

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Action: 2012/13 Funding Allocations for Federal Community Development Block Grant and HOME Investment Partnerships Programs

Meeting Date: April 23, 2012
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: 5
Staff Contact: Michael Wisth
Contact Telephone Number: 682-5540

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 an estimated \$1,209,926 in entitlement grant funds as well as \$1,500,000 in program income. Through the HOME Investment Partnerships Program (HOME), Eugene may allocate an estimated \$688,136 in entitlement grant funds, \$85,000 in program income, and \$49,000 in HOME funds carried over from FY 2011/12.

BACKGROUND

Each spring, the City Council approves funding allocations for use of CDBG and HOME funds for the next fiscal year. 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, 2012. 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 intergovernmental Housing Policy Board (HPB) advises the City on the use of HOME funds.

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 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 FY 2012/13 are described below:

- **New CDBG Entitlement Grant Funds (\$1,209,926)** – Each year, Congress appropriates funds for CDBG and HUD distributes funds according to a formula to entitlement jurisdictions. This is an estimate of funds to be allocated to the City of Eugene. The estimated entitlement allocation for FY 2012/2013 is less than the previous year's grant by \$48,674.
- **CDBG Program Income (\$1,500,000)** – The City of Eugene expects to receive \$1,500,000 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 FY 2012/2013 and the Housing Rehabilitation Fund will generate an estimated \$400,000. 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 10, 2012. The recommended allocation of new entitlement funds includes funding for public services which includes operating funds for eight social service programs, two nonprofit capital facility expansions, microenterprise training, and program administration. The package of recommended uses will address critical community needs for social services, and employment opportunities. Program income from the Business Development Fund and Housing Rehabilitation Fund will be allocated for new business and housing rehabilitation activities.

Attachment A provides a table showing the sources, recommended uses, and a brief description for each use of CDBG funds.

HOME Investment Partnerships 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 an estimated \$983,051 in HOME funds in FY 2012/13. This entitlement allocation is \$364,059 (27 percent) less than the amount received in the previous year. Eugene will receive 70 percent of entitlement grant funds (\$688,136) and Springfield will receive 30 percent (\$294,915). The expected program income will come from repayments received through the Homebuyer Assistance Program (HAP) and from other housing development loans.

The HPB met on April 2, held a public hearing, and made a recommendation for allocation of HOME funds to both jurisdictions. HPB recommends that Eugene's portion of HOME funds be divided among two program areas: 1) Housing Development Programs; and 2) Community Housing Development Organization (CHDO) Operating Support. The proposed allocation differs from previous allocations of HOME funds with the exclusion of funding the HAP Program. HPB recommends no funds be allocated to either the Security Deposit Assistance Program or Eugene's HAP Program. While there is a community need for security deposit, initial lease, and first time homebuyer assistance to help low- and very-low income persons attain housing, funding available to support staff time necessary to implement the programs is not available. The proposed allocation maintains support for a mix of housing development 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. If the City's actual allocation is greater or lesser than estimated, adjustments will be shared equally across the program areas and administration.

Attachment B includes a table which shows the sources, recommended uses, and a brief description for each use of HOME funds.

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 Diversity and Equity Strategic Plan, the Lane County Ten-Year Plan to End Chronic Homelessness, and the Lane County Continuum of Care Plan. The proposed uses of funds also specifically support economic development and affordable housing goals set forth in the Envision Eugene Pillars.

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 FY 2012/13.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends approval of the One-Year Action Plan for use of Federal CDBG and HOME funds in FY 2012/13.

SUGGESTED MOTION

Move to approve the One-Year Action Plan for use of Federal CDBG and HOME funds in FY 2012/13.

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 Recommended Uses Table and Summary Descriptions

SOURCES OF FUNDS	AMOUNT
NEW CDBG ENTITLEMENT GRANT	\$ 1,209,926
CDBG PROGRAM INCOME	
Business Development Fund	\$ 1,100,000
Housing Rehabilitation Fund	\$ 400,000
TOTAL	\$ 2,709,926

RECOMMENDED USES OF NEW CDBG ENTITLEMENT GRANT	AMOUNT
AFFORDABLE HOUSING	
Acquisition	\$ -
Housing Rehabilitation Loan Fund	\$ -
PUBLIC SERVICES	
Social Service Agencies (HSC)	\$ 350,000
Non-Profit Capital Improvements	
- St Vincent de Paul Lindholm Service Station Expansion	\$ 190,000
- White Bird Chrysallis Expansion	\$ 190,000
PUBLIC ACCESSIBILITY IMPROVEMENTS	
Curb Ramps	\$ -
Audible Pedestrian Signals	\$ -
IMPROVEMENTS TO LOW INCOME NEIGHBORHOODS	
Blair Blvd Streetscape Improvements	\$ -
ECONOMIC DEVELOPMENT	
Business Loan Program	\$ -
Microenterprise Training Program	\$ 29,926
ADMINISTRATION	
Direct Staff Expenses	\$ 355,000
Central Service Allocation	\$ 75,000
Fair Housing Services	\$ 20,000
TOTAL	\$ 1,209,926

RECOMMENDED USES OF PROGRAM INCOME	AMOUNT
Business Development Fund	\$ 1,100,000
Housing Rehabilitation Fund	\$ 400,000
TOTAL	\$ 1,500,000

Land Acquisition for Low-Income Housing Development – 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 households. Staff is currently investigating several potential 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. No funding is requested for land acquisition for FY 2012/13.

Housing Rehabilitation Fund – No new funds are recommended and as the program can sustain itself through prior year allocations and \$400,000 in program income. The Housing Rehabilitation Fund is a revolving loan fund that offers low-interest loans for improvements to residences occupied by low-income homeowners and renters. In addition, emergency repair grants and loans of up to \$5,000 are available to very low-income homeowners for urgent repairs and accessibility features. Grants of up to \$5,000 for accessibility improvements are available for renters 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). This recommendation 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 de Paul singles and family day access centers, and White Bird medical/dental clinics.

Non-profit Capital Facility Projects – Staff released a Request for Proposals (RFP) related to nonprofit capital improvements resulting in an increase in existing services or addition of new services. The CDBG Advisory Committee received two proposals, both of which were recommended for funding, though at levels less than the requested amount.

- \$190,000 is recommended for St. Vincent de Paul's expansion of the Lindholm Service Station, which provides day services to homeless adults. The expansion includes quadrupling the center's seating area to create room for 80 people, increasing the number of storage units to 125 and installing a commercial kitchen
- \$190,000 is recommended for White Bird for the renovation of a newly acquired building that will serve as the new Chrysallis Outpatient Alcohol and Drug Treatment program. Renovations include conversion of the interior to counseling offices, electrical and plumbing improvements and ADA improvements.

Improvements to Low-Income Neighborhoods – The CDBG Advisory Committee received one proposal for improvements to low-income neighborhoods. The proposal was to coordinate streetscape and accessibility improvements along Blair Boulevard in conjunction with the pavement reconstruction project scheduled for 2013 on Blair Boulevard and Van Buren Street. The CDBG Advisory Committee prioritized this project below the nonprofit capital improvement projects and due to a lack of funding for all requests, chose to not recommend this program for funding.

Curb Ramps – No new funds are recommended to support the installation of curb ramps on existing streets and sidewalks to remove barriers for persons with disabilities. Some funds previously allocated for curb ramps are available for use in FY2012/13. 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 – No new funds are recommended to support the installation of Accessible Pedestrian Devices (APDs) at existing signalized intersections to remove barriers for persons with disabilities. Some funds previously allocated for accessible pedestrian signals are available for use in FY 2012/13. 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 – No new funds are recommended as the program can sustain itself through prior year allocations and \$1,100,000 in program income is estimated to finance loans to businesses resulting in the creation of jobs for low-income persons. The Business Development Fund 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 – \$29,926 is recommended to support microenterprise training conducted by Lane MicroBusiness (aka eDEV). These funds will provide microenterprise 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, development of the annual action plan and year-end report, staff support for the CDBG Advisory Committee, fair housing activities contracted with Fair Housing Council of Oregon, the City's Central Services allocation, the annual audit, general program administration, and other regulatory compliance requirements. Administration costs are 16.6% of CDBG entitlement and program income.

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

SOURCES OF FUNDS	AMOUNT
NEW HOME ENTITLEMENT GRANT	\$688,136
UNUSED FUNDS FROM PREVIOUS YEAR(S)	\$49,000
PROGRAM INCOME	\$85,000
TOTAL	\$822,136
RECOMMENDED USES OF FUNDS	AMOUNT
HOUSING DEVELOPMENT	\$633,915
HOMEBUYER ASSISTANCE PROGRAM	\$0
SECURITY DEPOSIT ASSISTANCE	\$0
CHDO OPERATING SUPPORT	\$34,407
ADMINISTRATION (10% NEW +10% PROGRAM INCOME)	\$77,314
CARRY FORWARD	\$76,500
TOTAL	\$822,136

Housing Development – \$633,915 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 2012 RFP is tentatively scheduled to be released in June with proposals due July 30, 2012. The Evaluation Committee appointed by the HPB will review the proposals in August, HPB will hold a public hearing and make a recommendation in October, and the recommendation is scheduled to be considered by City Council in November.

Homebuyer Assistance Program (HAP) – No funds are recommended to support this program in FY 2012/2013.

Security Deposit Assistance Program – There is a community need for security deposit and initial lease assistance to help very-low income persons attain rental housing. Although a security deposit assistance program would help meet this need, funding available to support staff time necessary to implement such a program is not available. HPB recommends reallocating the funds dedicated to the program last year (FY 2011/12) to each City's Housing Development program in FY 2012/13.

Community Housing Development Organization (CHDO) Operating Funds – \$34,407 is recommended for CHDO operating support to expand the capacity of CHDOs to develop affordable housing. All CHDOs must be certified or recertified each year in order to receive CHDO Operating Funds. In addition to meeting organizational requirements, recipients of operating support must agree to apply for HOME project funds or have a HOME project underway. Past recipients include: Mainstream Housing, Inc, Metropolitan Affordable Housing Corporation (Metro), Neighborhood Economic Development Corporation (NEDCO), and St. Vincent de Paul Society of Lane County, Inc.

Administration – \$68,814 is recommended for Administration costs to be paid for with New Home funds. The Federal grant management system automatically budgets 10% of new HOME funds for administration. Administration activities include support for project implementation, development of the annual action plan and year-end report, staff support for the HOME allocation process, annual project monitoring, general program administration, and other regulatory compliance requirements. The Consortium may also use up to 10% of any HOME Program Income received during the year for administration. Program Income is estimated yearly and, historically, as it is realized it is allocated to the HAP program. With the exclusion of an allocation to the HAP program, Eugene will use 10% (\$8,500) of FY 2012/13 Program Income for eligible administration costs and the remainder of Program Income realized shall be carried forward for use in the housing development program next year (FY 2013/14).

ATTACHMENT C – CDBG Advisory Committee and Housing Policy Board Membership

CDBG Advisory Committee

Randy Hledik
Drix
Tina Ely
Linda Hamilton
Hanna Scholz (chair)

Housing Policy Board

Sid Leiken, Lane County Commissioner
Chris Pryor, Eugene City Councilor
Dave Ralston, Springfield City Councilor

Norton Cabell (chair)
Karen Clearwater
Virginia Thompson
John VanLandingham
Brita Fischer
Jenna Fribley