



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

COMMUNITY DEVELOPMENT DIVISION

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MEMORANDUM

TO: Legal & Finance Committee
FROM: Barbara Garcia, Community Development Specialist
DATE: November 14, 2007
RE: Subsidy Committee Recommendation to Amend FY 2007 Annual Action Plan to Reallocate Micro-Enterprise Funds

The Community Development Division applied for \$35,000 of CDBG funding for FY 2007 to develop a Micro-enterprise loan program. Council allocated the funding for micro-enterprise loans but directed staff to see if the local or state Economic Development entities were interested in implementing the program. The Economic Development agencies were not interested in administering the program due to the small amount of funding and reporting requirements.

Staff received the attached request from Consumer Credit Counseling Services of the Black Hills for Council to consider reallocating the funds for use as matching funds for Individual Deposit Accounts (IDA) for low income people saving money for a specific goal of either buying a home, starting or expanding a micro-enterprise business, or for obtaining a higher education.

Individuals accepted into the program will sign a contract agreeing to save a set amount of money per month, for a set amount of time, for a qualifying goal. Applicants will deposit their savings in a participating bank and upon successful completion of the program will receive matching dollars from the fund, which will serve as an incentive to stick to the program. Participants are required to attend budget, financial, and homebuyers education classes as part of the program.

Asset building has been identified as a high priority need of the community in order to help low-income people improve their financial situations.

Subsidy Committee reviewed the request and recommends Council to reallocate the \$35,000 to Consumer Credit Counseling Services of the Black Hills for the IDA program, as it will meet the original goal of micro-enterprise development and homeownership.

Staff recommendation is for Council approval of the reallocation of \$35,000 originally designated for micro-enterprise loans or housing rehabilitation to Consumer Credit Counseling Services of the Black Hills for matching funds for Individual Saving Accounts for low income people with a goal of starting a micro-enterprise business, purchasing a home or obtaining higher education.



EQUAL OPPORTUNITY EMPLOYER