

261—23.4(15) Allocation of funds. IDED shall distribute CDBG funds as follows:

23.4(1) Administration. Two percent of total program funds including program income plus \$100,000 shall be used for state administration.

23.4(2) Technical assistance. One percent of the funds shall be used for the provision of substantive technical assistance to recipients.

23.4(3) Housing fund. Twenty-five percent of the funds shall be reserved for a housing fund to be used to improve the supply of affordable housing for LMI persons.

23.4(4) Job creation, retention and enhancement fund. Twenty percent of the funds shall be reserved for a job creation, retention and enhancement fund to be for workforce development and to expand economic opportunities and job training for LMI persons. Job creation, retention and enhancement funds are awarded through three programs: the economic development set-aside (EDSA), the public facilities set-aside (PFSA), and career link. For CDBG federal program year 2008 only (October 1, 2007, through September 30, 2008), up to \$5 million of funding normally allocated to this job creation, retention and enhancement fund may be allocated by the department to the contingency fund established in subrule 23.4(5). If reallocated, the funds will be used for disaster recovery activities.

23.4(5) Contingency funds. IDED reserves the right to allocate up to 5 percent of the funds for projects that address threats to public health and safety, or for disaster recovery activities, or for sustainable community demonstration projects. No more than \$1 million may be utilized for sustainable community demonstration projects. For CDBG federal program year 2008 only (October 1, 2007, through September 30, 2008), an additional amount of up to \$5 million of funding normally allocated to the job creation, retention and enhancement fund in subrule 23.4(4) may instead be allocated by the department to this contingency fund, and used for disaster recovery activities.

23.4(6) Competitive program. The remaining funds shall be available on a competitive basis through the water and sewer fund and community facilities and services fund. Of the remaining amount, 70 percent shall be reserved for the water and sewer fund, 15 percent shall be reserved for the community facilities and services fund and 15 percent shall be allocated to either the water and sewer fund or community facilities and services fund at the discretion of the director, based on requests for funds.

23.4(7) Reallocation. Any reserved funds not used for their specified purpose within the program year shall be reallocated in amounts and to funds as approved by the director to ensure the availability of resources to those funds in which the greatest need is demonstrated to exist or to respond to community or business needs.

23.4(8) Recaptured funds. Recaptured funds shall be available for use through the water and sewer fund, the community facilities and services fund, the contingency fund, the housing fund, and the downtown revitalization fund. As approved by the director, recaptured funds may be used to fund projects from the job creation, retention and enhancement fund in order to respond to an immediate business need if no funds are available through the economic development set-aside fund or public facilities set-aside fund. Recaptured funds remaining at the end of a program year shall be reallocated in amounts and to funds as approved by the director to ensure the availability of resources to those funds in which the greatest need is demonstrated to exist or to respond to a community or business need.