

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Community Development Block Grant Financing Options for Homeless Sheltering

Meeting Date: 9/9/2013
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: 4
Staff Contact: Michael Wisth
Contact Telephone Number: 541.682.5540

ISSUE STATEMENT

The City Council has asked staff to lead a discussion on the potential uses for the federally funded Community Development Block Grant (CDBG) as a financing option to address issues related to homelessness throughout the City.

BACKGROUND

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 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.

Each spring, the City Council approves funding allocations for use of CDBG funds for the next fiscal year. The proposed uses of funds are submitted to Department of Housing and Urban Development (HUD) each year in a document called the One-Year Action Plan.

Eligible Uses of CDBG funds

The eligible uses of CDBG funds are defined and regulated by HUD. Eligible uses related to sheltering the homeless fall into four categories: acquisition, rehabilitation, construction, and operations.

Acquisition involves the purchase of land for development or the purchase of an existing structure that will serve as a site for a development serving the needs of homeless or low-income residents.

Rehabilitation activities include work to improve, rehabilitate or convert existing structures to meet the needs of the intended eligible use, in this case, a sheltering facility.

The construction of a homeless shelter facility, though more complex than the options above, may also meet CDBG eligibility guidelines.

Operational expenses are often eligible for CDBG funding. Operational expenses include staffing, material and supplies and other expenses associated with running a sheltering facility. HUD allows up to 15 percent of a program's annual funding to be used toward social service funding, which includes operational expenses for eligible services. The City of Eugene allocates this funding to the Human Services Commission of Lane County.

Annual Funding

For 2013/14, the City of Eugene received an allocation of \$1,242,049 in CDBG funding. This allocation reflects a consistent downward trend in the allocation of CDBG funds. Since 2003, the City's allocation has experienced a decrease of 22 percent, affecting funding levels for all CDBG activities.

For 2014, the CDBG funding forecast is unclear. The House of Representative's Transportation, Housing and Urban Development (THUD) Appropriations Subcommittee has proposed a 50 percent cut to the CDBG program. The Senate's THUD Appropriations Subcommittee has proposed a 3 percent cut. At this moment, it is unclear where the federal budgeting cycle will settle on this issue.

Past Projects

The City of Eugene has a history of using CDBG funds to assist the development and expansion of homeless services and sheltering. Since 2005, the City has allocated \$1,731,976 for nonprofit capital improvements. Of these projects, \$1,062,834 (61 percent) went to projects that directly benefit homeless service facilities. Some of these projects include accessibility improvements to Food for Lane County's downtown Dining Room and the expansion of St Vincent de Paul's Lindholm Service Station. During the same time, the City of Eugene has also provided \$734,240 in rehabilitation loans specifically to homeless housing rehabilitation for projects such as St Vincent de Paul's VetLIFT program, which provides service-enriched housing for formerly homeless vets.

The City annually submits its entire public service CDBG allocation to the Human Service Commission of Lane County (HSC) as part of a package of human service funds. Since 2005, the City has allocated \$3,190,000 in CDBG funding to the HSC. Of these funds, \$2,867,967 (90 percent) have gone to programs addressing the needs of homeless people in Eugene.

RELATED CITY POLICIES

CDBG funds are dedicated for use by the Annual Action Plan which 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.

COUNCIL OPTIONS

Information item only.

CITY MANAGER'S RECOMMENDATION

No recommendation. Information item only.

SUGGESTED MOTION

No suggested motion. Information item only.

ATTACHMENTS

A. CDBG Funding Trends Chart

FOR MORE INFORMATION

Staff Contact: Michael Wisth
Telephone: 541-682-5540
Staff E-Mail: michael.c.wisth@ci.eugene.or.us

Attachment A

Eugene Allocation of CDBG Funds - 2003-2013

