

Leveraging Funds Through Community Development Block Grants

Flexibility and community support have enabled the Community Development Block Grant (CDBG) program to provide real help for low-income residents since its inception in 1974. The creative and innovative use of CDBG dollars has transformed local ideas and designs into practical solutions that strengthen communities and the bonds between local actors.

Because of direct federal CDBG dollars to local governments for community development, many cities across America have been able to complete projects that once seemed unimaginable. This is not just a big city, big money program. CDBG also helps some of America's smallest cities. The success of the program lies in its flexibility. Allowing local governments to create projects that fit their city's needs enables them to leverage private sector capital to complete projects with a public purpose. From citizen donations, to bank loans to private investments, it is clear that CDBG money bears a sense of investor confidence and personal hope.

Administered by the Department of Housing and Urban Development (HUD), the CDBG program works to ensure decent affordable housing, provide services to the most vulnerable in our communities and create jobs through the expansion and retention of businesses.

This guide exhibits five city projects that are exemplary in their use of CDBG funds. In particular, these programs successfully leveraged additional funding from various sources.

Colorado Center for the Blind

Littleton, Colorado

Population: 41,084

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The well-renowned Colorado Center for the Blind (CCB) has been housed in an old YMCA building in Littleton since 2000. It is conveniently located near bus lines and a light rail, because most of the clients rely on public transportation.

POTENTIAL LEVERAGING SOURCES

1. **Private Sector Capital** - Developer contributions, venture capitalists, philanthropic foundations and non-profit donations are all excellent places to look for funding.
2. **State Programs** - These differ from state-to-state, but Lawrence, MA received funding from the Executive Office of Elder Affairs for the redevelopment of Manchester Street Park.
3. **Other Federal Programs** - Supportive Housing and HOME funds from HUD as well as a Brownfield Grant from EPA were leveraged to help complete the projects in our examples.
4. **Tax Credits** - Developers can receive historic, low-income and other tax credits to help make projects more affordable in the long run.

CDBG has helped transform the center from a YMCA complex into a learning facility. Projects have included the construction of an elevator (to meet the Americans with Disabilities Act standards), the reconstruction of a locker room into office and classroom space, insulating the entire building, fire sprinkler system installation, bathroom renovations, a library and many more. CCB itself has contributed money to these renovations, along with CDBG and leveraged funding from the Coors Foundation. The locker room transformation, for example, was able to bring in \$73,466 in private sector capital to match a \$73,000 CDBG grant that was given to the center.

Since commencing renovations in 2001, the CCB has improved its facility by breaking up a larger project into smaller, more manageable endeavors. Each project has requested separate CDBG money rather than a large lump-sum payment for the whole building. Because it pursued the development from a year-to-year angle, CCB has secured CDBG funds from two different municipalities, Littleton and Centennial, and also Arapahoe County throughout the renovations. The facilities have remained open and serving Colorado's blind community during the entire construction process.

Manchester Street Park

Lawrence, Massachusetts

Population: 70,579

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The five-acre Manchester Street Park is situated on the banks of Steven's Pond in Lawrence. The site was originally used as a rail yard for the Greater Lawrence Industrial Park. Later, the park was home to a large incinerator that was considered an eyesore to members of the local community. Today, the park boasts ample green space, permeable pavement, playground equipment and a community garden. The park is part of the Spicket River Greenway, a linear green space linking low-income neighborhoods and several other preexisting parks. Manchester Street Park is a vital anchor for the greenway and a catalyst for the redevelopment of underutilized mill buildings.



Funding for the project came from a variety of sources. The Massachusetts Executive Office of Elder Affairs gave the program a \$500,000 Urban Self-Help Program Grant and a \$75,000 Urban River Visions Grant. The EPA provided a Brownfields Cleanup Grant of \$200,000, and the city contributed \$339,291 of CDBG funds. The property was purchased from Covanta Energy Corporation, a waste-to-energy electricity provider, for \$1.00, because the company desired to see the area become public space. The entire project cost \$1.1 million, but a larger effort for a city-wide clean up leveraged more than \$3.7 million.

The U.S. Environmental Protection Agency (EPA) described the project as “a model for urban planning.” Brownfield Renewal, a trade publication, recognized the park with its 2010 Brownfield Renewal Award for Social Impact, and the National Community Development Association awarded the park with its Gabe Zimmerman Award for Public Service, an award given for exemplary use of CDBG money.

One aspect at the heart of CDBG funds is community involvement. Manchester Street Park is cared for by volunteers in coordination with the local government. Three bilingual public design charrettes solicited neighborhood input on park uses and amenities, addressed community concerns about the site's history and cleanup and provide updates on the status of the park's development. The community gardens at the park were built entirely through volunteer labor and are now tended by dozens of gardeners who share the food produced with the broader community.



Children's Ark Day Care Center

Hastings, Nebraska

Population: 25,370

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In Hastings, a vibrant daycare center comprised of 19 staff members provides childcare services for nearly 150 families and more than 200 children. Family parents using these services are employees of more than 100 businesses in the Hastings area. Since 1981, the Children's Ark Day Care Center was located in a 60+ year old building that was not designed for children. There were problems of inaccessibility, energy inefficiency and structural deterioration that caused it to fail inspection by the state fire marshal. In 2006, the center relocated to a new building in the mixed-use, multigenerational Hastings Village.

The City of Hastings made available roughly \$350,000 in CDBG funds, which it received through the Nebraska Department of Economic Development. Private donations in coordination with The Good Samaritan Society, an organization that focuses on providing shelter and services to older persons and those in need, raised the remaining \$448,038 needed to complete the \$798,038 project. One private-estate donation contributed \$100,000 to the cause. This nearly \$800,000 was able to construct a new 7,800-square-foot day care center that is specifically designed for children. Child-friendly features include a drive-up/drop-off area at the main entrance, modern heating and cooling systems and handicap accessibility throughout the building.

Minvilla Manor

Knoxville, Tennessee

Population: 185,100

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One important initiative of Knoxville's Ten-Year Plan to End Chronic Homelessness was the revitalization of Minvilla Manor. After years of neglect, the city condemned the former 5th Avenue Motel building and placed a historic overlay on it in an effort to preserve what many considered a historic part of the city. Officials then made \$460,000 in CDBG funds available for a developer to rehabilitate the property. Volunteer Ministry Center (VMC) produced a plan for permanent supportive housing (PSH) and was subsequently given the project. PSH provides disabled individuals with necessary support services, such as problem solving skills for maintaining housing and/or a more productive life. It is believed that PSH is a less expensive alternative for cities on average in comparison to a disabled individual living on the street.



VMC used CDBG funds to purchase the property for \$132,000. A total of \$810,000 CDBG dollars were spent on the Minvilla Manor project. The entire development cost was more than \$7 million. Additional funding was leveraged from 13 different sources, including historic and low-income equity-tax credits, HOME funds, the Housing and Urban Development Supportive Housing Program, developer contributions, the Tennessee Housing Development Agency Housing Trust Fund and others. Construction on Minvilla Manor started on September 8th, 2009, and the ribbon-cutting ceremony took place on October 30th, 2010. The final product consists of 57 units, with rents between \$512 and \$588 per month. All utilities are included in the rental cost. Currently, 33 of the 57 units are assigned, and the remaining 24 are expected to be occupied within the next few months.



Historic Lofts at Waco High

Waco, Texas

Population: 126,222

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The old Waco High School building in Waco had been vacant since 1971. Recently, it experienced an innovative renovation thanks to Community Development Block Grant funds. The City of Waco contributed \$300,000 in CDBG funds and \$450,000 in general funds to turn the former high school into an apartment complex that houses low- and moderate-income residents in 104, one-, two- and three-bedroom apartments. The use of CDBG and general funds enabled the leveraging of roughly \$12 million in private sector capital for the project.



Waco joined forces with The Landmark Group, a private developer, who at the time had more than \$100 million of similar properties under development in six southeastern states, to complete the Historic Lofts at Waco High project. The Landmark Group was able to secure \$1,899,810 in federal historic tax credits and \$1,127,838 per year for 10 years in low-income housing tax credits for its work.

The final product includes a Technology Learning Center with computers and internet access, a Resident Wellness Center with workout equipment, new kitchen appliances and more. Local suppliers and contractors were used whenever possible during this project which contributed roughly \$30,000,000 to the local economy.

Rent starts at only \$222 per month and tops out at \$650 per month for the three-bedroom units. All apartments are reserved for individuals earning below 60 percent of the area median income (AMI) and 11 of the units are held specifically for families earning below 30 percent of AMI.

About This Publication

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