



**Community Development Block Grants:
Strengthening Rural Capacity & Access to Available Resources
November 2021**

The Council of State Community Development Agencies (COSCDA) is a national association representing state agencies dedicated to housing and community development. COSCDA members administer resources provided through the U.S. Housing and Urban Development Office of Community Planning and Development (HUD-CPD). States target investments primarily in small and rural jurisdictions supporting infrastructure, affordable housing, disaster recovery, homelessness initiatives, and job and business development among other activities. Among programs administered by states is the Community Development Block Grant (CDBG).

CDBG is a great example of federal funds empowering communities to identify and address their priorities. For states, CDBG has largely been used for basic public infrastructure - 63% of grant funds were directed to public improvements in fiscal year (FY) 2021¹. As rural Americans continue to experience scarce access to critical assets - from healthcare² and transportation³ to broadband⁴ - CDBG promotes these type of important facilities. The results are clear that the program works and improves social and economic outcomes however CDBG resources fail to keep up with widespread needs⁵.

Sustainable development in any community largely depends on the availability of institutions, partnerships, and leadership to ensure improvements can be achieved; small and rural localities are no different. While changes can happen incrementally, a level of support is required to take ownership of development goals. Local capacity determines how this will be done.

The following are examples of how CDBG advances people and resources especially in very small and rural communities:

¹ https://www.hudexchange.info/onecpd/assets/File/CDBG_Expend_NatIState.xlsx.

² <https://www.usnews.com/news/national-news/articles/2021-06-23/addressing-disparities-in-rural-health-care>.

³ <https://modernfarmer.com/2020/05/roads-in-rural-america-are-crumbling/>.

⁴ <https://www.nytimes.com/2021/05/17/business/infrastructure-rural-broadband.html>.

⁵ <https://coscda.org/wp-content/uploads/2021/05/CDBG-Report-72019FINAL.pdf>.

- Planning grants are supported by CDBG affording communities the ability to identify gaps and determine how to address within a given period.
 - Vermont awards CDBG funds for planning as a preliminary step for communities to additional grant funds for development purposes.
- Workshops and virtual trainings are regularly offered by states to help communities understand and utilize CDBG.
 - Louisiana posts brief video tutorials on program compliance, NOFAs, and other relevant topics.
 - In Pennsylvania, 2-3 trainings are conducted annually as well as a larger annual conference to be restarted in 2022. A federal resource library is also available online through the PA Department of Community and Economic Development.
 - Utah and New Hampshire also regularly hosts training in partnership with planning commissions as well as regular training videos.
 - Nevada requires communities to complete program administration training in order to access CDBG.
 - Arkansas holds annual grant application workshops and partners with the Arkansas Municipal League and Association of Arkansas Counties to provide on-call grant application and administration workshops whenever available.
 - Utah holds annual How to Apply workshops and partners with regional Association of Governments to explain the CDBG program and assist prospective CDBG applicants with the application process.
- States structure CDBG programs to ensure very small communities receive funding and these communities are regularly engaged in accessing program resources.
 - In Tennessee, CDBG funding is distributed based on individual categories. For community facilities and improvements, populations 5,000 and under are funded separate from larger localities. Water and sewer grant awards are considered based on the number of residential connections; 1,000 and under for sewer, and 2,000 and under for water.
 - Despite Utah and Nevada's vast rural makeup of "frontier towns," communities at 2,000 and under are frequent recipients of CDBG and the state program directs funds largely to infrastructure and redevelopment projects in these smaller localities.

- Arkansas has a \$1 million Rural Services set-aside, which provides the opportunity for communities of under 3,000 to apply for community center, fire station, multi-purpose center and fire truck and life-saving firefighting equipment projects. When evaluating water and wastewater projects, evaluators divide the applications by smaller and larger service areas. The average population of Arkansas CDBG grant recipients is 3,287, with populations generally ranging from 40 to 25,000.
- Illinois' CDBG program receives funding requests primarily from very small jurisdictions as only 10% of applications come from communities over 5,000 population. Program criteria awards funds based on the number of low-and-moderate income residents as well as overlay with Opportunity Zones and higher poverty areas.
- New Hampshire determines CDBG awards through community progress indicators⁶. Data is compiled from thirteen socio-economic factors including SNAPs recipients and median household income. From this, a single number is applied responsive to the level of need in a given community.

Clear gaps exist in very small communities though presenting long-term challenges to address quality of life and well-being of residents. States report issues largely due to the limited staff capacity of local governments. More-experienced personnel are increasingly leaving planning and development positions most often through retirement. Consultants are in turn principally used in their stead. While important to accessing federal grants and other financing, consultants do not adequately represent the communities they are hired to serve; instead, public employees are needed to provide a consistent and reliable presence on behalf of their respective community. States have engineered programs designed to respond to this plight.

- Tennessee offers the Three-Star program which funds asset planning by bringing together local decision-makers and helping them to identify needs as well as deciding how to address priorities moving forward⁷. The state also has a planning grant program for communities experiencing financial distress to aid in addressing infrastructure needs⁸. Both programs are state-funded.
- Utah, Nevada, and Louisiana are engaging with their respective state municipal associations to facilitate capacity-building for small jurisdictions.
- Arkansas has partnered with an institute for higher education to offer Technical Assistance to Mayors and other community and economic development training,

⁶ <https://nhcdfa.org/cdfa-introduces-new-core-data-index/>.

⁷ <https://www.tn.gov/ecd/rural-development/threestar.html>.

⁸ <https://www.tn.gov/ecd/rural-development/infrastructure-planning-grant.html>.

targeting the most under-resourced and lower capacity elected officials in the state in an effort to increase their knowledge of the basics of being awarded and successfully managing a CDBG project. It hopes to offer more of these types of technical assistance in the future.

Additional measures are applied to determine and ensure that a community can appropriately manage CDBG funds.

- Ohio is updating their criteria for evaluating sub-grantee (community) capacity, and seeking additional guidance to support this effort.
- Alaska reviews an applicant's capacity as a part of the CDBG application; information requested includes an organization chart and implementation program which are a part of the state's scoring process and risk assessment.
- Texas asks for a copy of the locality's most recent audit as a part of the application process, if this is not available then the state determines that the jurisdiction's capacity is not sufficient to manage grant funds.
- Tennessee requires that a third party serve as the grant administrator for the sub-grantee and local governments cannot administer funds; either a non-profit or private consultant is used for this function.

Despite CDBG's ability to promote positive change, program modifications would greatly improve how CDBG facilitates community advancements. The following update enhances state actions and response in advancing local capacity especially for very small and rural jurisdictions:

- Increased resources for administration and technical assistance ensure states can maintain adequate personnel to monitor, assist, and respond to local challenges and opportunities. A statutory limit is applied to CDBG grantees with up to 20% of grant funds available for administration and technical assistance. States may apply up to 3% of total grant funds for these activities. A slight change to this cap from 3% to 5% provides a reasonable share of funds for states to not only address grant oversight, but also provides an expanded ability to help guide communities in staffing and related capacity-building efforts. In comparison, entitlement communities are able to use 20% of their total grant for administration and technical assistance.
 - Utah has recently hired one full-time employee to help administer the CDBG grant. Due to Utah's vast rural makeup, this is an important and much needed position. Unfortunately, it is time limited due to lack of funding. An increase from 3% to 5% for administration would provide Utah the opportunity to make this new position permanent.

- Ohio reports that capacity needs are evident for the CDBG program; further examination of staffing is underway including accounting for the number of staff per block grant dollar.
- Alaska's CDBG program operates with only three staff while facing significant challenges including working with many non-English speaking communities.
- Tennessee agrees that restrictions on administration have severely limited their ability to support CDBG and related activities; further administrative cap room would aid in their delivery of program resources.
- Nevada shares that administrative resources are especially important for state's CDBG program with extra responsibilities involved compared to entitlement grantees; areas of the west and in Nevada are further apart which requires additional costs as well as further work and support involved due to capacity limits of small and rural communities.

COSCOA is committed to exploring existing conditions and how CDBG can be adapted for long-term success benefitting people and places in rural America.