



Improving American Lives For 25 Years

STATE
COMMUNITY
DEVELOPMENT

BLOCK
GRANT
PROGRAM

25



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This booklet was developed by COSCDA, whose mission statement is as follows:

“COSCDA is the premier national association advocating and enhancing the leadership role of states in community development through innovative policy development and implementation, customer-driven technical assistance, education and collaborative efforts.

“COSCDA advocates for the interests of states with federal policy makers, analyzes proposed legislation and budget initiatives, helps states share information about best practices, and produces a variety of newsletters and technical reports. In addition, COSCDA also offers its members technical assistance on a variety of community development and housing-related issues.”

COSCDA wishes to thank the states that submitted photos for this publication for their continued support and efforts on behalf of the low- and moderate-income people benefiting from the CDBG program.



December 2006

STATE COMMUNITY DEVELOPMENT

BLOCK GRANT PROGRAM

25



2006 marked the 25th anniversary of the State Community Development Block Grant (CDBG) program. The CDBG program is the mainstay of states' efforts to improve communities and the quality of life for low- and moderate-income citizens. Since its inception, states have utilized the CDBG program to help small towns and rural communities address their community development needs — to improve or provide infrastructure, public facilities, housing and economic development.

25TH ANNIVERSARY PROJECT SHOWCASE

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The projects showcased here are but a sampling of the myriad improvements for which the State CDBG program has been a catalyst in recent years. Each project is not only a boon to its community, but also a tribute to dedication, ingenuity, hard work and the power of partnership.

Improving American lives for 25 years

A HISTORY OF HELPING

When President Ford signed the Community Development Block Grant (CDBG) program into law in 1974, it was heralded as a new beginning for federal funding of community development activities. The program represented a shift in domestic policy, away from federal categorical programs and federal control to more state and local control. Once the CDBG program was established, the Federal Government no longer mandated which projects or activities were to be funded. “New Federalism” followed, proposed as a way to respond to growing discontent from states and local governments about federal programs. The hallmark of the CDBG program is its flexibility, based on the belief that state and local governments are best suited to determine their community development needs and decide how best to address those needs.

As one of the nation’s largest federal grant programs, CDBG has played a critical role in revitalizing communities. The CDBG program is not a single program, rather, it is a block grant which allows funding of a broad range of eligible activities. Housing rehabilitation and preservation, economic development, infrastructure improvements, water and sewer facilities, and public facilities are a few of the eligible activities. CDBG funds must be spent on projects to help achieve one of the program’s three overarching goals — to provide suitable living environments, decent housing, or to create economic opportunities. The program funds must be spent on projects which primarily serve low- and moderate-income persons.

At the inception of the program in 1975, larger cities in metropolitan areas, called entitlement jurisdictions, received the majority of the program’s funds in the form of an annual block grant allocation, which they used to design and fund various projects and programs to address the specific needs in their neighborhoods. The “non-entitlement areas” — small cities and towns and rural areas — received funding for specific projects through a competitive state “Small Cities” program administered by the Department of Housing and Urban Development (HUD). In 1981, Congress gave states the option to administer the CDBG program for non-entitlement areas within their states. Currently, all states except Hawaii have opted to run their own State CDBG program. Today there are nearly 1,200 cities, counties and states receiving annual CDBG block grant allocations — these are the “grantees” of the program. The funds appropriated annually by Congress for the CDBG program are split between the entitlement program (70 percent) and the state program (30 percent) and then distributed to grantees by a statutorily established formula.

This predictable stream of funding from the Federal Government to state and local governments is key to the success of the program. Because it is regarded as a reliable source of annual funding, CDBG allows state and local officials to make long-term commitments to other public and private partners and investors.

“The Governors strongly support the Community Development Block Grant program. CDBG helps states and local jurisdictions tackle their most serious community development challenges...to insure that, in particular, the nation’s rural areas and smaller municipalities continue to have reliable partners for their efforts to address locally identified needs. Governors support maximum feasible deference and flexibility for states in CDBG programming and administration.”

National Governors Association, Policy Position, 2005

HOW IT WORKS IN THE 50 STATES

Recognizing that each state (including Puerto Rico, but not the state of Hawaii, which permanently elected not to administer the State CDBG program in 2004) has a unique governmental structure and relationship to their localities, the State CDBG program regulations and guidance give states “maximum feasible deference” to tailor the program to fit within their own structure and to address their specific community development needs. States are responsible for the non-entitlement areas, which encompass the small towns and rural areas in each state. As one might expect, community development needs in these areas vary from state to state. For example, the rural community development needs of New York, Georgia and Idaho are very different, and within those states, their communities have disparate needs – some need help with fostering economic development, others with providing sanitary water and sewer systems, others with deteriorated homes and apartments.

The State CDBG program is a true federal-state-local government partnership. States receive their CDBG funds from the Federal Government, and use those funds to provide grants to units of local government who actually carry out the activities, typically using local contractors or non-profit organizations to implement them. States distribute their CDBG funds to local governments through a variety of methods. Some states hold annual competitions, others distribute all or part of the funds through a formula allocation process, still others

utilize regional planning organizations to help administer the program. Some states have set-asides for special initiatives or programs, e.g. special economic development programs or farm worker housing.

Each state establishes annual priorities for how it will spend its CDBG funds based on input from its local governments and citizens. HUD monitors and approves the states’ methods of fund distribution, program design and administration to ensure that its programs are in compliance with applicable CDBG and other federal program rules and regulations. States, in turn, monitor the work carried out by the local governments to ensure their compliance with both federal and state requirements. States also provide a great deal of training and capacity building assistance to local governments to help them effectively and efficiently implement their projects.

The CDBG program statute requires that at least 70 percent of the funds expended principally benefit low- and moderate-income persons. HUD data confirms that states exceed that threshold; over 96 percent of all State CDBG funds are spent on activities specifically benefitting such persons. The funded activities help these persons improve their quality of life directly by creating or retaining jobs, providing services to special populations such as the elderly and persons with disabilities, improving housing in need of repair, or upgrading the infrastructure and public facilities in areas in which low- and moderate- income persons live or work.

“States have demonstrated that they are uniquely qualified to effectively administer the CDBG program in a way that results in concrete, lasting improvements in the lives of real citizens in real communities across America.”

*Dianne E. Taylor, Executive Director
Council of State Community Development Agencies (COSCDA)*

UNIQUE BENEFITS IN EVERY STATE

Over the life of the program, over \$25 billion has been appropriated for the State CDBG program. States spend those funds to achieve three primary outcomes – to provide new or improved access to basic and affordable infrastructure, public services and facilities, to provide affordable housing, or to help sustain communities and make them more viable for low- and moderate-income persons to live there. To achieve these outcomes, states may fund projects that help improve water quality where there has been a contaminated water supply, or provide assistance to a business owner to help keep jobs in a community. In sum, the kinds of activities states fund with CDBG address basic quality of life issues for low- and moderate-income persons where they live.

The results and benefits from the State CDBG program are significant. Nationwide, COSCDA estimates that states assist approximately

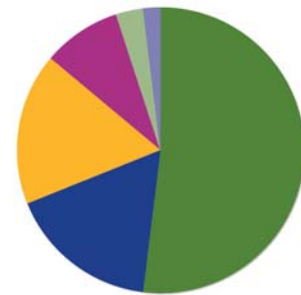
5,000 small and rural communities in any given year with CDBG funds. A large number of state grant recipients are small communities, with populations of fewer than 2,500. Most are rural in nature where basic infrastructure, such as water and sewer or public facilities is inadequate or non-existent.

On the whole, the majority of State CDBG funds have been spent on public infrastructure and facilities. Many low-income rural areas lack the fiscal and planning capacity to address infrastructure needs on their own. Water and sewer projects comprise about 30 percent of all State CDBG funding, as many rural communities continue to lack basic infrastructure services, having been left behind in the development booms experienced in more urban areas. Infrastructure is the key to addressing other challenges in rural areas, as inadequate infrastructure restricts economic development and the provision of decent housing.

The pie chart below represents State CDBG expenditures by categories of activities over the life of the program.

Public Facilities/Infrastructure	50-55 %
Housing	15-20 %
Economic Dev.	15-20 %
Planning	8-10 %
Acquisition	3 %
Public Services	2 %

State CDBG Program Expenditures



Although beneficiary data from the early years of the program is limited, more recent data demonstrates the concrete results of state-funded CDBG activities to low- and moderate-income persons. HUD data show that from 1999 through 2006, more than 30 million beneficiaries were served by new or improved public facilities, and approximately 6.8 million of those beneficiaries lived in areas where improved water and sewer system projects were implemented. Housing activities, such as direct assistance for housing rehabilitation, are the second most frequently funded activities. For example, from 1991 through 1993, over 43,000 housing units were

assisted, and from 1999-2006, over 127,000 housing units were rehabilitated. Economic development-assistance to businesses, micro-enterprises or other economic endeavors — is also a significant activity of many State CDBG programs. From 1994 to 1996, approximately 176,000 jobs were created or retained as a result of projects funded by states with CDBG and from 2002 to 2006, approximately 275,000 jobs were created or retained. Lastly, although a small portion of State CDBG funds is spent on public services, there is a large benefit. From 1999 to 2006, on average, 250,000 to 400,000 persons were served annually by public service activities.

INFRASTRUCTURE

Basic infrastructure needs in some rural areas can rival those of developing countries. Many American families still do not have sanitary sewer systems or safe drinking water. States spend a significant portion of their annual CDBG allocations on water and sewer systems, funding projects that repair decaying septic systems and expand existing water lines, as well as assist in the construction of new ones. Sidewalk and road repair, road improvements and easements for emergency access are also a critical part of the infrastructure funded by the State CDBG program.



INFRASTRUCTURE

WIND TURBINE • LENOX, IOWA



The Lenox Municipal Utilities services 1,401 people, 925 (66 percent) of whom are low- and moderate-income persons. CDBG funds were used to construct a 750-kilowatt wind turbine to serve the entire community, through the Lenox Municipal Utilities. The turbine provides ten percent of the electric energy needed in the community.

Because of the supplemental power provided by the wind turbine over an extended period of time, it was estimated that there will be a \$640,000 savings in electric energy costs over the next 20 years, or \$5.07 per month per customer. The primary benefit in this case was that fewer dollars will be leaving the city. Less volatility in power supply costs has been an additional benefit, since the cost of wind generation is largely fixed due to repayment of the loan.

INFRASTRUCTURE

WATER TREATMENT FACILITY • NOXAPATER, MISSISSIPPI



The Town of Noxapater, Mississippi, and the Flower Ridge Water Association partnered to complete a new water treatment facility, a tribute to what communities and state government can achieve by working together.

Both water systems were plagued with high iron content that produced rust red water with an unpleasant odor. Residents of Noxapater and surrounding Winston County were unable to use the water to even wash clothing, because of the rust stains.

Noxapater combined CDBG grant funds with grants and loans from the United States Department of Agriculture and the Appalachian Regional Commission to complete the facility. The availability of clean water allowed the small town to retain its only manufacturing company, Choctaw Glove, Inc., which manufactures white work gloves for companies such as Nissan. The company had been faced with a dilemma. They had to add so many chemicals to the water to allow the gloves to remain white that the process was becoming cost-prohibitive. The company was understandably considering relocating to an area with a cleaner water supply, and 20 jobs would have been lost. As a result of the water project, Choctaw Gloves, Inc. was able to retain the 20 jobs, and to expand and hire an additional 30 employees, since its manufacturing process had become more affordable and the company was better able to market its products.

INFRASTRUCTURE

WASTEWATER TREATMENT FACILITY • BIGELOW, ARKANSAS

This wastewater project featured the construction of a new gravity sewer collection system and treatment facility in the City of Bigelow, Arkansas. The system serves approximately 164 new customers in the Bigelow area, where more than 80 percent of residents have low- or moderate-incomes.



Before this project commenced, the septic tank failure rate for this area was 90 percent, based on a wastewater disposal system assessment completed by the Perry County sanitarian. Construction included the installation of the sewer system, including three pump stations and a force main, as well as a new treatment plant.

NEW WATER SYSTEM • LASALLE PARISH, LOUISIANA

With CDBG funds, a water line extension was built to bring pipes and water to this part of Louisiana's rural LaSalle Parish. Previously, the community had no existing water system in place.



INFRASTRUCTURE

WATER TANK • BRANTLEY, ALABAMA



Ever hear of bats in your belfry? Before this project was begun, the Town of Brantley, Alabama, had bats in their water supply. The town's dilapidated water tank was open to insects, birds, and bats. Maintenance workers found the intruders' carcasses in the water supply on a regular basis. As disgusting as this sounds, the storage tank had several other problems. The outside of the tank was covered with lead paint, and the inside was coated with coal tar. The situation was an obvious health threat to the safety and welfare of Brantley's residents and the rural customers who also used this water system.

With CDBG grant funds in hand, this small town of 920 residents built a new elevated storage tank, ensuring the safety of its water supply. The town also invested its own funds in the project. The new 400,000 gallon tank provides an adequate, safe water supply every time residents turn on a faucet for a cold drink of water, bathe their children or launder their clothes. Without the funds provided by the CDBG program, the low- and moderate-income residents of Brantley would have been burdened with many years of increased utility bills to service the debt needed to meet their most basic need.

INFRASTRUCTURE

NEW WATER SUPPLY • SPRINGFIELD TOWNSHIP, PENNSYLVANIA

The residents of Springfield Township in Fayette County, Pennsylvania, had never had a safe or plentiful water supply. The 70 families who lived there had to haul water in tanks in their pickup trucks, purchase drinking water at the market, carry laundry to laundromats and take children to relatives' homes for baths.

This project involved building and installing a new water system, with new pipes and hook-ups. The result of the project was that the residents had a safe and plentiful supply of water for the very first time. The photo depicts the first time this family could let water run in the sink or wash clothes at home.



WATER TREATMENT • FORT SUMNER, NEW MEXICO

Water treatment was needed in the Village of Fort Sumner, New Mexico to deal with water contaminated by radiation. Using CDBG funds, the Village installed two treatment units to remove radiation from the water and also installed wastewater lines from treatment units to dispose of bad water. The project benefited 1,201 residents, of whom 52 percent have low- or moderate-incomes.



INFRASTRUCTURE

WATER TREATMENT • ANSON, TEXAS

The city of Anson addressed water treatment plant problems through the installation of two concrete filters. The project, which benefited 2,489 residents, included site work, controllers, blowers, piping, backwash pump and flow meter, electrical controls, and fencing.



WATER TANK • EATONVILLE, FLORIDA



This neighborhood revitalization project called for the construction of two new water wells and a water tank. Using CDBG funds as well as money from other sources, the tank benefits 2,342 residents, of whom 2,074 are low- and moderate-income residents, and 1,342 of whom are classified as having very low incomes.

PUBLIC FACILITIES & SERVICES



Public facilities and public services in rural areas typically address basic quality of life needs, such as community centers, senior centers, meals on wheels for seniors, job training, homeownership counseling, homeless shelters, rural health care facilities, child care centers, and fire stations.

PUBLIC FACILITIES & SERVICES

HUSLIA HEALTH CLINIC • HUSLIA, ALASKA

Sand Point, the largest fishing port on the Aleutian chain, is located on Popof Island, 570 air miles southwest of Anchorage, with a population of 952. This project used



CDBG funds provided to the City of Sand Point to build a new health clinic. The clinic provides a substantial benefit to low- and moderate-income persons by providing high-quality health care services close to home and reducing the need to travel for health care.

CHILD CARE CENTER • LIVINGSTONE, CALIFORNIA

This child care center in Livingstone, California, built with CDBG funds, is benefiting 89 children and low-income families.



PUBLIC FACILITIES & SERVICES

MEALS ON WHEELS • SOUTHWEST UTAH

The Five County Association of Governments, located across southwest Utah, used their CDBG funds to purchase 14 Meals on Wheels trucks for the region's senior centers. The trucks are used to deliver nutritious meals to homebound elderly persons throughout the five counties. The meals are prepared at each senior center in special food trays that can be sealed, stacked and easily transported. These new vehicles provide refrigerated and heated transport, which ensures that the hot food stays hot and the cold food



stays cold from the first delivery to the last.

More than 600 seniors are served 2,400 meals each week, but this public service project provides much more than healthy meals. Meal delivery provides much needed social interaction for low-income seniors who would otherwise be very isolated.

BOYS & GIRLS CLUB • WEST POINT, GEORGIA

CDBG funding resulted in the construction of a 5,000 square foot facility for the West Point Boys and Girls Club. The new boys and girls club replaced a facility housed in an old school that was overcrowded and had various problems. Classes are offered in music, art, and computers, and the Club offers tutoring and counseling for young adults. This project benefits 200 youth, 180 of whom live in low- and moderate-income households.



PUBLIC FACILITIES & SERVICES

TUPELO COMMUNITY CENTER • TUPELO, MISSISSIPPI



experienced an 86 percent reduction in crime, exceeding all national records. Physical changes began to take place in the community. The overgrown lots, junk cars and boarded-up houses began to disappear. Two new churches moved in. A new laundromat/barbershop has been built, and a grocery store is looking for a spot in the area.

The new community center houses a Boys & Girls Club and a Headstart program, and is open at 6:30 am every weekday to accom-

Haven Acres is a predominantly African-American, low-income community. At one time, youth gangs roamed the neighborhood, which was so crime-ridden that police officers were afraid to respond to calls unassisted. Neglect permeated the neighborhood. Houses were abandoned and falling down. Lots were overgrown and strewn with trash.



The Tupelo Community Center became the catalyst for change. Partnering with the City of Tupelo, the Haven Acres Neighborhood Association was organized. Over a 24-month period, after adopting a “zero tolerance” for crimes, the neighborhood



moderate other residents and the elderly as a gathering place for activities and enhancement of social skills. Residents consider the community center a “safe haven” that provides activities and social interaction for every stage of life.

The “Haven Acres Story” has been told nationally through a documentary film and has been studied by universities as a model of urban change.

PUBLIC FACILITIES & SERVICES

OAHE CHILD DEVELOPMENT CENTER • PIERRE, SOUTH DAKOTA

Better and safer service to children was the result of a joint effort comprising Rural Development, the Pierre School District and Head Start, funded by the South Dakota CDBG.

Previously, the Head Start Program was located in three different locations, the staff in one place and the children's services in the other two. By consolidating the facilities into one, participation of families has increased because of the convenience of the new location.



As a result, staff is able to provide increased direct service to 216 low- and moderate-income children and their families, because they don't have to spend time transporting children to and from different locations.



MARS HILL FIRE STATION • AROOSTOOK COUNTY, MAINE

Maine's CDBG Public Facilities program matched local funding to build this fire station. The Mars Hill Fire Station replaced a shoddy old fire barn which had multiple health and safety issues. It was outdated and too small to house the necessary fire trucks. The station serves about 3,000 people living in three towns in rural Aroostook County, Maine's northernmost county.



PUBLIC FACILITIES & SERVICES

COMMUNITY CENTER • WENATCHEE, WASHINGTON

A CDBG Community Investment Fund grant helped the City of Wenatchee to renovate the existing St. Joseph's church site into a community center that primarily benefits low- and moderate-income families in the neighborhood of South Wenatchee. The project involved the renovation of the existing church and rectory, the addition of two modular buildings and site improvements.



The Center houses several agencies, including the Chelan-Douglas Community Action Council, Opportunities Industrialization Center, Washington Farmworker Investment Program, Veteran's Service Office and the Wenatchee Food Bank. The Wenatchee Valley College and Chelan-Douglas Health District also

utilize the facilities. The new center serves 1,526 households (1,100 of which are considered low- to moderate-income) and 5,747 people (4,389 of whom are considered low- to moderate-income). Costs were also covered by the City of Wenatchee, Washington State Capital Projects, the Bill and Melinda Gates Foundation, among others.



PUBLIC FACILITIES & SERVICES

HAYSI MEDICAL CLINIC • HAYSI, VIRGINIA



new medical clinic when the opportunity arose to tie the clinic in with a proposed broadband fiber optic network in the town. Subsequently, the clinic received CDBG funds for construction of the facility and for part of the broadband fiber optic network to establish a high speed telemedicine connection to University of Virginia Medical Center. The clinic, which serves more than 70 percent low- and moderate-income persons, provides a wide range of medical services, including dental, mental health and other special services.

Haysi, population 186, is an isolated, rural town located in mountainous Dickenson County, Virginia. Dickenson County is the most economically distressed county in the Commonwealth of Virginia, with a poverty rate of well over 20 percent and, at the outset of the project, a three-year average unemployment rate of 9.2 percent. The main industry is coal mining. The extreme topography and the lack of a four-lane highway makes business recruitment challenging.

In addition, the lack of affordable broadband infrastructure created problems in attracting new businesses and with existing businesses, some of which were considering relocation due to inadequate internet access. Another challenge in the region is inadequate health care. A lack of medical specialists resulted in people sometimes being misdiagnosed, untreated, or traveling great distances. Haysi received a CDBG planning grant from the Virginia Department of Housing and Community Development to study the need for a



“The CDBG program provides a great laboratory for innovation in community development. Over the past 25 years, Virginia’s investment of CDBG funding has made a significant impact in the daily lives of its citizens and brought about visible change in its communities.”

**Bill Shelton, Executive Director
Virginia Department of Housing and
Community Development**

PUBLIC FACILITIES & SERVICES

CITY LIBRARY • ATKINSON, NEBRASKA

A once-vacant lot is now home to the new high-tech Atkinson City Library and serves this Nebraska town with a population of 1,244.

The city's original library was almost 80 years old and Friends of the Library Foundation, Inc., the library staff, library patrons, students and residents alike badly needed the services a new library would provide.

The new library is 6,875 square feet and offers nearly twice the space of its 3,600 square foot predecessor. The additional space provides ample shelf space for the library's 19,500 volumes. The circulation desk has doubled in size. A reading area with fireplace and a storybook mural surrounds the new children's reading space. The youth and heritage rooms are equipped with local

history and microfilms of the local newspaper. The new library also features computer stations, high-quality wireless Internet, LCD projector, large

screen T.V., and handicapped accessible lavatories.

Beyond the tangible benefits, the new library helped beautify the downtown area by incorporating a modern look into Atkinson's historic district. Since its debut, the number of library patrons has doubled, elementary school classes schedule regular visits, and the Continuing Education Room is regularly booked in the afternoons and evenings. Library staff members plan to work with Home-

town Competitiveness, an Entrepreneurial Training Program that teaches strategic planning techniques to increase economic development in rural communities.



DISASTER RELIEF • MILAM COUNTY, TEXAS

A Texas community with a population of about 25,500, Milam County experienced severe storms that resulted in flooding, which caused significant damage to the roadways. Because of the extent of the damage, the Governor declared the area a disaster, and this project met the CDBG Urgent Need National Objective. The County used Texas' CDBG program's disaster relief funds for badly needed repairs to damaged roads and crossings to ensure public safety.



ECONOMIC DEVELOPMENT



Economic development activities can be in the form of direct assistance to businesses, including small businesses and micro-enterprises, or the creation or improvement of office or industrial parks, infrastructure improvements and other physical improvements. Grants and loans can also be made to non-profit groups who can, in turn, create revolving loan funds and provide financing for business development activities. These CDBG-funded economic development activities create or retain jobs for low- and moderate-income persons or provide essential services such as supermarkets and pharmacies in underserved market areas.



ECONOMIC DEVELOPMENT

SUN MOUNTAIN LUMBER • DEER LODGE, MONTANA



The Deer Lodge sawmill previously owned by Louisiana-Pacific Corporation was facing closure with the loss of more than 230 jobs in a very

small community. CDBG assistance allowed for new ownership and the retention of these jobs. Sun Mountain Lumber, Inc. purchased the firm through a CDBG award of economic development funds by Powell County and the City of Deer Lodge and by matching funds from other sources. The County made a loan to Sun Mountain Lumber for working capital, including administrative expenses. This was a true “but-for” project, because if CDBG funds had not been available, the sawmill would not have continued operation. As a result, Sun Mountain Lumber, Inc. not only retained more than 230 jobs but also created 149 new jobs, and 87 of the new hires were low- and moderate-income persons.

TIFTON PEANUT FACTORY • TIFTON, GEORGIA

Peanuts are an important part of the economy in the town of Tifton, Georgia. An Employee Incentive Program infrastructure project built a rail spur to serve Tifton Quality Peanuts’ peanut-shelling facility. The grant to the city leveraged a substantial private investment and created 55 new permanent full-time equivalent jobs, at least 41 of which are available to low- and moderate-income persons.



ECONOMIC DEVELOPMENT

OZARK BUSINESS DISTRICT • OZARK, MISSOURI

The Missouri Department of Economic Development awarded the city of Ozark CDBG funds for much needed infrastructure improvements in the central business district.

The public infrastructure in Ozark's downtown square had deteriorated over the years. The water and sewer lines were in serious need of replacement and, even more visibly, the sidewalks had crumbled to the point of being hazardous for pedestrians.

The City was very interested in not only saving its downtown square, but also redeveloping it to make it more attractive for shoppers and business owners. Missouri requires a dollar-for-dollar match for downtown revitalization from the private sector, so downtown business owners matched the State CDBG grant.

The CDBG funds, plus contributions of city funds and in-kind labor, assisted the city in replacing water and sewer lines, constructing new sidewalks, and installing new period street lights.

The private sector expended more than they pledged on building improvements. Notable among the private improvements were the construction of loft apartments and the complete rehabilitation of a downtown square building by the local newspaper for their new location.



ECONOMIC DEVELOPMENT

CUSTOMER CALL CENTER • IRON RIVER, MICHIGAN

Aided with CDBG funds, a new call center called the Global Response Customer Contact Center was created in Michigan's Upper Peninsula in a community called Iron River. CDBG contributed funds to improve the public infrastructure (roads, parking lot and building improvements) at the site.

The call center, which handles a variety of calls, i.e., catalogue purchases and camp ground reservations, serves the State of Michigan Department of Natural Resources, Spherix and Global Response North Corporation. The project created 86 new jobs for low- and moderate-income residents, who now earn above-average wages.



ECONOMIC DEVELOPMENT

DOWNTOWN RESTORATION • NORTH VERNON, INDIANA



Downtown North Vernon was in dire need of a facelift. This project eliminated the blighted conditions of the downtown area by addressing the deteriorated façades and infrastructure. The improvements included the restoration of 20 downtown building façades, provided new curbing and accessible sidewalks, adequate lighting, brick pavers, benches and trash receptacles.

DISTRIBUTION CENTER • MARIANNA, FLORIDA



Infrastucture was needed to make possible the construction of a new Family Dollar Distribution Center in Marianna, Florida. This economic development project brought sewer lines, water facilities and natural gas to a site to support the distribution center construction. The project resulted in the creation of 430 jobs, primarily for low- and moderate-income employees.

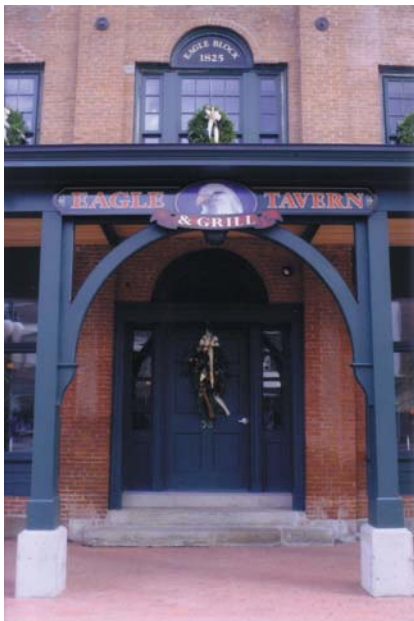
ECONOMIC DEVELOPMENT

EAGLE HOTEL • NEWPORT, NEW HAMPSHIRE

C DBG funds were used to renovate the Eagle Hotel, owned by the Economic Corporation of Newport (ECON).

The renovation included street-level retail space, restaurant space and office space to be rented to various social service agencies. The third floor is devoted to training space, where ECON conducts a precision machinist training program for a minimum of 43 individuals.

As a result of the machinist training, Timken Aerospace, Lebanon, NH was able to retain 8 current employees at an enhanced wage rate and create at least 35 new jobs for participants in ECON's training program. At least 65 percent of these retained and created jobs are held by low- and moderate-income persons.



ECONOMIC DEVELOPMENT

GUSAR PHARMACY • MONTICELLO, NEW YORK



Guser's Pharmacy in Monticello, New York, was the beneficiary of a micro-enterprise loan received through the Governor's Office for Small Cities, which was used for improvements. More than 1,300 full- and part-time jobs have been created through these micro-enterprise projects.

LITTLETON LEARNING CENTER • LITTLETON, NEW HAMPSHIRE

CDBG funds were used to help acquire and create the Littleton Area Learning Center (LALC), a 30,000 square foot facility that is a one-stop shop for career and educational services for businesses. It currently houses a variety of organizations and services including, but not limited to: Granite State College; NH Community Technical College; and NH Department of Employment Security. The goal of the LALC is to address the need to expand educational opportunities and upgrade the skills of area residents in the North Country of New Hampshire to help them get jobs and to develop a skilled workforce for area employers. Approximately 64 percent of the beneficiaries have low- or moderate-incomes.



ECONOMIC DEVELOPMENT

SHORTER PLANT • SHORTER, ALABAMA



The Town of Shorter, Alabama, is located in Macon County, one of 12 largely rural counties in the south-central part of the state. This area, known as the Black Belt, has long been characterized by high rates of poverty, illiteracy and economic stagnation. Macon County is one of the poorest in the state with 58 percent of its residents classified as low- and moderate-income.

Shorter was awarded CDBG economic development grant funds to assist Halla Climate Systems Alabama with site acquisition, sewer infrastructure and construction of an access road. These funds were leveraged with funds provided by the economic development authority and other monies from the Appalachian Regional Commission. With CDBG grant assistance, this small town of 355 persons successfully attracted the first new manufacturer to locate in this county within the past 30 years.

Halla Climate Systems invested in the construction of a 135,000-square-foot manufacturing facility, its first facility in the United States. This tier-one supplier to Hyundai Motor Manufacturing Alabama manufactures front end modules as well as HVAC cooling modules for Hyundai's Sonata and Santa Fe models. Halla currently has 150 employees on an annual payroll of \$5 million.

During just the first two years of the plant's operation, Macon County's unemployment rate has steadily dropped from 7.1 percent to 5.1 percent.

The story of Halla Climate Systems Alabama is one of many economic development success stories made possible in the state of Alabama with Community Development Block Grant funds.

ECONOMIC DEVELOPMENT

TUTTLE BLOCK • RUTLAND, VERMONT



The Rutland Redevelopment Authority, Rutland County Community Land Trust (RCCLT) and Housing Vermont renovated the Tuttle Building in downtown Rutland. The Tuttle Block now houses 13 perpetually affordable housing units in the upper floors. Also in the mix are offices for the RCCLT Trust and “Center Street Artisans,” a gallery on the ground floor selling handmade furniture and other items.



ELIMINATION OF BLIGHT • EUREKA, NEVADA

Eureka County received a CDBG planning grant to perform a feasibility study regarding how best to eliminate an old, abandoned mine site located just west of the town of Eureka, Nevada. The site contains old mining claims, is blighted and in need of redevelopment. The feasibility study specifically analyzed the potential redevelopment of the site into a historical, tourist-oriented park, which would help create jobs. A citizen

committee has been formed to provide input on the development and implementation of the proposed park.



ECONOMIC DEVELOPMENT

STREETSCAPING • PALMER, MASSACHUSETTS

In the central Massachusetts town of Palmer (pop. 12,900), CDBG funding for streetscape improvements assisted 16 businesses in 11 buildings, including funding much needed repairs to streets and sidewalks to enhance the attractiveness and livability of the downtown areas. This sign depicts a typical scene at CDBG-funded projects, announcing the project and its funding sources to the community. CDBG grants also funded housing rehabilitation projects in Palmer.



HOUSING



Most of the State-funded CDBG housing activities assist low-income, owner-occupied housing units, the most prevalent housing stock in small towns and rural areas. These activities include loans and grants for rehabilitation/renovation, accessibility modifications, lead-based paint remediation and emergency repairs for health and safety concerns. In addition, historic preservation and adaptive re-use of old structures, converting them into housing, is a frequent and effective activity. Homeownership assistance in the form of help with downpayments or other costs is also a frequent CDBG-funded housing activity.



HOUSING

HURRICANE ISABEL RELIEF • MARYLAND



When Hurricane Isabel struck the eastern coast of the United States, causing millions of dollars in property damage to Maryland’s eastern shore, CDBG was part of the solution. The program helped to provide temporary housing and permanent home repair for the more than 14,000 households affected by the disaster. Working alongside other state funding programs, CDBG helped to provide citizens with rehabilitation, renovation or replacement housing, as well as programs implemented to relax income restrictions and credit standards and offer special interest rates for loans to homeowners.

HOMEOWNERSHIP PROGRAM • TROY, NORTH CAROLINA

These low- to moderate-income homeowners, who would normally be unable to buy their own home, were typical of those who benefited from this homeownership program in Troy, North Carolina.

A contingency grant created a “rent to own” program in the community. The money was used to build new housing structures, along with providing housing counseling for the new homeowners.



HOUSING

SENIOR HOUSING • BRISTOL, RHODE ISLAND

For more than a decade, CDBG funds have been targeted to a predominantly low- and moderate-income neighborhood known as Mosaico, within the Town of Bristol, Rhode Island. A major part of this revitalization was the conversion by the East Bay Community Development Corporation of the former Kaiser Mill into nearly 100 units of housing for low-income seniors and a 92-unit assisted living facility with adult day care. CDBG supported the renovation of the mill and also invested in infrastructure upgrades and services assisting surrounding neighborhood residents.



PORTABLE ACCESSIBILITY RAMP • GOREHAM, MAINE



Portability is what sets this ramp apart. This project provides portable ramps as part of a rapid response to help permanently disabled low-income adults. Originally constructed as part of a pilot project to demonstrate the benefits of transportable ramps, it now serves as a prototype for a project conducted jointly between Maine towns and Alpha One, a non-profit organization. To date, the project has installed more than 20 ramps for low- and moderate-income persons in Maine.

HOUSING

THE ROSE HOTEL • YORK, SOUTH CAROLINA

York has the third largest historic district among cities in South Carolina. At the time of this project, York faced the prospect of losing a building that dated from the mid-1800s. At the same time, the number of York households with low- or moderate-incomes exceeded 51 percent, and affordable rental housing was scarce.

The Rose, a hotel full of life in its prime, had been converted for use by a textile company. Eventually, the hotel became a home only to pigeons, and it was in danger of being torn down. The City of York received a CDBG grant to renovate the interior and exterior of this historic downtown property into 14 affordable rental housing units. The City leveraged additional funding from private and other sources.

Instead of losing a treasured part of its past, York was able to preserve the historic structure for its revitalized downtown and provide housing for its workforce.



HOUSING

CITY HALL APARTMENT CONVERSION • NEW LONDON, WISCONSIN

Converting City Hall (and a neighboring furniture store) created 10 apartments for low- to moderate-income households in downtown New London. The second floor of the City Hall building was already connected to the furniture store for more showroom space.

CDBG funds were used to purchase the buildings and help the developer convert all of the vacant space on the second floors of both buildings into apartments. All 10 apartments were rented to low- and moderate-income households. The developer also converted both buildings' first floors into office and retail space. The apartments



and commercial space are completely occupied, greatly benefiting New London's downtown area.

HOUSING REHABILITATION • KENT COUNTY, DELAWARE



Photos give a clue to the dramatic difference the CDBG program makes to the people it benefits. Not only were generally substandard living conditions eliminated for this family in rural Delaware, but this project also provided significant mechanical, energy efficiency and life safety improvements. Improvements



included an efficient heating system, safe potable water, an updated electrical system and insulation.

This housing rehabilitation also leveraged funding from other sources. A waste disposal system was installed utilizing funds from the Delaware Department of Natural Resources's Septic Relief Program.

HOUSING

LITCHFIELD HOUSING TRUST • LITCHFIELD, CONNECTICUT

To maximize a grant from the Connecticut Department of Economic and Community Development, the Town of Litchfield partnered with an existing non-profit to address their town's housing needs. The town entered into a partnership with the Litchfield Housing Trust to bring homeownership opportunities to families with low and moderate incomes.

The Litchfield Housing Trust was formed to establish and maintain affordable housing for persons of modest means, while retaining the historic quality of the Litchfield community. The Housing Trust purchased property at scattered sites throughout the community. The “before, during and after” photos showcase the construction of one of three single family homes in which the project has resulted to date. These home purchase opportunities are geared to families earning 60 to 80 percent of median income. This project has and will continue to improve the quality, diversity and mix of housing in the region.

The endeavor has provided affordable housing in a community that has seen escalating housing costs and that has limited land availability at affordable levels. The Litchfield Housing Trust plans to continue this successful program as long as they are able to identify and purchase property on which to build housing.



HOUSING

DOWNTOWN HOMES • CONCORD, NEW HAMPSHIRE



CDBG funds helped the Concord Area Trust for Community Housing and the Community Action Program of Belknap Merrimack Counties rehabilitate 30 housing units for low- and moderate-income households. These units include eight homes for purchase, as well as renovations to 22 units whose owners or tenants are low- or moderate-income families or individuals. All of the units will remain affordable for a minimum of twenty years.

RELOCATING MOBILE HOMES • GARDEN CITY, IDAHO

After a mobile home park was sold to a developer, who wanted to use the land to build single family homes, residents were given six months to vacate. Some residents were elderly or disabled and had no funds to move their homes, or even to bring them up to code so they could be moved. They



wanted to remain in a mobile home park rather than move to apartments.

Several agencies and local citizens came together to help these families, and CDBG funds were used to help families rehabilitate their mobile homes and move them to a mobile home park owned and operated by a local non-profit group.

HOUSING

METHODIST HILL HOMES • GREENVILLE, ALABAMA

Every day in Alabama, a family faces a choice. Do they spend their limited income for food or medicine, pay a utility bill, or complete a much-needed repair on their home? As a result, maintenance and repairs become a low priority, homes deteriorate, and low-income parents and their children must continue to live in substandard housing.

The City of Greenville, Alabama, recognized that many of its residents, particularly those in the Methodist Hill neighborhood, needed assistance or they would never be able to live in safe and comfortable homes. Using CDBG funds, the City rehabilitated 19 homes into safe, sanitary and decent housing.

Additionally, 160 people in the neighborhood, of whom 94 percent have low- or moderate

incomes, received improved sewer service via replaced sewer laterals, manhole rehabilitation and cured-in-place pipe liner.

This project completed the work begun two years earlier with a CDBG grant which rehabilitated 27 homes and addressed drainage problems in this same neighborhood. The City of Greenville contributed matching funds for both projects.



These activities demonstrated to residents of the Methodist Hill neighborhood that the City of Greenville, the State of Alabama and HUD's CDBG Program believed in them and were willing to invest in their future.

THE STATE CDBG PROGRAM: A LOOK TO THE FUTURE

Much has changed in rural areas over the past 25 years, most notably, the loss of jobs and population has further compounded the problems already faced by rural low-income communities. These communities increasingly have fewer resources to address their basic needs. With the reduction in resources coupled with increased costs, many types of community development activities (e.g. economic development, water and sewer systems) now require multiple funding sources. States have had to become sophisticated brokers and coordinators of funding resources in order to best serve their rural communities, and look for the most effective ways to use the CDBG program to finance gaps in available funding for needed activities. Project delivery in rural areas can also be complex due to the challenges of providing services to large geographic areas. The flexibility offered by the State CDBG program is key to permitting states to modify their program as community development techniques and needs change.

From the beginning of the program, states have shown a willingness to try new approaches, and to learn what does and does not work. States' program designs have grown more varied and sophisticated, in response to newly identified needs and new problem-solving approaches. In recent years, states have been at the forefront of the creation of outcome measures and benchmarking results of their programming in order to assess the most effective means to expend the scarce resources available for these important programs.

The program's flexibility also fosters innovation. With CDBG support, states have encouraged their small cities and towns to try new community development techniques, such as self-help housing or micro-enterprise approaches. Many states have also worked hard to increase the capacity of their communities to plan and carry out community development activities. To supplement the federal assistance provided by CDBG, a majority of states fund their own community development programs to supplement federal programs.

The changing landscape of rural areas and small towns will continue to present challenges for states in their community development efforts. While there has been a steady out-migration of people from non-metropolitan areas to cities and larger suburban areas, the remaining low- and moderate-income persons and their communities have infrastructure, economic and housing needs which must be addressed. Demographic trends point to additional job losses for low skilled workers in rural areas. There is also an in-migration of sizable ethnic minority populations into rural areas, impacting rural employment, housing markets, and public school systems.

Potential changes to the formula used to distribute CDBG funds have been recommended by HUD and will likely be considered during the next session of Congress which begins January 2007. States are concerned about how the needs of rural areas will be reflected in proposed revi-

THE STATE CDBG PROGRAM: A LOOK TO THE FUTURE

sions to the formula and whether there will be cuts to CDBG funding to states accompanying any ensuing legislative changes. Looking forward, performance outcome reporting is a new focus for the CDBG program, which will demonstrate the tangible results of the activities. States are up to the task, as many had already established state-wide measurement systems and understand this effective technique for measuring the successes of their efforts.

There is also an emerging policy discussion about who should be served by the program and the very definition of what constitutes “community development”. States maintain that the flexibility of the CDBG program should continue to allow them to assist already deteriorated communities as well as to act proactively to prevent decline in more stable localities.

There are a myriad of essential differences between small and rural areas and large metropolitan areas which must be considered in any changes that will be made to the CDBG program

in the future. The economy of scale for program administration, the differences in geography and size of the service areas, the characteristics of the citizens of rural areas, the very nature of the way of life - these are all issues which must be addressed in any reforms proposed in the future.

Program issues such as the growing need for economic development in rural areas will also challenge State CDBG program design in the future. Rural America cannot easily connect to the “global economy”. The demand for technology is growing in rural America, where internet and other telecommunications systems are sorely lacking and desperately needed, not just for economic growth, but for essential public services such as health care and education.

In summary, small towns and rural areas are relying on states to help them preserve their communities and states are relying on the CDBG program as a crucial tool to help their citizens!

“For a quarter century, small towns and rural communities throughout our nation have looked to the State CDBG Program as a vital resource to improve their quality of life. State CDBG is a major provider of housing rehabilitation, public facilities and jobs for lower income persons living in Rural America. As we look to the future, we expect CDBG will be an even more effective vehicle to breathe new life into smaller communities across our nation.”

Pamela H. Patenaude

**Assistant Secretary for Community Planning and Development
U.S. Department of Housing and Urban Development**



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