

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Action: Approval of 2010/11 Funding Allocations for Federal Community Development Block Grant and HOME Investment Partnership Programs

Meeting Date: April 26, 2010
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: 4
Staff Contact: Stephanie Jennings
Contact Telephone Number: 541-682-5529

ISSUE STATEMENT

The City Council is asked to approve the allocation of funds received through two Federal programs administered by the U.S. Department of Housing and Urban Development (HUD). Through the Community Development Block Grant program (CDBG), Eugene may allocate \$1,498,340 in entitlement grant funds, \$185,000 in unused funds from previous years, as well as \$1,450,000 in program income. Through the HOME Investment Partnership Program (HOME), Eugene may allocate \$1,084,892 in entitlement grant funds, \$96,447 in unused funds from previous years, and \$85,000 in program income.

BACKGROUND

Each spring, the City Council approves funding allocations for use of CDBG and HOME funds for the next fiscal year starting July 1, 2010, and ending June 30, 2011. The proposed uses of funds are described and submitted to HUD each year in a document called the One-Year Action Plan. The Action Plan must be submitted to HUD by May 15, 2010. The proposed uses of funding must align with the local community needs and strategic plan described in the Eugene-Springfield 2010 Consolidated Plan. The CDBG Advisory Committee advises the City on the use of CDBG funds and the Housing Policy Board (HPB) advises the City on the use of HOME funds. In addition, the Action Plan must provide an update on the City's use of the Section 108 and Brownfield Economic Development Initiative (BEDI) funds. Activities under the CDBG, HOME, and Section 108/BEDI programs are described below.

Community Development Block Grant (CDBG)

The primary purpose of CDBG is to address the needs of low- and moderate-income persons. The City is a CDBG entitlement jurisdiction and has received annual entitlement grants since 1975. Each year, the Community Development Block Grant (CDBG) Advisory Committee, a Departmental Advisory Committee, reviews requests for CDBG funds, holds a public hearing, and makes a final recommendation to staff for use of CDBG funds for the next fiscal year. Funds available for allocation for 2010/11 are described below:

- **New entitlement grant funds (\$1,498,340)** – Each year Congress appropriates funds for CDBG and HUD distributes funds according to a formula to entitlement jurisdictions. The City of Eugene's entitlement allocation for FY 2010/11 exceeds the previous year's grant by \$112,744.
- **Unused funds from previous entitlement grants (\$185,000)** – As part of the 2010/11 allocation process, staff recommend reprogramming \$185,000 in funds from entitlement grants received in previous years. Of the total amount available for reprogramming, \$143,000 was previously allocated for acquisition costs associated with the RiverRock Glen manufactured

home park. The City Council originally approved use of CDBG funds for this purpose on March 10, 2008. However, the resident association seeking to acquire the park has been unable to secure primary financing needed for acquisition. As a result, these funds are available for reprogramming. The remaining \$42,000 comes from lower than expected construction costs from multiple nonprofit capital facility construction projects.

- **Program Income (\$1,450,000)** – The City of Eugene expects to receive \$1,450,000 in program income through two revolving loans that have been established with CDBG funds. The Business Development Fund will generate an estimated \$1,100,000 in 2010/11 and the Housing Rehabilitation Fund will generate an estimated \$350,000. In accordance with HUD requirements, program income from revolving loan funds can only be allocated to further the activities of the respective loan funds.

The CDBG Advisory Committee held a public hearing and adopted a final recommendation for use of CDBG funds on April 13, 2010. The recommended allocation includes funding for the housing landbank, operating funds for nine social service programs, five nonprofit capital facility projects, curb ramps, audible pedestrian signals, business development loans, microenterprise training, and program administration. The package of recommended uses will address critical community needs for social services, affordable housing, employment and business growth, and accessibility improvements. Attachment A provides a table showing the sources, recommended uses, and a brief description for each use of funds.

HOME Investment Partnership Program

The primary purpose of HOME is to expand the supply of housing affordable to low-income persons. The City is the lead entity in the Eugene-Springfield Home Consortium, which has received annual entitlement grants since 1992. The Eugene-Springfield Consortium will receive \$1,549,846 in HOME funds in 2010/11. This entitlement allocation is \$14,356 less than the amount received in the previous year. Eugene will receive 70 percent of entitlement grant funds (\$1,084,892) and Springfield will receive 30 percent (\$464,954). In addition, \$96,447 in unused funds from prior years and \$85,000 in program income is available for allocation. The unused funds were allocated for Housing Development in 2009/10 but were not designated for any specific project. The expected program income will come from repayments received through the Homebuyer Assistance Program and from other housing development loans.

The HPB met on April 5, held a public hearing, and made a recommendation for allocation of HOME funds to both jurisdictions. HPB recommends that HOME funds be divided among three program areas: 1) Housing Development Programs; 2) Homebuyer Assistance Program (HAP); and 3) Community Development Housing Organization (CHDO) Operating Support. The proposed allocation is similar to previous allocation of HOME funds and maintains support for a mix of housing development, homebuyer assistance, and organizational support. In addition to these programs, Eugene staff anticipates up to \$1,000,000 will be available for HOME interim financing. Through HOME interim financing, the City makes short-term loans for HOME eligible uses with funds dedicated, but not yet disbursed, for specific projects. The amount of funds available for HOME interim financing is dependent on project timing. Attachment B includes a table that provides the sources, recommended uses, and a brief description for each use of funds.

Section 108 Loan Guarantee Program

In July 2006, HUD selected the City's Section 108 application to create a \$9,895,000 loan pool, together with BEDI grant funds, for redevelopment projects within the Downtown and Riverfront urban renewal districts. On February 26, 2007, the City Council approved an ordinance authorizing the use of the

Section 108 loan as a financing tool. The non-emergency ordinance established the City's general ability to borrow for Section 108 projects with individual projects to be approved by council resolution.

The City has focused use of the Section 108/BEDI funds on the Beam Development project at the heart of downtown. The City has an agreement with Beam Development to transform the important intersection of Willamette and Broadway into a vital area with restaurants, retailers, and office space. Section 108/BEDI funds will be utilized in two stages: Project #1 - loan for acquisition of the properties and Project #2 - loan to Beam Development for rehabilitation of the Centre Court building. The City Council approved a resolution in support of Project #1 on July 23, 2007, and a resolution for Project #2 on January 11, 2010.

RELATED CITY POLICIES

The Action Plan must be developed in accordance with the Eugene-Springfield 2010 Consolidated Plan, which assesses local needs and establishes a five-year strategic plan. In order to allocate funds to specific programs or projects, HUD regulations require a citizen participation process, including advertising and conducting a public hearing, followed by City Council action.

The Action Plan is also consistent with other plans adopted by the local jurisdictions, such as the Residential Land Use and Housing Element of the Metropolitan Area General Plan, Eugene City Council Adopted Growth Management Policies, the Lane County Ten-Year Plan to End Chronic Homelessness, and the Lane County Continuum of Care Plan.

COUNCIL OPTIONS

The City Council can approve, not approve, or modify the One-Year Action Plan for use of Federal CDBG and HOME funds for 2010/11.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends approval of the One-Year Action Plan for use of Federal CDBG and HOME funds in 2010/11.

SUGGESTED MOTION

Move to approve the One-Year Action Plan for use of Federal CDBG and HOME funds in 2010/11.

ATTACHMENTS

- A. CDBG Sources and Uses Table and Summary of Recommended Uses
- B. HOME Allocation Table and Summary of Recommended Uses
- C. CDBG Advisory Committee and Housing Policy Board Membership

FOR MORE INFORMATION

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ATTACHMENT A – CDBG Sources and Uses Table and Summary of Recommended Uses

SOURCES OF FUNDS	AMOUNT
ENTITLEMENT GRANT	\$ 1,498,340
UNUSED FUNDS FROM PREVIOUS YEARS	
RiverRock Glen manufactured home park	\$ 143,000
Cost savings from nonprofit facility construction projects	\$ 42,000
TOTAL	\$ 1,683,340

RECOMMENDED USES OF FUNDS	AMOUNT
AFFORDABLE HOUSING	
Landbanking	\$ 151,740
PUBLIC SERVICES	
Social Service Agencies (HSC)	\$ 350,000
Non-Profit Capital Improvements	
Food for Lane County Dining Room - accessibility improvements	\$ 33,000
Head Start Whiteaker School - plumbing and flooring	\$ 41,000
Looking Glass New Roads - acquisition and rehabilitation	\$ 248,600
Pearl Buck Center - air conditioning for vocational center	\$ 55,000
St. Vincent de Paul Lindholm Center - roof replacement	\$ 34,000
PUBLIC ACCESSIBILITY IMPROVEMENTS	
Curb Ramps	\$ 54,000
Audible Pedestrian Signals	\$ 36,000
ECONOMIC DEVELOPMENT	
Business Loan Program	\$ 200,000
Microenterprise Training Program	\$ 30,000
ADMINISTRATION	\$ 450,000
TOTAL	\$ 1,683,340

PROGRAM INCOME	INCOME	USE
Business Loan Program	\$ 1,100,000	\$ 1,100,000
Microenterprise Training Program	\$ 350,000	\$ 350,000
TOTAL	\$ 1,450,000	\$ 1,450,000

Landbanking for Affordable Housing Development – \$151,740 is recommended to support the landbanking for affordable housing program. Through this program, the City provides critical resources for the purchase of land and associated infrastructure costs to be made available for the development of homes and rental units for low-income families. Staff is currently investigating several potential landbank sites and anticipates identification of one or more sites for purchase within the next fiscal year. Timing is ideal for acquisition given declining real estate prices and an increase in the number of sites available for purchase. In addition, it will be necessary to make infrastructure improvements to one parcel already owned by the City.

Housing Rehabilitation Fund – No new funds are recommended as the program can sustain itself through prior year allocations and \$350,000 in program income. The program offers low-interest loans for improvements to residences occupied by low-income homeowners and tenants. Emergency repair grants and loans of up to \$5,000 are provided to very low-income homeowners for minor repairs and accessibility features. Grants of up to \$5,000 for accessibility improvements are made to tenants with disabilities.

Public Services Operations - \$350,000 is recommended to support the operations of nonprofit agencies selected and managed through the intergovernmental Human Services Commission (HSC). Public service funding is capped at 15% of new grant funds and program income from the prior fiscal year. This maintains the current funding level. Programs to be funded include: Catholic Community Services family counseling, FOOD for Lane County dinner program and food box distribution, Relief Nursery therapeutic preschool, St. Vincent DePaul singles and family day access centers, and White Bird medical/dental clinics and intensive case management.

Non-profit Capital Facility Projects - The City issued a request for proposals for nonprofit facility improvements and received proposals for funding from six local agencies totaling \$591,000. This significant volume is due to the fact that the City did not offer CDBG funding for such projects in the previous fiscal year and does not plan to next year. Funding is recommended for five projects:

- Food for Lane County Dining Room - \$33,000 for accessibility improvements to the entrance and two bathrooms. Last year, the Dining Room served over 57,000 meals to low-income persons.
- Head Start Whiteaker School - \$41,000 for plumbing improvements so classrooms may have access to hot water and for replacement of flooring. This facility is an early intervention preschool and serves 177 children.
- Looking Glass New Roads - \$248,600 for acquisition and rehabilitation of property located at 931 West 7th Avenue in order to expand space for services provided at Looking Glass New Roads to homeless youth. New Roads serves over 40 youth each day and received 11,000 youth visits in 2009.
- Pearl Buck Vocational Center - \$55,000 for installation of air conditioning at the Vocational Center for persons with developmental disabilities. The facility improvements would improve working conditions for 74 Pearl Buck clients.
- St. Vincent de Paul Lindholm Center - \$34,000 for roof replacement of Eugene's primary day access center for homeless individuals. The facility served 4,627 persons last year.

Curb Ramps - \$54,000 is recommended to support the installation of curb ramps on existing streets and sidewalks to remove barriers for persons with disabilities. The funds will be used to install curb ramps at city-wide locations. The Public Works Department works in coordination with the Accessibility Committee of the Human Rights Commission to identify and prioritize placement of curb ramps.

Accessible Pedestrian Signals - \$36,000 is recommended to support the installation of Accessible Pedestrian Devices (APDs) at existing signalized intersections to remove barriers for persons with disabilities. The CDBG funded APDs provide audible and tactile cues to assist pedestrians in making safe decisions when crossing at intersection crosswalks. The Public Works Department works in coordination with the Accessibility Committee of the Human Rights Commission to identify and prioritize placement of accessible pedestrian signals.

Business Development Fund (BDF) - \$200,000 in new funds is recommended to augment \$1,100,000 in program income to finance loans to businesses resulting in the creation of jobs for low-income persons. The BDF is a CDBG revolving loan fund for new and expanding local businesses that promotes job creation for low and moderate income individuals. Although the program is mainly focused on job creation, commercial revitalization projects that eliminate conditions of slums and blight are also eligible.

Lane MicroBusiness - \$30,000 is recommended to support microenterprise training conducted by Lane MicroBusiness (aka eDEV). These funds will provide micro-enterprise business development services such as training, education, and workshops for Eugene low-income micro-business entrepreneurs.

Administration - \$450,000 is requested for administration which includes support for project implementation, fair housing activities, the City's Central Services allocation, the annual audit, and general program administration.

ATTACHMENT B – HOME Sources and Uses Table and Summary of Recommended Uses

SOURCES OF FUNDS	AMOUNT
ENTITLEMENT GRANT	\$ 1,084,892
UNUSED FUNDS FROM PREVIOUS YEARS	\$ 96,447
PROGRAM INCOME	\$ 85,000
TOTAL	\$ 1,266,339

RECOMMENDED USES OF FUNDS	AMOUNT
HOUSING DEVELOPMENT	\$ 857,850
HOMEBUYER ASSISTANCE PROGRAM	\$ 250,000
CHDO OPERATING SUPPORT	\$ 50,000
ADMINISTRATION	\$ 108,489

Housing Development – \$857,850 is recommended to support Housing Development activities including acquisitions, new development construction, rehabilitation, and project-related soft costs incurred by the jurisdictions. Funds can be used for rental or homeownership developments. Eugene awards funds allocated for Housing Development through an annual RFP processes. Eugene’s 2010 RFP was released February 26 and proposals are due May 26. The Allocations Committee of the HPB will review the proposals in May, HPB will hold a public hearing and make a recommendation in July, and the recommendation is scheduled to be considered by City Council in July.

Homebuyer Assistance Program (HAP) – \$165,000 in new funds and up to an additional \$85,000 in program income is recommended to support HAP. Through HAP, the City offers up to \$10,000 in downpayment assistance to low-income households seeking to purchase homes.

Community Development Housing Organization (CHDO) Operating Funds – \$50,000 is recommended for CHDO operating support to expand the capacity of CHDOs to develop affordable housing. There are four active CHDOs including: Mainstream Housing, Inc, Metropolitan Affordable Housing Corporation (Metro), Neighborhood Economic Development Corporation (NEDCO), and St. Vincent dePaul Society of Lane County, Inc. All CHDOs must be certified or recertified each year in order to receive CHDO Operating Funds.

Administration - \$108,489 is recommended for Administration costs. The Federal grant management system automatically budgets 10% of new HOME funds for administration.

ATTACHMENT C – CDBG Advisory Committee and Housing Policy Board Membership

CDBG Advisory Committee

Victoria Bosch
Drix
John Fisher
Linda Hamilton
Joel Iboa
Jericho Schwab
Tim Shearer, Chairperson
Rita Svanks
Janet Yood

Housing Policy Board

Bill Dwyer, Lane County Commissioner
Chris Pryor, Eugene City Councilor
Dave Ralston, Springfield City Councilor

Norton Cabell, Chairperson
Susannah Meininger
Virginia Thompson
John Wagner
John VanLandingham