

**TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS,
COMMERCE AND PLANNING AND DEVELOPMENT COMMITTEES
April 9, 2013**

Evonne M. Klein, Commissioner
Department of Housing

***SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
ALLOCATION PLAN FOR FEDERAL FISCAL YEAR 2013***

Good morning Senator Harp, Representative Walker, Senator LeBeau, Representative Perone, Senator Bartolomeo, Representative Butler and distinguished committee members. My name is Evonne Klein and I am the Commissioner of the Department of Housing. I have served in this capacity since March 11th. With me is Nick Lundgren, presently the Director of the Office of Housing and Community Development at the Department of Economic and Community Development (“DECD”).

As you know, the Department of Housing was created pursuant to Public Act 12-1, which was passed during the June Special Session last year. Public Act 12-1 also created the Interagency Council on Affordable Housing, which, in accordance with that public act, submitted its recommendations with respect to the programs, policies and priorities of the Department of Housing to the Governor and the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies, housing, and human services. The Interagency Council, among its other recommendations, recommended the transfer of the administration of the Small Cities Community Development Block Grant program (the “Small Cities CDBG Program”) from DECD to the Department of Housing. House Bill 6366, which is currently pending, reflects the Interagency Council’s recommendations and provides for the transfer of specific housing and related programs to the Department of Housing from the agencies that currently administer them.

In anticipation of the transfer of the administration of the Small Cities CDBG Program from DECD to the Department of Housing, and in accordance with Section 4-28b of the Connecticut General Statutes, we are pleased to submit the state’s Allocation Plan for this program for federal fiscal year 2013 for your review and approval.

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 2010-2015 Consolidated Plan for Housing and Community Development.

DECD’s Small Cities CDBG Program funding allocation for the period beginning July 1, 2013 through June 30, 2014 is currently estimated to be approximately \$11,141,302. As you are aware, since final federal program budgets are not yet available, this is an estimated allocation amount based on what was received last year. While HUD’s CDBG Program budget has been

reduced over the past several years, including a reduction of 10.8% last year, there are some indications that HUD will modestly increase the Small Cities CDBG Program funding allocation for federal fiscal year 2013. The magnitude of any such reduction or increase is not known but is not expected to be substantial.

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

During the past year, DECD continued to administer the Small Cities CDBG Program through a competitive application process. Our 2012 funding allocation request for proposals (RFP) resulted in the receipt of 47 applications requesting a total of \$16,788,591. 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, 32 applications requesting a total of \$11,052,263 were funded from the 2012 federal allocation.

Among other criteria, we consider readiness to proceed a critical factor in the evaluation of an application. As a result, all Small Cities CDBG Program applications that received 2012 grant awards are currently under contract and are in the process of implementation.

In advance of the application process for the projects to be awarded funding from the 2013 funding allocation, DECD attempted to simplify the rating and ranking criteria to be used to evaluate applications and requested public comment regarding this revised rating and ranking criteria. In response to the comments that were submitted, minor changes were made to the point weighting system. These changes did not entail any modification to the broad categories of evaluation criteria, which include: (1) Affordability, Marketability, and Fair Housing and Equal Opportunity; (2) Project Feasibility and Readiness to Proceed; (3) Applicant/Sponsor Capacity; and (4) Responsible Growth, Liveability Initiatives, and Community Impact.

In the interest of further improving the application process for the Small Cities CDBG Program, the Department of Housing will request additional public comment on the rating and ranking criteria after the current application round is complete and, in response to such comments, will make further adjustments to this rating and ranking criteria if appropriate.

In response to the comments made at last year's legislative hearing regarding the Allocation Plan for federal fiscal year 2012, DECD also accelerated its application process. The concerns raised by this joint committee were two-fold: (1) the Allocation Plan should be submitted to this joint committee earlier in the session to provide a meaningful opportunity for review and (2) funding awards should be announced as soon as possible after the start of the state's Small Cities CDBG program year, which is also the state's fiscal year, so that these federal funds can be put into use by municipalities at the earliest opportunity.

In order to achieve these objectives, DECD accelerated its preparation of the state's Annual Action Plan, which covers the Small Cities CDBG Program as well as other federally funded programs administered by the state, and incorporates the substance of the Small Cities CDBG

Program Allocation Plan. This Action Plan will be submitted to HUD promptly following the approval of the Allocation Plan.

DECD also adopted an accelerated schedule for the Small Cities CDBG Program application process. In accordance with this new schedule, the annual 2013 application workshop was held on January 30, 2013, approximately a month earlier than it had been held previously. Approximately sixty municipalities or their representatives attended this workshop. In addition, the application deadline for the 2013 funding allocation was changed to April 5, 2013.

Allowing for an initial review for application deficiencies, an opportunity for applicants to remedy these deficiencies, and then completion of the full application review, we expect to announce awards by the end of June, which will enable municipalities awarded funding to execute contracts for these funds during the summer and access funds immediately thereafter.

In closing, the Small Cities 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. For federal fiscal year 2012, DECD, as in prior years, committed its entire federal allocation. The Department of Housing expects to do the same in federal fiscal year 2013. Our goal is to assist as many communities with their critical community development needs as our federal funding allows.

DECD's administration of the Small Cities CDBG Program has been exceptional. The Department of Housing looks forward both to continuing this legacy and continually seeking to improve upon success.

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.