

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM



Federal investments in local community development projects expand low-income families' access to opportunity in rural, urban, and suburban communities across the nation. The U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) Program provides state and local governments with the flexible resources necessary to invest in their neighborhood's physical, economic, and social infrastructure.

CDBG funds are not only critical to inclusive community development, but also long-term recovery efforts after disasters impact communities. The CDBG Disaster Recovery (CDBG-DR) and CDBG-Coronavirus (CDBG-CV) Programs provide the resources needed to rebuild, expand resilience capabilities, and strengthen post-disaster and post-pandemic opportunities. **LISC supports robust investment in the CDBG Program to promote comprehensive community development initiatives.**

How does CDBG work?

- Established as a block grant program in 1974, CDBG funds are provided on an annual, formula basis to states, cities, and counties to strengthen communities. **The program supports over 1,200 city and county governments with vital resources, of which 70 percent is granted to entitlement areas and 30 percent to states and territories for small towns and rural communities.**
- **The CDBG Program provides flexible federal resources for comprehensive community development initiatives at the state and local levels and often fill gaps in project financing.** Funding is provided to localities to use at their discretion to primarily benefit low and moderate-income communities focused on ensuring suitable living environments and improving the housing and economic opportunities available.
- CDBG resources support innovative public-private partnerships and are highly leveraged. **HUD estimates each dollar of CDBG invested leverages another \$4.27 in outside capital.**
- The Section 108 Loan Guarantee Program, a component of the CDBG Program, allows CDBG grantees to access low-cost, long-term capital to finance infrastructure, housing, and economic development projects by leveraging a portion of future annual grant allocations.
- HUD utilizes a formula to determine grant amounts prioritizing community need by accounting for poverty levels, population size, and housing conditions. Since the inception of CDBG, the number of eligible communities has increased by over 200. Despite this, annual allocations have continued to fall short of the growing need.

What are the outcomes?

The CDBG Program directly supports a wide range of affordable housing, economic development, public services, and public infrastructure improvements in communities across the nation.

Since 2005, CDBG investments have supported:

- **Economic Development:** The CDBG Program has created or retained over **500,000 jobs** through inclusive economic development initiatives. These initiatives include technical and financial assistance for small and micro-businesses, improvements to public facilities and infrastructure development, and rehabilitation of commercial and industrial

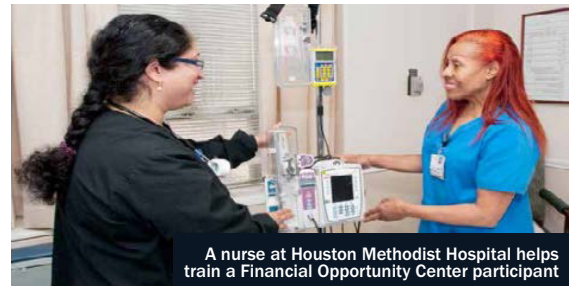
What are the outcomes?

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- **Public Services:** CDBG funds have supported over **996 million individuals** access to public and social services. These services include nutritional and health services, workforce development and financial capability training, legal aid and fair housing activities, programs serving seniors and youth, and crime awareness and prevention programs.
- **Housing:** CDBG funds have supported over **1.7 million households** through housing activities. These activities include rehabilitation and energy efficiency improvements for single-family and multi-family homes, housing counseling and down payment assistance, and housing acquisition and construction.
- **Public Improvements:** The CDBG Program has benefited nearly **612 million individuals** through investments in public improvements and infrastructure development in their neighborhoods. Public improvements include investments in parks and recreational activities, improvements to sidewalks, streets, water, and sewer systems, senior centers, and facilities for individuals experiencing homelessness.

What has been LISC's involvement?

- **Corridor Revitalization:** CDBG funds foster public-private partnerships, such as LISC Philadelphia's partnership with the City of Philadelphia to leverage CDBG funds to support the Commercial Corridor Revitalization Initiative. **The initiative provides capital for low-interest loans to nonprofits, predevelopment financing, capacity building training for corridor managers, and early action grants for public improvements.**
- **Small Business Assistance:** In partnership with localities across the nation, LISC leveraged CDBG-CV funding to support small businesses in need with the financial and technical resources necessary to remain resilient. For example, the city of Charlotte partnered with LISC Charlotte to deploy the Micro Business Relief Fund (MBRF). The MBRF is a \$1 million fund created to provide grants to support eligible microenterprises financially impacted by COVID-19 in meeting urgent needs and covering necessary operational costs.
- **Workforce Development:** LISC Houston utilizes CDBG-DR funds to **connect residents impacted by natural disasters with living-wage employment opportunities** in the health care field through an employer and educational partnership. These public-private initiatives meet local businesses' needs and equip the workforce with the skills needed to foster economic mobility. The funding expands local nonprofit capacity to deliver LISC's integrated services model, Financial Opportunity Centers, which equip participants with sector-specific skills, soft skills, and financial capability services.



What can Congress do?

- **Provide at least \$4.2 billion for the CDBG Program in FY 2024.**
- **Pass the bipartisan Reforming Disaster Recovery Act ([S. 2471](#))**, sponsored by Sen. Brian Schatz (D-HI), which would create the Long-Term Disaster Recovery Fund to fund the Community Development Block Grant Disaster Recovery Program. Passing this legislation will ensure that CDBG-DR resources are more equitably used for disaster recovery needs impacting low-income households.
- **Request a comprehensive review of CDBG regulations undertaken by HUD to facilitate modernization and innovation.** HUD can also solicit stakeholder feedback on ineffective and cumbersome CDBG regulations, with particular attention to the rules governing economic development activities, and developing a report for Congress on recommended legislative fixes.

LISC is a national non-profit housing and community development intermediary with offices in 38 different cities and a national rural network of 146 organizations.

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