

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Action: Approval of 2014/15 Funding Allocations for Federal Community Development Block Grant and HOME Programs

Meeting Date: April 28, 2014
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 \$1,247,129 in entitlement grant funds as well as \$1,500,000 in program income. Through the HOME Investment Partnerships Program (HOME), Eugene may allocate \$699,008 in entitlement grant funds, \$90,000 in program income, and \$269,031 in HOME funds carried over from FY 2013/14.

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, 2014. The proposed uses of funding must align with allowed uses of funds and with the local community needs and strategic plan identified in the Eugene-Springfield 2010 Consolidated Plan (www.eugene-or.gov/hudconplan). Strategic objectives focus on the development and preservation of affordable housing, increasing housing opportunities, support for human services, job creation for low-income persons, improved accessibility to public facilities, and strategic investments in low-income neighborhoods. The proposed uses of funds also advance objectives identified in the Eugene-Springfield 2010 Fair Housing 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. The FY14/15 Action Plan will be the final Action Plan of the 2010 Consolidated Plan. Later this year, staff will start the process of developing a new five year Consolidated Plan and Fair Housing Plan.

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 FY 2014/15 include:

- **New CDBG Entitlement Grant Funds (\$1,247,129)** – Each year Congress appropriates funds for CDBG and HUD distributes funds according to a formula to entitlement jurisdictions. The amount received for FY 14/15 is a slight increase of \$5,080 from the FY13/14 allocation.
- **CDBG Program Income (\$1,500,000)** – The City of Eugene receives 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 2014/2015 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 8, 2014. The package of recommended uses for new CDBG entitlement funds will provide resources for the operation of eight social services, capital improvements to three social service facilities, pedestrian accessibility improvements, and improvements to a park located in a low-income neighborhood. New entitlements will also be used for program administration activities including committee and council support, regulatory compliance, fair housing activities, and a central services contribution. 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 proposed 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. Each year, the Intergovernmental Housing Policy Board makes recommendations to the Eugene City Council and Springfield City Council for the allocation of HOME funds. The Eugene-Springfield Consortium will receive \$998,583 in HOME funds in FY 2014/15. This allocation is slightly larger (\$55,770) than the FY13/14 allocation, however this amount is still much lower than funding received in previous years.

Eugene will receive 70 percent of HOME entitlement grant funds (\$699,008). Other HOME funds available for allocation include \$269,031 in unused funds and program income from previous years as well as an estimated \$90,000 in program income that will be received in FY 14/15. 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 7, held a public hearing, and made a recommendation for allocation of HOME funds to both jurisdictions. HPB recommends allocation of Eugene's portion of HOME

funds primarily for development of affordable housing with small allocations for Community Housing Development Organization (CHDO) Operating Support and Administration. HPB recommends no funds be allocated to either the Security Deposit Assistance Program or Eugene's HAP Program due to the reduction of HOME funds received over time as well as lack of funding for program administration. HOME funds for Housing Development will be offered to developers along with other local City resources through a Housing Request for Proposals. Staff will return to the City Council to receive approval for the specific project proposals received through the Housing RFP in the fall.

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 showing 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 2014/15.

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 2014/15.

SUGGESTED MOTION

Move to approve the One-Year Action Plan for use of Federal CDBG and HOME funds in FY 2014/15.

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

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