

# Recommendations for 2007 Consolidated Plan Funding Categories



November 7, 2006



# Overview - Background

- The City receives HUD funding annually.
- This comes as an “entitlement” based on a Federal formula which considers local population, poverty level, and other statistics.
- The City’s funding allocations must be made in accordance with Federal guidelines and the approved **Consolidated Plan**.



# Overview, cont'd

- The **Consolidated Plan** includes:
  - Community Profile
  - Housing and Community Development Needs
    - Priority Needs
  - Housing and Community Development Strategic Plan
  - One Year Action Plan



# Overview, cont'd

- The **Consolidated Plan** also includes a Neighborhood Revitalization Plan, in which areas have been identified for certain incentives, as well as for investment of CDBG and HOME funds.



# Funding Sources/Purposes

- **Community Development Block Grant (CDBG).** To develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.
- **HOME Investment Partnership (HOME).** To fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.
- **Emergency Shelter Grant (ESG).** The first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living.



# Process – Overview

- Staff estimates funding amounts (Nov)
- City Council designates funding categories and amounts during a Public Hearing (Nov)
- Council appoints Grants Review Committee (GRC) to review applications and recommend funding (Nov)
- Staff issue RFPs and applications based on funding categories and amounts (Nov)



# Process (cont'd)

- Proposals and applications are received (Dec)
- Proposals and applications are reviewed by the GRC and another Public Hearing is held (Jan)
- The GRC submits recommendations to the City Manager (Feb)
- GRC recommendations are forwarded to the City Council (Feb/March)



# Today's Purpose

- Identify estimated funding for 2007-2008
- Identify funding categories and amounts

Following are the funding considerations and guiding principles used to prepare staff recommendations.



# 2007 CDBG Considerations

- Based on prior year reductions, we are projecting a 5% decrease:
  - 2006: \$2,931,400
  - 2007: \$2,784,830
- We also factored in the \$350,000 loan guaranty for the 13<sup>th</sup> and Grove grocery store
  - 2007: \$2,784,830
  - 2007: \$2,434,830 (after loan guaranty)



# 2007 HOME Considerations

- Based on prior year funding patterns, we are projecting a 7.6% decrease:
  - 2006: \$1,759,291
  - 2007: \$1,625,900
- This includes a decrease in ADDI (American Dream Downpayment Initiative) funds which are designed to assist low income first time homebuyers with downpayment and closing costs, and rehab for home purchases



# 2007 Emergency Shelter Grant Considerations

- Based on prior year funding patterns, we are projecting a 1% decrease:
  - 2006: \$125,818
  - 2007: \$124,560
- Reminder: Applications for these funds are reviewed by the Community Council on Homeless Advocacy (CCHA), which makes recommendations to the GRC




# Guiding Principles

- Allocate reduced CDBG funding to the following priority areas:
  - Homeownership
  - Consolidated Plan Priorities
  - City Goals, esp. where Housing & Community Services is a Stakeholder Department
    - Economic Vitality and Affordable Living (EVAL)
    - Core Area and Neighborhoods (CAN)
- HOME funding will continue to focus on homeownership



# Regulatory Principles

- CDBG Public Services funding category is capped at \$1,163,310
- CDBG Administration and Planning is capped at 20% of our allocation or \$556,966
- HOME Administration is capped at 10% of the HOME allocation (Admin cannot be paid from ADDI funds)
- ESG Administration is capped at 5%



# Staff Recommendations: Capital and Housing - \$1,173,781

## ■ Streets, curbs, gutters

- 2006: \$0

- 2007: \$0

- Rationale: Staff recommendation continues to prioritize home repair to support homeownership

## ■ Housing (EVAL)

- 2006: \$1,290,920

- 2007: \$1,173,781

- Rationale: Focus on single family home repair; staff will utilize Affordable Housing Program (AHP) funds to stretch home repair budget; recommendation includes funds to support new volunteer home repair initiative



# Staff Recommendations: Public Services - \$748,657

- Neighborhood Assistance (CAN)
  - 2006: \$308,000
  - 2007: \$316,438
- Women's Services (Safe and Secure Community)
  - 2006: \$269,033
  - 2007: \$269,033
- Youth Recreation & Enrichment (See discussion on slide 18)
  - 2006: \$100,000
  - 2007: \$0
- Summer Youth Employment (EVAL)
  - 2006: \$163,186
  - 2007: \$163,186



# Staff Recommendations: Planning & Administration - \$512,392

- Housing & Community Services Dept. (EVAL)
  - 2006: \$329,361
  - 2007: \$388,824
    - Rationale: required to administer funded programs
- Planning Department (CAN)
  - 2006: \$110,900
  - 2007: \$113,568
    - Rationale: administer required regulatory reviews
- Urban League (EVAL)
  - 2006: \$10,000
  - 2007: \$10,000
    - Rationale: provides fair housing education and outreach



# Footnotes to CDBG Recommendations

- Neighborhood Stabilization
  - Program Income is generally calculated in late winter & made available for neighborhood stabilization initiatives
  - Funds have been allocated in the past, for public facility improvements
  - In 2006, \$1,005,486 was allocated from program income for Parks, Home Repair, and Public Services



# CDBG Footnotes, cont'd

- Neighborhood Stabilization (cont'd)
  - Staff will provide Council with amounts available and recommendations in early spring
  - Amounts are likely to be much less than in 2006 during which time there was one-time Section 108 program income from the close out of the Biz Loan Program
  - Funds can be allocated to increase funding reductions recommended by staff OR restore funding to areas with no funding recommended, such as the Youth Recreation program



# Staff Recommendations: HOME/ADDI - \$1,625,900

- Administration (10% of the HOME allocation only)
  - 2006: \$172,065
  - 2007: \$159,016
- CHDO Operating (Recommendation is less than the 5% maximum allowed)
  - 2006: \$86,032
  - 2007: \$75,000
- HOME 80 (Downpayment and closing costs)
  - 2006: \$692,528
  - 2007: \$676,148
- ADDI (American Dream Downpayment Initiative)
  - 2006: \$38,634
  - 2007: \$35,736



# Staff Recommendations: HOME/ADDI (cont'd)

- Boarded Up House (Will support StopBlight efforts)
  - 2006: \$179,448
  - 2007: \$200,000
- Deferred Loan (Home repair; loan repayments will provide additional funds in 06-07)
  - 2006: \$250,000
  - 2007: \$30,000
- HDLP (Single family construction for homeownership)
  - 2006: \$75,000
  - 2007: \$175,000



# Staff Recommendations: HOME/ADDI (cont'd)

- CHDO Projects (Recommendation is more than the 15% required minimum)
  - 2006: \$265,584
  - 2007: \$275,000
- All HOME recommendations support EVAL and CAN goals.



# Staff Recommendations: ESG - \$124,560

- Essential Services (Maximum: 30%)
  - 2006: \$37,733
  - 2007: \$37,368
- Maintenance and Operations (no regulatory minimum or maximum)
  - 2006: \$72,094
  - 2007: \$43,596
- Prevention (Maximum: 30%)
  - 2006: \$9,690
  - 2007: \$37,368
- Administration (Maximum: 5%)
  - 2006: \$6,290
  - 2007: \$6,228
- All ESG recommendations support EVAL goal.



# Next Steps

- Following today's workshop, staff will incorporate Council feedback into an Agenda Item for November 14, 2006
- Following Council approval, applications will be issued and RFPs solicited, for providers to deliver services in the designated categories



# Summary and Questions

- Staff estimates are conservative and have hopefully presented the ‘worst case scenario’
- Updates will be provided as soon as they are available
- Questions?