



March 24, 2017

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Dear Ms. Dunston and Ms. Spergel:

I would like to thank you both for your time and willingness to partner with Prosperity Indiana in a collaborative way regarding state prioritization of critical federal resources through the Annual Action Plan.

Our membership, comprised of 230 organizations that build vital communities and resilient families, includes non-profit human service providers, housing developers, community development corporations, local units of government, financial institutions and private businesses. The network is diverse, but united by a mission to transform Hoosier communities. In particular, our members are dedicated to strengthening communities that are economically distressed, through comprehensive solutions in rural, urban and suburban neighborhoods. Expanding access to safe, affordable housing and economic opportunity are cornerstones of that mission.

Prosperity Indiana members work not only to meet basic human needs, such as providing food and shelter, but to ensure low-income Hoosiers have the kinds of tools and resources required to attain and maintain economic sufficiency. We actively engage our membership on policy issues through a variety of mediums to identify areas where community development approaches are effective and those that should be improved upon to be responsive to local needs.

This year, in reviewing the draft Annual Action Plan (Plan), we wanted to directly engage both of you to discuss the feedback we have provided in previous Plans, hear your responses to those prior recommendations and member insights, and determine more comprehensive ways to have our members weigh in with the staff of Indiana Housing and Community Development Authority (IHCDA) and the Indiana Office of Community and Rural Affairs (OCRA) prior to the release of those drafts. We believe this will foster innovation in program design and prioritization and ensure our shared goal of the Plan being responsive to community concerns is more effectively met.

With that in mind, we offer the following comments and requests for stakeholder engagement around the stated goals of the Plan moving forward.

Goal 1: Expanding and Preserving Affordable Housing Opportunities Throughout the Housing Continuum

Prosperity Indiana is extremely pleased to have learned that, as a result of advocacy engagement through our response to the draft Plan last year and the National Housing Trust Fund advocacy, extremely low-income households are explicitly identified as a priority housing need. Prioritizing extremely low-income households for targeted housing supports serves to reinforce efforts to prevent homelessness among housing instable populations. We are also pleased that the Housing Trust Fund resources will be distributed as a grant instead of a loan, which we believe will make these projects more feasible.

Prosperity Indiana is looking forward to seeing the impact of the proposed community investments in rental rehabilitation and new construction through the additional resources provided to our state through the National Housing Trust Fund, as we discussed in our meeting. Investments in these worthwhile projects address the affordable rental unit deficit for vulnerable populations that exists in our state. We would continue to urge balance, however, through other program resources in the Plan to better address the down payment assistance, counseling, and origination needs of low- and moderate-income households hoping to achieve stable, affordable homeownership.

The dream of homeownership has eluded many low- to moderate-income Hoosiers in the fallout from the Great Recession. Wisely, loan originators have strengthened lending standards and more appropriately take into account a consumer's ability to repay a loan; but our members across the state indicate that those restrictions have become so stringent, it is nearly impossible for many individuals and families to qualify. Prosperity Indiana members are well aware that significant housing rental needs exist and applaud worthy investments in expanding that stock; but they also know that homeownership remains one of the single most effective mechanisms to help low- and moderate-income families build assets and multi-generational wealth.

Goal 2: Reducing Homelessness and Increasing Housing Stability for Special Needs Populations

We continue to hear from our members about the need for investments for aging in place to serve special needs populations. We applaud the focus on addressing this need in the draft Plan. Additionally, as we have stated before, Prosperity Indiana would like to applaud the inclusive and collaborative planning efforts on behalf of the Balance of State Continuum of Care. The state's diligence in consulting diverse populations and service providers in creating the state plan has not gone unnoticed. However, we do have some ongoing concerns in the prioritization of scarce resources when one considers the scope of the challenge in combatting homelessness. We hope IHCD will take these concerns into consideration.

In the draft Plan and across federal homelessness programs, there is a focus on responses that tend to best serve chronically homeless individuals, especially those who are difficult to house based on health impediments, disabilities or addictions. That is clearly an essential priority; but those approaches are not always the best responses for homeless individuals fleeing domestic violence or families who rely on extended emergency and transitional shelter stays to ensure stability and economic security. In the situation of family homelessness, housing, in and of itself, is not the primary solution to preventing homelessness. Instead, incidences of domestic violence and/or lack of access to affordable childcare, transportation, and living wage employment opportunities are often the primary destabilizing source. We frequently hear from homeless practitioners in our membership that rapid re-housing and permanent supportive housing have not been effective in helping clients in those situations throughout the state. Prosperity Indiana asks that, in weighing projects, IHCD will take those considerations into account.

One last area under this goal that we would like to concentrate on, and that we discussed in our meeting, is the issue of Housing Opportunities for Persons with Aids (HOPWA) planning and community engagement. As we stated in our previous two year's worth of Plan feedback, the drug and emerging HIV epidemic- that started in rural southern Indiana over two years ago- goes beyond a healthcare crisis. It should also be the focus of community development solutions that can empower our state in preventing the spread of new HIV infection and providing critical housing supports to affected patients.

While much focus of assistance has been paid to Scott County, which is in the Kentucky HOPWA grant jurisdiction, there was a well-documented spread to Jackson County in Indiana's Region 11 last year. The Indiana University Rural Center for AIDS/STD Prevention issued indicators in 2015, providing suggestions regarding community need for Syringe Exchange Programming. They also released a list of counties at high risk for similar HIV outbreaks, based primarily on Hepatitis C infections, as well as substance abuse treatment episodes for heroin use and dependence, and the prescription drug overdose mortality rate. That document listed Allen,

Blackford, Boone, Brown, Clark, Dearborn, Delaware, Fayette, Franklin, Grant, Greene, Hamilton, Hendricks, Howard, Jackson, Jasper, Jay, Jennings, Johnson, LaPorte, Lake, Madison, Marion, Martin, Miami, Monroe, Montgomery, Morgan, Newton, Parke, Porter, Pulaski, Putnam, Randolph, St. Joseph, Scott, Starke, Sullivan, Switzerland, Tipton, Union, Vanderburgh and Vigo counties as high risk under the various categories. Additionally, since 2015, there are 23 counties in various phases of approval for Syringe Access Programming. Given the ongoing epidemic, Indiana must acknowledge the healthcare and community development impacts that will be felt throughout the state and make plans to respond to emerging needs – both emergency healthcare provisions and long-term supports.

Prosperity Indiana would like to play a role in helping to coordinate conversations that foster better partnerships between our members responding to this crisis and IHCD, in order to better facilitate outreach to clients who would benefit from permanent housing placement. We feel it is critical to consult shelter providers, health care professionals, needle exchange programs, community clinics and local units of government to assess what resources are available, what communities are experiencing, and inquire about up-to-date infection rates and what capacity building needs exist to ensure communities can provide for long-term housing needs. In order to receive adequate HOPWA funding to respond to an epidemic of new infections among housing unstable populations, the Plan must mention this priority and have better data regarding infection rates and need.

Areas for Engagement Moving Forward

Following our discussions, the following areas encompass the subject matters upon which Prosperity Indiana plans to engage our membership as we look to weigh in on subsequent Plan drafts in the interest of expanding and preserving affordable housing opportunities, reducing homelessness, and serving special needs populations:

- Input on HOME subsidy limits. In particular, what is more effective: lower maximum amounts and more allocations or increasing the maximum amount to concentrate on fewer projects with potentially greater project impact?
- Are projects balanced well between community size, or do there need to be adjustments in scoring to better achieve balance in this regard?
- Prosperity Indiana believes energy efficiency prioritization in projects help contain utility costs for low-income households. Does the Plan achieve those goals, and what impacts does that have for the development of these projects?
- Given recent news regarding lead levels in low-income housing in East Chicago, are we adequately addressing the housing safety concerns of low-income communities statewide under current funding priorities?

Goal 3: Promote Livable Communities and Community Revitalization Through Addressing Unmet Community Development Needs

We applaud the Plan's recognition that helping vulnerable Hoosiers and communities requires investments beyond those in housing as in last year's Plan. Specifically, Goals 3 and 4 of this draft again focus on promoting livable communities and enhancing economic development efforts. Prosperity Indiana also supports the community development demands for CDBG infrastructure investments in improving wastewater systems. As in draft responses before, we would continue to emphasize the community development importance of weighing major infrastructure investments with the need to address roads and sidewalks to improve accessibility and, accordingly, fill the unmet community and quality of life needs throughout Hoosier communities.

We will also continue to engage members regarding grant allocations in these categories, but there has been a perennial interest in raising the maximum CDBG grant award to keep up with project costs and increase impact. Project costs have continued to climb, but the maximum amount has not kept pace with those increases. As a result, we have heard anecdotally that communities are not submitting innovative, impactful projects because the grant dollars do not effectively offset the administrative burden of complying with federal CDBG requirements. Other enhancements that would improve projects would be a change in the requirements of spending down CDBG and match dollars. For example, instead of spending 50 percent of the match and 50 percent of the grant dollars for each expenditure, practitioners recommend using the grant dollars first, if the match is in the form of a loan. This change would prevent the interest accumulation early in the project and save money overall. It would not affect any match requirements, only a change to the current drawdown process.

Goal 4: Promote Activities that Enhance Local Economic Development Efforts

As far as economic development strategies addressed in the Plan, those that focus on workforce development are regularly the biggest priority for our members. In our convenings, we frequently discuss the training and education needs that exist to help Hoosiers attain living wage jobs, especially as manufacturing losses present economic challenges throughout the state. New employment training and opportunities will reduce the current continued strain on our emergency human services infrastructure, as individuals and families struggle to afford basic needs while working one or multiple minimum wage positions.

As such, we are encouraged by the \$1 million proposed in the Plan to address workforce development activities. However, we would like to see a broader range of economic development activities that spark innovation and support entrepreneurship at the local level, especially for those who lack access to traditional credit or business development support. We believe increased investments in microenterprise lending are crucial to spurring investment in local economies. Microenterprise investments, which provide assistance to organizations that

help low-income entrepreneurs who lack sufficient training and education to gain access to the capital they need to establish and expand their small businesses, should be a key goal in economic development priorities of the Plan.

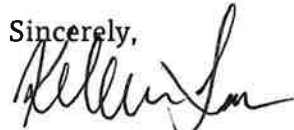
Areas for Engagement Moving Forward

Following our discussions, the following areas encompass the subject matters in which Prosperity Indiana plans to engage our membership as we look to weigh in on subsequent Plan drafts in the interest of promoting livable communities and community revitalization as well as enhancing local economic development efforts:

- In the past, workforce development allocations have been underutilized. What program scores and criteria should be reexamined to increase utilization and address the need and demand for workforce development activities?
- Beyond commenting on what is already included in the Plan, what opportunities for innovation exist that would still be within the constraints federal funding requirements?
- Continued engagement around the balance between funding fewer projects with potentially more impactful outcomes versus funding a greater number of projects that are smaller in size and scope.
- The types and amounts of planning grants. Are they effectively meeting community needs?
- Stellar community prioritization. Is the current program model and scoring well-suited for CDBG funding? Would state funding allow for better flexibility in compliance and project type? Would the federal dollars currently allocated for Stellar be best utilized toward other rural or smaller community investments?
- How can our members better engage partners, such as the Indiana Association of Regional Councils in collaborating with OCRA staff in working toward joint community development goals?

On behalf of our dedicated membership affecting positive change in communities throughout the state, we would like to thank the Indiana Office of Community and Rural Affairs and the Indiana Housing and Community Development Authority for the opportunity to weigh in on this draft Plan and for the willingness to work collaboratively throughout the year on program design and prioritization for the next draft Plan.

Sincerely,



Kathleen Lara

Policy Director

Prosperity Indiana

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