CDBG Study-City of Toledo
Department of Economic and Community Development

July 31, 2003

**Anthony Austin**
Research Associate
The Urban Affairs Center

**Donna Hardy Johnston**
Staff Research Associate
The Urban Affairs Center

**Sue A. Wuest**
Staff Research Associate
The Urban Affairs Center

The Urban Affairs Center is a partner in the Ohio Urban University Program. The Urban University Program is a unique network linking the resources of Ohio’s urban universities with the communities and students they serve. The UUP partners work in a cooperative effort to improve Ohio’s
Introduction and Background

Introduction

Initially, the purpose of this project was to recommend a long-term process for CDBG funding allocation and to evaluate the Department of Neighborhoods but before this project began, the Department of Neighborhoods merged with the Department of Economic and Community Development (DECD). With the changes to this study suggested by the DECD, the UAC focused on the CDBG Application, Evaluation, and Allocation Process and looked at vital departmental and program issues. In addition to this study, the new DECD has instituted a Labor Management Steering Committee, which is a new approach to management that involves active collaboration between Management and Staff (Unions are active partners as well). This Labor Management Steering Committee is actively engaged in working out issues related to the organization of work and staffing.

Background

The Department of Economic and Community Development

To eliminate redundancy by combining similar and/or overlapping functions, the City of Toledo has recently reorganized and merged two departments: the Department of Neighborhoods and the Department of Economic Development. The new department is called the Department of Economic and Community Development.

The reorganized department has the following objectives:

- Deliver high-quality programs and customer service to the citizens of the City of Toledo.

- Use the skills, experience, and insight of employees effectively and encourage them to craft and implement creative solutions to challenging problems.

- Develop and use effective communication, teamwork, and collaboration within the department, the administration, the community, and the region.

The new department, the Department of Economic and Community Development, includes functions that were missing from organizational charts and/or work assignments. Work or action teams, under the reorganization, can be formed to implement economic and community
development strategies in a more holistic, comprehensive, and collaborative way.

Although the merger has been officially announced and the new department has been created, the organizational structure within each of the new divisions is being defined through a newly created, permanent labor management process called “the Steering Committee.”

Scope of Study

As public and private resources become scarce and the needs of the Toledo community increase, performance efficiency and accountability issues arise. The Department of Economic and Community Development, local Community Development Corporations (CDC), local public service agencies, and other related City departments must operate at the highest levels of efficiency and effectiveness. To do this, agencies and departments must identify new resources and learn how to maximize existing resources and results by working in a more collaborative and coordinated way. Toward this goal, this study addresses the following:

- The City’s mission for community and economic development.
- Community and neighborhood development programming.
- Community and neighborhood development staff organization and operations.
- Community Development Block Grants (CDBG) application and allocation process.
- The relationships and interactions with CDBG sub-recipients.
- The expectations and accountability of CDBG sub-recipients.
- The expectations and community accountability of the Division of Neighborhoods and Community Development and the City of Toledo.

It is beyond the scope of this study to:

- Implement recommendations.
- Perform a systematic evaluation of each job description and function of the Department of Economic and Community Development.
- Perform a detailed analysis of each program and service within the Department of Economic and Community Development.
- Evaluate the effectiveness and efficiency of the Department of Economic and Community Development.
Methodology

To develop an understanding of the program and its needs, UAC did extensive outreach, data collection, and analysis. To do its work, the UAC used a three-person team of experienced staff and consultants and a 20-member Community Advisory Team (CAT). Extensive interviews were conducted with some people interviewed several times. Interviewees included representatives from the CDC community, social service agencies, foundations, city government, and members of the community at large. The team reviewed planning documents and meeting minutes; program monitoring and site visit reports; and other reports and data dealing with various aspects of the program.
Conclusions

The CDBG program, as well as other funding used by the Department of Economic and Community Development, has accomplished a great deal in its 30-year history. Many program staff and neighborhood leaders deserve credit and appreciation for their dedicated and well-executed work. The results of this work should and must be used as a springboard for the future. The focus of this section is not on the strengths and successes of the program but, rather, on the tough issues that must be addressed to strengthen the program for the future.

The findings reveal a complex, multi-layered program with much to commend, but also many problems to resolve if it is to reach its potential. Many significant challenges are ahead. The Department must build on strengths and find more innovative ways to use its dwindling resources to produce more results and better outcomes.

The number of department staff is substantially decreased from earlier levels, which reduces the scope of programs and assistance it can provide. Currently, the Department finds it difficult to maintain a bare maintenance effort. In some key areas where vacancies have gone unfilled for long periods of time or where jobs have been eliminated, service has dipped below minimally acceptable levels or is non-existent.

The staff’s primary objective is to be sure that program funding is spent without any controversies or rule violations. The small monitoring staff, assigned to more responsibilities than it should be expected to handle, performs at an acceptable level, given an historically limited commitment to staff development.

For the most part, the program staff must find ways to balance the heavy demands and needs of the community with the difficult and often time-consuming bureaucratic requirements of monitoring, disbursements, and project implementation. While rules and procedures are plentiful, no overall strategic plan or assessment of what is or isn’t working is available to guide the efforts of staff members. Staff leadership is not able to focus on making these assessments and improvements.

These and other issues of staff reorganization, operations, and decision-making have had big impact on how the program and services function. In addition, there is much dissatisfaction and open hostility toward the city and the department.
In order to move forward the department must improve its working relationship within the city itself and with community stakeholders. This is the only way to identify community issues and problems and set community priorities and then...to begin to work together in a partnership to move the community forward.

**Recommendations**

The following questions guided the development of the study recommendations. To assure the validity, relevance, and importance of each recommendation, team members asked:

1. Do the recommendations support and/or take into account the consensus of views expressed by the stakeholders interviewed?

2. Do the recommendations help actualize a vision for the Department of Economic and Community Development's future and that of the community?

3. Do the recommendations, if implemented, substantially increase the chances that the Department's programs will be strengthened?

4. Do the recommendations, if implemented, ensure that the neighborhoods are involved determining their own futures?

5. Do the recommendations have the practical value of strengthening the current strategies of the City of Toledo's Administration and its partners and sub recipients?

6. Do the recommendations build on the best practices used throughout the city and the country while filling gaps, overcoming obstacles, and maximizing the future potential?

7. Do the recommendations meet the contractual requirements?

8. Are the recommendations pragmatic and helpful? Do they, if implemented, efficiently use limited resources and respect other important commitments of those currently involved?

Recommendations are organized under the following headings:

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1 These recommendations include additional input from the 29th year CDBG process.
1. Mission for Department of Economic and Community Development

Recommendation 1 A

Draft and Adopt New Vision and Mission Statement

The Department of Economic and Community Development should appoint a committee made up of staff (management and union—preferably from the established Labor Management Steering Committee), CRC members, Representatives of sub recipients and other stakeholders, City Council (leadership from relevant Council Committees), and department administrators to update the vision and mission statement for the Department. This statement must take into account the internal and external needs and expectations of the department and the community.

2. Economic and Community Development Programming

Recommendation 2 A

Update the Consolidated Plan.

After careful consideration of its findings, the UAC believes that the City must focus immediately, with the highest priority, on updating the Consolidated Plan. The Consolidated Plan must be developed through an

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2 This study was not intended to evaluate or examine Department's economic development activities or programs, but rather focused on what is traditionally referred to as Community Development. Community Development in this case refers to the parts of the department that deal with housing, public/social services, program monitoring and contract compliance, etc.

3 The HUD required long-term plan for the use of CDBG, HOME, and ESG funds. The Consolidated Plan is a five-year (sometimes a three-year) plan that identifies community need, establishes goals, objectives, priorities, and strategies for meeting those needs. HUD requires that the Consolidated Plan be developed through a community planning process. The City of Toledo in approaching the final year of it's Five Year Consolidated Plan. All stakeholders interviewed expressed a strong opinion that the Toledo Con Plan is outdated and has always been inadequate—mainly because of its lack of detail and its lack of priorities. The Con Plan is supposed to provide a framework and guidance for CDBG funding decisions but all involved in the CDBG funding processes felt that the Con Plan was of no help of value to their efforts.
authentic community-based process that produces goals, objectives, and priorities that have the confidence and support of residents, the Mayor, City Council, neighborhoods, service providers, funders and resource providers, and other stakeholders. An updated and improved Consolidated Plan will help the City position itself to compete, successfully, for additional public and private dollars and for other grants and resources. At a minimum, the new Consolidated Plan must do the following:

1. Identify and quantify the community development needs and challenges facing Toledo’s low-income residents and neighborhoods.

2. Establish prioritized goals and objectives to address those needs and challenges.

3. Identify strategies to accomplish the high priority goals and objectives. Strategies should include and incorporate elements of model programs and best practices (from Toledo and elsewhere).

4. Identify the City's CDBG Service Delivery model/philosophy. This would be a clear articulation of the City's philosophy and approach to delivering CDBG funded services. This should include the City's philosophy/approach with regards to contracting with sub recipients for delivery of CDBG eligible services and programs identified in the Consolidated Plan along with the anticipated level of annual financial commitment for services provided by sub-recipients (this determination should be related to Consolidated Plan priorities).

5. Identify the roles and expectations of all of Toledo's community development partners (the City, corporate community, non-profit community, other public/private sector stakeholders, CDCs, the County, and other community stakeholders).

6. Identify strategies for promoting the emergence, support, and development of community/neighborhood initiatives and leaders.

7. Identify ongoing strategies for the identification of community issues/needs, which would serve as the basis for the development of new programs or the refinement of existing programs/strategies to meet those needs.

8. Identify the City's CDBG funding application and allocation process.

9. Establish clear priorities to guide CDBG application process and funding decisions. This would include an open discussion about how much of the City’s annual CDBG allocation will be dedicated
to sub recipients and how will that be divided between CDCs and public service agencies.

10. Establish a framework for measuring and evaluating both departmental and sub recipient accountability and effectiveness. Which should be used annually to refine and improve programs, processes, and performance.

**Recommendation 2 B**

**Attract/Raise Additional Resources to Support Community and Economic Development Activities.**

In an era diminishing resources available for community and neighborhood economic development activities and social and public service activities (programs and operating support) the City must lead an effort, in collaboration with its partners and other stakeholders to increase the amount of resources that are available for these activities. This may include:

1. Working with United Way and other social service funders to identify additional and alternative sources of support for public and social service activities. These that have been traditionally funded, in part, out of the City’s CDBG allocation thus identifying other sources of funding for them would free up CDBG funds for community and economic development activities;

2. Looking to the Port Levy as a source of dedicated funds for Toledo/Urban economic development projects support;

3. Examining the Counties process for allocating HHS Community Service Block Grant funds. The City should partner with local non-profit collaborative efforts, such as the CDC Alliance and the Alliance to End Homelessness, to initiate a capital campaign for community support.

**Recommendation 2 C**

**The City Should Explore the Potential Benefits of Applying for CDBG Funds as an Urban County.**

While the Administration has legitimate concerns about the possible loss of control and resources for Toledo’s CDBG eligible residents and neighborhoods, there is a sense within the community that the City may be able to receive a substantial increase in CDBG funds if it were to collaborate the Lucas County and apply for CDBG funds as an “urban county”. The Administration should work with Congresswoman Kaptur’s
office and HUD to determine whether there would be substantial gains in CDBG funding for the CITY. If such gains were possible, what steps, conditions, and binding agreements could be entered into with the County to ensure that the City realized those benefits and retained complete control over its CDBG funding. In addition, it should be ascertained whether or not the City could, in future years, withdraw its support for an “urban County” application if it was determined that it was no longer in the city’s interest.

**Recommendation 2D**

**The City Should Measure CDBG sub recipient Performance and Success Based on Comprehensive Impact on the Neighborhood or Community.**

Most of the stakeholders interviewed for this study expressed a desire to have the City measure sub recipient effectiveness and impact in a more holistic way, rather than focusing exclusively on units developed or units of service delivered. They thought that the overall impact on a neighborhood or a population served should be measured and evaluated. With assistance from a University based researcher, the Department should work with a committee made up of sub recipients and other stakeholders and resource people to develop criteria, standards, and a methodology for using those standards to evaluate the effectiveness and impact of CDBG funded activities and programs on the neighborhoods and populations they serve⁴. The resulting criteria and process would then be used to evaluate effectiveness and impact of CDBG funded work undertaken by the city and its sub recipients and help provide guidance for future program planning.

**Recommendation 2 E**

**CDBG Program Planning and Evaluation.**

Based upon the goals and priorities of the Consolidated Plan, the City should work with sub recipients, CRC, and other stakeholders to develop and implement an ongoing process for evaluating the effectiveness of current programs and activities. This would include all CDBG funded activities, whether executed internally by the City or through sub recipients. The reason for doing this is to ensure that CDBG funded services and programs are effective, responsive, and accountable. In order to accomplish this the City should secure high quality technical

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⁴ The local LISC office has identified LISC supported efforts (in St. Louis) to measure the impact of CDC work on the neighborhoods they serve. This effort along with others could be evaluated for its effectiveness and possibly be used as a model for a Toledo approach.
assistance where necessary. This could be done in conjunction with or as a complement to Recommendation 2 C.

**Recommendation 2 F**

**Work With the County and other Housing Stakeholders to Develop a City/County Wide Housing Strategy/Policy**

The City, Lucas County, the Port Authority, The Regional Growth Partnership, The University of Toledo and others are undertaking an economic development system evaluation and the development of an economic development plan that employs a targeted industry strategy. The City and the County would benefit from a similar assessment of Housing Development Systems and the development of a Countywide (perhaps even regional) Housing Plan and Policy. Such an undertaking should address housing for all income levels and markets and should have participation and support by the City, the County, and other housing stakeholders.

**3. Department's Organization Chart and Overall Operating Policy**

**Recommendation 3 A**

**CRC-The Citizens' Review Committee Should be a Permanent Committee that Provides Ongoing Guidance and Direction to the Department on CDBG Related Programs and Activities.**

The CRC’s role should be expanded to include: 1) a formal advisory role to the Consolidated Planning process, 2) advisory role in the preparation of annual one year action plans, 3) advisory role on each years CDBG application and selection process, and 4) participation and leadership on special Departmental committees that address specific CDBG related program and/or process issues. The CRC should be made up of enough members to accommodate its expanded role and membership should include those with experience serving on past CRCs as well as those with other relevant experience (organizational development, program administration/development, financial expertise, etc.). The CRC could include sub recipients and direct CDBG stakeholders in order to provide valuable insight and guidance, however the CRC members directly involved in CDBG funding processes should not be directly associated with a CDBG sub recipients or applicant. (See appendix for 29th year CRC materials).
Recommendation 3 B
Sub Recipient Organizational Problem Identification and Assistance.

While sub recipients are independent organizations and are accountable to their boards and in most cases a variety of private and public funders, the City has a real obligation to ensure that the HUD funds it allocates are expended legally, effectively, and responsibly. In addition, it is felt by some within the City that there is an obligation to ensure that sub recipients conduct all their programs, whether CDBG funded or not, effectively and ethically. Of course, the city cannot, independently, take on the expensive and onerous task of auditing and monitoring all of the financial and organizational activities of all of its sub recipients. However, in order to avoid public embarrassment and more importantly the appropriation of scarce CDBG resources on ineffective or incompetent organizations, the City should work with United Way, local foundations, and other funding stakeholders to develop a standard financial management practices and evaluation criteria that is relatively easy to use and can be used with confidence by local funders as they evaluate their grant applicants and grantees. The objectives would be to develop set of acceptable standards and an easy to use checklist or process for the evaluation of applicant/sub recipients’ financial records.

Such a system should be designed to ensure that most problems are identified and "red-flagged" in a timely way which would enable funders and appropriate technical assistance providers to anticipate and solve problems before they become severe. In addition, this system should be able to identify organizations with problems that are so severe that they should not be funded.  

Recommendation 3 C
Make Improvements to CDBG Contract Administration and Monitoring Functions.

The City should strengthen its contract administration and monitoring function. The City’s program monitoring staff are charged with monitoring and evaluating contract compliance and effectiveness in meeting HUD rules and guidelines for CDBG funded activities undertaken by the City and its sub recipients. The administration has expressed a desire to expand the

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5 The Ohio Association of Non Profit Organizations may have the framework for financial management standards and evaluation criteria.
functions of the monitoring staff to include whole organization monitoring and organizational development beyond CDBG contract compliance. While this is laudable, there may be other more efficient and effective ways to address the problems facing the administration. Recommendation 3-B (above) should help address some of those concerns. There are some other ways that the Program Monitoring and Contract Compliance functions could be improved. Since program monitors perform a regulatory function they should not be relied on to provide organizational, project, or program assistance. This would compromise their ability to serve as auditors or evaluators. They should, however, have the ability to identify problems that require further assistance.

While program monitors may not have the capacity to conduct full evaluations/audits to uncover all aspects of a financial problem, they should be trained to recognize problem areas or “red-flags” and then be able to refer those to other designated departmental staff with the training and capacity to conduct further investigation and/or undertake action to address or solve the problem.

Other ways to improve CDBG Contract Compliance and Program Monitoring include:

1. Developing a standard list (and checklist) of documents and material that must be on file for all sub recipients—this could eliminate the need for providing the same documentation repeatedly for each sub recipient. Of course time sensitive documents would need to be updated as required.

2. Allowing for sub recipients to update the goals and objectives in their work plans at the six-month mark. During the course of a planning period projects change and opportunities arise. This would allow sub recipients to fine-tune and adjust their work plans to reflect the reality of their situations. Of course care must be taken to prohibit sub recipients from setting unrealistic or unattainable goals in order to get a positive funding decision—the emphasis should be on fine-tuning existing goals and substituting appropriate eligible activities where necessary.

3. Program monitors must be aware of and on-board with changes made to the CDBG process and sub recipient expectations so that their expectations and evaluations accurately reflect those of the official process.

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6 If monitors receive training that significantly raises their capacity there may be a need to raise their job classification and pay to reflect the upgrades.
4. Monitors should submit draft monitoring reports to sub recipients for to allow for corrections, clarifications, and appeals prior to the reports being released or formally filed.

**Recommendation 3 D**

**Improve Departmental Responsiveness and Upgrade Customer Service.**

As noted, the department’s Labor Management Steering Committee is undertaking an extensive division-by-division, function-by-function, job-by-job analysis and evaluation. This information will be used identify service/operational gaps and overlaps and upgrade and improve the Department’s systems and operations. This would include the Department’s responsiveness and internal and external customer service and relations. It is our recommendation that this effort be supported and continued and that it secure input from stakeholders from outside the department and outside the city as necessary. Specific recommendations from stakeholders interviewed for this study include:

1. Identification of a single “go-to-person” for every program, activity, and event. They suggested that everyone who answers the phone have access to this information.  

2. Members of the department and the sub recipients find ways to communicate more regularly and build improve their ability to work together in a type of partnership. Full participation in a Consolidated Planning process should help meet this end.

4. Expectations of CDBG Sub-Recipients and the City’s Department of Economic and Community Development

As recipients of HUD CDBG and other public funds, the City is obligated to expend those funds in a responsible and productive manner that ensures the maximum benefit to Toledo’s low and moderate-income residents and neighborhoods. As public and private resources become scarce and the needs of the community increase, issues related to levels of performance and accountability become even more important.

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This sort of thing would be beneficial citywide and could be incorporated into both the City’s and the Department’s website.
Working with sub-recipients and service delivery partners is an effective way for the City to ensure that more resources and expertise is leveraged to address Toledo’s community and economic development needs. In order to serve the needs of the community, to which both the City and its sub recipients are accountable, each must operate at the highest levels of efficiency and effectiveness while being responsive to the needs of the community they serve.

The City’s relationship with sub-recipients is that of a funder. The City has a responsibility to hold its contracted sub recipients to a high level of accountability. However, the relationship is more complicated than that. Sub recipients are partners in meeting public need and they bring capacity and resources to the table. In addition, because of diminishing resources available for program and operating support, sub recipients are often dependent on some reliable level of CDBG funding to ensure their ability to leverage additional funding. It is in the City’s interest to ensure that the capacity and performance of sub recipients is such that they are able serve as productive and effective partners in the delivery of necessary services that the city is not equipped to deliver. Thus the City must value and support its sub-recipients as partners and each should expect of the other—the highest standards of performance.

**Recommendation 4 A**

**Training and Capacity Building.**

Most sub-recipients and city staff have demonstrated substantial capacity to carry out their work. In order to ensure high performance by CDCs, other CDBG sub-recipients, as well as city staff, the City must develop a consistent and ongoing commitment to training and capacity building for its staff and its sub recipients. The city should work with LISC and other TA and training resources to develop long-term capacity building, organizational development, and targeted TA and training programs. It is absolutely in the City’s interest to financially support these activities to ensure high performance from its own staff as well as its partners.

**5. CDBG Application, Process, and One Year Action Plan/Priorities**

**Recommendation 5 A**

**Build Upon the Successes of the New 29th Year Application Allocation Process.**

The 29th year CDBG application and allocation process was substantially different from that of past years. The application was completely changes and a point system was added. The goal was to introduce objective evaluation and remove subjectivity and politics insofar as possible. Most agree that while the new application was a challenge to complete it was a
substantial improvement over past applications. The process was shorter and focused on building support and consensus among CDBG decision makers. Experienced members of the CRC were pleased with the changes to the process and the application. They were especially pleased with the changes in the Department's attitude and approach to the work of the CRC. They felt more respected and supported and less manipulated. They along with other stakeholders (including applicants) had the following suggestions for improvements to make next year's process even better.

6. Application

Changes were made to the 29th Year CDBG application. The purpose of those changes was to introduce an objective rating system that took into account each agency's capacity, performance, and track record. In addition the rating system rewarded collaboration, leverage, and improved efficiencies. It is thought that those changes produced a generally good result and that the 30th year application be similar but contain the following corrections or modifications:

1. Use one application with separate instructions for Public Service Applicants and CDCs. Or consider two separate applications for Public Service Applicants and CDCs.

2. Include a checklist that indicates which supporting documents are on file in the department and which need to be provided by each specific applicant. New applicants will of course have to provide all required supporting documentation. Checklist will be prepared by program monitors and be made available to applicants when the 30th Year CDBG Application is released.

3. Simplify the language in the actual application and place the detail in the instructions

4. Continue to use rating criteria but clarify and simplify language that describes each factor. Add checklists wherever possible.

5. Simplify leveraging budget forms and formulas, consider using United Way's budgets and leveraging formulas.

6. Convert application form to one that can be filled out as and electronic form.

7. Reduce maximum allowable word count for narrative sections.

8. Develop policy for addressing substantial fund balances held by organizations. This could include requiring explanation and
justification for fund balances over a certain figure and or requiring organizations to budget some or their entire fund balances. This is relevant to documenting agency need.

7. Process

The 29th Year Application Review and Selection process was redesigned to include 1) an internal review committee 2) a Citizens Review Committee, 3) A Joint IRC CRC Decision-making Committee that included participation by City Council and the Administration. The goal was to increase objectivity and remove some of the politics from the decision-making. It is generally thought that this process was successful and should be continued with the following modifications:

1. Document each applications deficiencies in such a way that applicants can be briefed on how to improve future applications

2. Add frequently asked questions section to website and update daily

3. Use the same IRC/CRC selection process, which included a 2-day marathon/retreat session for CRC. Consider same type of session for IRC that is closely timed with the CRC session.

4. Hold two application clinics to provide assistance in completing applications.
   a. Clinic 1--Initial CDBG Process Announcement and Application Roll-out
      □ Timeline, and deadlines
      □ Overview of the application and process
      □ Highlight changes
      □ HUD guidelines and regulations
      □ HUD National Objectives
      □ Toledo’s 30th Year CDBG Action Plan.
   b. Clinic 2:
- Explanation of Factors and Rating Criteria including explanation of leveraging factor and documentation
- Workshop on completing budget forms
8. Funding Priorities—One Year Action Plan

The current Consolidated Plan is dated and does not contain priorities. A new Consolidated Planning Process must be funded and undertaken during the 30th year. In lieu of an updated Consolidated Plan, 30th Year CDBG priorities must established and included in the 30th Year One Year Action Plan.

1. Establish the One-Year Action Plan and Priorities in consultation with the specific CDBG Programming Committees formed during the 29th Year (Youth, Homeless, and Feeding Kitchen) as well as with other relevant stakeholder groups or committees. Include consultation with the IRC and CRC in order to ensure that the format and items contained in the One-Year Action Plan clarify priorities and needs in such a way to provide clear guidance to them as they evaluate and prioritize CDBG applications.


9. Other Recommendations

1. Explore the possibility of identifying a block of CDBG funds to support specific high priority projects or activities as identified in the new Consolidated Plan and issue a Toledo SuperNOFA to solicit proposals to address those specific high priority items.

2. The City should consider targeting some CDBG dollars to project-ready activities.

3. The City should consider establishing a minimum CDBG request amount. Small CDBG awards are inefficient and in fact may cost the city more in monitoring than the cost of the actual award. The department should determine the average cost of CDBG contract monitoring and administration and establish a minimum CDBG request amount that would apply to all CDBG awards (no exceptions).

4. The City should consider the impact of funding many groups with overlapping missions and programs and/or those with low capacity and results. This is an inefficient investment of the City’s declining CDBG resources.

5. The City must encourage groups, through funding and education, to reduce operational overhead by working more efficiently with and/or developing partnerships and other cost-sharing relationships with other organizations. This will allow the City to invest more CDBG funds in services, programs, and other
activities and projects that directly impact low- and moderate-income individuals and the quality of life in Toledo's neighborhoods.

6. The CDBG sub-recipients should be able to demonstrate that they are well run and have the capacity, performance history, and ability to leverage maximum resources. (Those resources should not be dependent on CDBG for all or most of their operating and program dollars.) The CDBG sub-recipients must identify best practice techniques of their local peers and support these practices through demonstrations and program redevelopment.

7. While it is in the City's interest to help its CDBG sub-recipients achieve maximum efficiency and effectiveness, the City's main interest and goal regarding the use of CDBG resources must be to achieve concrete results for its citizens. (Basically, the City wants to ensure access and availability of decent, affordable housing, livable neighborhoods, and to create jobs and business opportunities to benefit low- and moderate-income persons.)

8. It is in the City's interest to work with non-profit partners to leverage additional or new resources to support operating subsidies, training costs, and other capacity-building efforts for existing or potential CDBG sub-recipients. It is also in the interest of CDBG sub-recipients to work with the City and others to achieve this objective.
The Research

Administration’s Vision

In “The Ford Plan 2002,” Jack Ford, Mayor, City of Toledo, defines vision statements and objectives and/or recommendations that Toledo has for 2002 and later. The plan covers education, economic development, neighborhoods and housing, arts and culture, parks and recreation, public safety, public service, and youth. It is based on the recommendations and observations of the Ford Citizen Transition Team as well as the Major’s own goals and visions. The “Neighborhoods and Housing” section is directly related to this Study. The following block of text is taken from “The Ford Plan 2002.” The most closely related text is highlighted in bold only to show the relevancy to this Study. (It is not highlighted in the original version.)

**Vision Statement:** Our neighborhoods must be strong, safe, and well-maintained. All around the country, developers are trying to create new housing developments that replicate the qualities already offered by Toledo’s neighborhoods. We are fortunate that we don’t have to recreate those neighborhoods – but we must value and support them as important assets.

Conduct a thorough assessment of the Department of Neighborhoods organizational structure and programs. This would include an assessment of CDBG allocation practices, policies, and sub-recipient performance and outcomes.

Support and strengthen CDC efforts to strengthen and revitalize our neighborhoods.

Increase neighborhood-planning function at Toledo Plan Commission – develop individual neighborhood land use plans and develop overall city housing assessment and plan.

Pursue the creation of a Toledo Design Center.

Support Neighborhood Main Street program and efforts to strengthen and revitalize neighborhood commercial nodes and corridors.

Improve enforcement of housing code violations.

Support and lift up the CDCs especially in their efforts to do more housing and especially to do more Economic Development.
Encourage/support the development of more high-quality market rate homes in the city (middle- and upper-income, too).

Work in liaison with the Country and local health care system to ensure access to affordable health care for uninsured population.

Maintain streets, alleys, sidewalks, trees, and curbs.

Improve response rate to complaints and problems that threaten neighborhood stability and safety.

Work to create a range of housing opportunities and choices to retain and attract upper- and middle-income residents and ensure access to affordable housing for our lower-income residents.

Protect and take advantage of our existing community assets. We should focus on getting the most out of what we’ve already built.

Foster safe, diverse, walkable, close-knit neighborhoods with sidewalks and convenient access to stores, schools, parks, recreation, and jobs.

Rehabilitate, reuse, and celebrate the historic buildings that make our city special.

Create safe, diverse, mixed-use environments/neighborhoods for children and adults.

Revitalize BlockWatch.


The Department of Economic and Community Development

Department’s Mission

The mission of the Department of Neighborhoods is to make Toledo Neighborhoods cleaner and more livable by

• Providing financial and technical support for the renovation and construction of housing units,

• Revitalizing neighborhoods by enforcing applicable codes and abating nuisances,

• Becoming involved with citizens, connecting them to their city government,

• Collaborating with those private, public, and non-profit entities whose purpose it is to enhance the quality of life in Toledo, and
• Participating in Toledo’s urban rebirth by monitoring, preserving, and upgrading its neighborhoods through a diligent code enforcement program.

**How the Department is Organized**

The Neighborhood Revitalization Division staff enforces housing, nuisance, and zoning codes; demolishes vacant and abandoned structures; receives and processes citizen complaints; performs neighborhood beautification activities; and receives and processes neighborhood street lighting petitions.

The division is currently made up of the following sections:

1. Demolition/Nuisance Abatement,
2. Program Management,
3. Management Support Services, and
4. Historical Environmental Reviews.

**What Does the Division Do?**

**1. Demolition/Nuisance Abatement**

**Housing Code Enforcement:** A housing violation is a housing condition which, by reason of age, structure, equipment, sanitation, maintenance, or usage of occupancy, affects, or is likely to adversely affect, the public safety and welfare, including the physical, mental, and social well-being of persons and families. (Examples: broken windows, doors, steps, eaves, porches, railings; lack of water, gas, electricity; and filthy sanitation.)

**2. Nuisance Code Enforcement:** A nuisance is a condition that may endanger the health, safety, life, limb, or property of one or more individuals. (Examples: trash, garbage, weeds, and vacant open buildings.)

**3. Zoning Code Enforcement:** All property within the confines of the City of Toledo shall be held to minimum requirements for the promotion of public safety, health, convenience, comfort, prosperity, and general welfare. (Examples: inoperable junk vehicles, above-ground swimming pools, parking in front yards, and improper storage of boats and other recreational vehicles.)

**4. Demolition of Structures:** An unsafe structure is one that is found to be dangerous to the life, health, property, or safety of the public or the occupants of the structure by not providing minimum safeguards to
protect or warn occupants in the event of fire, or because such structure contains unsafe equipment or is so damaged, decayed, dilapidated, structurally unsafe, or of such faulty construction or unstable foundation, that partial or complete collapse is likely.

5. Other Inspections: General Inspectors inspect houses scheduled for demolition because of the presence of asbestos. All taxicabs are inspected on an annual basis before licenses are renewed.

6. Program Management

The Community Development Corporations (CDC) play a large role in the re-development of central city neighborhoods toward the goals of increasing homeownership and attracting new business. Although most areas of the central city are now represented by one or more of these CDC organizations, they are at various stages of strength and experience. This section continues to support the development of CDC’s and Public Service Organizations through the following:

- Operating support.
- Technical assistance and training.
- Development funding.
- Strategic planning assistance.
- Continuation of the Care System.

Welfare reform and the expiration of Section 8 contracts will stretch an already strained homeless assistance network. The following actions will be taken to strengthen this system:

- Bring all agencies together quarterly to share knowledge and best practices.
- Develop a system to count and track homeless persons.
- Develop a system to disseminate information to all members of the network to avoid duplication and to improve efficiency.
- Provide technical assistance, training, and operating support.
- Identify additional resources and help network members access them.

These activities will develop a strong, efficient network of agencies that are able to identify, track, and assist individuals and families to move from a state of homelessness to decent, safe, sanitary, and affordable permanent housing.
7. Management Support Services

This Section supports the other sections of the Department. These activities enable the Housing, Real Estate, and Demolition Sections to operate more effectively and efficiently while helping them to achieve department goals. This division handles the following:

- Process vouchers, requisitions, and purchase orders.
- Prepare budgets and financial reports.
- Assist with personnel matters.
- Maintain records and files.
- Produce the annual report, newsletter, and disseminate information to the public.
- Obtain supplies and maintain inventories.
- Address special projects as assigned.

8. Historical/Environmental Review

**Historical:** Conducts Section 106 (historic) reviews to determine whether or not a project will significantly impact properties listed or eligible for listing in the National Register of Historic places; conducts library research including a search of historic records and real estate records, performs activities related to the identification of historic properties and potential historic districts, including survey procedures; prepares Ohio Historic Inventory Forms as required; participates in visits to determine compliance with rules, regulations, and guidelines; prepares and monitors Programmatic Agreements with state and federal agencies stipulating conditions for compliance with historic preservation laws; attend Historic District Commission hearings as required; and maintains liaison with governmental agencies and the general public concerning historic issues.

**Environmental:** Conducts environmental reviews to determine whether or not a project will significantly impact the environment; determines compliance with air, water, wastewater, hazardous waste, noise and soil rules, and regulations and guidelines; evaluates compatibility with surroundings and identifies existing or potential hazards; recommends necessary sampling and testing protocols and project alternatives to avoid or reduce environmental problems; checks maps to determine whether or not a property is located in a floodplain or wetland area; makes visual inspections of properties as necessary to gather information and do inspections; participates in site visits to provide input for project
compliance with building codes and the American with Disabilities Act regulations; conducts library searches including a search of historic records and real estate records; maintains awareness of current and proposed governmental regulations that impact various agency compliance programs; maintains liaison with government agencies and general public concerning a variety of environmental issues; prepares and maintains records of environmental review reports correspondence, and related materials as required; and prepares public notices.

9. Call City Hall: An opportunity to provide quality, friendly services while connecting citizens to their city government. If residents have a question, need a service, want to register a complaint or offer a suggestion, they can use a 24-hour phone line to leave a message or to talk to a City representative to report that issue. The City also provides an e-mail address and web site that residents can use to reach most of the departments within the City. After issues are received, they are forwarded to the proper City Department for resolution. If the issue concerns an agency outside of the City of Toledo Departments, that agency will be contacted.

(source: Department of Economic and Community Development)

Funding for the Department

The Department of Economic and Community Development receives its funding from several sources. Primary sources of the funding are:

- The Community Development Block Grant (CDBG) program. This study focuses on the allocation process for the CDBG Program.
- HOME.
- The Emergency Shelter Program.
CDBG Program

The Community Development Block Grant (CDBG) program works to:

- Ensure decent affordable housing.
- Provide services to the most needy in our communities.
- Create jobs and expand business opportunities.

The program started 30 years ago through the enactment of the Act of 1974. The CDBG program is broken down into several smaller parts: Entitlement Communities, Non-Entitlement Communities (which includes both the State Administered CDBG Program and the HUD Small Cities Program), and Insular Areas.

The annual appropriation for CDBG is split between states and local jurisdictions called "entitlement communities." Entitlement communities are central cities of Metropolitan Statistical Areas (MSAs); other metropolitan cities with populations of at least 50,000; and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities). States distribute the funds to localities that do not qualify as entitlement communities.

HUD determines the amount of each grant by a formula that uses several objective measures of community needs. Measures include the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

Each community must develop and follow a plan that provides for, and encourages, citizen participation and that emphasizes participation by persons of low- or moderate-income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds. The plan must provide citizens with:

- Reasonable and timely access to local meetings.
- A proposed statement or Action Plan that is written and publicized early enough (at least 30 days in advance) so the community can study it and provide comments. (The final version must be given to HUD at least 45 days before the beginning of the program year.)
- An opportunity to review proposed activities and to review program performance.
- Timely written answers to written complaints and grievances.
- A plan to meet the needs of non-English speaking residents in case there are public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

**CDBG Eligible Activities**

Over a one-, two-, or three-year period selected by the grantee, not less than 70% of the CDBG funds must be used for activities that benefit low- and moderate-income persons. All activities must meet one of the following national objectives for the program:

- Benefit low- and moderate-income persons.
- Prevent or eliminate slums or blight.
- Meet urgent community development needs improve existing conditions that pose a serious and immediate threat to the health or welfare of the community.

(Source: Department of Housing and Urban Development.)

**CDBG Funding Allocation**

The City of Toledo has, traditionally, distributed 30 percent of its annual allocation to the Community Development Corporation and public service agencies. These organizations are considered sub-recipients. The Department also allocates funds throughout various Departments within the city government.

**CDBG Funding Application and Allocation Process**

To be considered for funding for the 2001-2002 CDBG program (the 28th year of the program), each organization had to complete and submit an application by the February 1, 2002 deadline. Each applicant had to:

- Be a 501©(3) organization.
- Be chartered by the State of Ohio.
- Be in good standing for at least one year.
- Reside or provide services within the City of Toledo.
- Engage in activities consistent with the national objectives (defined in the section called “Eligible Activities”) and the Consolidated Plan.
- Be current in all required taxes.
• Demonstrate the capacity to carry out the proposed services.

• Demonstrate a need for financial assistance.

• Be governed by an active Board of Directors that represented the population served.

• Show a $1 for $1 match.

• All sub-recipients who received funding the previous year had to request a .5 percent decrease from that year’s funding level.

A Citizen Review Committee (CRC) was organized to make funding recommendations to the City Administration. The first meeting of the CRC for the 28th year planning process occurred on July 13, 2001. The introductory meeting outlined the primary roles and responsibilities of the committee and scheduled ongoing meeting dates. A special meeting was held later in the month for new CRC members to provide them with more information on the history and nature of the CDBG program.

As early as August 7, 2001, the CRC raised the issue of parity among the various recipients and agreed to tackle this issue as a single body (instead of setting up a subcommittee). Each member was asked to develop a list of key factors to be considered. During the next several months, the committee’s worked focused on conducting site visits, discussing the CDCs and their operations and how they interacts with the Department of Neighborhoods. At the October 23 meeting, a three-tiered funding criterion was presented to the CRC. This process would commit (to the extent that the regulation would allow) a prescribed level of funding to stabilize the core operating funding for each funded organization. It incorporated policy for funding and de-funding organizations. The policy included a capacity building facet that used collaboration/merger and mentoring of well-established productive CDCs with those that had capacity issues.

Over the next several meetings, the CRC and the CDC Alliance discussed the merits of this three-tier funding model. The Administration removed this policy from consideration. This action without the input and consideration of the CRC raised concerns about the inability of the CRC to make recommendations on funding criteria for the sub-recipients. Members of the CRC suggested that the CRC consider the number of and level of service to low- to moderate-income households and the cost relative to the amount of CDBG funds the organization received.
The CRC continued to discuss funding criteria, including the development of a point system based on how well:

- Performance goals are attained.
- Goals of the consolidated plan were addressed.
- The organization used merger and collaboration opportunities.
- The organization used matching fund opportunities.
- The organization used its full capacity.
- The organization’s fiscal situation is managed.

CRC members also raised concerns about its inability to make recommendations on the entire CDBG budget. The CRC agreed to build upon the existing application process and concluded its responsibilities by completing the evaluations of the sub-recipients. Based on an evaluation tool created by the CRC, each applicant was evaluated. On May 7, 2002, the CRC submitted its recommendations on the funding level for CDBG sub-recipients to the City Council.

Much of the attention on this process has focused on the Community Development Corporations (CDC). The CDCs and public service agencies are different. Both are CDBG sub-recipients. Their roles and expectations, however, are different in relation to community revitalization and participation.
The Findings—From Interviews

General Comments

The UAC has learned much about the City of Toledo’s Department of Economic and Community Development and the CDBG process: its history, strategies, projects, organizations, constituencies, strengths, weaknesses, opportunities, challenges, and potential. Team members collected, organized, and analyzed far more data of interest and value for the program and its future planning than can be reported and addressed in this report. Discussion in this section is limited to highlights of the findings most relevant to the objectives of the UAC’s study. The findings are organized under broad categories that represent the areas of inquiry upon which the UAC concentrated. Primary emphasis is placed on what was learned through the interview, CAT meeting, and survey processes. The findings serve as the basis for UAC’s recommendations and conclusions.

The CDBG program has been in existence for almost 30 years. It is primarily a federal resource for cities to address antipoverty issues. Because of this, and some of its unique features, the CDBG program has attracted considerable attention. Most people, however, are not likely to know what the program is or what it is accomplishing. They see the end results but have little idea about the source of revenue for the projects and programs. In contrast, nearly all of the persons interviewed and/or surveyed by UAC are very knowledgeable about the program because they have key roles in its development and implementation. Despite differences in their interest, roles, and perspectives, these well-informed residents tend to share some common views about the program and the Department as a whole. Their views are reported here.

The following quoted comments are edited statements of particular interviewees. The statements illustrate the views of several or many of the interviewees or clarify and amplify the reported findings. None of the quotes are attributed to specific interviewees to protect the confidentiality of the interview process promised by the UAC. UAC spread as wide a net as possible within (and beyond) the confines of the contract to assure that a representative and balanced sampling of viewpoints and a broad range of materials were brought together for study and consideration. The interviews and surveys that form the basis for many of the findings were intensive and in depth.

The UAC did not do systematic research as might be undertaken in a fully funded research study. No attempt is made to claim any sort of scientific
validity for the findings. Overall, the findings represent the picture of the Department and the program as related to the objectives of the project. Most people who participated, understandably, draw on their personal experience to assess the Department and the program’s overall performance. None praised nor criticized the program or Department unrealistically. Even those whose hope diminished considerably found something positive to say about these efforts. Common threads in the comments heard during the study include:

"More money has actually been spent in the neighborhood through this program than any other I can remember. We have been able to build new homes and create more jobs than ever before."

"The amount of dollars that have been leveraged is unbelievable. If the true story was told on how much we have leveraged, I’m sure more funds would be directed to the neighborhoods."

"The Department has committed employees who work beyond the call of duty. Unfortunately, they have to make hard decisions that make the difference between staying open or having to close."

"CDBG funds must be used to help those who can’t get help. It is the only source of funds that are targeted to the most needy."

**Community and Neighborhood Development Programming**

Not surprisingly, interviewees who interact with the Department of Economic and Community Development as sub-recipients believe that what they are doing is very worthwhile. They made strong cases for the overall importance of their particular program or activities, which ranged from interviewees who do housing, job creation and retention, to those who do youth work.

The views of the Department staff were similar. They believe that most of the Department’s efforts they are supporting have real merit. At the same time, many of these interviewees agree that the Department and the CDBG program suffers from “CDBGitis,” which, to them, means CDBG lacks an overall, significant focus on the integration of efforts across project lines, planning, and development of cohesive strategy. Thus, it is unable to bring the leaders and organizations in any of the neighborhoods together to change policies that impede neighborhood revitalization.

Some interviewees also discussed the need for leaders in a particular neighborhood to learn about and apply work going on in other neighborhoods. To maximize results, some interviewees, in particular, leaders in neighborhoods and of public service agencies, said, “We need
to build on common efforts, where possible, we need to learn from each other.”

Several interviewees mentioned strategies and program issues including a need for:

- A long-term strategy.
- Community-based research and capacity for policy development.
- Attracting other resources.

"The City’s Department does little to go after funding from other federal programs. They would serve the community well if they hired someone who job it is to apply for funds."

Virtually every interviewee agreed that the Department had developed no significant strategy to attract other resources despite the program’s call for "leveraging." Many mentioned the fact that almost no private foundation money (the city has access to many large corporations) had been brought in to supplement and extend the programs. Most agreed that funds are available for project development, however, no fund provides staffing for neighborhood initiatives. (It is important to note that foundations rarely fund governmental operations, instead they prefer to fund non-profits. Indeed many are restricted by tax regulation, from funding organizations that do not have a 501 c3 tax status)

As mentioned previously, the long-term planning process for the use of CDBG funds, as well as HOME and ESG, is developed through the Consolidated Plan. Many interviewers believed that the existing plan was developed by the previous administration, without adequate community input and that it does not give clear priorities or directions for the annual development and funding of programs and services.

**Staff Organization and Operations**

The UAC’s project team quickly noticed that contract administration and monitoring are instrumental in and critical to effective support for sub-recipients.

When the UAC team was studying this area, it reviewed reports, quality assurance forms, and administrative information about contract administration and quality assurance monitoring functions of the city that supported the program. The following brief discussion is based on that review and the findings from the UAC’s interviews.
The sample documents covering contract administration and the monitoring of the CDBG sub-recipients program reflect careful planning for these functions and, unfortunately, a lack of procedural clarity. Despite a busy workload for the small staff responsible for these functions, the process of carrying out the functions seems well-managed. Staff is assigned to a particular organization through a reasonable process based on behavioral consistence and programmatic familiarity. The system has evolved from a process without formal monitoring tools to a working system that attempts to bring uniformity to quarterly reporting. The lack of procedural clarity is directly related to the City’s unwillingness to provide the required staff development and training. On several occasions during the course of this project, training opportunities surfaced. Those opportunities, even though cost was minimal, were not used.

The monitoring function is broad and encompasses on-site visits, review of sub-recipients reports and data, interviews with program staff, and evaluation tools. Most of the monitoring topics are generic for all sub-recipients: compliance with schedules and CDBG program requirements, contracting reporting requirements, terms and conditions, and so forth. The primary role of monitoring, however, is to address contract-specific issues that relate to compliance with the rules and regulations of the CDBG program. It is clear that both the Departmental leadership and the sub-recipients expect the monitoring to address the capacity related issue of the sub-recipient.

Structured monitoring forms, covering a wide range of topics from project management and staffing to progress in project goal attainment, are used during the project site visits. Some of the questions are simple but important. The report form addresses operational issues that are specific to the program as well as the organization as a whole. This is important because the Administration believes that if the organization has issues related to its sustainability, the City needs to be informed. The monitor reviews records of activities and organizational management and uses direct observation to see how many clients are involved on the day of the site visit. The monitor, also, reviews the services actually being delivered.

The reporting forms for site visits are used as source information for preparing Quarterly Reports, which summarize the status of each sub-recipient. The monitoring function seeks to perform a basic evaluation of processes and outputs. Evaluation methods used for monitoring are rudimentary. Evaluation issues extend far beyond what can be covered during site visits. The monitoring reports reviewed by the UAC team communicate basic information clearly and concisely for compliance related information, but, they are not a tool to address capacity issues for the organizations.
Some interviewees reported that they had “tangled with” the monitoring staff about issues related to the late submission of reports and data, and in regard to the insistence of monitoring staff that reports are reviewed before submission. The sub-recipient staff reported that the monitors and the Department are insensitive to workload and other pressures under which volunteer leaders and project staff work. They suggested that the monitoring staff sometimes fails to take into account particularly difficult project needs, and that the monitoring supervisor can be “heavy-handed.” Unfortunately, nearly all interviewees who commented on this topic challenged the competence of the monitoring staff and many placed low or no value on this process. They say the process makes the project activities of the organization more difficult to keep in line with the approved objectives. The UAC team believes that this position is a result of a lack of clear understanding of the roles and responsibilities that the organization has for monitors and their monitoring by the Department.

**Relationships and Interactions with CDBG Sub-recipients**

**Capacity and organization at the neighborhood level.** This area of inquiry proved to be the most significant one for the purposes of the UAC’s study. Interviewees expressed great concern about a range of capacity issues including:

- Which organizations will remain if tough organizational accountability measures are in place?

- Who will do the additional work that results when organizations’ funding diminishes?

- What will happen to organizations if they must depend solely on volunteers (if/when their operational funding is cut)?

- How will organizations be expected to perform at its current high level when they have less to work with?

All interviewees suggested and/or agreed that dealing effectively with these issues was critical and basic to carrying out any UAC recommendations.

The interviews confirmed that all of the target neighborhoods have very knowledgeable and committed representatives and that each neighborhood includes several or many organizations that do good work. Many interviewees confirmed that a few organizations operate off the “collective efforts” of performing organizations and that these organizations are not carrying out their responsibilities. Those organizations are known and a process needs to be in place to ensure that the communities where these organizations operate must be served with high-quality service.
Many examples of “good people” were cited by interviewees, as were examples of persons or groups thought to be hindrances to the program. Most believe that substantial long-term capacity is vitally needed to develop and carry out programs, develop and implement community plans, build leadership and sustain community participation, research and use data to determine needs and direction, and monitor and influence policy development. Interviewees pointed to many examples of this lack of capacity to carry the program and organizations forward. Most of these needs are critical for many neighborhoods.

"Local non-profits are partners that can help the City meet its vision and priorities and they can leverage additional resources that the City cannot access otherwise.”

"The best non-profit partners are those that are well-run and have demonstrated capacity performance and an ability to leverage maximum resources – those that are not dependent on CDBG for all or most of their operating and program dollars.”

"It is in the City’s interest to help its CDBG sub-recipients achieve maximum efficiency and effectiveness, however, the City’s main interest/goal regarding the use of CDBG resources must be to achieve concrete outcomes for its citizens. To ensure access and availability of decent affordable housing, livable neighborhoods, and to create jobs and business opportunities to benefit low- moderate income persons.”

Expectations of the Department and the City

Numerous neighborhood-based interviewees offered criticism:

“Funding many groups with overlapping missions and programs and/or those with low capacity and outcomes is an inefficient investment of the City’s declining CDBG resources.”

“Encouraging groups to reduce operational overhead by working more efficiently and/or developing partnerships and other cost-sharing relationships with other organizations will allow the City to invest more CDBG funds in services, programs, and other activities/projects that directly impact low- and moderate-income individuals and the quality of life in Toledo’s neighborhoods.”

The research team surveyed the department staff, the purpose of the survey was to gain feedback on the process used to facilitate the merger, gain input on how further restructuring should occur, and to get general input and insights from staff.
One part of the Department of Economic and Community Development staff survey asked staff members to select a value, on a five-point scale, to measure the Department’s performance and attributes. The lowest value was Poor; the highest value was Excellent.

To identify the opportunities for improvement based on the staff’s evaluation, the consultants added the percentages of staff responses evaluating the department’s performance on objective or attribute as either poor or needs improvement (next to poor). In the following paragraphs, we evaluate the survey results looking at the largest opportunities for improvement according to the staff’s evaluation.

The largest opportunity for improvement lay in the employee use of the suggestion box process used by the Steering Committee. Employees can express their ideas of ways to improve their work and jobs using this vehicle. The staff said employee (their own) participation in the suggestion box process was poor or needed improvement. (Of the employees responding, 56.9 percent rated their own use of the suggestion box poor or needs improvement). This low level of participation is systematic of several possible problems. Employees may feel unmotivated to make suggestions, may feel too busy to make suggestions, may feel their suggestions are ignored, and/or may have other feelings that require more research to uncover. To build a team environment where everyone feels he/she contributes, this low rate of participation must be addressed.

So the staff can function in a well-coordinated, efficient manner, it is critical that everyone sees his/her role as part of a larger plan. To accomplish this, interdepartmental communications must occur. The respondents felt the quality of communications within the department was poor (53.9%)

Employee satisfaction on the job and how they feel about department processes contribute directly to employee well-being and productivity. When asked how they rated the reorganization/merger process, about half (50.8 percent) of the respondents felt the process was poor or needed improvement. When people go through a major change, it is expected that they have a difficult transition period. People need time to get used to the changes and become productive again. A survey instrument should be used to re-evaluate this issue to see if employees feel better about the merger in six months or a year. If employees’ evaluations do not change, this could be an indication of a larger issue that needs to be explored.

Effective communication, teamwork, and collaboration within the department, administration, community, and region are necessary for a healthy and successful environment where organizations can efficiently meet and exceed their goals. Unfortunately, 46.6 percent of the employees surveyed thought that communication was poor or needed improvement.

Employees rated the quality of communication between the department and the administration only slightly better (43.1 percent thought that communication between the department and administration was poor or needed improvement). Employees
rated the communication within their division slightly better (36.9 percent thought division communication was poor or needed improvement). Communications between the Labor Management Steering Committee and other staff within the Department was rated the best (only 29.3 percent thought steering communication and staff communication was poor or needed improvement.)

By the employees’ evaluation (38.4 percent felt the quality of customer service was poor or needed improvement), customer service in their division is another opportunity for improvement. In comparison, employees thought the customer service of the department was less (21.6 percent) of an opportunity for improvement.

Most employees feel that the Department of Economic and Community Development effectively uses the skills, experience, and insight of the employees, which makes them feel they are encouraged to find creative solutions to challenging problems. For 38.4 percent of the employees, however, this issue was rated poor or needs improvement.

Almost 70 percent of the employees thought the Department of Economic and Community Development delivered high-quality programs and customer service. Slightly over 30 percent (30.7 percent) of the employees surveyed thought programs and customer service were poor or needed improvement.

For a Complete list of questions and “top answers” see Appendix

**Community and Neighborhood Development Survey**

Community stakeholders were surveyed to gain input on the CDBG process from the broader community. Of approximately two hundred surveys distributed, thirty-seven were completed and returned.

“I feel that the entire process is unnecessarily difficult, and, in the long run, extremely political”

“What are the priorities of the administration and city council regarding community and economic development needs within the community?”

“Each and every system that the Dept of Neighborhoods and Economic Development use should be evaluated to eliminate duplication and repetition. . . . Toledo has done a very poor job of accessing available and creative funding sources to get the job completed.”

“I am sure there is duplication of services and that the staff capacity of some sub-recipients are not adequate enough to meet goals and objectives. . . .”

“(CDBG money) allows grassroots organizations to make positive contributions to the neighborhoods.”
A variety of issues surfaced in responses to the survey questions. The top 7 issues were: (1) priorities for funding need to be set; (2) the process is too political; (3) there are too many sub-recipients; (4) there is not ample notification of public meetings; (5) there is not enough time between packet pickup and application deadline; (6) there is a lack of respect for the role the CRC plays in the allocation process; (7) more weight should be given to capacity and performance in the allocation and evaluation processes.

Each of these issues are addressed elsewhere in this study. For a complete list of survey questions and responses see Appendix 2.

The Findings--From Other Research

CDBG Allocation Data for Toledo and Other Cities

The UAC consultants looked to communities outside of Toledo for ideas and models on which recommendations could be based. The communities studied were selected based on characteristics similar to Toledo's, in particular population, and HUD CDBG entitlement; and on level of visibility due to their unique approach to issues relevant to this study. Cities selected were Birmingham AL, Rochester NY, Louisville KY, and Columbus OH. See Appendix 1 for individual charts on each city, including Toledo.

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CDBG Dollar Disbursements

Toledo’s CDBG allocation for FY 2002 was $13,328,838.22. When compared to cities that receive a similar entitlement, Toledo’s disbursement of funds is slightly higher in some activity groups and slightly lower in others. The table above shows disbursement by amount for Birmingham AL, Rochester NY, Louisville KY, Columbus OH, and Toledo, while the graph below compares the percent of disbursement.
In activities that fall into the public improvements group, Toledo disburses the lowest percentage of funds at 2.8%. Toledo is also low in disbursement to housing (32.9% of total funds), with Louisville being the lowest (31.3%), and Columbus being the highest (39.9%).

Administration and planning receives 18.4% of the disbursement, 2.7% more than Columbus Ohio (2nd highest at 18.3%), and 6.1% more than Louisville KY (31.3%), whose disbursement is the lowest in the sample cities. A similar situation occurs with disbursement for economic development. Toledo, at 24.4% disburses the most, with Rochester second (21.8%), and Louisville least (2.1%). Toledo also disburses a higher percentage to public services (17.8%) than do the other cities. Rochester is a close second (17.6%) and Birmingham the lowest (13.2%).
Appendix 1 CDBG Background Data

“The Community Development Block Grant (CDBG) program works largely without fanfare or recognition to ensure decent affordable housing for all, and to provide services to the most vulnerable in our communities, to create jobs and expand business opportunities. CDBG is an important tool in helping local governments tackle the most serious challenges facing their communities. The CDBG program has made a difference in the lives of millions of people living in communities all across this Nation. The CDBG program is broken down into several smaller parts, Entitlement Communities, Non-Entitlement Communities, (which includes both the State Administered CDBG Program and the HUD Small Cities Program) and Insular Areas. The annual appropriation for CDBG is split between states and local jurisdictions called “entitlement communities”. Entitlement communities are central cities of Metropolitan Statistical Areas (MSAs); other metropolitan cities with populations of at least 50,000; and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities). States distribute the funds to localities who do not qualify as entitlement communities. HUD determines the amount of each grant by a formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.

Citizen Participation
A grantee must develop and follow a detailed plan which provides for, and encourages, citizen participation and which emphasizes participation by persons of low- or moderate-income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds. The plan must provide citizens with reasonable and timely access to local meetings, an opportunity to review proposed activities and to review program performance; provide for timely written answers to written complaints and grievances; and identify how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

Eligible Activities
Over a 1, 2, or 3 year period selected by the grantee not less than 70% of the CDBG funds must be used for activities that benefit low- and moderate-income persons. All activities must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.”

Appendix 2- Recommended Factors for 29th Year CDBG Application

The UAC Team worked with the CAT and the Department to develop a new CDBG application and allocation process for the 29th year. The following criteria will be used to rate and rank qualifying applications. Factor 1 is a qualifying factor (see 2. Minimum Eligibility Criteria, page 2 above), applicants must score a minimum of 15 points on Factor 1 in order to have their application considered valid.

FACTOR 1: Relevant Capacity, Performance, Experience, and Conformance to Objectives and Priorities (20 Points Possible—minimum required for valid application=15)
Limit response to 3,000 words maximum

1.1 Recent, relevant, and successful experience of applicant organization and staff in providing proposed activities. Includes past performance as CDBG recipient in meeting goals, requirements, and reporting deadlines. Include how organization will address deficiencies in this area. (5 Points Possible)

1.2 Relevant experience, competence, knowledge, skills, and abilities of applicant’s key personnel in managing complex, multi-faceted, or multi-disciplinary programs or multiple, diverse functions within the organization (Organizational management capacity) Sufficient qualified personnel or access to qualified experts or professionals with knowledge, skills, and abilities to deliver the proposed activities in a timely and effective way (Program management capacity) Include how organization will address deficiencies in this area. (5 Points Possible)

1.3 Organizational management capacity that includes but not limited to mission and programs, governance, conflict of interest, human resources, financial and legal, planning, and public affairs and policy. (5 Points Possible)

1.4 Quality, accuracy, and clarity of application (Considerations: compliance with instructions and deadlines, clear well-written narrative, and accurate budgets). (5 Points Possible)

FACTOR 2: Potential Effectiveness in Identifying and Meeting Community Needs and in Accomplishing Objectives/Goals and priorities of the Consolidated Plan/2003 Work plan. (20 Points Possible)

Note: this is being done prior to the completion of the study, primarily because of the need to make immediate substantial changes.
2.1 Proposed activities address high priority needs and goals identified in the Consolidated Plan for the community/neighborhood for which funds are requested. This would include aiding a broad diversity of eligible beneficiaries, including those, which traditionally have been undeserved **(10 Points Possible)**

2.2 Applicant demonstrates that proposed activities are derived from engagement in community outreach, planning, or input processes to specifically identify community needs especially those of disadvantaged individuals, which previously have been undeserved. *(This is meant to encourage community needs identification and planning) *(5 Points Possible)*

2.3 The extent to which applicant identifies strategies to ensure community stakeholder involvement in the development and improvement of local Consolidated Plans, and comprehensive strategies. *(This is meant to encourage the organization and their constituents’ participation in the City’s Consolidated Planning Process) *(5 Points Possible)*

**FACTOR 3: Soundness of Approach (20 Points Possible)**

3.1 Applicant identifies a feasible, cost-effective plan for managing and implementing the proposed activities. *(10 Points Possible)*

3.2 Proposal contains strategies that are creative and use state of the art or new promising technology or program models to carry out and implement proposed activities. Considerations: applicant demonstrates ability to save money, improve and expand programming and service delivery with declining resources, address/improve organizational management and governance systems/issues, approach efforts in a more comprehensive and holistic way, etc. *(10 Points Possible)*

**FACTOR 4: Leveraging Resources (20 Points Possible)**

Extent to which the applicant demonstrates an ability to secure additional operating resources that, combined with CDBG’s program resources, increase the breadth and effectiveness of the organization and its operations. A minimum 1:1 match/leverage is required (ability to request one CDBG dollar for every non-CDBG dollar). Resources may include funding or in-kind contributions (such as services or equipment) allocated to the purpose(s) of the proposed activities. Sources of such resources may include the following: other public resources, private resources, non-profit resources, and/or others willing to partner or contribute. This would include partnerships, strategic alliances, and mergers with other CDBG program funding recipients in order to coordinate program delivery and the use of CDBG and other financial resources in the target area. Considerations: In-kind or actual funds raised
resulting from partnerships with other entities to conduct collaborative activities/programming.

Applicant must provide evidence of leveraging and partnerships by including letters of firm commitment(s), memoranda of understanding, or agreements to participate/contribute from those entities identified as partners/contributors in the application. Each letter of commitment must include all partnering organizations’ names, proposed level of commitment, and responsibilities as they relate to the proposed program and must submitted on the partnering/contributing organization's letterhead.

4.1 Operating
1:1 leveraging factor/match minimum

4.2 Program
1:1 leveraging factor/match minimum for public service programs (CDCs or Public Service Agencies)
1:3 leveraging factor/match minimum for housing/ED project (bricks and mortar projects of CDCs)

Note: Eligible match includes:
1. Other Federal funds.
2. State and local funds.
3. Program Income.
4. Current line of credit.
5. Time and services contributed by volunteers to carry out the program.
6. Private funds.
7. In-kind donations.

FACTOR 5: Coordination, Self-Sufficiency & Sustainability (20 Points Possible)

This factor seeks to a) encourage collaboration, coordination, consolidation, and mergers with other organizations. Applicants are encouraged to seek ways to achieve increased efficiency, self-sufficiency, and sustainability through such collaboration, coordination, consolidation, and mergers. In addition, they are encouraged to contribute their ideas and strategies related to such collaboration within the community’s Consolidated Planning & Continuum of Care planning processes. Agencies are considered to be moving toward sustainability if they present a plan that identifies ways in which they will collaborate, coordinate, consolidate, or merge with other organizations to achieve economies of scale or are able to identify strategies which will enable them to carry out the proposed program activities after the expiration/termination of the CDBG funding. Points will be awarded to applications that have the highest score on the following factors:
5.1 The extent to which applicant proposes or currently engages in collaboration, coordination, consolidation, and mergers with other organizations to complement, support, and coordinate the delivery of programs and services. Including the specific steps the applicant will take jointly administer programs, conduct joint planning efforts, and share information on solutions and outcomes with partners and other organizations, participate in strategic alliances, or mergers with other organizations. This would include partnering with organizations/efforts that are outside the scope of the Consolidated Plan. Include any written agreements, memoranda of understanding in place, or a description of activities that have taken place in the past and/or will take place in the future. *(10 Points Possible)*

5.2 The substantial ongoing impact because of the proposed activity including how the quality of the service rendered and the impact will be measured. *(5 Points Possible)*

5.3 How the organization and its programs will be financially sustained in the event of decreased or declining CDBG support. (Considerations: Demonstrated ability to generate additional funding for proposed activity. Program income, partnerships/strategic alliances/mergers, achieving new efficiencies and cost savings, participation in collaborative efforts to identify additional resources, etc.) *(5 Points Possible)*
## Appendix 3—Other CDBG Data

### CDBG Allocation Charts & Data for Toledo & Other Cities

<table>
<thead>
<tr>
<th>CITY</th>
<th>ACTIVITY GROUP</th>
<th>DISBURSEMENT</th>
<th>PCT. OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham, AL</td>
<td>Acquisition</td>
<td>$2,364,917.41</td>
<td>16.27%</td>
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<tr>
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<td>Admin &amp; Planning</td>
<td>$1,957,316.98</td>
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<tr>
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<td>Econ Development</td>
<td>$1,732,140.78</td>
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<tr>
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<td>Housing</td>
<td>$5,051,930.40</td>
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<td>Public Improvements</td>
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<td>Public Services</td>
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<tr>
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<td>Repay Section 108</td>
<td>$606,438.54</td>
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<tr>
<td>TOTAL</td>
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<tr>
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<td>Acquisition</td>
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<td>Housing</td>
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<td>Repay Section 108</td>
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<td>TOTAL</td>
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<td>Public Improvements</td>
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<td>Public Services</td>
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<td>Repay Section 108</td>
<td>-</td>
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<tr>
<td></td>
<td>Other (cap bldg)</td>
<td>$234,366.94</td>
<td>1.54%</td>
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<tr>
<td>TOTAL</td>
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<td>$15,172,376.37</td>
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<td>Toledo, OH</td>
<td>Acquisition</td>
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<td>Description</td>
<td>Amount</td>
<td>Percentage</td>
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<tr>
<td>----------------------</td>
<td>------------</td>
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<tr>
<td>Public Services</td>
<td>$2,369,816.65</td>
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<td>Repay Section 108</td>
<td>$83,313.16</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$13,328,838.22</strong></td>
<td><strong>100.00%</strong></td>
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</table>
### CDBG Distribution-Birmingham, AL

#### Activity Group Distribution

<table>
<thead>
<tr>
<th>Activity Group</th>
<th>Birmingham</th>
<th>Rochester</th>
<th>Louisville</th>
<th>Columbus</th>
<th>Toledo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
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<td>$0.4</td>
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<td>$0.1</td>
<td>$0.4</td>
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<td>$1.7</td>
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<td>Housing</td>
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<td>$-</td>
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<td>$-</td>
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<td>$16.6</td>
<td>$14.1</td>
<td>$15.2</td>
<td>$13.3</td>
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Pct. CDBG Dollar Disbursements

<table>
<thead>
<tr>
<th>Birmingham</th>
<th>Rochester</th>
<th>Louisville</th>
<th>Columbus</th>
<th>Toledo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>Admin &amp; Planning</td>
<td>Economic Development</td>
<td>Housing</td>
<td>Public Improvements</td>
</tr>
</tbody>
</table>

Acquisition: 0% 5% 10% 15% 20% 25% 30% 35% 40% 45%