

# Community Development Block Grant (CDBG) Fund

## 2019 Fund Balance Summary

The Community Development Block Grant (CDBG) has been awarded to the City of Columbus through the U.S. Department of Housing and Urban Development (HUD) on an annual formula allocation basis since 1975. The City of Columbus uses the grant to address community development needs around: affordable housing; housing for special needs populations; community and economic development; and health, recreational, and social services. At least 70 percent of the CDBG resources will be used for activities that benefit low- to moderate-income persons.

The CDBG fund typically realizes carryforward balances resulting from reprogramming of previous years' unspent funds and unappropriated award resources held in reserve to offset revenue fluctuations. The 2019 beginning unencumbered cash balance is projected to be \$7,103,626.

The following table reflects the fund balance assumptions:

<b>2019 CDBG Fund Balance Summary</b>	
Unencumbered Cash Balance (January 1, 2019)	\$ 7,103,626
Plus Estimated 2019 Receipts	7,116,000
Plus Estimated Encumbrance Cancellations	-
Plus Funds Transferred In	4,815,187
Total Estimated Available Resources	<u>\$ 19,034,812</u>
Less 2019 Recommended Operating Budget	(19,005,987)
Projected Available Balance (December 31, 2019)	<u><b>\$ 28,825</b></u>

## 2019 Revenues

The 2019 entitlement award from the U.S. Department of Housing & Urban Development (HUD) is expected to comprise 34 percent of all city CDBG resources. In 2019, the city projects an entitlement allocation of \$6,500,000, which reflects an eight percent reduction from the 2018 actual award; entitlement allocations vary according to congressional legislative action.

In addition to the entitlement award, the city expects to receive revenue from various program categories. The following projections are based on historical trend analysis.

## CDBG Fund

---

Economic development receipts account for two percent of CDBG resources, including interest earnings on revolving loan funds (which must be remitted to HUD). Separately, the city contracts with two agencies to service economic development revolving loan programs; these loan repayments are submitted to the city for future CDBG eligible projects.

Housing loan receipts are expected to be one percent of CDBG resources as a result of the use of grants, rather than amortized loans, in recent years.

Miscellaneous receipts are generated from activities such as the Columbus Recreation and Parks Department (CRPD) Fitness Camp and Capital Kids programs. These revenues are expected to account for less than one percent of CDBG resources.

The unencumbered cash balance, representing carryforward and reprogrammed funds, will provide 37 percent of the available funding in 2019.

The funds transferred in resources include economic development revolving loan fund balances that will be reprogrammed for 2019 projects and will provide 25 percent of the available funding.

The following table summarizes CDBG revenues by type and year:

<b>2019 CDBG Fund</b>				
<b>Revenue by Source and Year</b>				
<b>Historical and Projected</b>				
<b>Revenue Summary</b>	<b>2016 Actual</b>	<b>2017 Actual</b>	<b>2018 Projected</b>	<b>2019 Proposed</b>
Entitlement Award	\$ 6,501,384	\$ 6,471,005	\$ 7,036,294	\$ 6,500,000
Economic Development Receipts	265,862	255,705	90,000	375,000
Housing Loan Receipts	204,765	283,474	177,860	135,000
Miscellaneous Receipts	88,753	135,174	240,000	106,000
Encumbrance Cancellations	724,338	973,704	1,050,000	-
Unencumbered Cash Balance	1,936,049	5,037,635	3,145,878	7,103,626
Funds Transferred In	-	-	2,435,995	4,815,187
<b>Total Resources</b>	<b>\$ 9,721,151</b>	<b>\$ 13,156,697</b>	<b>\$ 14,176,027</b>	<b>\$ 19,034,812</b>
Percent Change		35.34%	7.75%	34.27%

## 2019 Proposed Operating Budget

The CDBG budget is part of the larger annual Action Plan submitted to HUD. The Action Plan is the final step in the HUD-mandated Consolidated Planning process and uses priorities and goals established during the process to help determine program funding for the coming year. This planning process solicits significant citizen participation and consultation in the development of priority needs and goals. The CDBG program works to build neighborhoods of choice. All planned activities satisfy one of two basic federal mandates: elimination of slum and blight or benefit to low- and moderate-income families and individuals.

The topics of focus and activities are further defined below:

### Affordable Housing

Activities focused on meeting the goals within affordable housing serve to conserve and improve existing affordable owner housing in targeted areas, increase opportunities for low- and moderate-income households to become and remain homeowners, and ensure equal access to housing.

---

The Affordable Housing Opportunity Fund includes programs that directly support the goal of affordable housing. These programs are used to fund contracts for fair housing services and homebuyer counseling services. The affordable housing component includes various activities totaling three percent of the CDBG budget; however some of these funds will also benefit homeless and special needs populations.

### **Community and Economic Development**

Activities funded under the community and economic development topic support ongoing efforts to revitalize neighborhoods through community-based and economic development activities. Specific programs seek to create and maintain a favorable business environment in low- and moderate-income areas and ensure a high quality of life for residents. Additionally, activities provide funding for neighborhood and target area revitalization programs, technical and financial assistance to community-based organizations, and improvement of the physical environment and infrastructure in Columbus' central city neighborhoods.

Notable activities include low- and moderate-income job creation opportunities, providing funds to neighborhood-based organizations and maintaining safe and sanitary housing and vacant properties. These activities are funded with moneys from Neighborhood Commercial Development, Code Enforcement, and Neighborhood Crisis Response programs. These programs total 63 percent of the CDBG budget.

### **Recreational and Social Services**

Activities conducted under recreational and social services offer safe, affordable programming that keeps residents active and healthy throughout the year. Activities support and provide a coordinated system of childcare, education, and recreational services for children, teens, and families.

Activities funded are Capital Kids, CRPD Fitness Camp (formerly School's Out), and City Recreation Facilities. CDBG will also fund Phase 1 of the Hilltop Early Learning Education Center project managed by the Department of Education. This public facility will target a low- and moderate-income pre-kindergarten cohort in a historically underserved neighborhood. Phase 1 of this project includes site acquisition and design work.

All activities funded under this theme require benefit to low- and moderate-income citizens; funding for these services totals 31 percent of the CDBG budget.

### **Program Management**

The CDBG budget provides funding for program management. This includes staff to support all housing, homeless, and economic development activities, as well as fiscal, legislative, and administrative responsibilities. Funding for program management represents three percent of the CDBG budget.

---

**Non-Program Expenditures**

CDBG regulations require any interest earned on revolving loan funds be remitted to the U.S. Treasury. The estimate for interest earnings is \$56,000 and represents 0.3 percent of the total budget.

The following table summarizes the Community Development Block Grant (CDBG) fund recommended appropriation levels:

<b>2019 CDBG Fund</b>					
<b>Proposed Operating Budget</b>					
<b>Division</b>	<b>Personnel</b>	<b>Supplies</b>	<b>Services</b>	<b>Other</b>	<b>Total</b>
Economic Development	-	-	5,291,736	-	5,291,736
Code Enforcement	841,059	-	-	-	841,059
Housing	63,017	-	448,501	-	511,518
Finance & Management	344,686	2,500	5,331,436	56,000	5,734,622
Neighborhoods	297,343	-	5,469,000	-	5,766,343
Recreation and Parks	797,735	14,424	47,550	1,000	860,709
<b>Total</b>	<b>\$ 2,343,840</b>	<b>\$ 16,924</b>	<b>\$ 16,588,223</b>	<b>\$ 57,000</b>	<b>\$ 19,005,987</b>

**Budget Distribution by Project Type**

