

# What is one way you can support your neighborhood?



## Find out about available dollars



### Community Development Block Grant Funds: A Tool for Neighborhoods

Author: Valerie Salley, J.D.

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[www.metropolitanhousing.org](http://www.metropolitanhousing.org)

Please call 584-6858 for membership information.

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.

METROPOLITAN HOUSING COALITION  
P.O. Box 4533  
Louisville, KY 40204-4533



Metropolitan Housing Coalition

### 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?



## Find out about available dollars

### Community Development Block Grant (CDBG)

In Kentuckiana, 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.

**What is CDBG?**

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 participants. Both Louisville Metro and the City of New Albany are entitlement cities eligible for CDBG funds.

• Help communities meet the need for housing and to expand economic opportunity-  
ties for low and moderate-income residents; and

• Support the development of urban areas, through providing decent housing and suitable living environments and expanding economic opportunities for residents.

**How can CDBG funds help my neighborhood?**

Louisville and New Albany may use CDBG funds to revitalize neighborhoods, increase affordable housing options, expand economic opportunities, and improve facilities and services that benefit low and moderate-income residents.

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

Here are just some examples of how CDBG dollars can improve low and moderate-income neighborhoods:

• Improve neighborhood homes and other buildings through rehab and reconstruction  
*Example:* Rehabilitation of single-family homes to bring them up to code

• Make sure housing options are open to everyone (fair housing)

*Example:* Workshops and counseling to further Fair Housing laws

• Help residents with homeownership

*Example:* Down payment assistance and forgivable loans (soft second mortgages)

• Help community-based organizations revitalize their neighborhoods

*Example:* Provide construction loans or grants to spur housing development and construct neighborhood centers

• Buy real property

*Example:* Purchase land for industrial park in a low-income neighborhood

• Build public works and facilities

*Example:* Plant trees, repair sidewalks, and improve parks

• Provide public services like employment assistance, crime prevention, homelessness prevention, child care, health care, drug abuse prevention, and education.

*Example:* Day camps for youth, child care subsidies for working parents, and legal services for those at risk for being homeless

• Provide assistance to profit-motivated businesses to carry out economic development and job creation or retention activities

*Example:* Loan guarantees for new or minority-owned businesses

7 out of every 10

CDBG dollars should benefit low and moderate-income persons

Low or Moderate Income

51% to 80% of median family income or no more than

family income or no more than

\$46,714 annually

31% to 50% percent of median family income or no more than

\$29,100 annually

Extremely Low Income

At or below 30% percent of median family income or no more than

\$17,450 annually

Source: U.S. Housing and Urban Development median family income estimates for the Louisville, KY-IN MSA, based on a family of four persons, FY 2004; Available on-line at <http://www.huduser.org>

**CDBG Facts**



**How much CDBG money is available to Louisville Metro and New Albany?**

CDBG has been a powerful resource for communities for in Kentuckiana since 1974. Every year, our community receives funding. For 2003, the amount of funding available was:

Louisville Metro \$14.4 million

New Albany \$892,000

Kentucky \$53 million

Indiana \$38 million

U.S. \$4.7 billion

**How can CDBG funds be used?**

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**  
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.

• **Eliminate slums or urban blight**  
CDBG funds should be directed to efforts to prevent blighting influences and the deterioration of property and neighborhood or community facilities of importance to the community, in particular those that are needed by residents who are low or moderate-income.

• **Respond to urgent community development needs as long as other resources are not available to respond to those needs.**  
CDBG funds can be used in emergencies, such as those caused by a natural disaster. [Source: 42 USC 5301(c)]

The Metropolitan Housing Coalition would like to thank the following agencies and individuals who worked with us to produce this neighborhood tool.

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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 reinvented 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 \$14 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.

#### CDBG and Citizen Participation

CDBG is federal money designed to help low-income neighborhoods. This money works best when residents and advocates 1. Know what it is 2. Participate in the Plan and 3. Follow up and build on the success of the programs CDBG funds.

“When residents and community-based groups help to set the housing and community service priorities for their neighborhoods, the Plan is the truest reflection of the community's most pressing needs.”

Jane Walsh, Executive Director  
Metropolitan Housing Coalition

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



Add your voice to the Consolidated Plan

#### What is a Consolidated Plan?

The Consolidated Plan, or 5-year Plan, is a requirement of the U.S. Department of Housing and Urban Development (HUD). In order to receive funding under several federal programs, local governments, in consultation with neighborhoods, nonprofit organizations, and service providers, must develop the Plan.

According to federal guidelines, the Consolidated Plan must:

- Identify a community's housing and community development needs;
- Come up with a long-term strategy to meet those needs, based on targeting funding to priority needs; and
- Spell out how much money will be spent on each priority and how it will be spent.

The Consolidated Plan, which defines a city's housing and community development priorities, is created every five years. Louisville Metro's next Consolidated Plan will be submitted to HUD in November 2004. The Consolidated Plan for New Albany will be submitted to HUD in May 2005.

In addition to providing input on CDBG spending, citizens can have input into all of the programs covered by the Plan. The purpose of the Consolidated Plan is to try to identify which source of funds can best be used to address identified needs. The Consolidated Plan includes reporting on four federal grants that address housing and community development:

- 1) CDBG - Funds are aimed at creating viable communities by providing funds to improve housing, the living environment, and economic opportunities, principally for persons with low and moderate incomes.
- 2) HOME Investment Partnership Program -The largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.
- 3) Emergency Shelter Funds (ESG) - Funds are provided to local service providers for emergency housing assistance (including utilities) to families that are threatened with homelessness.
- 4) Housing Opportunities for Persons with AIDS (HOWPA) – Funds are used to devise long-term housing strategies for persons living with HIV/AIDS that prevent them from becoming homeless.

#### 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)]

The next Consolidated  
Plans for Louisville  
Metro and New Albany  
will direct spending of  
CDBG and other federal  
funds from 2005  
through 2009.



The Plan is a  
community's blueprint  
for better housing  
and stronger  
neighborhoods.



### What are the most pressing needs in your community?



### 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);
- 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.

- 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)]

### CONTACT

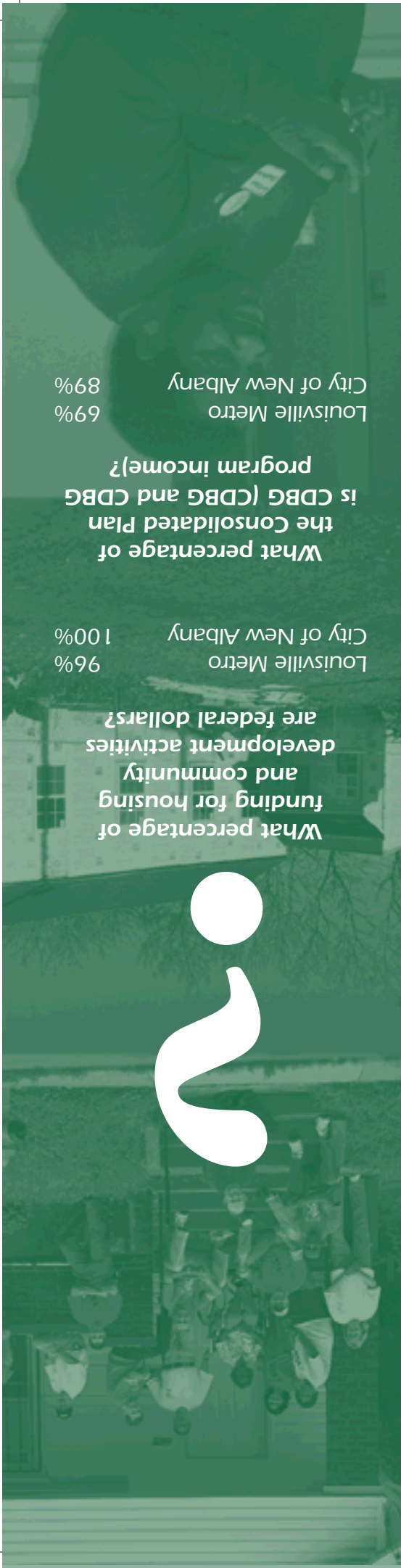
Contact information for local offices that oversee the development of Consolidated Plans and administer the CDBG programs covered by the Plan:

Louisville-Jefferson County Metro Housing and Community Development  
745 W. Main Street  
Suite 300  
Louisville, KY 40202  
Tel: (502) 574-3107  
Fax: (502) 574-4199

New Albany Economic and Redevelopment Department  
Room 325 City-County Building  
311 Hauss Square  
New Albany, Indiana 47150  
Tel: (812) 948-5333  
Fax: (812) 948-6803

If you live outside these metro areas, your town or city may be eligible for funds through either the Kentucky Department of Local Government or the Indiana Department of Commerce and Community Development. For contact information, visit <http://www.hud.gov/offices/cpd/communitydevelopment/programs/contacts/> or call the Metropolitan Housing Coalition at 502-584-6858.

For more information on model citizen participation plans, see "HUD's Consolidated Plan: An Action Guide for Involving Low Income Communities." This 1998 report, prepared by Ed Gramlich of the Center for Community Change, is a primer on identifying housing and community development needs, setting priorities, and monitoring program performance. Available on-line at [www.communitychange.org/publications/CDBG.pdf](http://www.communitychange.org/publications/CDBG.pdf).



### What percentage of funding for housing and community development activities are federal dollars?

Louisville Metro 96%  
City of New Albany 100%

### What percentage of the Consolidated Plan is CDBG and CDBG program income?

Louisville Metro 69%  
City of New Albany 89%