



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

COMMUNITY DEVELOPMENT

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MEMORANDUM

TO: Legal & Finance Committee

FROM: Barbara Garcia, Community Development Specialist

DATE: November 14, 2007

RE: Subsidy Committee Recommendations for FY 2008 Annual Action Plan CDBG Grant Allocations

Staff is seeking preliminary approval of the Fiscal Year 2008 Community Development Block Grant recommended allocations.

A spreadsheet showing the \$1,205,895 in requests for Community Development Block Grant funding and the Subsidy Committee's recommendation for allocations is attached for your review.

Due to the timing of our program year and the Congressional budgeting cycle, the Subsidy Committee must use a "best guess" estimated amount for the CDBG allocation. The actual allocation amount will not be known until Congress passes the 2008 budget and HUD releases the Entitlement allocation amount to the City sometime between April and June 2008. If the allocated amount is greater or less than the amount estimated (\$500,000), the Subsidy Committee will meet again and will have to make the appropriate adjustments, up or down, and the new recommendations will be sent back to City Council and out for public comment. HUD requires us to send in the estimated FY 2007 Annual Action Plan by February 15, 2007, and will allow us to amend the plan, following the above mentioned steps, upon notification of the actual Entitlement amount. Therefore, all sub-grantees will be notified that these allocations are subject to change.

Staff notes that federal regulations allow the City to use up to 15% of their entitlement plus the program income from the most recently completed program fiscal year (2006) to compute the cap for public service activities (\$86,454). 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 program income received during the program year (\$101,280). Staff is using a 1.4% reduction of the FY 2007 allocation of funds to estimate the FY 2008 HUD CDBG allocation.



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Estimated funding for FY 2008 allocations:

Estimated FY 2008 Entitlement (1.4% reduction)	\$ 500,000
Estimated Program Income from landslide loans and lease property	\$ 2,200
Estimated Revolving Loan Income from City Rehab program	\$ 4,200
<u>Unused funds reallocated from FY 2006</u>	<u>\$ 60,000</u>
Estimated Total Funds Available =	\$ 566,400
<u>Less Program Administration funds(Max 20%)</u>	<u>\$ 101,280</u>
Estimated funds remaining for Sub-grantee allocations	<u>\$ 465,120</u>
Estimated funds available for Public Services (Max 15%)	\$86,454
Estimated funds available for Housing, Economic Development, & Public Facilities and Improvements	\$378,666

Funding recommendations made by the Subsidy Committee were based upon Department of Housing and Urban Development eligibility requirements, the benefit to low-and-moderate income persons in the community, project feasibility and cost effectiveness, compliance with the 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 Subsidy committee is recommending the reallocation of sixty thousand dollars (\$60,000) of unused funds allocated to West River Foundation in FY 2006 for housing rehabilitation projects. The funds will be included in funding allocated for FY 2007 Housing, Public Facilities or Economic Development projects.

The activities to be funded will be included in the FY 2008 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 to gather community comments will also be held during the 30-day comment period. Following that, all comments received will be provided to the Council for review and final approval of the Annual Action Plan will be required by the City Council.

Staff Recommendation is for Council to provide preliminary approval of the Subsidy Committee's recommendations for Community Development Block Grant funding allocations for FY 2008.