

For the record.



**Testimony  
of  
Bart Russell  
Executive Director  
Connecticut Council of Small Towns (COST)  
RE: Small Cities Community Development Block Grant Allocation Plan  
Before the Appropriations, Commerce and Planning & Development Committees  
June 30, 2010  
Legislative Office Building**

The Connecticut Council of Small Towns (COST) respectfully submits the following comments regarding concerns that COST and its members have raised as a result of the significant changes proposed in the 2010-2011 Annual Action Plan for the State's Small Cities Program:

**In-Kind Contributions**

COST believes some of the confusion concerning the status of in-kind contributions comes from the fact the DECD has never clearly articulated any changes with in-kind contribution prior to this year. The 2010 Application Handbook, in fact, only refers to "non-CDBG" funds, and does not clarify cash or in-kind, etc. DECD's provision of its point scoring system to applicants is very general at best and we believe does not adequately reflect HUD's intentions, as stated in CPD Notice 06-11:

"the criteria should not simply say that leveraging is a factor, as UGLG's would have no way of knowing what the requirements are to receive leveraging points when they submit their funding application. For projects that meet the leveraging definition, the MOD might state that leveraging is worth up to 20 points of the total of 100, and that applicants with leveraging of 100% or higher will receive 20 points, applicants with 75-99% leveraging will receive 15 points, applicants with 50-74% leveraging will receive 10 points and applicants with below 50% leveraging will receive 0 points. HUD is not judging the merits or rationale behind the factors that states use to rate and rank applications, just the fact that the factors are clear to potential applicants."

The Notice further states:

"Some states' MODs indicate that higher level officials may review the rating and ranking process before contracts are offered to UGLG's. If the officials are just reviewing the process to

ensure that the reviewing team scored projects in accordance with the rating and ranking criteria, there is no requirement to add anything to the MOD. If the officials have the ability to change the rating based on other criteria, (e.g. ensuring that funded project promote economic development to the greatest extent possible) these criteria, and the weight they will be given, must be shared with the grantees in the MOD and/or the application guide. Language in the MOD stating that “factors to be considered in rating the application include but are not limited to” is unacceptable as UGLG’s have no way of knowing what the unstated factors are when the UGLG’s are preparing their funding application.”

Participation and transparency of the selection process developed in a dialogue with communities will not only gain a better understanding for all parties, but will also result in greater support for the modifications proposed.

### **Senior Center Policy**

The new 50% match requirement will have a drastic, negative impact on small communities and the seniors, frail elderly and disabled these facilities serve. The proposed new criteria was not even mentioned at the Application Workshop at which each potential applicant community was required to attend. In our view, establishing this new and much higher match merely because other states do so does not justify establishing what COST thinks is bad public policy. We would kindly ask you to reverse this decision and return to the previous match requirement.

### **Removal of Homeownership and Interim Assistance as Eligible Activities**

While other programs may be available we suggest the Department provide a listing of these resources so smaller communities can utilize them to meet their housing needs. The CDBG Program is one of the most flexible and available to small communities who often wish to use any resource available to them and the State’s decision not to include these activities further limits a community’s flexibility in addressing its housing needs.

### **Limitations on How a Community Uses CDBG Funds to Benefit Low and Moderate Income (LMI) Persons**

We would suggest you provide any proposed new language for public comment prior to your adoption of it to get the greatest public participation and input.

### **Section 108 Community Development Loan Guarantee Program**

We do understand the potential benefits of this Program but also recognize the risks associated with it. We suggest you involve communities in the establishment of policies standards and safeguards for these funds since benefits for a few could result in limitations of future funding for many.

## **Responsible Growth**

COST has been in the forefront of Responsible Growth efforts and recognizes the need to meet the needs of a variety of communities within our State. While you state that point are not deducted they are added to communities meeting these standards over which some communities have no control. Has the impact of those criteria been analyzed as to their impact on the range of small cities eligible for funding?

## **Additional Concerns**

Additionally, some COST members are also concerned specifically about the implications of the first paragraph and accompanying bullet points in the plan. For example, is impossible to have 50% funding and plans in place before you apply for the grant. Why should towns which have not yet applied for a senior center grant now be penalized with having to pay for half?

Other concerns surround the 108 loan program; specifically that it will spend all the money so limited future funds will be available to small towns, as a result of giving loans to large projects which can then be transferred to "private business or developers". If I understand this right the loans are paid back out of future grant proceeds. So the state loans \$3,000,000 to a small Town who transfers it to a private (of course it wouldn't be a politically connected developer) and the loan is paid back out of future CDBG allocations. So \$3,000,000 of the 14 million is targeted in year one to several projects (meaning less money to spread around to Towns that have to compete for funds already) and the next year the loan repayment funds are also out of the competition meaning even less money to go around. COST members are also concerned that it appears that non small cities can also tap into these funds (i.e. "Multi-jurisdictional consortia may also apply for regional projects").

## **Conclusion**

We offer these comments to strengthen the Program and increase its benefits and impact for our members and their residents. We believe a better explanation of the decision of the Program and transparency of the decision making process will benefit all. COST has encouraged the Department of Economic and Community Development to initiate an ongoing dialogue with municipal leaders from smaller communities and establish a mechanism for effectively obtaining public comments and input for the benefit of the State's smaller towns and their citizens.

COST remains committed to working with lawmakers to develop effective public policies to address the needs and concerns of Connecticut's small towns. We appreciate the Committees' consideration of our comments. Thank you.