



**To:** Carol Hazen Director, Grants & Capital Projects Office of Economic and Community Development

**From:** Jessica Lurz, Client Account Lead M&L Associates

**Date:** April 24, 2026

**Re:** FY2026 CDBG Annual Action Plan – Geographic Allocation and Program Design Considerations

## Purpose and Position

This memorandum responds to concerns regarding the allocation of Community Development Block Grant (CDBG) funds in the FY2026 Annual Action Plan (Program Year 52).

The Program Year 52 allocation reflects a deliberate and compliant strategy that balances continued investment in the Town's CDBG Target Areas with the Town's obligation to expand access to opportunity and affirmatively further fair housing. Importantly, this allocation does not represent a reduction in priority for these areas.

## Balanced Investment and Federal Requirements

The CDBG program, authorized under the Housing and Community Development Act of 1974<sup>1</sup>, "provides annual formula grants to states, cities, and counties to develop viable communities. It boosts access to opportunity by supporting affordable housing, public infrastructure, economic development, and public services, with a primary focus on benefiting low- and moderate-income persons." To achieve these outcomes, federal requirements and HUD guidance call for a balanced approach<sup>2</sup> to prompt access to opportunities and advance fair housing, including:

- **Place-based strategies** that target investment in specific neighborhoods or census tracts, and
- **People-based strategies** that ensure residents have access to services and opportunities regardless of location.

Federal fair housing and civil rights requirements further reinforce this approach. Under the Fair Housing Act, Title VI of the Civil Rights Act, and 24 CFR 570.602, note:

- Grantees must ensure that programs do not exclude or discriminate based on race, color, religion, national origin, sex, disability, or familial status ([24 CFR 570.602](#))
- Investments must avoid segregated services or benefits and ensure equitable access across the community. ([24 CFR Part 1](#))

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<sup>1</sup> S.3066 - 93rd Congress (1973-1974): Housing and Community Development Act of 1974. (1974, August 22). <https://www.congress.gov/bill/93rd-congress/senate-bill/3066>

<sup>2</sup> [Fair Housing in Action Government Toolkit: Using Balanced Approach in Community Planning and Development - HUD Exchange](#)

## Multi-Year Investment Strategy

It is important to note that the Program Year 52 AAP represents a single program year within a broader, multi-year investment strategy. While the PY 52 AAP allocation may not reflect a concentration of funds in the identified target areas, this does not indicate a reduction in priority. Rather, over multiple program years, the Town has consistently directed a substantial share of its CDBG resources to these neighborhoods. Since PY47 through April of 2026, the town has spent **86%** of its funding in the target areas. The current allocation reflects a single year of allocation within a broader investment cycle, not a departure from established priorities.

CDBG is intentionally structured to allow communities to balance investments across program years in order to respond to evolving needs, advance priority projects, and maintain compliance with federal requirements. Evaluating a single-year allocation in isolation does not fully reflect the Town's sustained commitment to these areas.

## Alignment with the Town's 2025 Analysis of Impediments

The Town's 2025 Analysis of Impediments to Fair Housing Choice (AI), a vital assessment that informs how CDBG and other housing resources impact fair housing and access to opportunity also reinforces a balanced approach.

The AI's Fair Housing Action Plan calls for:

- Expand Housing Choice by increasing access to opportunities across the entire housing market,
- Support development and services in both high-poverty areas and higher-opportunity areas, and
- Avoid decision-making approaches that may create disparate impacts, even if unintentional.

This underscores that expanding housing choice and access to opportunity cannot be achieved solely through geographically concentrated investment. Rather, it requires a balanced approach that both strengthens historically underserved neighborhoods and ensures that low- and moderate-income residents can access opportunities throughout the community.

## Conclusion

The PY 52 AAP reflects a compliant and intentional allocation of CDBG resources that balances continued investment in identified target areas with the Town's obligation to expand access to opportunity and affirmatively further fair housing.

Importantly, the current allocation should be understood within the context of the Town's broader, multi-year investment strategy, which has consistently prioritized these neighborhoods.

This approach ensures that the Town is meeting federal requirements by delivering both neighborhood revitalization and access to opportunities for low-and moderate-income residents.