

## Community Development Block Grants and Buffalo

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### What is the Community Development Block Grant Program?

The Community Development Block Grant (CDBG) Program is a federal program run by the United States Department of Housing and Urban Development (HUD). CDBG grants are provided to state and local governments for the purpose of addressing community needs such as affordable housing, job creation, and retention and expansion of business activity. Grants are available for projects lasting from one to three years. Seventy percent of the funding must be used for the benefit of low and moderate income individuals. Ventures funded by CDBG must also further one of the national goals of the CDBG Program, described below.<sup>1</sup>

### What is the history of the CDBG Program?

The CDBG Program was initiated in 1974 by the passage of the Housing and Community Development Act. This statute consolidated seven grant programs into one flexible program that allows grantees to decide how to use the funds they receive, provided certain criteria are met.<sup>2</sup>

### What are the National Goals of the CDBG Program?

- “benefit low- and moderate-income persons”
- “prevention or elimination of slums or blight”
- “address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.”<sup>3</sup>

### What is an “Entitlement Community?”

Buffalo is considered an “entitlement community,”<sup>4</sup> which means that it is one of the larger cities that HUD provides with annual grants to be used for developing “viable

urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.”<sup>5</sup> HUD’s formula for determining the size of grants depends on “the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.”<sup>6</sup>

### **How does the City of Buffalo apply for federal CDBG money?**

An entitlement community applies for grants through its Consolidated Plan. This plan lays out the community’s goals for the programs it will implement with the CDBG money and also allows HUD to evaluate how successful the community has been in reaching these goals from year to year. In this plan, the community must also certify, among other things, that it will give 70 percent of CDBG money it receives over a one, two, or three year time frame to programs targeting low and moderate income areas and that it will affirmatively promote fair housing.<sup>7</sup> Consolidated Plans are also applications for and plans for use of the following grants available from HUD in addition to CDBG: HOME Investment Partnership Funds, Housing Opportunities for Persons With AIDS Funds, and Emergency Shelter Grants.<sup>8</sup>

### **Who administers the CDBG program in Buffalo?**

The Administration, Finance, and Urban Affairs Division of the Office of Strategic Planning is responsible for writing the Five Year Consolidated Plans and the Action Plans.<sup>9</sup> This office also applies for CDBG funds from the federal government and then decides how to allocate those funds. Some of the funds stay within the city government and some are distributed to local community organizations engaging in activities that promote the goals of the program.

### **How do local agencies apply for CDBG funds from the City of Buffalo?**

For the portion of the city’s CDBG funds that are given out to organizations, agencies fill out applications and submit them in December for the following year to the Buffalo Office of Strategic Planning. The City reviewed its application process with experts in the area of funding not-for-profits in 2006 and implemented various changes, including the identification of community needs to serve as targets for potential CDBG projects. These target needs included:

- youth decision making and education
- meeting the needs of persons with special needs
- maintaining or improving the healthy lifestyles of the elderly
- fair housing and anti-discrimination
- adult literacy
- employment training
- maintaining safe and supportive communities

Due to HUD’s initiative to involve more faith-based and community organizations in grant projects, the City of Buffalo gave preference to such organizations in its 2007-2008 and 2008-2009 round of applications.<sup>10</sup> Funding limitations prevented Buffalo from

considering projects in the areas of Planning Activities, Special Economic Development Activities, and Micro-Enterprise Assistance in the past few years.<sup>11</sup>

### **How are applications scored by the City of Buffalo?**

Applications are scored on the following criteria:

- completeness of the application
- performance on prior City Awarded Contracts
- project evaluation, which includes:
  - consideration of the City's needs and objectives
  - a Work Plan
  - a plan for carrying out the project
  - a justification for the project
  - a report on the capacity of the applicant to carry out the project
  - a showing of past success with similar grant programs
  - a budget
  - a "leverage of funds" section showing that the budget is leveraged with other revenue sources
  - an analysis of how the project fits with the funder's priorities and with the demographics for the area in which the project will be carried out
  - points awarded for faith-based and community partnerships.<sup>12</sup>

### **How much money does Buffalo receive from CDBG funds?**

Since the beginning of the CDBG program, Buffalo has received about \$640 million of block grant money.<sup>13</sup> The City receives about \$20 million of grant money from HUD each year from several HUD programs combined, including CDBG, HOME Investment Partnership Act, American Dream Downpayment Initiative, Emergency Shelter Grant, and Housing Opportunities for Persons With AIDS.<sup>14</sup> In the program year covering May 1, 2007 through April 30, 2008, the City of Buffalo had \$19,544,955.62 available for CDBG programs (\$16,510,228 allocated to Buffalo in 2007 and \$3,034,727.62 from program income received in 2007). The total amount of these available funds spent was \$16,942,406.55.<sup>15</sup>

### **What types of programs are CDBG Funds used for in Buffalo?**

In the program year lasting from May 1, 2007 to April 30, 2008, the CDBG funds Buffalo received were allocated among the following types of programs in the following manner:

- 9.89% of the funds were used for acquisition
- 15.94 of the funds were used for economic development
- 20.02% of the funds were used for housing
- 12.62 of the funds were used for public services
- 1.93% of the funds were used for public improvements
- 0.16% of the funds were used on "other expenditures"
- 19.85% of the funds were used for planning and administration
- 19.60% of the funds were used for repayment of a past 108 loan<sup>16</sup>

### **Who benefited from Buffalo's use of CDBG funds in 2007-2008?**

- 71.41% of CDBG expenditures went to low and moderate income individuals
- 8.50% of expenditures went to benefit low and moderate income areas
- 17.18% of funds helped with the prevention and elimination of slum and blight<sup>17</sup>

## **What controversies have arisen surrounding the distribution and use of CDBG funds in Buffalo?**

### *Controversy Over Misappropriation*

Peter Koch, writing for *Artvoice* in May 2008, has claimed that the City has been misusing CDBG allocations in the following ways:

- CDBG dollars were used to pay back a \$6 million Fannie Mae loan that was originally intended to support a “Livable Communities Fund”. This fund was supposed to be used for housing development in low income areas but instead was used primarily for market rate housing projects not located in low and moderate income areas.
- CDBG money was used to pay city employees and to repay risky loans. Buffalo’s proposal for 2008-2009 calls for 58 percent of funds to go toward salaries and debt repayment.
- Buffalo has not taken a concentrated approach to the use of its CDBG money. Instead, it has given out small sums of money to many different local organizations that produce little from what they are given. For example, a study by the University at Buffalo Center for Urban Studies showed that 13 neighborhood groups that received one million dollars a year gave out on average only two mortgages or home repair loans per month each over a three year period.
- The City has not implemented the ideas brought forth as a result of the citizen participation requirement. Buffalo’s Consolidated Plan mentions that the City took public comments into account but there is no evidence that it actually did so.<sup>18</sup>

### *Suggestions for Improving the Action Plan to Achieve Better Results*

The Partnership for the Public Good has suggested that Buffalo’s Action Plan include the following:

- More publicity of citizen participation opportunities
- More specific goals regarding housing rehabilitation, construction, demolition, and deconstruction with specific strategies to achieve these goals
- Greater detail regarding the benefits from use of CDBG money for administration and program delivery and examination of how the City is using the CDBG money it does not loan out to local organizations
- Increased emphasis on serving those living in the most extreme poverty
- More funding for rental housing and public housing projects that are more likely to serve the poorest residents of Buffalo and increase the affordability of housing
- Focus on weatherization and rehabilitation rather than new home construction
- Inclusion of environmental considerations
- More efficient policies to deal with Buffalo’s abandoned housing crisis<sup>19</sup>

## **How can I have input into decisions regarding use and distribution of CDBG funds in Buffalo?**

HUD requires grantees to have a plan for procuring citizen participation, and, in particular, for procuring participation of low and moderate income individuals. To do so, grantees should hold meetings at which citizens can comment on proposals and pose questions, allow for citizen access to records regarding proposals and use of funds, respond to complaints, and ensure that non-English speaking residents will be able to participate as well.<sup>20</sup> The Office of Strategic Planning holds hearings, community forums, and application workshops.<sup>21</sup> This past summer, a public notice was issued that the CAPER (Consolidated Annual Performance and Evaluation Report) for 2007-2008 and the documents the City is required to submit to HUD each year were available for review and public comments would be received during a 15 day comment period that ended on August 20, 2008. The City then forwarded the public comments onto HUD.<sup>22</sup>

You can send written comments on the City's use of CDBG money to Lynn Urbanski at the Office of Strategic Planning by e-mail to [lurbanski@city-buffalo.com](mailto:lurbanski@city-buffalo.com), or by fax to 851-5168.<sup>23</sup> The schedule for 2009-2010 Annual Action Plan development is now available and contains dates of public meetings you can attend to be part of the planning process.<sup>24</sup>

## **How can I learn more about the use of CDBG funds in Buffalo?**

Contact Lynn Urbanski at 716-851-5048 at the Office of Strategic Planning.

### Web Resources:

Office Of Strategic Planning:

[http://www.ci.buffalo.ny.us/Home/City\\_Departments/Office\\_of\\_Strategic\\_Planning/ConsolidatedPlanDocuments](http://www.ci.buffalo.ny.us/Home/City_Departments/Office_of_Strategic_Planning/ConsolidatedPlanDocuments).

CDBG Regulations:

<http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/regulations/index.cfm>

Consolidated Plan Regulations:

<http://www.hud.gov/offices/cpd/about/conplan/index.cfm>

CDBG Desk Guide:

<http://www.hud.gov:80/offices/cpd/communitydevelopment/library/deskguid.cfm>

Income Limits:

<http://www.huduser.org/datasets/il.html>

OMB Circulars:

<http://www.whitehouse.gov/omb/circulars/index.html>

HUD Performance Measurement Guidebook

<http://www.hud.gov/offices/cpd/about/performance/>



<sup>1</sup> <http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/>

<sup>2</sup> *Id.*

<sup>3</sup> <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

<sup>4</sup> <http://www.hud.gov/local/ny/community/cdbg/index.cfm>

<sup>5</sup> Community Development Block Grant Entitlement Communities Grants, <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/>

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> [http://www.ci.buffalo.ny.us/Home/City\\_Departments/Office\\_of\\_Strategic\\_Planning/Administration\\_Finance\\_and\\_Urban\\_Affairs](http://www.ci.buffalo.ny.us/Home/City_Departments/Office_of_Strategic_Planning/Administration_Finance_and_Urban_Affairs)

<sup>10</sup> 2007-2008 Annual Action Plan Process Handbook and 2008-2009 Annual Action Plan Process Handbook, *available at*

[http://www.ci.buffalo.ny.us/Home/City\\_Departments/Office\\_of\\_Strategic\\_Planning/ConsolidatedPlanDocuments](http://www.ci.buffalo.ny.us/Home/City_Departments/Office_of_Strategic_Planning/ConsolidatedPlanDocuments).

<sup>11</sup> *Id.*

<sup>12</sup> 2008-2009 Annual Action Plan Process Handbook, *available at*

[http://www.ci.buffalo.ny.us/Home/City\\_Departments/Office\\_of\\_Strategic\\_Planning/ConsolidatedPlanDocuments](http://www.ci.buffalo.ny.us/Home/City_Departments/Office_of_Strategic_Planning/ConsolidatedPlanDocuments).

<sup>13</sup> *Artvoice* [http://artvoice.com/issues/v7n19/cover\\_story](http://artvoice.com/issues/v7n19/cover_story)

<sup>14</sup> 2008-2009 Annual Action Plan Process Handbook, *available at*

[http://www.ci.buffalo.ny.us/Home/City\\_Departments/Office\\_of\\_Strategic\\_Planning/ConsolidatedPlanDocuments](http://www.ci.buffalo.ny.us/Home/City_Departments/Office_of_Strategic_Planning/ConsolidatedPlanDocuments).

<sup>15</sup> CDBG Performance Profile

[http://www.hud.gov/offices/cpd/communitydevelopment/library/performanceprofiles/reports/07\\_BuffaloNY.xls](http://www.hud.gov/offices/cpd/communitydevelopment/library/performanceprofiles/reports/07_BuffaloNY.xls)

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> “The city continues to abuse its community development block grant—HUD is fed up.” *Artvoice* [http://artvoice.com/issues/v7n19/cover\\_story](http://artvoice.com/issues/v7n19/cover_story) (May 2008).

<sup>18</sup> “The city continues to abuse its community development block grant—HUD is fed up.” *Artvoice* [http://artvoice.com/issues/v7n19/cover\\_story](http://artvoice.com/issues/v7n19/cover_story) (May 2008).

<sup>19</sup> Partnership for the Public Good Letter to Deputy Mayor Donna Brown and Director of Office of Strategic Planning Timothy Wanamaker, *available at*

<http://ppg-buffalo.wikispaces.com/space/showimage/Action+Plan+Statement.pdf>

<sup>20</sup> Community Development Block Grant Entitlement Communities Grants

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm>

<sup>21</sup> 2008-2009 Annual Action Plan *available at*

[http://www.ci.buffalo.ny.us/Home/City\\_Departments/Office\\_of\\_Strategic\\_Planning/ConsolidatedPlanDocuments](http://www.ci.buffalo.ny.us/Home/City_Departments/Office_of_Strategic_Planning/ConsolidatedPlanDocuments).

<sup>22</sup> City of Buffalo Consolidated Annual Performance and Evaluation Report May 1, 2007-April 30, 2008 *available at* [http://www.city-buffalo.com/files/1\\_2\\_1/city\\_departments/SPlanning/20072008CAPERNarrative.pdf](http://www.city-buffalo.com/files/1_2_1/city_departments/SPlanning/20072008CAPERNarrative.pdf).

For a detailed schedule of the process of deliberation and citizen input that went into the 2008-2012 Five Year Consolidated Plan and the 2008-2009 Annual Action Plan see

[http://www.ci.buffalo.ny.us/files/1\\_2\\_1/SPlanning/AnnualAction/2008-2009AnnualActionPlanProcessRevised.pdf](http://www.ci.buffalo.ny.us/files/1_2_1/SPlanning/AnnualAction/2008-2009AnnualActionPlanProcessRevised.pdf).

<sup>23</sup> *Id.*

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<sup>24</sup> *See*

[http://www.ci.buffalo.ny.us/files/1\\_2\\_1/city\\_departments/SPlanning/AnnualAction/20092010AnnualActionPlanProcess.pdf](http://www.ci.buffalo.ny.us/files/1_2_1/city_departments/SPlanning/AnnualAction/20092010AnnualActionPlanProcess.pdf).