Community Development Block Grant Funds:  
A Tool for Neighborhoods

Did you know that there is money available to improve some neighborhoods in our community? What’s more, your ideas and opinions can help build the plan that guides how this money is spent. This guide tells you about a funding source for low and moderate-income neighborhoods and how to get involved in deciding how best to invest these funds. If you think the way money is spent in your neighborhood is important, read on…

What is one way you can support your neighborhood?&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nbsp;&nr

Find out about available dollars

Community Development Block Grant (CDBG)

In Kentucky, neighborhood residents, advocates for the disabled and elderly, housing advocates and other community stakeholders have the opportunity to shape the most powerful source of community development funding available to local governments: the Community Development Block Grant Program (CDBG). CDBG funds are also available to cities outside the metro areas of Louisville and New Albany. If you live outside these metro areas, your town or city may be eligible to apply for funds through your state’s CDBG program.

Every five years, local governments engage in a Consolidated Planning Process to build a plan to spend millions of dollars in federal funds for housing and community development in low-income neighborhoods. This guide explains the Community Development Block Grant Program and tells you why you should, and how you can, get involved in the Consolidated Planning Process.

The Metropolitan Housing Coalition is comprised of over 150 member organizations to advocate for fair, decent and affordable housing for all people in the metropolitan region. Please call 502-465-441 for membership information. Visit www.metropolitanhousing.org for more information.

June 2004

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Please call 606-879-2400 for membership information.

Find out about available dollars

Community Development Block Grant Funds:  
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 Metropolis Housing Coalition
How can CDBG funds be used?

- Aid low and moderate-income persons
- Eliminate slums or urban blight
- Respond to urgent community development needs as long as other resources are not available to respond to those needs.

CDBG has been a powerful resource for communities for in Kentuckiana since 1974. Entitlement cities (including Louisville and New Albany) can carry out all of their CDBG activities or award some or all of the funds to private or public non-profit organizations and for-profit entities.

Grant monies from CDBG must be used to:
- Aid low and moderate-income persons
- Eliminate slums or urban blight
- Respond to urgent community development needs as long as other resources are not available to respond to those needs.

Example:

- Rehab of single-family homes to bring them up to code
- Down payment assistance and forgivable loans (soft second mortgages)
- Provide construction loans or grants to spur housing development
- Purchase land for industrial park in a low-income neighborhood
- Day camps for youth, child care subsidies for working parents, and legal services for those at risk for being homeless
- Loan guarantees for new or minority-owned businesses
- Workshops and counseling to further Fair Housing laws
- Provide public services like employment assistance, crime prevention, and job creation or retention activities

The Community Development Block Grant Program is a funding program of the U.S. Department of Housing and Urban Development (HUD) and has been called the "backbone" of community revitalization. CDBG provides annual funding to more than 900 metropolitan cities and urban counties. These communities are called entitlement cities or CDBG Jurisdictions. Louisville and New Albany may use CDBG funds to revitalize neighborhoods, in-crease affordable housing options, expand economic opportunities, and improve facilities and services that benefit low and moderate-income residents.

CDBG dollars are to be directed to neighborhoods with the fewest resources.

Income Categories:

- Very Low Income: less than 30% of median family income
- Low or Moderate Income: 30% to 80% of median family income
- Very Low Income (VLI): less than 50% of median family income
- Extremely Low Income (ELI): less than 30% of median family income
- Low Income (LI): 50% to 80% of median family income
- Moderate Income (MI): 80% to 100% of median family income

CDBG projects are funded to benefit affordable housing and community facilities benefitting low and moderate-income persons. These activities fall into two general categories, housing and community services.

At least 70% of CDBG dollars must be used for activities that benefit low or moderate-income persons. These activities fall into two general categories, housing and community services.

Examples:

- Improve neighborhood homes and other buildings through rehab and reconstruction
- Provide public service like employment assistance, crime prevention, and job creation or retention services
- Help residents with homeownership
- Provide small business loans and grants for economic development
- Help people with health care and mental health services
- Develop community centers
- Support the development of urban areas, through providing decent housing and neighborhood facilities of importance to the community, in particular those that are needed by residents who are low or moderate-income persons. These activities fall into two general categories, housing and community services.

CDBG Facts

Steve Bourassa
U.S. $4.7 billion
Indiana $38 million
Kentucky $53 million
New Albany $892,000
Louisville Metro $14.4 million

Melissa Barry, Carl Malysz & Steve Ward
University of Louisville, Urban Studies Institute

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The CDBG program exists to:

- Help communities meet the need for housing and to expand economic opportuni-ties for low and moderate-income residents; and
- Support the development of urban areas, through providing decent housing and neighborhood facilities of importance to the community, in particular those that are needed by residents who are low or moderate-income persons.

CDBG is not a general resource for all neighborhoods in entitlement cities. CDBG dollars are to be directed to neighborhoods with the fewest resources.

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CDBG and Neighborhood Change Across The Country

Citizen Participation: Putting the Community in the Community Development Block Grant Process

Connecting Residents. Creating Change. Officials that oversee the CDBG process in Asheville, North Carolina reinforced citizen participation by spending four months holding focus groups that averaged 50–60 concerned citizens. They asked residents about their communities’ needs, identified barriers to affordable housing, and prioritized strategies for their Consolidated Plan. Citizens said that the biggest problem in their communities was the lack of affordable housing. They decided that the most important strategy for their community was the creation of an affordable housing trust fund. As a result of their input, and the work of advocates, a $400,000 housing fund for low-interest loans was created for low and moderate income residents. In 2004, the fund is estimated to exceed $2 million.

Engaging the Community. Jacksonville, Florida has experimented with ways to engage the community in the Consolidated Plan process. Jacksonville has a Community Development Advisory Committee (CDAC) composed of seven community representatives and six neighborhood delegates, who ensure that residents’ input is included in the development of the consolidated plan and yearly reviews. Entitlement cities throughout the country are using committees like the one in Jacksonville to ensure that citizens have ongoing, meaningful input on how CDBG dollars are invested in their neighborhoods.

Taking it to the Streets. CDBG coordinators throughout the country recognize that providing “adequate notice” of public hearings does not ensure sufficient resident participation. Cities with best practices for citizen participation are:

- Columbus, OH
- Jacksonville, FL
- Nashville, TN

To increase citizen participation, these cities have sent direct mailings to hundreds of agencies serving low and moderate-income families, sent surveys to residents to identify housing and neighborhood issues, and advertised public hearings on cable access channels, on laundry bulletin boards, and in public housing offices. In some cities, flyers are delivered to residents’ homes in targeted low and moderate income neighborhoods. Columbus holds six community forums in affected communities at elementary schools, community centers, and at a community college.

Leveraging Federal Dollars: Getting More Bang for Our Community’s CDBG Buck

Charlotte, North Carolina’s Consolidated Plan is a national model for how a city can increase the buying power of its housing and community development budget. Nearly one in four of Charlotte’s housing and community development dollars is from a local source.

Local resources include $8 million from the City’s Housing Trust Fund, $6 million from the City’s Innovative Housing Fund, and $4 million from the City’s Neighborhood Improvement Program. Charlotte also includes $3 million from the City’s Housing and Property Code Enforcement program and $500,000 from its general fund for neighborhood development.

How can you help decide how CDBG and other federal dollars are spent in your neighborhood?

Add your voice to the Consolidated Plan

Who decides how the money should be spent?

Citizen participation in Plan development is critical to ensure that federal funds will be used to assist low and moderate-income residents.

Every local entitlement area, such as Louisville Metro and New Albany, is required to “...encourage citizens to participate in the development of the consolidated plan, any substantial amendments to the consolidated plan, and the performance report.”

[Source: 24CFR 91.105(a)(2)]
How can neighborhood residents get involved?

# Ask questions
Get the facts.
What do you need to know to help you participate?

Local governments receiving CDBG funds must make available to residents the Citizen Participation Plan and information about:

- How much CDBG funding is expected for the current year (including anticipated program income);
- What kinds of activities CDBG can fund;
- How much of CDBG funds will be used to benefit low and moderate-income residents; and
- How funding has been used in the past (dating back to the previous 5 years).

(This list does not include all materials and information that local governments can provide to citizens. When in doubt, ask for information.)

# Speak Up
Voice your concerns.
What are the most pressing needs in your community?

Local residents and advocates are the best resources for identifying issues, suggesting solutions, and developing plans to meet their communities' needs.

- Local governments must hold a minimum of two public hearings, followed by time to receive additional comments from citizens, before submitting the Consolidated Plan to HUD and consider citizen comments when developing the Plan.

Consolidated Plan Input:
Residents provide input on their neighborhoods' housing and community development needs and identify which needs are the highest priorities. Residents then provide input on strategies and programs that would best address these needs.

Consolidated Plan Review:
Once the Consolidated Plan draft has been completed, residents are asked to review the Plan, and make comments (by speaking at a public hearing, submitting written comments, or both) before the Plan is submitted to HUD.

- Citizens must receive reasonable and timely notice about the hearings and the hearings should be held at times and places convenient for low and moderate-income neighborhood residents to attend.

Together the hearings must cover:
- Community development and housing needs;
- Development of proposed activities; and
- A review of past program performance.

# Follow Up
Stay the course.
After the Consolidated Plan is complete, then what?

During the public hearing process, residents and advocates make suggestions and provide input on how funding should be spent in their neighborhoods. But, citizen input does not end there. Neighborhood residents and advocates should oversee how the Plan is being implemented. Residents can provide comments and suggestions at any time, but once a year, they are asked to review how the plan is progressing. During the annual action plan review, residents take stock of how investments in their neighborhoods have been made during past year. This review is also done through a public hearing process.

Annual Action Plan Review:
This is a once-a-year chance for citizens to oversee how the strategies in the Consolidated (5-Year) Plan are being carried out, and to be assured that monies are being directed to the priority needs and specific goals identified in the Plan.

[Source: 24CFR 91.220 (b) (1) & (2)]