



FRANK BATTEN SCHOOL  
*of LEADERSHIP and PUBLIC POLICY*

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# Unlocking the Potential of CDBG Funds in Virginia

## A POLICY ANALYSIS OF VIRGINIA'S CDBG PROGRAM

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**Prepared for:** The Division of Community  
Development and Housing, the Virginia  
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## Disclaimer

The author conducted this study as part of the program of professional education at the Frank Batten School of Leadership and Public Policy, University of Virginia. This paper is submitted in partial fulfillment of the course requirements for the Master of Public Policy degree. The judgments and conclusions are solely those of the author and are not necessarily endorsed by the Batten School, the University of Virginia, or any other agency.

## Glossary and Acronyms

**CAMS** – Centralized Application and Management System, the system used by DHCD to receive and manage grant applications and documents.

**CDBG** – The Community Development Block Grant, a funding source administered by HUD to reduce blight and promote economic development.

**DHCD** (Virginia)- The Virginia Department of Housing and Community Development

**HUD** – The U.S. Department of Housing and Urban Development

**LMI** – Low-to-moderate income, a measurement of one's income to base their need for additional funding and resources.

**Non-Entitlement Areas** – Non-entitlement areas are cities with populations of less than 50,000 and counties with populations of less than 200,000. This factor is used to determine whether an area is eligible for CDBG funding through HUD or DHCD.

**PDC** – Planning District Commission, Virginia has 21 Planning District Commissions.

## Executive Summary

Due to organizational behaviors and capacity limitations for all parties involved, non-entitlement localities in Virginia could not access more than \$16 million of Community Development Block Grant funding from 2016 to 2022 (Virginia Department of Housing and Community Development [DHCD], 2024). Current policies and practices in place by the Virginia Department of Housing and Community Development are not sufficient for improving CDBG spending patterns.

This report focuses on the effectiveness of the Virginia Community Development Block Grant program. While Virginia is out-performing several neighboring states, addressing the current challenges present within the CDBG program can make a measurable impact on the lives of low-to-moderate-income Virginians.

This report engaged more than 15 relevant stakeholders and reviewed application data relevant to the CDBG program. This report thus considers and evaluates three policy alternatives regarding the barriers to a higher CDBG expenditure rate for Virginia:

1. Central Virginia Program Manager
2. Two-Year Construction Timeline
3. Clarifying Application Language

Each of the three policy alternatives is evaluated against four criteria predicting the outcomes and impacts of their implementation. The four criteria include cost-effectiveness, stakeholder receptivity, distributional fairness, and speed of implementation.

This report ultimately recommends clarifying CDBG application language. By considering all perspectives and working collaboratively to streamline the application process, DHCD staff can maximize their utilization of CDBG funding, better supporting non-entitlement localities in Virginia.

## Introduction and Problem Statement

Since 2016, the Virginia Department of Housing and Community Development (DHCD) has faced ongoing challenges in fully leveraging a key federal funding source to support community development initiatives across the Commonwealth. With 190 non-entitlement localities eligible for Community Development Block Grant (CDBG) funding, limited resources are available to support all worthwhile projects. However, capacity barriers are preventing both the DHCD and non-entitlement communities from fully utilizing the available funds, exacerbating the issue of limited resources.

**For more than six years, the Virginia Department of Housing and Community Development has continued to fall short of its annual goal of distributing the entirety of its Community Development Block Grant funding from the U.S. Department of Housing and Urban Development (HUD). Due to various barriers, more than \$16 million could not be accessed by non-entitlement localities from 2016 to 2022.** While the amount expended by the DHCD in 2020 increased, likely due to COVID-19 relief funds, the DHCD saw a downward spending trend in 2021 and 2022. As the trends suggest, if the DHCD does not enact policy change, it is not expected to increase its spending on CDBG. Instead, the Department is expected to have a total of \$30 million in unspent funds by 2028 (Virginia Department of Housing and Community Development [DHCD], 2024).

**Figure 1. Virginia Expenditure Data<sup>1</sup>**

YEAR	HUD FORMULA ALLOCATION	AMOUNT EXPENDED
2016	\$16,811,487	\$14,405,760
2017	\$16,543,303	\$12,063,992
2018	\$18,289,253	\$12,976,248
2019	\$18,152,427	\$14,461,294
2020	\$18,711,859	\$20,091,814
2021	\$19,371,346	\$19,488,828
2022	\$18,813,102	\$16,322,465

To increase its CDBG spending, the DHCD expressed its commitment to reviewing its current CDBG practices and making policy changes that are even-handed and timely. This report is

<sup>1</sup> Total funds unspent = HUD Formula Allocation – Amount Expended, with each year aggregated together.

designed to equip the Virginia DHCD with the tools necessary to fulfill this commitment. The remainder of this report will include the following elements:

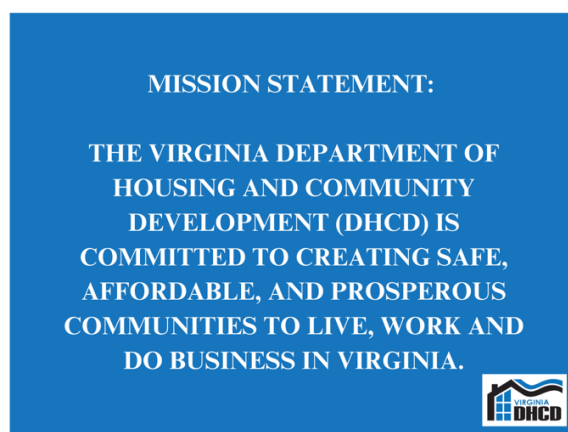
- The mission and goals of the DHCD and how they support the growth and success of the CDBG program.
- A clear overview of current CDBG practices that are being performed under HUD guidelines and policies.
- The importance of solving this problem now as it affects various communities and key stakeholders.
- An overview of the problem that specifies what variables have contributed to it.
- Three policy alternatives that were included based on quantitative and qualitative data gathered from expenditure reports and varied interviews.
  - Hiring a Central Virginia Program Manager
  - Implementing a 2-year construction timeline requirement
  - Simplifying CDBG application language.
- Evaluative criteria that are used to select the optimal policy solution.
  - Cost-effectiveness, stakeholder receptivity, distributional fairness, and speed of implementation.
  - All four criteria are weighted equally by request of the DHCD. Each alternative, relative to each criterion, is ranked between 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> place. In the case of the policy recommendation, alternative 3 was ranked 1<sup>st</sup> for cost-effectiveness and stakeholder receptivity. The other two alternatives were then forced into either 2<sup>nd</sup> or 3<sup>rd</sup> place depending on what the evidence suggests. This same method is repeated throughout the entire scoring process.
- A final policy recommendation that is congruent with the results of the outcomes matrix.

By identifying and implementing effective policy solutions, the DHCD can ensure that vital resources are efficiently allocated to support community development initiatives in Virginia's most vulnerable localities for years to come.



## Client Overview

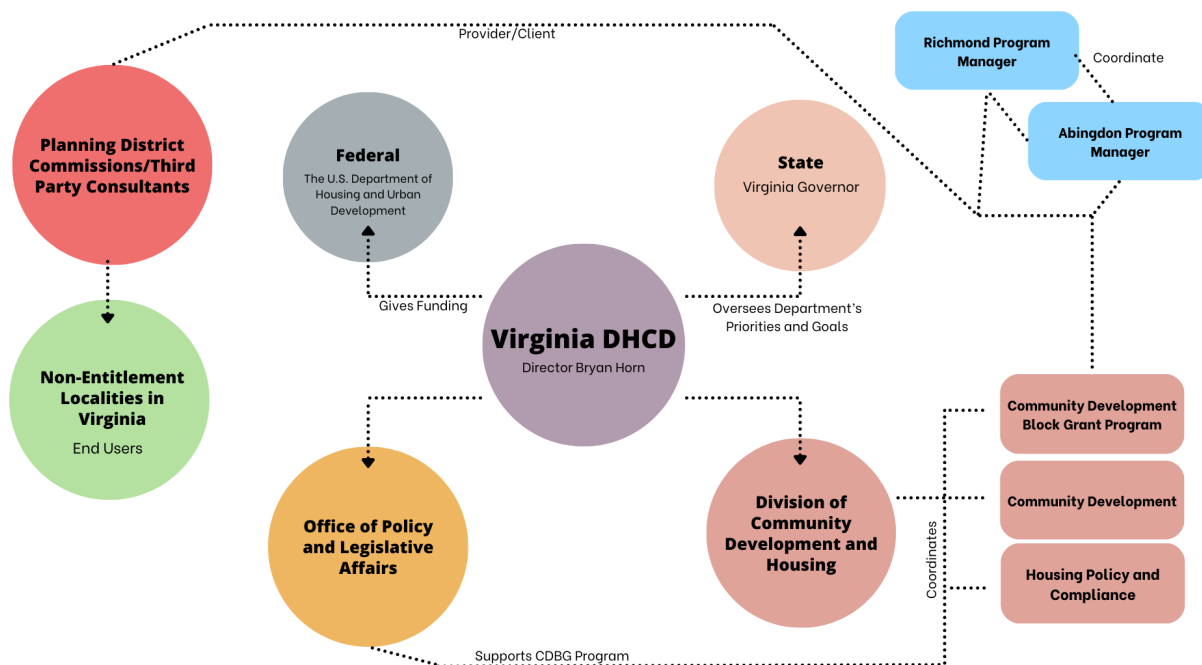
The Virginia Department of Housing and Community Development, my client, partners with federal, state, local, and nonprofit housing initiatives to promote economic development and maintain vibrant communities throughout the Commonwealth (DHCD About, 2024). The Virginia DHCD shared with me its excitement to improve its Community Development Block Grant practices by learning from other states and hearing the perspectives of key stakeholders. My client recognized at the beginning stages of this project that the intention is to give all communities the same opportunities to grow and prosper through the CDBG program.



The Virginia DHCD is responsible for distributing CDBG funding, a federal funding source from the U.S. Department of Housing and Urban Development (HUD). CDBG funding is distributed to non-entitlement areas following the approval of a grant application and an agreed-upon contract that highlights a specific development project in that community. Such development projects are intended to improve conditions that are impacting the livelihoods of low-to-moderate income (LMI) residents. The Virginia DHCD, through the CDBG program, not only answers to HUD but also answers to and is responsible for all non-entitlement and LMI communities across the Commonwealth (Senior Policy Analyst, Personal Communication, September 2023).

With many actors involved in the process (see Figure 2), ensuring that Virginia's non-entitlement communities prosper can present itself as a challenge, especially with competing perspectives and experiences. For example, the experience and perspective of a tenured DHCD official on how the CDBG program can improve may be different than that of someone who has been there for a few years. While both perspectives share the same weight, the contrast between the two may limit any progress in how well the DHCD maximizes the utilization of its CDBG funding.

**Figure 2. Stakeholder Map**



The DHCD's mission to create safe, affordable, and prosperous communities throughout Virginia is closely aligned with the goals of the CDBG program, which aims to support community development initiatives and improve the living conditions of LMI residents (DHCD About, 2024). By encouraging different perspectives, increasing CDBG spending, and ensuring that funds are efficiently allocated to non-entitlement areas, the DHCD can more effectively fulfill its mission and create prosperous communities throughout the Commonwealth.

## Consequences of the Problem

From 2016 to 2022, \$16 million of CDBG funds went unspent (Virginia Department of Housing and Community Development [DHCD], 2024). Community Development Block Grant award amounts vary by how much the non-entitlement area is asking for and by the scale or type of project being completed. The grant awards can vary anywhere from \$250,000 to \$2 million, so while it's difficult to calculate exactly how many projects could have been funded with the unspent \$16 million, it can be concluded that at least eight more projects could have been funded during that time. Without properly funded development projects, low-to-moderate-income communities were without the resources necessary to prosper (Virginia Department of Housing and Community Development [DHCD], 2024).

Low-to-moderate-income populations are more likely to live in neighborhoods with aging infrastructure, poor or dated housing conditions, and limited access to community amenities (Rohe and Galster, 2014; Wiley, 2014). In Virginia, many LMI residents live within rural, non-entitlement localities. While the Appalachian region in Virginia is home to a larger portion of LMI residents, the majority of non-entitlement areas in Virginia have LMI residents in need of

additional resources to improve their living conditions (Virginia Department of Housing and Community Development [DHCD], 2024).

Without CDBG funds, LMI communities may lack the resources to address critical needs related to housing, public services, or infrastructure (Theodos et. al, 2017; Wiley, 2014). For example, for some Virginians, proper running water is still unattainable, and it takes CDBG-funded projects to improve this condition for LMI residents (Poe, Personal Communication, January 24, 2024). Non-entitlement communities, oftentimes more rural, may be particularly affected by a lack of CDBG funding, as they have fewer alternative resources to address community development needs (Wiley, 2014). By limiting the barriers present to applying for CDBG funding, non-entitlement communities that may already be short on resources can expect a greater chance at economic prosperity, or, at the very least, improving their quality of life.

Such potential consequences underscore the importance of CDBG funding for LMI and non-entitlement communities in Virginia. Should the Virginia DHCD not make any policy changes related to its CDBG practices, the Department can expect to have a total of \$30 million in unspent funds by 2028, leaving non-entitlement communities without the resources to promote economic and social well-being for their residents (Virginia Department of Housing and Community Development [DHCD], 2024). \$30 million in total unspent funds suggests that every year \$2.5 million in CDBG funds could be allocated to effectively fulfill the DHCD's mission and make a tangible impact on the lives of Virginians in need.

## Background of the Problem

### Technical Background

The Community Development Block Grant program was designed by the U.S. Department of Housing and Urban Development to develop vibrant communities by expanding economic opportunities and improving housing, facilities, and services, principally for low-to-moderate-income residents. CDBG funding is administered by HUD to provide annual formula grants to entitlement cities and counties across the United States (Rich, 2014; Rohe and Galster, 2014).

The Community Development Block Grant Program in Virginia, as is the same for all other U.S. states, has received funding from the U.S. Department of Housing and Urban Development since 1981 to allow the state to administer the funds for non-entitlement areas. Non-entitlement areas do not directly receive CDBG funding from HUD, unlike entitlement areas, because of their smaller population size. Instead, non-entitlement areas can receive grant funding from the Virginia Department of Housing and Community Development through an application process. The money is then used by non-entitlement areas to carry out a wide range of economic development activities directed toward community revitalization (HUD, 2008).

Entitlement communities, like large cities and urban counties meeting population thresholds, receive CDBG entitlement grants directly from HUD. These grantees design their programs and funding priorities but must ensure a majority of funds assist LMI residents. Eligible activities include acquisition, housing rehabilitation, public improvements, public services, and economic development. Entitlement grantees must also develop a Consolidated Plan with citizen participation as a condition of funding. Specific requirements include reasonable access to

meetings/records, public hearings to solicit input, timely complaint responses, and translation services as needed (HUD, 2022).

States receive annual CDBG allocations from HUD to award grants to smaller local governments in non-entitlement areas. States determine funding priorities and criteria and oversee compliance. State grantees, often counties, towns, and small cities, must involve citizens per regulatory requirements including public hearings, complaint procedures, and access to information. Key eligible activities, national objectives around LMI benefits, administration caps, and oversight systems are similar to entitlement program requirements. However, the state's role in funding decisions and priority setting adds an administrative layer, unlike the entitlement process (HUD, 2022).

Both entitlement and state CDBG grantees have shared objectives, eligible uses, citizen participation mandates, and performance oversight systems required by HUD, but states have an intermediary role in allocating federal funds to localities not classified as entitlement areas (HUD, 2022).

## The Problem

**Figure 3. Virginia Expenditure and Application Data**

Year	HUD Formula Allocation	Amount Expended	Amount of Rollover to Next Year	# Applications	Number Approved	Number Denied	Number Pending/Under Review
2016	\$16,811,487	\$14,405,760	\$1,016,034	5	5	0	0
2017	\$16,543,303	\$12,063,992	\$546,000	10	9	1	0
2018	\$18,289,253	\$12,976,248	\$3,401,082	18	13	5	0
2019	\$18,152,427	\$14,461,294	\$10,717,788	33	15	17	1
2020	\$18,711,859	\$20,091,814	\$13,722,575	39	30	8	1
2021	\$19,371,346	\$19,488,828	\$14,842,421	58	41	14	3
2022	\$18,813,102	\$16,322,465	\$11,246,773	42	24	0	18
2023	\$18,806,749	TBD	TBD	49	0	0	49

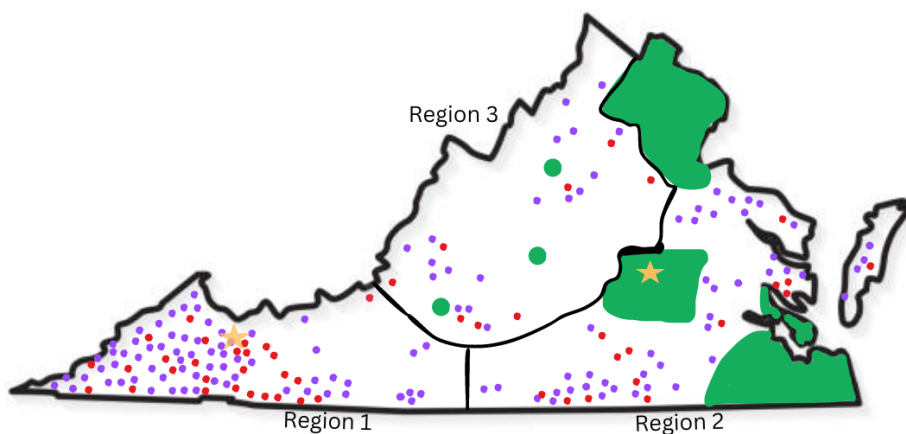
### *Virginia CDBG Trends*

The data in this report follows Virginia CDBG spending trends from 2016 to 2022 but in 2018 and 2019 millions of dollars more were being rolled over into the following years (Virginia Department of Housing and Community Development [DHCD], 2024). Alarming, this rollover amount made a \$10 million jump from 2018 to 2020 (Refer to Figure 3). While in 2020 and 2021 the amount expended was larger than the amount HUD allocated, this increase in spending was seemingly due to supplemental COVID-19 funding that the state received. When applicants were applying for COVID relief funding, they were simultaneously applying for CDBG funding as well (Senior Policy Analyst, Personal Communication, September 13, 2023).

Despite the uptick in 2020 and 2021, once COVID relief funding lessened, normal spending trends returned, and millions more rolled over, again (Virginia Department of Housing and Community Development [DHCD], 2024). The number of CDBG applications has increased, but

the percentage of applications approved each year since 2016, and even 2018, have either decreased or stayed the same. For example, in 2018, 72% of applications were approved out of 18 applications. However, in 2022, 57% of applications were approved out of 42 applications. The volume of applications more than doubled in four years but the acceptance rate decreased by 15 percentage points (Virginia Department of Housing and Community Development [DHCD], 2024).

**Figure 4. Virginia Map with Application Data (See [Appendix H](#) for Details)**



The map in Figure 4 divides Virginia into three regions: region 1 represents the Southwest and Southside Virginia region, region 2 represents the Coastal and Southside regions, and region 3 represents the Central and Northern Virginia region. These three regions will continuously be referred to when talking about equal development opportunities. On the map, there are dots representing all CDBG applications applied from 2016 to 2022, where purple represents approved projects and red denied projects. While the volume of the dots illustrated may not clearly represent a disparity in the number of applications per region, data concludes that regions 1 and 2 produce a higher volume of CDBG applications than region 3 (Virginia Department of Housing and Community Development [DHCD], 2024).

From 2016 to 2020, Southwest Virginia non-entitlement localities received nearly \$17 million in CDBG funds from the Virginia Department of Housing and Community Development. The

Central Virginia region, comparatively, received less than one-third of that amount in the same time frame, receiving just over \$5 million (Virginia Department of Housing and Community Development [DHCD], 2024). Despite the two regions' measurable differences in residents who have low-to-moderate incomes (LMI), this difference in funding comes as a surprise due to the Central Virginia region having a higher number of designated non-entitlement localities (Virginia Department of Housing and Community Development [DHCD], 2024).

### *Comparative Performance*

**Figure 5. Comparing States' Expenditure Rates**

STATE COMPARISON CHART		
STATE	AVERAGE EXPENDITURE RATIO (12 MO)	RANK BY EXPENDITURE RATE
VIRGINIA	0.93	13
TENNESSEE	0.91	17
KENTUCKY	0.83	27
WEST VIRGINIA	0.39	50
NORTH CAROLINA	0.73	37
PENNSYLVANIA	0.84	25
MARYLAND	0.88	22

Figure 5 illustrates data reported by HUD in March 2022 in a State Timely Expenditure Report that compiles data on a state's CDBG expenditure performance and ultimately compares them against one another by including a ranking system. Based on the data from March 2022, Virginia is performing relatively well compared to other states in HUD's Region 3 and those with similar geographic characteristics, particularly in the Appalachian region. Virginia's average expenditure ratio of 0.93 ranks it 13th among all state grantees, indicating a solid utilization of CDBG funds over the past 12 months (HUD, 2022).

When comparing Virginia to its Region 3 counterparts, the Commonwealth outperforms West Virginia (0.39 ratio, ranked 50th) and is on par with Maryland (0.88 ratio, ranked 22nd). However, Pennsylvania has a slightly higher ratio of 0.84 but is ranked 25th. This expenditure data is from how the state performed in a 12-month range, but the ranking number is from a state's overall expenditure performance, meaning Virginia is doing better than Pennsylvania overall but not in the given 12-month range cycle (HUD, 2022).



Looking at states with similar Appalachian geography, Virginia is ahead of Kentucky (0.83 ratio, ranked 27th) and North Carolina (0.73 ratio, ranked 37th) but slightly behind Tennessee (0.91 ratio, ranked 17th). It's worth noting that Ohio (1.08 ratio, ranked 6th) and Alabama (0.96 ratio, ranked 12th), both within the Appalachian region, are outperforming Virginia both overall and in the 12-month range (HUD, 2022). This suggests that while Virginia is doing well, there is still room for improvement in its utilization of CDBG funds.

**Figure 6. Comparing Virginia with Wisconsin**

## STATE COMPARISON CHART

STATE	AVERAGE EXPENDITURE RATIO (12 MO)	RANK BY EXPENDITURE RATE
VIRGINIA	0.93	13
WISCONSIN	1.84	2

Comparing Virginia to Wisconsin, as seen in Figure 6, reveals an interesting contrast. Wisconsin boasts an impressive 1.84 average expenditure ratio, ranking 2nd nationally, while Virginia's 0.93 ratio places it 13<sup>th</sup> (HUD, 2022). This difference highlights Wisconsin's highly efficient use of CDBG funds. However, it's important to consider that Wisconsin ranked worse, close to the bottom, before 2014 but has since improved significantly. Virginia and Wisconsin share the same goal of optimizing their CDBG funding and providing tangible results to non-entitlement localities. However, Wisconsin does not exist within the Appalachian region, characterized by a higher concentration of LMI and rural communities. This difference in geography can impact how non-entitlement areas are served and how CDBG funding is distributed (ARC, 2023).

Despite this distinction, the gap between Virginia and Wisconsin's performance is not insurmountable. By studying and adopting some of Wisconsin's best practices, Virginia could potentially boost its expenditure rate and surpass similar states like Alabama and Ohio (HUD, 2022).

### *Limited Capacity*

There are various key stakeholders active in the CDBG process, including non-entitlement locality governments, planning district commissions (PDC), and DHCD staff. All relevant parties are limited by time, resources, and competing responsibilities. Non-entitlement localities not only lack the necessary expertise or experience in grant writing and project management but may very well have a limited number of staff to complete the necessary planning involved in preparing a CDBG-worthy project. In every case, a non-entitlement locality will work with their

area’s planning district commission or hire a third-party consultant to handle the time-consuming or expert-needed tasks related to the CDBG application, like grant writing.

Planning district commissions, however, experience limited staffing and have competing responsibilities. There are 23 PDCs in Virginia and each PDC is responsible for several counties. A PDC office needs to equally balance its time and resources across each of the counties, and because CDBG applications have been identified by PDC staff as taking “hours and hours” of their time, it is difficult to give a CDBG application for one non-entitlement area the attention it deserves (Personal Communication, February 24, 2024).

The CDBG program operates under the Division of Community Development and Housing at DHCD and those responsible for managing the program face their own set of limitations. The number of DHCD staff involved with the CDBG program is relatively small, with only about 6 individuals tasked with overseeing the entire program for the state. These staff members are juggling multiple responsibilities, including providing guidance to applicants, reviewing, and scoring applications, monitoring funded projects, and ensuring compliance with state and federal regulations. The complexity of the CDBG program and the need to adhere to strict HUD guidelines and policies further strain the limited time and resources of DHCD staff (DHCD, 2024).

With limited staff available, there also has been limited effort to research CDBG best practices, evaluate current trends, and see how impactful a new policy change could be for Virginia’s CDBG expenditure rates and future rollover amounts.

### *Virginia DHCD Internal Limitations*

The persistent issue of underutilized CDBG funds can be attributed, in part, to the challenging internal dynamics among key stakeholders. Instead of fostering a collaborative and solutions-oriented environment, my observation as a third-party consultant recognizes a tendency for individuals to engage in unproductive blame-shifting. This unconstructive approach hinders the development of effective strategies to address the root causes of insufficient spending and ultimately impedes progress in supporting non-entitlement areas in need. There is a lack of open communication and a reluctance to work together toward a common goal, which has created an atmosphere of distrust and stagnation. This lack of collaboration has not only hindered the identification of innovative solutions but also fostered a sense of disconnection and apathy among team members. As a result, low-to-moderate income (LMI) communities continue to bear the consequences of this internal dysfunction, as the spending issue remains unresolved.

## Evidence

The Community Development Block Grant Program funds thousands of unique projects every year across the United States, and it has done so now for more than 50 years (Rich, 2014). Despite its age, there is limited academic research available assessing the policies and practices of the program. From what literature there is, they date back more than 20 years. The literature available also provides little evidence of how to increase a state’s CDBG expenditure rates or improve CDBG practices. This analysis of evidence, instead, will review data from the DHCD Centralized Application and Management System (CAMS) portal and a diverse range of interviews with key stakeholders (See [Appendix A](#) for details on research methodology).



### *Limited Applications in Central Virginia*

The CAMS portal maintains all application and project data for the DHCD, CDBG applications and projects included. After carefully reviewing CDBG application data from 2016 to 2022 provided to me on the portal, the volume of applications from non-entitlement localities favored regions where there was easier access to a DHCD Program Manager. Since 2016, regions 1 and 2 each have applied for CDBG funds at a rate that is more than double that of region 3, despite region 3 having a higher number of non-entitlement localities than each of the two regions (regions identified in Figure 4) (Virginia Department of Housing and Community Development [DHCD], 2024).

The striking difference between regions 1, 2 and 3, however, is the proximity the non-entitlement localities within each region have to a CDBG Program Manager. In region 1, there is Kathi Boatright, the CDBG Program Manager working in the Abingdon Field Office. In region 2, there is Joanne Peermam, the CDBG Program Manager in Richmond. For a non-entitlement locality in region 3 like Highland County, a drive to either Program Manager would take more than three hours (See [Appendix B](#)). Neither of the two Program Managers represents that area nor do they have the capacity to (Personal Communication, October 3<sup>rd</sup>, 2023).

Program Managers play a crucial role in assisting non-entitlement localities throughout the grant application process and with project implementation. They provide invaluable guidance and support to applicants, helping them navigate the complex CDBG application process. Program Managers offer training and technical assistance to ensure that applications are complete, compliant, and competitive. They also work closely with non-entitlement localities during the lifespan of the project. By maintaining regular communication and monitoring project progress, Program Managers help localities stay on track (Program Manager, Personal Communication, October 3, 2023). Their expertise and hands-on support are essential in ensuring the successful completion of CDBG-funded projects and the effective utilization of grant funds to benefit low-to-moderate-income communities (Planning District Staff, Personal Communication, January 24, 2024).

**A PLANNING DISTRICT  
STAFF EXCLAIMED BEING  
“BLESSED” TO WORK WITH  
THE PROGRAM MANAGER  
IN ABINGDON**

From three separate interviews with CDBG end-users in the Southwest Virginia region, the Abingdon CDBG Program Manager was identified as being an immense support system for project management and completion, citing her assistance as a motivator for continued

applications (Personal Communication, January 2024). While the Southwest region exhibits a greater need for CDBG funding due to its higher concentration of LMI residents, its additional support from the DHCD through the Program Manager is recognized as being a significant support system throughout the application process (Personal Communication, January 2024).

The presence of a Program Manager has not only been verbally identified as a great resource but has been illustrated in the data available on CAMS. With more than double the number of applications in region 1 than in region 3, region 1 is identified as having frequent applicants. Not only are more applications coming from region 1 overall but there is also a higher number of repeat applicants in region 1 (Virginia Department of Housing and Community Development [DHCD], 2024). The invaluable assistance and support that non-entitlement localities receive when they have a hands-on Program Manager is reflected by the volume and frequency of applications coming from those regions.

### *Wisconsin Best Practices*

As of March 2022, Wisconsin was identified as the second highest-ranked state when it came to spending its CDBG funding from the U.S. Department of Housing and Urban Development (HUD, 2022). In an interview with Angela Davis, Wisconsin's Department of Administration's (DOA) Community Development Section Chief, the state's timeline policy on CDBG project construction was identified as a best practice for earning that multi-year high-ranking spot (Personal Communication, January 26, 2024). Ms. Davis later shared with me an unpublished Wisconsin-specific expenditure report highlighting data from 2012, when the DOA adopted CDBG from another state entity. From its implementation in 2014, the two-year construction timeline requirement was identified as playing a significant role in the DOA's success in increasing its expenditure rates and its rank on HUD State Timely Expenditure Reports (Davis, Personal Communication, January 26, 2024).

For example, Wisconsin's total amount expended in 2014 was \$13.8 million when the 2-year construction policy was implemented. By 2020, Wisconsin's total amount expended was \$36.3 million (State of Wisconsin Division of Energy, January 7, 2024). While other variables contribute to the state's successful expenditure rates, like the increase in funding from the Coronavirus CARES Act and an increase in their grant funding caps, Ms. Davis recalled that its implementation of the 2-year construction policy was successful at improving the state's expenditure rate by incentivizing shovel-ready, high-quality applications (Davis, Personal Communication, January 26, 2024).

Wisconsin's 2-year construction timeline policy for CDBG projects is a straightforward approach designed to ensure the timely completion of funded projects. Under this policy, non-entitlement grantees are required to complete the construction phase of their projects within two years of receiving CDBG funds. This timeline is communicated to all applicants during the grant application process, setting a clear expectation from the outset. To ensure compliance, Wisconsin's Department of Administration closely monitors the progress of each funded project, providing technical assistance and support as needed to help grantees stay on track. If a project falls behind schedule, the Department works with the grantee to identify and address any obstacles, ensuring that the 2-year deadline is met. In cases where a project cannot be completed within the required timeframe due to extenuating circumstances, grantees may request an extension, which is evaluated on a case-by-case basis. By holding grantees accountable to this 2-year construction timeline, Wisconsin has been able to effectively manage its CDBG program,

ensuring that funds are used efficiently and that projects are completed promptly to benefit the communities they serve (A. Davis, personal communication, January 26, 2024).

While Wisconsin is the second highest-ranked state for its CDBG expenditure rate, its success should not be compared to Virginia without recognizing its unique differences. In Wisconsin, LMI non-entitlement communities are not specifically concentrated in one geographical area (Davis, Personal Communication, January 26, 2024). Whereas, in Virginia, that is true for the Southwest Virginia region, warranting that region more attention from the state (ARC, 2023). Additionally, it is unknown what capacity barriers are present for Wisconsin CDBG stakeholders to make this policy feasible or how behind construction is to keep up with tight deadlines. Wisconsin is outperforming most states when it comes to allocating CDBG funds. Still, it is unclear how generalizable its practices are, suggesting that its quantifiable success should be discounted when compared to states like Virginia.

*Application Challenges*

**THE APPLICATIONS ARE  
“CONFUSING” WITH  
“OVERLAPPING  
QUESTIONS” - ROB JONES,  
THIRD PARTY  
CONSULTANT**

From separate interviews with three grant-writing professionals, the Virginia CDBG application has been identified as a barrier to application completion or approved projects (Personal Communication, 2024). These professionals, who have extensive experience in navigating the CDBG application process, unanimously agreed that the current application language is often confusing, ambiguous, and difficult to interpret. This lack of clarity hinders applicants' ability to provide comprehensive and satisfactory responses that effectively demonstrate their eligibility and need for funding, ultimately resulting in lower application scores and fewer approved projects (Personal Communication, 2024).

The impact of unclear application language on the success of CDBG projects in Virginia is evident when examining the application data in CAMS from 2016 to 2022. During this period, more than 33% of CDBG applications received failing scores due to misunderstandings of acceptable responses (see [Appendix C](#)). This suggests that the current application language, regardless of the type of application, may be a significant contributing factor to the unwavering percentage of denied applications (Virginia Department of Housing and Community Development [DHCD], 2024). When compared to states like Wisconsin, which consistently ranks highly in CDBG grant distribution, or Indiana, Virginia's application language appears to be less straightforward and more challenging for applicants to navigate (Wisconsin DOA, 2023; Indiana CDBG, Personal Communication, February 29, 2024).

Recognizing the need for improvement, DHCD staff themselves have acknowledged that the application language needs to be streamlined and made easier for both applicants and scoring staff (Personal Communication, 2024). For example, for a Construction-Ready CDBG application, the 11<sup>th</sup> question asks the applicant when their data was collected, seeing how “shovel ready” the project is. However, in the very same question line, the application asks the applicant to attach a copy of the Survey or Neighborhood Needs Assessment Tool as Attachment 17 (Virginia Department of Housing and Community Development [DHCD], 2023). Repetitive questions or requests within the CDBG application can be confusing and time-consuming, even

for experienced professionals who have completed the DHCD CDBG training (Jones, Personal Communication, February 24, 2024).

The repetitive and confusing nature of questions like the one found in the Construction-Ready CDBG application can have a significant impact on the quality and success of submitted applications. When applicants encounter questions that are unclear or ask for the same information multiple times, they may struggle to provide accurate, comprehensive, and compelling responses. This can lead to lower application scores, as reviewers may perceive the responses as incomplete, inconsistent, or failing to adequately demonstrate the project's eligibility and potential impact, limiting the influence of the CDBG program in Virginia (Jones, Personal Communication, February 24, 2024).

## Alternatives and Criteria

### Evaluative Criteria

To address the challenges identified in interviews and reviewing the Centralized Application and Management System, three policy alternatives are designed. To effectively evaluate the outcomes of each policy solution, each of the three policies is weighed against the four criteria outlined below. By conducting this evaluative process, we can arrive at a final recommendation to improve the Virginia Department of Housing and Community Development's Community Development Block Grant expenditure rate. My client has identified the speed of implementation as a clear value that should be included. However, my client weighs the importance of that criterion equally with the other three.

This report considers three policy alternatives that are weighed against the following criteria:  
**Figure 7. Evaluative Criteria**

1. **COST-EFFECTIVENESS**
2. **STAKEHOLDER  
RECEPTIVITY**
3. **DISTRIBUTIONAL  
FAIRNESS**
4. **SPEED OF  
IMPLEMENTATION**

*Cost Effectiveness:* This criterion evaluates how affordable each policy alternative is to implement compared to the expected benefits and impact on increasing Virginia's CDBG expenditure rate. As my client emphasized cost-effectiveness and speed of implementation, assessing the financial costs and administrative burden of new staff/policies is key. To evaluate, I will review the DHCD's allocation trends, the HUD grant allocation formulas, relevant expenditure rates, and relevant salaries.

*Stakeholder Receptivity:* This criterion assesses how receptive key stakeholders, like non-entitlement localities, planning districts, grantees, and DHCD program managers, are to the proposed policy changes. Their buy-in is important for success. I will gauge receptivity through stakeholder interviews by region and office to compare support and identify concerns that need to be addressed.

*Distributional Fairness:* With limited CDBG funding, assessing whether costs and benefits under each alternative are equitably distributed across Virginia regions and community sizes will be important. Analysis of application data and funding awards by region paired with stakeholder interviews can help quantify distributional fairness under the three options.

*Speed of Implementation:* How quickly each solution can realistically be rolled out is important given my client's goals. By reviewing the DHCD processes, interviewing program managers, and researching precedent policies, I can estimate timeframes for necessary approvals, hiring, system changes, and communications to enable implementation. Comparing readiness and roll-out times will inform ratings for this criterion.

## Policy Alternatives

This report identifies the following problem: **For more than six years, the Virginia Department of Housing and Community Development has continued to fall short of its annual goal of distributing the entirety of its Community Development Block Grant**

**funding from the U.S. Department of Housing and Urban Development (HUD). Due to various barriers, more than \$16 million could not be accessed by non-entitlement localities from 2016 to 2022.** The following section considers three policy alternatives that were scored against the four evaluative criteria. From data review and interviews, this section outlines how each policy alternative would likely perform against the criteria. The interviews were conducted with a wide range of stakeholders, including non-applying non-entitlement areas, PDC staff, DHCD officials, and CDBG applicant users (See Figure 2 on Page 10 for the Stakeholder Map).

### Policy Alternative No. 1 Central Virginia Program Manager

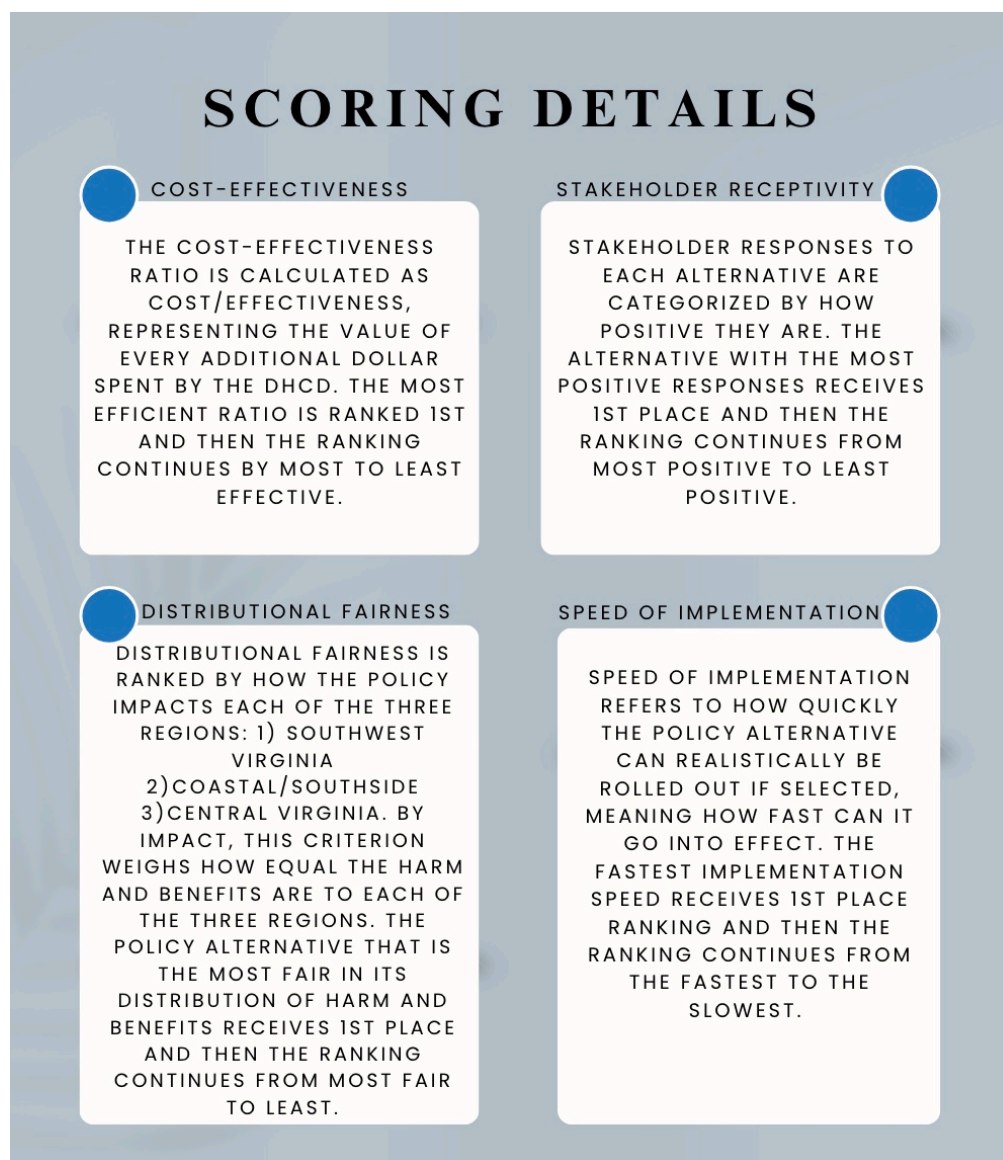
From 2016 to 2022, non-entitlement localities in the Central Virginia region submitted significantly fewer applications for Community Development Block Grants (CDBG) compared to other non-entitlement areas, particularly those in the Southwest Virginia region. During the period from 2016 to 2020, non-entitlement localities in Southwest Virginia received nearly \$17 million in CDBG funds from the Virginia Department of Housing and Community Development, while the Central Virginia region received just over \$5 million, less than one-third of the amount awarded to Southwest Virginia (Virginia Department of Housing and Community Development [DHCD], 2024). This disparity in funding is surprising, given that the Central Virginia region has a higher number of designated non-entitlement localities, despite the measurable differences in the proportion of residents with low-to-moderate incomes (LMI) between the two regions (Virginia Department of Housing and Community Development [DHCD], 2024).

This policy alternative proposes creating a job position for a third CDBG Program Manager who will serve the Central Virginia region (Planning District Commission regions 5, 6, 7, 9, 10, and 11). The Program Manager, who is encouraged to be from a locality within region 3 (See Figure 4), will engage with non-entitlement localities and PDCs to promote and assist with submitting high-quality CDBG applications. The DHCD will need to establish the job position, hire the Program Manager, and provide them with a two-month orientation and training period, administered by the other two CDBG Program Managers (See [Appendix D](#) for a full proposal of this alternative).

This policy alternative is projected to increase Virginia's CDBG spending by \$6.65 million, determined through a cost-effective analysis, from the hiring of the new program manager to the 2028-2029 program year. Compared against each of the criteria, the hiring of a Central Virginia Program Manager scores well, ranking first place in both distributional fairness and speed of implementation (See Figure 8 for scoring details).



Figure 8. Scoring Details



### *Cost-Effectiveness*

The cost-effectiveness of this policy alternative is calculated by dividing the total costs associated with the policy's implementation by its total effectiveness. The total effectiveness is calculated by how many millions of dollars CDBG spending will increase. The total cost was calculated using the two-month salary of the two program managers providing training and the new hire's salary and benefits package (priced at 20% of the \$70,000 salary) with a 5% discount rate from the policy's implementation to the 2028-2029 program cycle. The \$70,000 salary was calculated by the salary of the Abingdon Field Office Program Manager and lessened due to the new hire's assumed inexperience working with the Virginia CDBG Office (Open the Books, 2022). The total cost associated with this policy alternative is \$390,455.

Since the policy alternative's lifespan will be five years before its full effectiveness is assessed, the total effectiveness was calculated by comparing the difference in the millions of dollars



funded to the Southwest Virginia region to millions of dollars funded to the Central Virginia region in a recent five year period from 2016 to 2020. During those five years, \$6.65 million more was funded to the Southwest Virginia region compared to the Central Virginia region. \$6.65 million is identified as the total unit of effectiveness, and it will not be discounted because region 3, while it has a smaller need for LMI assistance, has a larger number of non-entitlement areas. Additionally, like in the 2016 to 2020 period where dollars funded surged and declined periodically, it is expected that external factors or differing types of needs between each year will remain unpredictable, keeping dollars funded inconsistent based on the types of applications received.

This cost-effective analysis projects a 0.059 ratio, which indicates that for every \$.06 invested in the Central Virginia Program Manager position, there is a projected return of \$1 in increased CDBG spending. Based on the estimated costs of \$390,455 over 5 years and a projected \$6.65 million increase in CDBG spending enabled by the Program Manager, each dollar spent on the salary and expenses of this position is expected to have a positive return on investment that aligns with the program's objectives to maximize the impact of limited state grant funds through strategic regional support (See [Appendix E](#) for full calculations).

**Figure 9. Cost-Effectiveness Details**

Costs						
Program Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
Year 0		0	1	2	3	4
Costs Directly Paid for by Client's Funding Sources	\$ 86,800	\$ 86,800	\$ 86,800	\$ 86,800	\$ 86,800	\$ 86,800
Discounting	\$ 82,667	\$ 82,667	\$ 78,730	\$ 74,981	\$ 71,411	
Total Costs for Implementation in 5 Years						\$ 390,455
Effectiveness						
Units of Effectiveness	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
Program Year						
Year 0		0	1	2	3	4
Effectiveness (Additional \$)	\$ -	\$ 1,000,000	\$ 350,000	\$ 3,500,000	\$ 1,800,000	
Total Effectiveness in 5 Years						\$ 6,650,000
Cost-Effective Ratio	0.059					

### *Stakeholder Receptivity*

**“IF THE [PROGRAM  
MANAGER] WOULD HELP  
WITH THE GRANT WRITING,  
WE WOULD LIKELY USE  
THEM TO ASSIST US WITH  
THE APPLICATION” -  
CENTRAL VA COUNTY  
ADMINISTRATOR**

This policy alternative will impact a range of relevant stakeholders, including Central Virginia non-entitlement localities, Planning District Commissions covering regions 5 through 11, the two other program managers, and other DHCD staff responsible for the implementation of this policy. Through personal communication and interviews, more than 90% of stakeholders, including Central Virginia planning officials, identified this policy alternative as highly positive (See **Figure 4** for a depiction of Central Virginia). Per the Abingdon Field Office Program Manager, “I like... and I support the idea of having a project development [program manager] in Central Virginia” (Boatright, K., Personal Communication, February 23, 2024).

This criterion assesses how open key stakeholders are to the proposed policy changes. From a Central Virginia County Administrator, the hiring of a program manager for that region was identified as “helpful” (Personal Interview, February 19, 2024). With more than 90% of interviewed stakeholders identifying this policy alternative as highly positive, this alternative scored a “2,” meaning its stakeholder receptivity is positive and strong but not the most receptive.

### *Distributional Fairness*

Distributional fairness assesses whether the costs and benefits under this alternative are equitably distributed across Virginia regions and community sizes. There are two program managers in Virginia. One of which works with the Southwest Virginia region or any region within one to two hours of their office. The other program manager works with the Southside and Coastal area of the Commonwealth or any region south or to the east and within one to two hours of their office (excluding the three hours it takes to reach the Eastern Shore). The establishment of a third program manager, but one that will cover parts of the state that the two other program managers cannot reach, will engage with the less-represented Central Virginia region.

The costs of this alternative are largely only associated with the DHCD, and the benefits of this alternative are equal to the benefits the other two regions have been receiving for years now. This policy alternative generates greater distributional fairness than what is being practiced in the Commonwealth now. Because of that, this policy alternative scored a “1,” meaning its distributional fairness is strong.

### *Speed of Implementation*

Speed of implementation refers to the speed at which the policy alternative can realistically be rolled out if selected. Should this policy alternative be selected, the hiring of a third program manager should begin within a few weeks following the decision. It will be the responsibility of the two other program managers to train the new hire and let them shadow their work. Because August and September were identified as the least busy months for the program managers, that is when the new hire should be trained (DHCD Program Manager, Personal Communication, February 23, 2024).

The third Program Manager, covering the Central Virginia region, will begin working with Central Virginia non-entitlement areas during the fall of the 2024-2025 program year. The funding to support this policy does not necessarily require a budget request process, and instead, can use other resources of available funding (Healy, A. Personal Communication, February 23, 2024). Since this policy’s implementation will begin in the fall of the newest program cycle, it scored a “1”, meaning its speed of implementation is fast-moving.

### **Policy Alternative 2: Two-Year Construction Timeline**

According to the U.S. Department of Housing and Urban Development’s 2022 State Timely Expenditure Report, Wisconsin was identified as the second highest-ranked state when it came to spending its CDBG funding (HUD, 2022). To compare the high-performing state with Virginia, which was ranked 13<sup>th</sup> in the 2022 assessment, a Wisconsin CDBG staff shared their CDBG practices. The Wisconsin staff person identified strict project timeline requirements as a policy that helps them spend their CDBG funding from HUD at a faster and more efficient rate (Davis, A. Personal Communication, January 20<sup>th</sup>, 2024) (See [Appendix I](#) for more details).

This policy alternative proposes implementing a new construction timeline requirement for all CDBG infrastructure projects in Virginia, mirroring Wisconsin's successful policy. Starting from the 2025-2026 program year, grantees must complete project construction within two years of signing the grant agreement with the DHCD, and if they cannot do so due to extenuating circumstances, they can request an extension. The DHCD will need to write this policy into the annual program design, notify non-entitlement areas of the change, and review the policy's effectiveness over the next five years to determine if adjustments are necessary (See [Appendix F](#) for a full proposal of this alternative).

This policy alternative is projected to increase Virginia’s CDBG spending by \$9.66 million from the implementation of a 2-year construction timeline requirement beginning in the 2024-2025 program year. Compared against each of the criteria, this policy ranked 3<sup>rd</sup> on all of the criteria except for cost-effectiveness, where it ranked 2<sup>nd</sup>.

### *Cost-Effectiveness*

The cost-effectiveness of this policy alternative is calculated by dividing the total costs associated with the policy's implementation by its total effectiveness. The total effectiveness is calculated by how many millions of dollars the DHCD's CDBG spending will increase. The total cost was calculated by taking the average annual salary of a Virginia state government employee and multiplying it by 13, the number of people responsible for its implementation, and taking 10% of that number for the first year and then reducing it to 5% for years following. Ten percent is the estimated percentage of time the 13 staff persons will need to give this policy before its full implementation in the second year of its life, reducing it to half at 5% (Senior Policy Analyst, Personal Communication, March 14, 2024).

This policy's effectiveness is being analyzed on a 5-year scale because that is how long DHCD has each year to spend one year's worth of funding from HUD. The total effectiveness was calculated by seeing how much more Wisconsin spent of its CDBG funds in five years following the policy's implementation and accounting for a major geographical difference between Wisconsin and Virginia, the Appalachian region. Wisconsin spent an additional \$38.5 million of its CDBG funding from 2015 to 2020. Assuming that the Appalachian region will have a harder time adapting to this policy change due to additional capacity barriers, Virginia is expected to increase their spending from the 2025-2026 program year cycle to the 2028-2029 cycle at a 30% difference<sup>2</sup> (Boatright, K., Personal Communication, February 23, 2024; Wisconsin Department of Administration Division of Energy, Housing and Community Resources Bureau of Community Development [DEHCR-BCD], 2024).

This cost-effective analysis projects a 0.021 ratio, which indicates that for every \$.02 invested in implementing a 2-year construction timeline requirement, there is a projected return of \$1 in increased CDBG spending. Based on the estimated costs of \$200,193 over 5 years and a projected \$9.66 million increase in CDBG spending by a timeline requirement, each dollar spent or lost is expected to have a positive return on investment that aligns with the program's objectives to maximize the impact of limited state grant funds through strategic regional support (Wisconsin Department of Administration Division of Energy, Housing and Community Resources Bureau of Community Development [DEHCR-BCD], 2024).

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<sup>2</sup> 30% to account for how much the Appalachian region makes up non-entitlement localities in Virginia.

**Figure 10. Cost-Effectiveness Details**

<b>Costs</b>						
Program Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
Year 0	0	1	2	3	4	
Costs Directly Paid for by Client's Funding Sources	\$72,194	\$36,097	\$36,097	\$36,097	\$36,097	
Discounting	\$72,194	\$34,378	\$32,741	\$31,182	\$29,697	
Total Costs for Implementation in 5 Years						\$200,193
<b>Effectiveness</b>						
Units of Effectiveness	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
Program Year						
Year 0	0	1	2	3	4	
Effectiveness	\$0	\$0	\$210,000	\$1,400,000	\$8,050,000	
Total Effectiveness in 5 Years						\$9,660,000
Cost-Effective Ratio	0.021					

*Stakeholder Receptivity*

This policy alternative will impact a large range of relevant stakeholders, including low-capacity non-entitlement areas, Planning District Commissions assisting with grant management, and all DHCD staff responsible for the implementation of this policy. For low-capacity non-entitlement areas, many of which are frequent CDBG applicants, this policy alternative is being identified as not only harming their ability to receive funding but also hindering their relationship with the DHCD (Healy, A., Personal Communication, February 13, 2024). However, planning staff from those low-capacity areas identified this as a doable solution (Personal Communication, February 24, 2024). Through personal communication and interviews, more than 50% of stakeholders identified this policy alternative as positive but in need of alteration or adjustments. Per a DHCD Program Manager, this policy alternative will be “the easiest to implement” (Personal Communication, February 23, 2024). With more than 50% of interviewed stakeholders identifying this policy alternative as somewhat positive, this alternative scored a “3,” meaning its stakeholder receptivity needs room for improvement and is the least receptive.

**“[POLICY ALTERNATIVE 2] IS  
THE EASIEST TO IMPLEMENT ” -  
DHCD STAFF**

### *Distributional Fairness*

Distributional fairness assesses whether the costs and benefits under this alternative are equitably distributed across Virginia regions and community sizes. Non-entitlement localities are identified based on their population size, not on their capacity to maintain their governments. In non-entitlement areas that are identified as having more low-to-moderate incomes with less administrative capacity, a policy like this could inequitably affect their application process or project management.

While there are no additional direct costs from DHCD for this alternative and the benefits largely only benefit DHCD's success, more impoverished areas with less administrative capacity will inequitably be harmed by the implementation of this policy. Distributional fairness is assessed by how many regions would be negatively affected if this policy were implemented (ARC, 2023; DHCD Staff, Personal Communication, February 16, 2024). Because each of the three regions could have non-entitlement areas that are more impacted than others, all three regions could be harmed by a timeline requirement with such restrictive parameters, giving this policy alternative a score of "3." Due to the harm that could be equally inflicted on all three regions should capacity be the greatest issue for meeting the 2-year timeline, this policy alternative provides the least amount of fairness to all regions and non-entitlement areas across the Commonwealth (Healy, A., Personal Communication, February 23, 2024).

### *Speed of Implementation*

Speed of implementation refers to the speed at which the policy alternative can realistically be rolled out if selected. This policy alternative will not be implemented until the 2025-2026 program year to give fair warning to all non-entitlement areas of this change. Should this policy alternative be selected, DHCD should wait an entire program year cycle before implementing the policy so that the agency can manage and assist any pushback from the less equipped non-entitlement areas. This time, too, could encourage non-entitlement areas to focus much of their resources on planning to increase their scores for the following program year. Since this policy's implementation will begin during the 2025-2026 program year, it scored a "3", meaning its speed of implementation is slower compared to the other two alternatives.

## **Policy Alternative 3: Clarity of Application Language**

After interviewing nearly 15 stakeholders, many of whom have experience applying for and scoring grant applications, many identified the application language as a barrier to their comprehension of what was being asked of them, affecting both their application scores and application completion. A planning official who assists non-entitlement areas with such applications identified the CDBG application process as "extremely opaque" (Personal Interview, February 15, 2024).

This policy alternative proposes that the DHCD simplify its application language, removing repetitive and open-ended questions and instructions that are difficult to navigate or interpret. This policy alternative is projected to increase Virginia's CDBG spending by \$13.4 million in five years from this policy's implementation in the 2024-2025 program year cycle. Weighed against each of the criteria, this policy ranked 1<sup>st</sup> on two of the four criteria, including cost-effectiveness (See [Appendix G](#) for full proposal details).

### Cost-Effectiveness

The cost-effectiveness of this policy alternative is calculated by dividing the total costs associated with the policy's implementation by its total effectiveness. The total effectiveness is calculated by how many millions of dollars the DHCD's CDBG spending will increase in five years. The total cost was calculated by reviewing how much time a fifteen-person staff team would take to complete this policy implementation. If the average Virginia state employee earns a \$55,000 annual salary, then thirteen people working for two months on the simplification of application language would cost a little more than \$120,000 (Open the Book, 2022). However, this cost is not an additional cost to what is already being spent. This cost is a one-time cost and will only be present in year 0, and it is not expected to recur in the years following.

This policy's effectiveness is being analyzed on a 5-year scale because that is how long DHCD has each year to spend one year's worth of funding from HUD. The total effectiveness was calculated by seeing how much money was not allocated from CDBG projects that were denied due to application language barriers. This is assuming that 33% of denied applications were due to the confusion of the application language. From 2016 to 2021, \$43.5 million was not allocated because of denied applications, so it is projected that if the application language were clearer, \$13.36 million more could be spent in the next five program years (Virginia Department of Housing and Community Development [DHCD], 2024).

This cost-effective analysis projects a 0.01 ratio, which indicates that for every \$.01 invested in simplifying the language of CDBG applications, there is a projected \$1 in increased CDBG spending. Based on the estimated costs of more than \$120,000 over 5 years and a projected \$13.4 million increase in CDBG spending by updating CDBG applications with clear language, each cent spent is expected to have a very positive return on investment that aligns with the program's objectives to maximize the impact of limited state grant funds through strategic regional support.

**Figure 11. Cost-Effectiveness Details**

Costs						
Program Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
Year 0		0	1	2	3	4
Costs Directly Paid for by Client's Funding Sources	\$120,324					
Discounting	\$120,324					
Total Costs for Implementation in 5 Years						\$120,324
Effectiveness						
Units of Effectiveness	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
Program Year						
Year 0		0	1	2	3	4
Effectiveness	\$ 231,000	\$ 2,805,000	\$ 4,719,000	\$ 2,970,000	\$ 2,640,000	
Total Effectiveness in 5 Years						\$ 13,365,000
Cost-Effective Ratio	0.01					

### Stakeholder Receptivity

This policy alternative will impact a range of relevant stakeholders, including Planning District Commissions largely responsible for completing CDBG applications on behalf of non-entitlement localities. Through personal communication and interviews, 100% of stakeholders identified this policy alternative as highly positive. Per a planning district staff, "this is [his] preferred alternative" (Personal Communication, February 25, 2024). With such positive preferences placed on this policy solution, there is concern, as it has been for several years now, how the Department's limited capacity plays a role in its implementation.

This criterion assesses how open key stakeholders are to the proposed policy changes. With 100% of interviewed stakeholders identifying this policy alternative as highly positive, this alternative scored a “1,” meaning its stakeholder receptivity is positive and strong and placed first against the other alternatives.

**“[POLICY ALTERNATIVE 3] IS A  
TREMENDOUS UNDERTAKING  
THAT NEEDS TO BE AN AGENCY  
PRIORITY.  
THIS WILL GIVE THE BASIS FOR  
AGENCY STAFF TO ASSIST  
LOCALITIES ON THEIR  
PROJECTS AND LEAVE LESS  
ROOM FOR INTERPRETATION” -  
FREQUENT APPLICATION USER**

### *Distributional Fairness*

Distributional fairness assesses whether the costs and benefits under this alternative are equitably distributed across Virginia regions and community sizes. This policy alternative makes the understanding of CDBG application instructions and questions easier for all relevant parties interacting with the application. There were no strong concerns regarding the implementation of this policy identified. However, there is concern that frequently approved applicants may lose access to their ‘technique’ when it comes to applying for CDBG funding. Frequent applicants originate from the Southwest Virginia region, and the chance that they may be more harmed by this policy solution than other regions suggests that only two of the three regions are expected to receive the same level of benefits with zero direct costs.

The costs of this alternative are only associated with the DHCD, and the benefits of this alternative are equal, by a majority, across two of the three regions, which is expected to remain that way for the five years the policy is being assessed. This policy alternative generates greater distributional fairness than what is being practiced in the Commonwealth now, where access to more experienced grant writers and applicants is an asymmetrical barrier. Because of these findings, this policy alternative scored a “2,” meaning its distributional fairness is strong but it falls second to another policy solution.

### *Speed of Implementation*

Speed of implementation refers to the speed at which the policy alternative can realistically be rolled out if selected. If a policy alternative can be implemented or rolled out during the 2024-2025 program year, it will be scored a 1. Should this policy alternative be selected, the process of



simplifying the language should take a 5-person team a full month of collaborative, interactive work. This policy can be implemented before or during the 2024-2025 program year depending on if and when the DHCD decides to act on this policy alternative. Since this policy's implementation will begin in the newest program cycle, it scored a "2", meaning its speed of implementation is fast-moving but second compared to another alternative (See **Appendices J and K** for application critiques/notes).

## Outcomes Matrix

The matrix below reflects the numeric scores for each of the alternatives as they are compared against each of the four criteria. See Figure 8 on Page 24 for scoring details.

### Outcomes Matrix

	COST-EFFECTIVENESS	STAKEHOLDER RECEPTIVITY	DISTRIBUTIONAL FAIRNESS	SPEED OF IMPLEMENTATION
POLICY ALTERNATIVE #1: CENTRAL VIRGINIA PROGRAM MANAGER	3	2	1	1
POLICY ALTERNATIVE #2: 2-YEAR CONSTRUCTION TIMELINE	2	3	3	3
POLICY ALTERNATIVE #3: STREAMLINING AND SIMPLIFYING APPLICATION LANGUAGE	1	1	2	2

**All 3 alternatives are scored on a 1-3 ranking system. 1 being the best-performing alternative in that criterion, 2 being second best, and 3 being third best.**

## Recommendation

The Virginia Department of Housing and Urban Development placed equal weight on all four criteria, so the policy alternative with the most "1s" or 1<sup>st</sup> place rankings, is identified as the best choice for implementation. Policy alternative no. 3, simplifying application language, is the most cost-effective and feasible policy alternative, earning "1s" in two of the four criteria. However,

this policy alternative ranked 2<sup>nd</sup> place in distributional fairness and speed of implementation, which means that while this policy may not be administered the fastest or be the most equitable solution, it is the highest received and most cost-effective solution provided. **It is my recommendation that the DHCD and the CDBG Program streamline and simplify all of their application language across all platforms, including application guidelines, instructions, and questions.** However, it is up to the discretion of the DHCD to review the findings in this policy report and consider the benefit of implementing one policy solution or a combination of policy solutions, as policy alternative no. 1 scored first place in equally the same number of criteria but, admittedly, ranked third place in cost-effectiveness.

## Implementation

The Virginia Department of Housing and Community Development (DHCD) and Community Development Block Grant (CDBG) Program staff are working together to streamline and clarify the CDBG application language across all platforms, including application training materials, instructions, and questions. This policy recommendation involves more than 15 relevant stakeholders, and by clearly outlining roles, responsibilities, and potential risks, editing the application language will prove effective for the Virginia CDBG Program's spending behavior (Senior Policy Analyst, Personal Communication, March 24, 2024).

The Division of Community Development and Housing, a division within the DHCD, will lead this effort. The team, consisting of CDBG Program Managers, Associate Directors, a Senior Policy Analyst, and Planning District Commission (PDC) officials, will provide their expertise to ensure that all CDBG applicants have a better chance at understanding and interpreting the language for an improved application experience that will produce higher-scoring applications (Senior Policy Analyst, Personal Communication, March 24, 2024).

Lyndsi Austin's team, working closely with Amy Fottrell, will draft the revised application, seeking input and feedback from Amanda Healy, Joanne Peerman, and Kathi Boatright. While Lyndsi Austin's team may be aware of the problem, they may not fully grasp the scope of how beneficial this policy change can be. As highlighted in Policy Alternative No. 3 on page 27, this change could lead to a \$13.4 million increase in funding for non-entitlement areas in 5 years (Senior Policy Analyst, Personal Communication, March 24, 2024).

It is essential to recognize that the end-users of these applications, the Planning District Commission staff and county administrators, need to provide input in this process. Their valuable insights and understanding of the application from a user's perspective will be crucial in ensuring the success of this policy change. The rewriting process will be iterative, incorporating feedback from all stakeholders, followed by meetings to discuss and make necessary adjustments before finalizing the application (Planning District Staff, Personal Communication, February 24, 2024).

This effort needs to be collaborative and mindful of all experiences to truly solve the problem without blame-shifting. Engaging with end-users throughout the implementation process will help identify and address potential issues or concerns early on, reducing the likelihood of needing to revisit and further revise the application language in the future.

The stakeholder receptivity for simplifying application language has been overwhelmingly positive, indicating strong support for its implementation. However, potential risks, such as disagreements among stakeholders and challenges for frequent applicants, should be addressed proactively.

Due to the number of individuals involved and their other responsibilities, the process of rewriting the CDBG applications is expected to take roughly a full calendar year before the applications are ready for distribution to applicants. The specific timeline will depend on the extenuating responsibilities and schedules of the listed parties (Senior Policy Analyst, Personal Communication, March 24, 2024).

The implementation of the policy to simplify CDBG application language requires close collaboration among various stakeholders within the DHCD and PDC officials. By clearly defining roles and responsibilities, setting a realistic timeline, and actively engaging with end-users throughout the process, the DHCD can ensure a successful transition to a more streamlined and user-friendly application, ultimately improving Virginia's CDBG expenditure rate.

## Conclusion

The Virginia Department of Housing and Community Development's Community Development Block Grant program plays a vital role in supporting community development initiatives and improving the lives of low-to-moderate-income residents in non-entitlement areas across the Commonwealth. However, the program has faced challenges in fully utilizing the available funds, with more than \$16 million remaining unspent between 2016 and 2022 (Virginia Department of Housing and Community Development [DHCD], 2024).

This report has identified three policy alternatives to address this issue: hiring a Central Virginia Program Manager, implementing a two-year construction timeline requirement, and simplifying the language of CDBG applications. After evaluating each alternative against the criteria of cost-effectiveness, stakeholder receptivity, distributional fairness, and speed of implementation, the report recommends that the DHCD and CDBG Program staff streamline and simplify the application language across all platforms.

By implementing this policy recommendation, the DHCD can ensure that all applicants have a better understanding of the application requirements, leading to higher-quality applications and increased CDBG spending. The collaborative effort among various stakeholders within the DHCD and Planning District Commissions will be crucial to the success of this policy change.

Ultimately, by addressing the barriers to accessing and utilizing CDBG funds, the Virginia Department of Housing and Community Development can more effectively fulfill its mission of creating safe, affordable, and prosperous communities throughout the Commonwealth, making a tangible impact on the lives of Virginians in need.

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# Appendices

## Appendix A: Research Methodology

This study employed a mixed-methods approach, combining quantitative data analysis and qualitative interviews to gain a comprehensive understanding of the problem and assess potential policy alternatives.

### Data Analysis:

- Reviewed Community Development Block Grant (CDBG) application data from the Centralized Application and Management System (CAMS) for the years 2016 to 2022.
- Analyzed data from the Virginia Department of Housing and Community Development (DHCD), U.S. Department of Housing and Urban Development (HUD), and academic literature published within the last 15 years.

### Interviews:

- Conducted interviews with CDBG officials from states with notable practices or similar characteristics to Virginia, including Wisconsin, Indiana, Tennessee, and Kentucky.
- Interviewed five DHCD staff members to gain insights into the agency's perspective and challenges.
- Conducted interviews with two Planning District Commission (PDC) officials to understand their roles and experiences in the CDBG process.
- Interviewed one third-party consultant involved in CDBG applications to gather an external perspective.
- Interviewed four county administrators and one city manager to learn about their experiences and challenges with the CDBG program.

Interviews were conducted through various methods, including in-person meetings, phone calls, Zoom or Microsoft Teams video conferences, and email correspondence. The interviews served two primary purposes:

1. To gather information and insights for analyzing the problem and its contributing factors.
2. To assess the potential outcomes of each policy alternative when evaluated against the four established criteria.

By combining quantitative data analysis with qualitative insights from a diverse range of stakeholders, this study aimed to provide a thorough and well-rounded assessment of the CDBG program in Virginia and to identify the most promising policy alternative to address the identified problems.

## Appendix B: Drive Time Calculations

Highland County is the furthest West county in region 3, and I went to Google Maps to search the drive time from Highland County to Abingdon and Richmond, VA. Both drive times from Highland County were longer than three hours. It is important to note that this excessive drive time should eliminate the regular belief that Richmond is a central city or is accessible for Virginians living in region 3.



## Appendix C: CAMS Review of Denied Applications

After reviewing CDBG applications in CAMS from 2016 to 2022, I noticed a trend among denied applications when compared to those that were approved. If an application was denied and they had long paragraph-style answers and few supplemental documents attached to their application, I came to the assumption by comparison and interviews that this was because the questions or instructions were not clear to the applicant, thus producing insufficient applications. One-third of the denied applications shared the same characteristics: long paragraph-style answers and few supplemental documents attached. From this conclusion, the effectiveness is calculated by taking 33% of the funds not given to denied projects from 2016 to 2021. 2016 to 2021 were the chosen years because the effectiveness is only projected five years into the future, so only five years of data were evaluated.

## Appendix D: Policy Alternative No. 1 Proposal

The Virginia Department of Housing and Community Development (DHCD) will create a position for a third Community Development Block Grant (CDBG) Program Manager to serve the Central Virginia region, specifically Planning District Commission Regions 5, 6, 7, 9, 10, and 11. This region has been identified as having little to no CDBG applications submitted from 2016 to 2022.

The Central Virginia Program Manager will work collaboratively with DHCD staff to assist non-entitlement localities in the region before, during, and after the CDBG application process. The Program Manager will be responsible for engaging with localities, conducting application training workshops, and ensuring that approved projects adhere to their grant agreements.

The position will be remote, with paid travel costs for in-depth engagement and training with low-applying non-entitlement areas. The Program Manager should be a native of the Central Virginia region to ensure personable, culturally similar interactions with local administrators and planning officials (Planning District Staff, Personal Communication, January 24, 2024).

The Division of Community Development and Housing directors and administrators will establish the job position and identify the qualifications and responsibilities of the prospective hire. The Human Resources Department will be responsible for the hiring process. Once hired, the two current Program Managers will train the new hire during a two-month orientation period (Program Managers, Personal Communication, February 23, 2024).

The Program Manager should be hired and trained by February of the year they are expected to serve, allowing them ample time to engage with non-entitlement areas and promote high-quality CDBG applications before the July 1st to December 30th application period.

It is important to note that through interviews, it was inconclusive exactly how this position would be funded. The funding could come from different pools within the DHCD, or it may require legislative action. As neither answer was provided with confidence, the time and cost associated with securing funding for this position have not been accounted for in this proposal.

The success of this policy alternative is expected to increase both the knowledge about CDBG funding and the quality of CDBG applications submitted by the Central Virginia region. By removing travel barriers and improving cultural alignment through the establishment of a Central Virginia Program Manager, the DHCD aims to increase the number of high-quality applications, ultimately reducing the rollover of CDBG funds (Planning District Staff, Personal Communication, January 24, 2024).

## Appendix E: Cost-Effective Analysis Calculations

### Policy Alternative No. 1: Central Virginia Program Manager

The cost-effectiveness of this policy alternative is calculated by dividing the total costs associated with the policy's implementation by its total effectiveness. The total effectiveness is calculated by how many millions of dollars CDBG spending will increase. The total cost was calculated using the two-month salary of the two program managers providing training and the new hire's salary and benefits package (priced at 20% of the \$70,000 salary) with a 5% discount rate from the policy's implementation to the 2028-2029 program cycle. The \$70,000 salary was calculated by the salary of the Abingdon Field Office Program Manager and lessened due to the new hire's assumed inexperience working with the Virginia CDBG Office (Open the Books, 2022). The total cost associated with this policy alternative is \$390,455.

Total Cost = Two-month salary of two program managers for training + New hire's salary and benefits package (20% of \$70,000 salary) with a 5% discount rate over 5 years

Two-month salary of two program managers =  $(2 \times \$70,000 \times 2/12) = \$23,333$

New hire's salary and benefits package =  $(\$70,000 + 0.2 \times \$70,000) \times (1 - 0.05)^5 = \$367,122$

Total Cost =  $\$23,333 + \$367,122 = \$390,455$

Total Effectiveness = Difference in funding between Southwest Virginia and Central Virginia regions from 2016 to 2020

Total Effectiveness = \$6.65 million

Cost-Effectiveness Ratio = Total Cost / Total Effectiveness

Cost-Effectiveness Ratio =  $\$390,455 / \$6,650,000 = 0.059$

### Policy Alternative No. 2: Two-Year Construction Timeline

The cost-effectiveness of this policy alternative is calculated by dividing the total costs associated with the policy's implementation by its total effectiveness. The total effectiveness is calculated by how many millions of dollars the DHCD's CDBG spending will increase. The total cost was calculated by taking the average annual salary of a Virginia state government employee and multiplying it by 13, the number of people responsible for its implementation, and taking 10% of that number for the first year and then reducing it to 5% for years following. Ten percent is the estimated percentage of time the 13 staff persons will need to give this policy before its full implementation in the second year of its life, reducing it to half at 5% (Senior Policy Analyst, Personal Communication, March 14, 2024).

Total Cost = Annual average salary of 13 DHCD staff, dedicating 10% of their time to this policy change for five years  $(= (55534 \times 0.1) \times 13)$  with a 5% discount rate over 5 years

Total Cost  $= (55534 \times 0.1) \times 13 = (72,194) / 1.05^t$ , t representing time over 5 years for the first year, then  $(55534 \times 0.05) \times 13$  for years 1-4.

Total Cost = \$200,193

Total Effectiveness = Total increase in Wisconsin's spending for one year subtracted by that same value  $\times 0.3$ , accounting for the difference in geographical/LMI makeup between Wisconsin and Virginia  $(= WI \# - WI \# \times 0.3)$  and aggregated from years 0-4 for total effectiveness.

Total Effectiveness = Values (\$0, \$0, \$300,000, \$2 million, and \$11.5 million) – same value  $\times 0.3$

Total Effectiveness = \$9,660,000

Cost-Effectiveness Ratio = Total Cost / Total Effectiveness

Cost-Effectiveness Ratio  $= \$200,193 / \$9,660,000 = 0.021$

### Policy Alternative No. 3: Clarity of Application Language

The cost-effectiveness of this policy alternative is calculated by dividing the total costs associated with the policy's implementation by its total effectiveness. The total effectiveness is calculated by how many millions of dollars the DHCD's CDBG spending will increase in five years. The total cost was calculated by reviewing how much time a fifteen-person staff team would take to complete this policy implementation. If the average Virginia state employee earns a \$55,000 annual salary, then thirteen people working for two months on the simplification of application language would cost a little more than \$120,000 (Open the Book, 2022). However, this cost is not an additional cost to what is already being spent. This cost is a one-time cost and will only be present in year 0, and it is not expected to recur in the years following.

Total Cost = Time cost of a 15-person staff team working for two months

Average annual salary of a Virginia state employee = \$55,000

Total Cost  $= 15 \times \$55,000 \times 2/12 = \$137,500$

Total Effectiveness = Projected increase in CDBG spending over the next five years, assuming 33% of denied applications were due to confusion with application language

Total CDBG funding not allocated due to denied applications from 2016 to 2021 = \$43.5 million

Total Effectiveness  $= 0.33 \times \$43.5 \text{ million} = \$14.36 \text{ million}$

Cost-Effectiveness Ratio = Total Cost / Total Effectiveness

Cost-Effectiveness Ratio  $= \$137,500 / \$14,355,000 = 0.010$

These calculations show the cost-effectiveness ratios for each policy alternative based on the provided data and assumptions in the report (Savage, April 2024).

## Appendix F: Policy Alternative No. 2 Proposal

The Virginia Department of Housing and Community Development (DHCD) staff supporting the Community Development Block Grant (CDBG) Program will implement a new construction timeline requirement, mirroring the Wisconsin Department of Administration's (DOA) 2-year construction timeline for all CDBG projects. This policy will be written into the 2025 Program Design and all subsequent years.

Under this policy, grantees will be required to complete the construction phase of their CDBG-funded projects within two years of signing the grant agreement with the DHCD. The DHCD and Program Managers will actively engage with grantees to ensure they maintain and adhere to this timeline. While there will be no direct consequences, such as the immediate return of unspent funds, failure to meet the construction deadline may negatively impact the grantee's scores on future project applications.

The 2-year construction timeline will be implemented at the beginning of the 2025-2026 DHCD program cycle (July 1, 2025, to June 30, 2026) and will apply to all CDBG projects awarded during and after this cycle. The DHCD will provide advance notice to non-entitlement areas, ensuring they have sufficient time to prepare for this policy change. Open projects awarded before the policy implementation date will not be affected by the new timeline (Senior Policy Analyst, Personal Communication, March 14, 2024).

The Virginia CDBG staff, including the head of the Division of Community Development and Housing, will be responsible for implementing this policy, incorporating it into the annual program design, and notifying all non-entitlement areas of the change (DHCD, 2024).

The primary objective of this policy is to incentivize "shovel-ready" projects, which typically score higher during the application process and promote a higher expenditure rate for the awarding state. By requiring projects to be construction-ready within two years of the grant agreement, the DHCD aims to increase the number of high-quality, shovel-ready applications. This policy may also encourage non-entitlement areas to apply for planning grants to ensure their projects are construction-ready, further increasing the rate at which CDBG funds are spent (Davis, Personal Communication, February 7, 2024).

It is important to note that some non-entitlement areas may face limitations in meeting this timeline due to their planning capacity. The DHCD and Program Managers will work closely with these localities to address any challenges and provide support to help them meet the construction deadline (Boatright, Personal Communication, February 23, 2024).

The success of this policy alternative will be evaluated annually for the next five years, as HUD allows the DHCD five years to spend its annual CDBG allocation. If the policy proves effective in increasing the number of quality applications and improving the DHCD's annual spending, it will continue with any necessary adjustments (DHCD, 2023).

## Appendix G: Policy Alternative No. 3 Proposal

The Virginia Department of Housing and Community Development (DHCD) staff supporting the Community Development Block Grant (CDBG) Program will collaborate with multiple non-DHCD professionals from different regions of the state, including PDC staff, specializing in planning, grant applications, or grant writing to review and rewrite all CDBG application instructions, details, and questions. The goal is to ensure that the application language is clear, straightforward, and accessible to all applicants (Planning District Staff, Personal Communication, February 24, 2024).

The DHCD staff will work with these external professionals, each bringing unique experiences and perspectives from their respective regions, to remove any confusion surrounding the requirements and questions asked of applicants, which can limit an applicant's ability to score well and receive CDBG funding. The collaboration of diverse input will lead to a more productive application editing experience, ultimately improving the clarity of the application language, and making the application process easier without removing any competitive measures. This, in turn, will result in higher-scoring applications that will allow for an increase in CDBG spending.

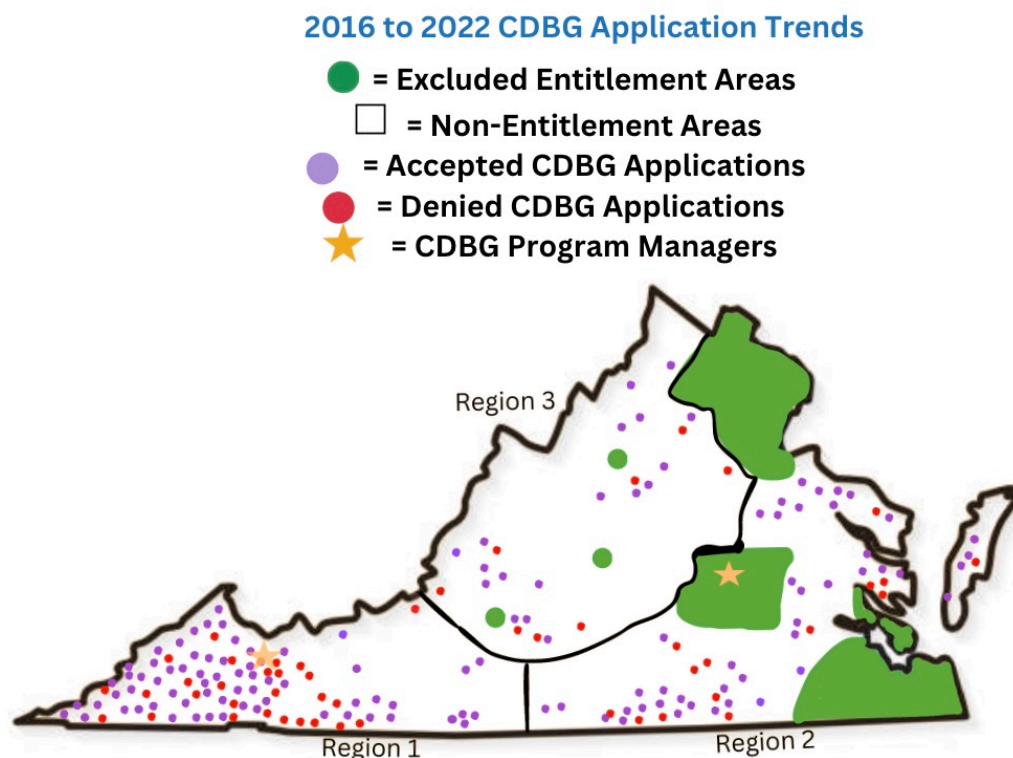
Once the application language has been rewritten and reviewed by the team of DHCD staff and external professionals, the DHCD staff supporting the CDBG Program will be responsible for updating the Centralized Application and Management System (CAMS) and the DHCD website with the revised application details and questions. All non-entitlement areas and Planning District Commissions will be notified of these changes as a courtesy.

The process of rewriting the CDBG applications to have clear and straightforward language is expected to be completed before the 2024-2025 CDBG program cycle opens on July 1st, 2024. The success of this policy alternative will be assessed by monitoring the increase in approved CDBG applications and through a post-application survey completed by applicants, regardless of funding approval.

The assessment of the increase in approved CDBG applications will be conducted annually for the next five years, aligning with the timeframe in which Virginia is allotted to spend its annual CDBG funding from HUD. This five-year period will allow for the detection of any patterns of success or failure resulting from the implementation of this policy (HUD, 2022).

By addressing the confusion caused by the current language and phrasing of questions and instructions in the CDBG application, this policy alternative aims to remove barriers that prevent applicants from fully understanding the expectations and providing comprehensive, satisfactory responses. With more than 33% of CDBG applications receiving failing scores from 2016 to 2022, simplifying the application language may result in higher-scoring applications, increased competitiveness of the application pool, and ultimately, an improvement in the Commonwealth's CDBG expenditure rate (Virginia Department of Housing and Community Development [DHCD], 2024).

## Appendix H: Map Key



## Appendix I: Wisconsin Case (Davis, 2024).

The Wisconsin Department of Administration (DOA) has been administering the Community Development Block Grant (CDBG) program since 2012, after taking over from another state agency. The DOA has implemented several changes to improve the program's effectiveness and efficiency, most notably the "2 construction season" policy for project completion.

**Application Process:** Wisconsin's CDBG application process is competitive, with awards made annually for the CDBG Public Facilities (PF) program. The DOA changed the application process from a first-come, first-served basis to a competitive one to ensure that projects with the highest need are prioritized for funding. Applications are typically due in the spring, with awards announced in late July.

**2 Construction Season Policy:** One of the most significant changes implemented by the DOA is the "2 construction season" policy. Under this policy, grantees must start construction by July 1st of the year following the award and complete construction by October 31st, approximately 2.25 years after the award. Project completion documents are due by December 31st, roughly 2.41 years after the award.

The DOA has become stricter in enforcing this policy over the years, requiring grantees to provide sufficient justification for any delays outside of their control to be granted an extension.



This policy has helped ensure that funded projects are "shovel-ready" and can be completed in a timely manner.

**Types of Projects Funded:** The DOA primarily funds street, water, and sewer-related infrastructure projects, with occasional funding for community centers, senior centers, fire stations, and parks. The focus on infrastructure projects is due to their tendency to score highest in the "Project Need" category of the application.

**Grantee Response and DOA Justification:** While some grantees have provided negative feedback regarding the "2 construction season" policy, the DOA has justified the requirement by citing the U.S. Department of Housing and Urban Development's (HUD) guidance on the timely expenditure of funds. The DOA also emphasizes the competitive nature of the program, stating that only projects that are "shovel-ready" and can be completed within the required timeline are eligible for funding.

The DOA advises grantees with projects that cannot meet the CDBG program timeline requirements to seek alternative funding sources that better align with their needs.

**Program Performance and Funding:** Since implementing the "2 construction season" policy and other changes, Wisconsin has significantly improved its ranking in the HUD State Expenditure Timelines list, moving from the bottom of the list to the second-highest ranked state as of March 2022.

The DOA attributes this improvement to various factors, including the "2 construction season" policy, increased competitiveness of awards, and the tracking and re-allocation of returned funds due to program income, unexpended grant funds, and non-compliance issues.

Wisconsin's DOA has successfully implemented several changes to its CDBG program, most notably the "2 construction season" policy, which has contributed to the state's improved performance in the timely expenditure of funds. While some grantees have expressed concerns about the policy, the DOA has justified its implementation by citing HUD requirements and the competitive nature of the program. The DOA's experience serves as a valuable example for other states looking to improve their CDBG program's effectiveness and efficiency (Davis, Personal Communication, January 26, 2024).

## Appendix J: Application Comparisons with Wisconsin

After reviewing the Wisconsin and Virginia CDBG application and training materials, I've identified several key differences and areas where Virginia could potentially improve, using Wisconsin as a benchmark. Here are some specific examples with quotes:

### 1. Clarity in application requirements:

Wisconsin's application instructions provide clear guidance on required attachments, using a checklist format. For example, the instructions state: "Attach this cover page, followed by the documents in the order listed below, to the end of the Application [after] the Acquisition/Relocation attachment(s)."

In contrast, Virginia's application lacks a similar checklist, which could lead to confusion about the required documents. Virginia could improve by providing a clear, itemized list of required attachments.

## 2. Detailed guidance on project readiness:

Wisconsin's application instructions emphasize project readiness and provide specific examples of documents required to demonstrate readiness. For instance, the instructions mention: "Architectural/Engineering (A/E) Biddable Design Plans and Technical Specifications are to be submitted separately; and must be certified by a licensed architect/engineer using the Certification form."

Virginia's application does not provide the same level of detail regarding project readiness documentation. To improve, Virginia could offer more specific guidance on the types of documents required to demonstrate readiness, such as architectural plans, engineering reports, and certifications.

## 3. Consistency in terminology:

Wisconsin's documents use consistent terminology throughout, such as "Community Development Block Grant (CDBG)" and "Units of General Local Government (UGLG)." This consistency helps to avoid confusion and ensures that applicants understand the program's requirements.

Virginia's documents, while generally consistent, could benefit from a more standardized use of terminology. For example, the application uses "CDBG" and "Community Development Block Grant" interchangeably. Adopting a consistent set of terms and acronyms throughout all materials would improve clarity.

## 4. Explanation of scoring criteria:

Wisconsin's presentation slides provide an overview of the scoring criteria used to evaluate applications, such as "Project Need," "Community Distress," and "Project Readiness." The slides cover "CDBG-PF APPLICATION SCORING SUMMARY" and "CDBG-PLNG APPLICATION REVIEW Categories," which give applicants a clear understanding of how their proposals will be evaluated.

In contrast, Virginia's training slides focus more on general program information and less on the specifics of the application process and scoring criteria. The slides mention "Competitive Proposal Evaluation Criteria" but do not provide a detailed breakdown of the scoring system.

To improve their training materials, Virginia could take cues from Wisconsin and include more detailed information on:

1. The specific criteria used to score applications
2. The points allocated to each scoring category
3. Examples of how applicants can demonstrate their project's strength in each category



By providing this level of detail in their training materials, Virginia could help applicants better understand the application process and create more competitive proposals. This, in turn, could lead to a more efficient and effective allocation of CDBG funds.

In summary, while both Wisconsin and Virginia provide valuable information in their CDBG application and training materials, Wisconsin's materials stand out for their clarity, consistency, and detailed guidance. By incorporating some of Wisconsin's best practices, such as providing clear checklists, emphasizing project readiness, using consistent terminology, and explaining scoring criteria in detail, Virginia could enhance the quality and effectiveness of their CDBG application and training materials.

(Wisconsin DOA, 2024; Davis, Personal Communication, February 23, 2024; CAMS, 2023).

## Appendix K: Critique of Application Questions

From reviewing the Construction-Ready CDBG application, a third-party consultant with experience in grant writing and grant writing assistance aided the Town of St. Paul in their repeat of applications from 2016 to 2020. The Town of St. Paul was denied funding for at least the last two CDBG applications, and the consultant cited the complexity of the applications as a challenge. I asked the consultant to review a new application that he was not familiar with for Virginia, 2023 Construction-Ready CDBG application.

Here is the feedback:

Question 2: No comment

Question 3: No comment

Question 4: No comment

Question 5: The consultant suggests that providing a narrative description of the environmental review process is difficult and potentially redundant, as it is highly subjective and dependent on the project type and property conditions. They recommend using an enhanced checklist to evaluate the level of readiness instead of a narrative format.

Question 6: The consultant questions the need for a narrative description if the information is already required in a prescribed table format.

Question 7: The consultant suggests separating this question into three parts: 1) identifying expected consultants and their roles, 2) describing the procurement process for securing their services, and 3) providing qualifications for already selected consultants.

Question 8: The consultant seeks clarification on the meaning of "project readiness" and how DHCD evaluates this question, as it seems open to interpretation.

Question 9: The consultant suggests rephrasing the question to "list all demand agreements required and their status" and providing an example format.

Question 10: The consultant points out that while the question is titled "needs and opportunities," it only asks for a description of needs. They also highlight the subjectivity of this question based on the intended use of funding and question how DHCD evaluates and scores the responses.

Question 11: The consultant deems this question useless, as it only requires uploading data elsewhere.

Question 12: The consultant notes that the answer to this question is highly specific to the project type, making it difficult to evaluate objectively. They also mention a potential duplication with a required 2-page narrative summary.

(Jones, Personal Communication, February 24, 2024)