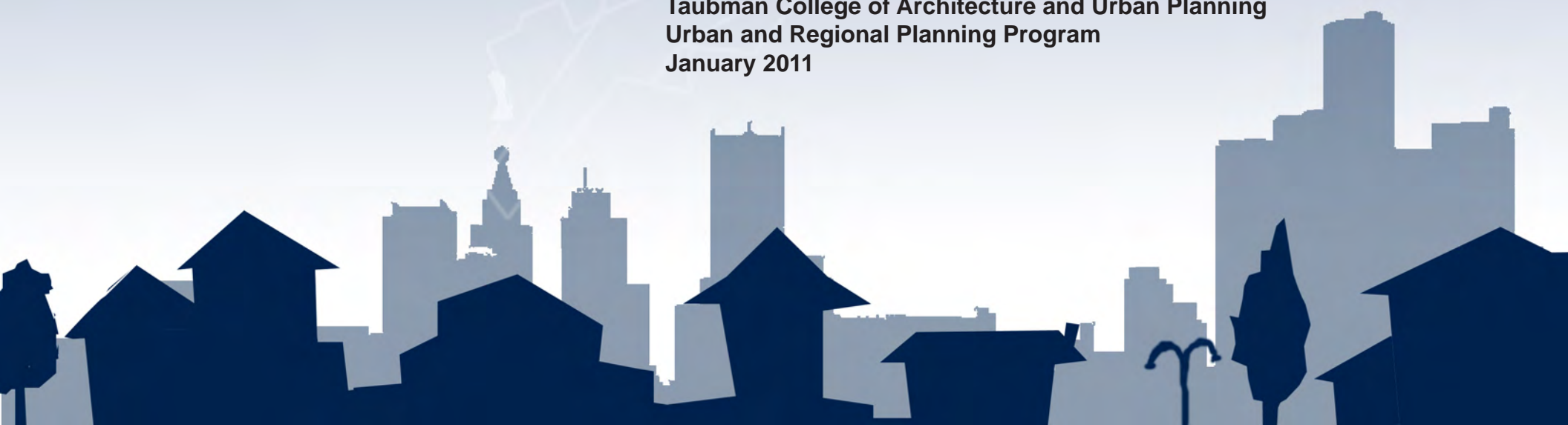# Building Better Blocks

Transforming Detroit's CDBG Subrecipient System

Kevin Bush | Yevgeniy Davidzon | Dario Delgado | Lisa Drogin | Abby Eisen | Melvin Gaines | Jing Huang | Clarence Mann | Susie Roble | Jessica Simoncelli

**University of Michigan
Taubman College of Architecture and Urban Planning
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ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

Community development organizations (CDOs) provide essential services to assist Detroit's low- and moderate-income populations, create economic development, and sustain neighborhood vitality. The U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program awards funds to states, counties and cities that then distribute some of these federal dollars to CDO subrecipients to support their community development activities. The portion of CDBG funds that go toward supporting CDO activities is called the CDBG subrecipient system.

Detroit is a long-standing CDBG grantee, but Detroit's subrecipient system – from the allocation of awards to the handling of grants to the evaluation of subrecipients – poses many difficulties to accomplishing community development goals. Community Development Advocates of Detroit (CDAD) serves as the trade association for many of Detroit's CDOs that receive CDBG funding, and therefore CDAD plays a leadership role in dealing with these subrecipients' shared concerns regarding Detroit's CDBG system. This plan addresses the challenges facing Detroit's CDBG subrecipient system, exploring principles of good practices from other CDBG subrecipient systems, which then inform the changes needed to transform Detroit's system.

Chapter 1: A Plan to Strengthen Detroit's CDBG Subrecipient System

This plan envisions a CDBG system in Detroit that strengthens community development through the implementation of a transparent, prompt, objective, and effective subrecipient system.

In order to accomplish this vision, the plan proposes changes in Detroit's CDBG subrecipient system in order to accomplish two major goals:

Goal 1: Align Detroit's CDBG subrecipient system with the City's goals and HUD's national objectives to bring about more positive outcomes in Detroit community development.

Goal 2: Enable subrecipients to use CDBG funding more effectively in achieving community development aims.

Chapter 2: The CDBG Entitlement Program

HUD began administering the CDBG program in 1974 to devote federal dollars to locally-determined community development needs, including neighborhood revitalization, economic development, and the provision of community facilities and services.[1] Cities such as Detroit that are CDBG grantees – or, entitlement communities – establish their own funding priorities, but grantees' program activities must match at least one of HUD's three CDBG national objectives:

- Benefit low- and moderate-income persons,
- Aid in the prevention or elimination of slums or blight, or
- Meet community development needs having a particular urgency.[2]

Additionally, grantees must comply with HUD regulations: following CDBG-eligible activities, fulfilling planning and reporting requirements, and meeting deadlines for spending allocated CDBG grants. Furthermore, HUD requires that grantees establish contracts with the CDO subrecipients that carry out the community development activities, holding those CDOs accountable to HUD's regulations. Overall, the CDBG program gives grantees such as Detroit the autonomy to create policies and procedures that best address their community development needs and fit with their culture.

Chapter 3: Detroit's CDBG Subrecipient Management Process

In the 2010 program year (which spans fiscal year 2010), Detroit received $40,142,357 from HUD for CDBG activitites,[3] and allocated 28 percent of that total grant to CDO subrecipients.[4] In addition to Detroit's Planning and Development Department (P&DD) – which administers the City's CDBG grant – other key actors in Detroit's subrecipient system are Detroit City Council, the City Planning Commission (CPC), the Citizen Review Committee (CRC), and subrecipient leaders.

These actors play roles in the three processes of the CDBG funding cycle: allocation of CDBG awards to subrecipients; handling of awards (including contracts and reimbursement); and monitoring and evaluation of subrecipients' CDBG activities.

Throughout these three stages, Detroit's subrecipient system encounters many challenges, including:

- Lack of communication between the legislative and executive branches;
- Inconsistent and subjective use of criteria to score applications;
- Lack of transparency in review of applicants, in contracting, and in evaluation standards;
- Delays in the contracting process and the reimbursement of funds; and
- Ineffective monthly reporting and lack of subrecipient accountability.

Chapter 4: A Framework for Subrecipient Awards Allocation

CDBG grantees establish program goals and priorities and then evaluate and select subrecipient proposals to accomplish those goals. The resulting allocations shape the CDBG program, and so grantees must implement an effective allocation process in order for their use of CDBG funds to achieve community development aims. Following key principles of strong subrecipient systems, a CDBG allocation process should:

- Relate allocation decisions to the City's goals;
- Ensure transparency throughout the allocation decision process;
- Strategically allocate funds to increase impact on community development; and
- Provide subrecipient applicants with training to ensure that their proposed activities align with the grantee's goals.

Chapter 5: Handling of Subrecipient Awards

The handling of subrecipient awards consists of two main processes: contracting and reimbursement. Smooth functioning of these processes is vital to enabling subrecipients to carry out their proposed community development activities. Following key principles of strong subrecipient systems, the handling of CDBG subrecipient awards should:

- Establish transparent procedures for processing contracts and reimbursements;
- Promote a strong, outcome-driven organi--zational culture; and
- Increase efficiency and simplify the contracting and reimbursement processes.

Chapter 6: Mornitoring + Evaluation of Subrecipients

Once grantees award contracts to subrecipients and dispense funding, grantees should monitor and measure the outcomes that subrecipients achieve with CDBG funding. Evaluation ties into both the allocation and handling of awards processes. Following key principles of strong subrecipient systems, monitoring and evaluation should:

- Document community development impacts of subrecipient activities with measureable outcomes;
- Practice ongoing and consistent monitoring throughout the subrecipients' program operations;
- Build subrecipients' capacity for evaluation and encourage participation in the process; and
- Apply the results of outcome assessments to decisions about future allocation.

Chapter 7: Vision for Detroit's CDBG Subrecipient System

The principles and good practices from other CDBG grantees suggest what an improved subrecipient system in Detroit could be like. The implementation of a transparent, objective, prompt, and effective subrecipient system could ultimately enable subrecipients to do better in meeting community development needs. Numerous other cities have implemented subrecipient systems with these characteristics, and Detroit could also do so.

This plan envisions a Detroit CDBG system where:

- City Council, CPC, and P&DD allocate funds to CDOs with the greatest promise to achieve citywide community development goals;
- P&DD project managers maintain steady contact with subrecipients, facilitating consistent reporting and prompt reimbursement;
- Performance measurements assess how well a subrecipient's CDBG activities achieve their intended impact, and then the assessments factor into subsequent funding decisions; and
- The collective work of the subrecipients addresses Detroit's most pressing community development needs, and when activities do not meet goals, the CDBG system shifts funding accordingly.

This plan demonstrates how to accomplish this vision, in two phases of implementation.

Chapter 8: Transforming Detroit's CDBG Subrecipient System

In order to realize a transparent, prompt, objective, and effective subrecipient system in Detroit, the first phase of transformation elements should occur immediately and in concert with one another. All elements need to change at the same time to create a strong system. P&DD, CPC, and other key actors with CDAD's leadership and continuing involvement could implement the following Phase 1 changes for comprehensive reform of Detroit's CDBG system:

- Align Detroit's Annual Action Plans to the City's community development priorities.
- Clearly communicate the CDBG program goals to applicants for CDBG funding.
- Maintain a consistent application due date.
- Implement an electronic application.
- Establish and use clearly defined application scoring criteria.
- Provide training on the application scoring criteria.
- Share application scores with applicants.
- Reduce the number of departments involved in the contracting process.
- Make a contracting timeline and detailed procedure available to the public and provide training on these to subrecipients and City staff.
- Subcontract administration of backlogged CDBG awards and contracts.
- Designate a project manager for each subrecipient who can regularly provide help and feedback.
- Implement a clear outcome measurement form in the evaluation process for subrecipients.
- Provide training on outcome measurement for project managers and subrecipient organizations.

- Share evaluation results with subrecipient organizations.

CDAD should form a task force to pursue Detroit's CDBG system transformation – composed of two members from each CDBG stakeholder entity, such as P&DD, the Mayor's office, CPC, City Council, HUD, CDAD and other CDO leadership – to advocate for and monitor these Phase 1 changes.

Chapter 9: Strengthening the Transformed CDBG System

Building on the Phase 1 transformation of Detroit's subrecipient system, Phase 2 actions could strengthen the capacity of the system to improve community development. P&DD, CPC, and other key actors, with CDAD's involvement should:

- Ensure that the Consolidated Plan reflects the City's community development priorities
- Support CDOs that are emerging or that lack capacity so that they can become competitive applicants for CDBG funding;
- Create opportunities for subrecipients in the same geographic area to collaborate;
- Require applicants to outline metrics they will use to evaluate their own outcomes;
- Consider past outcome evaluations in the allocation decision for re-applicants;
- Allow multiple year funding awards to organizations with proven track records;
- Allocate funds geographically to increase the impact on community development;
- Institute an electronic grant management system; and
- Subcontract various grant management processes or specific funding categories of the CDBG system.

The task force established for Phase 1 could continue to work on the system-reinforcing changes of Phase 2.

Chapter 10: A Strong CDBG System in the Context of Future Change

Detroit's transformed subrecipient system will need to adjust to future, citywide changes, such as:

- The results of the 2010 U.S. Census that lead to less federal CDBG funding;
- Priorities that emerge from the Detroit Works Project that shift citywide priorities; and
- Possible institution of council-by-district representation that change City Council funding priorities.

After the new CDBG subrecipient system is in place for a few years, assessment of its implementation and its achievement of community development goals will likely identify other changes that could make the system work better. Some of the possible ways to make such further changes are to concentrate allocation decision-making under P&DD or to subcontract the work of the entire subrecipient system to an entity outside the city government.

While this plan cannot anticipate all forms future changes will take or the impact they will have, action to transform Detroit's CDBG subrecipient system needs to happen now. Immediate changes can lead to major improvements in the system. Continued assessment and changes in the coming years can further reinforce the transformation to a strong CDBG subrecipient system for Detroit.

NOTES

1. U.S. Department of Housing and Urban Development, *Community Development Block Grant Entitlement Communities Grants - CPD – HUD,*
    http://170.97.67.13/offices/cpd/communitydevelopment/programs/entitlement/index.cfm.
2. *Code of Federal Regulations*, Housing and Urban Development, Title 24, sec. 570.200 (a)(2).
3. U.S. Department of Housing and Urban Development, Community Planning & Development, *Community Planning and Development Program Formula Allocations for FY 2010*, http://www.hud.gov/offices/cpd/about/budget/budget10/.
4. City of Detroit City Planning Commission, *2010-11 CDBG Category Funding Amounts* (Detroit, MI, 2010).

1 | A PLAN TO STRENGTHEN DETROIT'S CDBG SUBRECIPIENT SYSTEM

Community development organizations (CDOs)[1] in Detroit provide services for affordable housing, community outreach, workforce development, economic development, and youth programming to many neighborhoods across the city. Community Development Block Grant (CDBG) dollars, allocated through the City of Detroit, are an important source of funding for many CDOs that carry out projects as subrecipients. Without CDBG funding, a number of programs operated by Detroit CDOs would cease to exist.[2]

Detroit's CDBG Program

The national CDBG program, administered by the U.S. Department of Housing and Urban Development (HUD), is the major federal funding program for local community development. Local governments that receive CDBG funding through the CDBG Entitlement Program, such as Detroit, are known as entitlement communities. Entitlement communities determine their own funding priorities, although their program activities must match at least one of HUD's three CDBG national objectives and must comply with HUD regulations.   Entitlement communities assess their own neighborhood needs and allocate their CDBG dollars based on objectives established in their Consolidated Plans.   Some entitlement communities keep all CDBG funds internal and only fund City-operated programs; however, most, including Detroit, distribute a portion of their CDBG funds to subrecipients. Subrecipients are usually nonprofits (some of which classify themselves as CDOs) that receive CDBG funds from grantees for programs, services and support that meet CDBG objectives.[3] For the 2010-11 program year, the City of Detroit received $40,142,357 in CDBG funds, and allocated approximately 28% ($11,375,000 for five program categories) to 127 CDOs. The flexibility of the CDBG Entitlement Program gives grantee governments the ability to shape their own CDBG programs but also makes grantees responsible for the activities of subrecipients.

This plan does not explain why 28% of the City's CDBG funds were allocated to subrecipients for the 2010-2011 program year. After the subrecipient system becomes more effective, the community development outcomes for the city will become evident that could justify subrecipients' advocating for a larger share of CDBG funding.

Figure 1.1: Spirit of Detroit Monument, Detroit, Michigan
Source: www.urbantoronto.ca

Challenges Facing Detroit's CDBG Subrecipient System

Detroit's CDBG subrecipient system faces many challenges. Many familiar with the system report that it lacks efficiency, transparency, political predictability, and effectiveness. Detroit's CDBG subrecipient system has the potential to enable CDOs to address Detroit's community development needs successfully; however, the community development potential of the system has not yet been realized in Detroit.

Many subrecipients of Detroit's Community Development Block Grant express frustration with the City's use of CDBG dollars and with the subrecipient process.

Specific obstacles within the Detroit CDBG program that affect the Detroit CDBG subrecipient system include:

- Limited collaboration between CDOs and City departments in setting community development priorities,
- Insufficient information sharing across various City departments,
- A complex contracting process that requires review by numerous City departments, and
- Extensive use of CDBG funds for City agency operations.

Long-time CDBG subrecipients report moving toward other funding sources as a result of these systemic failures that pervade Detroit's CDBG process. Dependence on CDBG funding for part of their programming is no longer a tenable option for many of Detroit's CDOs.[4]

New City leadership has prioritized CDBG reform. For example, on October 7, 2010, members of the Detroit City Council Planning and Economic Development Standing Committee directed City Planning Commission (CPC) staff to convene a 30-day working group to develop recommendations to improve the fiscal year 2012 CDBG review process. The working group consisted of representatives from CPC, Detroit Planning and Development Department (P&DD), Save Our Spirit (SOS), Community Development Advocates of Detroit (CDAD), and the Homeless Action Network of Detroit (HAND). The working group submitted their recommendations to City Council in late November 2010.[5]

Prior to participating in the 30-day working group, CDAD's leadership requested a team of Urban and Regional Planning graduate students from the University of Michigan to create this plan to improve Detroit's CDBG subrecipient system. This is just the latest of CDAD's numerous efforts to encourage the strengthening of Detroit's system. Since its founding in 1995, one of CDAD's priorities has been the improvement of the CDBG subrecipient system. In 2006 CDAD worked with Community Legal Resources (CLR) on a briefing paper to provide an overview of CDBG in Detroit. The report revealed numerous challenges facing the subrecipient program and pointed to directions for reform.[6] Prior CDAD efforts to improve Detroit's CDBG program include working with University of Michigan graduate students to create a plan to expand the capacity of community development corporations, and hosting candidate forums prior to elections where CDAD members questioned those running for office about their commitment to improving the CDBG system.[7]

A Vision for Detroit's CDBG System

Detroit deserves a CDBG system that strengthens community development through the implementation of a transparent, prompt, objective, and effective subrecipient management system.

Transparent: The entire subrecipient management system's processes are characterized by visibility or accessibility to information especially concerning decisions that could affect CDOs and their ability to perform desired community development tasks.

Prompt: The entire subrecipient management system enables its subrecipients to deliver services quickly. Furthermore, the subrecipient management system's processes move into action without delays in allocating awards, handling of contracts, processing reimbursements, and evaluating performance of CDOs.

Objective: The entire subrecipient management system follows a logical, rational, and formal process. Furthermore, processes of application review, awarding, handling, monitoring, and evaluation of grants are replicated in the same manner by multiple decision-makers.

Effective: The entire subrecipient management system achieves desired goals and objectives, enabling CDOs to perform their various tasks of community development with minimal barriers and impediments from the system itself.

Two Major Goals for Strengthening Detroit's CDBG System

Goal 1: **Align Detroit's CDBG subrecipient system with the City's goals and HUD's national objectives to bring about more positive outcomes in Detroit community development.**
This goal envisions a CDBG subrecipient system that: aligns citywide community development priorities to Detroit's Consolidated Plan; makes allocation decisions based on applicants' ability to achieve the priorities established in the Consolidated Plan; and integrates past outcome evaluation results into the allocation process. For CDOs, this will translate into greater involvement in establishing CDBG priorities, a transparent subrecipient application and evaluation process, and greater predictability of CDBG awards.

Goal 2: **Enable subrecipients to use CDBG funding more effectively in achieving community development aims.**
Streamlining the subrecipient award, contract, and reimbursement processes can improve the City's ability to administer its CDBG subrecipient system and result in efficient delivery of CDBG funds to CDOs. When the City delivers funds to CDOs on time, CDOS are better able to maintain their timelines for achieving community development aims. Furthermore, implementing transparent evaluation measures and increasing project manager support and feedback to subrecipients will help CDOs continuously improve their programs.

Methods

To produce a plan to accomplish these goals, the authors:

1. **Developed a detailed understanding of the Detroit CDBG subrecipient system:** Interviewed CPC and P&DD staff, CDBG subrecipients, HUD employees, and others who have studied the Detroit CDBG program; surveyed CDBG subrecipients to get views on what directions CDBG changes should take; read evaluations, reports, and other documents on Detroit's CDBG program; and attended meetings of the City Council's Planning and Economic Development Standing Committee's 30-day working group.

2. **Determined principles of effective CDBG programs:** Studied HUD's requirements for CDBG entitlement programs; analyzed published reports that describe successful CDBG subrecipient management systems; examined research on CDBG impact, project management, operations management, and philanthropic foundation grant processes.

3. **Catalogued good practices applicable to Detroit:** Reviewed published documents on CDBG programs in other cities; and interviewed representatives from CDBG lead agencies and subrecipient organizations in other cities.

4. **Solicited feedback:** Met with CDAD advisory committee members to present our understanding of current situation, agree on the goals of this plan, and draft recommendations.

Outline of the Plan

This plan aims to guide readers to an understanding of the necessary steps to improve Detroit's CDBG subrecipient system and how to take those steps.

First, Chapter 2 details HUD's CDBG regulations as they pertain to Detroit. Chapter 3 explains Detroit's current CDBG subrecipient system.

Subsequently, this plan highlights principles and good practices of successful CDBG subrecipient management systems in other cities, specifically with respect to allocation of awards (Chapter 4), the contracting and reimbursement processes (Chapter 5), and monitoring and evaluation (Chapter 6).

After explaining good practices, this plan offers a vision for a successful CDBG subrecipient system in Detroit (Chapter 7).

The final three chapters of this plan describe the plan for changes to move Detroit toward a more effective CDBG subrecipient system. Phase 1 describes system-wide change that should occur immediately and concurrently (Chapter 8). Phase 2 recommendations should build upon Phase 1 actions over the next two to three years in order to strengthen the reformed system (Chapter 9). Chapter 10 presents possible additional actions to take if phases 1 and 2 do not meet this plan's goals, especially in the event of several imminent changes likely to affect the CDBG system in Detroit.

Figure 1.2: Volunteers for a Home Repair Program
Source: www.houseproudatl.com

Figure 1.3: Students at Family Literacy Center, Detroit, MI
Source: www.trivanifoundation.org

NOTES

1. In Detroit, nongovernmental community development entities are commonly referred to as CDOs. Other localities sometimes call these types of organizations community development corporations (CDCs) or community-based organizations (CBOs).
2. Survey of Detroit CDBG subrecipients, interviews held during meeting of Community Development Advocates of Detroit, Detroit, Michigan, October 2010.
3. Carol Star and others, "Managing Subrecipients of CDBG Grantees," Office of Policy Development and Research Report (Washington, DC: U.S. Department of Housing and Urban Development, 2005).
4. President of a subrecipient community development organization, interview with the authors, October 2010.
5. Marcell R. Todd, Jr. "Recommendations to Improve the Process for 2011-12 Neighborhood Opportunity Fund (NOF)/Community Development Block Grant (CDBG), DEPARTMENTAL REPORT (Detroit, MI: Detroit City Council Planning and Economic Development Standing Committee, 2010).
6. Community Legal Resources, "CDAD CDBG" Briefing Paper (Detroit, MI: Community Development Advocates of Detroit, 2006).
7. Christopher Ash and others, "Growing Stronger: A plan for the future of Detroit's Community Development Corporation System" (Detroit, MI: Community Development Advocates of Detroit, 2009).

2 | THE CDBG ENTITLEMENT PROGRAM

Understanding the structure of the federal CDBG program for entitlement communities provides a basic framework for making improvements to Detroit's CDBG subrecipient program. This chapter provides an overview of the CDBG Entitlement Program and explains the U.S. Department of Housing and Urban Development's (HUD) regulations regarding entitlement grantees and their management of subrecipients.

CDBG
Entitlement Program Overview

Congress established the CDBG program in 1974 with the adoption of the Housing and Community Development Act, Public Law 93-383. Administered by HUD, the CDBG program provides annual grants to state and local governments to address community development needs including neighborhood revitalization, economic development, and the provision of community facilities and services.[1]

Figure 2.1: U.S. Department of Housing and Urban Development Seal
Source: www.hud.gov

This plan focuses on HUD's CDBG Entitlement Program. HUD grants CDBG funding to three types of entitlement communities, or grantees. Grantees eligible for funding include: the principal cities of metropolitan statistical areas (MSA); additional metropolitan cities with at least 50,000 residents; and authorized urban counties with populations of at least 200,000, excluding those residing in the eligible principal and metropolitan cities.[2] HUD determines the amount of CDBG funding each entitlement community will receive annually through the application of two formulas designed to measure community needs.

Formula A measures population, poverty, and overcrowding.

Formula B measures growth lag, poverty, and age of housing.[3]

Using these formulas, HUD calculates two grant amounts that each entitlement area could receive, and assigns the larger of the two grants. In 2010, Detroit received $40,142,257 in CDBG funds.

HUD Regulation of
Entitlement Grantees

Entitlement communities use CDBG funds at their own discretion, but they must adhere to HUD requirements. For instance, HUD requires each grantee to designate one or more agencies responsible for local program design and implementation. This agency must verify and document grantee and subrecipient compliance with federal regulations. Most grantees designate a community development agency as their lead CDBG agency, although some select staff departments, line agencies, or independent authorities.[4] The City of Detroit Planning and Development Department (P&DD) is Detroit's lead CDBG agency. HUD also establishes CDBG eligible activities, planning and reporting requirements, and the deadlines for spending allocated CDBG grants. Furthermore, HUD requires that grantees establish contracts with subrecipients and hold them accountable to HUD's regulations.

CDBG Eligible Activities

HUD requires that each activity funded by CDBG, except planning and administrative activities, meet at least one of the CDBG national objectives:

- Benefit low- and moderate-income persons,
- Aid in the prevention or elimination of slums or blight, or
- Meet community development needs having a particular urgency.[5]

Specific CDBG eligible activities include:

Acquisition and Disposition: use of CDBG funds to purchase or lease property for any public purpose.

Demolition and Clearance: removal of buildings, structures, debris or rubble, and site improvements.

Economic Development Activities: activities that may consist of the development by grantee or subrecipient of a business incubator designed to create inexpensive office space and assistance to new firms to help them become viable businesses, loans to pay for local business growth, and job training for low and moderate income persons.

Rehabilitation: building improvements including single-family home rehabilitation, multi-family home rehabilitation, energy efficient retrofitting, public housing revitalization, and rehabilitation of commercial properties.

Relocation: funding to assist displaced persons or families, businesses, and non-profit organizations.

Public Facility Improvements: rehabilitation of public facilities including neighborhood facilities, shelters for individuals with special needs, public schools, firehouses, libraries, and water/wastewater treatment plants.

Public Services: providing either a new public service or a significant level of increase in the existing service.

Planning and Capacity Building: research, data analysis, and preparation of plans. Eligible plans include: comprehensive plans, project plans, community development plans, capital improvement programs, historic preservation studies, and functional planning (i.e. housing, land use, economic development, and energy conservation).

Homeownership Assistance: financial assistance for down payments, closing costs or other pre-purchase costs, and foreclosure prevention.[6]

Figure 2.2: The Five CDBG Eligible Categories in Detroit
Source: www.google.com/images

Homeless / Emergency PS   Public Service   Economic Development   Minor Home Repair   Public Facility Rehabilitation

Grantee Management of Subrecipients

Most grantees, including Detroit, administer their CDBG program by redistributing a portion of their CDBG dollars among subrecipients—quasi-public agencies, nonprofit organizations, or government units that receive CDBG funds from grantees for programs, services and support that meet CDBG objectives.[7] HUD does not define administrative arrangements that grantees must use to manage subrecipients but does specify that grantees have written agreements with subrecipients that must remain in effect during any period that the subrecipient has control over CDBG funds.[8] HUD also mandates that grantees, or their CDBG administrators, must review and monitor subrecipient activities for compliance with the national objectives and other CDBG program requirements.[9]

Requirements that subrecipients must meet include:

- Timely completion of CDBG funded activities,[10]
- Identification and prevention of potential conflicts of interest, and[11]
- Adherence with U.S. labor and environmental laws, federal standards of financial management and accounting, and civil rights laws.[12]

Timeline for Use of CDBG Funds

HUD considers a grantee to be failing to carry out its CDBG activities in a timely manner if:

- In a current program year, the total amount of entitlement grant funds available to the grantee under grant agreements (from the current and previous years) that has not been disbursed by the U.S. Treasury exceeds 1.5 times the entitlement grant amount for the current program year, and
- The grantee fails to demonstrate to HUD's satisfaction that the lack of timeliness has resulted from factors beyond the grantee's reasonable control.[13]

HUD does not guarantee a penalty for an entitlement grantee that remains untimely in consecutive years, but does specify that HUD may not make a full grant award if the HUD Secretary determines that the grantee has failed to carry out its CDBG assisted activities in a timely manner.[14] Grantees develop both five-year Consolidated

Grantee Planning and Reports to HUD

Plans and Annual Action Plans to communicate program goals and grantee/subrecipient compliance with federal requirements to HUD. The Consolidated Plan serves as a comprehensive planning document and application for funding under CDBG and several other HUD programs while the Annual Action Plan lays out the specific components of the Consolidated Plan to be addressed in a given program year.

In addition to conveying grantee and subrecipient compliance with CDBG national objectives, Consolidated and Annual Action plans must:

- Identify goals for all programs carried out with CDBG funds;

- Include several certifications, including:
  - That the grantee will further fair housing, and
  - Not less than 70% of CDBG funds received over a one, two or three year period specified by the grantee, will be used for activities that benefit low- and moderate-income persons; and

- Include a detailed plan that provides for and encourages citizen participation; particularly, participation by persons of low or moderate income, and persons living in areas which the grantee proposes the CDBG funds be used. Citizen Participation Plans must:
  - Include at least two public hearings per year to obtain citizens' views and respond to proposals and questions,
  - Provide citizens with an opportunity to review proposed activities and program performance, reasonable and timely access to local meetings, and timely written responses to complaints and grievances, and
  - Identify how the needs of non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents may participate.[15]

HUD approves Consolidated and Annual Action Plans unless a plan is either inconsistent with the purposes of the National Affordable Housing Act or substantially incomplete. Following approval of the Annual Action Plan, HUD allocates the grant award to the entitlement area unless the HUD Secretary makes the determination that the grantee:

- Has failed to carry out its CDBG assisted activities in a timely manner,
- Has failed to carry out those activities and its certifications in accordance with current CDBG legislation, or
- Lacks a continuing capacity to carry out its CDBG assisted activities in a timely manner.[16]

Figure 2.3: Detroit Public Hearing, Detroit, Michigan
Source: www.tellusdetroit.com

Conclusion

HUD requires entitlement grantees to appoint at least one CDBG lead agency, and makes that lead agency responsible for planning and implementing the CDBG program. Lead agencies must also ensure that activities undertaken with CDBG funds comply with federal regulations.

Although HUD has produced many guidebooks that recommend ways grantees can successfully frame their programs, few specific program requirements regarding how grantees must implement their programs exist. This gives local governments such as Detroit the autonomy to create policies and procedures that best address their community development needs and fit with their culture. Some entitlement areas have instituted effective CDBG programs that both meet HUD requirements and achieve desired community development outcomes; inefficiency plagues other CDBG programs.

The following chapter describes the current Detroit CDBG subrecipient management system and points to its challenges. The three chapters that follow the description of Detroit's system look at principles for effective CDBG subrecipient management programs and how other grantees implement those principles to create "good practices."

NOTES

1. U.S. Department of Housing and Urban Development, Community Development Block Grant Entitlement Communities Grants - CPD – HUD, http://170.97.67.13/offices/cpd/communitydevelopment/programs/entitlement/index.cfm.
2. U.S. Census Bureau, About Metropolitan and Micropolitan Statistical Areas, http://www.census.gov/population/www/metroareas/aboutmetro.html (November 8, 2010). Definition of Principal City: "The largest city in each metropolitan or micropolitan statistical area is designated a principal city."
3. U.S. Department of Housing and Urban Development, Community Development Block Grant Entitlement Communities Grants - CPD – HUD, http://170.97.67.13/offices/cpd/communitydevelopment/programs/entitlement/index.cfm.
4. Christopher Walker and others, "Public-Sector Loans to Private-Sector Businesses: An Assessment of HUD-Supported Local Economic Development Lending Activities," Urban Institute Metropolitan Housing and Communities Policy Center Final Report (Washington, DC: U.S. Department of Housing and Urban Development, 2002).
5. Code of Federal Regulations, Housing and Urban Development, Title 24, sec. 570.200 (a)(2)
6. U.S. Department of Housing and Urban Development, Community Development Block Grant Program Guide to National Objectives and Eligible Activities for Entitlement Communities, (Washington, DC: U.S. Department of Housing and Urban Development, 2001).
7. Carol Star and others, Managing Subrecipients of CDBG Grantees, (Washington, DC: U.S. Department of Housing and Urban Development, 2005).
8. Code of Federal Regulations, Housing and Urban Development, Title 24, sec. 570.503.
9. Code of Federal Regulations, Housing and Urban Development, Title 24, sec. 570.901.
10. Code of Federal Regulations, Housing and Urban Development, Title 24, sec. 570.902.
11. Code of Federal Regulations, Housing and Urban Development, Title 24, sec. 570.611. Conflict of Interest: "No person previously involved with any aspect of awarding CDBG funds to subrecipients may obtain a financial interest or benefit from a CDBG-assisted activity."
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13. Code of Federal Regulations, Housing and Urban Development, Title 24, sec. 570.902
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16. U.S. Department of Housing and Urban Development, Community Development Block Grant Entitlement Communities Grants - CPD - HUD, http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/.

3 | DETROIT'S CDBG SUBRECIPIENT MANAGEMENT PROCESS

A PLAN TO STRENGTHEN DETROIT'S
CDBG SUBRECIPIENT SYSTEM
THE CDBG ENTITLEMENT PROGRAM
DETROIT'S CDBG SUBRECIPIENT
MANAGEMENT PROCESS
A FRAMEWORK FOR
AWARD ALLOCATION
HANDLING OF SUBRECIPIENT AWARDS
MONITORING + EVALUATION
OF SUBRECIPIENTS
VISION FOR DETROIT'S CDBG
SUBRECIPIENT SYSTEM
TRANSFORMING DETROIT'S CDBG
SUBRECIPIENT SYSTEM
STRENGTHENING THE TRANFORMED
CDBG SYSTEM
A STRONG CDBG SYSTEM IN THE
CONTEXT OF FUTURE CHANGE

Since the inception of the Community Development Block Grant (CDBG) program in 1974, the City of Detroit has received a multi-million dollar grant every year from the U.S. Department of Housing and Urban Development (HUD).[1] In 2010, Detroit received a total CDBG grant of $40,142,357.[2] Detroit's Planning and Development Department (P&DD), the lead agency that administers the CDBG program, divides these funds among both City departments for administrative costs and programs – such as demolition – and nongovernmental community development organizations (CDOs) for implementation of specific programs. In the 2010 program year (which spans Fiscal Year 2010), Detroit allocated 28 percent of its total grant to CDO subrecipients.[3]

This chapter focuses on Detroit's subrecipient system – how P&DD and City Council select, fund, and evaluate the CDBG subrecipients. As with all HUD field offices, Detroit's HUD office does not dictate how the City should manage its CDBG subrecipient system. By describing Detroit's subrecipient system – including its major governmental actors and its distinct processes – this chapter identifies the Detroit system's major roadblocks and challenges.

Key Governmental Actors in Detroit's CDBG Subrecipient System

Detroit's subrecipient management process involves several governmental actors from either the legislative or executive branch of the City. Figure 3.1 outlines respective agencies from each branch. Within each of these divisions of government, steps of the CDBG process occur simultaneously but without clear and consistent communication between the two.

Executive Branch Actors

Mayor's Office
The mayor proposes and approves the City budget, which includes how the City spends the CDBG grant.

P&DD: Financial and Resource Management Division
The Fiscal Management Division of P&DD facilitates all communications with HUD, including the dissemination of Detroit's Consolidated Plan and Annual Action Plan prior to receiving the CDBG grant.

P&DD: Neighborhood Support Services Division
The Neighborhood Support Services Department of P&DD is responsible for managing and monitoring the City's CDBG subrecipients.

Legislative Branch Actors

City Council
Detroit's City Council consists of nine members elected at-large to four-year terms. Detroit's City Charter requires City Council approval of any contract for property or services — including CDBG subrecipients' contracts.[4]

City Planning Commission (CPC)
CPC consists of nine commissioners, appointed by City Council to advise on social, physical, and economic aspects of Council's involvement with planning and development issues. CPC also has staff that supports the commissioners in their planning work, which is conducted separately from P&DD staff. CPC reviews CDBG applicants and makes recommendations to Council about which organizations should receive CDBG grants.[5]

Citizen's Review Committee (CRC)
CRC's 11 members are Detroit residents who are appointed by City Council, do not practice planning professionally, and serve three-year terms. City Council established this advisory body to infuse citizen participation into the CDBG system. CRC supports the work of CPC staff, providing an extra layer of review of CDBG applicants to the Public Service and Homeless Service categories.
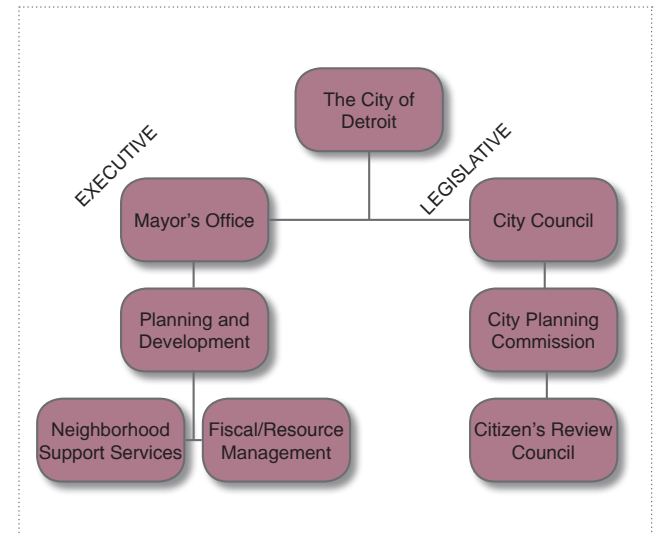
Figure 3.1: Detroit's Governmental Actors Involved in CDBG Program

The Three Processes of Detroit's CDBG Subrecipient System

Detroit's CDBG subrecipient system spans from allocation of the grant awards, to handling of the subrecipients' contracts and reimbursements, to evaluation of subrecipients' activities.

This chapter of the plan derived information about these processes primarily from interviews with governmental actors, leaders of subrecipient CDOs, and other CDBG stakeholders. Since no public document exists that fully outlines Detroit's CDBG system, the descriptions in this section should not be considered definitive or complete. CDBG stakeholders indicate that their understanding of the system lacks clarity and no common understanding exists. Given the resources available, this chapter describes the CDBG subrecipient system in Detroit, providing a sequential order of procedural actions. Detroit's CDBG subrecipient system changes frequently, and therefore has not adhered to a specific timeline throughout the years.

Figure 3.2: Playscape Developed by Creekside Community Development Corporation, a Detroit CDBG Fund Subcrecipient.
Source: http://www.creeksidedetroit.org/

Allocating Subrecipient Awards

Detroit has two primary branches of government that oversee its CDBG allocation process: the legislative branch (City Council) and the executive branch (Office of the Mayor) (see Figure 3.2). These two branches share the task of planning and development. The City's governing branches use five CDBG program categories to allocate funds.

The five program categories:
- Homeless Public Service
- Home Repair
- Public Service
- Public Facility Rehabilitation
- Economic Development

Detroit CDOs apply for subrecipient funding under one or more of these categories. Their applications then move through the process shown in Figure 3.3.
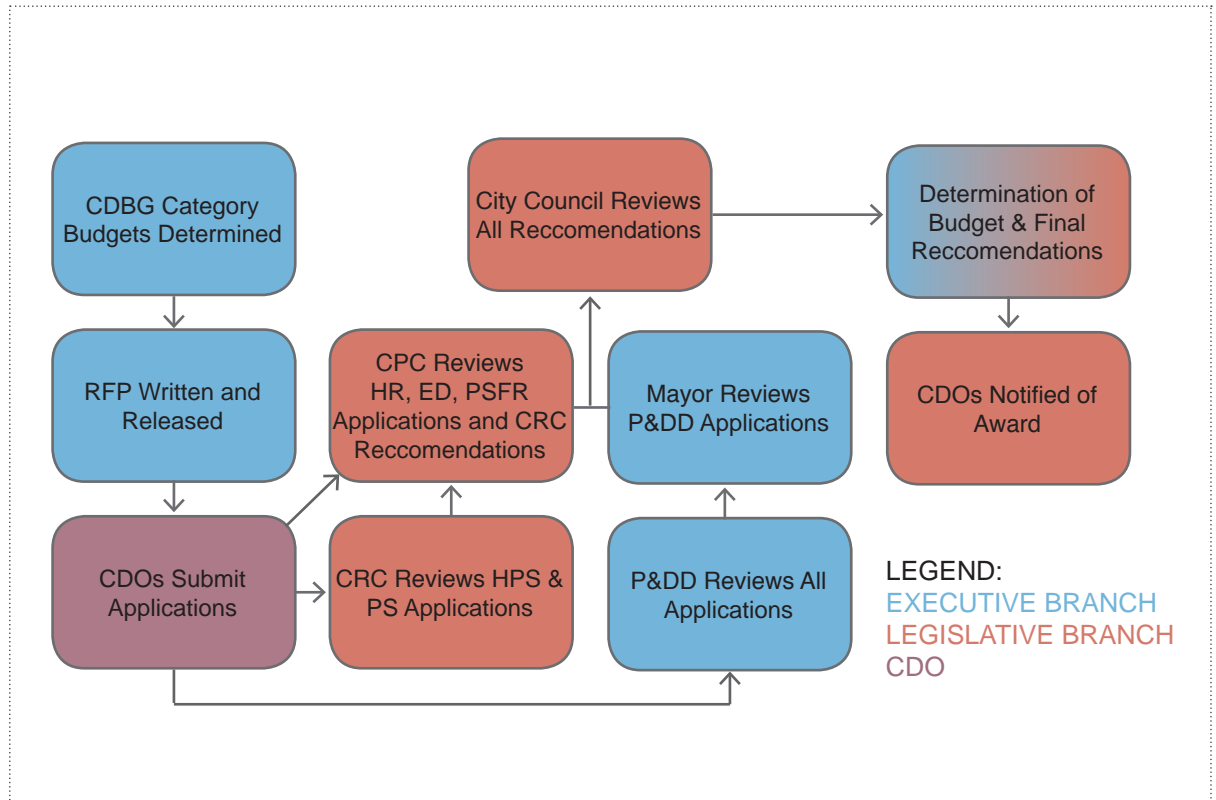
Figure 3.3: Allocation of Grant Awards

Determination of Funding by Budget Category

Upon notification from HUD of Detroit's total CDBG grant amount, P&DD divides a portion of the grant among five program activity categories. For the first time in the 2010 program year, P&DD determined these amounts based on categorical award totals from the previous year.[6] Stakeholders indicate this may change again in future years.

Historically, Detroit apportioned a smaller, separate funding amount for one-year, service-related community development activities. This program – titled Neighborhood Opportunity Fund (NOF) – was unique to Detroit's CDBG system. As of 2010, NOF dollars have become closely integrated with the rest of the CDBG funds.[7]

P&DD Writes and Publishes Applications

P&DD drafts applications for each of the five program activity categories. P&DD hosts a series of pre-application workshops before distributing applications.[8] CDOs must attend one of these meetings to be eligible for funding. For program year 2010, CDOs submitted approximately 300 applications for funding.[9]

The legislative and executive branches separately and simultaneously review applications. Little communication appears to exist between the two.

Application Review Process by Legislative and Executive Branches

The legislative and executive branches separately and simultaneously review applications. Little communication appears to exist between the two.[10] Although both branches use the same criteria for review, the subjectivity of these criteria leads to different evaluations.

Legislative Application Review Process

For the 2010 program year, CRC members reviewed two activity categories (i.e. Public Service Activities and Homeless Public Service Activities), while the CPC staff reviewed the remaining three category applications, as well as the CRC recommendations.[11] CRC members and CPC staff ensure applications meet threshold criteria (see Appendix A). Next, CPC and CRC reviewers rank proposals on a 100-point scale.[12] Each application includes its own ranking criteria; however, applicants must score at least 70 points – regardless of category – in order for CPC or CRC to recommend them for funding to City Council. Next, the CPC passes its recommendations on to the City Council for final review.[13] For program year 2010, CPC recommended 127 CDOs for funding.[14]

Executive Application Review Process

Similar to the legislative review process, P&DD receives applications and reviews all proposals using threshold criteria and point systems. P&DD then forwards its recommendations to the Mayor's Office. The Mayor's Office reviews the recommendations and sends them – with any amendments – to City Council.[15]

Determination of Budget and Final Recommendations

The legislative and executive processes unite when City Council reviews both CPC's and the Mayor's recommendations. The Mayor proposes the annual City budget. City Council has the power to override and amend any City budget line item, including individual CDBG award amounts. The Mayor then has the option to veto the City Council's budget amendment. However, City Council can override the Mayor's budget amendment to establish the subrecipient award amounts.[16]

Subrecipients Notified of Award Amount

For the 2010 program year, City Council approved 127 CDOs for funding in the final budget, with the average award totaling $86,614.[17] After budget finalization, CPC notifies subrecipients of their award amounts. At this point, P&DD begins the contracting process.

Figure 3.4: Detroit's Eastern Market Corporation, a CDBG Fund Subrecipient.
Source: http://detroit.uli.org/News.aspx

Challenges Within the Allocation Process

Unclear lines of communication and inconsistent coordination across City administrators, elected officials, and CDO leaders undermine the effectiveness of Detroit's CDBG allocation process.

Lack of communication between the legislative and executive branches

The executive and legislative branches communicate very little during the application review process.[18]

The two branches have different responsibilities throughout the allocation process, and because of their infrequent communication, they do not share a common understanding of how to interpret threshold and point system criteria or what constitutes an appropriate award amount.

Additionally, this lack of communication contributes to City Council's allocation decisions' sometimes not reflecting the City goals in the Consolidated Plan and Annual Action Plans, which are developed by P&DD.

Inconsistent and subjective use of threshold criteria and point system

In past years, City Council members have funded applicants that did not meet established threshold criteria or receive enough points on their application review to be recommended for funding.[19] For example, P&DD introduced a $75,000 minimum grant as a threshold for CDBG eligibility in program year 2010. Despite these threshold criteria, 20 subrecipients received funding allocations in amounts ranging between $20,000 and $70,000.[20]

Subjective use of threshold criteria and the point systems allows political or informal relationships to influence the allocation award decisions, which is unfair and unpredictable for some subrecipients. Furthermore, some of the point system questions and point ranges are unclear and are therefore difficult for reviewers to use consistently.

Lack of transparency in review process for subrecipients

Subrecipients often do not understand the rationale for decisions about allocations.[21] Whether or not the CDO receives a CDBG award, applicants receive no feedback about the evaluation of their applications, including their point scores and the logic behind them. As a result, subrecipients have no idea how to improve their proposals or their programs for future funding.[22]

Handling of Subrecipient Awards

The handling of awards process begins with subrecipients, receiving award notifications and ends with reimbursement of funds to subrecipients. The time frame for the contracting and reimbursement process differs for each subrecipient.[23] Figures 3.5 and 3.6 provide an overview of the process.

Contracting Process

After subrecipients receive notification of their award amounts, the Financial and Resource Management Division of P&DD submits an Annual Action Plan to HUD. While HUD reviews the Annual Action Plan, the Neighborhood Support Services Division (NSSD) of P&DD hosts subrecipient workshops and contract training sessions. Next, NSSD assigns a project manager from within the division for each subrecipient and develops the subrecipient contracts.[24]

Once a subrecipient provides all required documentation and signs the contract, the assigned project manager will send the contract to several departments within P&DD for approval.[25] Altogether, ten different departments or individuals must approve each contract (see Figure 3.5).
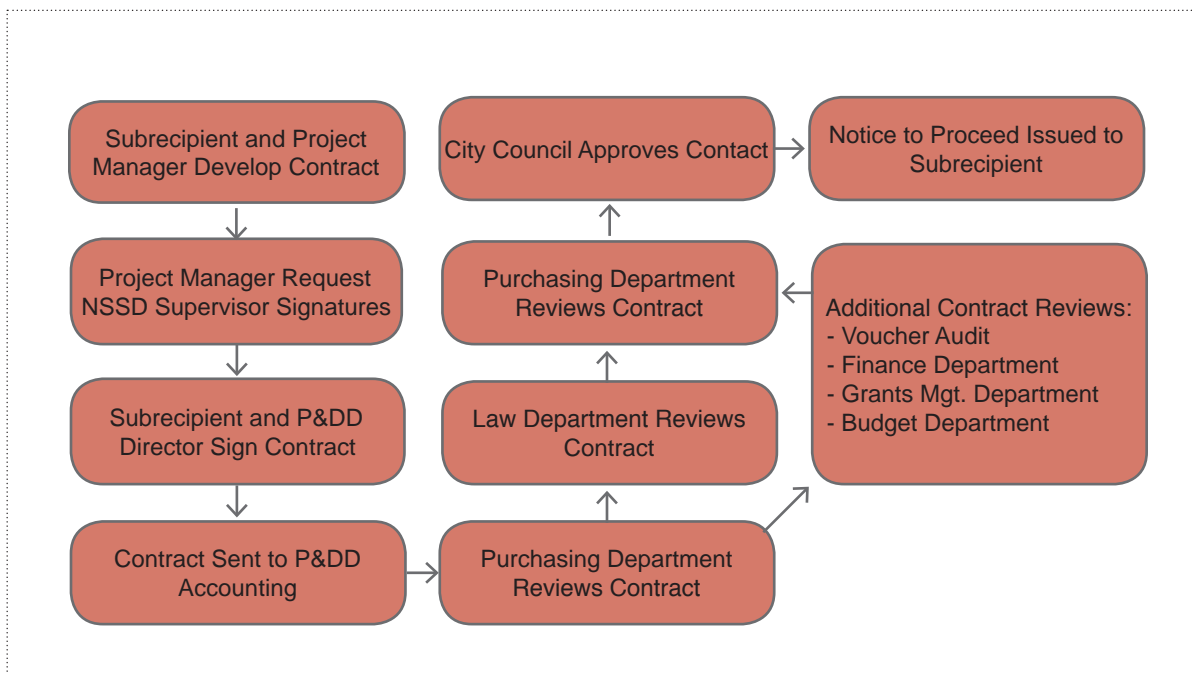
Figure 3.5: Handling of Subrecipient Contracts
Source: City of Detroit Planning and Development Department

The City Council then gives final approval on all contracts, after which a project manager provides the subrecipient with a Notice to Proceed.[26] P&DD indicates that the entire contracting process should take 30 days; however, subrecipients report that the process lasts much longer.[27]

The observed span of time from notification of award to final Council approval for public service contracts has averaged 200 days in recent program years.[28] For example, one subrecipient organization leader reported that as of October 2010, his organization still had not received the Notice to Proceed from its 2009 program year contract.

Reimbursement Process

P&DD's reimbursement process, as shown in Figure 3.7, commences after a subrecipient receives a Notice to Proceed and begins providing services. Subrecipients must regularly submit documentation and receipts to their assigned project managers to receive reimbursement.[30]

The payment process, including the disbursal of funds, should take approximately 13 to 23 days according to Pⅅ however, subrecipients report that this takes much longer.[31] A prominent subrecipient leader noted that the delays in the contracting process delay the timing of reimbursements.[32]

Figure 3.6: Volunteers Participate in the 2010 Motor City Makeover
Source: http://www.bartonmcfarlane.org/Home/pictures

Day 1	Days 2-3	Days 2-5	Days 4-5	Day 6
- P&DD receives receipts from subrecipients - Payments stamped - Payments to Project Manager	Project Manager reviews payments	If error in submission: - Subrecipient contacted by phone; - Subrecipient corrects problem; - PM completes payment process	PM will: - Prepare DRMS request and HUD draw down request - Payments stamped - Submit payment to supervisors and Public Service Accounting Dept.	Accounting Dept. checks payments and documents for accuracy and prepares them for processing

Days 7-9	Days 9-10	Day 11-12	Days 12-13	Days 13-23
PM completes an excel spreadsheet prior to submitting payment to Accounting Dept.	Payments signed by Head Accountant in Neighborhood Development	- Payments logged into P&DD and Financial Resource and Management Division - HUD draw down is made	Payments carried to Accounts Payable on a daily basis to the Financial and Resource Managment Division	- Accounts Payable reviews payments and enters them into DRMS - Checks printed

Figure 3.4: The Reimbursement Process
Source: The City of Detroit Planning and Development Department

Challenges Within the
Handling of Awards Process

When compounded with a high volume of subrecipient contracts, the great number of City departments and agencies involved in handling CDBG awards every year sets up a chain reaction of delays, which severely impedes prompt and transparent funding to subrecipients and interferes with subrecipients' ability to achieve community development outcomes.

Delays in the contracting process

Detroit's contracting process consists of prolonged delays resulting primarily from multiple layers of required departmental review.[33] Transferring the contract among various departments increases the chances that it is lost or misplaced, which results in even longer delays.[34] Subrecipients have waited anywhere from several months to several years before contract approval, and this variation seems largely to depend on the project manager assigned to the subrecipient.[35]

One subrecipient organization's leader described the "huge delays in the contracting process as a major challenge for subrecipients," since many organizations count on CDBG funds to support their program activities.[36] This community development leader stated that the excessive delays in the contracting process have caused her to consider moving her organization away from CDBG funding entirely.[37]

Delays in reimbursement

Delays also occur during the reimbursement process, largely due to delays during contracting.[38] The director of one subrecipient organization reported that in June 2008, her organization received an award of $100,000 in CDBG funds.[39] Due to delays in the contracting process, a full year passed before her organization received its Notice to Proceed. As of early October 2010 – one and a half years after completing the contracting process – her organization had yet to receive reimbursement of funds after submitting its progress reports.[40] Reimbursement delays like these create service problems for many subrecipients that do not have the financial resources to fund programs on their own.[41] Without timely receipt of CDBG funds subrecipients struggle to perform the services listed in their contracts.

When a subrecipient does not receive reimbursements until months after the organization proceeds with the intended contract's scope of services, the organization's activities may no longer align with the proposed CDBG budget. This results in further administrative delays in reimbursement between the subrecipient and P&DD.

Lack of transparency in the contracting and reimbursement processes

P&DD recently created documents that outline the steps in the contracting and reimbursement processes – as indicated in Figures 3.5 and 3.7. Nonetheless, P&DD has not provided subrecipients with either document or any other procedural timelines in recent years.[42] Unclear contracting and reimbursement processes have left subrecipients confused about the status of their contracts, and unsure of when they will receive reimbursements once they submit receipts and reports.[43]

Monitoring + Evaluation of Subrecipients

Program monitoring begins once a subrecipient receives a Notice to Proceed and extends through a subrecipient's execution of program activities. Evaluation should compare the results of this monitoring with a subrecipient's stated goals and program outcomes. Currently Detroit conducts basic monitoring of its CDBG subrecipients, but neither P&DD nor CPC have an evaluation tool in place.

Monitoring

HUD requires monitoring from its CDBG grantees.[44] In Detroit, NSSD fulfills this requirement by instructing subrecipients to complete and submit monthly reports on their program activities. These reports, which are a prerequisite to receiving reimbursement funds, demonstrate the extent to which subrecipients have completed their intended services and met their specified budgets.[45]

Figure 3.8: Young Detroit Builders, a 2010-2011 subrecpient of CDBG funds.
Source: http://www.youngdetroitbuilders.com

Evaluation

For the 2010 program year, P&DD has not stated plans to evaluate CDBG subrecipients to determine the effects of subrecipients' work on community development.

From around 1997 to 2007, City Council contracted a research team from Wayne State University (WSU) to collect information about subrecipients' organizational capacities, so that Council could make allocation decisions based on information about the organizations' ability to implement programs.[46] Over time, the WSU team began to incorporate a subrecipient's output and outcome results into their data collection, documenting how a CDO's actual program activities exceeded, met, or fell short of anticipated impacts.[47] While the WSU team conducted thorough data collection – extracting information from the subrecipients' CDBG applications and from primary sources (e.g. sign-in sheets to document the number of people served) and on-site visits – City Council, CPC, and CRC never appeared to use WSU's reports to assess the strength of subrecipients for future CDBG funding decisions.[48]

While Detroit's 2010 program year applications included a few unclear criteria about outcome measurement, neither P&DD nor CPC currently carry out performance evaluations to ensure that subrecipients make good use of CDBG dollars.

Challenges with Monitoring + Evaluation

Road blocks that occur earlier in the CDBG award funding cycle prevent P&DD and CPC from conducting useful monitoring or any evaluation of subrecipients.

Ineffective monthly reporting due to delayed contracting

Frequently, subrecipients submit monthly reports for activities included in a contract originally written several months or years earlier.[49] Thus, reporting on the original scope of work – matching old budgets to current needs and changed activities – becomes difficult and sometimes impossible for subrecipients.[50]

Subrecipients often must resort to securing other funding sources in order to carry out their needed CDBG program activities until the award reimbursement begins.[51] Furthermore, once a subrecipient receives a notice to proceed, the organization often has to complete several months or years of backlogged monthly reports in order to be reimbursed.[52] As a result, monthly reports are far less useful to P&DD as a way of monitoring subrecipient activities.[5]

Lack of subrecipient accountability

Due to lack of evaluation, P&DD does not formally hold subrecipients responsible for achieving the outcomes stated in their contracts. Thus, while P&DD knows how subrecipients use their CDBG funds through monthly reports, the department has not implemented mechanisms for understanding the impact that those funds have on community development throughout Detroit.

Lack of transparency in evaluation standards

Many subrecipients express no knowledge of how P&DD evaluates their organizations.[54] Subrecipients feel that the City Council's evaluation through WSU did not help them improve their work, because they never received the resulting reports or any feedback.

Figure 3.9: The Ambassador Bridge
Source: Jennifer Neal, www.photo.net.

Conclusion

Community development stakeholders in Detroit recognize the need for CDBG reform. The extent of Detroit's CDBG challenges – which pervade all parts of the system – suggests the need for comprehensive and coordinated transformation, from the allocation to the grant handling to the evaluation processes. Changed federal leadership is shifting the role that HUD plays for CDBG grantees from simply monitoring compliance to providing technical assistance. HUD's deepened involvement with CDBG systems such as Detroit's will facilitate the reform that Detroit needs. The next three chapters outline the principles that guide a CDBG subrecipient system to yield positive community development outcomes and to enable subrecipients to achieve their community development aims.

NOTES

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4 | A FRAMEWORK FOR AWARD ALLOCATION

A PLAN TO STRENGTHEN DETROIT'S
CDBG SUBRECIPIENT SYSTEM
THE CDBG ENTITLEMENT PROGRAM
DETROIT'S CDBG SUBRECIPIENT
MANAGEMENT PROCESS
**A FRAMEWORK FOR
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HANDLING OF SUBRECIPIENT AWARDS
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CDBG SYSTEM
A STRONG CDBG SYSTEM IN THE
CONTEXT OF FUTURE CHANGE

IN AN EFFECTIVE ALLOCATION PROCESS, grantees:

- **Relate allocation decisions to the City's goals,**
- **Ensure transparency throughout the allocation decision process,**
- **Strategically allocate funds to increase impact on community development, and**
- **Provide subrecipient applicants with training to ensure that their proposed activities align with the grantee's goals.**

A Community Development Block Grant (CDBG) entitlement community's allocation process shapes its entire CDBG program. The allocation process involves CDBG grantees' establishing program vision and goals, evaluating proposals to accomplish those goals, and funding the proposals that they select. Some grantees choose to fund proposals only from within their own government, but this plan is concerned with grantees that fund proposals from non-governmental organizations, i.e., fund subrecipients.

Grantees must implement an effective allocation process in order to optimize their use of CDBG funds to achieve community development. Effective allocation processes are vision-driven, objective, transparent, equitable, and prompt. This chapter presents key principles of effective CDBG allocation processes and outlines several examples of entitlement communities across the United States that institute good practices in their CDBG allocation processes.

Principle: Relate Allocation Decisions to the City's Goals

Allocative efficiency refers to a decision making process by which leaders make allocation decisions with the intent to achieve a goal with the least amount of waste of resources.[1] CDBG entitlement communities must align their award allocation decisions to their City's goals in order to achieve allocative efficiency. Entitlement communities that do not align their allocation decisions to their community's goals fund projects that do not necessarily move the city toward its community development goals and, thus, are wasteful.[2]

Figure 4.1: A Neighborhood In Bloom Rehab Home, Richmond, VA
Source: www.rrha.org

Richmond, VA: CDBG Program Relates to Overall City Goals

Through its award-winning Neighborhoods In Bloom (NIB) program, the City of Richmond allocates CDBG funds specifically to achieve its goal to restore seven blighted neighborhoods into thriving marketplaces. Created in 1999, NIB used evaluation criteria to assess neighborhood conditions and potential for revitalization throughout Richmond. The evaluation criteria include: crime statistics, number of vacant properties, poverty levels, home ownership rates, and housing quality. City staff conducted numerous community meetings to obtain citizen input and receive recommendations for neighborhoods that should be targeted through NIB. Using the evaluation data and citizen input, the City of Richmond selected seven neighborhoods for NIB.[3]

In fiscal year 2010, the City of Richmond allocated $3,960,000 (approximately 44% of Richmond's CDBG and HOME Investment Partnership Program funds) to the Neighborhoods in Bloom program. NIB will use these funds to address property acquisition, housing construction, and housing rehabilitation in the seven-targeted neighborhoods.[4]

Figure 4.2: Neighborhood In Bloom Project, Richmond, VA
Source: www.chpn.net

Baltimore, MD: Allocation Decisions Based on City Priorities

Proposed activities for CDBG funding in Baltimore must meet several criteria. One criterion that unmistakably relates to allocation decisions to City goals is the Department of Housing and Community Development requirement that each proposed activity, program, or project must meet at least one Baltimore City Priority Objective.[5]

FIGURE 4.3: Future East Baltimore Development Corporation Project, Baltimore, MD
Source: www.baltimore.org

City of Baltimore Priority Objectives include:

• Improve the livability and quality of life in the city and cultivate stable, vibrant, livable neighborhoods;
• Stabilize neighborhoods by eliminating vacant and uninhabitable housing units through clearance and rehabilitation of existing units;
• Provide quality affordable rental opportunities for low-income households.
• Invest in initiatives to increase public safety and curtail drug addiction;
• Encourage neighborhoods to sponsor area clean-ups in concert with the City's sanitation services;
• Build strong, healthy, and educated children and families; and
• Strengthen Baltimore's economy and promote economic and cultural opportunity for all its residents.[6]

Baltimore has made progress toward achieving many of its priority objectives through the CDBG subrecipient system. For example, to accomplish the goal to provide quality affordable housing, 1,626 rental units were developed for low- and moderate-income persons. This shows that Baltimore achieved 94% of its goal for provision of affordable housing units.[7]

Principle: Ensure Transparency Throughout the Award Allocation Process

Citizens are often skeptical of allocation decisions when government organizations don't provide clear information regarding their allocation decisions and processes.[8] Furthermore, unclear information and processes hinder government's ability to allocate resources efficiently, and negatively affects economic growth. Increased transparency during allocation processes ensures clarity, accessibility and mutual understanding of the allocation process among all parties.[9] This results in a significant increase in trust, which will lead to increased satisfaction of both citizens and government organizations.[10]

Establishing transparent application scoring criteria creates an impartial framework and avoids favoritism. Presenting the criteria in a clear and concise manner at the beginning of the allocation process reduces applicant concerns regarding the objectivity and fairness of the assessments.[11] This results in applicants' having fewer questions during application periods, which will free up City staff time to do alternative work. Furthermore, transparent application scoring criteria will allow applicants to prepare detailed, well-written descriptions of their program activities, which provides reviewers with more detailed information for assessing applicants.[12]

Phoenix, AZ: Transparent Subrecipient Management Procedures
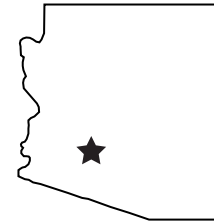
The City of Phoenix ensures that stakeholders know about the CDBG subrecipient application requirements, contract process, and reasons for denial or reward. The City provides this information through public presentations, and published lists of funding decisions.[13]

Staff attributed a decrease in post-award lobbying from applicants who did not receive funding to the transparency of the allocation process. Furthermore, applicants for Phoenix CDBG funding reported that they saw no obvious bias by the selection committee towards those who ultimately received funding.[14]

Figure 4.4: City of Phoenix, AZ
Source: www.wildnatureimages.com

Orlando, FL: Clearly-Defined Application Scoring Criteria

Within the allocation process, an application's assessed point score serves as an important determinant regarding whether an applicant will receive funding. This can prove contentious if a city doesn't have clear application scoring criteria. The City of Orlando has transparent scoring criteria. Orlando uses a 100-point evaluation rating system to assign numerical value to applications.

Orlando makes its scoring criteria transparent by defining the numerical values for the scoring criteria in its Request For Proposals (RFP). The RFP defines Orlando's numerical scoring criteria as follows:

"5= Outstanding
4= Exceeds required criteria
3= Meets required criteria and provides supportive documentation
2= Meets criteria but fails to provide supportive documentation
1= Incomplete/fails to meet some of the required criteria
0= Does not meet criteria"[15]

The City of Orlando evaluates applications using five categories: organizational capacity, project description, approach, outcomes, and budget justification and leverage of funds. Each of the five categories contains four questions worth a maximum of 5 points each (see Figure 4.5 for an example). Each question provides a detailed description of how reviewers will score each answer.[16]

Orlando's clearly defined scoring criteria allow Orlando CDBG subrecipient applicants to easily understand the City's application expectations. This leaves no surprises to applicants regarding how the City evaluated their application, and minimizes potential disagreements regarding application assessments.

CRITERION ELEMENT for Organizational Capacity	POINTS PER ELEMENT
The proposed project demonstrates management and fiscal staff resources (to include consultants and/or volunteers) with skills, experience and/or appropriate credentials to administer and conduct an accountable and responsible project. Project must have acces to facilities, equipment, materials and other physical re-sources to effectively conduct project.	0-5

Figure 4.5: City of Orlando Point System Criterion Element
Source: City of Orlando 2010-2011 RFP

4 | A FRAMEWORK FOR AWARD ALLOCATION

Principle: Strategically Allocate Funds to Increase Impact on Community Development

Within an entitlement community's CDBG program, the achievement of short- or long-term City goals requires adherence to specific strategies through the allocation decision process. Tightly linking the allocation process to a specific strategy encourages discussion of short- and long-term tradeoffs in funding decisions and incorporates both short- and long-term goals into performance evaluation.[17] This results in allocation decisions that are transparent and aligned to desired outcomes.

One strategy for allocating funds is geographic targeting—the deliberate channeling of funds to specifically defined geographic areas of a city.[18] Geographic targeting becomes strategic when the entitlement community considers the allocation of funds to specific areas as essential to achieving citywide goals. Cities normally target funding to geographic areas based on factors including an area's housing stock condition, crime rates, and socioeconomic status of residents.[19] Studies indicate that geographic targeting of funds tends to increase the impact of physical redevelopment programs and economic development initiatives.[20]

Cleveland, OH: Neighborhood Typologies to Target Funds

The City of Cleveland allocates many of its CDBG dollars toward projects in specific neighborhoods.[21] The Department of Community Development (DCD) recognizes that every neighborhood in Cleveland does not have identical community development needs. Thus, DCD analyzes housing, crime, and income trends within each of Cleveland's neighborhoods.[22] Using geographic information system (GIS) software

and neighborhood analysis results, DCD creates target maps based on neighborhood typologies. These typologies are categorized as regional choice, stable, fragile, and distressed.[23] DCD uses neighborhood typology maps to target funding to neighborhoods based on neighborhoods' specific needs. Thus, DCD makes CDBG award allocation decisions based on whether an applicant's proposed activities service the specific needs of a targeted community. (See Figure 4.6)

Does your service area include a NSP 2 Target Area(s)?	Y		N
Does your service area include a BRD or other Design Review District?	Y		N
Does your CDC conduct activities that reinforce a positive neighborhood brand or advance a rebranding of the neighborhood?	Y		N
Does your neighborhood or strategic plan include the expansion of housing opportunities for low and moderate income families and individuals?	Y		N

Figure 4.6: Cleveland CDBG Competitive Block Grant Application - Targeting Questionaire
Source: City of Cleveland Year 36 Community Development Block Grant Program Application

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Principle: Provide Subrecipient Applicants with Training to Ensure Their Proposed Activities Align with the Grantee's Goals

Within any process, providing training to participants can lead to building and sustaining a culture of learning and achievement.[24] In general, training can reduce the risk of undesirable behavior's recurring by educating an individual about the desired behavior or specific skills needed.[25] Training increases the trainee's ability to perform tasks and adapt to changes.[26] This benefits both organizational processes and organizations as a whole, because well-trained participants effectively carry out tasks, and trainers (those who lead processes and organizations) can focus more time and attention on other organizational goals.

Within a CDBG program, training of applicants before the submission of applications informs prospective subrecipients about the CDBG program's community development goals. In addition, training should focus on recent changes to the application and how reviewers will evaluate applications. This information allows prospective subrecipients to strengthen their applications by including measurable outcomes that align with city goals and create projects that achieve expected outcomes.[27]

Cleveland, OH: Monthly Pre-Application Training for Subrecipients

Cleveland's DCD maintains communication regularly with subrecipient organizations' leaders. DCD staff meets with subrecipients on a monthly basis to share neighborhood data and discuss city and neighborhood goals.[28] During these meetings, DCD presents developing trends, expected changes for the following fiscal year, and application issues. The subrecipients have opportunities to provide feedback. Through the feedback provided at these monthly meetings, subrecipients can strengthen their application for funding by ensuring that the measurable outcomes align with city trends and goals.
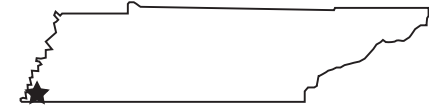
Memphis, TN: Pre-Application Support for Applications from Past Subrecipients

In Memphis, the Division of Housing and Community Development (DHCD) instituted a quarterly training program to help new applicants write applications with clear, measurable outcomes. Training sessions include case studies of previously funded and rejected applications. DHCD staff invites previously funded subrecipients who are not currently receiving CDBG funding to train prospective subrecipients to complete their applications successfully. The previously funded subrecipients help the new applicants translate the application program objectives into measurable outcomes, which promise to increase the impact of their program activities.[29]

Conclusion

This chapter has focused on key principles and corresponding good practices that lead to a vision-driven, objective, transparent, effective, and prompt allocation process. These principles serve as guides for increasing the impact of CDBG funds on community development. The next chapter examines how grantees manage and distribute CDBG awards once allocations decisions have been made.

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5 | HANDLING OF SUBRECIPIENT AWARDS

IN AN EFFECTIVE AWARD HANDLING PROCESS, grantees:

- **Establish transparent procedures for processing contracts and reimbursements,**

- **Promote a strong, outcome-driven organizational culture, and**

- **Increase efficiency and simplify the contracting and reimbursement processes.**

The handling of subrecipient awards consists of two principal processes: contracting and reimbursement. Smooth functioning of these processes is essential to punctual delivery of funds to subrecipients and, therefore, is vital to an effective CDBG program. Allocation award decisions, discussed in Chapter 4, influence the contracting and reimbursement processes.   The volume of CDBG grants awarded to subrecipients determines the workload of City staff responsible for executing contracts and providing reimbursements to subrecipients. Regardless of workload, City staff may take steps to streamline the contracting and reimbursement processes. This chapter discusses key principles of successful subrecipient award management, and illustrates these principles with examples from agencies that follow them.

Principle: Establish Transparent Procedures for Processing Contracts and Reimbursements

A formal procedure, with clearly established deadlines for both contracting and reimbursement processes, allows subrecipients to monitor the progress of their contracts and reimbursements within a grantee's system. Furthermore, a formal procedure holds City staff accountable for processing contracts within a given timeline and encourages punctuality. Several grantees provide training on the contracting process to subrecipients, and maintain communication with subrecipients during the contracting process to shepherd them from award to reimbursement.[1]

July 2010
- Fiscal year begins
- City processes initial disbursement of funds (subject to signed agreement from HUD)
- City staff begins environmental review of all projects
- Final Quarterly Report for 4th quarter FY 2009-10(end of year report) due 5th working day to Housing and Neighborhoods Division (July 8th)
- Section 3 Summary Report and Minority Business Report same day as Final Quarterly Report to Housing and Neighborhoods Division (July 8th)

Figure 5.1: Example Month from a Detailed Timeline
Source: City of Richmond Fiscal Year 2010/2011 CDBG Procedures Manual

Richmond, VA: Up-Front Timeline for Contracting
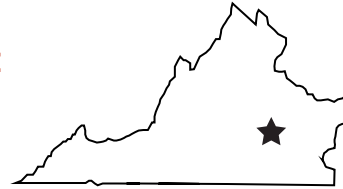
Richmond provides all subrecipients with a detailed 200-page CDBG subrecipient procedures manual. This manual contains a month-by-month timeline for the entire CDBG subrecipient management process, including each City division's responsibilities throughout the process. Sharing this information with subrecipients creates common expectations that subrecipients can rely on when making programming and budgeting decisions.

Figure 5.1 shows an example month from the timeline; please see Appendix C for the complete FY 10/11 timeline.

Phoenix, AZ: Post-Award Training on Contracting Process

The City of Phoenix requires that subrecipients attend post-award training sessions on navigating the City's CDBG process.[2] A clear understanding of the timetable after an award helps prepare subrecipients for the contracting and reimbursement processes and provides accountability for ensuring timely disbursal of funds.

Principle: Promote a Strong, Outcome-Driven Organizational Culture

Organizational culture refers to the set of shared assumptions that a group holds, which determine how the group perceives and reacts to its various environments. Organizations that have high levels of cohesiveness, value consensus, and individual commitment to organizational goals have strong organizational culture. A strong culture enables an organization to anticipate and adapt to environmental change, resulting in long-term achievement of organizational goals.[3]

Effective leaders encourage strong organizational culture by creating a vision and establishing performance expectations to meet that vision. A leader must convince her/his staff to buy into a set of values that emphasize service to the organization's key constituents, who are its *customers*, or in this case, subrecipients.

As a result of effective leadership, the motivation and cohesion of staff will likely increase. Thus, staff will commit to the organization's values and vision, thereby taking the necessary steps to reach desired outcomes.[4]

Memphis, TN: A Lead Agency that Emphasizes Efficiency

In the past, involvement of numerous City agencies in the administration of Memphis's CDBG program prolonged the reimbursement process. The Memphis City Council has since given full authority to the Division of Housing and Community Development (HCD) to administer the Memphis CDBG program.[5]

The Director of the HCD emphasized timely reimbursement to his staff and created an organizational culture that valued urgency and efficiency. HCD sets and strictly adheres to timelines for contracting and reimbursement. Memphis's contracting process takes

"Professionals committed to excellence through exceptional service, a sense of urgency, integrity, accountability, and respect for all customers." [6]

- Memphis HCD

approximately three months. Likewise, the reimbursement process transpires efficiently: HCD usually disburses funds to a subrecipient within 10 to 14 days. Because the leadership and organizational culture of HCD prioritize the quick disbursal of funds, so too does the Financial Department with responsibility for this task.[7]
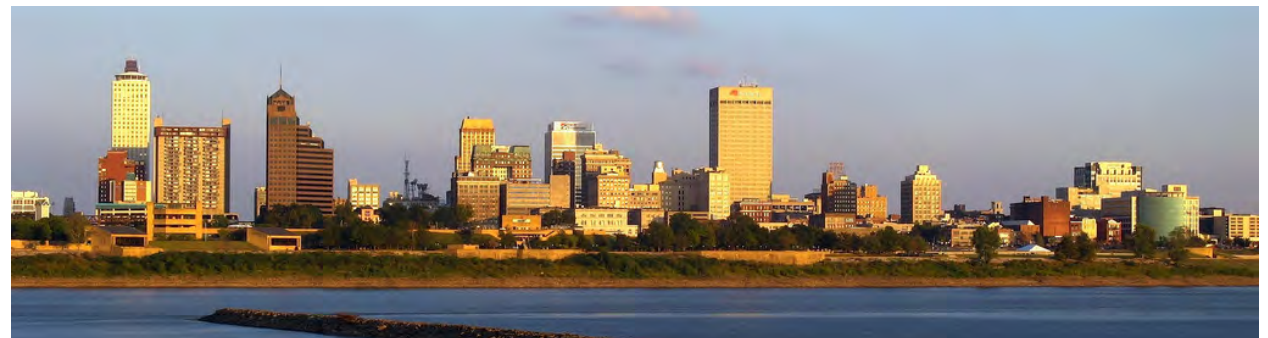
Figure 5.2: City of Memphis, TN
Source: www.cityofmemphis.org

Principle: Promote a Strong, Outcome-Driven Organizational Culture

Phoenix, AZ: A Value-Based and Subrecipient-Oriented Lead Agency

"[The City of Phoenix Neighborhood Services Department is] committed to delivering quality services that meet our customer's needs in a respectful and professional manner through: positive, effective and honest communication; teamwork and collaboration; cultural sensitivity, and resourceful problem solving."[8]

"We are hustlers – we want to make sure that [subrecipients] receive their fair share."[9]

- Employee of City of Phoenix Neighborhood

The City of Phoenix Neighborhood Services Department (NSD) uses effective project management to ensure that subrecipients receive their funds on time. NSD pairs each subrecipient with a project manager who not only ensures delay-free completion of a subrecipient's contract and reimbursements on the administrative end, but also provides technical and reporting assistance to subrecipients on a regular basis. NSD has approximately 140 CDBG subrecipients per year, and yet the collaborative culture of the department facilitates only a three-month contracting process.[10]

A production process called *lean* considers

Figure 5.2: Sojourner House - Public Service Project, Phoenix, AZ
Source: www.phoenix.gov

Principle: Increase Efficiency and Simplify the Contracting and Reimbursement Processes

expenditure of resources for any goal other than the creation of value for customers—subrecipients in this case—as wasteful; and, thus, a target for elimination.[11] Lean principles apply wherever customers and a process to serve them exist.[12] The CDBG contracting and reimbursement processes are components of a service that grantees provide to subrecipients—provision of CDBG funds; therefore, lean principles apply to CDBG subrecipient contracting and reimbursement processes.

A lean approach improves service quality and enhances efficiency by working to eliminate redundant processes. This customer-centric approach of a lean system enables organizations to think from the perspective of end-users and offer a better customer experience.In order to implement the lean approach most effectively, organizations use electronic database management systems in their operations. These systems not only streamline the internal processes of organizations by coordinating work between staff members and departments but also provide external transparency and enhance communication between service providers and customers.[13]

Richmond, VA: Simple Contracting Process
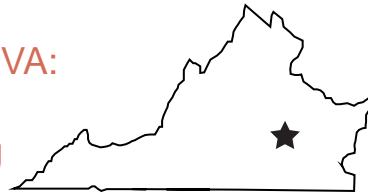
Following City Council approval of CDBG funds, the Housing and Neighborhoods Division of Richmond's Department of Economic and Community Development completes the contracting process within two months. The Division's efficiency stems from its long-term relationship with subrecipients and familiarity with subrecipients' projects. Equally important, the Division creates a simple process to reduce administrative workload while still meeting HUD compliance requirements.

Additionally, the Division simplifies the process by having all subrecipients use a standard form of contract that only contains the items required by HUD regulations. The Item Plan includes all specific requirements and terms of the subrecipient's project. Finally, Richmond greatly shortens the contracting process by requiring its legal department to annually review the standard contract rather than each individual contract.

The standard Richmond CDBG contracting process is as follows:

- The subrecipient director and the Director of the Housing and Neighborhoods Division sign the CDBG subrecipient contract.
- The subrecipient board members sign the contract.
- The contract is sent to the City Manager, Finance Department, and City Chief Administrative Officer for validation.
- The Finance Department delivers the validated contract to the Procurement Department.
- The Procurement Department generates preliminary payment approvals and sends the contract back to the Finance Department.
- The Finance Department puts the contract into the budget system, making funds available for disbursal.[14]

Los Angeles County, CA: E-Grants Management

In 2001, Los Angeles (L.A.) County developed an in-house online grants management system for the CDBG and other federal grant programs. This web-based system provides each subrecipient with an individual CDBG account. Subrecipients can use the web-system to keep track of their own contracts and funding, as well as to submit reports. L.A. County staff can use the web-system to monitor and track subrecipient reports, submit reports to HUD, and provide training on program processes to subrecipients and other County staff.

The electronic grant management system also gives both subrecipients and L.A. County staff electronic access to regulations, policies and procedures, submitted documents, funding requests, and contracts. Overall, L.A. County's electronic grants management system allows for a transparent, efficient contracting and reimbursement processes. See Figure 5.3 for a step-by-step example of the system.

One example of how an electronic management system can work is Los Angeles County. Los Angeles County's online contracting, disbursement, and monitoring processes work as follows:

- The subrecipient and staff develop the contract online.
- The system electronically receives and approves all required documents
- Subrecipients request payments online, and supporting documentation gets scanned and uploaded into the database.
- The County makes payments through a direct deposit. As a result, subrecipients receive funds within a week after their initial request.
- Agencies submit quarterly performance reports online. County staff uses the database to assess progress and concerns and provide an end of the year report card.[15]

Figure 5.3: L.A. County's E-Grant System

Gwinnett County, GA: Contracting by a Third Party

Facing declining staff capacity, the County of Gwinnett subcontracted with a for-profit entity to manage all subrecipient activities. Transferring the work to an experienced third-party contractor enabled the County to focus its efforts on other issues and reduce staff costs.[16]

Figure 5.4 Lillian Park, Gwinnett County, GA
Source: www.homespace.com

Conclusion

This chapter has outlined principles and illustrated these with good practices that lead to transparent, objective, prompt, and effective handling of subrecipient awards. Implementing an effective contracting and reimbursement process improves subrecipients' ability to perform services stated in their contracts and to achieve desired community development outcomes. Furthermore, as discussed in the next chapter, the handling of subrecipient awards has a direct influence on the effectiveness of subrecipient monitoring. Overall, to evaluate a subrecipient's impact on community development, effective CDBG programs first establish high-functioning allocation, contracting, and reimbursement processes.

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6 | MONITORING + EVALUATION OF SUBRECIPIENTS

A PLAN TO STRENGTHEN DETROIT'S
CDBG SUBRECIPIENT SYSTEM
THE CDBG ENTITLEMENT PROGRAM
DETROIT'S CDBG SUBRECIPIENT
MANAGEMENT PROCESS
A FRAMEWORK FOR
AWARD ALLOCATION
HANDLING OF SUBRECIPIENT AWARDS
MONITORING + EVALUATION
OF SUBRECIPIENTS
VISION FOR DETROIT'S CDBG
SUBRECIPIENT SYSTEM
TRANSFORMING DETROIT'S CDBG
SUBRECIPIENT SYSTEM
STRENGTHENING THE TRANFORMED
CDBG SYSTEM
A STRONG CDBG SYSTEM IN THE
CONTEXT OF FUTURE CHANGE

IN AN EFFECTIVE MONITORING AND EVALUATION PROCESS, grantees:

- Document community development impacts of subrecipient activities with measureable outcomes,

- Practice ongoing and consistent monitoring throughout the subrecipient's program operations,

- Build subrecipients' capacity for evaluation and encourage participation in the process, and

- Apply the results of outcome assessments to decisions about future allocation.

Once grantees award subrecipients and dispense funding, grantees should evaluate outcomes subrecipients have achieved with Community Development Block Grant funding. Evaluation ties into both the allocation and handing of subrecipient processes. For instance, the criteria for allocation decisions should factor into the evaluation of subrecipients, and the efficiency of the contract process affects the usefulness of program monitoring. Whereas monitoring involves data collection to track progress and assure compliance with regulations, evaluation measures the impact of a program more broadly and provides a basis for deciding which activities merit future funding support.[1]

This chapter outlines and illustrates the key principles of successful evaluation. The criteria for good practices in evaluation respond to the larger CDBG program's needs for accountability of funds and tangible impacts at the community level.

Principle: Document Community Development Impacts of Subrecipient Activities with Measureable Outcomes

Since 2006, HUD has mandated that CDBG entitlement grantees use HUD's Outcome Measurement System. Community development evaluation previously examined outputs – the quantifiable products of a subrecipient's services, such as number of children tutored. However, HUD shifted the evaluation approach towards measuring outcomes as well. Outcomes are the benefits to a community resulting from subrecipients' activities. As a result of HUD's mandate for outcome measurement, many grantees now require outcome reporting from their subrecipients.[2]

Connecting a subrecipient's program activities to specific outcomes helps both the grantee and the subrecipient determine how the services provided make the intended impact on individuals or neighborhoods.[3] For instance, understanding how a façade improvement program contributed to a business district's increased property values allows grantees to hold subrecipients accountable for delivering a specific community impact.

Use of outcome measurements at the local level allows HUD to aggregate and compare data across grantees and evaluate impacts on the national scale.[4]

Additionally, since CDBG funds support such a diverse array of programs and similar program activities may have different outcomes, outcome measurements must be flexible.[5]

Several entitlement communities—including Baltimore, MD—require that subrecipients link activity goals to outcomes, following the format of a logic model (see Appendix D for an example of outcome-based performance measurements from Baltimore's 2011-2012 CDBG application). Logic models describe how a subrecipient's program works.[6]

The five basic components of a logic model are:

1. Resources/ inputs,
2. Activities,
3. Outputs,
4. Outcomes, and
5. Impact.[7]

A HOUSING PROJECT

OBJECTIVE: Decent housing

GOALS: Maintain existing housing occupied by low- and moderate-income persons

INPUTS: $85,000 budget; two housing inspectors

ACTIVITIES: Full house inspection; coordination with weatherization program

OUTPUTS: 25 homes rehabilitated

OUTCOMES: 25 homes previously substandard will be brought to local city code and pass city housing code inspections

OUTCOME MEASUREMENT: Signed city code inspection record in project files

Figure 6.1: Outcome Based Performance Measurement Form Example
Source: www.baltimorehousing.org

Milwaukee, WI: Three Phases of Outcomes
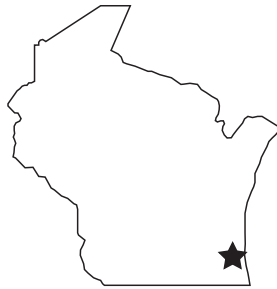
The Community Development Grants Administration (CDGA), responsible for Milwaukee's CDBG program, asks applicants to describe proposed program outcomes in three different phases: short-, mid-, and long-term.[8] By dividing the CDBG program evaluation into three phases of outcomes, the CDGA captures small-scale results of subrecipients' activities. CDGA can then aggregate these to examine citywide impacts of community development endeavors.

Applicants must indicate how their expected short- and mid-term outcomes will contribute to one or more of the following CDGA long-term citywide goals:

 • Reduce crime,
 • Increase property values,
 • Increase economic vitality, or
 • Improve quality of life.[9]

Example outcomes for each phase of a minor home repair program are:

Short-Term Outcomes
(<1 year) Improved resident satisfaction in a neighborhood.

Mid-Term Outcomes
(2-3 years) Improvements in neighborhood safety and residents' involvement in property maintenance.

Long-Term Outcomes
(3-5 years)Increased property values and a decrease in the number of homes in poor condition.

Figure 6.2: Christian Center Home Repair Project, Milwaukee, WI
Source: www.mccwi.org

Cleveland, OH: Strategic Measurement

Cleveland's 2010 - 2011 Subrecipient Application required applicants to describe up to three Strategic Initiative Areas, which are "specific sets of actions taken within a focused geographic area to address identified neighborhood needs."[10] Through describing these Strategic Initiatives, applicants identified the measureable outcomes of their proposed activities, along with the achievement date for each outcome. For example, an applicant's strategic initiative of developing community gardens on abandoned property could include the outcome of specific abandoned structures demolished. A leader of one of Cleveland's long-standing CDBG subrecipient organizations commented that while describing all of their intended outcomes is cumbersome, the process helps force the organization to think about what the applicant can reasonably achieve in a year.[11]

Principle: Practice Ongoing and Consistent Monitoring

Monitoring, the assessment of CDBG regulatory compliance, should provide ongoing and systematic information that enables subrecipients to identify program weaknesses and make corrections before the project is complete.[12] Usually, a third party conducts CDBG monitoring on a grantee's behalf to provide unbiased assurance of program compliance.

Cleveland, OH: Monitoring to Assure Outcomes

After Cleveland issues contracts to CDBG subrecipients, the subrecipients must complete monthly performance reports and requests for payment. The Cleveland Department of Community Development (DCD) uses these reports to assure that every CDBG dollar spent complies with HUD regulations. DCD also uses these reports to check whether subrecipients accomplish their proposed scope of services and stay within their budget.[13] The City then issues reimbursement funds to subrecipients for the previous month's completed activities.

DCD visits subrecipients to monitor performance, program quality, and timelines.[14] These site visits help the DCD staff assess an organization's capacity to carry out future projects.

Baltimore, MD: Tiered Monitoring

Baltimore's Department of Housing and Community Development (DHCD) administers and monitors HUD's Outcome Measurement System. The goal of monitoring in Baltimore is to identify deficiencies so that DHCD can take action to improve, reinforce, or augment subrecipients' program performance.[15] The monitoring emphasizes detection, prevention and correction of problems that CDBG subrecipients face.[16]

At the beginning of each program year, DHCD staff creates a monitoring plan that matches available resources with the needs and capacity of subrecipients (see Appendix E for a detailed description of DHCD's monitoring program). Program and financial compliance officers from DHCD monitor subrecipients. DHCD concentrates more attention on new or struggling subrecipients than on experienced subrecipients with a proven track record.

Figure 6.3: Druid Heights' CDC 'Clean Up Day Project'
Source: www.druidheights.com

Specifically, DHCD focuses on examining areas of subrecipient operations where:

- HUD's CDBG regulations have changed or the City has reinterpreted these,
- The subrecipient is carrying out activities for the first time, and
- The subrecipient exhibited compliance problems in the previous program year.[17]

By focusing on areas where subrecipients may have problems, DHCD uses its staff time most effectively mitigating a lack of monitoring capacity due to staff shortages.

Principle: Engage Subrecipients in Evaluation and Build Internal Capacity

Third-party evaluation is the norm in CDBG subrecipient systems in order to prevent bias. However, subrecipients themselves, or the people receiving their services, are often in the best position to identify the most salient outcomes of program activity. Subrecipients' self-evaluation (i.e. internal evaluation) uses the subrecipient staff's institutional knowledge and empowers the staff to take ownership of improving effectiveness.[18] For instance, tracking program outcomes enables subrecipients to improve strategic planning, become more competitive for funding, and strengthen community relations.[19] At the same time, internal evaluation helps reduce the paperwork of external evaluation by grantees have to execute. Instead, grantees invest time in building subrecipients' organizational capacity, developing their competency to monitor, analyze, and report on their own performance and outcomes.[20]

Participatory evaluation advances the subrecipient's involvement further, creating collaboration between grantees and subrecipients in developing, implementing, and interpreting the evaluation.[21] Collaboration establishes transparency and increases the relevancy of the evaluation process for the subrecipient.[22] Therefore, creating a collaborative environment for evaluation both improves the outcome measurement and engenders community participation.
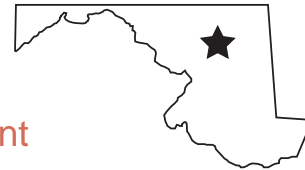
Baltimore, MD: Self-assessment of Subrecipients

The Outcome and Performance Measurement Form within Baltimore's CDBG application contains a self-assessment component. The application requires potential subrecipients to consider which indicators or verifiable data they need to assess their own work, and when applicable, what benchmarks to set in order to build on previous years' activities.[23] This helps subrecipients look at their own outcomes with a critical eye and identify the tools they need to attain the goals they set.

Success Measures: Building Internal Capacity

Success Measures is a participatory outcome evaluation approach run by NeighborWorks America, a federally sponsored non-profit that works on homeownership issues.[24] Several Community Development Organizations (CDOs) in Detroit and other cities used Success Measures in the past. For instance, the Northern Area Association (NAA) in Detroit focused on affordable housing activities, but after participating in Success Measures trainings, their staff realized that residents in their area were more concerned with a lack of commercial services than with housing opportunities.[25] As a result, NAA switched their focus and partnered with a neighboring organization in order to serve the needs of its community better.[26]

Principle: Apply Outcome Assessments to Future Funding Decisions

CDBG evaluation informs future allocation decisions. Successful evaluation helps to shape effective programs because measurements assess progress of a subrecipient in achieving proposed impact and goals.[27] By drawing upon previous outcome assessments when making allocation decisions, CDBG grantees can determine which subrecipients should receive future funding. This principle originated in the movement toward performance measurement of federal agencies in the 1990s. In a context of declining budgets, Congress passed the Government Performance and Results Act of 1993 in response to the mounting pressure for agencies such as HUD to demonstrate that they were spending federal dollars effectively.[28] This concern for public accountability pervades today's CDBG program. Using past performance to help determine a subrecipient's future funding level holds both grantees and subrecipients responsible for the federal money they receive.

Figure 6.4: Detroit Shoreway CDC rehab project, Cleveland, OH
Source: www.neighborhoodprogress.org

Cleveland, OH: Past Performance as a Funding Criterion

In Cleveland, evaluations of previous program years contribute to future CDBG funding decisions. The outcome measurement process enables DCD both to assist poorly performing organizations to improve their program delivery, and in instances of continued program failure, to use that evaluation as the basis for recommending against future funding.[29]

Cleveland's 2010-2011 Block Grant Application used a 100-point measurement system to rate each applicant. The last category measures past performance, allotting up to 15 points based on whether the organization:

• Has a good track record of meeting its proposed outcomes for 18-month performance reviews and
• Submits its monthly reports and payment requests in a consistent and timely manner.[30]

Examining past performance allows DCD to identify and defund subrecipients that have failed to produce positive results for community development.[31] Consequently, DCD can channel limited resources toward subrecipients with robust program activities that meet outcomes and citywide strategic goals.

Memphis, TN: Evaluation as Feedback Loop
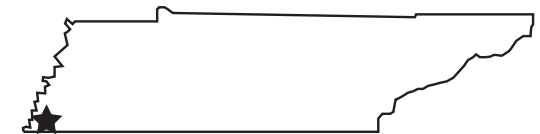
The Memphis Office of Housing and Community Development (HCD) integrates its program evaluation of subrecipients into future grant decisions. According to HCD, most subrecipients usually meet or exceed their stated outcomes, which reinforces their chances of receiving funding year after year.[32] If a program does not meet its goals from past years, then HCD asks the subrecipient to explain why the organization did not meet them and to provide a framework for a new strategy to meet goals for the next year.

Conclusion

This chapter, and the two preceding it, outlined the major principles that lead to an effective and efficient CDBG program. With its dedicated network of community development providers and administrators, Detroit's CDBG system possesses great potential to embody these principles and to have greater impact on community development in the city. The next chapter articulates a vision for an improved CDBG subrecipient system in Detroit, and further chapters provide a phased plan to achieve that vision.

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7 | VISION FOR DETROIT'S CDBG SUBRECIPIENT SYSTEM

Detroit deserves a Community Development Block Grant (CDBG) system that achieves community development goals in an effective manner that aligns with City priorities. The implementation of a transparent, objective, and prompt subrecipient system could make this possible. This vision for Detroit's CDBG subrecipient program meets the goals of the Community Development Advocates of Detroit (CDAD) in achieving positive community development outcomes and enabling subrecipients to carry out their work more effectively.

This plan envisions a Detroit CDBG system in which:

- City Council, City Planning Commission (CPC), and the Planning and Development Department (P&DD) allocate funds fairly to organizations with the greatest local community development impact and the greatest promise to achieve citywide goals;

- P&DD project managers have manageable caseloads and maintain steady contact with subrecipients, facilitating consistent reporting and prompt reimbursement;

- Performance measurements – determined by both City staff and the subrecipient – assess how well the subrecipient's CDBG activities achieve their intended positive impact, and then factor into subsequent funding decisions; and

- The collective work of the subrecipients' activities addresses Detroit's most pressing community development needs, and when activities do not adequately meet established community development goals, the CDBG system shifts funding accordingly.

City staff, CDBG subrecipients, and other community development stakeholders might have difficulty imagining this improved CDBG system. Fulfilling citywide priorities with limited funding is a complex endeavor where operational efficiency often suffers.

A City official referred to Detroit's current CDBG program as a necessary safety net to sustain Community Development Organizations (CDOs) of all shapes and sizes that conduct crucial work throughout the city.[1] As Chapter 3 explained, this safety net is not functioning well in many respects, to the point that many find the system untenable.

This plan envisions changes that will put the principles of success (outlined in Chapters 4, 5, and 6) into practice, allowing Detroit's CDBG system to enable subrecipients to do better in meeting community development needs.

Imagine this vision for Jackie, a hypothetical CDO leader in Detroit whose organization receives CDBG funding.

Jackie goes about her busy day, checking in on the various activities of her organization. Her organization recently merged with a larger economic development CDO, because they were serving the same area of Detroit and found that sharing staff and jointly applying for public and foundation funding allowed them to conduct their work more effectively. Since the merger, Jackie finds that she has more time to think innovatively about the future of her organization. She also still has administrative duties.

Today, Jackie submits her monthly CDBG report through an online system, detailing what her organization has accomplished in the last 30 days with CDBG funds. She receives an acknowledgement e-mail from her project manager at the Planning and Development Department, who notifies her that he is reading her report. Jackie gives Detroit's HUD office a call to RSVP for an evening training session about workforce development activities, since the City has prioritized such programs and her organization is looking to expand its services in that direction. Jackie then calls Cheryl, her fundraising staff person, to talk about leveraging private funds for next year.

Later that week, Jackie attends a team meeting with her staff, during which each activity manager talks about any challenges he or she is facing with the CDBG projects and reports their outcome metrics for the quarter. Next she checks her email and finds that her organization's reimbursement check is on the way for last month's activities. Jackie has to spend time on next year's CDBG application, so she pulls up her spreadsheet of self-evaluation metrics on her computer to track the organization's progress under this year's grants. This year's RFPs require applicants to include outcome measurements, which indicates to Jackie that P&DD continues to allocate funds competitively. Jackie also realizes that the City evaluates subrecipient performance with these outcome measures, which affects future funding decisions.

Later in the month when her organization finishes its CDBG application, Jackie gives it one last review online and then clicks *Submit.* She receives a pop-up warning that she forgot to complete one of the forms, so she fixes the error and proceeds to submit the application with satisfaction. P&DD and CPC both review the application electronically and at the same time. P&DD and CPC evaluate Jackie's application using the same scoring criteria that were published in the RFP for Jackie's application. After City Council authorizes the CDBG award decisions, P&DD sends Jackie notice that her organization will be funded again, along with a copy of the average scores she received from both departments. She was interested to find that her scores in categories like Organization Capacity and Past Performance were very high, but the reviewers saw room for improvement in the Leveraging Funds category. The comments that accompany the scores explain the reasons for the scores, which will help Jackie know where she needs to focus for the next year's application. After collaborating with her P&DD project manager to complete the subrecipient contract in August, Jackie gets her official Notice To Proceed in October. The delay requires some creativity in funding activities for a short period, but this short delay is much more predictable and easier to handle than the yearlong delays she experienced in previous years.

This ideal CDBG system cannot happen overnight, but this vision for Detroit's CDBG program can be realized through the involvement of HUD staff, City staff, local elected officials, and leaders of subrecipient organizations, as well as with a shift in expectations about the way the system can work.

This plan offers a road map for accomplishing these changes (see Figure 7.1). The first phase (Chapter 8) of near-term changes can transform the CDBG system; together, these changes strengthen Detroit's CDBG system considerably. These initial changes can then lead to the second phase of reinforcing the new, transformed system (Chapter 9). Future citywide changes in Detroit may require the adaptation of this transformed CDBG system to new conditions; Chapter 10 outlines some of these possibilities.

Phase 1: Transformation Elements

PLAN
- Align Detroit's CDBG program to the City's community development priorities

APPLICATION
- Clearly communicate the CDBG program goals in the Request for Proposals (RFPs)
- Maintain a consistent application
- Implement an electronic application

AWARD ALLOCATION
- Establish and use clearly defined application scoring criteria
- Provide training on application scoring criteria
- Share application scores with applicants

CONTRACTING
- Reduce the number of departments involved in the contracting process
- Make a contracting timeline and detailed procedure available to the public and provide training on these to subrecipients and city staff
- Subcontract administration of backlogged CDBG awards/contracts

MONITORING
- Designate a project manager for each subrecipient who can regularly provide help and feedback

EVALUATION
- Implement a clear outcome measurement form in the evaluation process for all subrecipients
- Provide training on outcome measurement for all project managers and subrecipient organizations
- Share evaluation results with subrecipient organizations

ACTION
- Establish a task force that can advocate for and monitor implementation of Phase I transformation elements

Phase 2: Further Changes

PLAN
- Ensure that the Consolidated Plan reflects the City's community development priorities

APPLICATION
- Create a subrecipient management team to support organizations that are emerging or lack administrative capacity
- Create opportunities for subrecipients to collaborate on projects in the same geographic area
- Require applicants to outline steps and metrics that they will use to evaluate their own outcomes

AWARD ALLOCATION
- Consider past outcome measurement evaluations in the allocation decision for re-applicants
- Allow multiple year funding awards to organizations with proven track records
- Allocate funds geographically to increase impact on community development

CONTRACTING
- Institute an electronic grant management system
- Subcontract various components of the CDBG program or subcontract specfic categories of the CDBG program

Figure 7.1: A Road Map for Change

NOTES

1. City Planning Commission Staff, interview with the authors, October 7, 2010.

8 | TRANSFORMING DETROIT'S CDBG SUBRECIPIENT MANAGEMENT SYSTEM

Earlier chapters of this plan have assessed Detroit's current Community Development Block Grant (CDBG) subrecipient system; provided examples of good practices of CDBG subrecipient systems across the U.S.; and established a vision for a Detroit CDBG subrecipient system that is transparent, prompt, objective, and effective. This chapter relies on the practices and the principles underlying a strong CDBG system to outline a plan to transform the Detroit CDBG subrecipient system.

Specifically, this chapter discusses the first phase of action steps – *transformation elements* – that the City Planning Commission (CPC), the Planning and Development Department (P&DD), and elected officials need to implement in order to realize a transparent, prompt, objective, and effective Detroit CDBG subrecipient system. Each of the transformation elements specifically addresses at least one of the aspects of this vision, as indicated by the symbols next to each element's title (e.g. T indicates transparency)—Figure 8.1 defines the characteristics of the vision. Community Development Advocates of Detroit (CDAD) and the City of Detroit can begin working to implement the transformation of the subrecipient system immediately, in this Phase 1. Each transformation element interrelates with all the others and constitutes a comprehensive reform of the CDBG subrecipient system.

T

Transparent

The entire subrecipient management system's processes are characterized by visibility or accessibility to information especially concerning decisions that could affect Community Development Organizations (CDOs) and their ability to perform desired community development tasks.

O

Objective

The entire subrecipient management system folows a logical, rational, and formal process. Furthermore, processes of application review, awarding, handling, monitoring, and evaluation of grants are replicated in the same manner by multiple decision-makers.

P

Prompt

The entire subrecipient management system enables its subrecipients to deliver services quickly. Furthermore, the subrecipient management system's processes move into action without delays in award allocation, handling of contracts, processing reimbursments, and evaluating performance of CDOs.

E

Effective

The entire subrecipient management system achieves desired goals and objectives; enabling CDOs to perform their various tasks of community development with minimal barriers and impediments from the system itself.

Figure 8.1: Vision Definitions

Plan

E **Align Detroit's CDBG program to the City's community development priorities**

To achieve greater community development outcomes in Detroit, City officials should strategically use community development resources such as CDBG dollars to support established community development priorities. The five-year Consolidated Plan and its resulting Annual Action Plans outline a community's goals for all activities undertaken with CDBG and other federal funds (see Chapter 2). Thus, in order to align Detroit's CDBG program to the City's community development priorities, the goals for activities listed in Detroit's Consolidated Plan and Annual Action Plans should align with Detroit's community development priorities. Detroit's Consolidated Plan will not be updated until 2015; therefore, this phase recommends alignment of Detroit's Annual Action Plans to community development priorities. Phase 2 (chapter 9) recommends alignment of Detroit's Consolidated Plan to community development priorities.

Alignment of the Annual Action Plans to community development priorities provides greater direction to the allocation of CDBG dollars and ensures that CDBG dollars are distributed to achieve specific community development goals, see Figure 8.2. In addition to smoothing the award allocation process, this alignment could result in community development outcomes that are more reflective of community priorities.
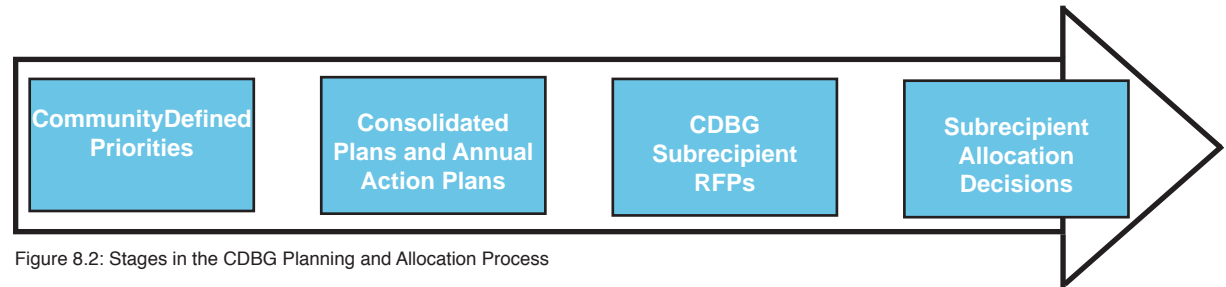
Figure 8.2: Stages in the CDBG Planning and Allocation Process

Steps to align the Annual Action Plans to Detroit's community development priorities:

- *Articulate community development priorities:*

   CPC and P&DD staff should meet to articulate what they see as City priorities in community development. Ultimately, a process to establish community development priorities should include Detroit residents, businesses, community development organizations, elected officials, and City staff. The current Detroit Works Project may prove analogous to such a process in 2012.

- *Integrate community development priorities as a framework for Annual Action Plans*

   The Detroit Planning and Development Department (P&DD) should use established community development priorities as the goals for activities included in Annual Action Plans. That is, CDBG funded activities should meet established community development priorities.

Application

T **E** **Clearly communicate the CDBG program goals to applicants in the request for proposals (RFPs)**

Upon establishing goals for the CDBG program, P&DD should ensure that subrecipient applicants are aware of those goals. The RFPs should clearly outline the goals for the CDBG program to inform applicants of the community development priorities they must work toward to be competitive in applying for a CDBG subrecipient grant.

Clearly communicating the CDBG program goals in the RFP saves time for both City staff and subrecipient applicants – helping establish a more effective and transparent process. CDBG subrecipient applicants will know how qualified their proposed activities are and what activities to highlight in their applications. City staff will have less difficulty identifying applicants that meet CDBG program goals and making funding decisions.

T **P** **Maintain a consistent application due date**

As Chapter 1 pointed out, the CDBG program is an important source of funding to various Detroit CDOs. Many CDOs apply for CDBG dollars annually. Maintaining a consistent RFP release and due date establishes normalcy, which will benefit both P&DD and CDOs.

This consistency over time will allow CDOs to anticipate application deadlines and plan to complete applications on time. Consistent applications deadlines will also help CDOs to plan CDBG activities that follow the application deadline because they will have a timeline for expected funding. P&DD could also benefit from a consistent application due date, enabling them to prepare and meet a timeline for the CDBG program.

To implement this change, CDAD should work with P&DD to establish an annual CDBG application deadline that meets both the federal CDBG funding cycles and the needs of the City and CDOs.

P **Implement an electronic application**

An electronic application system will improve the CDBG application process by improving communication and management of application materials. P&DD could establish an electronic application system that:

• Allows an applicant to establish user names and passwords,
• Requires applicants to complete all sections before submitting their applications, and
• Sends electronic confirmation to applicants once P&DD staff receives submitted applications.

P&DD should find that electronic applications are easier to monitor and manage than paper copies. Electronic applications result in fewer incomplete applications, fewer lost materials, and fewer complications throughout the application process. Furthermore, an electronic application lays the groundwork for an electronic grants management system (see Chapter 9).

In order to implement an electronic application, P&DD should:

• Develop a paper-version model of the e-application and necessary components,
• Collaborate with Detroit's Information Technology Services Department or seek outside consulting / foundation support to develop the system,
• Consider using the MSHDA online application system as a model for developing the CDBG e-application, and
• Provide training to all City staff members who receive and review subrecipient applications.

Allocation

T E Establish and use clearly defined application scoring criteria

Establishing clearly defined, detailed application scoring criteria in the form of a points system creates a consistent framework for evaluating CDBG subrecipient applications and avoids favoritism, leading to a more objective decision-making process. Consistent use of these scoring criteria by everyone who evaluates applications (i.e. P&DD, CPC, and the Citizen's Review Committee) guarantees that the same criteria apply to every CDBG subrecipient application and increases consistency in application scoring among different evaluators.

To implement clearly defined, detailed application scoring criteria, P&DD and CPC will first need to determine which criteria are important for evaluating CDBG subrecipient applications. Metrics that P&DD and CPC may incorporate into a points system include criteria for evaluating applicants' proposed activities and criteria for evaluating applicants' capacity to carry out their proposed activities.

- Criteria for evaluating applicants' proposed activities should stem from the goals of the CDBG program; thus, the established community development priorities provide a starting point for determining what criteria

CDBG applicants must meet.
- Criteria for evaluating applicants' capacity to carry out their proposed activities should be based on how well applicants' proposed activities align with their organizational capacity. Potential factors that measure capacity include staff hours, budget size, and resources leveraged for a proposed activity.

Once the application scoring criteria are determined, City staff should ensure that everyone who assesses CDBG subrecipient applications uses the criteria. Furthermore, CPC, P&DD, and CDBG subrecipient applicants should evaluate the scoring criteria annually to assess and improve their effectiveness.

T E Provide training on the application scoring criteria

To realize the benefits of specific, consistent application scoring criteria and establish a truly transparent system, CPC, P&DD, CRC, and CDBG applicants need to understand the scoring criteria. CPC, P&DD, and CRC must have a common understanding of the application scoring criteria in order to increase objectivity of application scores and improve consistency among different evaluators. In addition, applicants must understand the scoring criteria in order to submit a successful application.

P&DD could conduct trainings on the application scoring criteria for both application evaluators and CDBG applicants. Application evaluators should receive the same training regardless of their City agency or position. A trained City staff member can lead workshops on the application scoring criteria for CDBG applicants.

T E Share application scores with applicants

P&DD should provide CDBG applicants with the scores that raters give their applications. Sharing scores with applicants creates greater transparency by ensuring that organizations understand their applications' strengths and weaknesses and allows applicants to strengthen their future applications to meet community development priorities more effectively. Increased understanding of funding decisions will likely increase constructive feedback to P&DD from applicants, which will help P&DD assess flaws in the scoring criteria and build a more effective system for future funding cycles.

Pending creation of the new, detailed application scoring criteria system, P&DD can begin sharing assessed application scores with applicants in early 2012. P&DD can make scores available to City Council and subrecipients simultaneously as City Council prepares to make funding decisions.

Contracting

P **Reduce the number of departments involved in the contracting process**

Reducing the number of contract reviews and sign-offs required in the contracting process would shorten the time required for the process. Prompt delivery of funds to subrecipients enables subrecipients to execute their planned activities according to the application-stated timeline, thereby establishing a system that can produce community development benefits more effectively.

To reduce the number of departments involved in the CDBG subrecipient contracting process, the P&DD could:

- Pinpoint the bottlenecks in the contracting process;
- Identify redundant procedures in the contracting process and research the repercussions of their removal from the CDBG subrecipient system;
- Engage all departments involved in the contracting process in establishing and implementing a new contracting procedure.

T **Make a contracting timeline and detailed procedure available to the public and provide training on these to subrecipients and city staff**

Providing a contracting timeline and detailed procedure document to the public would increase transparency in the contracting process. Subrecipients would then have a clearer sense of where their contract is in the process so that they can know when to expect their Notice to Proceed. Furthermore, training sessions for subrecipients and P&DD staff will provide both groups with a uniform understanding of the contract and reimbursement processes and make reviewing departments accountable for prompt execution of these processes.

P&DD could give subrecipients access to a contracting and reimbursement flow chart that includes both the specific procedures and a timeline for these procedures. The department can distribute these documents by having paper copies available and publishing them online.

P&DD could provide training for department staff and subrecipients to ensure that everyone involved in the contracting and reimbursement process understands the procedure and timeline. P&DD should hand out the contracting and reimbursement process charts at this training session. The training could provide the following information about these processes:

- The steps involved in each process,
- A timeframe for each step,
- The departments and divisions involved in each process, and
- The responsibilities of the project manager (e.g. the project managers can provide weekly e-mail updates to subrecipients regarding the status of their contracts).

Figure 8.3: CDBG Workshop for Subrecipients
Source: http://kathycarrico.com

Contracting

P **Subcontract administration of backlogged CDBG awards/contracts**

The large number of unapproved contracts from previous years has resulted in an estimated $50 million of unexpended CDBG funds, although the portion of this amount due to backlog of contracting remains unknown.[1] Subcontracting administration of backlogged contracts will allow the Neighborhood Support Services Division (NSSD) to focus only on current contracts, thereby resulting in a more prompt contracting and reimbursement process. A prompt handling of awards system will allow subrecipients to maintain their timelines for achieving community development aims.

Figure 8.4: Team Meeting with Government Contractors
Source: http://main.pscbs.gov.rw

P&DD could outsource the administration of all backlogged contracts to a subcontractor who can develop a system for reviewing and processing these contracts. The subcontractor's process for handling backlogged contracts should include the following steps:

- Identify the unapproved contracts of subrecipients that can no longer use undisbursed funds in the ways originally proposed; recapture those funds for P&DD and City Council to allocate in other ways that achieve community development goals;
- Establish a system to monitor obligations, expenditures, drawdown requests, and reimbursements of the subrecipients that can still use funds in the ways they proposed; and
- Maintain a running balance of undisbursed funds.

Chapters 9 and 10 of this plan describe further subcontracting possibilities.

Monitoring

(E) Designate a project manager for each subrecipient who can regularly provide help and feedback

Establishing frequent communication between a project manager and a subrecipient would allow a project manager to monitor a CDO's activities more effectively and provide feedback as needed. The interaction between the project manager and subrecipient should begin no later than two days after grant award notification.

Figure 8.5: Project Manager Leads Discussion
Source: www.tallorderconsulting.ca

A project manager's responsibilities could include the following:

• Negotiating the specific terms of the subrecipient contracts with subrecipient organizations' leaders,

• Answering the subrecipients' questions through phone calls or e-mail,

• Reviewing monitoring reports and providing feedback to the subrecipients,

• Designing a work plan with subrecipients and checking in at every milestone, and

• Facilitating the reimbursement process and verifying the goals and objectives of the projects are achieved as stated in the contract.

Additionally, P&DD could ensure that project managers engage in regular communication with subrecipients by implementing a staff evaluation system where subrecipients can rate the performance of project managers according to the responsibilities listed above. P&DD could reward project managers who receive good reviews, further promoting program effectiveness.

Evaluation

(T) (O) **Implement a clear outcome measurement form in the evaluation process for all subrecipients**

The implementation of a clear and specific outcome measurement form will enable P&DD to assess subrecipients' use of CDBG funds. P&DD may compare subrecipients' performed activities to the activities proposed in their applications. This evaluation tool will make subrecipients accountable for performing their stated activities and achieving associated outcomes, which can advance Detroit's larger community development goals. Using the same outcome measurement form to assess all subrecipients also allows P&DD to perform a consistent, fair, and objective evaluation since it would use the same standards for every CDO. Furthermore, subrecipients will know that project managers do not vary in their assessments of each CDO; rather they use a uniform system of evaluation.

In developing an outcome measurement form, P&DD staff could reference the example from the City of Baltimore (see Chapter 6). An outcome measurement form should include: HUD national objective(s) and goals, inputs, outputs, outcomes, and outcome measurements.

Examples of the types of outcomes that a subrecipient might identify are:

• A Home Repair program activity could *improve overall household values*,
• A Public Service after-school program could *stimulate healthy habits for youth* and *provide additional support for parents*, and
• A Public Facility Rehabilitation program could *reduce safety hazards* while *increasing the population served by that facility.* [2]

Comparing the components that applicants propose in their applications with their actual activities allows P&DD project managers to make objective assessments of subrecipient organizations' performance. P&DD could include this outcome measurement form in the RFP in order to inform applicants of how P&DD would evaluate their performance. Such transparency would allow subrecipients to use this information to tailor their activities towards achieving the desired outcomes. Chapter 9 will further explain how subrecipients can conduct self-evaluation with outcome measurements.

(T) **Provide training on outcome measurement for all project managers and subrecipient organizations**

Training on outcome measurement would allow both project managers and subrecipients to gain a clearer understanding of P&DD's evaluation process, increasing transparency since everyone involved would receive the same information.

P&DD could provide these training sessions on outcome measurements, focusing on the following elements for City staff and subrecipients:

• Review of City goals/community development priorities;
• HUD's Outcome Based Performance Measurement System;
• The purpose of using an outcome measurement form in Detroit;
• Definitions and examples of goals, objectives, activities, inputs, outputs, outcomes, outcome measurements (subrecipient training will focus on how to write these items; project manager training will focus on how to assess them);
• The timeline for evaluation;
• The process and purpose of site visits;
• Evaluation of subrecipient performance (project manager training will examine this in more detail than subrecipient training);
• P&DD's annual report documenting a subrecipient's final performance evaluation; and
• Communication between project managers and subrecipients regarding final performance evaluation.

Evaluation

T **Share evaluation results with**

subrecipient organizations

Sharing evaluation results with subrecipients will increase transparency by keeping subrecipients well informed of their outcome achievement progress. Furthermore, subrecipients can use this information to adjust or improve their activities in order to increase the effectiveness of their community development activities.

P&DD could provide both written and verbal feedback to each subrecipient regarding results of the organization's specific evaluation in the following ways:

• The project manager could provide an annual written report to each subrecipient documenting final performance evaluation results within 30 days of the subrecipient's completion of CDBG funded activities and

• The project manager and subrecipient can discuss the subrecipient's evaluation during a final site visit.

Sharing evaluation results in a prompt manner can only happen with the implementation of other Phase 1 elements. Transformation elements that focus on making the allocation process and the contracting and reimbursement processes more effective will allow subrecipients to carry out their activities on schedule and in the way they had proposed. In turn, P&DD project managers can perform accurate evaluations of the activities subrecipients perform.

Taking Action

Establish a task force that can advocate for and monitor implementation of Phase 1 transformation elements.

Both the Mayor's Office and the City Council have experienced changes in leadership recently. Both are more concerned with assuring effective government processes than was the leadership of the recent past. This creates an opportunity to convene supporters of change to work together to improve Detroit's CDBG subrecipient system.

CDAD brings together various CDBG subrecipient stakeholders. CDAD can encourage Detroit CDOs to join them as members of a task force to advocate for and monitor implementation of Phase 1 transformation elements. A task force—a "Committee for Change"—can bring together disparate interests and perspectives to identify barriers and forge a consensus around the transformation of the CDBG system.[3] This task force will provide CDAD with the opportunity to gather the various Detroit governmental agencies, including HUD, to examine this plan's vision for Detroit's CDBG subrecipient management system and commit to implementing Phase 1's transformation of the system.

As indicated in Figure 8.6, the task force should include two representatives from each of the following:

- CDAD's Public Policy Committee (could chair the task force) and other CDO leaders,
- City Council staff,
- CPC,
- HUD's Detroit office,
- P&DD, and
- Mayor's office.

Each of these entities plays a valuable role in Detroit's CDBG system, and therefore the task force can operate effectively with each member's acceptance and advancement of these Phase 1 transformational elements.

The task force should carry out the following actions during 2011 Action Planning (first quarter of 2011):

1. Select appropriate representatives from each entity listed above as task force members.
2. Establish biweekly meetings.
3. Using this plan as a guide, develop implementation steps to transform the CDBG subrecipient system.
4. Assign responsibilities to task force members to carry out implementation steps.

Figure 8.3: Members of the Task Force Committee for Change

Action Implementation:

1. Each task force member begins performing his or her assigned responsibilities.
2. Hold biweekly meetings for reporting progress and seeking feedback from task force members.
3. Communicate the progress of implementing these changes to the CDBG applicants.

Members of the task force should advocate for the implementation of this new plan within their respective agencies. As transformation occurs, the task force members should monitor the progress of their agencies and bring concerns back to the task force to garner strategies for improvement. As the leader of the task force, CDAD ought to take on the responsibility of motivating other members to carry out their task force duties and remain focused on transforming the CDBG subrecipient system in order to bring about better community development outcomes for Detroit.

Conclusion

Collectively, the elements in this chapter address this plan's vision for transforming Detroit's CDBG subrecipient system. Implementation of all the elements *together* will result in a transformative improvement of Detroit's CDBG subrecipient system that will increase transparency, effectiveness, promptness and objectivity. Although this chapter presents recommendations in the order that they occur in the CDBG subrecipient funding cycle, the implementation of these recommendations does not necessarily need to follow this order. After these elements are implemented together, carrying out Phase 2 recommendations (see Chapter 9) can further strengthen Detroit's CDBG subrecipient system.

NOTES

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2. Community Development Advocates of Detroit, *CDBG Category Outcomes and Impacts*, November 5, 2010.
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9 | STRENGTHENING THE TRANSFORMED CDBG SYSTEM

A PLAN TO STRENGTHEN DETROIT'S
CDBG SUBRECIPIENT SYSTEM
THE CDBG ENTITLEMENT PROGRAM
DETROIT'S CDBG SUBRECIPIENT
MANAGEMENT PROCESS
A FRAMEWORK FOR
AWARD ALLOCATION
HANDLING OF SUBRECIPIENT AWARDS
MONITORING + EVALUATION
OF SUBRECIPIENTS
VISION FOR DETROIT'S CDBG
SUBRECIPIENT SYSTEM
TRANSFORMING DETROIT'S CDBG
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Building upon the system established by Phase 1 of this plan (Chapter 8), Phase 2 will further enable community development organizations (CDOs) to strengthen the impact of their programs for low- and moderate-income residents in the City of Detroit. Recommendations in this phase reinforce the CDBG subrecipient system transformed through actions in Phase 1. Although the Planning & Development Department (P&DD), City Council, the City Planning Commission (CPC), and the Community Development Advocates of Detroit (CDAD) may implement the elements of Phase 2 as stand-alone action steps, this plan advocates that they execute these changes in concert with each other.

Recommendations in Phase 2 focus on four broad categories:

- Continue to align plans with community development priorities,
- Strengthen the application process,
- Allocate funds using a clearly defined incentive system, and
- Improve P&DD's subrecipient management processes.

Continue to Align Plans with Community Development Priorities

As outlined in Phase 1, collectively agreed-upon community development priorities should define the City's goals in the Consolidated Plan, which should align with Annual Action Plans and drive subrecipient allocation decisions. Building on that alignment of goals and priorities, Phase 2 recommends that the next Consolidated Plan also reflect City goals more closely than in the past.

Ensure that the Consolidated Plan reflects the City's community development priorities

As previously mentioned in this plan, CDBG should be considered one part of a concerted community development strategy orchestrated by City and community development stakeholders. Building on implementation of Phase 1, P&DD should outline how community development priorities guide the CDBG strategy laid out in the next Consolidated Plan and how CDBG programs tie in with other community development programs.

The next Consolidated Plan could identify the components of any plans resulting from future City community engagement activities (i.e. the Detroit Works Project, discussed in Chapter 10) that fall within HUD's national objectives for the CDBG program. P&DD could then identify these components in the Consolidated plan and indicate how they guide issue- and/or geographic-targeting decisions. Additionally, the Consolidated Plan should establish a timeline and step-by-step instructions for developing subsequent Annual Action Plans that align with community development goals.

Strengthen the application process

Implementing Phase 1 of this plan will establish reliability, consistency, and transparency in the application process and therefore lay the groundwork for additional improvements. The following recommendations, taken together, set the stage for evaluation-related recommendations detailed later in this chapter.

Create a subrecipient management team to support organizations that are emerging or lack administrative capacity

Detroit has many small social service CDOs that respond to the needs of citizens, but because of depopulation and decreasing federal and state funding, fewer agencies may survive. While CDOs that produce successful outcomes will likely continue to receive funding, P&DD could create a support program to help bolster the activities of the city's service providers that are financially burdened.

A support program in Detroit, similar to the City of Phoenix New Starts program, would fund agencies that provide neighborhood revitalization services, support services to persons with disabilities and senior support services, youth service and childcare, or enrichment programs for youth, up to a maximum of $25,000 annually for up to two fiscal years (see Appendix F).

In addition to these program and general application criteria, P&DD could require that program participants meet the following requirements:

- They are a start-up organization incorporated less than two years with an annual operating budget of no more than $125,000 and/or
- They are an organization that shows a need for administrative capacity support, based on the CDO's past performance and ability to adapt.

The supportive program would assist CDOs by designating project managers to provide guidance to organizational leaders and ensure compliance with regulations. The program could aim to equip CDOs after two years with competence in CDBG procedures, budgeting, evaluation, and collaborative work with other organizations that provide similar services. By providing a supportive program, P&DD can help these subrecipients strengthen their program activities, more effectively accomplish their stated outcomes, and establish their organization as strong competitors for CDBG funding.

Create opportunities for subrecipients to collaborate on projects in the same geographic area

To increase the effectiveness of limited CDBG funding, P&DD could promote collaboration on provision of services in the same geographic area. Increasing collaboration would eventually decrease the number of CDBG applications and lead to reduced processing time in reviewing applicants and managing contracts.

To achieve these results, the following four measures encourage collaboration within geographic areas:

*   P&DD and CPC could award extra points when an application shows an effort to collaborate with related projects in the same area of the city.
*   P&DD project managers could help identify opportunities for subrecipients' collaboration.
*   P&DD could host and require subrecipient leaders to attend partnership information sessions based on service category. These sessions would promote informal partnerships and sharing of resources.
*   P&DD could include collaboration and partnership efforts as a performance evaluation measure.

Oceanside, CA, promotes such collaboration and partnerships among subrecipients (see Appendix G). Collaboration within geographic areas would not only streamline the allocation process by reducing the number of applications to review and awards

to manage but could also allow the collaborating subrecipients to carry out their shared community development activities more efficiently.

Require applicants to outline steps and metrics they will use to evaluate their own outcomes

Building upon the Phase 1 implementation of a clear outcome measurement form in Detroit's CDBG application, P&DD could include a performance self-evaluation component to complement P&DD's evaluation of subrecipient activities.

Figure 9.1: Collaborative Meeting
Source: www.congressheightsontherise.com

A subrecipient's outcome self-measurement allows the organization to conceptualize and quantify the impact of their community development activities. NeighborWorks could be a valuable resource for developing such a system as they pioneered this approach for other community engagement activities. This additional component of the CDBG application's outcome measurement form would ask the applicant to describe measurements the CDO would use to track its outputs and outcomes.

For instance, such measurements could look like:

*   Short-term output measurements: names on sign-in sheets or other counts of people receiving services,
*   Mid-term output measurements: a comparison of the number of people served quarterly, across the past several years of the program activity, or
*   Long-term outcome measurements: increased financial literacy and job placement within the service area by a certain percent.

Engaging applicants in establishing methods for self-evaluation should not only increase the organization's internal capacity for outcome assessment, but also heighten the applicant's investment in successfully meeting those outcomes. Augmenting P&DD's external measurement of subrecipient outcomes in this way will enhance the allocation process because the self-evaluation component (which improves overall outcome measurement) will engender more complete applicant reviews in the future.

Allocate Funds Using a Clearly Defined Incentive System

When implemented, the following two elements reward subrecipients that use CDBG funds to meet established community development priorities by providing further funding and multi-year funding awards. Combined with strategic targeting of CDBG funds (the third recommendation that follows), these recommendations work toward CDBG subrecipient allocation decisions that reward good performance.

Consider past outcome measurement evaluations in the allocation decision for re-applicants

In order for City Council and P&DD to determine past outcome performance in proposal review and in allocation decisions, P&DD must evaluate subrecipient activities. Chapter 8 outlines how P&DD could establish an evaluation system. After P&DD, City Council, and others implement Phase 1 of this plan, the performance outcomes should factor into future allocation decisions.

Earlier this year, the CDBG/NOF Working Group called for the integration of evaluation and allocation. In their November 2010 CBDG/NOF Working Group recommendations to City Council, working group members recommended that P&DD "expand and improve the NOF/CDBG RFP's questions regarding applicant outcomes and outputs, in order to base decisions on who is achieving desired positive impact."[1]

For past performance outcomes to be useful for allocation decisions, P&DD should complete subrecipients' program evaluation with clearly defined metrics and with training for P&DD staff (as implemented in Phase 1). P&DD could tabulate these findings and present them in charts of past performance of each subrecipient, allowing for comparisons among similar subrecipients. Project managers could make these evaluations available to allocation decision makers.

Additionally, a clearly defined point system for subrecipient application review (see Chapter 8) could include points for prior performance. Cleveland, OH, incorporates past performance as criteria in their CDBG application.[2] As a result, the application reviewers understand the applicant's previous successes in achieving measurable impacts and can determine whether the applicant maintains the capacity to follow through with proposed program activities and to achieve the goals of the program.

Allow multiple year funding awards to organizations with proven track records

Multi-year funding allows a CDO the opportunity to plan for the future and deliver stated outcomes in a more effective manner. It also provides administrative relief for P&DD staff. Multi-year funding benefits P&DD administrative staff and CDBG subrecipients by:

- Enabling subrecipients to plan for the project's lifespan rather than revisiting the budget once a year,
- Allowing P&DD to focus efforts on improving other facets of the CDBG program (e.g. working with other CDOs that need support), and
- Providing a CDO the opportunity to leverage the project scope and project experience into applying for other grant opportunities, which in turn lessens the organization's dependency on CDBG dollars.

Allocate funds geographically to increase impact on community development.

By implementing geographic targeting (see Chapter 4), City Council could allocate funding based on previously determined neighborhood needs. Geographic targeting would allow Detroit to allocate CDBG funds based on neighborhood-level indicators of need.

Figure 9.2: A Blighted Lot Adjacent to Newer Homes, Detroit, MI
Source: http://apps.detnews.com

The three best-suited geographic targeting options for City Council include:

- Concentrate funding in neighborhoods with the greatest need. CPC can use readily available data (e.g. 2005-2009 American Community Survey and the Data Collaborative's 2010 Detroit Residential Parcel Survey results) to determine neighborhoods with greatest levels of poverty and housing decay. City Council can then concentrate funds in those areas for place-based transformation.
- Concentrate funding in the neighborhoods with the greatest opportunity to leverage funds for increased community development impact. Such neighborhoods might include those targeted as having the greatest need for change.
- Concentrate funding in neighborhoods that are at a tipping point. By curbing neighborhood blight and disinvestment as it starts, City CDBG investments can restore property owners' confidence in their neighborhoods so that they will invest in their properties; such property improvements can encourage residents to plan to stay.

Improve P&DD's Subrecipient Management Processes

Two elements of Phase 2 cut across all processes of the CDBG subrecipient system. Building upon the Phase 1 creation of an electronic application system, Phase 2 recommends implementation of an electronic grants system. Additionally, this section looks beyond subcontracting solely to deal with backlogged contacts (recommended in Phase 1) and to contracting various portions of the subrecipient process or category-based subcontracting.

Institute an electronic grant management system

P&DD's funding disbursement to subrecipients is regularly delayed. In order to resolve a similar issue, Los Angeles County implemented an integrated electronic grants management system. This system reduced the County staff's workload, and streamlined the contracting and reimbursement processes. The system also increased transparency because County staff and subrecipients could view all related CDBG material, such as the application, contract process, monitoring/evaluation scoring and criteria, and reimbursement status.[3]

An electronic grants management system could include the following features:

- A standard template for contracting. This would allow P&DD to send contracts directly to required departments for processing, which can minimize loss of paperwork and allow subrecipients to check the status of their contracts.
- Monthly/quarterly performance online reporting. Subrecipients would be able to use the steps and metrics submitted in their application or use a standard form that P&DD would provide. Subrecipients could also submit day-to-day questions online to their project managers.
- Desktop monitoring of contract processing. This allows P&DD staff unlimited, up-to-date access to monitoring and evaluation information. This would allow them to perform desktop monitoring, give feedback, and address issues in a prompt manner.
- Direct deposit payment and reimbursement after performance reports submittal. P&DD could process payment to subrecipients through direct deposit.
- Access to HUD regulations and training materials for City and subrecipient staff. Staff could direct subrecipients to new policy materials and subrecipient training options.

Figure 9.3: Los Angeles County seal
Source: www.laalmanac.com

Subcontract various components of the CDBG program or subcontract specific categories of the CDBG program

Subcontracting components of the CDBG subrecipient program (e.g. handling of reimbursements) or specific spending categories (e.g. economic development) may become feasible.

Two possible scenarios follow:

Scenario One: Subcontract components of the CDBG subrecipient system

Once an effective and transparent system is in place, the allocation, handling and evaluation of subrecipients may become a step-by-step procedure, which provides potential to subcontract it to third-party organizations. In addition, if after the transformative steps of Phase 1, the system still does not work in a transparent and prompt fashion, subcontracting components could help solve the problems. Subcontracting of services offers possible benefits: improved efficiency given greater flexibility, lower cost, and economies of scale offered by outside organizations.

City officials could take a closer look at the potential of subcontracting various components of the CDBG program from the following three perspectives:

- Look into the entire process (e.g. grants allocation, contracting, reimbursement, monitoring and evaluation) to identify bottlenecks where City agencies' staff lack capacity to perform effectively even after training.
- Seek a well-established potential service-provider with the capacity to perform such services. P&DD should consider past performance of the contractor.
- Compare contracting costs to costs of in-house solutions. Conduct a detailed cost analysis considering both the costs of the transition to a subcontractor and ongoing costs of both alternatives.

Scenario Two: Subcontract specific categories of the CDBG program

CDOs may apply for CDBG funding in five categories of activities: Homeless Public Service, Home Repair, Public Service, Public Service Facility Rehabilitation, and Economic Development. Administrators overseeing P&DD could contract certain categories' management process to a third party with expertise in a particular field.

For example, Detroit Economic Growth Corporation (DEGC) might be able to manage CDBG subrecipient projects in economic development. DEGC serves as the quasi-governmental agency for business retention and attraction and economic development initiatives in Detroit. The organization maintains contracts with the City of Detroit to provide planning, project management and other services, and it sustains a track record of successfully coordinating the work of different public authorities and contributing to the economic development of Detroit.[4] DEGC could bring their expertise in economic development to CDBG grants management.

Conclusion

Phase 2 builds upon the system-wide transformation of Phase 1 to enhance the CDBG subrecipient system in Detroit. Phase 2 promotes alignment with the City's goals and HUD's national objectives to bring about more positive outcomes in Detroit community development. Additionally, Phase 2 enables subrecipients to use CDBG funding more effectively in achieving community development aims.

P&DD, City Council, and others could implement Phase 2 recommendations independently of each other; however, concurrent implementation of multiple Phase 2 recommendations would lead to stronger community development outcomes. To aid in this coordinated approach, the task force assembled to move forward in encouraging the implementation of Phase 1 elements should continue to meet on a monthly basis. The task force can help facilitate appropriate decisions about and implementation of Phase 2 elements across P&DD and City Council. The next chapter considers the effects of certain system-wide changes (e.g. City Council elections by district) and their implications for the CDBG subrecipient program.

NOTES

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2. City of Cleveland Department of Community Development, Application for the Year 36 Competitive Grant Program (Cleveland, OH: 2010), 1.
3. Los Angeles County Community Development Commission, telephone interview with the authors, October 21, 2010.
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10 | A STRONG CDBG SYSTEM IN THE CONTEXT OF FUTURE CHANGE

This plan has discussed Detroit's Community Development Block Grant (CDBG) subrecipient system as of December 2010. Chapter 8 details the first phase of transforming Detroit's CDBG subrecipient system, presenting elements that – when implemented in tandem during the next year – will generate a more objective, transparent, and prompt system. Chapter 9 describes additional longer-term solutions that will further strengthen the subrecipient system and the overall effectiveness of block grants in Detroit's neighborhoods.

This chapter illustrates the need for the new subrecipient system – transformed through Phases 1 and 2 – to adapt to future, citywide changes. For instance, the results of the 2010 Census, as well as the priorities that emerge from the Detroit Works Project, have the potential to affect Detroit's CDBG subrecipient system by reducing the amount of funding from the federal government and shifting community development priorities. Additionally, possible changes to the Detroit City Charter – such as altering the balance of executive and legislative powers or instituting council-by-district representation – could have a direct influence on Detroit's CDBG subrecipient system. While the exact nature of such changes remains unknown, this chapter explores next steps while considering the possible implications of such changes on Detroit's CDBG subrecipient system.

As with the implementation of any transformative process, some Phase 1 and 2 elements will prove achievable, while others may not generate enough impact to meet the goals for reforming Detroit's CDBG subrecipient system. Such conditions could warrant the consideration of broader changes to the system, such as further streamlining the allocation decision-making process or subcontracting the entire subrecipient management process. Thus, this chapter presents possible additional actions to align community development activities with City priorities and to enable subrecipients to carry out their work more effectively.

A PLAN TO STRENGTHEN DETROIT'S CDBG SUBRECIPIENT SYSTEM
THE CDBG ENTITLEMENT PROGRAM
DETROIT'S CDBG SUBRECIPIENT MANAGEMENT PROCESS
A FRAMEWORK FOR AWARD ALLOCATION
HANDLING OF SUBRECIPIENT AWARDS
MONITORING + EVALUATION OF SUBRECIPIENTS
VISION FOR DETROIT'S CDBG SUBRECIPIENT SYSTEM
TRANSFORMING DETROIT'S CDBG SUBRECIPIENT SYSTEM
STRENGTHENING THE TRANFORMED CDBG SYSTEM
A STRONG CDBG SYSTEM IN THE CONTEXT OF FUTURE CHANGE

Implications: 2010 U.S. Census

The 2010 U.S. Census may show that Detroit has lost more population than projected. This result will likely reduce the amount of CDBG funding allocated for the city. The law implementing the CDBG program calls for using, "the most recent data compiled by the United States Bureau of the Census" for allocation of the CDBG funds.[1] Ten-year Census data typically create a *jolt* effect on entitlement community CDBG subrecipient systems, since grantee fund amounts directly depend on the level of poverty and pre-1940 housing, which can change significantly over a ten-year period.[2]

When HUD incorporated the 2000 Census data into the CDBG entitlement program in 2002, Detroit experienced a 16.2 percent decrease in its grant from the prior year, of which 13.8 percent was due to population decline.[3] Ten years later, Detroit has experienced further population decline.

Along with this population loss, the city's poverty rate has increased, and subsequent housing abandonment and demolition has diminished the number of housing units built before 1940 in Detroit. Since these factors of poverty and the amount of pre-1940 housing are components of the CDBG funding formula, these changing circumstances will have a direct influence on future CDBG funding for Detroit.[4] The possible loss of another large percent of CDBG funding could have a detrimental effect on Detroit's community development efforts, and therefore agencies involved in the system's transformation should prepare for this imminent financial change.

IT'S IN **OUR HANDS**

Figure 10.1: Census 2010 Logo
Source: www.census.gov

Implications: Detroit Works Project

The Detroit Works Project is a citywide planning effort spearheaded by Mayor Dave Bing's administration, with plan completion slated for December 2011. The Bing administration began to gather public input on planning priorities during fall 2010.[5]

Detroit Works has the goals of attracting jobs, sustaining and reviving residential growth, and prioritizing essential programming (i.e. infrastructure and social services) for residents.[6] Detroit Works may focus on reaching these goals by targeting issues related to housing, blight, environmental sustainability, and infrastructure.[7]

In this way, Detroit Works offers an opportunity to move toward the goal of aligning Detroit's CDBG subrecipient system with the City's goals and HUD's national objectives, since Detroit must first identify citywide priorities before linking them to community development activities. Since the Bing administration continues to develop the Detroit Works Project, the exact results of the efforts remain uncertain. However, clearer city priorities (such as those which may result from Detroit Works) may lead to changes in the kinds of activities and the areas of the city that receive CDBG funding.

Implications: Council-by-District

A City Charter Commission – elected by Detroit voters in November 2009 – has until 2012 to propose changes to the City of Detroit Charter.[8] One possible change that could affect the CDBG system is the restructuring of City Council to representation by district, instead of the current at-large system. The council-by-district structure, which Detroit voters supported in a 2009 referendum, would allow Detroiters to elect seven council members by geographic district in the city, with two council members remaining elected at-large.[9]

Proponents of council by district believe that it creates more direct and thorough representation of all areas of a municipality. In other cities such as Cleveland, this council structure allows the City to allocate CDBG funds by district so that block grant monies reach every corner of the city.

The City of Cleveland – with a land area approximately half the size of Detroit – has 19 City Council members, elected by district. Cleveland's Department of Community Development (DCD) reserves a portion of CDBG funds for allocation through a competitive application system for awards of up to $75,000 and allocates the remaining block grant funds in equal amounts to each council member. The council members then distribute these CDBG funds to approved subrecipients that operate within their respective districts. Council members distribute their funds according to their individual preferences and their sense of the needs in their districts.

Cleveland designed this allocation system to put community development resources in the hands of the local leaders who presumably are most familiar with their districts particular challenges.[10] While this system takes a risk by granting Cleveland's council members a large amount of power without much accountability for their allocation decisions, it also creates a greater opportunity for community participation in determining the types of CDBG activities that should occur in each district.

Although the details of a potential council-by-district system in Detroit are not concrete, CDBG allocation by district would assure that block grant funds reach every region of the city and would equip council members with the flexibility to focus on the specific needs of their districts.[11] Furthermore, due to its geographic foundation, allocation by district would likely encourage some subrecipients with overlapping services in the same district to collaborate, thereby possibly strengthening their collective impact and reducing the number of subrecipient contracts that the Planning and Development Department (P&DD) needs to handle.

An allocation-by-district structure in Detroit would require that council members work with the City Planning Commission (CPC) staff, in order to guarantee accountability and support for the council members' allocation decisions. Such a system – where only P&DD would handle the competitive award allocation – may also modify the role of the Citizen Review Committee (CRC), because the presence of a council member from a district could bolster community participation in each district.
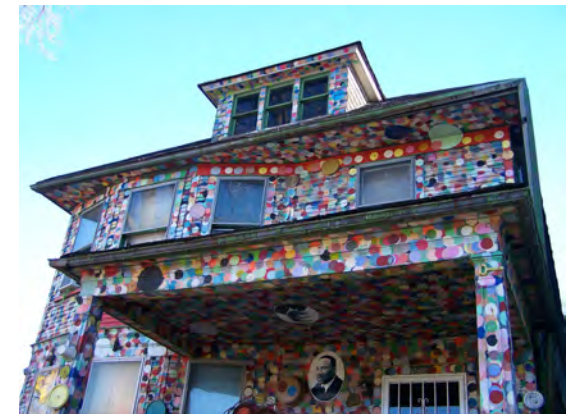

Figure 10.2: Heidelberg Project, Detroit, MI
Source: http://motownreviewofart.blogspot.com

Building On Phases 1 and 2

After the new CDBG subrecipient system is in place for a few years, assessment of its implementation and achievement of goals will likely identify other changes that could make the system work better.

Some of the possible ways to make such further changes follow.

Streamline the CDBG System by Concentrating Allocation Decisions under P&DD

The more City officials can reduce the duplication of its subrecipient selection and award processes, the faster the CDBG monies can get channeled toward CDOs and put to use in community development activities. While P&DD currently handles the contracting and reimbursement processes of the CDBG funding cycle, concentrating the application review completely under this department could streamline the allocation decision-making and save City Council and CPC staff time for other activities.

The bifurcation of planning responsibilities – with two separate governmental bodies dedicated to city planning issues – is unique to Detroit. To retain the *check and balance* nature of having both the executive and legislative branches of Detroit's government involved in the allocation process, P&DD and CPC could collaborate to develop the selection criteria for CDBG applicants.

A good model of this shared planning is the Michigan State Housing Development Authority's (MSHDA) Qualified Action Plan, which is prepared by MSHDA but needs approval of the legislature.[12] A similar system for Detroit's CDBG allocation would ensure that both P&DD and CPC play a role in determining the metrics used for judging applications, leaving the act of applying those selection metrics to the P&DD staff. While City Council would retain final approval of subrecipient contracts, consolidating the applicant review process completely under P&DD would make allocation decisions more time-efficient by eliminating the need for Council approval of applicants.

Subcontract the Entire CDBG Subrecipient System

Chapter 9 of this plan recommended partial subcontracting of the subrecipient management process. If that change does not bring about an effective, prompt, transparent, and objective system, further contracting may be necessary. Subcontracting out all management of CDBG program activities that do not require City Council approval might make better use of the City's limited CDBG resources.

Currently, only 28 percent of Detroit's annual CDBG grant funds the program activities of subrecipients.[13] Spending the remainder of funds through various channels, including management of the CDBG subrecipient system, disadvantages the CDOs responsible for carrying out community development activities. Subcontracting the entire CDBG subrecipient system could result in the availability of more funds to achieve City goals; analysis of costs of the current system and the costs of subcontracting would determine whether savings would result.

Subcontractor(s) could focus on managing applications, issuing contracts, disbursing program funding, and executing ongoing monitoring and final evaluations. Ultimately, subcontracting all of the subrecipient management system could make the subrecipient system more efficient, leading to more program outcomes for the same amount of funds.

Figure 10.3: Corktown Neighborhood, Detroit, MI
Source: www.blog.simmerdownfood.com

Conclusion

This chapter explores the implications of future conditions on Detroit's CDBG subrecipient system and suggests changes to consider if the new system resulting from reforms in Chapters 8 and 9 needs strengthening to achieve the community development goals. The major changes on Detroit's horizon will influence many components of its CDBG subrecipient system. While this plan cannot anticipate all forms these changes will take or the impact they will have, action to transform Detroit's CDBG subrecipient system needs to happen now. CDAD members should commit to adopting and acting upon this vision of system change, rather than finding ways to navigate through the challenges of the current CDBG system. This process of transformation is ongoing, and will necessitate continued assessment and changes in the coming years. As Chapters 8 and 9 suggest, CDO leaders such as CDAD, City administrators and elected officials, and other CDBG stakeholders should form a task force to begin implementing changes and building a stronger subrecipient system for Detroit's future.

NOTES

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Appendix A Threshold Criteria for CDBG/NOF Funding, City of Detroit (Applications Reviewed in 2010)

The following is excerpted from the City of Detroit Planning and Development Department's 2010-2011 CDBG/NOF Application for Economic Development Activities (page 6). It is included as existing threshold criteria for CDBG/NOF funding instituted by the City of Detroit.

P&DD/CPC Joint Threshold Criteria for an Applicant to be considered for funding:
NOTE: PROPOSALS MUST MEET ALL THE FOLLOWING THRESHOLD CRITERIA OR THEY WILL BE REJECTED.

1. Must meet HUD National Objective
2. Group must attend 2010-11workshop
3. Proposal must be complete and submitted by the deadline
4. Proposal must be submitted on correct form
5. Must have at least five (5) member board which meets at least quarterly
6. Must have 501(c) 3 status
7. Must have at least one year of operation and proof of operations
8. Must not have unresolved audit or Federal, State, and/or City monitoring problems (i.e. tax, legal, etc)
9. Must submit most recent fiscal year financial statement and audit if available
10. Must have three (3) support letters (Issues regarding dates and signature will be an issue for ranking evaluation, but an undated or unsigned support letter will not automatically eliminate an organization's proposal.)
11. Must read and sign conflict of interest form
12. Must submit most recent Michigan Annual Report
13. Must submit Certificate or Article of Incorporation
14. Must provide provable outputs and/or outcomes

Appendix B Five Categories of Evaluation Criteria in City of Orlando Request of Application

The following is an excerpt from the City of Orlando's Housing and Community Development Department's 2010-2011 Request for Applications for Community Development Block Grant (CDBG) (Public Services, page 3, 7-9). It is included as an example of detailed objective evaluation criteria.

EVALUATION CRITERIA

The evaluation criteria identified in the Application will be used to rank each Application submitted. Each criterion element will be rated separately. Applications may receive up to the maximum points allowed based on the response to each criterion element. A detailed description of each criterion is included in this Application. Funding allocations are based on the applicants' ability to adequately address the following:

ALL APPLICATIONS WILL BE EVALUATED IN ACCORDANCE WITH THE FOLLOWING CRITERIA:		
		Maximum Points
Criteria I	Organizational Capacity	20
Criteria II	Project Description	20
Criteria III	Approach	20
Criteria IV	Outcomes	20
Criteria V	Budget Justification and Leverage of funds	20
	TOTAL POINTS	**100**

SCORING CRITERIA

5= Outstanding
4= Exceeds required criteria
3= Meets required criteria and provides supportive documentation
2= Meets criteria but fails to meet some of the required criteria
1= Incomplete/fails to meet some of the required criteria
0= Does not meet criteria

A. ORGANIZATIONAL CAPACITY (20 points maximum)
The Application shall demonstrate the applicant's administrative and financial ability to implement and manage the project. This includes organizational structure, record keeping and reporting, and an understanding of compliance and applicable Federal requirements.

	CRITERION ELEMENT	Points Per Element
A	The proposed project demonstrates management and fiscal staff resources (to include consultants and/or volunteers) with skills, experience and/or appropriate credential to administer and conduct an accountable and responsible project. Project must have access to facilities, equipment, materials and other physical resources to effectively conduct project.	0-5
B	The Application provides evidence/documentation of an acceptable and accountable management and financial system that minimizes any opportunity for fraud, waste or mismanagement. Staff duties are diversified. The organization enforces a conflict of interest policy. The Board consists of diverse community representation	0-5
C	The Application describes project's fiscal management system, including but not limited to established (written) fiscal procedures. [This should explain cash handling procedures, accounts payable, bank reconciliations, purchase orders, designated payment approval and check signing authority; type of accounting records (manual or automated), description of accounting and payroll services (internal and/or external); ability to identify/track CDBG/other federal funds; recording of program income, if any; recording of clients assisted; separation of fiscal responsibilities; and adequacy of staff positions involved in fiscal and programmatic reporting]. The organization can operate on a reimbursement basis.	0-5
D	The Application provides confirmed evidence of successful past project performance or success initiating, maintaining, and completing similar projects or projects of a similar magnitude. The organization has consistently met its program goals.	0-5

B. **PROJECT DESCRIPTION (15 points maximum)**

The Application identifies a problem statement, describes need, and relates it to the identified public service needs (see page 1) for the 2010-2011 Annual Action Plan.

	CRITERION ELEMENT	Points Per Element
A	Application provides problem statement; documents severity of the problem; and clearly describes the need, affected population, and area(s) in which service(s) will be provided. The information must be quantifiable and supported by the appropriate data.	0-5
B	Application describes how the identified need relates to the objectives of the CDBG program and identified public service priorities. The Application adequately explains the need, goal(s) and objective(s) selected for the proposed project and how it will help in achieving CDBG program goals. The narrative establishes a strong case for the new award.	0-5
C	Application states how CDBG funds will be used to provide services and describes tasks and specific activities to be accomplished during the entire project period.	0-5
D	Additional points will be given to Applications that will address the needs of low income families in CDBG target areas. For a list of CDBG target areas, please go to www.ocfl.net/housing	0-5

C. **APPROACH (20 points maximum)**

Application describes what the project will do, how it will be implemented, operated and administered within a realistic time period, and how targeted clients will be notified and will access services.

	CRITERION ELEMENT	Points Per Element
A	Application lists and describes project activities that will address the identified need, goal, or objective and specifies the population, number of people, and/or communities each activity will serve.	0-5
B	Application describes the outreach and marketing initiatives that will be implemented to inform potential recipients and to ensure that they are made aware of the services to be provided.	0-5
C	Application clearly describes a reasonable work plan for how the program will be implemented, operated and administered and provides a realistic timeline and milestones to completion of project activities.	0-5
D	Application incorporates strategies for collaborative approaches such as volunteer recruitment and training, community building and/or strategic alliances. The organization utilizes a comprehensive approach in dealing with the identified need or problem. The Application provides an explanation on how these collaborations facilitate achieving milestones and program goals.	0-5

D. OUTCOMES (20 points maximum)

Application clearly identifies and describes one or more measurable project outcomes that are consistent with the priority need and project approach; and that the outcome will have significant impact on the population and/or the community affected by the need.

	CRITERION ELEMENT	Points Per Element
A	Application clearly identifies and describes (one or more) measurable project outcomes that are consistent with project approach and identified need, goal, or objective. Outcomes must address a CDBG goal/objective.	0-5
B	Proposed outcomes are reasonable for the scope of the project and can be accomplished in the contract period.	0-5
C	Application describes measurement of outcomes and methods to measure them that can be implemented on contract initiation. Application Indicates how outcome will impact the population and/or community affected by the unmet need.	0-5
D	Applicant offers a new needed service; access to an existing service by new clients who did not previously have access; or, if seeking increased funding, confirmation that agency will provide a quantifiable increase in service.	0-5

E. BUDGET JUSTIFICATION AND LEVERAGE OF FUNDS (20 points maximum)

Application presents a clear and reasonable project budget and identifies additional resources other than CDBG funds that can help support the proposed project. (Resources may include volunteers, in-kind contributions, cash donations, goods, supplies and services, donations, grants, and/or contracts.)

	CRITERION ELEMENT	Points Per Element
A	Application includes completed Forms 4, and 5, and proposed budget clearly describes all costs for the project.	0-5
B	Proposed budget is realistic for the project, and the Application narrative explains and justifies each proposed budget line item and why CDBG funds are required. If the project is currently funded by a resource other than CDBG, the Application explains why CDBG funds are needed. If the project is asking for management and general overhead expenses, the Application explains the purpose and justification in the narrative. The Board has approved the grant request.	0-5
C	Application narrative and budget include and give details of additional resources that will significantly support and leverage funding for the project, and state commitment status. The proposed budget includes a significant amount of non-City financial resources (more than 50% of total organizational budget) to leverage the proposed project's costs. The organization provides compelling evidence for the funding but can continue to provide services without the availability of CDBG funds.	0-5
D	Application indicates if project is currently or was previously funded by City of Orlando. The organization has a good track record in managing previous CDBG or other federal or local grants, meeting proposed goals, and has demonstrated timely utilization of funds.	0-5

Appendix C City of Richmond FY 2010-11 Entitlement Fund Process Timeline

The following is excerpted from the City of Richmond's Department of Economic and Community Development's Fiscal Year 2010/2011 Procedures Manual for Federal Funds Subrecipients (page 3, 4). It is included as an example for structuring a timeline that keeps subrecipients and City staff aware of expectations.

CHAPTER I. FY 2010-11 ENTITLEMENT FUND PROCESS TIMELINE

MAY 2010
- **City submits FY 2010-2011 Annual Plan and Budget to HUD**
- **City provides official notice of grant award to subrecipients**
- **City staff and subrecipients begin the preparation of Item Plans**
- **Subrecipients training for FY 2010-11**

JUNE 2010
- **Final draft Item Plans submitted to the Housing and Neighborhoods Division**
- **City staff distribute Item Plans and Contracts to subrecipients to obtain needed signatures**
- **Signed Item Plans and Contracts submitted to the Housing and Neighborhoods Division by July 1st**

JULY 2010
- **Fiscal year begins**
- **City processes initial disbursement of funds (subject to signed agreement from HUD)**
- **City Staff begins environmental review of all projects**
- **Final Quarterly Report for 4th quarter FY 2009-10 (end of year report) due 5th working day to Housing and Neighborhoods Division (July 8th)**
- **Section 3 Summary Report and Minority Business Report due same day as Final**
- **Quarterly Report to Housing and Neighborhoods Division (July 8th)**

AUGUST 2010
- **All FY 2009-10 invoices must be submitted to the City Finance Department by July 30th**
- **City staff completes environmental review of all projects**

SEPTEMBER 2010
- **Draft FY 2009-10 Consolidated Plan Annual Performance Report for citizen comment**
- **City staff submits Consolidated Plan Annual Performance Report to HUD**

OCTOBER 2010

- 1ST Quarter Report due 5th working day to Housing and Neighborhoods Division (Oct. 7th)
- Review FY 2009-10 unexpended funds to identify carryover and surplus available for reallocation
- Begin Item Plan revisions to reflect carryover
- Three (3) copies of audit report for subrecipients, whose fiscal year ends June 30th, due to the Department of Finance by October 29th

DECEMBER 2010

- All Item Plan revisions reflecting carryover are due to the Housing and Neighborhoods Division 4

JANUARY 2011

- 2ND Quarter Reports due 5th working day to Housing and Neighborhoods Division (Jan. 10th)
- Three (3) copies of audit for subrecipients, whose fiscal year ends September 30th, due to the Department of Finance by January 31st

MARCH 2011

- Mayor's Budget Announcement
- Mayor's funding recommendations submitted to City Council (FY 2011-2012)

APRIL 2011

- City Council conducts public hearing on the FY 2011-2012 Consolidated Annual Plan and Budget
- 3rd Quarter Report due 5th working day to Housing and Neighborhoods Division (April 7th)
- Three (3) copies of audit report for subrecipients, whose fiscal year ends December 31st, due to the Department of Finance by April 29th

MAY 2011

- City Council adopts FY 2011-2013 Consolidated Annual Plan and Budget
- City staff submits Consolidated Plan to HUD by May 13th
- Conduct subrecipient training for the new fiscal year

JUNE 2011

- Final draft Item Plans submitted to the Housing and Neighborhoods Division
- City staff distribute Item Plans and Contracts to subrecipients to obtain needed signatures
- Signed Item Plans and Contracts submitted to the Housing and Neighborhoods Division by July 1st

Appendix D Examples of City of Baltimore's Outcome-Based Performance Measurements

This is excerpted from the City of Baltimore's Department of Housing and Community Development's 2010 Community Development Block Grant Application and Form (page 13-15). It is included as an example format for measuring outcomes. The outcome measurements will vary depending on the projects. The following are three brief examples for housing, public facilities/improvement, public services projects.

A HOUSING PROJECT

OBJECTIVE
Decent Housing

GOALS
Maintain existing housing occupied by low- and moderate-income persons

INPUTS
$85,000 budget
Two housing inspectors

ACTIVITIES
Full house inspection
Coordination with weatherization program

OUTPUTS
25 homes rehabilitated

OUTCOMES
Sustainability
25 homes previously considered substandard will be brought to local city code and pass city housing code inspections

OUTCOME MEASUREMENT
Signed city code inspection record in project files

A PUBLIC FACILITIES/IMPROVEMENT PROJECT

OBJECTIVE
Suitable Living Environment

GOALS
Improve secondary roads to current city standards

INPUTS
$350,000 budget
City project manager
City Park staff

ACTIVITIES
Engineering bid; Construction bid
Davis-Bacon oversight

OUTPUTS
1,850 linear feet of new asphalt, curb, gutter and sidewalk on one side of street, 20 trees planted for beautification

OUTCOMES
Availability/Accessibility
At completion of project, 11,400 persons will have access to improved roads, providing ride ability, vehicle and pedestrian safety and improve drainage

OUTCOME MEASUREMENT
Before and after photographs.

A PUBLIC SERVICES PROJECT

OBJECTIVE
Suitable Living Environment

GOALS
Youth will have a safe place for constructive after-school activities

INPUTS
Agency provides budget of $125,000
Program Manager
Part-time volunteer recruiter

ACTIVITIES
Tutoring – children meet with volunteer tutors 4 afternoons per week for 2 hours

OUTPUTS
25 children receive individual tutoring in after-school program

OUTCOMES
Availability/Accessibility
150 youth will have access to after-school tutoring in order to increase math and reading skills and
50% of the children will make honor roll after 6 months of individual tutoring

OUTCOME MEASUREMENT
School Honor Roll Records and Progress Reports for each child

Appendix E City of Baltimore's CDBG Monitoring pProcess

This is an excerpt from the City of Baltimore's Department of Housing and Community Development's 2009-2010 Annual Action Plan (page 41-49). It is included as an example of a monitoring process.

Development of monitoring plan

- A monitoring plan is developed by DHCD (Department of Housing and Community Development) staff at the beginning of each program year that matches available resources with the needs and capacity of subrecipients
- Emphasis is placed on most needy groups, specifically those that:
  - Are new to the CDBG process;
  - Have experienced turnover in key staff position;
  - Have had previous compliance or performance problems;
  - Carry out "high-risk" activities, such as economic development;
  - Undertake multiple CDBG activities for the first time.
- More experienced groups that have successfully carried out CDBG activities receive more narrowly focused monitoring.
- Focus is placed on examining areas of subrecipient operations where:
  - The regulations have been changed or reinterpreted;
  - The subrecipient is carrying out activities for the first time;
  - The subrecipient may have been questioned on that activity during the previous program year.
- Program and Financial Compliance officers within the DHCD's CDBG office are responsible for conducting the necessary monitoring of any agency/organization that has been awarded funding through the CDBG program.

Six distinct phases in monitoring

1. Desk review
   - The assigned staff member, or Monitor, reviews all written data available at DHCD: written agreement, progress reports, draw-down requests, documentation from previous monitoring, and copies of audits, if applicable.
2. Data collection and planning
   - All subrecipients are required to submit quarterly progress reports
     a. Provides a yardstick for measuring subrecipient performance and progress in carrying out CDBG activities
     b. Provides data necessary for integrated disbursement and information system (IDIS).
   - Subrecipients who are new to the CDBG program will receive a pre-monitoring visit in which they will be informed about the monitoring process and the information to be examined during the on-site visit, as well as given suggestions on improving any organizational weaknesses that may be apparent
3. Review of quarterly report
4. On-site visit
   - All Subrecipients receive a formal notification letter or telephone call at least several weeks before the scheduled visit to confirm the date, time and scope of the monitoring
     a. Organizations are provided with a description of the information to be reviewed, and informed of who will be involved in the on-site visit

- Entrance Conference—Gives staff of the subrecipient organization a clear understanding of the purpose and scope of the on-site visit
- Monitor goes through/compiles "Monitoring Checklist," which includes the Contract Number, the CDBG program year, the financial figures, and HUD national objective compliance.
  a. On-site inspections of projects include discussions with subrecipient representatives;
  b. Information obtained during the on-site visit and on the checklist will assist the Monitor with analyzing information, developing conclusions and explaining the basis for any findings or concerns that appear in the monitoring letter.
- Exit Conference—the monitor will meet with key representative of the organization to present the tentative conclusions of the monitoring. Four objectives:
  a. Present primary results of the monitoring visit;
  b. Provide an opportunity for the subrecipient to correct any misconceptions or misunderstandings of the monitor's part;
  c. To secure additional information from subrecipient staff to clarify or support their position;
  d. To provide subrecipient staff the opportunity to report on steps they may be taking to correct any identified deficiency.

5. Monitoring letters
   - Permanent written record of what was found during the monitoring review
   - The letter should identify every finding and concern
   - The letter will specify any corrective action the subrecipient must take…including deadlines for the actions to be complete
   - The letter will be mailed within thirty days of the exit conference
   - Each monitor maintains files of each organization monitored.
     a. Date of visit
     b. Date report completed, with summary results
     c. Corrective actions or technical assistance
     d. Follow-up dates and results

6. Follow-up assistance in the implementation of recommendations
   - Technical assistance is defined as any written or verbal communication given on behalf of a CDBG funded activity that is intended to prevent, resolve or correct an identified problem or deficiency.

Appendix F City of Phoenix's New Starts Program

The following is an excerpt from the City of Phoenix's list of Grant Opportunities for City of Phoenix Based Organizations (page 2). It serves as an example of a supportive program to fund emerging agencies.

GRANT OPPORTUNITIES	WHERE TO APPLY
PUBLIC SERVICES Funding Source: Community Development Block Grants (CDBG) Funding Supports: Operational support for programs that primarily serve low and moderate income Phoenix residents that are carried out by nonprofit organizations	
Neighborhood Revitalization Services **Maximum Grant Amount:** $15,000 cap **Eligibility Criteria:** Eligible applicants include non-profit organizations, and schools serving targeted areas. Programs must meet a HUD CDBG National Objective. **Program Examples:** Funded programs include services, programs, or activities carried out by neighborhood organizations or nonprofits that promote safety, prevent blight, revitalizing program efforts in low-income neighborhoods. Program examples: tool lending programs, community events, newsletters, workshops, elderly or youth programs and community building or networking.	Neighborhood Services Department **Contact:** Barbara Bellamy **Phone:** (602) 262-7845 **Email:** barbara.bellamy@phoenix.gov **Request for Proposals (RFP)** **RFP OPENS: Oct. 18, 2010** **RFP CLOSES: Nov. 30, 2010**
Youth Services and Childcare Programs **Maximum Grant Amount:** $40,000 cap **Eligibility Criteria:** Eligible applicants include non-profit organizations, and schools serving targeted areas. Programs must meet a HUD CDBG National Objective. **Program Example:** Services or programs structured to provide safe, constructive environments, growth opportunities, strengthening of families and guidance for at risk children including after school recreational activities, structured childcare and preschool education with priority to underserved areas, and violence prevention programs.	Neighborhood Services Department **Contact:** Barbara Bellamy **Phone:** (602) 262-7845 **Email:** barbara.bellamy@phoenix.gov **Request for Proposals (RFP)** **RFP OPENS: Oct. 18, 2010** **RFP CLOSES: Nov. 30, 2010**

Appendix G City of Oceanside's plan to enhance coordination

The following is an excerpt from the City of Oceanside's First Program Year Action Plan – Program Year 2010 (page 11,12). It is included as an example of how to enhance collaboration and partnership among the agencies and organizations that receive CDBG funds.

Jurisdiction

3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.

The City is committed to promoting collaboration and partnerships among the agencies and organizations that receive CDBG or HOME funds and among all agencies and organizations that serve low- and moderate-income individuals, families and neighborhoods in ways that address the national objectives and local goals. The City will support similar partnerships for the NSP and Homelessness Prevention Fund Program. The City will promote collaboration in PY 2010 in the following ways:

a. Neighborhood Services Department staff work with CDBG subrecipients on opportunities to partner with other agencies for enhanced services. The City supports grant applications by agencies for additional public and private funds, provided that the applications support goals and objectives of the Consolidated Plan (certificates of consistency).

b. The City requires all CDBG subrecipients to attend at least one "partnership" session during the year based on three general areas of service: youth, seniors and persons with disabilities, homeless and transitional housing. These sessions promote informal partnerships and sharing of resources, and opportunity for the City to provide technical assistance especially in the area of performance measurement and outcome evaluation.

c. Collaboration and partnerships will be included as a performance evaluation for CDBG subrecipients, and the City will; review such activity by individual subrecipients during monitoring visits. The level of collaboration and commitment to partnerships is a factor in the allocation of CDBG funding.

d. The Neighborhood Services Department sponsors annual or biannual collaboration meetings for 1) youth-serving organizations, 2) senior-serving organizations, and 3) organizations providing services to persons and families that are homeless or at risk of becoming homeless. These meetings bring together City staff and staff persons from nonprofit and community-based agencies working in the north coastal San Diego County region to promote cooperation, local and regional partnerships, sharing of resources, and cooperative planning to address needs as they arise. These meetings have brought about improved communication between agencies and a greater understanding of what services each agency can provide. New persons in agencies can quickly make connections with others through the informal networking of these meetings. The meetings are open to all interested agencies.

e. The City has begun a new quarterly meeting of volunteer coordinators from different local nonprofits to identify ways to promote a spirit of volunteerism and community service in the City and region. This partnership allows the City to direct volunteer groups from churches and other voluntary organizations that want to "do something" to an appropriate agency in need of short- or long-term volunteers. One objective begun in PY 2009 is to identify ways that currently unemployed persons can find volunteer opportunities that enable them to maintain current skills, develop new skills and network with others toward possible new employment. This group will also seek ways to implement the President's call to service on a local level.

f. City CDBG staff attend quarterly meetings of the CDBG coordinators from throughout San Diego and Imperial Counties, which offers an opportunity to share information and discuss issues. These meetings have become particularly important and valuable to discuss questions around Recovery Act programs and funds

g. The Neighborhood Services Department participates in local collaborative efforts through the North Coastal Prevention Coalition for prevention of substance abuse, the San Diego Nutrition Network, regional meetings of the California Parks and Recreation Society (CPRS), the Regional Task Force on the Homeless, the Regional Continuum of Care Committee, and other planning and collaborative bodies. Housing and Code Enforcement staff attend meetings of neighborhood organizations throughout the City including all in CDBG-eligible neighborhoods, and participate in a variety of community forums.

h. Most recently, the City Council asked Neighborhood Services Department to provide staff support to the Oceanside Community Safety Partnership, which was formed as a response to the shooting death of an Oceanside police officer in December 2006. A staff person from the Department works with a nine-member planning group of this partnership to identify the best ways to use scarce City resources for youth gang prevention, intervention and suppression. The OCSP received a $400,000 earmark grant for activities in PY 2009 and 2010. The City works with and provides in-kind assistance to North County Lifeline for the implementation of a State-funded Gang Resistance, Intervention and Prevention (GRIP) Program in the North San Luis Rey Valley area of the City. The Oceanside Police Department received a second GRIP Program grant for a comprehensive truancy prevention and gang intervention program in PY 2009 - PY 2011.