

Research Brief

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Considerations for Optimizing CDBG Spending in Jackson, MS

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Abstract

This research brief examined the city of Jackson's Community Development Block Grant (CDBG) allocations and expenditures as related to municipal needs expressed by local community development organizations. A comparative analysis research design examined CDBG trend line spending against results from a 2018 survey of local community development organizations in Jackson, Mississippi. Findings indicated a potential misalignment or disconnect between CDBG spending and community needs expressed by local community development organizations. Based upon this study's findings, the following policy recommendations are made to optimize CDBG spending: (a) conducting an annual or bi-annual analysis of community needs; (b) increasing collaboration activities among agencies and organization regarding CDBG limited resources; and (c) conducting regular evaluations of the CDBG program's impact at each level of government (federal, state, and local).

Introduction

The purpose of this report is to examine the city of Jackson's Community Development Block Grant (CDBG) allocations and expenditures as related to municipal needs expressed by local community development organizations.

In recent years, CDBG funding has been continually reduced – so much so, that where it once provided approximately \$15 billion to states and municipalities from its inception in the mid-1970s, it now provides closer to \$3 billion (Wogan, 2017). Beginning with the FY2018 federal budget, U.S. President Donald Trump's administration has sought to eliminate the CDBG program for each subsequent year, claiming it has "low value" and is less effective in providing aid and relief to communities than previously believed (Arnold, 2019). With the CDBG program facing an uncertain future, it has become necessary to examine ways to optimize CDBG spending to counter claims of the program not meeting the needs of its intended communities. This particularly holds true for the state of Mississippi and the City of Jackson (MS) as proposed federal cuts to the CDBG program could cost up to \$1,698,823 per year by jurisdiction, and up to \$26,789,607 as a state (Flores, 2017; Center on Budget and Policy Priorities, 2017).

Brief Overview of CDBG Program

Urban areas like the city of Jackson, MS frequently utilize federal programs to support community and economic development initiatives. One such program is the Community Development Block Grant program (CDBG), which was enacted in 1974 and serves as the longest running program administered by the Department of Housing and Urban Development (HUD) (U.S. Department of Housing and Urban Development, 2019). To determine annual CDBG funding allocations, HUD uses a formula consisting of multiple “measures of community need.” These measures include factors such as poverty, housing conditions, population size, and population changes. This formula calculates funding distributions across 1,209 local units of governments, with no less than seventy percent of CDBG funds must be directed to programs and projects assisting low- to moderate-income individuals, and that meet at least one of several national program objectives (U.S. Department of Housing and Urban Development, 2019).

At the city level, Jackson is an “entitlement community” – a designation given to areas that are either: “principal cities of Metropolitan Statistical Areas (MSAs); or other metropolitan cities with populations of at least 50,000; qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities).” Even with the enhanced “entitlement community” designation, Jackson has seen a gradual diminishing in its CDBG allocations beginning in FY2007, with the exception of two years (FY2009-2010 and FY2017-2018), as shown in Figure 1 below.

Further funding reductions at best, and at worst, elimination of the CDBG program as proposed in recent federal budgets, will create a major obstacle to community improvement for cities like Jackson. Given the diverse ways for utilizing CDBG funds based on local needs and priorities, optimizing funds that remain available will require a careful consideration of how spending addresses community need (Flores, 2017). The goal of this research brief is to examine city of Jackson’s CDBG spending as related to local community development needs. The intent is to identify areas where optimizing existing spending can help produce higher quality of life measures, and address growing concerns regarding the efficacy of the CDBG program.

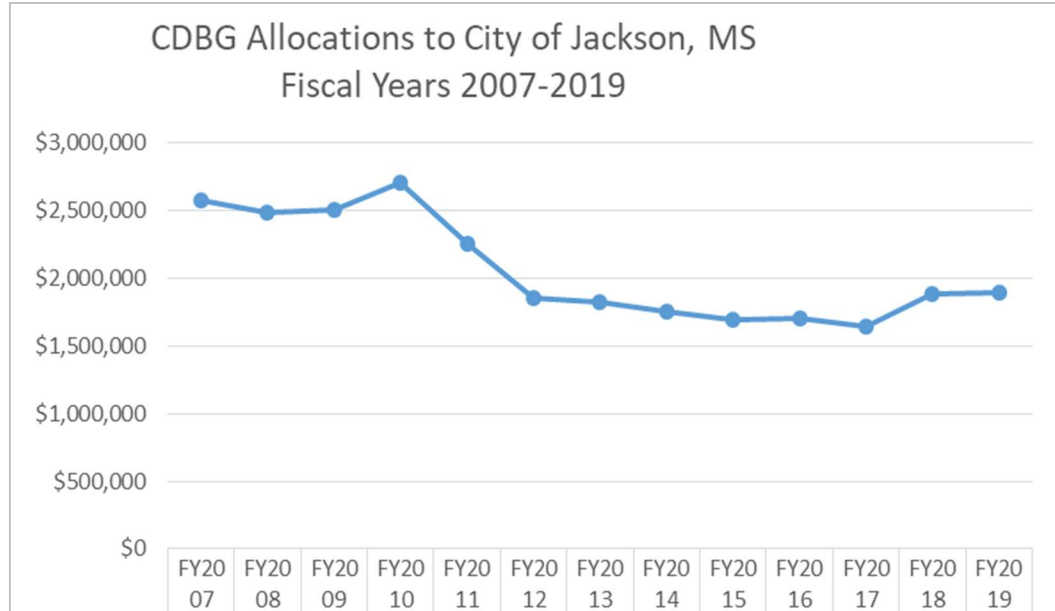
Methodology

This study utilized a mixed-methods, comparative analysis research design to examine CDBG spending against needs expressed by local community development organizations. The Department of Housing and Urban Development (HUD) CDBG National Activity Expenditure Reports’ website provided City of Jackson data for the years 2007-2018. A survey of community development organizations in the city of Jackson provided data on perceived local community development needs. The survey conducted in August 2018 by the Mississippi Urban Research Center (MURC) utilized the ‘Seven Community Capitals’ framework (Emory, Fey and Flora, 2006). A Microsoft Excel spreadsheet helped analyze collected data and produced comparison tables, pie charts, and bar graphs illustrating CDBG spending trends in Jackson for fiscal years 2007-2018. Information obtained from a community forum hosted by MURC with city residents, community development professionals, academics, and others in attendance provided additional comparison data (“Using Innovation to Build a Better Jackson” Community Forum, 2018).

Findings

Figure 1 documents a consistent decline in CDBG funding for the city of Jackson, despite its designation as an “entitlement community.”

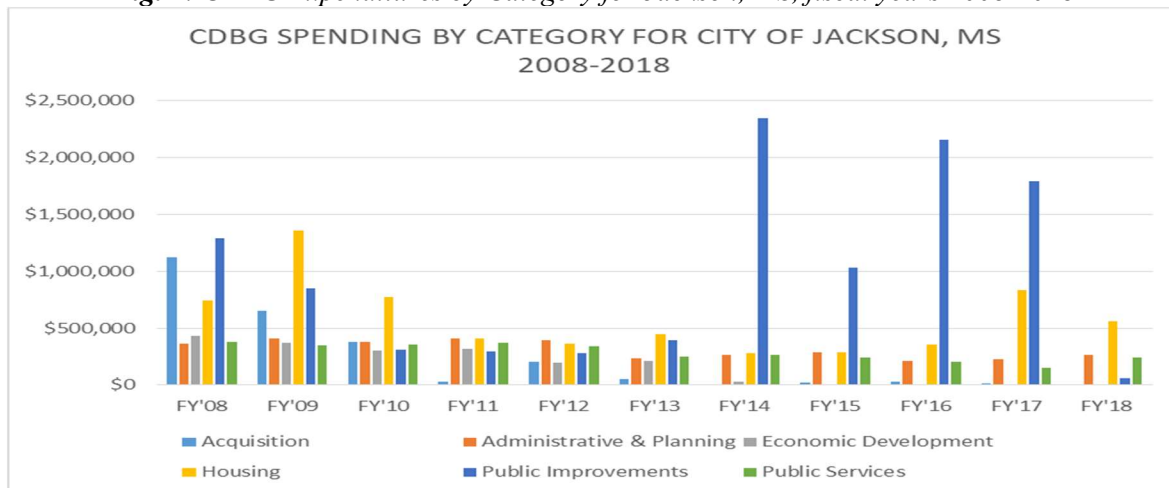
Fig. 1 – Amount of federal CDBG allocations to Jackson, MS for fiscal years 2007-2019



Source: U.S. Department of Housing and Urban Development, 2019

In reviewing City of Jackson expenditure data over time, CDBG spending became less diverse and more concentrated in the specific areas of Public Improvements and Housing, as illustrated in Figure 2 below.

Fig. 2: CDBG Expenditures by Category for Jackson, MS, fiscal years 2008-2018



Source: U.S. Department of Housing and Urban Development, 2019

Figure 3 is a statistical table of the data in Figure 2, which shows that for FY2015-2019, the Economic Development category received zero monies from Jackson’s CDBG program.

Fig. 3: Table of CDBG Expenditures by Category for Jackson, MS, fiscal years 2008-2018

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Acquisitions	\$1,122,433	\$650,926	\$379,997	\$31,575	\$202,959	\$49,442	\$2,000	\$24,505	\$26,559	\$10,830	\$0
Administration & Planning	\$367,049	\$412,940	\$377,957	\$410,352	\$392,669	\$231,385	\$263,720	\$290,459	\$213,174	\$230,532	\$267,234
Economic Development	\$432,121	\$369,006	\$304,087	\$315,719	\$196,450	\$211,069	\$25,533	\$0	\$0	\$0	\$0
Housing	\$742,117	\$1,359,978	\$774,329	\$410,611	\$365,527	\$445,405	\$277,353	\$284,481	\$353,864	\$836,001	\$560,139
Public Improvements	\$1,292,923	\$852,727	\$313,951	\$292,900	\$282,298	\$392,957	\$2,348,041	\$1,029,351	\$2,153,211	\$1,795,491	\$58,325
Public Services	\$376,117	\$347,289	\$354,765	\$372,081	\$337,311	\$252,891	\$268,013	\$241,499	\$207,496	\$148,747	\$243,337

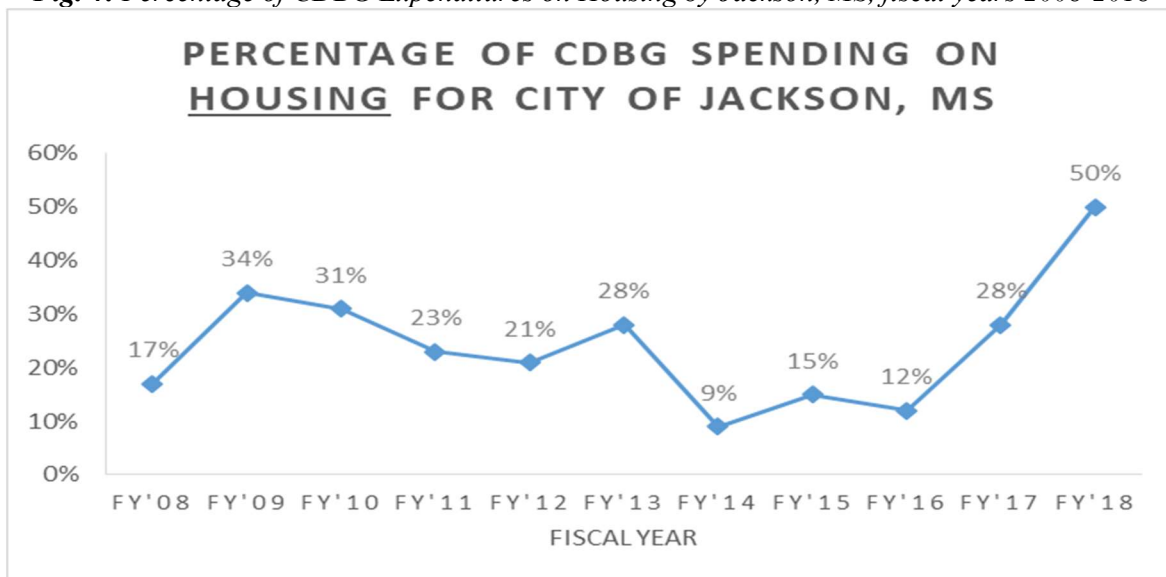
Source: U.S. Department of Housing and Urban Development, 2019

In August 2018, the Mississippi Urban Research Center (MURC) conducted a survey of community development organizations in the Jackson Metro area. The survey asked respondents to rank the following issues facing the city of Jackson in order of importance from 1-12, with ‘1’ being the highest importance, and ‘12’ being the lowest importance. The ranking categories included --- Affordable Housing; Quality of Life for Residents; Entrepreneurship; Education; Home Ownership Rates; Crime Rates; Employment; Poverty Level; Citizen Engagement; Environmental Concerns; Economic Development; Other. The survey ranking resulted in the following list:

- 1) Education
- 2) Quality of life for residents
- 3) Poverty level
- 4) Employment
- 5) Crime rates
- 6) Economic development
- 7) Home ownership rates
- 8) Citizen engagement
- 9) (TIED) Environmental concerns / Affordable housing / Entrepreneurship

Based on the results of the 2018 community development survey, a comparison analysis examined how closely FY2018 city of Jackson’s CDBG spending matched perceived community needs. For FY2018, HUD expenditure reports indicated Housing received \$560,139 (or 50%) of available CDBG funds. However, survey respondents listed Housing among the lowest priority issues. Thus, an apparent disconnect between perceived community needs and CDBG funding. Figure 4 presents a trend line of city of Jackson CDBG spending on the Housing category since FY2008.

Fig. 4: *Percentage of CDBG Expenditures on Housing by Jackson, MS, fiscal years 2008-2018*



Source: *U.S. Department of Housing and Urban Development, 2019*

Further research can help provide additional insight regarding the specific reason for this sharp increase in FY2018 Housing spending.

Another finding indicating a potential disconnect is that “Quality of Life for Residents” received a ranking of #2, or second most important issue for community development organizations in the 2018 survey. Yet, a review of data indicates a wide range of funding in the Public Improvements category. For example, Public Improvements made up no less than 13% CDBG spending (in 2010), and up to 74% (in 2014), before making a dramatic drop to just 5% in 2018 (See Figure 3). Over that same period, spending on Public Services ranged between approximately 5% and 20% of CDBG spending for the years 2008 through 2017; this percentage rose slightly to nearly 22% for 2018.

Additionally, survey respondents indicated (through qualitative statements) that the “focus of community development efforts in Jackson typically varies.” A review of CDBG spending data supports this statement as evidenced by wide variations in spending priorities over the years. In addition to the earlier variations cited in “Public Improvement” spending, another example is CDBG spending on “Economic Development” (ranked #6 amongst issues facing the city) which dropped from \$211,069 in 2013 to \$25,533 in 2014, and then to \$0 for each of the following years.

Discussion

As an entitlement community, the city of Jackson enjoys slightly higher amounts of actual CDBG funds than non-entitlement communities (United States Government Accountability Office, 2016). Jackson has largely utilized the community development corporation (CDC) model to conduct community and economic development activities. This

model focuses primarily on housing, as well as economic and infrastructure development via public services. However, based upon the challenges that the CDBG program must face strategically going forward, the potential “disconnects” revealed in this study suggest a needed re-examination of the continued widespread use of the CDC model – especially given that one of the major criticisms of the CDBG program is that funds do not effectively meet community development needs. At present, there is mixed evidence regarding the effectiveness of community development efforts in Jackson, with some ongoing projects like the redevelopment of the Farish Street Historic District struggling to produce tangible results (Hensley, 2019). A review of citywide quality of life indicators (such as crime statistics, poverty levels, maintenance of public spaces) also raise questions regarding the effectiveness of current community development models utilized in the city of Jackson (City-data.com, 2019).

Wide variations in the city of Jackson’s CDBG spending patterns appear to run counter to the needs expressed in the survey of community development organizations. Among the qualitative answers given by survey respondents, there was a recurring theme that improving community development efforts in Jackson will require increased collaboration among stakeholders. Based upon the previous findings, one potential step to optimizing CDBG spending in Jackson is to encourage the implementation of a collaborative model that seeks to align city spending allotments with local community development needs. This approach would allow for greater optimization of CDBG funds, and help to reduce some of the spending unpredictability that has become the norm of the program. It is apparent that changes are likely to occur at the federal level regarding CDBG spending allocations. Whether the arguments for change originate from the White House or from other national groups, it is clear that states and cities will face increased pressure to get better results from their CDBG programs.

As related to the City of Jackson’s CDBG program, two issues seem to be particularly relevant. The first issue is how to focus program funds on community needs as expressed by community residents and organizations. The second issue is how to determine the actual impact of the CDBG program in communities that have not received a formal impact assessment in nearly two decades (Wogan, 2017). As identified earlier in this report, approximately 50% of CDBG spending in Jackson in 2018 went to Housing, despite ranking as one of the lowest priority issues facing the city. At a community forum event hosted by MURC, several panelists identified the need for comprehensiveness in housing programs. Without these considerations in mind, increased Housing spending will not necessarily translate into improved Housing conditions; thus, evaluations of the program’s impact become critical to determining the effectiveness of CDBG funds targeting issues such as Housing.

Based upon this study’s research findings, there needs to be a stronger alignment between the city of Jackson’s spending decisions and community development needs as expressed by local organizations. Fine-tuning the use of CDBG funds will require not only an ongoing assessment of what the community needs, but also consistent evaluation of the program’s impact in Jackson and elsewhere. The fact that the CDBG program continues to receive less and less money at the federal, state, and local levels indicate the program is facing a real threat of possible elimination in the near future.

Conclusion

This research brief examined Community Development Block Grant (CDBG) allocations and expenditures in the city of Jackson in relation to municipal needs as expressed by local community development organizations. Findings indicated a potential misalignment between CDBG spending and community needs as articulated by local community development organizations. By taking steps to optimize CDBG spending, city of Jackson officials along with local community development organizations can help increase the effectiveness of a dwindling pool of CDBG funds.

Collaborative planning and program implementation, along with regular and ongoing evaluation, are key practices that will allow CDBG monies to more effectively demonstrate their utility in serving the city of Jackson. Therefore, it is critical to evaluate current and future community and economic activities, and to get the perspective of local community development organizations when considering how to best allocate limited CDBG funding. The following are some of the policy and programmatic recommendations that can help improve the effectiveness of the CDBG program in the city of Jackson and other urban areas.

Recommended Policy & Programmatic Approaches

- Conduct an annual or bi-annual analysis of community needs as expressed by community members and development organizations
- Increase collaboration among agencies and organization in sharing limited CDBG resources
- Conduct regular evaluations of the CDBG program's impact at each level of government (federal, state, and local)

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