



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Elizabeth H. Tyler, FAICP, Community Development Director

FROM: Kelly H. Mierkowski, Manager, Grants Management Division

DATE: March 24, 2017

SUBJECT: **Draft City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) Annual Action Plan Budget for FY 2017-2018)**

Description

Included on the agenda of the March 28, 2017 meeting of the Urbana Community Development Commission is a public hearing and review of the Draft City of Urbana and Urbana HOME Consortium FY 2014-2015 Annual Action Plan (AAP) Budget. Staff is requesting public input and recommendations regarding proposed programs, projects, and potential budgets as outlined for FY 2017-2018.

Issues

The issue is for the Community Development Commission (CDC) to provide input regarding the proposed allocations of funding. The Draft AAP for FY 2017-2018 will be made available for public review and comment beginning March 27, 2017. At the end of the thirty-day public review and comment period, staff will incorporate public comments and CDC input into the Draft Action Plan. During its April 24, 2017 regular meeting, CDC will review the completed draft and will be asked to make a recommendation regarding approval of the FY 2017-2018 AAP to the Urbana City Council, who will review for approval at its May 1, 2017 meeting.

Background

With regard to the City's CDBG and HOME grants, all proposed activities' budgets will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts, once the City is notified of its allocation prior to submission of the AAP to HUD for approval, as recommended by the HUD Chicago Field Office staff.

For the purposes of the Draft AAP budget, the City of Urbana and Urbana HOME Consortium will assume that the allocations for FY 2017-2018 will be at the same level as was allocated for the previous fiscal year. In FY 2016-2017, the HOME allocation was **\$641,206** and the CDBG allocation was **\$364,676**.

In accordance with the Citizen Participation Plan outlined in the City of Urbana and Urbana HOME Consortium Consolidated Plan for FY 2015-2019, a series of neighborhood meetings and public hearings were held to gather citizen input on the proposed utilization of the City's CDBG and HOME funding. The Draft Annual Action Plan will include comments from public meetings/hearings that were held as follows:

NEIGHBORHOOD OPEN HOUSES/PUBLIC HEARINGS

- Monday, January 9, 2017, 7:00 PM
Champaign County Regional Planning Commission, 1776 East Washington St., Urbana
- Tuesday, January 10, 2017, 7:00 PM
City of Urbana Council Chambers, 400 South Vine St., Urbana
- Wednesday, January 11, 2017, 7:00 PM
Martin Luther King Jr. Elementary School Library, 1108 West Fairview, Urbana
- Thursday, January 12, 2017, 7:00 PM
Crystal View Townhomes Clubhouse, 102 East Stebbins Dr., Urbana

PUBLIC HEARING FOR NON-PROFIT AGENCIES & HOUSING ORGANIZATIONS

- Tuesday, January 10, 2017, Noon-1:00 PM
Urbana Civic Center, 108 East Water St., Urbana

The Draft Annual Action Plan (AAP) Budget for FY 2017-2018 includes potential budgets for utilizing the Urbana CDBG entitlement funds. The Draft AAP will also include amounts budgeted for the HOME Program with regard to Community Development Housing Organization (CHDO) Reserve Set-Aside and Program Administration. The draft budgets for HOME Program funding for the City of Champaign, Champaign County and City of Urbana are included in this memo, with different potential scenarios for funding allocations.

As more information regarding the proposed projects during the upcoming 30-day period is acquired, recommended funding amounts will be developed and placed in the Draft FY 2017-2018 AAP that will be discussed at the CDC April 24, 2017 regular meeting, for a recommendation to the Urbana Committee of the Whole/City Council for approval at its May 1, 2017 meeting.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

For FY 2017-2018, the City of Urbana's CDBG allocation from HUD is projected to be **\$364,676**, the same as last year's allocation. However, HUD Chicago Field Office staff recommends that different funding scenarios be included in both the draft and final Annual Action Plan for FY 2017-2018, in order to avoid a second 30-day public comment period which could delay funding, should the allocation amounts differ from original allocation amounts suggested in the AAP.

Following is a summary of staff recommendations regarding the utilization of the Community Development Block Grant (CDBG) funds:

City of Urbana CDBG

Administration (FY 17-18)

\$72,935

Funding for administration is limited to 20% of the current CDBG allocation and 20% of program income received during the program year. This program is funded at the same level of funding for the previous fiscal year, which was \$72,935.

Program Delivery (FY 17-18)

\$115,000

These funds are used for personnel expenses and other costs more directly related to implementation of specific internal housing and community development programs. Most expenses are related to the implementation of the City's housing rehabilitation programs. This program is funded at a higher level of funding as the previous fiscal year, which was \$85,000, due to an increase in both salaries and expenses.

Emergency Grant/Access Grant (FY 17-18)

\$60,000

This Emergency Grant Program supports affordable housing by making necessary emergency repairs that keep homes habitable. The Access Grant Program helps persons with disabilities by providing access improvements to facilitate mobility. This program is funded at the same level of funding for the previous fiscal year.

Urbana Senior Repair Program (FY 17-18)

\$15,000

This program helps to meet affordable housing needs of Urbana's seniors. Funding is used to make minor repairs, which help to provide safe and functioning housing. This program is funded at the same level of funding for the previous fiscal year.

Public Service Funding Programs (FY 17-18)

\$54,701 (Total Public Service Funding)

Funding for public service programs is limited to 15% of the current CDBG allocation and 15% of the prior year's program income, if received. This program overall is funded at the same level of funding for the previous year, which was \$54,701. Programs to be funded from the Public Service Fund include the following:

Transitional Housing Program (FY 17-18)

Personnel \$29,623

Programming \$16,078

Funds are used for staffing and costs associated with the Transitional Housing Program including for utilities, maintenance, and remodeling. This program is funded at the same level of funding as for the previous fiscal year.

Consolidated Social Service Fund (FY 17-18)

\$5,000

Funding will be contributed to the City of Urbana and Cunningham Township's Consolidated Social Service Funding pool. CDBG eligible projects will be identified to utilize these funds. This program is funded at the same level of funding as for the previous fiscal year, at \$5,000.

Neighborhood Cleanup (FY 17-18)

\$4,000 (\$24,000 total proposed, includes \$20,000 other city funding)

Although this neighborhood cleanup event is very popular, HUD regulations allow only 15% of the total allocation to be used for Public Services. However, the City may use other funding sources to maintain the program and may need to consider hosting only one cleanup this year instead of two due to limits in funding sources. The level of CDBG funding is at the same level of funding as the previous fiscal year, with an increase in other City funding (\$20,000).

HOME INVESTMENT PARTNERSHIPS ACT (HOME) PROGRAM

The Urbana HOME Consortium allocation from HUD is anticipated to be **\$641,206** for FY 2017-2018. The Consortium must also contribute 25% in local MATCH, totaling **\$160,301**. The following is summary of staff recommendations regarding the utilization of the HOME Investment Partnership Act (HOME) funds:

Administration (FY 17-18)

\$64,120

FY 2017-2018 funds will be used for personnel and administrative functions related to the HOME program. The level of funding is at the same level of funding as the previous fiscal year, which was \$64,120.

CHDO Project (FY 17-18)

The HOME regulations require that a minimum of 15% of the annual allocation be utilized for CHDO projects. CHDO Project Funds or CHDO Reserve (CR) must be used for projects that produce actual housing units in which the CHDO acts as an owner, a developer, or a sponsor.

Un-programmed CHDO RESERVE Funds

\$96,180 HOME, (\$24,045 Match must be provided by CHDO)

Funds will be provided to eligible CHDO project(s) proposed by an organization that has demonstrated success in creating affordable housing opportunities and utilized funding in a timely manner. Funding is at the same level of funding from the previous fiscal year, which was \$96,180.

Consortium Member Projects (FY 17-18)

Following is a listing of projects that may be undertaken by members of the consortium:

City of Urbana (FY 17-18)

FY 17-18 HOME allocation: \$153,408

Match Required: \$38,352

HOME funds require a 25% match of **\$38,352** for Urbana's HOME Allocation of **\$153,408**. The local match may be provided from the City's Capital Improvement Fund or may come from the match accrued through previous Urbana projects. The overall match requirement for the Urbana HOME Consortium may come from accrued match through previous Habitat for Humanity projects.

Owner-Occupied Housing Rehabilitation

Funds will be allocated for the rehabilitation of four to seven (4-7) units, including grants and/or deferred-payment loans in the amount of \$25,000-\$28,000 per household that are intended to address code deficiencies, major renovation needs, relocation expenses and lead-based paint concerns.

City Redevelopment Programs

Funds may be allocated to programs such as Down Payment Assistance, Acquisition-Rehab, Purchase-Rehab-Resale, Rental Rehab, Affordable Housing Developments (i.e. Aspen Court and/or Urbana Townhomes), Lot Acquisition/Demolition, and/or other programs currently under development or may be proposed, that further the affordable housing goals and mission of the City, Council, and Grants Management Division. Programs must comply with applicable local, state and federal regulations, including but not limited to HOME regulations.

City of Champaign (FY 17-18)

FY 17-18 HOME allocation: \$240,452

Match Required: \$60,113

Neighborhood Revitalization Program

Funds may be allocated to new or existing programs, such as the Acquisition-Rehab, Full Home Improvement Program, or Lot Acquisition programs, to promote revitalization efforts of targeted neighborhoods. The areas identified may be included in the Neighborhood Wellness Plan or in specific neighborhood plans (i.e. Beardsley Park, Bristol Park, Burch Village Area Redevelopment) to further goals identified in the plans.

Champaign County (FY 17-18)

FY 17-18 HOME allocation: \$87,043

Match Required: \$21,760

Tenant Based Rental Assistance Program.

Funds may be used to provide affordable housing assistance to low-income residents of the Urbana Consortium area in the City of Urbana, City of Champaign and in unincorporated Champaign County. Assisted households will have annual incomes at or below 60% of the Area Median in accordance with HOME Regulations. The participating clients follow a team-approved plan for achieving self-sufficiency and make co-payments toward rent (not to exceed 30% of the household income), based on their approved self-sufficiency plan.

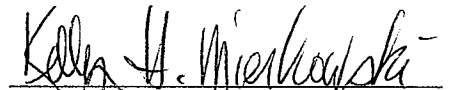
Fiscal Impact

Spreadsheets are included with this memo to reflect the fiscal analysis associated with programs and projects that staff is recommending. Current figures are shown, along with amounts for a 10% decrease in the budget and a 10% increase in the budget, as recommended by HUD Chicago Field Office staff.

Recommendation

Staff recommends that the CDC provide comments on the Draft FY 2017-2018 Annual Action Plan Budget that will aid staff with preparing the final FY 2017-2018 AAP.

Prepared By:


Kelly H. Mierkowski, Manager
Grants Management Division

Attachment:

1. DRAFT City of Urbana and Urbana HOME Consortium Annual Action Plan Budget for FY 2017-2018, (Scenario Budget #1, Scenario Budget #2 and Scenario Budget #3)

Scenario Budget #1:

HOME PROGRAM FY 2017-2018 Proposed Budget

HOME Grant Allocation (Estimated)	\$641,206.00
Administration (10%)	\$64,120.00
Personnel	\$62,620.00
Other	\$1,500.00
CHDO Set-Aside (15%)	\$96,180.00
CHDO Project Applications (15%)	\$96,180.00
CONSORTIUM SPLIT	\$480,906.00
City of Champaign (50.0%)	\$240,453.00
County (18.1%)	\$87,044.00
Urbana (31.9%)	\$153,409.00
TOTAL Budget	\$641,206.00

CDBG PROGRAM FY 2017-2018 Proposed Budget

CDBG Federal Allocation (Estimated)	\$364,676.00
ADMINISTRATION (20%)	\$72,935.00
Personnel	\$55,786.00
Other Administration (CDBG & HOME)	\$17,149.00
PUBLIC SERVICE (15%)	\$54,701.00
Transitional Housing (personnel)	\$29,623.00
Transitional Housing (programming)	\$16,078.00
Neighborhood Cleanup (\$4,000 CDBG; \$20,000 Other Funding)	\$4,000.00
Consolidated Social Service Fund	\$5,000.00
AFFORDABLE HOUSING PROGRAMS	\$237,040.00
Housing-Related Program Delivery	
Program Delivery (Personnel & misc.)	\$115,000.00
Case Preparation	\$1,000.00
Housing-Related Programs	
Emergency/Access	\$60,000.00
Urbana Senior Repair	\$15,000.00
Property Acquisition/Demolition/New Construction (estimated)	\$46,040.00
TOTAL Budget	\$364,676.00

Scenario Budget #2 (10% Reduction):

HOME PROGRAM FY 2017-2018 Proposed Budget

HOME Grant Allocation (Estimated)	\$577,085.00
Administration (10%)	\$57,708.00
Personnel	\$56,208.00
Other	\$1,500.00
CHDO Set-Aside (15%)	\$86,562.00
CHDO Project Applications (15%)	\$86,562.00
CONSORTIUM SPLIT	\$432,814.00
City of Champaign (50.0%)	\$216,407.00
County (18.1%)	\$78,339.00
Urbana (31.9%)	\$138,068.00
TOTAL Budget	\$577,085.00

CDBG PROGRAM FY 2017-2018 Proposed Budget

CDBG Federal Allocation (Estimated)	\$328,209.00
ADMINISTRATION (20%)	\$65,641.00
Personnel	\$50,641.00
Other Administration (CDBG & HOME)	\$15,000.00
PUBLIC SERVICE (15%)	\$40,231.00
Transitional Housing (personnel)	\$25,231.00
Transitional Housing (programming)	\$15,000.00
Neighborhood Cleanup (\$4,000 CDBG; \$1,000 Other Funding)	\$4,000.00
Consolidated Social Service Fund	\$5,000.00
AFFORDABLE HOUSING PROGRAMS	\$222,337.00
Housing-Related Program Delivery	
Program Delivery (Personnel & misc.)	\$115,000.00
Case Preparation	\$1,000.00
Housing-Related Programs	
Emergency/Access	\$60,000.00
Urbana Senior Repair	\$15,000.00
Property Acquisition/Demolition/New Construction (estimated)	\$31,337.00
TOTAL Budget	\$328,209.00

Scenario Budget #3 (10% increase):

HOME PROGRAM FY 2017-2018 Proposed Budget

HOME Grant Allocation (Estimated)	\$705,326.00
Administration (10%)	\$70,532.00
Personnel	\$69,032.00
Other	\$1,500.00
CHDO Set-Aside (15%)	\$105,798.00
CHDO Project Applications (15%)	\$105,798.00
CONSORTIUM SPLIT	\$528,996.00
City of Champaign (50.0%)	\$264,498.00
County (18.1%)	\$95,749.00
Urbana (31.9%)	\$168,749.00
TOTAL Budget	\$705,326.00

CDBG PROGRAM FY 2017-2018 Proposed Budget

CDBG Federal Allocation (Estimated)	\$401,143.00
ADMINISTRATION (20%)	\$80,228.00
Personnel	\$65,228.00
Other Administration (CDBG & HOME)	\$15,000.00
PUBLIC SERVICE (15%)	\$60,171.00
Transitional Housing (personnel)	\$36,171.00
Transitional Housing (programming)	\$15,000.00
Neighborhood Cleanup (\$4,000 CDBG; \$1,000 Other Funding)	\$4,000.00
Consolidated Social Service Fund	\$5,000.00
AFFORDABLE HOUSING PROGRAMS	\$260,743.00
Housing-Related Program Delivery	
Program Delivery (Personnel & misc.)	\$115,000.00
Case Preparation	\$1,000.00
Housing-Related Programs	
Emergency/Access	\$60,000.00
Urbana Senior Repair	\$15,000.00
Property Acquisition/Demolition/New Construction (estimated)	\$69,744.00
TOTAL Budget	\$401,143.20