

**Draft Substantial Amendment to the Consolidated Plan 2008 Action Plan for  
the Community Development Block Grant - Recovery (CDBG-R) Program**

<b>Grantee Name</b>	State of Connecticut
<b>Name of Entity or Department Administering Funds</b>	Connecticut Department of Economic & Community Development
<b>DUNS</b>	807851043 EIN/TIN #06-1267643
<b>CCR</b>	TBD
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<b>Email Address</b>	joan.mcdonald@ct.gov
<b>Web Address where this Form is Posted</b>	www.decd.org
<b>Amount Grantee is Eligible to Receive*</b>	<b>\$ 3,616,527</b>
<b>Amount Grantee is Requesting</b>	<b>\$ 3,616,527</b>

# Draft Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Community Development Block Grant - Recovery (CDBG-R) Program

## A. General Information

- i. **Community Development Block Grant Recovery Program (CDBG-R)**  
Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-005, approved February 17, 2009) appropriates \$1 billion to carry out the CDBG program under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301, et seq.) (the HCDA) on an expedited basis. These funds will be distributed to grantees that received CDBG funding in Fiscal Year (FY) 2008 in accordance with the provisions of 42 U.S.C. 5306. The grant program under Title XII is commonly referred to as the CDBG Recovery (CDBG-R) program. The State of Connecticut non-entitlement program will receive \$3,616,527.

## B. Distribution and Administration of CDBG-R Funds

- i. **Activities That Will Be Undertaken With CDBG-R Funds**  
The State of Connecticut is proposing to use its allocation of \$3,616,527 in CDBG-R funds to establish a funding mechanism with similar aspects of the current "NSP" (Neighborhood Stabilization Program). In making its decision, the State relied on the guidelines of the NSP, one of which was providing assistance to towns/cities in acquiring abandoned or foreclosed upon housing, rehabilitating those homes and re-selling to eligible homeowners. In selecting projects to be funded, the state relied on the 2008 foreclosure data of the current Neighborhood Stabilization Program and compared the first quarter data from 2009 to the first quarter data for 2008. As part of the Neighborhood Stabilization Program (NSP) application preparation in 2008, DECD analyzed the foreclosure activity in all 169 Connecticut municipalities using the HUD NSP criteria. NSP funding ended up going to the larger communities in the state with the greatest overall need. This left no funding for small cities and towns which were also experiencing a reasonably high level of foreclosure activity for their size.
- ii. **Distribution and Uses of CDBG-R Funds**  
**Distribution of Funds:** The State of Connecticut is proposing to use the supplemental Small Cities Community Development Block Grant (CDBG) funds from the American Recovery and Reinvestment Act (ARRA) of 2009 to assist the 12 communities with the greatest need. Comparing the first quarter of 2009 to the first quarter of 2008, the number of foreclosed homes in these 12 communities rose by 32% during this time period. The lis pendens filings (representing filings on potential foreclosures) have risen in these towns by 57% over this same time period. This information was used to generate a list of the twelve (12) Small Cities towns that experienced a reasonably high level of foreclosure activity for their size. Accordingly, priority funding will be made available to the following towns/cities; (1) Ansonia, (2) Bloomfield, (3) East Haven, (4) Enfield, (5) Killingly, (6) Naugatuck, (7) New Milford, (8) Plainfield, (9) Shelton, (10) Torrington, (11) Wallingford and (12) Windsor.

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**Uses of Funds:** The two primary funded activities in these towns/cities are: (1) the acquisition, rehabilitation and re-selling of abandoned or foreclosed upon homes. Abandoned or foreclosed upon homes will be bought, rehabilitated and re-sold to low- and moderate-income persons. These homes must demonstrate compliance with and promote energy efficiency and conservation by addressing issues regarding, high energy bills, mold, mildew or musty odors, damp basements, cold floors in winter, drafty rooms, dust, moisture on windows, ice dams, peeling paint, hot or cold rooms and dry indoor air in winter. The second activity that will be eligible for funding under the CDBG-R program is: (2) hard development costs associated with infrastructure activities in support of neighborhood stabilization. Activities within this category will include waterline, street improvements, public facilities and sidewalks within the areas of greatest need related to foreclosed upon or abandoned properties. These activities will be required to promote energy efficiency and smart growth by using recycled materials, water collection and reuse systems, bump outs for buses to encourage mass transportation, bike lanes, energy efficient street lighting and other such responsible growth infrastructure improvements as approved by HUD and DECD.

**Description of how the distribution and uses of the State's CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of the Recovery Act:** Seventy percent (70%) of CDBG-R funds will benefit low- and moderate-income persons. The state will allocate a maximum grant amount of \$750,000.00 to any single recipient and all grant funds must be expended by September 30, 2012. General administration funds in an amount not to exceed \$361,652 will be set-aside for program administration to be shared by the state and the recipients. Title XII of Division A of the Recovery Act, requires that each recipient of CDBG-R funds must have a signed contract with the state within 120 days subsequent to the state signing its grant agreement with the Department of Housing & Urban Development (HUD). Section 1602 of the Recovery Act requires that grantees shall use grant funds in a manner that maximizes job creation and economic benefit. Section 1602 also states that, when CDBG-R funds are being used for infrastructure investments, grantees must give preference to activities that can be started and completed expeditiously.

### **iii. Maximizing Job Creation and Economic Benefits**

The state anticipates an investment in green rehabilitation projects of \$754,874 and \$2.5M in infrastructure projects over the three years period (2010-2012) of CDBG-R funds. This will generate \$1,672,349 of economic activity on average for each of the three years (new sales in all industries in the state), that includes the initial total three year investment of \$3,254,874. This investment will generate more than \$844,300 in new personal income on average each of the three years and the state's GDP will increase by \$882,476 annually over the three years period. Average annual employment will increase by 13 jobs for a total of 38 jobs over the three year period. This includes an annual average of 8 construction jobs.

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**Table 1: Results of Timed Investment**

<b>Economic Variable</b>	<b>Year 2010</b>	<b>2011</b>	<b>2012</b>	<b>Annual Avg. Change</b>	<b>Cumulative Change</b>
<b>Green Rehab Investment</b>	\$254,874	\$250,000	\$250,000	-	\$754,874
<b>Infrastructure Investment</b>	\$1,000,000	\$750,000	\$750,000	-	\$2,500,000
<b>Total Emp (Jobs)</b>	15	12	11	13	38 job years
<b>Construction Jobs</b>	10	7	7	8	24 job years
<b>Total GRP (Nominal \$)</b>	\$983,760	\$831,590	\$832,078	\$882,476	\$2,647,428
<b>Personal Income (Nominal \$)</b>	\$915,500	\$808,700	\$808,700	\$844,300	\$2,532,900
<b>Output (Bil Fixed 2000\$)</b>	\$1,889,902	\$1,584,290	\$1,542,855	\$1,672,349	\$5,017,047
<b>Net State Revenue (Nominal \$)</b>	\$169,084	\$119,525	\$102,339	\$130,316	\$390,948

*Source: REMI Ver. 9.5 State Model, Regional Economic Models, Inc., Amherst, MA*

**For each activity, the number of full- and part-time jobs estimated to be created and retained by the activity:** Green rehabilitation will generate a total of 14 jobs over the three years period and infrastructure improvements will generate a total of 24 jobs over the three years period.

**Description of activities that will be carried out with CDBG-R funds to promote energy conservation, smart growth, green building techniques or reduced emissions:** The following activities will be carried out with CDBG-R funds to promote energy conservation, smart growth, green building techniques or reduced emissions; (1) the acquisition, rehabilitation and re-selling of abandoned or foreclosed upon homes. Abandoned or foreclosed upon homes will be bought, rehabilitated and re-sold to low- and moderate-income persons. These homes must demonstrate compliance with and promote energy efficiency and conservation and (2) hard development costs associated with infrastructure activities in support of neighborhood stabilization. Activities within this category will include waterline, street improvements, and sidewalks within the areas of greatest need related to foreclosed upon or abandon properties. These activities will be required to promote energy efficiency and smart growth by using recycled materials, water collection and reuse systems, bump outs for buses to encourage mass transportation, bike lanes, energy efficient street lighting and other such responsible growth infrastructure improvements as approved by HUD and DECD.

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### **iv. Consistency with Connecticut's 2005-10 Consolidated Plan for Housing and Community Development**

The CDBG-R funds will be used in a manner that is consistent with the state's 2005-10 Consolidated Plan for Housing and Community Development by addressing several goals and objectives; Goal 2 Homeownership - Improve the ability of low and moderate-income residents to access homeownership opportunities, Goal 9 Lead Paint and Hazardous Materials - Support the removal of lead-based paint and other hazardous materials in existing housing, Goal 12 Infrastructure & Public facilities - Provide assistance to undertake improvements to the community infrastructure, and construct or rehabilitate public facilities affecting public health, safety, and the welfare of low- and moderate-income residents.

## **C. Public Comment**

### **i. Citizen Participation Process**

DECD is the lead agency for the Consolidated Plan and Citizen Participation Plan process. DECD will administer CDBG-R funds. Comments received through the citizen participation process will be used in the development of Substantial Amendments to the Consolidated Plan 2008 Action Plan for Housing and Community Development.

Oral or written comments were invited either via e-mail or by submitting directly to DECD. Outlined below is the process followed to ensure citizen participation within the reduced time allocation:

4/2/09: Legal Notice for "initial input" public hearings published in 7 state newspapers including 1 of minority representation with Spanish version, also posted to DECD's website, [www.decd.org](http://www.decd.org). Refer to (PAGE TBD) for a copy of the legal notice.

4/16/09 – 04/17/09: 2 public hearings held to solicit public input in response to funding opportunities contained in Title XII of the American Recovery and Reinvestment Act of 2009 (ARRA) as they apply to any and/or all of the federal programs included in the state's 2005-09 Consolidated Plan - The Community Development Block Grant (CDBG) program, the HOME program, the Emergency Shelter Grant (ESG) program and the Housing Opportunities for Persons with AIDS (HOPWA) program. Refer to (Page TBD) for a copy of the transcripts from the public hearings.

5/4/09: Draft CDBG-R substantial amendment and Legal Notice posted on the DECD website and forwarded to all 169 municipal chief elected officials, regional planning agencies and the state library. Legal Notice for public comment period on draft CDBG-R substantial amendment published in the same manner as noted above (4/2/09). Refer to (PAGE TBD) for a copy of the legal notice.

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5/5/09 – 5/11/09: 7 day public comment period on draft CDBG-R substantial amendment held. Refer to (PAGE TBD) for copies of written comments received.

### ii. **Summary of Public Comments Received to the Proposed CDBG-R Substantial Amendment.**

The following is a summary of public comments received and DECD responses to them:

**4/16/-17/2009 Initial Input Public Hearings regarding funding opportunities contained in Title XII of the American Recovery and Reinvestment Act of 2009 (ARRA) as they apply to any and/or all of the federal programs included in the state's 2005-09 Consolidated Plan:**

***Dawn Parker, The Connection, Inc.***

Comment - HPRP:

- She would like to see a central location for information with regard to funding opportunities under HPRP, a more coordinated approach as to what is available within the state , what are key dates, deadlines etc.
- She would like to see that everyone (nonprofit services providers) get equal opportunity for the funding.
- She would recommend that in the implementation of the program we stick to the program guidelines and keep it simple.

***Response:***

This comment was responded to by DSS and is contained in the HPRP substantial amendment.

***Diane Randall, Partnerships for Strong Communities***

Comment - HPRP:

She made a strong recommendation to use 100% of the funds for the programs intended purpose and not to supplant existing uses under the program.

***Response:***

This comment was responded to by DSS and is contained in the HPRP substantial amendment.

Comment - Weatherization Program:

Use funding to preserve single family housing as well as housing developments for low and moderate income persons, serve both.

***Response:***

This comment was not accepted because the funding for the Weatherization Program is not an eligible funding source under the Consolidated Plan. However the comment was forwarded to the

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appropriate staff at the Department of Social Services that is responsible for the Weatherization Program for consideration.

### Comment - ARRA funds and the Consolidated Plan:

- Nonprofit developers and service providers are looking for clarity and transparency on how this new money (stimulus/ARRA) will mesh with existing programs that are available, what are the possibilities?
- Need to re think the planning for the ConPlan with regard to the new money, tighten up on what gets done- what can be done and what can not, pull together and frame it , give non profits and municipalities a clearer understanding of what the states priorities are and how the department will follow thru with the programs it administers

### ***DECD response:***

The state is in the initial planning phase of drafting the 2010-2014 Consolidated Plan. The availability of new federal funding and opportunity for additional eligible activities will be considered in the development of the new Consolidated Plan. How the new funding can be meshed with the existing programs will be explored as well as re-examining how all the funding sources can be best used to address the present environment with regard to affordable housing and homelessness in our state.

During the planning and citizen participation stage of the drafting of the 2010-2014 ConPlan, outreach will be made to state agencies, municipalities, housing authorities, community foundations, non profit organizations, social service providers, developers and citizens for input regarding needs, coordination of the funding resources, identification of goals and objectives, and evaluation of what the state priorities are and how they can be met.

### **5/5/09 – 5/11/09: 7 day public comment period:**

As contained in the Legal Notice published on 5/4/2009, the draft CDBG-R substantial amendment will be posted to DECD's web site during the public comment period. The draft CDBG-R substantial amendment will also be made available to all 169 chief elected officials, regional planning agencies and the state library. All comments received will be summarized and responded to in the Public Comment section of the final CDBG-R substantial amendment which will be posted on DECD's web site.

The following is a summary of the public comments received and DECD's response to them. To be completed after closing of public comment period.

## **D. Estimated Budget Summary**

HUD requires the grantee to complete the following table so that participants in the citizen participation process may see the grantee's preliminary estimated amounts for various CDBG-R activities. Enter the estimated budget amounts for each activity in the appropriate column and row. The grantee will be required to report actual amounts in subsequent reporting.

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**CDBG-R Estimated Budget Summary**

Total CDBG-R Allocation	\$3,616,527.00
Administration (up to 5% of allocation)	\$ 180,826.35
Allocation available for all other eligible activities*	\$3,435,700.65

*\*includes administrative funds for use by sub-recipients. Total amount available for administrative costs of sub-recipients shall not exceed 5% of the total CDBG-R Allocation.*

**E. Authorized Signature**

By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete, and accurate to the best of my knowledge. I also provide the required assurances and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001) To be completed after closing of public comment period.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

Commissioner  
Title

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### **F. Certifications**

The required state certifications will be executed and included with the Final version of the CDBG-R substantial amendment. To be completed after closing of public comment period.

### **G. Grantee Checklist**

The required grantee checklist will be completed and included in the final version of the final version of the CDBG-R substantial amendment. To be completed after closing of public comment period.

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