

**City of Minneapolis
2014 Budget
Community Development Block Grant (CDBG)**

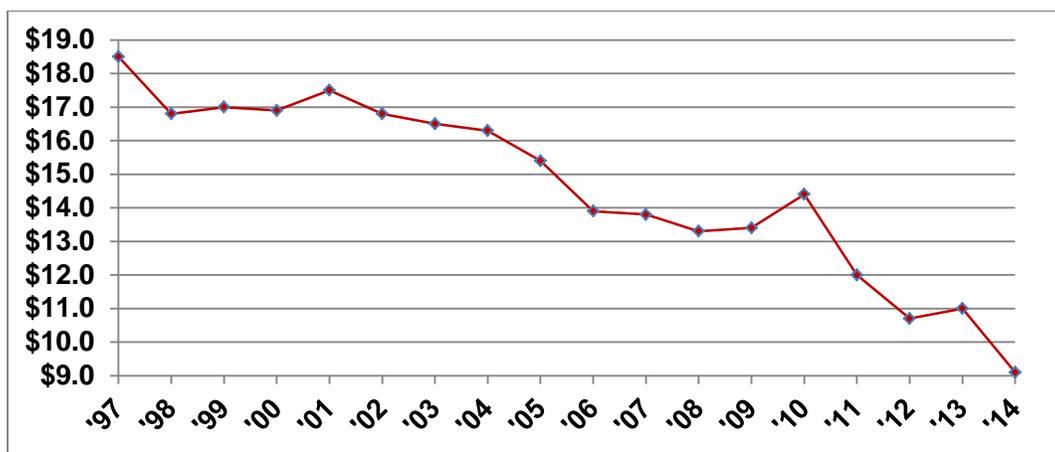
Background

The Community Development Block Grant (CDBG) fund is used to account for the Federal grants received under the 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 17 years. After several years of declining funding levels, 2009 and 2010 were the first years during which the actual funding 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 an additional 10% reduction. The City anticipated the 2013 allocation to remain around \$10.7 million, however the actual award amount was \$11 million. For 2014, the City is conservatively anticipating a 15% reduction from the original 2012 budgeted amount, reducing the projected CDBG revenue to \$9.1 million.

**CDBG Entitlement 1997 – 2014
(millions \$)**



2014 Budget

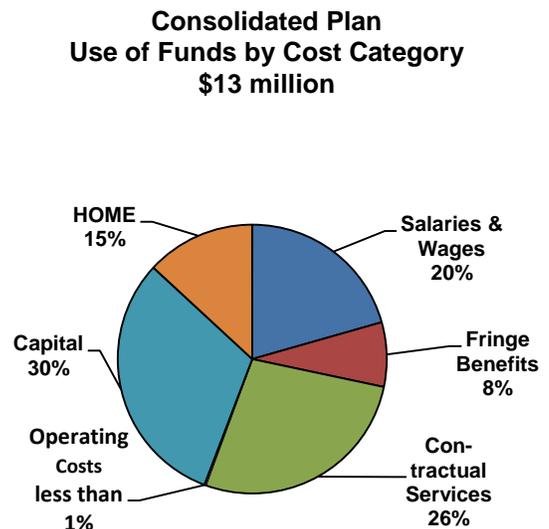
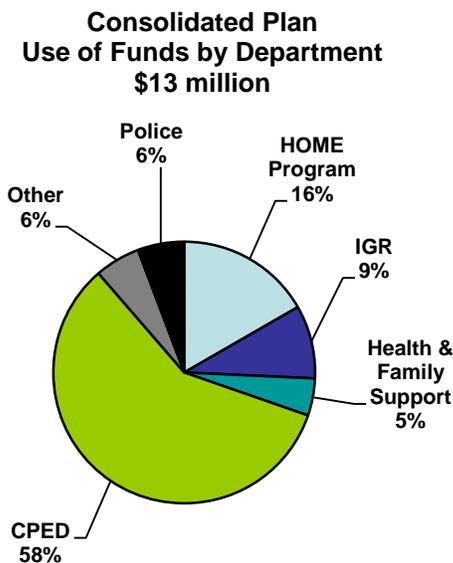
Revenues

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

The HOME program is expected to remain similar to the 2012 funding amount. The ESG and HOPWA awards are anticipated to remain unchanged from the 2013 levels. Final award amounts from Congress should be available in early 2014. The HUD appropriation formula, which was 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 and is a factor in how the funding is distributed.

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.



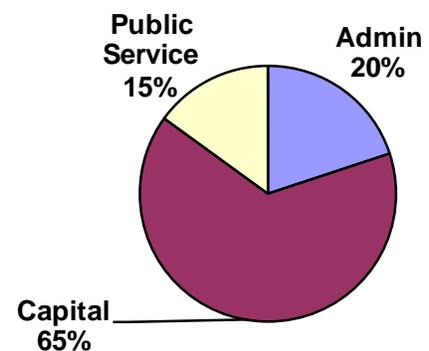
CDBG Allocations

The graph to the right shows the distribution of the CDBG allocation in 2014. The public service and administration categories have a 15% and a 20% cap, respectively. In 2014 the funds were nearly fully allocated for both of these categories.

Debt Service

The CDBG entitlement is obligated over and above the current grant budgets by \$4.2 million. This amount reflects future entitlement resources that the City "borrowed" against to fund the Block E economic development project. As program revenues exceed the budget expenditures, these funds will be incrementally

Use CDBG of Funds \$9.1 million



applied to the over-obligation (which was originally \$7.4 million).

Mayor's Recommended Budget

The Mayor has recommended the estimated funding level for 2014 be a 15% reduction from the 2013 Council Adopted CDBG Budget. Other entitlement funding for the HOPWA and ESG programs remain at the actual HUD Consolidated Plan amount for 2013. The HOME program was budgeted at the actual 2012 Consolidated Plan funding level. Departments were also asked to plan for twenty-five percent options in the event that the actual HUD award is substantially reduced.

Organization	Project	2012 Consolidated Plan	2013 Consolidated Plan	2014 Mayor Recommended
Capital /Other---CDBG				
Community Planning & Economic Development	Adult Training, Placement and Retention	1,467,600	1,705,498	1,247,460
	High Density Corridor Initiative	578,769	578,769	491,954
	Multi-Family/Affordable Housing	2,966,776	2,966,776	2,521,760
	NEDF/CEDF (Great Streets)	40,700	10,726	9,117
	Commercial Property Investment	137,800	-	-
	Vacant and Boarded Building Program	1,585,656	1,753,430	1,490,415
Subtotal CPED capital		6,777,301	7,015,199	5,760,706
Fire Department	Fire Protection Equipment	-	-	
Health Department	Lead Reduction	61,500	61,500	52,275
Regulatory Services	New Problem Properties Strategy	103,700	103,700	88,145
Total Capital/Other (65%)		6,942,501	7,180,399	5,901,126
Public Service---CDBG				
Community Planning & Economic Development	Youth Employment	250,900	253,000	209,000
Neighborhood & Community Relations	Access & Outreach (Multicultural Affairs)	120,000	120,000	102,000
Police Department	Community Crime Prevention Specialists	876,600	897,015	745,685
Health Department	Way to Grow	192,600	212,000	155,000
	Curfew and Truancy Services	100,000	100,000	100,000
	Domestic Abuse Project	59,500	75,000	50,000
Total Public Service (15%)		1,599,600	1,657,015	1,361,685
Public Service - 15% Cap		1,600,118	1,657,015	1,362,299

Organization	Project	2012 Consolidated Plan	2013 Consolidated Plan	2014 Mayor Recommended
<u>Administration--CDBG</u>				
Civil Rights Department	Fair Housing Initiative/Davis Bacon Compliance/Monitoring	361,900	365,000	307,615
	Planning - Administration	984,060	1,037,353	836,451
Health Department	Mid-Minnesota Legal Aid	29,060	34,000	24,701
	Grant Administration	67,400	67,400	57,000
	Neighborhood Services	71,400	71,400	-
	Way to Grow Administration	15,900	17,500	14,000
Finance Department	Youth Violence Prevention	100,200	110,700	145,000
Intergovernmental Relations	Program Administration	194,400	196,000	165,240
	Grants & Special Projects	188,400	190,000	160,140
	Mid-Minnesota Legal Aid - Housing Discrimination Law Project	47,229	54,000	40,145
Youth Coordinating Board	Administration	65,400	66,000	66,000
Total Administration (20%)		2,125,349	2,209,353	1,816,292
Administration 20% cap		2,133,490	2,209,353	1,816,399
CDBG Total of Requests (100%)		10,667,450	11,046,767	9,079,103
CDBG Revenue		10,667,450	11,046,767	9,081,994
<u>Other Consolidated Plan Entitlement Funds</u>				
HOME Investment Partnerships				
Community Planning & Economic Development	Affordable Housing Trust Fund (AHTF)	1,560,932	1,613,480	1,560,932
	Home Ownership Works (HOW)	390,233	403,370	390,233
	CPED Administration	201,796	208,590	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	964,655	623,222	623,222
Community Planning & Economic Development	Street Outreach		150,000	150,000
Intergovernmental Relations	Grants & Special Projects Administration	78,215	5,000	5,000
Housing Opportunities for Persons with AIDS (HOPWA)				
	Third Party Contractors/Subrecipients/Subgrantees	1,019,484	971,800	1,019,484
Grand Total Consolidated Plan		14,897,765	15,037,229	13,047,661