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## Lynchburg nonprofits brace for elimination of grants

By Alicia Petska

Some local nonprofits are scrambling to find a way to cushion a financial blow dealt to them last month when City Council decided to phase out access to a significant source of grant funding.

“I find it very disheartening that our City Council does not support us when we’re taking care of the people of Lynchburg,” said Mary Alex, who recently came on as the new executive director of Miriam’s House, a program for homeless women and children. “These are members of the community who are vulnerable. People right in our backyards.”

Alex, who’s in the process of moving down from D.C., added that Lynchburg’s philanthropic-minded community was one of the major reasons she was drawn to the city.

“The people of Lynchburg really take care of their own,” she said. “I felt that right away. So, it’s quite surprising to me that this is happening ... It surprises me that our government is not as generous as the community.”

Starting in 2012, City Council has decided it will no longer provide Community Development Block Grants for nonprofit agencies.

CDBG is a federal program that supplies Lynchburg a pot of money — around \$1 million a year — to support community revitalization efforts. City Council, which is responsible for doling out the grants, has traditionally shared a portion with local charities, but voted on Sept. 28 to end that practice in favor of reserving all the cash for government projects.

The city can use CDBG funds to support a variety of its own projects, including streetscape improvements, community center renovations and housing authority initiatives, in targeted low-income areas.

Mayor Joan Foster, who works in the nonprofit sector, said by concentrating the money in city hands they could do more to restore dilapidated housing and improve aging

infrastructure in the inner city, focusing their efforts on individual neighborhoods to get the biggest bang for their buck.

“When you pull a neighborhood up, you pull up the quality of life,” Foster said. “Statistics show that when neighborhoods deteriorate, you see more gang activity and crime come in and more jobs leave.”

“There is more impact for more people if a whole neighborhood can be brought up.”

Usually, a portion of the city’s annual CDBG grant is used to support a range of nonprofits that work to help at-risk populations. Agencies approved for funding this year include: Rebuilding Together, The Gateway, YWCA of Central Virginia, Miriam’s House, Smart Beginnings and the Interfaith Outreach Association.

In all, slightly more than \$264,000 or around 25 percent of this year’s CDBG award was earmarked for nonprofit use.

Under the system adopted on a 5-2 vote of council, the city will reduce the grant money available to nonprofits in 2011 and then phase them out entirely in 2012.

Within the group of agencies affected by this decision, reaction has run the gamut from distress to quiet resignation.

“We’ve started to think, OK, what are we going to do to deal with this?” said Lisa Dibble, executive director of the Gateway, a transitional housing program for homeless men with substance abuse problems.

“I think among the nonprofits I’ve talked to there’s a little bit of anger. Because these are important social programs that serve low-income populations and also save the city money.”

Dibble said the Gateway, which has averaged 98 percent occupancy for the last five years, needs about \$5,500 a year to care for one client. By comparison, an average welfare payout is \$17,000 a year, she said.

The Gateway derives 10 percent of its budget from CDBG funds. It has a 72 percent success rate in getting its clients clean and into permanent housing.

The Interfaith Outreach Association, which uses CDBG funds to support its emergency fuel assistance for the elderly program, said it was prepared to accept council’s decision.

“They’ve been talking about it for several years, so we’ve been anticipating it,” Executive Director Bev Maslow said of the changes, noting her agency even lowered its

grant request this year from \$9,000 to \$5,000.

“We knew we couldn’t depend on it, so we were trying to be prepared,” she said.

Interfaith Outreach can help about 25 households with the \$5,000 grant it was awarded this year, based on the average assistance it’s disbursed in the past.

Like many nonprofits, the group is grappling with shrinking resources and rising demand for service. In August 2009, it received 95 requests for fuel assistance. Last August, that number had nearly doubled to 188.

“Funding is just down all around, as I think everyone is aware,” Maslow said. “But the need is really picking up. That’s the scary part, for us and for our clients.”

One of the organizations slated to take the biggest financial hit is Rebuilding Together, which was awarded a \$70,000 CDBG grant this year to help low-income homeowners do repairs that will make their houses “safer, warmer, drier.”

“We can keep homes going so they won’t become blighted property,” Executive Director Sandy Walton said. “... I hope we have an opportunity to tell our story and be worked into the city budget or whatever it ends up being. We would like to be able to continue to help low-income homeowners in the City of Lynchburg.”

During council debate, several members noted that council still could offer support to nonprofits through the regular city budget process. This would eliminate the burden of federal oversight that comes with CDBG money — a major motivation for the changes made — and create a more straightforward way to subsidize those charities, according to those favoring the new system.

Walton said she was optimistic that Rebuilding Together could be one of the groups rolled into future city budgets. The organization relies on volunteer labor to carry out its housing repairs; last year it helped patch up 82 homes at an average expense of \$1,200 each.

“I think we can still fit into the picture,” she said. “We meet their goals for housing in the city ... We’re on the same page.”

The two council representatives who voted against the CDBG changes, Vice Mayor Ceasor Johnson and At-Large Councilman Randy Nelson, both expressed some uncertainty about the likelihood of council dipping into city coffers to make charitable donations.

Johnson said flat out that he did not believe the current council would be willing to

support the type of social programs that partake of CDBG money.

Lisa Dibble, of the Gateway, also said she felt suggestions that future city donations might be possible were “doubtful.” “It’s almost like they’re dangling a carrot in front of you so you won’t be mad about what they’re doing now,” she said.

Councilman Michael Gillette, who supported overhauling the CDBG program, said there is a precedent for such contributions.

This year’s city budget marks out close to \$136,400 in discretionary gifts for nonprofit agencies. The majority of those are quasi-governmental or legal entities, such as Region 2000, the Virginia Legal Aid Society or the Court Appointed Special Advocate program.

But the city also makes contributions to the Central Virginia Area Agency on Aging and Amusement Square, which gets a refund on the property taxes for its skateboard park, a project the city partnered in.

Gillette, who said he was open to the idea of contributing to more groups, said he felt it could be done if an agency can demonstrate it will deliver a tangible return on the city’s investment.

“If an organization performs a function that supplements city activities or saves the city money, we do have a history of supporting them,” he said.

He acknowledged it would not be easy to add onto the list as discretionary gifts require a supermajority vote of approval, but added he felt such safeguards were appropriate since they’re dealing with taxpayer money.

The last request for support that came before council — an application to waive utility hookup fees for a new Habitat for Humanity house — failed by one vote last April.

For now, nonprofits using CDBG grants will have the next two years to put together a game plan and drum up substitute revenues. Several said it would be necessary to lean harder on community donations.

“I think if people know what the need is, they will come through,” Maslow said. “We just have to let them know.”

Mary Alex, of Miriam’s House, said she was concerned that this was part of a larger trend of continually shrinking resources.

“Over the years, things slowly get cut back,” she said, noting that federal funds once made up 75 percent of her agency’s budget but that has since been pulled back to about

20 percent.

“The next year, they keep taking a little bit more and a little bit more. But it really adds up,” she said. “... Eventually, it will affect the number of people we can serve because we just won’t have the revenue streams.”

Walter Fore, a member of a local citizens advisory committee that weighs in on CDBG awards, expressed disappointment with the direction council was taking with the program.

“Quite a few people were shocked, especially considering how living conditions are today with unemployment and the economy the way they are,” he said. “This is a time when we need nonprofits more than ever.”

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