



Percent for Place

To: Marion M. McFadden

Principal Deputy Assistant Secretary for Community Planning and Development
Department of Housing and Urban Development

From: Percent for Place Coalition

Date: March 11, 2024

Re: Docket HUD-2024-0002-0001

Community Development Block Grant Program, Consolidated Plans, and Indian Community Development Block Grant Program Changes

The Percent for Place Coalition is comprised of two dozen national, regional, and local nonprofit organizations focused on increasing awareness of, and public investment in, civic infrastructure. We define civic infrastructure as the totality of the public spaces where Americans connect with each other: the parks, trails, town squares, main streets, play spaces, libraries, and other public places located in every type of community across the country. These public investments are proven to increase quality of life, lower poverty, and support economic growth in communities across the country.

The Community Development Block Grant (CDBG) is an invaluable federal resource for the development of civic infrastructure projects in both entitlement and non-entitlement communities. Across all available federal programs, we find that CDBG funds are the most consistent and well-utilized source of public funding for civic infrastructure projects. The Percent for Place Coalition supports the Department of Housing and Urban Development's (HUD) proposed rule and offers the following comments to better underscore the role of civic infrastructure in creating economic opportunity in low to moderate-income communities.

The Percent for Place Coalition supports the use of CDBG funds for Special Economic Development Activities, including paired with other federal programs and as gap financing.

Civic infrastructure projects that create transformational change in communities often require many financing resources in complex capital stacks. Designing capital stacks for financing redevelopment of property, public space improvements, or other local infrastructure and open space projects can be daunting for community-based organizations and their partners. Predevelopment and gap financing – to meet specific goals in a capital stack with limited resources – is a major impediment to successful redevelopment projects. An ability to combine CDBG resources with federal tax credits, such as Historic Rehabilitation Tax Credits, will expand access to capital sources for communities to invest in adaptive reuse projects and create civic infrastructure.

Efforts to simplify and streamline the definition of slum and blight will support economic revitalization, but review of areas designated as blighted and clear examples of objectively verifiable data can help recipients recognize the potential of existing assets.

HUD proposes to change the activities related to slums and blights to allow a recipient to determine with objectively verifiable data whether an area is experiencing slums or blights. This change can support communities to more effectively target

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reinvestment activities in areas that are experiencing decline. Civic infrastructure, though, often relies on the utilization of existing community assets and the adaptive reuse of existing buildings and open space. Recipients may benefit from examples of what HUD considers verifiable data to establish a condition of slum and blight. Without guidance, recipients may deem areas blighted due to external factors or development pressures, ignoring adaptive reuse potential of properties. Utilizing existing built assets is both environmentally and economically sound.

The Percent for Place Coalition supports efforts to expand the use of CDBG in mixed-use development projects.

HUD proposes to clarify that recipients can assist eligible activities if they are part of mixed-use properties that also contain ineligible uses, so long as the recipient expends CDBG funds only on the eligible use. The inclusion of a definition of mixed-use recognizes that the redevelopment of buildings for mixed uses may include both CDBG-eligible and ineligible uses. These mixed-use buildings contribute to a community’s civic infrastructure by creating spaces that involve a mix of residential, commercial, industrial, and civic uses – and these spaces are often created in conjunction with outdoor recreation, play space, and green spaces. This clarification is helpful and necessary to ensure CDBG is being used to support these areas of community gathering.

All efforts to increase community participation in the CDBG process are welcome and can increase the use of CDBG funds for essential economic development functions for LMI communities.

Engendering increased participation in CDBG planning activities including annual action plans is essential to supporting LMI communities in accessing CDBG for projects that support the vision, needs, and intentions of impacted residents. We support HUD’s proposed revisions to increase the means by which recipients engage residents in the CDBG planning process. Anecdotal evidence suggests that, in some communities, CDBG planning is not a truly inclusive process. Expansion of public participation will make Consolidated Plans more responsive to residents’ aspirations and expectations and increase transparency in the local CDBG investment process.

The P4P Coalition strongly supports re-envisioning the public benefit standards for economic development activities.

We agree with HUD that the current guidelines for evaluating and selecting CDBG economic development projects must be updated. Civic infrastructure projects and others wholly consistent with CDBG program goals provide crucial public benefits beyond simply the number of jobs created or goods and services provided in the near term. The additional standard that HUD proposes in Sections 570.209 and 570.482, under which a project could also be eligible if HUD determines it “would result in a significant contribution to the goals and purposes of the CDBG program,” begins the needed dialogue on clarifying and measuring the public benefits intended from CDBG funding. However, we believe the proposed rule’s language is overly broad and could result in very different HUD determinations across administrations. We recommend the final rule at a minimum include examples of projects that would meet the new standard, such as civic infrastructure projects and others HUD said it intended in the proposed rule’s preamble: “...hazard mitigation and climate change resilience strategy for an LMI area, supporting critical infrastructure, or meeting a community benefit defined or described in the requirements governing another Federal program.”

The Percent for Place Coalition appreciates the opportunity to offer these comments. We look forward to working with HUD to ensure that communities can use the opportunity presented by CDBG to create civic infrastructure that increases local health and well-being, enhances quality of life, and supports stronger local economies.

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