

**PROGRAM DESCRIPTION**

**Department: Economic Development**

**HB Sections: 7.030**

**Program Name: Community Development Block Grant Program**

**Program is found in the following core budget(s): CDBG Program**

**1a. What strategic priority does this program address?**

Laser Focused, Customer Centric, Regionally Targeted

**1b. What does this program do?**

- The Community Development Block Grant (CDBG) program provides funding and expertise to develop viable communities and build economic development capacity by leveraging resources and connecting stakeholders toward a common goal while meeting one or more of the following criteria: (1) benefit at least 51% low and moderate income (LMI) persons; (2) eliminate slum and blight; or (3) meet urgent threats to health and safety. CDBG is a federally-funded program that provides grants to "non-entitlement" communities, or municipalities with populations under 50,000 and counties with populations under 200,000 for addressing long term development needs.
  
- The State administers multiple CDBG grants, many of which are reserved for specific purposes identified by federal register. These grants include:
  - (1) Regular Annual CDBG Allocation - ~\$23,000,000 each year - project categories include (A) Infrastructure (e.g. Community Facilities, Water/wastewater projects, demolition, and downtown revitalization); (B) Economic Development (e.g. industrial infrastructure for job-creating projects); (C) Workforce Training; and (4) Emergency projects (e.g. generators needed after a severe ice storm);
  - (2) 2017 CDBG-Disaster Recovery (CDBG-DR) - \$58,535,000 - primarily to address unmet housing needs resulting from 2017 flooding events in five zip codes identified by the U.S. Department of Housing and Urban Development (HUD);
  - (3) 2017 CDBG-Mitigation - \$41,592,000 - funding to mitigate disaster risks and reduce future losses, with primary focus on five zip codes identified by HUD;
  - (4) 2017 CDBG-DR Infrastructure - \$9,847,018 - additional funding allocated in December 2019 to further address seriously damaged infrastructure from the 2017 flooding events;
  - (5) 2019 CDBG-DR - \$30,776,000 - primarily to address unmet housing needs resulting from 2019 disaster events in three counties identified by HUD; and
  - (6) 2020 CDBG-COVID (CDBG-CV) - \$43,033,423 - to help communities prevent, prepare for, and respond to COVID-19 in a variety of ways.

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**2a. Provide an activity measure(s) for the program.**

	FY2018		FY2019		FY2020		FY2021	FY2022	FY2023
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
<b>CDBG Funds Expended</b>	N/A	\$40.8M	N/A	\$24M	\$31.6M	\$14.6M	\$32.1M	\$35.7M	\$29.4M
<b>Total CDBG Projects</b>	70	81	70	55	68	53	68	68	70
Infrastructure	N/A	66	N/A	48	43	30	46	52	45
Economic Development	N/A	8	N/A	2	4	8	6	10	5
Workforce Training	N/A	N/A	N/A	N/A	7	0	4	4	5
Public Services	N/A	N/A	N/A	N/A	N/A	N/A	10	6	0
Emergency and Other	N/A	7	N/A	5	14	15	16	6	15
<b>CDBG-CV Funds Expended</b>	N/A	N/A	N/A	N/A	N/A	N/A	\$23M	\$20M	0
<b>CDBG-DR Funds Expended</b>	N/A	N/A	N/A	N/A	\$11.7M	\$1.6M	\$20M	\$20M	\$10M
Housing Units (DR)	N/A	N/A	N/A	N/A	106	0	125	214	50

Note 1: Numbers are based on funds drawn on projects per Fiscal Year. Average period of performance for a CDBG project is 3 years; therefore, the annual expenditure and actual amount take into account each project spending a percentage of total allocation.

Note 2: Housing Units under (DR) represents a projected number of households being served within multiple project categories that include: Single-Family (buyout and demolition, relocation assistance, and down payment assistance ) and/or Affordable Multi-Family Rental Recovery.

Note 3: In FY2020, CDBG Projects were \$17M lower than expected due to a combination of communities' focus on COVID-19 response, increased construction costs that required rebidding work, delayed starts to construction, and other factors.

Note 4: CARES Act CDBG-CV Funds are projected to expend from FY2021 to FY2023.

Note 5: As of September 2020, approximately \$43M of the \$58.5M 2017 CDBG-DR grant has been awarded. Due to the impacts of COVID-19, local governments requested extensions for project timelines and performance requirements, which has pushed back the timeline for project expenditures.

Note 6: 2017 CDBG-DR and CDBG-Mitigation allocations were delayed from HUD due to new HUD approval processes, delayed federal register guidance, and the 2018-2019 federal government shutdown. The CDBG Program has since opened and completed application cycles for these programs.

Note 7: The 2017 CDBG-DR Infrastructure application cycle closed in October 2020, and each approved project will receive funding based on its timeline for work and completion.

Note 8: The 2017 CDBG-Mitigation application cycle closed in October 2020, and each approved project will receive funding based on its timeline for work and completion.

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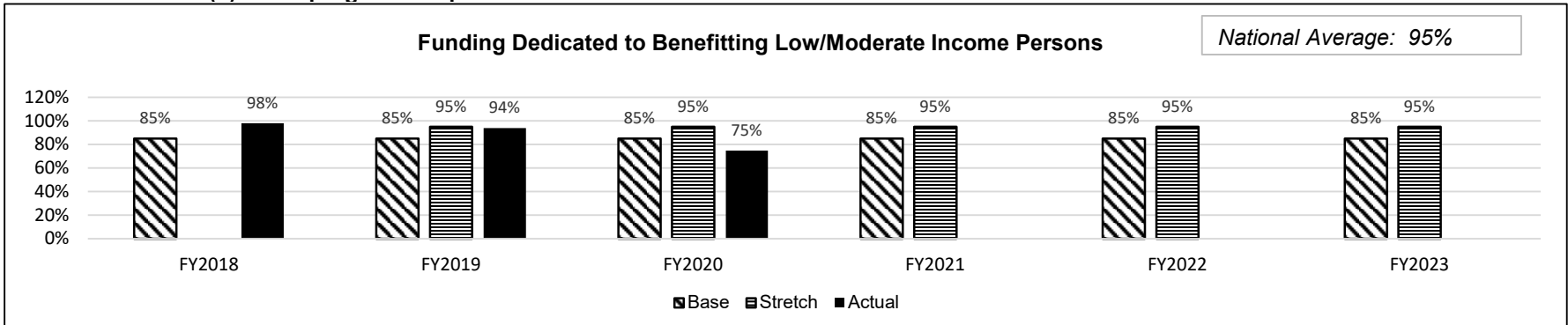
**2b. Provide a measure(s) of the program's quality.**

	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
	Actual	Actual	Projected	Actual	Projected	Projected	Projected
<b>Customer Service Experience</b>	N/A	88%	88%	87%	90%	95%	95%

Note 1: Percentage of customers who rated their experience as "very" or "somewhat" positive.

Note 2: FY2020 results based on September 2020 survey that included 15 respondents.

**2c. Provide a measure(s) of the program's impact.**



Note 1: Calculated by dividing dollar amount of approved projects in a Fiscal Year that will benefit low and moderate income (LMI) persons by the total dollar amount of the grant.

Note 2: HUD requires that a minimum of 70% of the state's annual allocation be awarded for projects benefitting LMI persons; however, it is Missouri's goal that at least 85% of the projects will benefit LMI persons.

\*Note 3: Stretch target is set at 95% due to the fact that demolition (slum and blight national objective) and emergency (urgent threat national objective) projects might also need to be funded, and those national objectives do not require a 51% LMI benefit; therefore, Stretch includes a "cushion" for those emergency projects.

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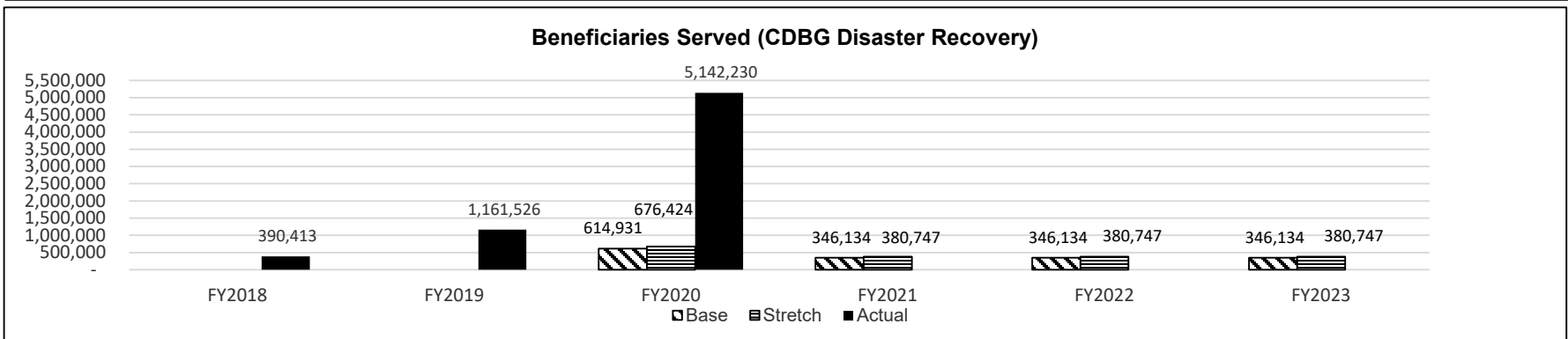
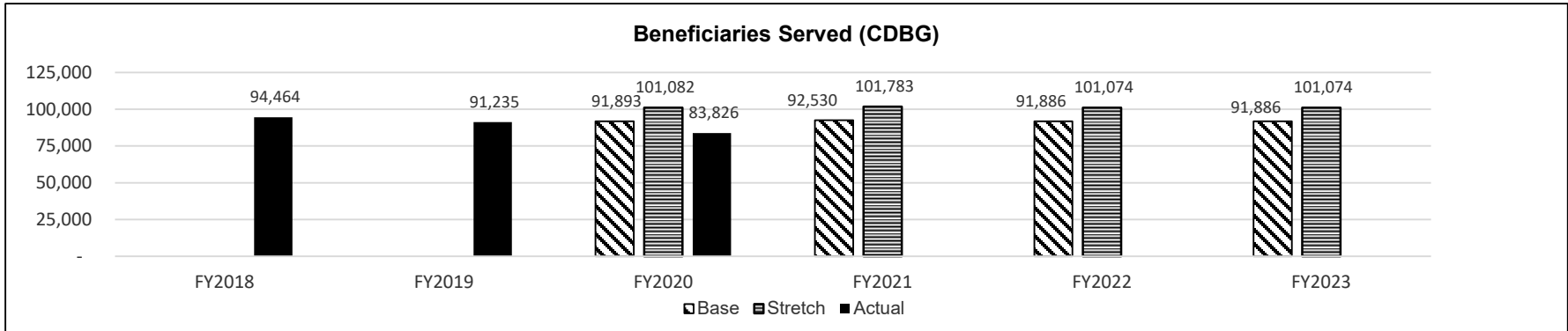
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**2c. Provide a measure(s) of the program's impact. (continued)**



Note 1: Beneficiaries Served are individuals directly or indirectly served by the project being performed.

Note 2: Beneficiaries Served (CDBG) has limited variables; thereby, the population served should stay consistent. Base targets reflect such consistency; stretch targets are to achieve 10% above base.

Note 3: Beneficiaries Served (CDBG Disaster Recovery) has multiple variables since funds may be used for: (1) both entitlement (more densely populated) and non-entitlement (less densely populated) communities; (2) infrastructure projects which indirectly affects a bigger population; and (3) housing projects which directly affect a smaller population. Base and Stretch targets are considerably lower than FY2020 Actuals since it is likely for recovery funds to be more weighted towards rural areas and housing than in FY2020.

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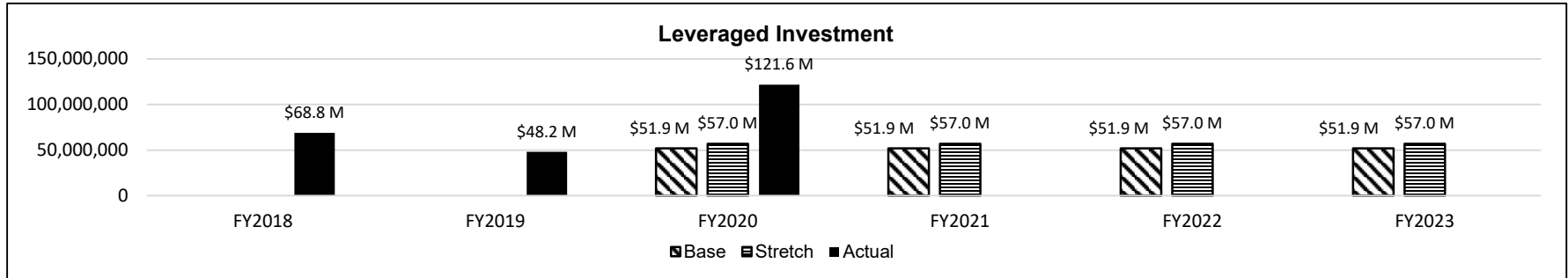
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**2c. Provide a measure(s) of the program's impact. (continued)**

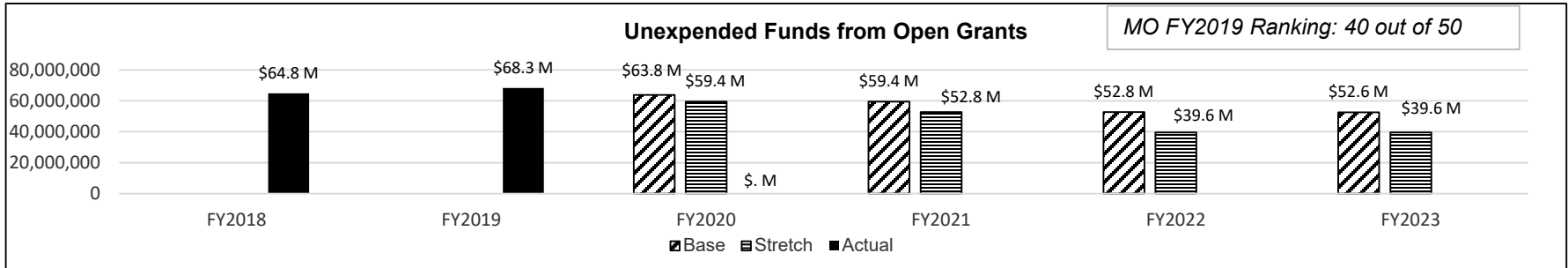


Note 1: Leveraged investment are non-CDBG funds (local, state, or federal) that are used in conjunction with CDBG funds to aid in financing a particular project.

Note 2: Leveraged investment calculation based on all CDBG projects except economic development which have high variations by project and year.

Note 3: Future projected Base is calculated using the average of previous years while the Stretch calculation utilizes this number and increases projection by 10%.

**2d. Provide a measure(s) of the program's efficiency.**



Note 1: "Unexpended Funds From Open Grants" refers to open Missouri projects with activities not completed. Missouri's FY20 CDBG allocation was ~\$23M. HUD wants states to lower their "unexpended grants" closer to their annual allocation amount to ensure that federal funds are spent in a timely manner.

Note 2: The above measure shows unexpended funds from open grants. HUD divides this number by the most recent grant amount provided and gives each state its ranking; As of June 30, 2019, Missouri ranked 40 out of 50 states; only ten states have a higher ratio of unexpended funds.

Note 3: FY2020 base target of \$63.8M would rank Missouri 37 out of 50 states.

Note 4: FY2021 base target of \$59.4M would rank Missouri 32 out of 50 states.

Note 5: FY2022 base target of \$52.8M would rank Missouri 28 out of 50 states. The stretch target of \$39.6M would rank Missouri 18 out of 50 states.

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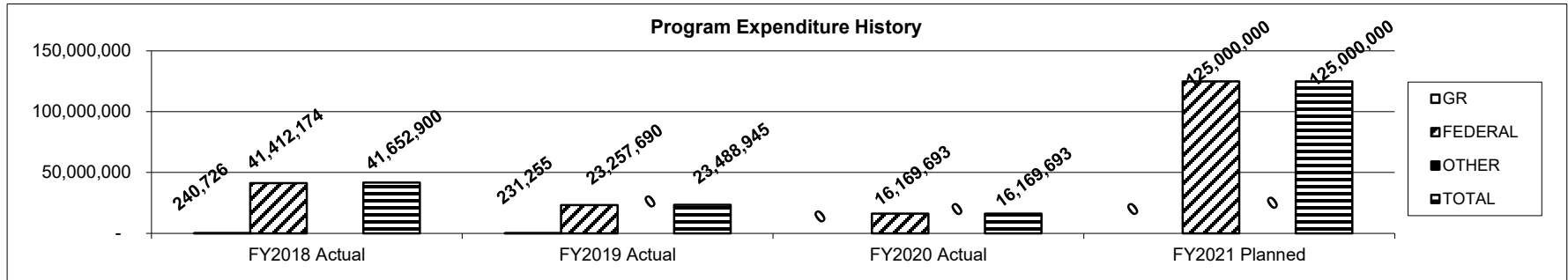
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



Note: Personal Service and Expense and Equipment dollars transferred to Business and Community Solutions Division in FY20 budget.

4. What are the sources of the "Other " funds?

N/A

5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)

42 USC Section 5301 et. Seq., 24 CFR Part 570, and the MO Consolidated Plan submitted to the US Dept of Housing and Urban Development.

6. Are there federal matching requirements? If yes, please explain.

Yes, a \$1 for \$1 match required for a portion of the administrative funds. The applicable administrative funds equal 2% of the total appropriation. Soft costs are an eligible match.

7. Is this a federally mandated program? If yes, please explain.

The program is a formula block grant provided to the State of Missouri; 70% of which is provided to the entitlement cities, 30% of which is provided to the non-entitlement balance of the state. That 30% portion is administered by DED.