CDCs are experiencing booming demand from their constituents to help stabilize neighborhoods and prevent foreclosures, the shrinking economy has caused foundations and corporations nationwide to retract their operating funding for these vital organizations, threatening the viability of many. In Atlanta, for example, of an initial 14 CDCs only two remain fully operational, five are board-operated only, and six are not operational or closed. In an informal survey of NACEDA members, 40% of respondents reported that CDCs in their areas have merged in the past 18 months, and 75% found that the current economic downturn has forced CDCs to change their focus, including providing fewer services, focusing on foreclosure mitigation, financial fitness and training away from affordable housing.

**The country's CDCs and CHDOs need your help in addressing these operational challenges. NACEDA requests that HUD pursue a series of actions to help CHDOs respond to the current challenges and remain viable, starting with the following:**

1. **Support the legislative language (attached) directing HUD to urge PJs to provide the full 5% in HOME operating funding allowable,**
2. **Institute an official awareness program with PJs to communicate the long-term, sustainable value CHDOs provide their communities, and**
3. **Both include language in its FY 2010 budget, and modify its HOME regulations, to highlight the value of providing the full 5% funding.**

On behalf of the nation's community development corporations, NACEDA would appreciate the opportunity to meet with you as soon as possible on this important matter. Thank you.

Sincerely,



Diane Sterner  
President



Jane DeMarines  
Executive Director

Cc: The Honorable Ron Sims  
The Honorable Mercedes Marquez

Attachment



**Requested Amendment to T-HUD Appropriations Conference Report  
Request of NACEDA and LISC**

The committee recognizes the important contribution that nonprofit Community Housing Development Organizations make to the production and preservation of affordable housing and community stability. Extraordinary economic stress and constraints on private financing have stalled many CHDOs' affordable housing activities, straining their organizational health at a time when low-income families and communities need their services more than ever. The Committee directs the Secretary to urge states and localities immediately to use up to 5% of HOME funds under existing statutory authority to pay the operating expenses of CHDOs so they can continue to be productive in these most challenging times.