December 17, 2020

Michelle Schuelke  
CDBG Program Division Manager  
Community Development  
300 6th Street  
Rapid City, SD 57701

Dear Ms. Schuelke:

The U.S. Department of Housing and Urban Development (HUD or the Department) notified the City of Rapid City by letter, receipted on November 9, 2020, of an error in HUD’s initial formula allocations for fiscal year (FY) 2020 Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) program grants. The Department is poised to undertake Line of Credit Control System (LOCCS) corrections to the grant amounts for these programs and is outlining the next steps the City must take below. As a reminder, the original and adjusted allocations for the FY 2020 CDBG grant are listed below.

<table>
<thead>
<tr>
<th>CDBG</th>
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<tbody>
<tr>
<td>Original Allocation</td>
<td>$522,535</td>
</tr>
<tr>
<td>Adjusted Allocation</td>
<td>$522,456</td>
</tr>
<tr>
<td>Difference</td>
<td>-$79</td>
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</tbody>
</table>

The City must submit new SF 424s for the CDBG program reflecting the changed allocation. The City will also need to amend its 2020 action plan to reference the corrected amount of the CDBG allocation. The Consolidated Plan regulations (24 CFR Part 91) require a grantee to identify in its citizen participation plan the criteria it will use for determining what constitutes a substantial amendment to its action plan. It is these substantial amendments that are subject to a citizen participation process.

The City will need to determine if a substantial amendment is triggered and if so, engage in the necessary citizen participation activities.

HUD will send the City amended grant agreement that reflect the correct allocation amount after the Denver Field Office of Community Planning and Development receives the newly executed SF-424 for the FY 2020 CDBG grant. Upon receipt, HUD will adjust the allocation amount in IDIS and LOCCS to ensure funds in excess of the revised allocation amount are not disbursed from the City’s line of credit.
The Department appreciates the City’s patience and efforts in this process and our office is available to assist in ensuring a timely correction.

Sincerely,

Katy Burke
CPD Director