



Community and Economic Development in North Carolina and Beyond Blog: Moving Beyond Grants

By Jeff Hughes

Article: <https://ced.sog.unc.edu/moving-beyond-grants/>

This entry was posted on April 27, 2010 and is filed under Community Development, Financial Assets, Financing Development, Natural Assets

Jeff Hughes is the Director of the Environmental Finance Center at the UNC School of Government

Federal and state grants have long helped local governments support their community and economic goals. Many local governments and community organizations have grown to depend on grant assistance for a variety of programs and services ranging from cultural initiatives to the improvement of environmental infrastructure such as wastewater treatment plants. While grants have their place in community development, there are risks of over relying on them. The possibility of winning a grant in the future may lead to postponing essential projects. The mere possibility of grant funding, no matter how much of a long-shot, may also deter communities from developing more sustainable (but less popular) methods of raising funds. There is another practical reason to look beyond grants – in many cases they simply can't cover all the costs of essential services. This is certainly true in the water and wastewater arena. When costs for new infrastructure were lower and grants were more abundant, many small communities were able to fund their infrastructure through a combination of grants and their own savings. Now even the smallest communities are finding that grants alone are not enough to cover their water and wastewater needs and they have discovered that remaining in the water and sewer business will likely require borrowing more and more money in the future. Fortunately, North Carolina has a number of public water and wastewater loan programs that make borrowing for small communities a bit more manageable. An article published in the most recent publication of the NC Water Works Association/Water Environment Association Newsletter describes water and wastewater loan options and lending trends.