

Practitioner Perspective on Community Development Block Grants Past and Future

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Abstract

This article describes the creation of the Community Development Block Grant (CDBG) program and its evolution over the years through the lens of three of the nation's leading nonprofit community development organizations. The authors describe their respective organizations' roles in the CDBG program and share their vision for its future.

Introduction

This article is the result of a collaboration between three of the nation's oldest nonprofit organizations focused on supporting community development nationwide: the National Community Development Association (NCDA), the Council of State Community Development Agencies (COSCDA), and Grow America.

Grow America¹ and NCDA² were both organized in 1969, soon after the federal government began committing significant federal resources to community development programs as a direct response to the activism of the Civil Rights movement. Both organizations were formed to serve the distinct needs of local jurisdictions that found themselves eligible to apply for millions of dollars in community development funding and, when successful, were also expected to comply with myriad federal regulations. Grow America fulfilled the role of a trusted advisor to local jurisdictions needing community development finance and small business lending expertise. At the same time, NCDA served as a representative and advocate for cities receiving funding via the Model Cities Program, one of the initial community development programs authorized and funded by Congress.

COSCD³ was established in 1975, 1 year after the CDBG authorization. COSCD filled the unmet need for a national organization to represent the interests of state administrators of community development programs.

In honor of the 50th Anniversary of the Community Development Block Grant Program, this article shares the unique perspective of these three leading community development organizations, including each organization's role in designing and deploying the CDBG program. The article also highlights several examples of local community development initiatives that maximized the flexibilities provided in the CDBG program. The article concludes with a look at the CDBG program's future and proposes changes to enhance it for the next generation of community developers.

Design and Early Implementation of the Community Development Block Grant Program

Before the enactment of the Community Development Block Grant (CDBG) program in 1974, local and state governments relied on many federal categorical programs to address neighborhood conditions. These highly prescriptive programs were narrow in scope. Each program focused on funding one activity, such as planning or developing open space, water and sewer, or public

¹ Grow America was initially known as the National Council for Community Development and later began doing business as (DBA) the National Development Council (NDC). Grow America directs capital to support the development and preservation of affordable housing, the creation of jobs through training and small business lending, and the advancement of livable communities through investment in social infrastructure. Additional information about Grow America can be accessed at: <https://growamerica.org/>.

² NCDA was initially known as the Model Cities Directors' Association (MCDA). Soon after CDBG was authorized in 1974, MCDA changed its name to the National Model Cities and Community Directors' Association. In 1979, the organization's name was changed a final time to the National Community Development Association (NCDA). Today, the NCDA's membership is more than 500 and includes cities and counties. NCDA members administer HUD Office of Community Planning and Development (CPD) programs—CDBG, the HOME Investment Partnership Program (HOME), Homeless Assistance Grants, and the Housing Opportunities for Persons with AIDS (HOPWA) program. Additional information about NCDA can be accessed at: <https://ncdaonline.org/>.

³ COSCD is a national association representing state administrators of HUD-CPD programs. It facilitates coordination and collaboration among states across respective community development programs. Headquartered in Washington, D.C., COSCD serves its member agencies through federal affairs work in Congress and the executive branch, training and technical assistance, and peer-to-peer engagement. Additional information about COSCD can be accessed at: <https://coscd.org/>.

facilities. In addition, the programs provided funding on an exclusively competitive basis, which impeded long-term planning and bred funding uncertainty.

In the early 1970s, the National Community Development Association (NCDA) was a “young” organization. Still, it had already developed strong relationships with key leaders at the U.S. Department of Housing and Urban Development (HUD), including Floyd Hyde (former Mayor of Fresno, California, and Assistant Secretary for Model Cities and Government Relations at HUD) and Warren Butler (Special Assistant to HUD Secretary George Romney). NCDA and key partners, such as the U.S. Conference of Mayors, drew on these relationships at HUD to begin advocating for consolidating the multitude of categorical federal grants into one flexible program for local governments.

Within this same period, Grow America was leading the Nixon administration’s \$100 Million Minority Bank Deposit Program, a successful effort to persuade Fortune 500 companies to make deposits in minority-owned banks. During Grow America’s visits to 21 states, staffers gained ground-level knowledge of the unique community development needs experienced by urban and rural communities nationwide.

Therefore, when Congress began holding hearings regarding the proposed CDBG program, Grow America’s leaders were well-prepared to provide testimony. For example, during the hearings of the Senate Banking, Housing, and Urban Affairs Committee in 1973, executives from Grow America underscored the need for a flexible block grant approach that would allow local governments to address specific local challenges without the stringent constraints of categorical grants. This testimony was instrumental in shaping the legislative intent and structure of the CDBG program, including a more localized control of federal funds.

On August 22, 1974, President Gerald Ford signed into law the Housing and Community Development Act, which consolidated eight categorical federal programs (Model Cities, urban renewal, rehabilitation loans, historic preservation, open spaces, neighborhood facilities, water and sewer facilities, and public facility loans) into CDBG and ushered in a new era of community development in which cities and counties were given significant flexibility to undertake a wide range of community development activities.

The inception of CDBG greatly increased the efficiency of the federal grantmaking process. Consolidating the categorical programs into CDBG meant that entitlement communities no longer had to compete for funding for each program. CDBG provided communities with a single set of program rules and allowed them to make their own decisions about resource distribution at the state and local levels with minimal federal oversight. It also provided funding certainty for grantees, allowed communities to focus on long-term community development planning, and ushered in the birth of citizen participation. At the signing ceremony for the Housing and Community Development Act, President Ford said in his signing statement, “I think we can say without any reservation that the move from the narrow programs of the past in community development to programs that are very broad-gauged, a consolidation of programs such as Model Cities and urban development, will give a real impetus to local decisionmaking, local action, and local responsibility” (Office of the White House Press Secretary, 1974).

The Community Development Block Grant Program's Early Years: A Time of Learning and Adaptation

After the passage of the Housing and Community Development Act, NCDA, the Council of State Community Development Agencies (COSCDA), and Grow America continued to play a vital role in its implementation.

NCDA represented the CDBG grantees as an advocacy and membership organization and worked with HUD to ensure flexible development and implementation of the local Housing Assistance Plan and program activities. In the program's early years, CDBG grantees received large annual funding grants that allowed them to tackle major projects and improvements. For example, the City of New Bedford, Massachusetts, received \$10 million in 1975 (compared with \$2.5 million in 2024) and used the funds to tackle concentrated neighborhood revitalization. NCDA provided technical assistance and peer networking to grantees and advocated for expanding eligible program activities.

Grow America's early involvement in CDBG implementation ranged from technical assistance to local governments crafting their community development plans to training local officials on effective program administration. In addition, due to the financial structuring expertise of their staff, Grow America was involved in many of the initial projects funded through the Section 108 Loan Guarantee Program. Using the lessons it learned from working on early Section 108 projects, Grow America worked closely with HUD's Section 108 staff to identify program enhancements to the Section 108 program. The feedback from Grow America and other stakeholders contributed to adjustments and improvements in the program's design and processes to better meet the needs of communities using the Section 108 Loan Guarantee Program. This feedback led to improvements in the application structure and the option for grantees to apply for a pool of projects instead of a project-by-project application as long as grantees adopted comprehensive operating policies and procedures, including underwriting guidelines. Grow America also provided underwriting training to HUD staff and grantees and developed resources like the initial "roadmaps" for applying for a HUD Section 108 loan guarantee.

In the first 6 years of the CDBG program, HUD conducted an annual competition to fund small nonentitlement cities. This process proved to be unpopular in many rural communities. Therefore, in 1981, the Housing and Community Development Act was amended to create the state-administered CDBG program, designed to serve cities and towns under 50,000 in population and counties under 200,000 outside large metropolitan areas. In the early years of the state CDBG program, state grantees primarily awarded CDBG funding to public works and facilities projects in rural communities, including water and sewer, community facilities, and streetscapes.

The Community Development Block Grant Program's Lasting Legacy: The Flexibility to Respond to Crisis

In the decades since the creation of the CDBG program, Congress has recognized that the CDBG framework is uniquely suited to helping quickly deploy federal resources in response to local and national disasters. The CDBG Disaster Recovery Program (CDBG-DR) has received special appropriations for disaster recovery since 1993 (Rudd, 2024).

More recently, when the COVID-19 pandemic began to unfold in the spring of 2020, creating an economic crisis on top of a devastating health emergency, many communities turned to their existing CDBG programs as a framework to mobilize local recovery efforts, leverage local and other federal resources, and quickly expand programs and services to help address critical community needs, such as assistance to small businesses and emergency rental and utility assistance to impacted households.

In the early days of the COVID-19 pandemic, NCDA and COSCDA listened to their members. They recognized that the CDBG program needed more flexibility so cities could deploy their CDBG funds even more quickly to respond to the pandemic. They urged Congress to pass legislation to this effect. On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which provided \$5 billion in supplemental funding for the CDBG program to assist grantees in responding to the coronavirus pandemic. The CARES Act also included critical waivers for the CDBG program that added increased flexibility for grantees during the crisis. These funds played a vital role in helping grantees address the pandemic in their communities.

From April 2020 to June 2022, grantees used their CDBG-CARES Act (CDBG-CV) funds to:

- Support more than 73,400 businesses.
- Create and retain 37,300 full-time equivalent jobs.

Extend emergency grant payments/rental assistance for more than 800,000 households (HUD, 2022).

Once funding was appropriated to CDBG-CV, NCDA, COSCDA, and Grow America were actively involved in helping their members and clients assess their pandemic-recovery needs, design (or redesign) programs, and operationalize those programs during a time when most state and local government offices had limited ability to accept in-person visits. However, many low- and moderate-income (LMI) households lacked access to the resources needed to submit an online application for assistance, including access to a computer and high-speed internet. These three organizations brought their community development expertise so that clients could quickly learn of innovative programs deployed in communities nationwide that took full advantage of HUD's CDBG-CV waivers. In addition, Grow America helped design dozens of emergency rental and small business assistance programs with mobile-friendly applications that used video tutorials and infographics to help individuals navigate the application process. These organizations continue to use the lessons learned from the roll-out of CDBG-CV to advise their clients on program accessibility, strategic targeting of resources, and efficient program administration.

Program Outcomes

Through their advocacy and technical assistance work, NCDA, COSCDA, and Grow America have observed how CDBG offers a significant return on investment and encourages direct community engagement and local planning in public issues. Since 1974, CDBG has invested over \$160 billion to create viable communities nationwide (Jaroscak, 2021). Most recently, from fiscal year (FY) 2005 to FY 2023, CDBG facilitated the creation and retention of 505,437 economic development-related jobs, contributed to infrastructure developments benefitting approximately 56 million persons,

assisted more than 176 million persons through public service activities, and met the housing needs of more than 1.9 million households (HUD, 2024).

Notably, CDBG is one of the few annual resources available to rural jurisdictions to address critical infrastructure and related needs. In FY 2023, states applied 65 percent of program funds (\$600 million) to infrastructure projects. Housing came in second as a state investment, with 16 percent of funds dedicated overall.

Across the country, CDBG investments are regularly matched or exceeded by subsequent public and private investments. This funding is often from local governments, development finance agencies, nonprofit organizations, or other private investors. CDBG is often the first push needed to get the ball rolling for large-scale projects.

The flexible nature of CDBG leads to creativity, which leads to best practices. The following project best practices have positively impacted their local citizenry by addressing unique community needs.

Case Study One: Conroe, Texas

The CDBG Housing Relocation and Reconstruction Program is rewriting the narrative of citizens living in unsafe poverty conditions in Conroe, Texas, by providing safe, decent, sanitary, and affordable housing to one of the city's poorest neighborhoods. The program works to reconstruct dilapidated single-family homes owned by LMI clients into quality affordable housing. In addition, this program has the indirect benefit of increasing Conroe's affordable housing stock for future generations. It has had a measurable impact on the community. As of December 2023, the CDBG Housing Relocation and Reconstruction Program has used \$1.2 million in CDBG funds to reconstruct 79 homes. In addition, the significant investment by CDBG has influenced the City of Conroe and other local developers to construct a local community center for the neighborhood and install new streets and street lighting.

Case Study Two: Quincy, Massachusetts

The City of Quincy, Massachusetts, used \$765,000 in CDBG funding to construct a radiology suite within the Manet Community Health Center. The suite provides mammography and plain film x-ray imaging services, which have traditionally been unavailable for LMI populations. This project is transforming the community by providing early detection services and preventative care that had not been offered since the local hospital closed 10 years ago. After its construction in June 2023, the suite had already provided 277 mammograms and 515 x-rays within 4 months, indicating a huge demand for radiology services in Quincy. Fifty-seven percent of all mammography visits have been from the "extremely low" income level according to the federal poverty level. This project works to level the playing field for access to health care among traditionally underserved populations. The radiology suite regularly provides lifesaving services, making it an invaluable investment made possible by the CDBG program. The project's location also illustrates CDBG's long-lasting community impact. The Manet Community Health Center was created in 1978 using CDBG funding. The addition of a CDBG-funded radiology suite on the same ground 5 decades later is a testament to the generational benefits that can result from local investment.

Case Study 3: City of Allen, Texas, CDBG-CV Small Business Grant Program

The City of Allen, Texas, is a CDBG grantee with an annual allocation of approximately \$435,000. In 2020, the City received \$672,286 in CDBG-CV funds, which they chose to allocate between several programs, including the Small Business Grant Program. This program was designed to assist small businesses directly impacted by the COVID-19 pandemic with up to \$25,000 for rent/mortgage, utilities, inventory, and payroll costs. The city allocated \$250,000 of CDBG-CV funds to the Small Business Grant Program to assist 10 businesses.

As the CDBG-CV programs got underway, the city saw an overwhelming response to their Small Business Grant Program. The city received 56 applications within a 3-week period, indicating that the demand for the program far exceeded its initial budget. In 2021, the city was able to reallocate uncommitted CDBG-CV funds from other activities to the Small Business Program, increasing its program budget to \$440,000. With these additional funds, the City of Allen was able to assist 19 small businesses with grants averaging \$23,185.

Vision for the Future—Program Challenges Remain

Although the CDBG program allows communities to design and implement strategies tailored to meet local needs and priorities, it is severely underfunded. Statutory reforms are needed to increase program flexibility for grantees to expand the supply of affordable housing and fund vital community services. The following section discusses a list of program enhancements recommended by NCDCA, COSCDA, and Grow America.

Stagnant Funding

CDBG program funding has not kept up with the increase in grantees added to the program since 1975 and, more importantly, with inflation. The number of grantees receiving a direct CDBG allocation from HUD has increased from 594 grantees in 1975 to 1,245 today, representing a 52-percent increase. Moreover, the program has never been adjusted for inflation, although local program costs increase annually. The program's inaugural funding level of \$2.47 billion in 1975 is the equivalent of about \$14.5 billion in 2024.

Increased program funding is needed. In a 2019 CDBG Coalition survey of CDBG grantees, more than 92 percent of the 232 local government grantees who responded said they had reduced programs because of a lack of CDBG funding. Nearly 70 percent of these local governments eliminated programs because of insufficient CDBG funding.

Recommendation: Increase the CDBG program's funding level to align with inflationary costs and growth in entitlements.

Lack of Sufficient Flexibility to Use Funds for New Housing Construction

Stable, decent, affordable housing is critical to improving communities and local economies. CDBG can be used for new housing construction but only in extremely limited circumstances (e.g., if the new construction is carried out by a community-based development organization [CBDO] as part

of a comprehensive local neighborhood revitalization plan). This narrowly restricted use impedes communities from using CDBG to increase the local supply of affordable housing. Although HOME Investment Partnerships Program (HOME) funds can be used for new housing construction, 597 (48 percent) of the 1,245 CDBG grantees do not receive HOME funds. For those communities that receive HOME dollars, the level of funding has remained flat.

Recommendation: Broaden the CDBG statute to allow new housing construction as an eligible program activity without restrictions.

Low Public Services Cap

The public services category within CDBG covers many important activities that support and benefit low-income communities. Grantees use CDBG funds for a wide range of public service activities such as job training, daycare assistance for low-income working families, food banks, youth services such as summer employment for young adults and afterschool programs for low-income youth, health services, services for seniors, and other vital community services. However, the current 15-percent cap on the use of public services in the CDBG program hampers the ability of grantees to do more.

Recommendation: Expand the public services cap to at least 20 percent to provide grantees with more flexibility and resources to address local community development needs and increase services to vulnerable populations.

Data on Local Programs are Hard to Access and Share

Every 3 to 5 years, state and local jurisdictions that receive CDBG funding spend hundreds of hours developing their HUD Consolidated Plans (ConPlan), and every year they spend additional time developing their Annual Action Plans and Consolidated Annual Performance and Evaluation Reports (CAPER). In many instances, these documents run hundreds of pages long and are posted as PDF documents on HUD grantees' websites. Although HUD has made great strides in easing the data collection burden for local jurisdictions through the introduction of the eCon Planning Suite and CPD maps, an opportunity exists to make grantees' ConPlan data and data insights more accessible to the general public and more useful for community development professionals.

Recommendation: HUD should consider creating a ConPlan dashboard with a simple user interface with which users can search for specific elements contained in grantees' approved ConPlans, Annual Action Plans, and CAPERs. By allowing users to easily compare data, strategies, investments, and performance across jurisdictions and time periods, HUD could foster more collaboration in the community development field.

States Cannot Award Grant Funding to Consortiums of Units of General Local Government

CDBG regulations related to the State CDBG program require state grantees to distribute funding to Units of General Local Government (UGLG), which are defined as "any city, county, town, township, parish, village, or other general purpose political subdivision of a state, Guam,

the Northern Mariana Islands, the Virgin Islands, and American Samoa or a general purpose subdivision thereof.” This regulation constrains the ability of states to invest in projects that provide widespread benefits beyond the boundaries of jurisdictions individually, such as public infrastructure or public facilities that serve the residents of multiple UGLGs.

Recommendation: CDBG regulations should be modified to align with the HOME program and allow CDBG Consortia so that geographically contiguous UGLGs can receive state CDBG grants to complete projects that benefit multiple UGLGs.

Existing Capacity Building and Training Programs are Underfunded

An increasing number of community development professionals are leaving the field for various reasons, including retirement and seeking higher-paying jobs in the for-profit sector. As a result, entitlement communities throughout the United States are losing years of institutional knowledge and community development experience within their program staff and the staff of their subrecipients. Professionals new to the community development space are eager to consume the necessary learning to effectively implement important programs that are catalysts for positive change in low-income communities.

Recommendation: HUD should increase the amount of funding for the following programs so that more community development professionals can obtain necessary training and receive technical assistance:

- **Community Compass Initiative**—The Community Compass Initiative employs an innovative, outcome-focused approach to foster collaboration among HUD, grantees, and the organizations providing technical assistance and capacity building on behalf of HUD to help grantees navigate complex housing and community development issues.
- **Distressed Cities and Persistent Poverty Technical Assistance Program**—HUD provides technical assistance directly to entities serving smaller communities with populations under 50,000. The Distressed Cities and Persistent Poverty Technical Assistance (DCTA) program is designed to build the capacity of local governments experiencing economic distress and assist local governments and their nonprofit partners in alleviating persistent poverty in specific census tracts. Central to the technical assistance offered through this initiative are effective financial management practices, governance and management, leadership development, data and research, building partnerships, community engagement, and strategic planning.
- **Thriving Communities Technical Assistance Program**—The Thriving Communities Technical Assistance (TCTA) program assists local governments by ensuring housing needs are considered part of their larger infrastructure investment plans while supporting equitable development in disadvantaged communities.

Rural Communities Need Targeted Funding for Capacity Building and Training

Due to limited budgets and difficulty recruiting experienced community development professionals, rural communities have less capacity to engage in planning, managing, and

overseeing grants, loans, and related capital. For example, under the State CDBG Program, states consult with their nonentitlement, primarily rural communities, while developing their ConPlan. However, the data and input that states receive from their rural communities may be limited, out-of-date, or incomplete due to the limited planning and data analytics capacity of many rural communities. Therefore, the needs of some rural communities may not be accurately reflected in a state's ConPlan. Moreover, rural communities often lack the capacity to design projects that could be funded by the State CDBG Program.

Recommendation: HUD should increase staffing and technical assistance support through an expanded state administrative cap and targeted rural technical assistance programs.

Reflecting on the 50-year legacy of the Community Development Block Grant (CDBG) Program, it is evident that it has been instrumental in transforming communities across the United States. Born out of a pivotal era of civil rights activism and legislative change, CDBG has evolved from a novel consolidation of federal resources into a cornerstone of community development efforts. Through its flexibility and adaptability, CDBG has empowered local governments to address diverse needs, from public infrastructure improvements to essential social services. It has fostered meaningful, long-term investments in communities nationwide. The CDBG framework of program flexibility, local control and decisionmaking, community input and citizen participation, and local planning has left a lasting impression on federal policy and lawmaking by being used as the model for new legislation and programs—Neighborhood Stabilization program, CDBG-DR, CDBG-CV, American Recovery and Reinvestment Act, McKinney Vento Act, the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, Empowerment Zones, and Enterprise Communities—to name a few.

The collaborative efforts of NCDA, COSCDA, and Grow America have been central to the program's success, demonstrating a shared commitment to enhancing the lives of low- and moderate-income populations through strategic planning, advocacy, and technical assistance. From the early days of CDBG's implementation to these organizations' roles in responding to the recent challenges, such as the COVID-19 pandemic, their contributions have shaped the program's development and refined its impact on communities.

This analysis has also revealed areas where CDBG can be strengthened to better meet the needs of future generations. The proposed reforms address critical aspects of the program, including increasing funding, expanding eligible activities, and enhancing capacity building for community development professionals. To ensure greater impact and program success in the next 50 years, Congress must substantially increase program funding and address statutory impediments to housing development and public service expansion.

By advocating for these changes, the authors aim to ensure that CDBG remains a vital tool for community revitalization and continues to foster innovative solutions for the challenges ahead.

It is crucial to honor the lessons learned from the CDBG program's past successes and challenges. The vision for CDBG's future must build on this rich history, embracing both the proven strategies of the past and the new opportunities for growth and improvement. NCDA, COSCDA, and Grow

America can help ensure that CDBG remains a dynamic and effective resource for communities seeking to create lasting, positive change by reinforcing their commitment to community development and advancing these proposed reforms.

CDBG's 50-year history is a testament to the power of federal-local partnerships in advancing community development goals. While celebrating this milestone, the authors also look ahead with optimism and resolve to refine and strengthen the program for the future, continuing the legacy of innovation, resilience, and impact that has defined CDBG from its inception.

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