

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Action: 2013/14 Funding Allocations for Federal Community Development Block Grant and HOME Investment Partnerships Programs

Meeting Date: April 22, 2013
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: 4
Staff Contact: Michael Wisth
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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 \$1,146,471 in entitlement grant funds as well as \$1,450,000 in program income. Through the HOME Investment Partnerships Program (HOME), Eugene may allocate an estimated \$659,774 in entitlement grant funds, \$96,538 in program income, and \$322,728 in HOME funds carried over from previous years. .

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, 2013. 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 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 expected to be available for allocation for FY 2013/14 are described below:

- **New CDBG Entitlement Grant Funds (\$1,146,471)** – 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 allocation for FY 2013/2014 is five percent less than the previous year's grant.

- **CDBG 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 FY 2013/2014 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 9, 2013. The recommended allocation of new entitlement funds includes funding for public services which includes operating funds for eight social service programs, audible pedestrian signals, curb ramps, business development loans, microenterprise training, and program administration. The package of recommended uses will address critical community needs for social services, employment and business growth, and accessibility improvements. If the City's actual allocation of new entitlement funds is greater or lesser than estimated, if the City's actual entitlement funding is greater or lesser than estimated, the allocation for curb ramps, audible pedestrian signals, business loans, and microenterprise training will be adjusted proportionately. 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 \$942,535 in HOME funds in FY 2013/14. This entitlement allocation is five percent less than the amount received in the previous year. Eugene will receive 70 percent of the entitlement grant funds (\$659,774) and Springfield will receive 30 percent (\$282,764). 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 8, 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 three program areas: 1) Housing Development Programs; 2) Community Housing Development Organization (CHDO) Operating Support; and 3) Security Deposit Rental Assistance. The proposed allocation is similar to previous HOME allocations, except that funding is recommended for a pilot security deposit assistance program instead of the Homebuyer Assistance Program (HAP). While there is a community need for first time homebuyer assistance to help low- and very low-income persons attain housing, funding available to support staff time necessary to implement the program is not available. The proposed allocation maintains support for a mix of housing development, renter 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. 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 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 2013/14.

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 2013/14.

SUGGESTED MOTION

Move to approve the One-Year Action Plan for use of federal CDBG and HOME funds in FY 2013/14.

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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CDBG Sources and Recommended Uses Table and Summary Descriptions

SOURCES OF FUNDS	AMOUNT
NEW CDBG ENTITLEMENT GRANT	\$ 1,146,471
CDBG PROGRAM INCOME	
Business Development Fund	\$ 1,100,000
Housing Rehabilitation Fund	\$ 350,000
TOTAL	\$ 2,596,471
RECOMMENDED USES OF NEW CDBG ENTITLEMENT GRANT	AMOUNT
AFFORDABLE HOUSING	
Acquisition & Unfrastructure	\$ -
Housing Rehabilitation Loan Fund	\$ -
PUBLIC SERVICES	
Social Service Agencies (HSC)	\$ 350,000
Non- Profit Capital Improvements	\$ -
PUBLIC ACCESSIBILITY IMPROVEMENTS	
Curb Ramps	\$ 65,994
Audible Pedestrian Signals	\$ 49,496
IMPROVEMENTS TO LOW INCOME NEIGHBORHOODS	\$ -
ECONOMIC DEVELOPMENT	
Business Loan Progam	\$ 206,233
Microenterprise Training Program	\$ 24,748
ADMINISTRATION	
Direct Staff Expenses	\$ 360,000
Central Service Allocation	\$ 70,000
Fair Housing Services	\$ 20,000
TOTAL	\$ 1,146,471
RECOMMENDED USES OF PROGRAM INCOME	AMOUNT
Business Development Fund	\$ 1,100,000
Housing Rehabilitation Fund	\$ 350,000
TOTAL	\$ 1,450,000

Acquisition & Development—No funding is requested for affordable housing development in FY 2013/14. 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. No funding is requested for land acquisition for FY 2013/14.

Housing Rehabilitation Fund – No new funds are recommended and as the program can sustain itself through prior year allocations and the \$350,000 in program income expected to be generated in FY 2013/14. 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.

Public Services Nonprofit Capital Facility Projects – No new funds are recommended for allocation to nonprofit capital facilities. Given the uncertainty regarding the FY 2013/14 CDBG allocation and funds made available for nonprofit capital facility projects in previous cycles, staff and the committee did not issue a specific request for non-profit capital facility projects.

Improvements to Low-Income Neighborhoods – The CDBG Advisory Committee did not receive any proposals for improvements to low-income neighborhoods.

Curb Ramps – \$65,994 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 city-wide in locations meeting HUD requirements as determined by the City working in partnership with the Accessibility Advisory Group (AAG).

Accessible Pedestrian Signals –\$49,496 is recommended to support the installation of Accessible Pedestrian Signals (APS) at existing signalized intersections to remove barriers for persons with disabilities. The CDBG funded APSs provide audible and tactile cues to assist pedestrians in making safe decisions when crossing at high priority intersection crosswalks . Locations for new APS are determined by requests from the community and prioritized by the Accessibility Advisory Group (AAG).

Business Development Fund – \$206,233 is recommended to augment the estimated \$1,100,000 in program income available in FY 2013/14 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.

EDev Microenterprise Training – \$24,748 is recommended to support microenterprise training for low-income clients conducted by Entrepreneurial Development Services. 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 17.3% of the estimated CDBG entitlement and program income.

HOME Sources and Recommended Uses Table and Summary Descriptions

SOURCES OF FUNDS	AMOUNT
NEW HOME ENTITLEMENT GRANT	\$659,774
UNUSED FUNDS FROM PREVIOUS YEAR(S)	\$322,728
PROGRAM INCOME	\$96,538
TOTAL	\$1,079,040
RECOMMENDED USES OF FUNDS	AMOUNT
HOUSING DEVELOPMENT	\$783,536
HOMEBUYER ASSISTANCE PROGRAM	\$0
SECURITY DEPOSIT/RENTAL ASSISTANCE	\$100,000
CHDO OPERATING SUPPORT	\$32,989
ADMINISTRATION (10% NEW +10% PROGRAM INCOME)	\$75,631
CARRY FORWARD	\$86,884
TOTAL	\$1,079,040

Housing Development – \$783,536 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 process.

Homebuyer Assistance Program (HAP) – No funds are recommended to support this program in FY 2013/2014.

Security Deposit Assistance Program – \$100,000 in new funds is recommended to provide security deposit and initial lease assistance to help very-low income persons attain rental housing. If funds are allocated, staff will work with member of HPB and area housing agencies to develop and implement the program.

Community Housing Development Organization (CHDO) Operating Funds – \$32,989 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 – \$65,977 of Eugene’s new HOME funds is recommended for Administration costs. The Federal grant management system automatically budgets 10% of the HOME grant amount for this purpose. In addition, Eugene plans to use 10% (\$9,654) of estimated program income for eligible administrative expenses as allowed by HUD. 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.

CDBG Advisory Committee and Housing Policy Board Membership

CDBG Advisory Committee

Aaron Box
Tina Ely
Randy Hledik
Chris Nunes
Hanna Scholz (chair)

Housing Policy Board

Sid Leiken, Lane County Commissioner
Chris Pryor, Eugene City Councilor
Sheri Moore, Springfield City Councilor

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