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On behalf of the **Council of State Community Development Agencies (COSCDA)**  
As the **President of its Board of Directors**

Testimony before the House Committee on Financial Services  
Subcommittee on Housing and Insurance

**“HOME 2.0: Modern Solutions to the Housing Shortage”**

Wednesday, July 16, 2025  
2128 Rayburn House Office Building

Good afternoon, Chair Flood, Ranking Member Cleaver, and Members of the Subcommittee. Thank you for the opportunity to testify today. I’m Alison George. I am the Board President for the Council of State Community Development Agencies (COSCDA). We represent states that administer vital programs related to housing, community development, homelessness assistance, and disaster recovery. I am from the great state of Colorado—currently serving as the Director of the Division of Housing within the Colorado Department of Local Affairs (DOLA).

I am here today on behalf of state housing leaders across the country who administer the Dept. of Housing and Urban Development’s HOME Investment Partnerships Program (HOME), and to share how these funds are making a difference in Colorado. COSCDA appreciates the subcommittee’s thoughtful approach to modernizing the HOME program, which is HUD’s only grant program dedicated solely to the preservation and development of affordable housing.

I hope you take the following from my testimony today:

1. HOME is a vital program boosting much needed affordable housing in states like Colorado given the flexibility and ability to address the specific needs in our communities.
2. Understand how HOME dollars translate into real impact for the people in our state.
3. Modernization is key – specifically to ease administrative burden, support increased administrative capacity and preserve HOME’s flexibility.

**HOME’s Impact in Colorado**

HOME has a proven track record of helping states like Colorado address affordable housing needs through funding for new construction, home renovations, and assistance for renters and homeowners. The HOME program is flexible and allows states to respond to local conditions

and housing priorities. State agencies such as Colorado’s Department of Local Affairs (DOLA) connect communities around the state with HOME funding opportunities.

Colorado received a total of \$16.7 million in Fiscal Year (FY) 2025 HOME funding, including \$5.3 million allocated directly to DOLA. Public data from HUD shows that, since 1993, Colorado has successfully used the HOME program to:

- Assist over 29,000 housing units and households
- Invest over \$286 million of HOME funds in over 60 cities and towns
- Contribute to over 500 projects and programs

#### ***Project Example: Harvest Hill***

Harvest Hill is a HOME-sponsored development in Broomfield—a suburb of Denver. Through a \$2.65 million HOME award, DOLA is building 152 affordable homes for families earning between 30 and 70 percent of the area median income (AMI). The 30 percent AMI units at Harvest Hill are especially meaningful, because developing such deeply affordable housing units would *not be possible* without the gap financing provided through HOME. In fact, HOME is often the first funding source secured for a project and the last piece that holds a project together.

The impact of Harvest Hill extends beyond its housing units. Harvest Hill is a transit-accessible development with a range of unique amenities, including access to food security programs in partnership with Broomfield FISH (a local nonprofit organization) and other critical social services. Housing supported through the HOME program provides a platform for low-income residents to find stability and work toward self-sufficiency.

#### ***Project Example: Lakota Ridge Senior Apartments***

Lakota Ridge Senior Apartments in New Castle, Colorado, is a strong example of how HOME funds support both rural communities and underserved populations. Located in Garfield County—an expansive, largely rural area on the Western Slope—this development provides safe, stable housing for older adults in a region where affordable options are extremely limited.

The Colorado Division of Housing (DOH) awarded \$495,165 in HOME funding to support the construction of Lakota Ridge, which includes 40 one-bedroom and 10 two-bedroom units for residents aged 55 and older. Since opening six years ago, the community has maintained nearly 100% occupancy, demonstrating strong demand for senior housing in rural Colorado.

Seniors are often overlooked when it comes to housing solutions, especially in rural areas with fewer resources and limited development incentives. Projects like Lakota Ridge help fill a critical gap—allowing older adults to age in place, stay connected to their communities, and live with dignity.

#### **How to Modernize the HOME Program**

COSCDA’s national network of state agencies fully supports the subcommittee’s efforts to modernize the HOME program. We respectfully offer the following recommendations to improve HOME’s efficiency and impact.

### ***Ease Administrative Burdens Where Possible***

The greatest challenge of the HOME program in recent years has been the increase in regulatory requirements. While COSCDA recognizes the importance of accountability, HUD's requirements have become more burdensome than ever before. We encourage consideration of ways to streamline or better align these requirements to keep HOME projects moving forward.

### ***Build America, Buy America (BABA)***

Congress enacted the Build America, Buy America Act (BABA) as part of President Biden's Infrastructure Investment and Jobs Act (IIJA) of 2021. COSCDA supports the intent of BABA, but the requirement for most HOME projects to use American-made products—or to prove these products are not sufficiently available for use—is overly burdensome and has led to increased costs both in terms of materials and administration.

COSCDA members expect developers' administrative costs to increase by approximately 8 – 10 percent of the total project cost due to BABA. There are also serious concerns regarding the length of time BABA will add to project completion. For these reasons, COSCDA urges the subcommittee to exempt HOME-funded housing projects from BABA requirements.

### ***Davis-Bacon and Section 3***

Davis-Bacon Act and Section 3 labor requirements are, like BABA, well-intentioned but overly burdensome under current operating realities. Under Davis-Bacon, every contractor on a job site must submit complete payroll records *weekly* to ensure correct wages are paid. These requirements increase administrative costs and deter contractors from bidding on HUD-funded projects. The Section 3 program, established by the Housing and Urban Development Act of 1968, requires recipients of HUD funding to direct employment, training, and contracting opportunities to low-income individuals and businesses. Section 3 reporting requires labor hour tracking, working income verification, and contractor compliance monitoring.

Compliance with Davis-Bacon and Section 3 requirements is particularly challenging for small and rural HOME grantees for several reasons: limited contractor pool and local workforce, project scale, training gaps, and administrative capacity. COSCDA members would prefer to fully exempt HOME projects from Davis-Bacon and Section 3 requirements. However, if full exemption is not possible, COSCDA recommends increasing the threshold under which both requirements apply to HOME to 50 units. Increasing the threshold would streamline the administrative burden for smaller projects while keeping these labor requirements in place for larger projects that require a larger workforce.

### ***Environmental Review (NEPA)***

HUD's National Environmental Policy Act (NEPA) regulations contribute to project delays, especially when projects involve minimal land disruption. Until the environmental review process is complete, HUD regulations prohibit all participants in the development process from taking any "choice-limiting actions," such as acquisition of property. Environmental clearance often takes a year or longer to complete and achieve HUD certification.

The environmental review adds significant time to the development process in the HOME program, leading to unnecessary costs. NEPA requirements also put affordable housing developers at a market disadvantage for acquiring land and undertaking predevelopment activities. COSCDA members recommend several changes to the environmental review requirements for the HOME program, including:

- Only require one environmental review per project.
- Allow developers to incorporate federal resources into the capital stack after a project has completed an environmental review *without* triggering a duplicative review.
- Amend HUD’s “choice-limiting action” regulations by allowing developers to undertake certain activities prior to the completion of the environmental review.

### ***Support Stronger Administrative Capacity***

Many states, including Colorado, are stretched thin as they manage a complicated program with very limited administrative resources. The subcommittee should consider providing sufficient administrative funding, aligning the HOME program better with development timelines, and revisiting the Community Housing Development Organization (CHDO) set-aside to reflect today’s operating realities.

#### ***Administrative Funding Cap***

The 10 percent administrative funding cap makes it difficult for HOME’s Participating Jurisdictions (PJs) to recruit and retain qualified staff, keep up with rising operational costs, and invest in training. COSCDA recommends increasing HOME’s administrative funding cap from 10 percent to at least 15 percent. States would then have the *option* to access additional administrative funding if they need it to manage an effective HOME program.

#### ***Commitment Deadline***

There is a 24-month (2 year) commitment deadline for HOME funds. The housing development pipeline often takes at least two years or more. If the 24-month deadline passes while HOME grantees are still involved in the development process, it is not possible to move funding to another viable project under current HOME requirements. COSCDA recommends removing the 24-month commitment deadline. Removing the commitment deadline would add more flexibility to the program and prevent grantees from losing funding to support worthwhile projects. HUD would still maintain oversight over the timeliness of HOME projects through the 4-year completion deadline and 5-year expenditure deadline.

#### ***Community Housing Development Organizations (CHDOs)***

CHDO participation has declined significantly in some states since the pandemic. The CHDO regulations are very complicated, and many CHDOs struggle to maintain their status throughout the affordability period (often 20 years). COSCDA would prefer the removal of CHDO-specific requirements from the HOME program. However, if Congress is unable to remove the CHDO requirement, then we would recommend simplifying this part of the HOME program wherever possible. For example, allow CHDOs to maintain continuous designation as a CHDO for a period (i.e., 3 years) without the need to re-qualify.

### ***Preserve Flexibility in How States use HOME***

The ability to adapt the program to local conditions is one of HOME's greatest strengths. COSCDA recommends preserving all of HOME's eligible activities, as states prefer to reserve maximum flexibility when designing their programs to respond to current needs. We hope that any updates to HOME will maintain the program's flexibility while allowing for technical improvements to simplify implementation.

Colorado uses the flexibility of the HOME program to meet the State's most urgent housing challenges. While the program's structure has remained relatively consistent, the Colorado Division of Housing (DOH) continues to adjust its approach to match evolving local needs and capacity.

Currently, HOME dollars are primarily used in Colorado's Front Range, where housing partners have the staffing and experience to manage the program's complex compliance and long-term monitoring requirements. These funds help build or acquire housing for low-income individuals and families—often in fast-growing areas where affordability is out of reach for many residents.

At the same time, DOH uses HOME to support smaller-scale projects in rural and mountain communities. These areas face unique barriers to development, such as high construction costs and limited local funding. HOME is one of the few sources flexible enough to support these communities, and it plays a vital role in ensuring that affordable housing is built where it otherwise wouldn't be.

HOME is working in Colorado, and across the country, but it could be even more effective with thoughtful updates and long-overdue modernization. COSCDA members have a wealth of experience administering the HOME program at the state level. As the subcommittee continues its work, COSCDA is available to provide additional input on how to improve the HOME program for the future.