

**City of Minneapolis
FY 2010 Budget
Community Development Block Grant (CDBG)**

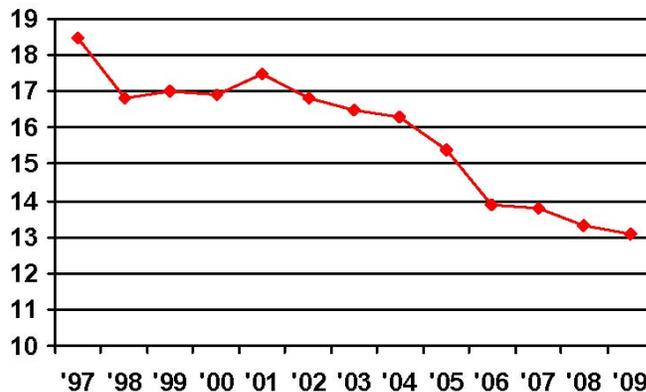
Background

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 Shelter Grants Program (ESGP), and Housing Opportunities for Persons with AIDS (HOPWA). Based on its U.S. Department of Housing and Urban Development (HUD)-submitted consolidated plan, 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

For finance and budgeting purposes, the City assumes a draw down of these funds in the year they are allocated. The programs are managed on a cost reimbursement basis and therefore the CDBG fund balance amount at any given time is due to the extent of timing differences between entitlement grant revenue receipts and grant expenditure disbursements. The graph below reflects the trend in CDBG funding for the past 12 years. After several years of declining funding levels, 2008 was the first year that had anticipated funding to remain relatively constant. The 2009 actual CDBG funds were approximately \$266,000 greater than originally budgeted. For 2010, the City is anticipating an approximate 5% increase from the 2009 actual funding level.

CDBG Entitlement 1997 -2009



2010 Budget

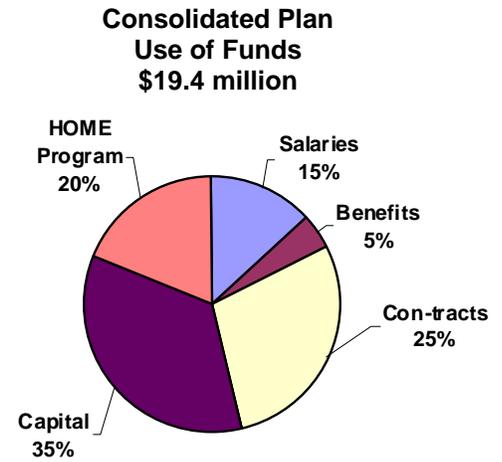
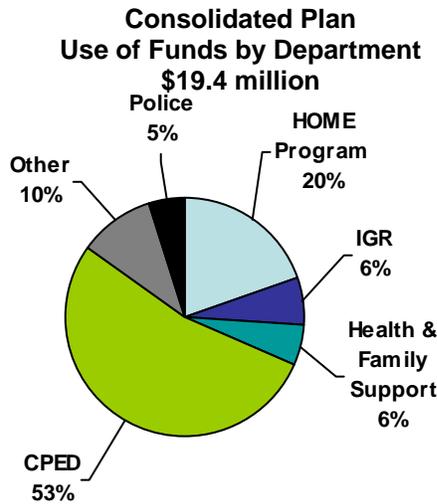
Revenues

The entitlement funds estimates are budgeted based on the past relationship between national HUD appropriations and local entitlement amounts. Amounts are based on the most recent actions of Congress. Currently, it is anticipated that the City's CDBG entitlement for 2010 will be approximately 5% higher than 2009.

The HOME, ESGP, and HOPWA awards are anticipated to remain unchanged. Final award numbers from Congress should be available in early 2010. The HUD appropriation formula, which changed in 2002, includes variable factors based on 2000 Census information. The Census information includes population changes among all the cities within the total HUD appropriation.

Expenditures

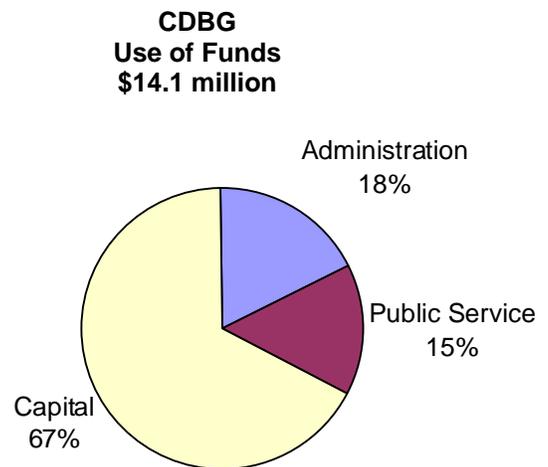
The City distributes its entitlement funds received through the HUD consolidated plan to various departments to carry out program activities, and awards funds to private and public not-for-profit organizations. The graphs below reflect the distribution by department and by cost category.



CDBG Allocations

The graph to the right shows the distribution of the estimated CDBG allocation in 2010.

The public service and administration categories have a 15% and a 20% cap, respectively. Within public service, the Mayor recommended \$563,000 of public service funds for public health in the 2010 program year. The allocation is distributed to non-profit organizations based on recommendations from the Public Health Advisory Committee (PHAC) and City priorities. The PHAC recommended distributions are effective for two years. The 2010 program year ends another two year cycle and the PHAC recommendations are pending.



Debt Service

The CDBG entitlement is obligated over and above the current grant budgets by \$5.22 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).

Council Adopted Budget

The Mayor previously recommended funding two new initiatives from the Public Service category. The Department of Public Works would receive \$50,000 for Community Micro Grants for Graffiti Removal and the Coordinator’s Office would receive \$50,000 for Homegrown Minneapolis Mini Grants. The Council eliminated the funding for these programs and reallocated these funds to further support the Mayor recommended Community Crime Prevention Specialists. In addition, funding for the existing Graffiti Removal, Mortgage

Foreclosure Prevention and Youth Are Here Buses Programs was eliminated and the Youth Employment Program was reduced to bring the total funding for the Community Crime Prevention Specialists to \$717,000 from the 2010 CDBG budget.

In further support of Public Safety initiatives, the Council reduced the Public Health Advisory Recommended programs by 29% providing \$163,000 for the Community Crime Prevention Specialists program. The existing Childcare Facility Loan and the Minneapolis Public Housing General Rehabilitation programs were eliminated and the Adult Training, Placement, and Retention program reduced to provide \$694,000 for Fire Personal Protective Equipment.

The Council also adopted reallocating \$20,000 from the remaining Youth Employment funds to the City Attorney's Restorative Justice Programs.

SCHEDULE FOUR
Year 36 (2010) - Community Development Block Grant

Organization	Project	2009 Consolidated Plan	2010 Council Adopted
Capital /Other--CDBG			
Community Planning & Economic Development	Adult Training, Placement and Retention	511,000	982,000
	High Density Corridor Housing	730,000	730,000
	Homeownership Program (GMMHC)	334,000	334,000
	Multi-Family/Affordable Housing	5,715,000	3,703,000
	NEDF/CEDF		1,500,000
	Non-Profit Multi-Family Affordable Housing Development	166,000	166,000
	Vacant & Boarded Housing	569,000	782,000
<i>Subtotal CPED capital</i>		<i>8,025,000</i>	<i>8,197,000</i>
Department of Health & Family Support	Childcare Facilities Loan/Grant	225,000	-
Minneapolis Public Housing Authority	General Rehabilitation	219,000	-
Fire Department	Personal Protective Equipment		694,000
Regulatory Services	Lead Reduction	125,000	125,000
City Attorney's Office	New Problem Properties Strategy	38,000	38,000
Police Department	New Problem Properties Strategy	53,000	53,000
Regulatory Services	New Problem Properties Strategy	348,000	348,000
Total Capital/Other (65%)		9,033,000	9,455,000
Public Service--CDBG			
Community Planning & Economic Development	Youth Employment	458,000	328,000
	Mortgage Foreclosure Prevention Program	140,000	-
	Advocacy (Housing)	82,000	-
City Attorney's Office	Restorative Justice Programs		20,000
Neighborhood & Community Relations	Multicultural Affairs	121,000	121,000
City Coordinator-Sustainability	Homegrown Minneapolis Mini Grants		-
Public Works	Graffiti Removal on Public Property	86,000	-
	Community Micro Grants for Graffiti Removal		-
Police Department	Community Crime Prevention Specialists		717,000
	CCP-SAFE		163,000
Department of Health & Family Support	Way to Grow	262,000	262,000
	Curfew and Truancy Services	100,000	100,000
	You ⁿ th are Here buses	51,000	-
	<i>Public Health Advisory Recommendations</i>		-
	Catholic Charities	69,000	49,000
	Minnesota International Health Volunteers	69,000	49,000
	Living at Home/Block Nurse Programs	69,000	49,000
	Southside Community Health Services	66,000	47,000
	Greater Mpls Council of Churches/Division of Indian Work	36,000	26,000
	Minneapolis Public Schools TAPPP	69,000	49,000
	Centro Cultural Chicano, Inc.	47,000	33,000
	Minneapolis Urban League	69,000	49,000
	Lao Family Community of MN	69,000	49,000
Total Public Service (15%)		1,863,000	2,111,000
Public Service - 15% Cap		2,011,007	2,111,550
Administration--CDBG			
Civil Rights Department	Fair Housing Initiative/Davis Bacon Compliance/Monitoring	365,000	365,000
Community Planning & Economic Development	Program Administration	62,000	-
	Citizen Participation	233,000	233,000
	Planning - Administration	879,000	941,000
	Legal Aid Society	34,000	34,000
Department of Health & Family Support	Grant Administration	68,000	68,000
	Neighborhood Services	72,000	72,000
	Way to Grow Administration	26,000	26,000
	Youth Violence Prevention	121,000	121,000
Finance Department	Program Administration	196,000	196,000
Intergovernmental Relations	Grants & Special Projects	189,710	190,000
	Legal Aid Society - Housing Discrimination Law Project	54,000	54,000
Neighborhood & Community Relations	Homelessness initiative	77,000	77,000
Minneapolis Public Housing	Citizen Participation	68,000	68,000
Youth Coordinating Board	Administration	66,000	66,000
Total Administration (20%)		2,510,710	2,511,000
Administration 20% cap		2,681,342	2,815,400
CDBG Total of Requests (100%)		13,406,710	14,077,000
Anticipated CDBG Revenue		13,406,710	14,077,000

SCHEDULE FOUR
Year 36 (2010) - Community Development Block Grant

Organization	Project	2009 Consolidated Plan	2010 Council Adopted
<u>Other Consolidated Plan Entitlement Funds</u>			
HOME Investment Partnerships			
Community Planning & Economic Development	Housing Programs	3,787,361	3,787,000
Intergovernmental Relations	Grants & Special Projects Administration	15,000	15,000
Emergency Shelter Grants (ESG)			
Community Planning & Economic Development	Emergency Shelter Grant Programs	576,861	577,000
Intergovernmental Relations	Grants & Special Projects Administration	15,000	15,000
Housing Opportunities for Persons with AIDS (HOPWA)			
	Third Party Contractors/Subrecipients/Subgrantees	903,558	904,000
American Dream Down Payment Initiative (ADDI) Community Planning & Economic Development			
		-	-
Grand Total Consolidated Plan		18,674,490	19,375,000