December 26, 2023

The Honorable Brian Schatz
Chair
Subcommittee on Transportation, Housing
and Urban Development, and Related Agencies
Committee on Appropriations
United States Senate
S-128, The Capitol
Washington, DC 20510

The Honorable Cindy Hyde-Smith
Ranking Member
Subcommittee on Transportation, Housing
and Urban Development, and Related Agencies
Committee on Appropriations
United States Senate
S-128, The Capitol
Washington, DC 20510

Dear Chair Schatz and Ranking Member Hyde-Smith:

With respect to the Subcommittee's December 12, 2023, hearing, Communities in Crisis: What Happens When Disaster Recovery Funds are Delayed, attached please find Western Governors' Association policy resolutions 2021-06, Disaster Preparedness and Response, and 2023-04, Housing is Foundational to the Success of the West.

Federal agencies conducting disaster recovery and assistance, and the programs they administer, should receive adequate and consistent funding and allow Governors and their designated executive branch agencies to have critical input on where those funds are needed most. The attached resolutions echo the testimony provided during the hearing: the lack of speed, certainty, and consistency in the allocation of federal disaster funding, such as the Department of Housing and Urban Development's (HUD) Community Development Block Grant – Disaster Recovery (CDBG-DR) funds, hinder coordinated recovery efforts and effective utilization of public funds.

In addition, the program is not well suited to support the immediate needs of wildfire recovery. Homes are often a total loss in wildfires, unlike floods or hurricanes, and infrastructure needs are beyond what CDBG-DR can support. For CDBG-DR, HUD allocations should consider infrastructure needs and include additional resources to support rebuilding costs in the West.

Policy Resolution 2021-06 affirms a key point witnesses made during the hearing: disasters could be avoided or minimized if adequate resources were directed to pre-disaster mitigation efforts. Western Governors encourage Congress and federal agencies to reassess the structure of disaster mitigation grant programs, which can be too restrictive or narrowly tailored to address community needs. Additionally, the inconsistent incorporation of HUD Community Development Block Grant – Mitigation (CDBG-MIT) resources is an obstacle to effective coordination of mitigation efforts across program areas.

I request that you include these documents in the permanent record of the hearing, as they articulate Western Governors' collective and bipartisan policy recommendations on disaster mitigation and recovery. Thank you for your consideration, and please contact me if you have any questions or require further information.

Sincerely,

Jack Waldorf
Executive Director

Attachments (2)

Policy Resolution 2021-06

Disaster Preparedness and Response

A. BACKGROUND

1. Major disasters, emergencies and extreme weather events are devastating to the people, property, economy, and natural environment of the communities in which they occur. The outcomes of disasters and emergencies can often be far-reaching, with effects on the national economy, infrastructure, and the import and export of commodities.

2. In the United States, disasters and emergencies and their economic and public costs have increased significantly in recent years. Federal disaster declarations (including emergency declarations, major disaster declarations, and fire management assistance grants) have surged since they were first utilized in 1953. From 1953 to 1989, the average number of annual federal disaster declarations was 27.8. That number escalated to an annual average of 108.7 from 1990 to 2016. The year 2020 saw a record 308 disaster declarations by the federal government. Of these declarations, 230 were for emergencies or major disasters, surpassing the previous record of 128 dating back to 2011.

3. The federal government plays a critical role in disaster and emergency response and long-term recovery efforts. Accompanying the greater number of disasters has been an increasing level of federal disaster aid. From 1980 to 2009, the number of federally declared disasters which resulted in costs exceeding $1 billion averaged approximately 4.5, annually. That number has surged. From 2016 to 2020, the numbers rose with an average 16.2 disasters exceeding $1 billion in costs each year. In 2020, there were a record-setting 22 disasters that exceeded $1 billion in costs.

4. Proactive emergency management efforts, such as hazard mitigation and risk reduction activities, have an incredible return on investment. Research has shown that actions taken before a disaster to reduce hazards save, on average, six dollars in future response and recovery costs for every dollar spent on hazard mitigation. At a time when state budgets are struggling to keep up with more frequent and costly disasters, investing in hazard mitigation could have a profoundly positive effect on state and local budgets.

5. Certain types of disasters pose unique threats to western states and have occurred with greater frequency in recent decades. These include floods, droughts, tornadoes, mudslides, earthquakes, hurricanes, and, particularly, wildfires. Wildfires consumed approximately three million acres nationwide in 1960. In three of the past six years, over ten million acres have burned annually. 2020 saw 10.1 million acres affected by wildfire, of which nearly ninety-five percent were in western states. Federal agencies' wildfire suppression costs have increased from less than $240 million in 1985 to over $2.2 billion in 2020. Experts project that wildfires will continue to worsen, in terms of acreage burned and in economic effects.

6. Disasters and emergencies have disproportionate effects on different populations and communities. Race and ethnicity, language, education and economic barriers, and immigration status can negatively affect the outcomes of those experiencing an emergency

or disaster. These factors have effects beyond the initial response and extend to recovery, risk reduction, and preparedness program accessibility and equity.

7. The National Response Framework and National Disaster Recovery Framework describe how the federal government, states, territories, localities, tribes, and other public and private sector institutions should respond to and recover from disasters and emergencies. Local emergency agencies – police, firefighters, and medical teams – are to be the first responders in a disaster or emergency. State, territorial, local, and tribal governments have the lead roles in disaster response and recovery. Federal agencies can become involved in disaster and emergency response when resource capacity or effective emergency management is beyond the capabilities of a state, territory or tribe. These federal efforts are primarily directed through the Department of Homeland Security's Federal Emergency Management Agency (FEMA).

8. Governors have a key role in managing emergency response. Governors typically are the state or territorial elected official responsible for making a state disaster declaration and directing disaster response in their jurisdiction. Governors are also responsible for deploying their state National Guard in emergency situations. Governors hold the sole authority to request federal assistance when a disaster overwhelms state and local capabilities, and are responsible for negotiating and implementing interstate mutual aid agreements.

9. Disaster and emergency response and long-term recovery create a significant financial burden. When authorized by FEMA, the Public Assistance, Individual Assistance, and Hazard Mitigation programs provide federal funding which can alleviate this strain. Affected homeowners may seek Individual Assistance; state and local governments may seek Public Assistance to reimburse for costs incurred from debris removal, emergency protective measures during the response, and permanent repair of damaged public infrastructure; and Hazard Mitigation funds can help communities rebuild and become more resilient against future disasters. Other federal agencies, such as the Small Business Administration, Department of Agriculture (USDA), Department of Housing and Urban Development (HUD), and Federal Highway Administration also have programs designed to assist in disaster and emergency recovery efforts. For example, the USDA Natural Resource Conservation Service (NRCS) Emergency Watershed Protection Program is designed to protect people and properties from flooding that often follows wildfire events.

10. In recent years, some petitions for long-term federal recovery aid have been denied. This has been most apparent in petitions for Individual Assistance to counties affected by disasters and emergencies, but has also occurred in connection with state requests for Public Assistance. A denial of federal aid compounds problems for affected communities struggling to recover from the devastation of a disaster or emergency and slows recovery efforts in many western states.

11. While most disasters affect a specific local area, the COVID-19 public health emergency was national in scope. The COVID-19 pandemic has highlighted the need for close coordination between federal, state, territorial, local and tribal governments in emergency management. The pandemic continues to cause significant disruption across the world, requiring ongoing attention from Governors and emergency management and public health officials, affecting the lives of all Americans, and complicating the flow of goods and services across international borders.

B. GOVERNORS' POLICY STATEMENT

1. Governors need maximum flexibility to respond to disaster and emergency circumstances that may evolve quickly over the course of a disaster through the initiation of recovery. Therefore, we should expeditiously remove any barriers limiting a Governor and their executive branch agencies' ability to save taxpayer money and expedite response and recovery efforts while safeguarding lives, property and the environment. Western Governors recognize that planning processes and disaster and emergency protocols are important aspects of emergency management, but that Governors also need significant freedom to adapt those plans to changing circumstances during the evolution of a disaster or emergency.

2. Federal, state, territorial and tribal efforts to prepare for, mitigate against, respond to, and recover from emergencies and disasters must ensure programs and response efforts are inclusive, equitable, and accessible and representative and reflective of the affected communities. Concepts of inclusivity, diversity, equity and accessibility must be included from initial development of programs, policies and procedures to reduce risk in our communities and address post-disaster survivor needs.

3. Western Governors recognize that community resilience is key to ameliorating the effect of many disasters and emergencies. Hazard mitigation and risk reduction are the most cost-effective ways to protect lives, property, infrastructure and the environment from the effects of natural and human-caused hazards. Effective risk reduction strategy development and implementation leverage broad stakeholder input across multiple disciplines, sectors and levels of government. Infrastructure planning should include consideration of risk reduction measures for known hazards as well as address the dynamic hazard profile created by a changing climate. We must plan for tomorrow, not yesterday.

4. Western Governors encourage Congress and federal agencies to reassess the structure of disaster mitigation grant programs, which can be too restrictive or narrowly tailored to address community needs. Additionally, establishing consistent administration standards for different federal grant programs, including the Hazard Mitigation Grant Program, the State Homeland Security Program, and the Building Resilient Infrastructure and Communities and Emergency Management Performance Grant programs, would streamline application processes and eliminate confusion at the local level.

5. Federal agencies conducting disaster recovery and assistance, as well as the programs which they administer, should receive adequate and consistent funding and allow Governors and their designated executive branch agencies to have critical input on where those funds are needed most. The lack of speed, certainty and consistency in appropriation of federal disaster funding, such as HUD Community Development Block Grant – Disaster Recovery (CDBG-DR) funds, are a hinderance to coordinated recovery efforts and effective utilization of public funds. For example, there is no current appropriation (or public consideration) of funding for the 2020 California wildfires, which occurred more than seven months ago. Additionally, the inconsistent incorporation of HUD mitigation resources (CDBG-MIT) is an obstacle to effective coordination of mitigation efforts across program areas.

6. Many rural western communities have less concentrated populations than eastern states, making it difficult for western states and territories to qualify for Individual Assistance and Public Assistance declarations. Additionally, certain criteria, such as considering Total Taxable Revenue of the entire state when evaluating whether to provide a major declaration for a localized event, makes it virtually impossible for large states to receive a declaration. Federal processes used to evaluate the need for access to disaster aid programs should be reconsidered. Federal agencies should reexamine the standards used to determine the provision of Individual Assistance to homeowners and the access to federal aid needed for recovery from disasters and emergencies that affect western states and territories. The historically underfunded USDA NRCS Emergency Watershed Protection Program should be revisited and strengthened.

7. Western Governors recognize that as the first responders to a disaster or emergency, states, territories, local governments, and tribes have better information about local conditions and needs in the response and immediate recovery phases of a disaster or emergency. FEMA and other applicable federal agencies should work directly with individual states and territories, through Governors or their designees, to jointly identify disaster risks and methods by which such risks may be addressed. In collaboration with Governors or their designees, federal agencies should reassess the administrative mechanisms to establish the most effective means to determine the necessity and provision of federal disaster assistance.

8. Federal agencies should provide state, territorial, local, and tribal government officials with accessible and clear information on available federal resources and programs and the most effective utilization of those resources in disaster recovery. WGA has worked with federal partners to improve interagency coordination on post-wildfire restoration work, including a roadmap of assistance available to communities affected by wildfire and identification of "navigators" to help communities prioritize post-wildfire restoration needs. Western Governors urge the federal government to prioritize the funding of these important efforts, as they should have a positive effect on maximizing the value of restoration work and, more importantly, addressing the needs of communities affected by wildfire.

9. Western Governors recognize that while aid may be provided following a disaster, the event itself could be avoided or minimized if resources were directed to pre-disaster mitigation efforts. Rebuilding is too-often provided in a delayed fashion or conducted without safeguards necessary to prevent future disaster-related damages. This compounds the vulnerability of western communities and resources in the face of disasters. Federal legislation should reconsider the important role of pre-disaster mitigation that reduces the risk and minimizes the effects of disasters and emergencies. When possible, pre-disaster mitigation should be incentivized at the state and local levels. Additionally, some western and midwestern states are at risk of catastrophic earthquake. Mitigation assistance beyond that currently administered by FEMA is needed. Finally, mitigation funds tied to Fire Management Assistance Grant (FMAG) declarations assist fire-ravaged communities. The FMAG and Hazard Mitigation Grant Program (HMGP) Post Fire Grant programs should be continued.

10. Western Governors encourage the Administration to consider actions to increase communication between and cohesion of federal agencies in disaster and emergency response. The Executive Branch should consider placing FEMA in the lead role to coordinate communication between and cohesion of federal agencies in disaster and

emergency response. Strengthening federal emergency management processes to promote single, comprehensive points of contact would streamline state-federal coordination and help ensure states and territories can allocate resources where they are most needed. Western Governors support the consideration of a national emergency management strategy to provide consistent lines of communication between federal, state, territorial, local and tribal governments.

11. Federal agencies should seek to eliminate duplicative administrative processes to streamline post-disaster assistance. Multiple agencies requiring overlapping or duplicative reviews for post-disaster assistance adds time and cost to recovery efforts.

12. Western Governors recognize the need for clear, consistent, truthful and timely communication about the scope and scale of disasters and emergencies, both between all levels of governments and between governments and their constituents. Clearly articulating what is known, and what is not known, about a disaster or emergency is critical to developing and executing an effective response from governments, promoting public confidence in those response actions, and empowering citizens to make informed decisions about their safety and welfare.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.

2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

This resolution will expire in June 2024. Western Governors enact new policy resolutions and amend existing resolutions on a semiannual basis. Please consult http://www.westgov.org/resolutions for the most current copy of a resolution and a list of all current WGA policy resolutions.

Policy Resolution 2023-04
Housing is Foundational to the Success of the West

A. BACKGROUND

1. The West has undergone extraordinary growth in recent years. According to the 2020 U.S. Census, the region has experienced population growth of 9.2 percent from 2010 to 2020, the second highest rate nationally, with more than 78 million new residents. The three fastest growing states by percentage – Utah, Idaho, and Colorado – are all western states. In addition, towns with less than 5,000 people in the Rocky Mountain and coastal areas of the West have experienced the highest nationwide population growth rates at 13.3 percent.

2. The COVID-19 pandemic accelerated and spurred several noteworthy trends. Over the past ten years, moves to large and expensive cities have plateaued in favor of smaller cities and suburbs. The U.S. Census reports that while overall moving rates continued to decline, starting in 2021, the West began to see a dramatic increase in net migration to the region. During the public health crisis, people fled big cities at increased rates for less dense areas that offered warmer weather, more outdoor recreation activities, and greater opportunities to safely social distance as telework became the new normal and employees were no longer tethered to a physical office. The Pew Research Center estimated that 1 in 5 adults, especially young professionals, relocated during the pandemic or know someone who did.

3. This growth in the West has led to housing shortages in communities large and small. Shortages have been exacerbated by Great Recession development delays and stops and a lack of workforce, which have resulted in a housing slump and left communities across the West struggling to keep up with demand and a near-record rise in the number of American homeowners. As the market began to recover, the spread of COVID-19 hit builders with similar issues, including supply chain delays and a workforce deficit.

4. According to the Federal Reserve, while home sales have boomed, the number of active housing listings in January 2022 dropped to its lowest in at least five years – 60 percent below the number on the market just two years previously – causing home sale prices to skyrocket. Nationally, prices have increased by nearly 20 percent, with the West seeing some of the greatest increases.

5. The West's natural beauty brings people from across the nation and globe. While western states welcome the growth in remote workers and visitors to tourism and outdoor recreation-based economies such as resort towns and gateway communities, unmanaged growth has caused "big city" issues for some areas. Additionally, many residences have been converted into temporary rental units through services like Airbnb and VRBO. The unchecked proliferation of these rentals can heighten housing shortages, drive costs higher, and diminish the availability of places for residents and workers to call home. Long-time community residents and workers are often forced to move out of the communities they grew up in and are culturally connected to, exacerbating disparities and making it difficult for social services, businesses and government to retain and attract employees from within

the community. Rapid population influxes also strain existing infrastructure and resources in areas that already have limited planning capacities.

6. Rural communities face unique challenges when addressing housing issues. Construction costs in rural areas are often higher than in urban areas and are further compounded by a lack of critical infrastructure. There are limited numbers of investors and contractors who are willing to mobilize or invest in small communities, making the cost of new or improved housing too high for middle-income residents. Rural areas can also lack access to lenders and credit, which reduces funding for the production of new units and the maintenance of existing housing stock. As a result, a disproportionate amount of the nation's occupied substandard housing is in rural communities. According to the U.S. Department of Agriculture (USDA), approximately half a million of its multifamily housing properties will need a total of $5.6 billion in investments to maintain suitable living conditions for residents.

7. Despite a recognized need for more housing and housing of different types, existing homeowners often oppose increasing the housing supply in their communities, especially the construction of denser housing. This opposition, and the signal it sends to city leaders, zoning boards, and planning commissions, represents a significant impediment to addressing the housing shortage and can lead to restrictive local land use regulations. Some western communities are addressing these challenges in part through the development of communities that combine housing of different types and sizes with commercial properties in ways that promote affordability, walkability, diversity of homeowner type, and a higher quality of life.

8. In downtown submarkets and dense neighborhoods, apartment absorption rates show that landlords are quickly leasing vacant apartment units, driving strong rent costs. From October 2020 to October 2021, rental costs increased 15.9 percent, with the median cost of advertised rentals rising to above $2,000 for the first time. Rental occupancy, new lease signings, and lease renewal rates show strong growth, indicating an increase in rental demand across the market. The West plays a strong role in this growth, with half of the top twenty predicted strongest markets in 2022.

9. All available data suggests that homelessness, including among families with children, has risen during the current housing crisis, likely attributed to surging rents, which compound personal and societal causes of homelessness. Homelessness and housing instability make it harder to find and keep a job, treat or manage medical conditions, and learn in school. It destabilizes communities and lowers outcomes across public systems. No one institution can end this issue on its own.

10. Housing is foundational to economic development and community vitality. In the long run, it is more cost effective for public systems to house those in need with wrap around service. Models like permanent supportive housing or transitional housing with supportive services keep residents off the streets and provide upstream interventions that lessen costs for justice and health systems. The need for a greater diversity of housing options goes beyond the obligation to treat people with dignity, as it is also cost effective for governments.

11. The HOME Investment Partnerships Program (HOME) and the Housing Trust Fund are federal housing programs administered by the Department of Housing and Urban Development (HUD). HOME is the largest federal block grant to state and local

governments for affordable housing. It provides formula grants for building, buying, and rehabilitating affordable housing or direct rental assistance to low-income households. The Housing Trust Fund provides grants to states to develop and preserve affordable housing for extremely low-income households. Although both programs are administered by the same agency, they have separate environmental review requirements. Some projects utilize both programs, resulting in a taxing process that can yield conflicting results.

12. Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) requires recipients of HUD funding to direct employment, training, and contracting opportunities to low-income individuals and the businesses that employ these persons. Davis-Bacon and related acts require federal government construction contractors on covered public buildings and public works to pay the "prevailing wage" to laborers. Applying Section 3 or Davis-Bacon to multifamily projects significantly increases the administrative burden of projects. In tight construction markets in the West, affordable multifamily projects often struggle to find contractors willing to accept the regulatory burden. These projects receive far fewer bids than non-federal projects and frequently face higher construction costs. An Oregon affordable housing cost driver study found that prevailing wage determinations, some related to Davis-Bacon, increased costs by 9 percent when controlling for other factors.

13. The Federal Housing Administration (FHA) insures mortgages on single family homes, multifamily properties, residential care facilities, and hospitals and is critical to sustaining and financing affordable housing across the nation. However, it has become increasingly arduous to work with FHA and its third-party contractor. A significant amount of time and effort is expended on delinquency reporting, filing claims, and the foreclosures process due to a lack of guidance, staffing shortages, and antiquated technology. Applicants must navigate multiple systems for delinquency reporting and filing claims and interpret handbooks if they have questions, as FHA no longer has state staff to consult and is frequently unresponsive to requests for guidance.

14. FHA determines lending limits annually based on median house prices, a percentage of the national conforming limit, and the county in which the property is located. In rural areas and non-disclosure states, there may not be current sales data or information may not be public, which generally means loan limits are not raised in spite of the fact that prices have increased.

15. Private Activity Bonds (PAB) are used to develop affordable housing and provide mortgages to low- and moderate-income homebuyers, allocated from the federal government with Congressionally set caps. Many states in the West have hit their PAB cap, meaning their ability to advance housing solutions and leverage state and local funds is limited. Additionally, the PAB cap restricts the use of the 4 percent Low Income Housing Tax Credit (LIHTC) because 50 percent of these developments must be funded with PAB. States that invest state and local resources in housing development are unable to fully leverage federal funds, creating the perverse disincentive of limiting how much state and local partners invest in housing.

16. The Community Development Block Grant (CDBG) Program, administered by HUD, provides flexible resources to states and localities to fund housing and economic development opportunities for low- and moderate-income communities. For single-family residential projects, HUD requires states and localities to identify all properties for funding upfront and

to work on them as a single project, but this is an obstacle for small, rural communities. These communities struggle with getting contractors and finding the workforce to do everything at once. The burden of administration is also extremely high and there is a tremendous amount of risk involved with the cost of compliance for CDBG. Audits may occur years after funding has been disbursed and projects have begun, and states and localities must bear the costs if projects are not compliant.

17. Federal formulas for funding do not always function effectively for states. While costs for projects have grown significantly and federal funds are often crucially important to offsetting these extreme per unit costs for affordable units, minimum allocations have stayed relatively constant. In addition, some programs utilize formulas that have been designed for other programs. For example, the traditional Emergency Solutions Grants (ESG) Program uses the CDBG formula despite the vast differences between their program goals. Although the traditional ESG formula is effective at making allocations quickly, it does not adequately serve places with homelessness needs because it is designed to address more general community development needs. The ESG formula used for the second wave of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding was more aligned with program goals and led to more targeted investments to drive improved outcomes.

18. Rural states often receive the minimum allocation of federal grant funds. Consequently, they receive a much smaller administrative allocation even though every project must follow the same steps and requires the same administrative responsibilities as more populous states. Insufficient administrative funding makes it difficult for these states to leverage federal housing programs.

19. Across the West, wildfires and other natural disasters are devastating communities and creating real and persistent impacts on the lives of Americans. Federal Emergency Management Agency (FEMA) resources do a poor job of supporting those in need, particularly renters and communities with little trust in government. The federal process requires extensive documentation – which is often lost, especially in fires – and multiple rounds of applications and appeals. CDBG-Disaster Recovery (CDBG-DR) funds require Congressional allocation, which delays implementation of recovery activities. In addition, the program is not well suited to support the immediate needs of wildfire recovery. Homes are a total loss in wildfires, unlike floods or hurricanes, and infrastructure needs are beyond what CDBG-DR can support.

20. Manufactured and modular homes could help address the housing shortage in the West. These prefabricated structures are partially or fully constructed in off-site factories, which makes them affordable housing options because they are significantly less expensive and faster to build. Manufactured homes are built to HUD standards and are moveable, while modular homes are held to local, state, and regional building codes for on-site homes. While there is a huge opportunity for growth in this industry, regulatory barriers threaten to dampen or halt their expansion. A recent Department of Labor (DOL) proposal to expand the "site of work" definition for Davis-Bacon could drive up costs for manufactured and modular housing, making it harder for Americans to access affordable housing.

21. Affordable and quality housing is essential for an effective military and the recruitment and retention of military personnel and civilians. On military bases, the government provides single and unaccompanied military installation housing rent-free. There are also houses on bases, which are commonly privately-owned. The federal government provides military

personnel with a Basic Allowance for Housing (BAH) to offset the costs of renting these houses or renting or buying off-base housing. Civilians do not receive a BAH, but they are allowed to utilize base housing if it is available. BAH rates are set by surveying the cost of rental properties in each geographic location. However, the Government Accountability Office (GAO) has noted that these rates do not always accurately reflect the cost of suitable housing for service members. Furthermore, GAO has reported that remote military bases typically lack critical services and amenities, prompting personnel and civilians to search for housing in communities that are farther away or to commute long distances to access them.

B. GOVERNORS' POLICY STATEMENT

1. Western Governors urge Congress to pass legislation lowering the threshold of PAB financing from 50 percent to 25 percent to infuse equity into local economies, which would result in an immediate increase in affordable housing opportunities and hundreds of thousands of additional homes being built or preserved.

2. Inflation, increased material costs, and labor shortages are already constraining affordable housing development. Western Governors urge the federal government to reduce the administrative burden associated with federal housing programs to better facilitate and expedite affordable housing development, using the U.S. Department of the Treasury's (USDT) administration of the Emergency Rental Assistance (ERA) Program as a model. Reducing administrative burdens would enable affordable housing to compete on a more even field. Specifically, Western Governors support subsidy layering review and efforts to streamline the National Environmental Policy Act or use other environmental reviews in its place and urge HUD to streamline environmental review requirements for the HOME and Housing Trust Fund Programs so that projects utilizing both programs only have to complete one review. The Governors also encourage DOL to consider providing Davis-Bacon waivers for multifamily projects in small and rural communities, which often have a limited pool of contractors.

3. Western Governors request that HUD change provisions of 24 CFR 92.241(b) requiring property rehabilitation to adhere to strict minimum property standards for the HOME Program. Flexibility and discretion for rehabilitation funding would allow states to make critical improvements to the housing stock without projects dying due to the identification of other, less critical problems during HOME assessments.

4. Western Governors urge Congress to appropriate funding to FHA to upgrade their technology and processing systems. We recommend that FHA streamline its cumbersome claim filing process by creating one efficient, centralized, and modern claim system. In addition, FHA should provide ongoing and up-to-date guidance to state and local housing authorities or authorize and train its third-party contractor to provide guidance to state and local housing authorities to avoid costly consequences that hinder housing improvements in states. Western Governors also encourage FHA to consider having designated state staff again to improve communication and coordination between states and the federal government.

5. Western Governors request that the federal government support state housing finance and public housing agencies and explore ways to improve the services and resources provided to them.

6. Western Governors encourage HUD to review and allow for alternative processes in non-disclosure states to address the increasing price of housing and adjust loan limits accordingly.

7. The federal government should enable the LIHTC Program to work more effectively for underserved communities, including rural, tribal, high-poverty, and high-cost communities, as well as extremely low-income and formerly homeless tenants. Western Governors encourage the USDT and HUD to ensure that they better preserve the nation's existing affordable housing inventory by simplifying and aligning program rules. In addition, we recommend that the federal government reauthorize the expansion of 9 percent low-income housing tax credits that expired at the end of the 2021 and move forward by increasing Housing Credit allocations by 50 percent to help meet the need for affordable housing.

8. The federal government should review and adjust the formulas that determine minimum allocations granted to states for housing programs, including the Housing Trust Fund, the LIHTC Program, and the HOME Program, to account for the high administrative and regulatory costs associated with these programs. Increased allocations would allow the states to produce more impactful projects in our states. In addition, federal formulas should include data elements that directly relate to program goals, especially for the ESG Program, to ensure federal funding serves those who need it most.

9. Western Governors call for HUD to add a flat administrative fee for minimum allocation states in addition to the percentage amount for administration that is granted to them. Although projects in these states tend to be smaller, the administrative costs are the same as they are for larger projects and the administrative funds determined by the percentage formula is insufficient to cover these costs.

10. Western Governors request flexibility from HUD when utilizing CDBG funds for housing, which will ensure necessary adaptability in challenging rural markets. We encourage HUD to implement a similar approach to USDA and allow grantees to identify properties over the course of a project, instead of identifying all properties before a project begins. Focusing on one or a few properties at a time will open opportunities to grow and improve the housing stock, especially in rural areas. We also request ongoing guidance and communication from HUD to ensure that states are in compliance and are not surprised by updated guidance and penalized when projects are already underway or finished.

11. Western Governors recommend that the federal government make FEMA programs and CDBG-DR funds better tools for disaster relief. FEMA resources should require less documentation requirements after wildfires, given that many records are destroyed with little time for households to evacuate a fire zone. For CDBG-DR, HUD allocations should consider infrastructure needs and include additional resources to support rebuilding costs in the West.

12. Western Governors urge Congress to pass legislation facilitating the purchase of federal land by state or local governments at a reduced price for the purpose of increasing the supply of residential housing. We also request that the federal government honor existing commitments to transfer land to state or local governments in a reasonable amount of time.

13. Western Governors support manufactured and modular housing and recognize the important role they play in providing affordable housing for communities, particularly in rural areas. We encourage DOL not to expand the "site of work" definition to factory-built housing for Davis-Bacon wages, as it would significantly impact the affordability of these housing options.

14. Western Governors urge Congress and the Department of Defense to consider how housing costs affect recruiting, retention, and quality of life for military personnel and civilians, and solutions to the challenge. This should include adjusting the formula and process for determining the cost of housing on and near military installations; the process and frequency of adjusting locality pay, housing allowance, and remote site pay; the formula for deciding which services and amenities should be offered to personnel living on remote military installations; and other adjustments that could improve the affordability of housing and quality of life for both civilian and uniformed personnel.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.

2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

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