Community Development Block Grants

Overview and Programs
August 2011
Overview

• CDBG is authorized by the Housing and Community Development Act of 1974 (HCD Act)
• HCD Act also authorizes Section 108 loan guarantee program and provides framework for CDBG disaster recovery funds and Neighborhood Stabilization Program
CDBG Funding History

• CDBG has provided $134 billion in financial assistance to local governments since 1975
  o Entitlement share = 70%
  o Non-entitlement share = 30%
• American Recovery and Reinvestment Act of 2009 provided additional $1 billion in CDBG funding for FY 2008 grantees
CDBG Funding FY 2010 - 2012

FY 2010 Formula Appropriation - $3.94 billion
  • $2.758 billion – Entitlement
  • $1.182 billion – Non-entitlement
  • $250 million - Section 108 authority

FY 2011 funding levels - effective 16% reduction to $3.3 billion with 0.2% across the board rescission and up to 1% for HUD Transformation Initiative

FY 2012 – To be determined
<table>
<thead>
<tr>
<th>State</th>
<th>Grants</th>
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<tbody>
<tr>
<td>Texas</td>
<td>$66,604,562</td>
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<tr>
<td>New York</td>
<td>44,032,414</td>
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<td>Massachusetts</td>
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</table>
CDBG’s Annual Reach

More than 7,250 local governments annually receive CDBG funds

- 3 Counties in Hawaii
- 4 Insular Areas
- 1,160 Entitlement Communities
- 3,587 Local Governments in Urban Counties
- 2,500 Local Governments through State CDBG (est.)
Primary objective of the CDBG program is the development of viable urban communities, principally for low/mod persons, through:

- Decent housing
- Suitable living environment
- Expanded economic opportunity
Section 108 Loan Guarantees

- Refers to Section 108 of HCD Act
- Is loan guarantee provision of CDBG program
- Enables grantees to leverage CDBG for wide range of activities
- All CDBG requirements apply
Section 108 Basics

- Eligible applicants are local governments receiving CDBG funds through Entitlement or State CDBG programs or States on behalf of non-entitlement local governments.
- Maximum loan amount is 5 times most recent CDBG grant net of any existing Sec. 108 loans.
- Maximum term of loan guarantee is 20 years.
- Interim and permanent financing options.
Neighborhood Stabilization Program

- Provides assistance to address effects of abandoned and foreclosed properties in nation’s communities
- Initially authorized by Housing and Economic Recovery Act of 2008 (HERA)
- Multiple appropriations have created three iterations – NSP1, NSP2 and NSP3
- Total funding - $7 billion
- HERA built NSP on CDBG chassis
CDBG Disaster Recovery Funding

2001 - Lower Manhattan 9/11 Recovery

2005 - Hurricanes Katrina, Rita, Wilma (KRW)

2008 - Hurricanes Ike, Gustav and Midwest Floods

2010 – Storms/Flooding in KY, RI and TN
CDBG Disaster Recovery Funding

- No standing or regular appropriation
- Done as supplemental and generally limited to significant events
- Conditions of grant often dictated by appropriation
- Grants may be managed from HQ or field offices depending on risk