

Community Development Block Grant (CDBG) Program

Frequently Asked Questions



1. What is the overall mission of the Community Development Block Grant (CDBG) Program?

The CDBG program, authorized by Title I of the Housing and Community Development Act of 1974, provides annual grants to cities, counties and states to develop strong communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low- and moderate-income persons. CDBG eligible activities are initiated and developed at the state and local level based upon a community's needs, priorities, and benefits.

2. What are the requirements for the use of the CDBG funds?

Each grantee receiving CDBG funds is free to determine what activities it will fund as long as certain requirements are met, including that each activity is eligible and meets one of the following national objectives: benefits persons of low and moderate income; aids in the prevention or elimination of slums or blight; or meets an urgent development need which is defined as posing a serious and immediate threat to the health or welfare of the community in the past 18 months, and that the grantee is unable to finance on its own nor with other funding sources. Other Federal requirements such as environmental, labor standards, fair housing, nondiscrimination, also apply to the use of CDBG funds.

3. What is the overall appropriation level for this program and how much has been invested in communities since the program's authorization in 1974?

The appropriation level has varied over the 40 year program history. The level is \$3.10 B for FY 2014. Since 1974, CDBG has invested \$144 billion in communities nationwide.

4. How many grantees across the nation will receive funding this year, Fiscal Year 2014?

There are currently 1,220 CDBG grantees that are receiving funding throughout the United States directly from HUD including cities, counties, states, insular areas, and non-entitlement counties in Hawaii. However, the potential reach is to every community either directly or indirectly—more than 7,250 local governments have access to funding.

5. Does CDBG fund the local government, organizations or individuals?

CDBG funds states, metropolitan cities and urban counties directly. Organizations and individuals cannot receive funds directly from HUD, but can apply for funding through their local government agency.

6. Can citizens participate in the planning/decision-making process around the use of CDBG funds?

CDBG-funded projects have a better chance of success when citizens are involved from the beginning. The CDBG law requires that a grantee must develop and follow a detailed plan which provides for, and encourages, citizen participation and which emphasizes participation by persons of low- or moderate-income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds. The plan must provide citizens with reasonable and timely access to local meetings, information, and records related to the grantee's proposed and actual use of funds.

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7. What types of activities does the CDBG program fund?

CDBG funds 28 eligible activities that include infrastructure, economic development projects, installation of public facilities, community centers, housing rehabilitation, public services, clearance/acquisition, microenterprise assistance, code enforcement, and homeowner assistance, to name a few.

8. What types of activities are most frequently funded with CDBG monies?

Historically, CDBG grantees expend one-third of their funds on public facilities and improvement projects. CDBG has improved public facilities that benefitted more than 33.7 million people between fiscal years 2005 and 2013. Infrastructure projects such as sewer systems, sanitary water, safe streets and transit-ways, improved drainage systems, community centers and public parks, and other improvements that support our communities and help grow local economies.

9. How Does the CDBG Program Support Economic Growth and Recovery?

From fiscal year 2004 to fiscal year 2013, CDBG economic development activities have directly created or retained more than 421,183 permanent jobs. In addition, grantees provide financial assistance to businesses as loan and grants and the recipients use the CDBG assistance to expand economic opportunities and create permanent jobs, primarily for low and moderate income Americans. Between fiscal years 2007-2013, CDBG helped more than 232,000 businesses expand economic opportunities for our country's most vulnerable citizens.

10. I need my home rehabilitated? Will CDBG pay for that?

You will need to contact your local grantee to find out if the grantee is using CDBG funds for housing rehabilitation and for any program requirements.

11. How many homes have been rehabilitated using CDBG funds?

From fiscal year 2004-2013, more than 1.3 million homes have been rehabilitated for low- and moderate-income homeowners and renters. In Fiscal year 2013 alone, more than 94,000 households received CDBG funding for some level of housing rehabilitation assistance ranging from emergency repairs to enable elderly and infirm residents to remain in their own homes to weatherization improvements that result in more affordable energy bills.

12. Can you leverage other funds with CDBG dollars and how is this done?

CDBG funds can be leveraged with other Federal, state, local or private funds to increase the impact of the funds. Facing local budget shortfalls, CDBG funding remains a crucial source of funding that helps communities leverage funds for key infrastructure and economic development projects. On projects where leveraging was reported for the fiscal years of 2010-2012, grantees reported that every dollar of CDBG funds leveraged an additional \$4.07 of other funds.

13. How does CDBG's Section 108 Program work with economic developers who want to leverage jobs with other funds and to create jobs?

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The Section 108 Program is the loan guarantee provision of the Community Development Block Grant (CDBG) program that provides states and communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale development projects. This makes it one of the most important public investment tools that HUD offers to states and local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue economic revitalization projects that can renew entire neighborhoods.

Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. Section 108 loans are not risk-free, however; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan. For more information about the Section 108 program go to: <https://www.onecpd.info/section-108/>

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