

Using CDBG to Support Community-Based Youth Programs



January 2008



Using CDBG to Support Community-Based Youth Programs



Roxana Torrico
Margaret Flynn-Khan

January 2008



Foreword

Today's youth face challenges and opportunities very different from those of past generations. Supporting the healthy growth and development of youth, as well as providing them with the services and experiences they need to mature into productive adults, are growing concerns in many communities nationwide. Pressure to raise student achievement, the need for safe and enriching environments for youth during out-of-school time, a focus on building the skills and competencies of young people, and an emphasis on preventing risky behaviors are all fueling the demand for quality youth programs. In many communities, however, leaders find it difficult to identify and coordinate adequate funding for youth programs as well as to access resources to enhance program capacity and quality.

For youth programs to succeed, policymakers, program leaders, and intermediary organizations need resources and strategies to support quality programs over time. This brief, *Using CDBG to Support Community-Based Youth Programs*, is an important addition to The Finance Project's body of work on financing and sustaining supports and services for children, youth, and families. It outlines several options and strategies for using the Community Development Block Grant (CDBG) for youth programs and facilities and illustrates those options and strategies through state and community examples. The brief also provides guidance on the capacity and community support required to use this funding source to successfully serve youth.

This publication is part of a new series of products from The Finance Project. The series focuses on tools, strategies, and resources for supporting and sustaining effective youth programs and policies. Each product will present options and strategies for financing and sustaining, or effectively governing and managing, youth programs and initiatives. Each will also illustrate these options and strategies with examples drawn from initiatives nationwide and highlight relevant considerations to assist leaders who are weighing the alternatives. In addition, this body of work includes an online clearinghouse of information and resources for supporting and sustaining youth programs and policies. It is our hope that these products and the clearinghouse, in addition to The Finance Project's extensive collection of resources on financing and sustaining promising initiatives for children, youth, and families, will provide useful information to policymakers, program and community leaders, and others concerned with investing in young people.



Cheryl D. Hayes
Executive Director
The Finance Project



Introduction

For decades, policymakers, practitioners, and community stakeholders have worked to revitalize communities facing increased rates of poverty, limited economic development, and decaying physical infrastructure. Progressively more community development leaders have come to recognize that these efforts must focus not only on improving physical infrastructure and recruiting new businesses, but also on investing in today's young people. Meaningful and long-term community change requires investments in youth-focused community efforts that provide young people with employment, enrichment and leadership opportunities, safe places to live and play, and access to quality education. Community development efforts involving and supporting youth can help make communities more vibrant and desirable places to live and do business.

Since 1974, the federal Community Development Block Grant (CDBG) program has supported local community development initiatives. CDBG provides flexible funding to states and communities for community development and revitalization purposes, primarily benefiting people with low to moderate incomes. Despite the decrease in CDBG funding during the past decade, CDBG continues to be an important potential funding source for youth programs and community initiatives. According to the U.S. Department of Housing and Urban Development, 1,064,987 young people were served with this funding source in FY 2006.¹

CDBG is an important tool for helping local governments and agencies address serious challenges facing young people. This strategy brief aims to provide policymakers, stakeholders, community leaders, and program developers working in or with community-based youth programs with a basic understanding of how CDBG is structured, how community-based youth programs fit into CDBG purposes and activities, and how communities nationwide are using CDBG to support youth initiatives. Specifically, it explores strategies for using CDBG to support youth programs and services, youth facilities, and youth involvement in community development initiatives (see “Youth Programs Defined” on page 5). This brief focuses on entitlement grants and state grants, though the CDBG program includes various other programs that benefit low- and moderate-income persons (see “Other CDBG Programs” on page 9).

¹ For more information on populations served by CDBG, see <http://www.hud.gov/offices/cpd/communitydevelopment/library/accomplishments/>.

Youth Programs Defined

Throughout this brief, the term “youth programs” is used to describe a wide range of services and activities for youth. Youth programs include prevention, intervention, and developmental programs across multiple domains, including academics, workforce preparation, leadership and civic engagement, and health and well-being. These programs are provided by large and small and public and private organizations in diverse settings such as schools, workplaces, and community facilities. Examples of youth program activities include counseling, mentoring, career exploration, summer employment, dropout prevention, financial literacy, academic assistance, and sports and recreation.





Community Development Block Grant Program

The Community Development Block Grant program is one of the oldest federal housing and economic development programs. CDBG was established under Title I of the Housing and Community Development Act of 1974 to support the creation of viable communities by providing funds to improve housing, provide a suitable living environment, and expand economic opportunities for persons with low and moderate incomes.² Although CDBG is a flexible source of funding, detailed regulations govern CDBG allocation and reporting.³

Because CDBG is a relatively large and flexible funding source, the time and effort spent influencing its allocation process can be worthwhile to community youth programs. In fact, many youth initiatives have been very successful in using CDBG to support their programs and services. However, those interested in accessing CDBG for youth programs should understand that, depending on the jurisdiction, the manner in which the funds are allocated may be fairly political and well established. Therefore, influencing a change in the allocation of CDBG funds will most likely take significant research, relationship-building, and advocacy efforts. This is not meant to discourage any effort to access CDBG funding, but to encourage a realistic assessment of the commitment it may require and the success it is likely to yield.

CDBG Funding and Structure

The U.S. Department of Housing and Urban Development (HUD) administers the CDBG program. Total funding for the program was approximately \$3.7 billion in FY 2006, a cut of nearly 10 percent from FY 2005.⁴ However, as one of the longest-running programs at HUD, the CDBG program has provided annual grants on a formula basis to approximately 1,200 state and local governments since 1974. Entitlement jurisdictions receive 70 percent of CDBG grant funding, while states receive the other 30 percent (see the CDBG Funding Flow Chart on page 8). [CDBG also includes various other programs for low- and moderate-income persons (see “Other CDBG Programs” on page 9).]

Annual formula funds are distributed to communities and states through entitlement grants and state grants.

- **Entitlement Grants.** The CDBG entitlement program allocates annual grants to entitled metropolitan cities and urban counties to develop viable communities by providing low- to moderate-income people with decent housing, suitable living environments, and economic opportunities. Each entitlement community develops its own programs and funding priorities

² The Housing and Community Development Act of 1974 as amended, Sec. 101, at: <http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/laws/sec5301.cfm>.

³ For more information on federal regulations governing CDBG, see *Code of Federal Regulations*, Title 24, Part 570, at: http://www.access.gpo.gov/nara/cfr/waisidx_07/24cfr570_07.html.

⁴ For more information on community development allocations and appropriations from the U.S. Department of Housing and Urban Development, see <http://www.hud.gov/offices/cpd/communitydevelopment/budget/index.cfm>.

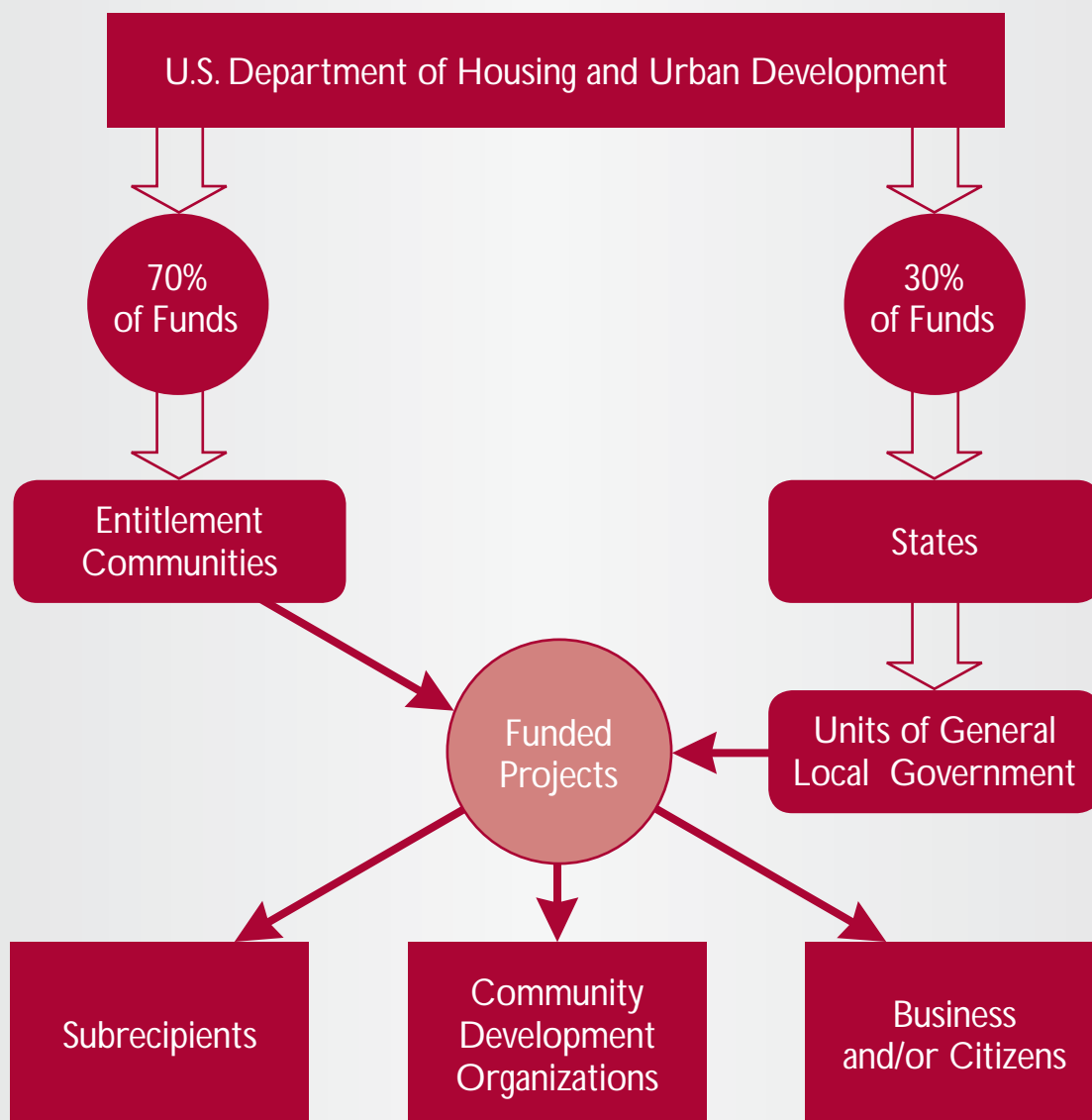
based on its needs. These grants are awarded annually from the federal government to metropolitan cities with populations of at least 50,000 and qualified urban counties with populations of at least 200,000. Cities must meet population requirements and submit a plan outlining how they will spend CDBG funds. HUD determines the amount of each entitlement grant based on one of two formulas that take into account the community's level of poverty, housing overcrowding, age of housing, population, and population growth lag. Funds can be used for activities directed toward economic development; neighborhood revitalization; and the provision of improved community facilities and services, including youth initiatives.

- **State Grants.** Also known as the former Small Cities CDBG program, states receive these CDBG grants annually on a formula basis. States then distribute these funds to smaller communities and rural areas that do not receive entitlement grants. Nonentitlement areas are cities with populations of less than 50,000—except cities that are designated principal cities of metropolitan statistical areas—and counties with populations of less than 200,000. States may only award these funds to units of general local government that carry out community development activities. Typically, each state develops its funding priorities and criteria for allocating funds. Depending on the state's priorities, funds can be used for activities such as local neighborhood revitalization, economic development, or the provision of improved community facilities and services. Youth programs and services are also important components of these efforts.





CDBG Funding Flow Chart



This flow chart outlines how CDBG funding is allocated to benefit programs and communities. Funds flow from the U.S. Department of Housing and Urban Development to entitlement communities and states. Generally, through a request for proposals (RFP) or request for applications (RFA) process, funds are allocated to proposed projects. Once these funds have been awarded, they can be allocated to *subrecipients*, nonprofits of local governments that support a specific program; *community development organizations*, intermediaries that can distribute funds to other programs; and *businesses and/or citizens*, such as for-profits, microenterprises, or individuals seeking assistance through housing loans. CDBG funds are flexible and can be used in different ways.

Other CDBG Programs

■ Section 108 Loan Guarantee

The Section 108 Loan Guarantee, though not a grant program, can also be a useful funding source for facilities benefiting young people. CDBG entitlement communities are eligible to apply for assistance through this program. CDBG nonentitlement communities may apply so long as their state agrees to pledge the CDBG funds necessary to secure the loan. This program supports guaranteed and insured loans that provide communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.

■ Insular Areas

The Insular Areas CDBG program provides annual grants to four designated insular areas: American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands. This program addresses the housing and community and economic development needs and priorities of insular area communities and residents.

■ HUD-Administered Small Cities

Formerly, the federal government allocated the CDBG nonentitlement grants directly to smaller cities. Beginning in 1982, states were given the option of taking over the administration of these grants; all states have now done so, except Hawaii. The HUD Honolulu Office directly administers the CDBG program for nonentitlement communities in Hawaii.

■ Disaster Recovery Assistance

HUD provides flexible grants to help cities, counties, and states recover from presidentially declared disasters, especially in low-income areas, subject to the availability of supplemental appropriations. HUD may provide statutory suspensions or regulatory waivers in the CDBG programs to increase flexibility and effectiveness in using funds for disaster recovery.

■ Colonias

A colonia is any identifiable community in the U.S.–Mexican border regions of Arizona, California, New Mexico, and Texas that lacks a potable water supply; has inadequate sewage systems; and has a shortage of decent, safe, and sanitary housing. The border region refers to the area within 150 miles of the U.S.–Mexican border, excluding metropolitan statistical areas with populations exceeding 1 million. These states are able to set aside up to 10 percent of their state CDBG funds for use in colonias.

■ Renewal Communities/Empowerment Zones/Enterprise Communities

These federally designated localities provide tax incentives by combining efforts to create economic opportunity, sustainable community development, community-based partnerships, and a strategic vision for change.



CDBG Objectives and Allowable Activities

Federal law requires CDBG funds to principally benefit persons of low and moderate income. Consequently, it is a viable funding source for youth programs and facilities serving young people of low and moderate income. HUD measures compliance with the income requirements in two ways. States and communities receiving CDBG grants must document that 70 percent of these funds are being used to support activities that benefit persons of both *moderate income*—defined as 80 percent of the median income for the metropolitan area—and *low income*—defined as 50 percent of the median income for the metropolitan area. HUD measures income based on the median income of the metropolitan area, which may include higher-income suburbs, so the standard of lower income for CDBG is relatively high compared with that of most other social services programs.

Each CDBG-funded activity must meet one of the following national objectives:

1. Benefit persons of low and moderate income;⁵
2. Aid in the prevention and elimination of slums or blight; or
3. Meet other community development needs of particular urgency.

In addition to meeting a national objective, CDBG funds must be used to support defined eligible activities. The law lists many categories of eligible activities for states and entitlement jurisdictions. Allowable activities most relevant to youth programs are public services and public improvements and facilities.

Public Services. Within this activity, CDBG can be used to fund a wide range of services that may be provided by youth programs, including mentoring, tutoring, enrichment activities, employment services, and transitional support for youth aging out of foster care (see Strategy 1). Federal regulations specify that up to 15 percent of total block grant funds can be used to support public services.

Public Improvements and Facilities. Within this activity, CDBG can be used to fund the purchase, construction, or rehabilitation of youth facilities (see Strategy 2). Examples include shelters, charter schools, and recreation centers. No federal regulations restrict the amount of funding that can be used to support a facility project.

⁵ To meet this objective, at least 51 percent of the youth served by these efforts have to be of low or moderate income. For more information, see http://www.access.gpo.gov/nara/cfr/waisidx_07/24cfr570_07.html.



Most of the communities using CDBG to support youth programs and facilities do so under one of these two allowable activities. However, a third way to fund projects involving youth in community economic development initiatives is to classify them within other categories of allowable activities, such as rehabilitation, microenterprise assistance, or special economic development activities (see Strategy 3). For example, programs aimed at helping youth start their own business could be funded within the category of microenterprise assistance.

CDBG Consolidated Planning Process

At least every five years, each state and entitlement community must prepare a consolidated plan that outlines community needs and spending priorities for CDBG and other HUD-funded programs and how these federal funding sources will be used (see “The Five Stages of the CDBG Consolidated Planning Process” on page 12).⁶ In addition, the CDBG law requires jurisdictions to have and follow a formal and detailed citizen participation plan for the planning and evaluation of programs in the consolidated plan. The citizen participation plan provides for and encourages public participation from lower-income persons, including residents of lower-income neighborhoods and areas where CDBG funding might be allocated. It describes how residents can access information, review and comment on proposed activities and performance evaluations of the approved activities. Citizens are also encouraged to participate in program implementation and monitoring activities.⁷

⁶ For more details on the planning process and the public hearings required, see the *Code of Federal Regulations*, Title 24, Part 91, at: http://www.hud.gov/offices/cpd/about/conplan/finalrule_bookview.pdf.

⁷ Ed Gramlich, *CDBG: An Action Guide to the Community Development Block Grant Program* (Washington, D.C.: Center for Community Change, 1998), at: <http://www.cccfiles.org/shared/publications/downloads/CDBG.pdf>.



The Five Stages of the CDBG Consolidated Planning Process⁸

The CDBG consolidated planning process has five stages.

- 1) Identify needs.** Each jurisdiction must engage the public in identifying housing and community development needs. This is sometimes done through public hearings in an effort to allow residents to express their needs and ideas.
- 2) Prepare an annual action plan detailing proposed uses of CDBG.** Each state and entitlement community must prepare an annual action plan that lists the activities that will be funded through CDBG in the upcoming year. States and communities are required to obtain community input in developing their CDBG plans and to hold public hearings throughout the planning process. Each year, a draft action plan must be written and publicized at least 30 days prior to submission to HUD so the public can review it and make comments.
- 3) Vote on and approve the final action plan.** Once the jurisdiction has considered the public's comments, elected officials vote on and approve the final action plan. It is sent to HUD for approval before the beginning of the jurisdiction's program year.
- 4) Respond to substantial changes in the action plan.** The law triggers a citizen participation process if there is a major change to the action plan, often referred to as a "substantial amendment." However, the process depends on the jurisdiction and its specific regulations.
- 5) Submit an annual performance report.** Jurisdictions are required to submit to HUD a detailed annual performance report, sometimes referred to as a "consolidated annual performance and evaluation report." This report gives a detailed description of the activities funded with CDBG funding during that program year, including how much money was budgeted and how much was spent; the specific locations of activities; accomplishments; and how many people benefited, categorized by race and income category.

CDBG Allocation

CDBG is a significant component of the consolidated planning process. Understanding the community needs and spending priorities for CDBG outlined through this process is critical to knowing how to advocate for funding for youth programs and initiatives. Through their involvement in the CDBG consolidated planning process, youth program leaders can increase their chances of accessing the CDBG funds allocated to their jurisdiction (see "Steps to Influence CDBG Allocation in Your Jurisdiction" on pages 14-15).

⁸ Ed Gramlich, *CDBG: An Action Guide to the Community Development Block Grant Program* (Washington, D.C.: Center for Community Change, 1998), at: <http://www.cccfiles.org/shared/publications/downloads/CDBG.pdf>.





Steps to Influence CDBG Allocation in Your Jurisdiction

To successfully influence the allocation of CDBG funds, it is essential to understand current spending and planning processes, establish relevant relationships, and advocate for funding for a program or an initiative. The following are ideas for how to begin:

- Determine whether your jurisdiction receives funds from CDBG, how much is received, and who is responsible for developing CDBG plans and allocating CDBG dollars in your community. If you reside in an entitlement community (cities with populations of 50,000 or more and certain counties with populations of 200,000 or more), your city or county government administers CDBG funds. However, if you are not in an entitlement community, then your state government administers CDBG funds. Typically, state, county, or city offices of economic and community development administer CDBG.
 - To determine if and at what level your state or local jurisdiction receives CDBG funds, review the CDBG allocation list that provides the grant amount for every state and local jurisdiction that receives CDBG. To obtain this information, see <http://www.hud.gov/offices/cpd/about/budget>.
 - To identify contacts for entitlement cities and counties and nonentitlement (state) communities, see <http://www.hud.gov/offices/cpd/communitydevelopment/programs/contacts/>.
 - To obtain contact information for the person responsible for the entitlement communities' portion of the program, see <http://www.hud.gov/offices/cpd/about/staff/fodirectors/>.
- Contact the administering office for CDBG and inquire how to obtain copies of the most recent consolidated plan (the five-year plan); the action plan (the annual plan) for CDBG spending; and the annual report or consolidated annual performance and evaluation report, which lists each of the activities funded in the previous years. Typically, these documents are easily located by doing a search on the Internet. However, you will probably need to speak with a CDBG contact to find out where your jurisdiction is in the planning process and to request notification of any public hearings or other notifications relevant to CDBG.
- Determine how the goals and priorities of your program or initiative are aligned with the goals and priorities outlined in the consolidated plan. How do your program or initiative goals complement or contribute to the community development goals? For example, are you helping youth develop knowledge and skills necessary to effectively enter the workforce? Are you providing youth with enrichment activities to improve academic performance and graduation rates? Are you helping decrease homelessness among youth transitioning out of foster care by providing housing services and supports? Be prepared to demonstrate that what you do contributes to the community's health and viability and meets CDBG's objectives and criteria.
- Determine for which projects or activities you want to seek CDBG funds. Do you want funding for a facility construction or an improvement project or are you seeking support for youth services? Support for facilities may be more accessible, because no limit exists on the amount of

(cont'd on page 15)

CDBG funds that can be spent on public facilities; in contrast, only 15 percent of CDBG funds can be spent on eligible public services.

- Identify key players and develop relationships and partnerships. Individuals and groups such as these may be essential contacts in your efforts:
 - officials from the city, county, or state department that administers CDBG, generally an office of economic development or community development, who can inform you of the planning process, the timeframe, and how you can become involved;
 - local council members (for entitlement communities) or state legislators (for nonentitlement communities) who sit on subcommittees that make decisions about CDBG priorities and appropriations;
 - local government officials, particularly if you are not in an entitlement community, who are responsible for developing a plan and applying for funding in accordance with state procedures;
 - community advocacy groups and leaders who may have an understanding of the history and politics of CDBG in your community; and
 - other service providers, particularly those already receiving CDBG funds. You increase your chances of influencing CDBG allocation and avoiding turf battles if you work in partnership with other service providers instead of seeking CDBG funds on your own.





Strategies for Using CDBG to Support Community-Based Youth Initiatives

This section explores three strategies—organized according to CDBG allowable activities—for using grant funds to support community-based youth programs and initiatives. The first strategy explores how CDBG can provide general support for youth programs within the public services category. The second strategy explores how CDBG can be used to support youth facilities within the public facilities and improvement category. The third strategy explores how CDBG can be used to support youth involvement in community economic development projects within other categories of allowable activities. Each section contains examples and considerations aimed at helping stakeholders determine whether the proposed strategy is a viable option for using CDBG funds in their community.

Strategy 1: Using CDBG to Support Youth Programs and Services

Despite the fact that CDBG funds are aimed primarily at addressing the “bricks and mortar”⁹ needs of communities, some of the funds are earmarked for public services. Public services include services that many refer to as social services or human services. Services related to health, welfare, education, employment, recreation, child care, drug abuse, and crime prevention are examples of allowable public services included in the law. CDBG public services funding can be used to support ongoing operating costs (e.g., labor, supplies, and materials) needed to provide a service (see “Using a Dedicated Funding Stream to Support Youth” on page 17, “Using CDBG Funds to Support the Operating Costs of Court Appointed Special Advocates Program” on page 18, and “Combining CDBG with Other Resources to Support Youth” on page 18). In addition, public services funding can be used to cover the costs of operating and maintaining a portion of a facility that houses a public service (e.g., a shelter or recreation center). (See Strategy 2 for guidance on using CDBG to construct youth facilities.) Finally, CDBG can be used to purchase or lease items such as equipment, furnishings, and vehicles necessary to provide a service, so long as the service is an eligible CDBG activity and can be considered as part of the activity delivery costs. Therefore, CDBG is a fairly flexible funding source for meeting the funding needs of youth programs and services.

No more than 15 percent of a jurisdiction’s CDBG funding can be used for public services. Depending on the jurisdiction, this funding constraint may affect a program’s access to this funding stream. In some jurisdictions, providers end up competing or going through an extensive application process for their share of the 15 percent of CDBG funding. Generally, the more programs that receive CDBG public services funding, the smaller the grant per program. The ease with which youth-

⁹ An informal term indicating grants for buildings or construction projects.

serving providers can access CDBG for their programs really boils down to the jurisdiction's current priorities for CDBG funding. However, if the community is not using the maximum amount allotted for public services, it may be easier to access CDBG without competing with other providers. If the community is already spending 15 percent of CDBG funding on public services, it is important to research what public services are being funded and how.

Many jurisdictions use an RFP or RFA process to allocate portions of their CDBG funding for youth programs. Remember that each jurisdiction has a different process and that some are more complex than others. Some requests may be issued directly by the department that administers CDBG, generally a housing or community development department, or the funding may be subcontracted to another department, such as human services or social services, which then issues the request.

Youth providers may be able to access CDBG through the request for proposals process for public services funding if the current program is in line with the community's priorities. If youth are not among the current priorities, however, the provider will have to take steps to advocate for a change in the community's priorities or the way public services funding is being allocated.

Using a Dedicated Funding Stream to Support Youth

In 2002, the city of Las Vegas redesigned how CDBG public services funds were distributed in an effort to create a more equitable system for applicants. As a result of this design change, youth services became a larger focus of CDBG public service funds. The city's CDBG public services funding is divided among four different categories: youth and leisure (each accounting for 15 percent of the funds); child care/Safekey (25 percent); social services (25 percent); and life skills (20 percent).

The Neighborhood Development Division of the city's Neighborhood Services Department distributes CDBG funding through an annual request for applications process. Community development objectives in the 2006–2007 action plan indicated an intent to serve 12,553 young people through the CDBG public services funding (youth category). A total of \$717,773 in CDBG funding was distributed among local nonprofit organizations to support 10 youth programs, 8 life skills programs, 10 social services programs, and 5 child care programs. For more information, see <http://lasvegasnevada.gov/publications/plans.asp#>.



Using CDBG Funds to Support the Operating Costs of Court Appointed Special Advocates Program

Child Advocates Inc., one of the largest court appointed special advocates (CASA) programs, is a nonprofit organization that mobilizes court-appointed volunteers to break the vicious cycle of child abuse. Child Advocates Inc., speaks up for abused children who are lost in the system and guides them into safe environments where they can thrive. It has been serving children in Harris County for nearly 25 years and has been receiving CDBG funds for more than 20 years.

In FY 2006, Child Advocates Inc., served 1,752 children; its goal for FY 2007 is to serve 1,925 children. The organization's annual budget is \$2.9 million. In FY 2007, Child Advocates Inc., received approximately \$74,760 in CDBG funding from the Harris County Community and Economic Development Department to support partial salaries of nearly 20 advocacy coordinators to serve 170 children. Each advocacy coordinator supervises approximately 24 volunteers.

Child Advocates Inc., currently has 40 staff, including two part-time positions. It has nearly 550 volunteer advocates to represent children, and another 400 volunteers participate in other activities to support the organization. Additional funds come from grants, fundraising, special events, and corporate sponsorships. For more information, visit www.childadvocates.org.

Combining CDBG with Other Resources to Support Youth

Recreation Reaps Rewards (RRR) provides a wide array of activities to provide youth with life skills, academic support, and enrichment and recreation opportunities. The program aims to promote, teach, and reward hard work and positive behavior through involvement in these activities. Approximately 5,000 youth are enrolled and participate in Recreation Reaps Rewards across 20 sites. CDBG funds support approximately 2,500 of these youth.

RRR has a budget of more than \$1.5 million. In FY 2007, through the Grand Rapids Community Development Department, RRR received \$136,162, or nearly 10 percent of its budget, in CDBG funds. These funds are spread across different program components. RRR applies for CDBG funding annually.

RRR has been receiving CDBG funds for 16 years. CDBG was RRR's first source of funding. CDBG funding of \$90,000 was used to open the first two sites/centers. Initial CDBG funding was used for supplies and staffing. In addition to CDBG, RRR receives funding from the city of Grand Rapids, the Grand Rapids Housing Commission, and the 21st Century Community Learning Center. For more information, see http://www.grand-rapids.mi.us/index.pl?page_id=485.

Considerations for Using Strategy 1

- If program leaders are considering advocating for a change in the way CDBG public services funds are allocated in their communities, working with consumers, community leaders, program participants, or other service providers will increase their chances of success.
- CDBG dollars allocated for youth programs or services are administered through a city or county department of social services or human services, which uses the funds to support community programs. Establishing relationships with administrators from these departments is essential for accessing CDBG funds.
- CDBG funding for public services cannot be used to supplant state or local funds. This restriction does not apply, however, to federal or private funds. Therefore, stakeholders could advocate for CDBG dollars to fund additional capacity for youth programs funded with state or local dollars to help sustain initiatives seed-funded with federal or private grants.

Strategy 2: Using CDBG to Fund Youth Facilities

CDBG funding is one of the few federal funding sources that youth programs and initiatives can use to fund the construction or improvement of facilities. Although neither the statute nor the regulations define “public facilities” or “public improvements,” HUD broadly interprets these terms to include all improvements and facilities that are publicly owned or owned by a nonprofit organization and are open to the general public during regular business hours. Because of CDBG’s flexibility, youth programs can use the funds to purchase, construct, rehabilitate, install, and reconstruct facilities owned and operated by schools, other public agencies, or private nonprofits (e.g., youth shelters, charter schools, or recreation centers). Funding can be in the form of direct grants or loans (see “Using CDBG to Construct a Charter School” below and “Expanding a Youth Shelter” on page 20). Federal regulations do not restrict the amount of CDBG funding that can be used for facility-related projects.





Expanding a Youth Shelter

Urban Peak serves as a provider of and gateway to a wide array of services and programs to help youth and young adults ages 14 to 24 escape life on the streets and help them overcome real-life challenges that can put them at risk of becoming homeless. Over the years, Urban Peak has continued to expand in response to the growing numbers and diverse needs of youth and young adults to help them achieve self-reliance and success in their lives. In 2006, Urban Peak served 800 youth and young adults, providing them with shelter, housing, education, arts programs, mental health services, and other services required to achieve self-reliance. As the only licensed homeless youth shelter in the Denver metropolitan area, Urban Peak provides shelter to youth and young adults and works with them to develop a plan to help them permanently exit street life by reunifying them with their family, arranging for a foster care placement, or supporting their living independently.

Urban Peak recently received \$200,000 in CDBG funding from Denver's Office of Economic Development, Housing and Neighborhood Development to expand its shelter. The shelter is 10 years old and needs to be expanded to provide more suitable living and office space for clients and staff. This expansion will add 1,150 square feet of habitable space and an additional 500 feet of covered outdoor space. These new additions will also provide room to have group meetings, handle dormitory overflow, and provide recreational and educational programs. For more information, visit www.urbanpeak.org/.

Using CDBG to Construct a Charter School

The Rainbow Dreams Academy is a proposed charter school committed to providing its students with a strong educational foundation. The city of Las Vegas gave the Anthony L. Pollard Foundation's Rainbow Dreams Academy charter school a total of \$669,800 in CDBG funding (\$269,800 in 2004-2005 and \$400,000 in 2005-2006) towards construction of its new facility. This capital improvement project is expected to cost a total of \$6.7 million. CDBG funding will be used to fund architectural design and engineering, off-site improvements and owner furnished items such as building and offsite permits, inspection and application fees in addition to survey and abatement fees which have been completed. Other funds will come from the city of Las Vegas, Clark County and other foundation contributions. All funds raised will help to meet the urgent and growing demand for additional educational opportunities in the underserved communities of Las Vegas. The Anthony L. Pollard foundation will open this full-service elementary school in historic West Las Vegas. For more information, visit www.alpfoundation.org/.

Considerations for Using Strategy 2

- If program leaders are interested in advocating for CDBG funding for their facility, they should consider whether there are other service providers in the community that could also benefit from the facility. They can use the project as an opportunity to create better-coordinated, more convenient services for youth in the community. Moreover, by building a broader support network for the project, leaders will increase their chances of successfully accessing CDBG funding.
- Facility improvement projects are often very costly, and initiatives generally must put together a financing package that includes multiple funding sources. Leaders must consider how CDBG could be coordinated with or used to leverage other private and public funding sources for their project. Having other sources of support, such as funds from a capital campaign and private foundation grants, will make it easier to demonstrate support for the project and gain access to CDBG funding. Likewise, commitments of CDBG funds can help attract other funders.





Strategy 3: Using CDBG to Support Youth Through Community Development Initiatives

Youth programs or initiatives supported by CDBG are most frequently supported under the public services and public facilities categories. However, communities can also support youth programs and initiatives under other categories of allowable activities (see “Other CDBG Categories of Allowable Activities” on pages 24-25). Doing so depends on the development of projects that involve or support youth through economic development activities covered by other categories. By shifting from seeking funds through the public services category to seeking funds through other allowable CDBG categories, youth programs can access funds for a wide array of additional services, ranging from employment and entrepreneurship training and support services to housing and homeownership opportunities.

This strategy can be particularly relevant for programs that focus on helping older youth achieve economic success (see “Supporting Youth Workforce” on page 26 and “Combining Funding Streams to Involve Youth in Community Initiatives” on page 27). Three specific examples illustrate how CDBG funds can be used to support young people. Entrepreneurial programs focused on helping youth develop their own businesses could fit within the microenterprise assistance activity. Under this category, CDBG funds can be used to provide services of any kind that may be needed to establish, stabilize, or expand a microenterprise. The funds could also be used to provide technical assistance and support services, such as counseling or peer support programs, to help youth develop successful businesses. Moreover, CDBG funds could be used as the required match for individual development account (IDA) programs. These programs combine financial education with asset-building strategies. IDA funds can be used to pay for education or job training, purchase a home, or start a business. Still another option that makes use of CDBG funds under the special economic development activities category is providing youth with employment, training, and support services in businesses that already receive CDBG assistance.

In addition to youth employment activities, other CDBG categories allow for youth-focused activities such as the rehab, leasing, or purchasing of land or facilities to be used by youth (e.g., youth shelters and recreation centers). Construction is also another allowable activity, permitting the use of CDBG

funds to finance construction of permanent residential structures for youth. However, construction is generally limited to youth shelters and youth facilities. The construction of housing is only eligible under very limited circumstances and has been done by few organizations. Most youth organizations cannot carry out construction of new housing alone, so partnerships and collaborations are essential in creating opportunities to build new housing specifically for youth.

Youth programs can determine creative approaches to classifying activities or programs to maximize CDBG available funding in order to successfully serve young people. Partnerships and collaborations with leaders in the community development field can help not only to increase funding opportunities for youth programs, but also to increase the supports and services available for young people.





Other CDBG Categories of Allowable Activities

Following are brief descriptions of the activities included within some of the other CDBG funding categories.

Acquisition of Real Property. Includes costs associated with the purchase or long-term lease of property.

Clearance. Includes costs associated with the demolition of buildings and improvements and related activities.

Rehabilitation. Includes the costs of rehabilitating residential, commercial, or industrial buildings or nonprofit-owned nonresidential buildings.

Special Economic Development Activities. Includes commercial or industrial improvements carried out by the CDBG grantee or a nonprofit recipient. Assistance to private-for-profit entities for activities that are part of an economic development project is also included.

Microenterprise Assistance. Includes activities that facilitate economic development through the establishment, stabilization, and expansion of microenterprises (e.g., businesses having five or fewer employees, one or more of whom owns the business).

Special Activities by Community-Based Development Organizations. Includes neighborhood revitalization, community economic development, and energy conservation activities carried out by designated local community development organizations. This includes new housing construction, which is not an eligible activity within other CDBG categories.

Planning and Capacity-Building. Includes data gathering and analysis designed to improve the grantee's or subrecipient's capacity to plan and manage programs and activities for the CDBG program.

Disposition. Includes costs associated with the disposal of real property.

Interim Assistance. Includes repairs, for example to parks, sidewalks, playgrounds, and public buildings, that need immediate attention.

Relocation. Includes relocation payments and assistance to displaced persons, including individuals, families, businesses, and nonprofit organizations.

Loss of Rental Income. Includes payments to housing owners for the loss of rental income occurring as a result of individuals and families being displaced by CDBG-assisted projects.

Privately Owned Utilities. Includes funds to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and related facilities for privately owned utilities.

(cont'd on next page)

Construction for Housing. Includes, in specific circumstances, funds to finance the construction of new permanent residential structures.

Code Enforcement. Includes the payment of salaries and overhead costs directly related to the enforcement of state and/or local codes.

Homeownership Assistance. Includes funds to provide financial assistance to low- and moderate-income households to help them purchase a home.

Program Administration Costs. Includes funds for reasonable program administration costs and carry charges related to the planning and execution of community development activities assisted with funds under CDBG, the Home Investment Partnerships Program (HOME), and Urban Development Action grants.

Miscellaneous Activities. Includes but is not limited to activities related to payments of the nonfederal share, urban renewal completion, technical assistance, assistance to institutions of higher education, housing services, and handicapped accessibility.





Supporting Youth Workforce

One of the top priorities of the city of Portland's Bureau of Housing and Community Development is increasing economic opportunities for low-income people, including youth, through its Economic Opportunity Initiative. The city currently uses \$535,739 in CDBG funding and \$1 million in general funds to support four youth programs.

- **Native American Youth and Family Center (NAYA)/Native American Youth Employment Services (NAYES) project.** NAYES provides Native American youth with internships, personal support, cultural life skills training, job skills training, and job placement and retention support through this youth workforce program. NAYA received \$184,444 in CDBG funding to support the NAYES project.
- **New Avenues for Youth/Retail Industry Sales Exposure (RISE) project.** RISE is a project of New Avenues for Youth, whose mission is to help every youth reach his or her fullest potential by offering a continuum of outcome-based services that empower homeless youth to exit street life and that prevent other youth from becoming homeless. RISE works with high-risk youth to develop long-term career goals and skills and supports the implementation of these goals and skills in the retail industry with multiple employer partners. New Avenues for Youth received \$70,000 in CDBG funds to support the RISE project.
- **Open Meadow/Corporate Connections program.** Corporate Connections is a business career development program available to low-income youth ages 18 to 24 who are seeking entry-level, career-track office employment. Open Meadow partners with companies around Portland that provide training, internships, and job opportunities to Corporate Connections participants. Training topics include sales and customer service, networking, computer applications, office culture, and behavioral interviewing. After completing the training, youth participate in 200-hour internships with partner companies and earn a \$500 stipend. Program staff are committed to working with youth to help them advance in their careers for three years after their initial enrollment. Corporate Connections received \$121,400 in CDBG funding.
- **Open Meadow/Alternative School Transitions Project.** The Alternative School Transitions Project provides former high school dropouts with long-term mentoring; personal, academic, and career assistance; and high school completion and training support to promote employment and higher education. Total CDBG funding received for this project is \$159,895.

For more information on these programs, see <http://www.portlandonline.com/bhcd/index.cfm?c=30143>.

Combining Funding Streams to Involve Youth in Community Initiatives

The city of New Bedford, Massachusetts, through its Office of Housing and Neighborhood Development, has committed more than \$650,000 in CDBG and Home Investment Partnerships Program funding since 1998 to PACE Inc.'s YouthBuild New Bedford Program. This program combines training in the construction industry with an academic component to help participants receive their General Educational Development (GED) certificate, obtain scholarships for higher education, and participate in union apprenticeship programs and community service projects while developing leadership skills. Through the efforts of committed young people, abandoned housing and vacant lots are being rehabilitated and providing home ownership opportunities for low-income first-time homeowners. In addition, participants are rehabilitating community centers, constructing wheelchair ramps, and mentoring and reading to children in Head Start programs. To date, more than 450 youth have received training. Funding for YouthBuild New Bedford is provided by a wide array of sources, including the Island Foundation, United Way of Greater New Bedford, YouthBuild USA, the U.S. Department of Housing and Urban Development, Sailor's Snug Harbor, the Community Foundation, the Massachusetts Department of Education, the Massachusetts Executive Office of Public Safety for Anti-Gang and Violence Prevention, and the Greater New Bedford Workforce Investment Board. For more information, see <http://www.paceinfo.org/youthbuildnb.html>.

Considerations for Using Strategy 3

- If those administering CDBG in communities are willing to take a critical look at how CDBG funds are allocated, opportunities to reclassify certain activities from the public services category to other uncapped categories of allowable CDBG activities (e.g., construction or microenterprise) may be identified. Unlike the public services category, there is no cap on funding for other allowable activities. Therefore, the development of projects that involve young people in economic and infrastructure development activities will greatly increase the amount of CDBG funding available to support youth programs and services. By doing this, young people can gain access to additional services and programs, increasing their access to opportunities for housing, employment, and supportive services. Reclassifying certain activities will maximize the total amount of CDBG funding that can be used to support youth programs and may help avoid turf battles.
- Successful implementation of this strategy can be aided by forming partnerships with other stakeholders and organizations in the community development field, including community development corporations, workforce development cooperations and boards, public housing authorities, and chambers of commerce. These partners can help identify creative ways to maximize the use of CDBG in order to successfully serve young people.
- Program developers can help ensure that youth benefit from CDBG-funded community development projects by becoming involved in the consolidated and annual planning processes.



Conclusion

Youth programs that support education, employment, mentoring, and successful transitions to adulthood are critical components of efforts to revitalize communities. CDBG supports these efforts and is an important resource for youth programs and initiatives to consider. It provides a substantial amount of funding to states and communities to serve youth of lower and moderate income. This strategy brief provides guidance and ideas for accessing CDBG funding. Successful use of the proposed strategies can influence the allocation of CDBG funds to meet the needs of young people and their communities.

Resources of The Finance Project

Anuszkiewicz, Brittany. *Financing Workforce Development Programs for Youth Transitioning Out of Foster Care*. Washington, D.C.: The Finance Project, April 2007. Available at: http://financeproject.org/Publications/Workforce_SB.pdf.

Deich, Sharon, and Cheryl D. Hayes. *Thinking Broadly: Financing Strategies for Youth Programs*. Washington, D.C.: The Finance Project, January 2007. Available at: http://www.financeproject.org/publications/Thinkingbroadly_PM.pdf.

Dobbins-Harper, Dione, and Soumya Bhat. *Finding Funding: A Guide to Federal Sources for Youth Programs*. Washington, D.C.: The Finance Project, January 2007. Available at: http://www.financeproject.org/publications/findingfunding_PM.pdf.

Flynn, Margaret, and Megan Perry. *Using the Community Development Block Grant to Support Out-of-School Time and Community School Initiatives*. Washington, D.C.: The Finance Project, October 2001. Available at: <http://www.financeproject.org/Publications/Brief8.pdf>.

Gray, Aracelis. *Financing Asset-Building and Financial Education Programs for Youth Transitioning Out of Foster Care*. Washington, D.C.: The Finance Project, April 2007. Available at: http://www.financeproject.org/publications/FinLitAssetBuild_SB.pdf.

Gray, Aracelis, and Carol Cohen. *Guide to Federal Funding Sources for the Jim Casey Youth Opportunities Initiative and Other Youth Initiatives*. Washington, D.C.: The Finance Project, January 2004. Available at: <http://www.financeproject.org/publications/JCYOIFundingGuide.pdf>.

Gruenstein, Debbie, and Michelle Miller. *Encouraging Savings and Financing Individual Development Account Programs*. Washington, D.C.: The Finance Project, October 2002. Available at: <http://www.financeproject.org/Publications/ida.pdf>.

Halpern, Robert, Sharon Deich, and Carol Cohen. *Financing After-School Programs*. Washington, D.C.: The Finance Project, May 2000. Available at: http://www.financeproject.org/Publications/financing_afterschool_programs.htm.

Langford, Barbara Hanson, and Margaret Flynn-Kahn, with Rachel Sherman. *Financing Entrepreneurship Programs for Youth Transitioning Out of Foster Care*. Washington, D.C.: The Finance Project, March 2007. Available at: http://www.financeproject.org/publications/Entrepreneurship_SB.pdf.

Lind, Christianne, and Pamela Friedman. *Strategies to Build Assets Among Low-Income Families: Mapping the Field*. Washington, D.C.: The Finance Project, December 2006. Available at: <http://www.financeproject.org/publications/StrategiestoBuildAssets.pdf>.



Relave, Nanette. *Finding Resources to Support Workforce Development Services for Youth*. Washington, D.C.: The Finance Project, April 2006. Available at:
http://www.financeproject.org/publications/workforce_youth.pdf.

Relave, Nanette, and Sharon Deich. *A Guide to Successful Public and Private Partnerships for Youth Programs*. Washington, D.C.: The Finance Project, January 2007. Available at:
http://www.financeproject.org/publications/PublicPrivate_PM.pdf.

Sandel, Kate. *Snapshots of Sustainability: Profiles of Successful Strategies for Financing Out-of-School Time Programs*. Washington, D.C.: The Finance Project, September 2007. Available at:
<http://www.financeproject.org/Publications/SustainabilityProfilesOST.pdf>.

Sherman, Rachel H., Sharon Deich, and Barbara Hanson Langford. *Creating Dedicated Local and State Revenue Sources for Youth Programs*. Washington, D.C.: The Finance Project, January 2007. Available at:
http://www.financeproject.org/publications/DLR_PM.pdf.

Other Resources

The CDBG Regulations: *Title 24, Code of Federal Regulations, Part 570 Community Development Block Grants*. Available at: http://www.access.gpo.gov/nara/cfr/waisidx_07/24cfr570_07.html.

The Consolidated Plan Regulations: *Title 24, Code of Federal Regulations, Part 91, Consolidated Submissions for Community Planning and Development Programs*. Available at:
http://www.hud.gov/offices/cpd/about/conplan/finalrule_bookview.pdf.

Gramlich, Ed. *CDBG: An Action Guide to the Community Development Block Grant Program*. Washington, D.C.: Center for Community Change, 1998. Available at:
<http://www.cccfiles.org/shared/publications/downloads/CDBG.pdf>.

Rubenstein, Gwen, and Andrea Mayo. *Training Policy in Brief: An Overview of Federal Workforce Development Policies*. Washington, D.C.: The Workforce Alliance, 2007. Available at: http://www.workforcealliance.org/atf/cf/%7B93353952-1DF1-473A-B105-7713F4529EBB%7D/2BB%20Chpt_10.pdf.

U.S. Department of Housing and Urban Development. *Community Development Block Grant Program: Guide to National Objectives and Eligible Activities for Entitlement Communities*. Washington, D.C., April 2001. Available at: <http://www.hud.gov/offices/cpd/communitydevelopment/library/deskguid.cfm>.

Acknowledgements

This strategy brief updates *Using the Community Development Block Grant to Support Out-of-School Time and Community School Initiatives*, which was originally authored by Margaret Flynn with Megan Parry and released by The Finance Project in October 2001. The authors would like to extend their sincere thanks to colleagues at The Finance Project, especially Brittany Anuskiewicz and Carol Cohen, who provided valuable guidance and feedback. The authors are grateful to Steve Johnson and his staff at the U.S. Department of Housing and Urban Development, Lloyd Bullard of L.B. International Consulting, L.L.C., Dolores A. Jimerson of the National Indian Child Welfare Association and Vicki Watson of the National Community Development Association; all provided knowledgeable comments and suggestions on the content of this brief. Many thanks also to the program and initiative leaders who shared information on their efforts to support youth programs. The Finance Project appreciates Philip Morris USA for its generous support enabling the development and publication of this work.

About The Finance Project

Helping leaders finance and sustain initiatives that lead to better futures for children, families, and communities.

The Finance Project is an independent nonprofit research, training, consulting, and technical assistance firm for public- and private-sector leaders nationwide. We specialize in helping leaders plan and implement financing and sustainability strategies for initiatives that benefit children, families, and communities. Through a broad array of tools, products, and services, we help leaders make smart investment decisions, develop sound financing strategies, and build solid partnerships. To learn more, visit www.financeproject.org.

Sustaining and Expanding Youth Programs and Policies

This publication is part of a series of tools and resources on financing and sustaining youth programming developed by The Finance Project with support from Philip Morris USA. These tools and resources are intended to help policymakers, program developers, and community leaders develop innovative strategies for implementing, financing, and sustaining effective programs and policies. To access these resources and for more information on this project, visit www.financeproject.org/irc.cfm.



The **FINANCE**
PROJECT

1401 New York Avenue, NW
Suite 800

Washington, D.C. 20005

T: 202.587.1000

F: 202.628.4205

www.financeproject.org