



Joan McDonald
Commissioner



State of Connecticut
Department of Economic and
Community Development

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**TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS, COMMERCE AND
PLANNING AND DEVELOPMENT COMMITTEES
June 30, 2010**

Joan McDonald, Commissioner
Department of Economic and Community Development

**SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
ALLOCATION PLAN FOR FEDERAL FISCAL YEAR 2010**

Good morning Senator Harp, Representative Geragosian, Senator LeBeau, Representative Berger, Senator Coleman, Representative Sharkey and distinguished committee members. My name is Joan McDonald and I am the commissioner of the Department of Economic and Community Development (DECD).

In accordance with Section 4-28b of the Connecticut General Statutes, we are pleased to submit for your review the state's Small Cities CDBG Allocation Plan. This Allocation Plan outlines the strategies, goals, and objectives the state will utilize to meet the goals of the federal program under which these block grant funds are issued and the methodology and criteria by which these funds will be awarded and administered. The Allocation Plan was developed in accordance with federal regulations and Connecticut's 2010-15 Consolidated Plan for Housing and Community Development.

DECD's 2010 Small Cities CDBG allocation amount will be \$14,692,943. This is approximately an 8.6% increase from 2009's allocation amount of \$13,532,318.

The following is a summary of our prior 3 years (2007-2009) of activity under the CDBG program:

ADA projects	\$3,850,000
Infrastructure	\$8,200,000
Senior Centers	\$4,500,000
Housing	\$22,650,000
Total (07-09):	\$39,200,00*

*does not include admin/misc

Now what I would like to focus on today is an update on what is new with the program.

Senior Centers

Applicants for Senior Center projects must now meet the following threshold requirements to have their applications reviewed and scored:

- o Provide evidence of site control by the municipality, as attested to by the Mayor or Board of Selectmen,

- Provide documentation of 50% cash leverage from the municipality and the availability and commitment of any other funds necessary to complete the project, and;
- Provide one copy of the bid-ready plans prepared by a licensed architect or engineer, a table of contents for the bid specifications and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready.

CDBG-assisted senior center projects funded in FY 2005 or later would not be eligible to receive subsequent CDBG assistance for additional construction or reconstruction until five (5) years have passed since the grant closeout date with DECD. Communities seeking CDBG funds for senior center projects must also pass a resolution ensuring that the facility include a 15 year use restriction policy and that the facility will be used for seniors age 60 and above.

With increasingly limited resources we believe that priority needs to be given to projects that will have the broadest impacts on communities and regions. This does not mean that the DECD won't fund senior centers. DECD has funded and will continue to fund senior center projects, elderly housing rehabilitation and program services directed to the elderly. The new senior center requirements serve to provide priority ranking to housing, economic development structure projects and are consistent with the requirements other states have in place.

Section 108

There appears to be concern that DECD's proposed use of the Section 108 Community Development Loan Guarantee program will negatively impact the overall Small Cities program by potentially reducing funds available under the program. DECD understands and is sympathetic to these concerns. Under the Section 108 program the state pledges future small cities allocations, in part or in whole, as collateral to borrow funds to undertake projects. In the draft 2010-11 Action Plan DECD is proposing to utilize the Section 108 program to undertake large-scale projects with regional impact benefiting multiple communities.

The availability of funding for all programs continues to be an issue for all states and municipalities. As such the state must have the ability to utilize all of the financial tools at its disposal. DECD will undertake strict due diligence for any projects funded under the Section 108 program and is confident that there are and will be sufficient safeguards in place to ensure that sufficient underwriting guidelines are met.

In closing, the CDBG Program continues to be an extremely effective community development tool in Connecticut's small communities. Projects funded throughout the state are improving infrastructure, rehabilitating homes, creating jobs, building community facilities, and addressing health and welfare issues. DECD continues to commit its entire allocation each year. Our goal is to assist as many communities with their critical community development needs as the federal funding allows. DECD looks forward to continuing to successfully administer this program in the years to come.

Thank you for your time and consideration of my comments, if you have any questions on either my testimony or the allocation plan, I would be more than happy to answer them.