



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

GROWTH MANAGEMENT

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MEMORANDUM

TO: Legal & Finance Committee

FROM: Barbara Garcia, Community Development Specialist

DATE: December 14, 2005

RE: Subsidy Committee Recommendations for FY 2006 Annual Action Plan
CDBG Grant Allocations

Staff is seeking preliminary approval of the Fiscal Year 2006 Community Development Block Grant recommended allocations.

Attached for your review is a spreadsheet showing the requests for Community Development Block Grant funding and the Subsidy Committee's recommendation for funding allocations.

The estimated award of funds from HUD for FY 2006 will be:

FY 2006 Entitlement (estimated 9% reduction)	\$ 515,000
Estimated Program Income from landslide loans and lease property	\$ 4,900
Estimated Revolving Loan Income from City Rehab program	\$ 4,800
<u>Funds for reallocation – Contingency funds from FY 2004</u>	<u>\$ 13,757</u>
Total Funds Available =	\$ 538,457
<u>Less Allowed Program Administration funds</u>	<u>\$ 112,447</u>
Funds remaining for Sub-grantee allocations	<u>426,010</u>

Funding requests for FY 2006 total \$1,608,167. Staff notes that federal regulations allow the City to use up to 15% of their entitlement plus the most recently completed program year's program income to compute the cap for public service activities (\$84,335). The City may approve less than this amount or may choose not to fund public service activities. Administration costs for the CDBG program may not exceed the 20% cap of the entitlement grant plus the most recently completed program year's program income (\$112,447).

The funding recommendations were made by the Subsidy Committee based upon Department of Housing and Urban Development eligibility requirements, the benefit to low and moderate income persons in the community, the project feasibility and cost effectiveness, compliance with the



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needs and priorities of the community, as identified in the Rapid City Five Year Consolidated Plan, and the applicant's demonstrated ability to complete the project in the program year.

The activities to be funded will be included in the FY 2006 Annual Action Plan. After preliminary Council approval of the proposed activities, a draft of the Annual Action Plan will be put on public display for a 30 day comment period. A Public Hearing will also be held during the 30 day comment period. Following that, all comments received will be provided to the Council and final approval by the City Council of the Annual Action Plan will be required.

Staff Recommendation: Preliminary approval of the Subsidy Committee's Recommendations for CDBG funding for FY2006.