

Community Development Block Grant Program

The Community Development Block Grant (CDBG) program is a very flexible program that allows communities to direct the funding towards their most urgent needs each year affecting low income people.

Funding is provided to cities with populations of 55,000 or more as an entitlement. States receive funding that is allocated to projects within the state, outside of entitlement areas, on a competitive basis. Other HUD funding, such as HOME funds, Emergency Shelter Grants, HOPWA funds (housing/services for victims of Aids/HIV), may be either entitlements or competitive funds. Rapid City only receives CDBG funds as an entitlement.

Community Development Block Grant (CDBG) Funded Amounts: 2000-2010

<u>Grant Year</u>	<u>Awarded Amount</u>
2000	\$656,000
2001	\$680,000
2002	\$666,000
2003	\$614,000
2004	\$596,000
2005	\$564,871
2006	\$507,911
2007	\$507,002
2008	\$488,747
2009	\$496,179
2010	\$538,944
2011	\$451,688

**In 1980, the awarded CDBG funded amount was \$879,000.*

CDBG funds may be used for:

- Land acquisition
- Rehabilitation of single family homes, apartments, and public facilities
- Public Services (capped at 15% of allocation plus program income from previous completed program year)
- Public infrastructure and improvements
- Program administration (capped at 20% of allocation plus current year program income received) and
- Economic development.

Funding for CDBG

The move in congress is to greatly reduce or do away with CDBG. Funding over the past 10 years has been on a steady decline, with the exception of 2009 and 2010's infusion of Recovery funds. Our funding has declined 49% since 1980 and 32% since 2000.

In addition to the congressional budget cuts, we would still experience a reduction each year due to new cities becoming entitlement cities (where they receive direct funding from HUD rather than just the state receiving funds). Once cities reach 55,000 population they can become an entitlement city.

There is one pot of money divided among all entitlement cities using a formula that factors in the number of homeless, number of people living below poverty level, # low income census tracts, and % of minorities. Even with high numbers in the formula, each year city entitlement amounts go down about 6% because of the new cities joining the pot.

With the new census, we lost census tracts - we now only have one, CT 103. Our Median income dropped slightly from \$57,700 in 2010 to \$57,300 in 2011. Our % of minority population has increased from 12% to 15%. 2010 Census info is not fully released yet, but we suspect our poverty numbers will be slightly higher now also. All that should help keep our level of funding about the same, formula wise.

Effects on Rapid City

- we will have less money for public services - we only have about \$87,000 out of the \$451,688 that we are getting for 2011 and that will continue to go down. It isn't much for addressing all the needs, especially in light of the significant cuts to social services made by the state.
- We can only use 20% of the allocation for program administration – Community Development Division's budget. That amount has not been enough to cover the annual budget since 2004. However, do to the position vacancy for 2-1/2 years, those funds were unspent and have been available to make up the shortage in the budget up to now.
 - Current projections indicate that CD will end FY 2011 with about \$42,000 left to apply to 2012 budget.
 - If the city receives a 2012 CDBG allocation of \$425,000, we would have \$85,400 for administrative costs, providing a total of \$127,886 for 2012.
 - The CD 2012 budget submitted was \$133,128. There would be a shortage of \$5,242.
 - The budget included \$12,000 for compiling the new 5 year Consolidated Plan. The Department could absorb the \$5,242 shortage if the CD Manager does all the research and writing for the plan. However, it is a very time intensive project and we are already stretched.

Loss of CDBG funds would adversely affect the community. In FY 2010 we funded:

- 11 Public Service projects with \$86,566
- 5 Housing projects with \$196,212
- 6 Public Facility acquisitions/rehabilitation projects with \$304,800

The services provided by each of the funded agencies helps thousands of people in our community. The CDBG funds leverage other state, local, private and federal dollars. In FY 2010 they leveraged over \$4 million dollars.