

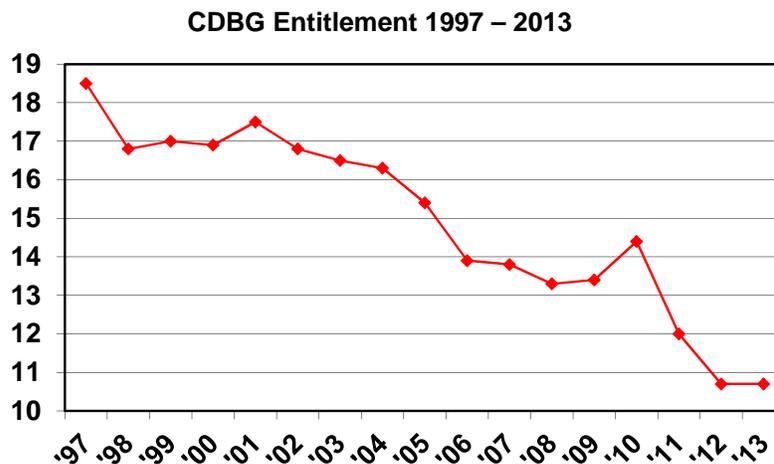
**City of Minneapolis
2013 Budget
Community Development Block Grant (CDBG)**

Background

This fund is used to account for the Federal grants received under the Community Development Block Grant (CDBG) provision authorized by Title I of the Housing and Community Development Act of 1974. Included in this entitlement are the CDBG, HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). Based on the City's Consolidated Plan submitted to the U.S. Department of Housing and Urban Development (HUD), annual direct grants can be used by the City of Minneapolis to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low-and moderate-income persons.

Historical Financial Performance

The Consolidated Plan funds are budgeted to coincide with the City's annual calendar year budgeting process, although the funds are not available until June 1 of each year. The programs are managed on a cost reimbursement basis and therefore the CDBG fund balance amount at any given time is the result of timing differences between entitlement grant revenue receipts and grant expenditure disbursements. The graph below reflects the trend in CDBG funding for the past 16 years. After several years of declining funding levels, 2009 and 2010 were the first years the actual funding had exceeded the anticipated funding by approximately 2%. Those two years were followed by more than a 16% reduction in 2011 with the actual HUD award of approximately \$12 million. In 2012, the City anticipated the funding to remain level with the 2011 actual funding of \$12 million however the actual 2012 allocation received was approximately \$10.7 million reflecting a 10% reduction. The City is anticipating the 2013 allocation to remain around \$10.7 million.



2013 Budget

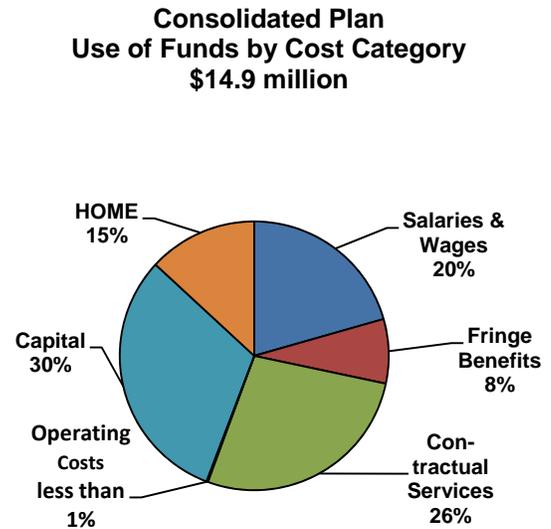
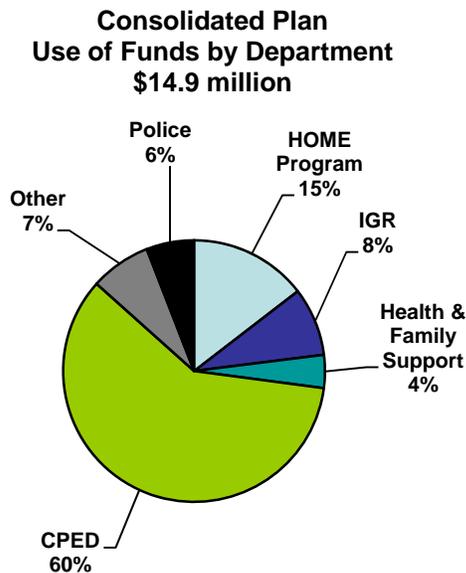
Revenues

The entitlement funds drawn from HUD are budgeted based on the past relationship between national appropriations and local entitlement amounts. Amounts are based on the most recent actions of Congress.

The HOME, ESGP, and HOPWA awards are anticipated to remain unchanged. Final award numbers from Congress should be available in early 2013. The HUD appropriation formula, which changed in 2002, includes variable factors based on 2010 American Community Survey (ACS) and the 2010 Census information. The Census information includes population changes among all the cities within the total HUD appropriation.

Expenditures

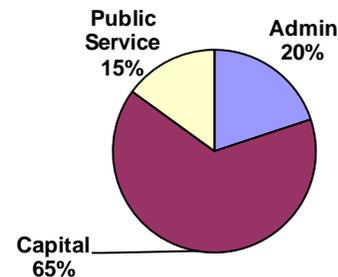
The City distributes its entitlement funds received through the HUD Consolidated Plan to various departments to carry out program activities, and awards funds to private and public not-for-profit organizations. The graphs below reflect the distribution of the budgeted Consolidated Plan by department and by cost category.



CDBG Allocations

The graph to the right shows the distribution of the CDBG allocation in 2013. The public service and administration categories have a 15% and a 20% cap, respectively. In 2013 the funds were allocated to the maximum for both of these categories. There is no funding available for the Public Health Advisory Committee.

**Use CDBG
of Funds
\$10.7 million**



Debt Service

The CDBG entitlement is obligated over and above the current grant budgets by \$4.4 million. This amount reflects what the City borrowed against its entitlement to fund the Block E economic development project. As program revenues exceed the budget expenditures, these funds will be incrementally applied to the over-obligation (which was originally \$7.4 million).

Mayor's Recommended Budget

The Mayor has recommended leaving the estimated funding level for 2013 at the same level as the 2012 HUD award amount. Departments were also asked to plan for twenty-five and fifty percent options in the event that the actual HUD award is substantially reduced.

SCHEDULE FOUR
Year 38 (2012) - Community Development Block Grant

Organization	Project	2011 Consolidated Plan	2012 Consolidated Plan	2013 Mayor Recommended
<u>Capital /Other---CDBG</u>				
Community Planning & Economic Development	Adult Training, Placement and Retention	1,113,430	1,467,600	1,467,600
	High Density Corridor Initiative	583,669	578,769	578,769
	Homeownership Program (GMMHC)	27,185	-	-
	Multi-Family/Affordable Housing	2,727,403	2,966,776	2,966,776
	NEDF/CEDF (Great Streets)	901,088	40,700	10,726
	Commercial Property Investment		137,800	-
	Non-Profit Development Assistance-Affordable Housing	132,725		
	Vacant and Boarded Building Program	1,424,791	1,585,656	1,753,430
Subtotal CPED capital		6,910,291	6,777,301	6,777,301
Fire Department	Fire Protection Equipment	584,000	-	-
Department of Health & Family Support	Lead Reduction	99,943	61,500	61,500
City Attorney's Office	New Problem Properties Strategy	30,383	-	-
Police Department	New Problem Properties Strategy	42,376	-	-
Regulatory Services	New Problem Properties Strategy	161,177	103,700	103,700
Total Capital/Other (65%)		7,828,170	6,942,501	6,942,501
<u>Public Service---CDBG</u>				
Community Planning & Economic Development	Youth Employment	253,000	250,900	250,900
City Attorney's Office	Restorative Justice Programs	20,000	-	-
Neighborhood & Community Relations	Access & Outreach (Multicultural Affairs)	121,000	120,000	120,000
Police Department	Community Crime Prevention Specialists	884,386	876,600	876,600
Department of Health & Family Support	Way to Grow	212,000	192,600	192,600
	Curfew and Truancy Services	100,000	100,000	100,000
	Domestic Abuse Project	75,000	59,500	59,500
	<i>Public Health Advisory Recommendations</i>			
	Living at Home/Block Nurse Programs	20,437		
	Minneapolis Public Schools TAPPP	70,000		
	Holy Rosary Church	50,000		
Total Public Service (15%)		1,805,823	1,599,600	1,599,600
Public Service - 15% Cap		1,806,374	1,600,118	1,600,118

SCHEDULE FOUR
Year 38 (2012) - Community Development Block Grant

Organization	Project	2011 Consolidated Plan	2012 Consolidated Plan	2013 Mayor Recommended
<u>Administration---CDBG</u>				
Civil Rights Department	Fair Housing Initiative/Davis Bacon Compliance/Monitoring	365,000	361,900	361,900
Community Planning & Economic Development	Program Administration	100,000	-	-
	Planning - Administration	991,498	984,060	984,060
	Legal Aid Society	34,000	29,060	29,060
Department of Health & Family Support	Grant Administration	68,000	67,400	67,400
	Neighborhood Services	72,000	71,400	71,400
	Way to Grow Administration	26,000	15,900	15,900
	Youth Violence Prevention	101,000	100,200	100,200
Finance Department	Program Administration	196,000	194,400	194,400
Intergovernmental Relations	Grants & Special Projects	190,000	188,400	188,400
	Legal Aid Society - Housing Discrimination Law Project	54,000	47,229	47,229
Youth Coordinating Board	Administration	66,000	65,400	65,400
Total Administration (20%)		2,263,498	2,125,349	2,125,349
Administration 20% cap		2,408,498	2,133,490	2,133,490
CDBG Total of Requests (100%)		11,897,491	10,667,450	10,667,450
Anticipated CDBG Revenue		12,042,491	10,667,450	10,667,450
<u>Other Consolidated Plan Entitlement Funds</u>				
HOME Investment Partnerships				
Community Planning & Economic Development	Affordable Housing Trust Fund (AHTF)	2,470,988	1,560,932	1,560,932
	Home Ownership Works (HOW)	537,702	390,233	390,233
	CPED Administration	319,298	201,796	201,796
Intergovernmental Relations	Grants & Special Projects Administration	15,000	15,000	15,000
Emergency Solutions Grant (ESG)				
Community Planning & Economic Development	Emergency Solutions Grant Programs	797,813	964,655	829,655
Neighborhood & Community Relations	Street Outreach			208,215
Intergovernmental Relations	Grants & Special Projects Administration	15,000	78,215	5,000
Housing Opportunities for Persons with AIDS (HOPWA)				
	Third Party Contractors/Subrecipients/Subgrantees	1,006,587	1,019,484	1,019,484
Grand Total Consolidated Plan		17,204,879	14,897,765	14,897,765