

***TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS,
COMMERCE AND PLANNING AND DEVELOPMENT COMMITTEES
July 19, 2012***

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***SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
ALLOCATION PLAN FOR FEDERAL FISCAL YEAR 2012***

Good afternoon Senator Harp, Representative Walker, Senator LeBeau, Representative Berger, Senator Cassano, Representative Gentile and distinguished committee members. My name is Nick Lundgren and I am the Director of the Office of Housing and Community Development at the Department of Economic and Community Development (DECD). With me is Veronica Hunter, the program manager for the Small Cities Community Development Block Grant (CDBG) Program. I am here to discuss the Allocation Plan with you today.

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 Small Cities CDBG Program funding allocation for the period beginning 7/1/2012 running thru 6/30/2013 is expected to be \$11,141,302. This is \$1,177,716 less than last year's allocation of \$12,319,018. HUD's CDBG budget has continued to be reduced over the past several years. This year, the CDBG Program was reduced nationally by 10.8%.

Because most of you are very familiar with this program and its capabilities, and no substantial changes with regard to DECD's administration of the program are proposed for this funding period, what I would like to focus on today is an update of the program's activity.

DECD continues to administer the Small Cities CDBG program under a competitive application process with positive results, including an increase in project timeliness and expenditure rate. These improvements to our program directly address the Small Cities CDBG program requirement for complete expenditure of each annual allocation within a two-year timeframe.

Last year, our 2011 funding allocation request for proposals (RFP) resulted in the receipt of 44 applications totaling \$19,403,604 in funding requests. All applications were reviewed for overall quality, compliance with threshold requirements, and rated and ranked based on established evaluation criteria. Funding awards are made based on these rating and ranking scores. Ultimately, 28 applications totaling \$12,272,000 were funded from the 2011 funding allocation.

In part because we consider readiness to proceed a critical factor in the evaluation of an application, all Small Cities CDBG program applications that received 2011 grant awards are currently under contract and are in the process of implementation.

DECD conducted its annual 2012 funding allocation application workshop on February 23, 2012. 53 municipalities or their representatives attended the workshop. The application deadline for the 2012 funding allocation was June 8, 2012. For this round DECD has received 47 applications totaling \$16,788,591 in funding requests.

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.

If you have any questions on either my testimony or the allocation plan, I would be more than happy to answer them now. Thank you.